



FINANCIAL POLICIES

The City of Brenham is responsible to its citizens and customers to carefully account for public funds, to manage City finances wisely and to plan for the adequate funding of services desired by the public. The primary objective of financial policies is to help the City achieve a long-term, stable and positive, financial condition. Hence, the following financial policies have been adopted by the City of Brenham.

BUDGET POLICY

1. The budget process of the City shall conform to the Texas Uniform Budget Law.
2. The City Manager, as chief executive officer, has ultimate responsibility for the budget.
3. The City Manager formulates the budget goals for the City under the direction of City Council.
4. All agencies of the City are required to submit requests for appropriations to the City Manager on or before the 15th of July each year.
5. All budgets are prepared and adopted on a basis consistent with generally accepted accounting principles which is the same basis of accounting used for financial reporting.
6. The appropriated budget is prepared by fund and department.
7. The City Manager must present a proposed budget to the City Council for review prior to August 30th each year.
8. The City Council will hold public hearings on the proposed budget and adopt a final budget by ordinance no later than September 30th each year.
9. The City Council shall adopt a balanced budget; the revenues must equal the expenditures. The budget may include a fund balance transfer as a resource to balance the budget.
 - a. The City will strive to maintain an unrestricted fund balance reserve in the General Fund sufficient to cover 90 days of operating expenditures.
 - b. The City will strive to maintain an unrestricted fund balance reserve in the Utility Funds sufficient to cover 60 days of operating expenditures.
10. Annual appropriated budgets are adopted for all governmental fund types except the following:
 - a. Budgets for certain grants, established as special revenue funds, which are created pursuant to the terms of the related grant documents.
 - b. Budgets for funds set up to receive special donations or assessments for specific purposes, which are established as special revenue funds.
 - c. Budgets for certain major capital improvements that are set up as capital projects funds. Annual budgets are not adopted because these projects span more than one fiscal year.

11. All annual budget appropriations lapse at the end of the fiscal year.
12. Department heads may make transfers of appropriations within a department up to \$2,500. Transfers over this amount require the approval of the City Manager or Assistant City Manager.
13. The City Manager is authorized to transfer budgeted amounts between line items and departments within any fund.
14. Any budget revisions that alter the total expenditures of any fund must be approved by the City Council.
15. The legal level of budgetary control (the level at which expenditures may not legally exceed appropriations) is the fund level.
16. The budget is originally enacted by ordinance; therefore, any amendments to the budget must also be made by ordinance.
 - a. Proposed amendments and the justification thereof will be presented during a work session of a meeting of the City Council.
 - b. The proposed ordinance amending the budget will be presented during a formal session at two subsequent meetings of the City Council.

FUND BALANCE POLICY

1. See the City of Brenham's adopted written fund balance policy.

INVESTMENT POLICY

1. The City of Brenham adopts a written investment policy annually.

DEBT POLICY

1. See the City of Brenham's adopted written debt policy.

PURCHASING POLICY

1. The City of Brenham will comply with Purchasing Laws of the State as adopted by Resolution R-07-020.
2. Department heads may authorize purchases less than \$3,000.
3. Three vendor quotes are required on all purchases between \$3,000 and \$99,999.
4. Division directors may authorize non-contractual purchases between \$3,000 and \$24,999.
5. The City Manager may authorize all purchases between \$3,000 and \$50,000, as approved in Resolution R-12-019.
6. The City Council must authorize all purchases greater than \$50,000.
7. Purchases of \$100,000 or more must go through a formal bid process and be authorized by City Council.

FINANCIAL POLICIES

CAPITAL ASSET POLICY

1. Infrastructure assets (e.g. roads, bridges, sidewalks, utility lines and plants, and similar items) in excess of \$50,000 and an estimated useful life of 40 to 50 years will be capitalized and recorded at historical cost.
2. Capital assets, other than infrastructure assets, costing more than \$15,000 and possessing an estimated useful life in excess of one year, will be capitalized and recorded at historical cost.
3. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives will not be capitalized.
4. Major outlays for capital assets and improvements will be capitalized as projects are constructed.
5. Property, plant and equipment will be depreciated using the straight line method over the useful lives.

PROCUREMENT POLICY – FEDERAL GRANTS AND AGREEMENTS

1. The City of Brenham will comply with procurement requirements and/or subsequent amendments in Title 2 *Code of Federal Regulations (CFR) Grants and Agreements*.
2. The procurement process must be carried out in a fair, uniform and thorough manner to provide open competition in securing all products and services.
3. The required procurement documentation must include the rationale for procurement method, selection of contract type, contractor selection/rejection and basis for contract price.
4. Every procurement in excess of the Simplified Acquisition Threshold (\$150,000) must have a cost or price analysis performed, including contract modifications.
5. Cost plus a percentage of cost must not be used and are explicitly disallowed.
6. Contracts must contain the applicable provisions of Appendix II of 2 CFR §200.326.
7. The City will maintain good administrative practices and sound business judgment during the procurement process.
8. Prepare the Checklist for Reviewing Procurements Under Grants by Non-Federal Entities which was created to assist recipients in complying with the federal requirements that procurements must meet for expenses to be eligible for reimbursement.

Adopted by Council: October 15, 2009 (R-09-023)

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