

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF STAFFORD, TEXAS PROVIDING FOR THE UNIFORM TRUTH IN BUDGETING ORDINANCE OF 2021 ALSO KNOWN AS THE ZERO PROPERTY TAX ORDINANCE; PROVIDING FOR SEVERABILITY; PROVIDING FOR A FINE IN AN AMOUNT NOT TO EXCEED \$500 FOR A VIOLATION OF THE ORDINANCE.

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF STAFFORD, TEXAS:

Section 1. An Ordinance to provide for the formulation and establishment of a uniform budgeting and financial reporting system for the City of Stafford Texas; and to prohibit deficit spending, prioritizing sales tax and user impact fee revenue sources, and limiting ad valorem property taxes by city government; to provide for periodic financial reports to City Council; to provide for the administration of this ordinance; to prescribe the duties related to this ordinance of City Council Members and the Mayor.

Section 2. Meanings of words and phrases.

“Administrative Officer” means an individual employed or otherwise engaged by the City to supervise a budget.

“Allotment” means a portion of an appropriation which may be expended or encumbered during a certain period of time.

“Appropriation” means an authorization granted by the City to incur obligations and to expend public funds for a stated purpose.

“Budget” means a plan of financial operation for a given period of time, including an estimate of all proposed expenditures from the funds of the City and the proposed means of financing the expenditures. Budget does not include a fund for which the City acts as a trustee or agent.

“Capital Outlay” means a disbursement of money which results in the acquisition of, or addition to, fixed assets.

“Chief Administrative Officer” means the Mayor

“Deficit Spending” means an excess of current year spending of a fund over

current year revenue for the current year.

“Expenditure” means the cost of goods delivered or services rendered, whether paid or unpaid, including expenses, debt retirement not reported as a liability of the fund from which retired, or capital outlay.

“General Appropriations Ordinance” means the budget as adopted by the City or as otherwise given legal effect pursuant to the Home Rule Charter.

“Revenue” means an addition to the assets of a fund that does not increase a liability, does not represent the recovery of an expenditure, does not represent the cancellation of a liability, and does not represent a contribution of fund capital in enterprise or in internal service funds.

“Surplus” means an excess of the assets of a fund over its liabilities and reserves.

“Zero-Based Budgeting” means a funds revenue minus expenses equal zero with a provision for growing a positive fund balance to cover contingent, emergency and capital planning purposes. Requires the existence of all city programs to be justified in each fiscal year, as opposed to simply basing budgeting decisions on a previous year's funding level.

Section 3. Uniform Chart of Accounts. The Mayor shall prescribe a uniform chart of accounts for the city designed to fulfill the requirements of good accounting practices relating to general government. Such chart of accounts shall conform as nearly as practicable to the uniform standards as set forth by the State of Texas or generally accepted accounting principles (GAAP) common for municipal government. Changes in the Chart of Accounts shall be approved by City Council. The Mayor shall insure that the financial affairs of the city are maintained and kept in accordance with the chart of accounts. Annually the City Auditor or a Certified Public Accountant will include in the audit report a statement that the city has maintained the uniform chart of accounts required by this ordinance.

Section 4. Periodic Budget Reports. The Finance Director shall provide a monthly report containing for each monthly period, all of the following:

An accurate statement or statements for each Major Fund (General Fund, Municipal Sales Tax Fund, Stafford Economic Development Corporation Fund and Hotel Occupancy Tax Fund) in summarized form, showing the amount of all revenues from all sources, the amount of expenditures for each purpose, showing a year to

date compilation compared to the current approved budget.

A year to date amount of Sales Tax and Hotel Occupancy Tax statements indicating the total number of payor units reporting during the period with comparison of the same period for the previous year. To the extent information is available from the reporting agency, the report should indicate the total number of entities reporting during the month and show a breakdown by name or industry categories.

An Investment Statement showing cash balances in funds, list of investments and interest earnings received during the previous period and year to date.

A year to date showing of fund balances at the close of each monthly period; and any other information the Finance Director deems important disclosures for tracking surplus or deficit levels.

Section 5. Budget; Preparation, Presentation, Information, Transmitting Recommended Budget to City Council, Consideration of Recommended Budget and public hearing.

The Mayor shall have final responsibility for budget preparation, presentation of the budget to City Council, and the control of expenditures under the budget and the general appropriations as approved. The Mayor shall prepare the recommended annual budget for the ensuing fiscal year in the manner provided in this Ordinance and Article VI of the Home Rule Charter. The Mayor shall transmit the recommended budget to City Council according to an appropriate time schedule in compliance with the Home Rule Charter. The schedule shall allow adequate time for review and adoption by the City Council before commencement of the budget year. The recommended budget transmitted by the Mayor may be considered by City Council through a series of Budget Workshops. The Mayor shall furnish to City Council information the City Council requires for proper consideration of the recommended budget. Before adoption of the Budget by City Council, a public hearing shall be held as required by the Home Rule Charter.

Section 6. Mayor's Required budget; Contents, Limitation on Total Estimated Expenditures.

The recommended budget shall comply with Article VI of the Home Rule Charter and include at least the following:

Expenditure data for the most recently completed fiscal year and estimated expenditures for the current fiscal year.

An estimate of the expenditure amounts required to conduct, in the ensuing fiscal year, the government of the city.

Revenue data for the most recently completed fiscal year and estimated revenues for the current fiscal year.

An estimate of the revenues, by source of revenue, to be raised or received by the City in the ensuing fiscal year

An estimate of the amounts needed for deficiency, contingent, or emergency purposes.

The amount of surplus or deficit that has accumulated from prior fiscal years, together with an estimate of the amount of surplus or deficit expected in the current fiscal year. The inclusion of the amount of a proposed debt obligation or alternative revenue source to fund a deficit shall be required to satisfy the requirement of funding the amount of a deficit estimated under this subdivision.

Other data relating to fiscal conditions that the Mayor considers to be useful in considering the financial needs of the City.

The total estimated expenditures plus the estimate of amounts needed for deficiency, contingent, or emergency purposes, including any accrued deficit, in the budget shall not exceed the total estimated revenues, including any available unappropriated surplus or unappropriated proceeds from bonds or other available revenue sources.

As an attachment to the budget the Mayor shall present a 3-year Capital Spending Plan for the City of Stafford.

Section 7. Council's Mandate on Estimated Total Expenditure; Limit on Ad Valorem Property Taxes.

(1) City Council shall pass a general appropriations ordinance each year for all funds.

(2) The general appropriations ordinance shall set forth the total number of mills of ad valorem property taxes to be levied as zero. This subsection shall be known and may be cited as "the zero-property tax ordinance".

(3) The general appropriations ordinance shall set forth the amounts appropriated by City Council to defray the expenditures and meet the liabilities of the city for the ensuing fiscal year, and shall set forth a statement of estimated revenues, by source, in each fund for the ensuing fiscal year.

(4) The general appropriations ordinance shall be consistent with the uniform chart of accounts prescribed by this Ordinance.

(5) This Ordinance shall not be interpreted to mandate the development or adoption by the city of a line-item budget or line-item general appropriations ordinance.

(6) The City Council shall determine the amount of money to be raised to defray the expenditures and meet the liabilities of the City for the ensuing fiscal year, shall order that money to be raised by sources other than ad valorem property taxes, within statutory and charter limitations, and shall cause the money raised by such sources to be paid into the funds of the City.

(7) The City Council shall not adopt a general appropriations ordinance which causes estimated total expenditures, including any accrued deficit, to exceed total estimated revenues, including any available surplus over the recommended reserve for contingent and emergency purposes and the unappropriated proceeds from bonds or other obligations issued.

(8) If any portion of this ordinance or the application of any portion of this ordinance to any circumstance is found to be invalid by a court, the invalidity shall not affect the remaining portions or application of this Ordinance that can be given effect without the invalid portion or application. The provisions of this Ordinance are severable.

Section 8. General Appropriations Ordinance; Amendments, Reports, Recommendations.

(1) A deviation from the original general appropriations Ordinance shall not be made without amending the general appropriations Ordinance. The City Council shall amend the general appropriations Ordinance as soon as it becomes apparent that a deviation from the original general appropriations Ordinance is necessary and the amount of the deviation can be determined. An amendment shall indicate

each intended alteration in the purpose of each appropriation item affected by the amendment. The City Council may require that the Mayor provide it with periodic reports on the financial condition of the City.

(2) If, during a fiscal year, it appears to the Mayor or to the City Council that the actual and probable revenues in a fund are less than the estimated revenues, including an available surplus upon which appropriations from the fund were based, the Mayor shall present to the City Council recommendations which, if adopted, would prevent expenditures from exceeding available revenues for that current fiscal year. The recommendations shall include proposals for reducing appropriations from the fund in a manner that would cause the total of appropriations to not be greater than the total of revised estimated revenues of the fund, or proposals for measures necessary to provide revenues sufficient to meet expenditures of the fund, or both. The recommendations shall recognize the requirements of state law and the provisions of human resource policies and practices.

Section 9. Incurring Debts or Obligations; Dividing Appropriations into Allotments, Diversion of Money, Restrictions on Delegation of Duties, Enforcement Power.

(1) A member of the City Council, Mayor, administrative officer, or employee of the City shall not create a debt or incur a financial obligation on behalf of the City unless the debt or obligation is permitted by law.

(2) The Mayor may cause the appropriations made by City Council for the City to be divided into allotments if the allotments are based upon the periodic requirements of the City and its budgetary centers.

(3) Except as otherwise provided, an administrative officer of the City shall not incur expenditures against an appropriation account in excess of the amount appropriated by City Council. The Mayor, an administrative officer, or an employee of the City shall not apply or divert money of the City for purposes inconsistent with those specified in the appropriations of the legislative body.

(4) No duties shall be delegated to the Mayor that diminish any charter or statutory responsibilities of an elected or appointed official.

(5) The enforcement of a general appropriations Ordinance approved by City Council is a power vested in the Mayor.

Section 10. Expenditure of Funds; Transfers Within Appropriations.

(1) A member of City Council, Mayor, an administrative officer, or an employee of the City shall not authorize or participate in the expenditure of funds except as authorized by a general appropriations ordinance. An expenditure shall not be incurred except in pursuance of the authority and appropriations of City Council.

(2) The City Council in a general appropriations ordinance may permit the Mayor to execute transfers within limits stated in the ordinance between appropriations without the prior approval of the City Council.

Section 11. Violation of Ordinance. If any audit or investigation conducted under the Home Rule Charter or this Ordinance discloses violations on the part of any City Council Member, Mayor, officer, employee, consultant of the city the individual or entity may be fined in an amount up to \$500.