

ARTICLE IX
BUDGET AND FINANCIAL ADMINISTRATION

§ 9.01. Fiscal Year.

The fiscal year of the city shall begin on the first day of October and end on the last day of September.

§ 9.02. Public Record.

The budget shall be a public record and copies shall be made available to the public upon request.

§ 9.03. Annual Budget.

- (a) Content: The budget shall provide a complete financial plan of all city funds and activities and, except as required by law or this charter, shall be in a form that the manager deems desirable or that the council may require. A budget message explaining the budget both in fiscal terms and in terms of city programs shall be submitted with the budget. The budget message shall (1) outline the proposed financial policies of the city for the coming fiscal year, (2) describe the important features of the budget, (3) indicate any major changes from the current year in financial policies, expenditures, and revenues, with reasons for such changes, (4) summarize the city's debt position, and (5) include other material as the manager deems necessary or desirable.

The budget shall begin with a clear general summary of its contents and shall show in detail all estimated income, based on the proposed property tax levy and all proposed expenditures, including debt service, for the coming fiscal year. The proposed budget expenditures shall not exceed the total of estimated income and any fund balances available from prior years. For every budget adopted after the 1997-1998 fiscal year budget, except in the event of an emergency under Section 9.04(b), the adopted budget must include an unencumbered general fund balance that is at least sufficient to cover three months of the city's budgeted general fund operation and maintenance expenses. This fund balance may be used for emergency appropriations in accordance with Section 9.04(b). The budget shall be arranged to show comparative figures for the current fiscal year's actual and estimated income and expenditures, the preceding fiscal year's actual income and expenditures, and the estimate of income and expenditures for the budgeted year. It shall include in separate sections:

1. An itemized, estimate of the expense of conducting each department, division, and office.
2. Reasons for proposed increases or decreases in specific expenditures, compared with the current fiscal year.
3. A separate schedule for each department, indicating tasks to be accomplished by the department during the year, and additional desirable tasks to be accomplished if possible.
4. A statement of the total probable income of the city from taxes for the period covered by the estimate.
5. Tax levies, rates, and collections for the preceding five years.

6. All anticipated revenue from itemized sources other than the tax levy.
 7. The amount required for interest on the city's debts, for the sinking fund, and for maturing serial bonds.
 8. The total principal amount of outstanding city debts, with a consolidated schedule of debt service requirements.
 9. Anticipated net surplus or deficit for the coming fiscal year of each utility owned or operated by the city and the proposed method of its disposition. Subsidiary budgets for each utility, with detailed income and expenditure information shall be attached as appendices to the budget.
 10. A capital program, which may be revised and extended each year to indicate capital improvements pending or in process of construction or acquisition, that includes the following items:
 - a. a summary of proposed programs;
 - b. a list of all capital improvements proposed to be undertaken during the next five fiscal years, with appropriate supporting information regarding the necessity for the improvements, including the five-year plan related to that particular type of capital improvement;
 - c. cost estimates, methods of financing, and recommended time schedules for each improvement; and
 - d. the estimated annual cost of operating and maintaining the facilities to be constructed or acquired.
 11. Other information required by the council.
- (b) Submission: On or before the first day of August of each year, the manager shall submit to the council a proposed budget and an accompanying message. The council shall review the proposed budget and revise it as the council deems appropriate prior to general circulation for public hearing.
- (c) Public notice and hearing: The council shall post in the city hall and on the city's official website or other electronic media that is readily accessible to the public a general summary of the proposed budget and a notice stating the times and places where copies of the message and budget are available for inspection by the public and the time and place for a public hearing on the budget. The public hearing must be held not fewer than ten or more than thirty days after publication of the notice.
- (d) Amendment before adoption: After the public hearing, the council may adopt the budget with or without amendment. In amending the budget, it may add or increase programs or amounts and may delete or decrease any programs or amounts, except expenditures required by law or for debt service or for estimated cash deficit; however, no budget amendment shall increase the authorized expenditures to an amount greater than the total of estimated income, plus funds available from prior years.

- (e) Adoption: The council shall adopt its annual budget by ordinance, on one reading, by the fifteenth day of September, or as soon thereafter as practical. Adoption of the budget shall require an affirmative vote of at least a majority of all members of the council. Adoption of the budget shall constitute appropriations of the amounts specified as expenditures from the funds indicated.

(November 2, 2021, measure J)

§ 9.04. Amendments After Adoption.

- (a) Supplemental appropriations: If, during the fiscal year, the manager certifies that there are revenues available for appropriation in excess of those estimated in the budget, the council by ordinance may make supplemental appropriations for the year up to the amount of the excess.
- (b) Emergency appropriations: To meet a public emergency created by a natural disaster or manmade calamity affecting life, health, property, or the public peace, the council may make emergency appropriations by emergency ordinance in accordance with the provisions of this charter. If there are no available unappropriated revenues or general fund balances to meet such appropriations, the council may by emergency ordinance authorize the issuance of renewable emergency notes sufficient to fund the appropriation. The three-month general fund operating reserve requirement may be suspended by a resolution approved by Council. The resolution should reference the extenuating/emergency situation that created the expending of reserves below the three-month level; and, should also provide a proposed process and timeline for rebuilding the three-month reserve.
- (c) Reduction of appropriations: If at any time during the fiscal year it appears probable to the manager that the revenues available will be insufficient to meet the amount appropriated, he/she shall report to the council without delay, indicating the estimated amount of the deficit, any remedial action taken by them, and their recommendations for any other steps to be taken. The council shall take further action as it deems necessary to prevent or minimize any deficit and, for that purpose, it may by ordinance reduce one or more appropriations.
- (d) Transfer of appropriations: At any time during the fiscal year the manager may transfer part or all of any unencumbered appropriation balance among programs within a department, division, or office. Upon written request by the manager, the council by ordinance may transfer part or all of any unencumbered appropriation balance from one department, office, or agency to another.
- (e) Limitations: No appropriation for debt service may be reduced or transferred. No appropriation may be reduced below any amount required by law to be appropriated or by more than the amount of the unencumbered balance.
- (f) Effective date: Supplemental and emergency appropriations and reduction or transfer of appropriations authorized by this section may be made effective immediately upon adoption of the enacting ordinance.

(November 2, 2021, measure E, F)

§ 9.05. Borrowing.

- (a) Borrowing: The city shall have the power, except as prohibited by law, to borrow money by whatever method the council deems to be in the public interest.
- (b) General obligation bonds: The city shall have the power to borrow money on the credit of the city and to issue general obligation bonds for permanent public improvements or for any other public purpose not prohibited by the constitution and laws of the State of Texas, and to issue refunding bonds to refund outstanding bonds of the city previously issued. All bonds shall be issued in conformity with the laws of the State of Texas.
- (c) Revenue bonds: The city shall have the power to borrow money for the purpose of constructing, purchasing, improving, extending, or repairing public utilities, recreational facilities, or any other self-liquidating municipal function not prohibited by the constitution and laws of the State of Texas, and to issue revenue bonds to evidence the obligation. Revenue bonds shall be a charge upon and payable from the properties, or interest pledged in the bonds, or the income from the bonds, or both. Holders of the revenue bonds shall never have the right to demand payment out of monies raised or to be raised by taxation. All revenue bonds shall be issued in conformity with the laws of the State of Texas.
- (d) Bonds incontestable: All bonds of the city, after they have been issued, sold, and delivered to the purchaser, shall be incontestable. All bonds issued to refund in exchange for outstanding bonds previously issued shall, after the exchange, be incontestable.
- (e) Election to authorize bonds: Bonds payable from ad valorem taxes, other than refunding bonds, shall not be issued unless the bonds have been authorized by majority vote at an election held for that purpose.
- (f) Ordinance authorizing borrowing: A copy of the proposed ordinance shall be furnished to each member of the city council, to the city attorney, and to any citizen, upon request to the city secretary, at least seven days before the date of the meeting at which the ordinance is to be considered. Any ordinance pertaining to borrowing may be adopted and finally passed at the meeting at which it is introduced.
- (g) Public hearing before ordinance authorizing borrowing is adopted: The city council must hold a public hearing before adopting an ordinance authorizing borrowing money. The city must publish notice of the public hearing at least one week before the public hearing unless a public emergency exists that requires immediate action by the city council.

§ 9.06. Lapse of Appropriations.

Every unexpended or unencumbered appropriation, except an appropriation for a capital expenditure, shall lapse at the close of the fiscal year. An appropriation for a capital expenditure shall continue in force until the purpose for which it was made has been accomplished or abandoned. The purpose of any appropriation shall be deemed abandoned if three years pass without any disbursement from or encumbrance of the appropriation.

§ 9.07. Administration of Budget.

- (a) Payments and obligations prohibited: No payment shall be made or obligation incurred against any allotment or appropriation unless the manager or their designee certifies there is a sufficient unencumbered balance in the allotment or appropriation and that sufficient funds are or will be available to cover the claim or meet the obligation when it becomes due and payable. Any payment authorized or obligation incurred in violation of this provision shall be void; any payment made in violation of this provision shall be illegal. Making unauthorized payments or obligations shall be cause for removal of any officer who knowingly authorized or made such a payment or incurred such an obligation. Furthermore, the person making the payment shall also be liable to the city for any amount illegally paid. However, this prohibition shall not be construed to prevent the making or authorizing of payments or making of contracts for capital improvements to be financed wholly or partly by the issuance of bonds, time warrants, certificates of indebtedness, or certificates of obligation, or to prevent the making of any contract or lease providing for payments beyond the end of the fiscal year, provided that the action is made or approved by ordinance.
- (b) Financial Reports: The city manager shall submit a report each quarter that describes the financial condition of the city by budget item, and shows budgeted and actual income and expenditures for the preceding month and the fiscal year to date. The financial records of the city will be maintained on a basis consistent with generally accepted accounting procedures.
- (c) Independent audit: At the close of each fiscal year, and at any other times deemed necessary, the council shall call for an independent audit of all city accounts to be conducted by a certified public accountant. The certified public accountant selected shall have no personal interest, direct or indirect, in the city's financial affairs, or in any of its officers and, in any event, the same certified public accountant shall not perform the city's audit for more than five consecutive years. The audit shall contain all information required by any covenants contained in any bond ordinance of the city. Upon completion of the audit, and presentation of the auditor's report to the city council, the summary of the audit results shall be made available in the city secretary's office as a public record, and a copy of the audit shall also be forwarded to each of the two primary bond rating agencies, as determined by the city's financial advisor, at their principal offices.

(November 2, 2021, measure E; November 2, 2021, measure K)

§ 9.08. Taxation.

The city council shall annually establish the annual rate of taxation of the city, and city taxes shall be levied and collected on all property taxable by the city which is not exempt from taxation under the State constitution or State law. The council shall adopt a tax levy ordinance, on one reading, by the 15th day of September of each year, or as soon after the certification of the appraisal rolls of the city as practical. Failure of the council to enact a tax levy ordinance for a particular year shall not invalidate the collection of taxes for that year and, in such event, the tax levy ordinance last enacted shall remain in effect until the next tax levy ordinance is adopted by the council.

§ 9.09. Sales and Purchasing.

All sales of city property, purchases made and contracts executed by the city shall be made in accordance with the requirements of the constitution and laws of the State of Texas.