

# **Bond Case Briefs**

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## **GFOA: City of Houston's New Financial Policies Promote Fiscal Responsibility, Transparency.**

Strengthened financial reserves, increased transparency, and an expanded focus on long-term planning are among the highlights of new financial policies approved this week by Houston City Council.

“These policies are to serve as a guide for improved financial management and heightened accountability, with more focus on making sure today’s decisions are sustainable in the future,” Mayor Annise Parker said of the policies, last updated more than a decade ago. “City staff did an outstanding job of researching and developing these policies, using lessons learned in other communities to craft a document that suits Houston as we work to strengthen our City’s financial future.”

The policies were drafted over the past year by City finance staff in coordination with the office of City Councilmember Stephen Costello, who chairs Council’s Budget and Fiscal Affairs Committee. Reflecting best practices from the Government Finance Officers Association and cities across the United States, the policies address topics ranging from debt management to internal financial controls to evaluation of proposals for City investment in economic development.

“Approval of these new policies is just a first step,” said Parker. “Adherence to them is essential to the City’s long-term financial health, especially in light of financial challenges ahead.

The new policies include the following:

- An increase in the City’s minimum financial reserves to hedge against risk;
- Clearer communication to councilmembers and the public regarding decisions on budgeting and spending public funds; and
- Greater emphasis on long-term planning and forecasting to identify and anticipate budgetary challenges before they become unwieldy.

The new 13-page document also requires the City to report in its annual budget whether it is in compliance with each component of the policies. “The requirement for public reporting on our adherence to the new policies is an important one,” according to Kelly Dowe, the City’s chief business officer. “While the policies codify our current practices in many regards, they also set a high standard for us not just in how we manage and utilize public resources, but how we inform citizens and their elected representatives as to our progress.”

The [full text of the policies](#) as adopted can be found at the City’s website.

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