

RESOLUTION NO. _____

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MESQUITE, TEXAS, ADOPTING AN ANNUAL BUDGET AND LONG-RANGE PLANS POLICY; AND DECLARING AN EFFECTIVE DATE THEREOF.

WHEREAS, the City Council of the City of Mesquite, Texas (“City Council”), recognizes that effective cash management is essential to good fiscal management; and

WHEREAS, the City Council realizes the need to adopt an Annual Budget and Long-Range Plans Policy for the City of Mesquite, Texas, to strengthen its financial operations.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF MESQUITE, TEXAS:

SECTION 1. That the City Council has reviewed the Annual Budget and Long-Range Plans Policy, attached hereto as Exhibit “A” and made a part hereof for all purposes, and hereby approves and adopts said policy as the official Annual Budget and Long-Range Plans Policy of the City of Mesquite, Texas.

SECTION 2. That this resolution and the aforementioned Annual Budget and Long-Range Plans Policy shall take effect immediately from and after the passage of this resolution.

DULY RESOLVED by the City Council of the City of Mesquite, Texas, on the 4th day of February 2019.

Stan Pickett
Mayor

ATTEST:

Sonja Land
City Secretary

APPROVED:



David L. Paschall
City Attorney



Financial Policy
Annual Budget and Long-Range
Financial Plans

City of Mesquite
Finance Department

Effective Date: _____

OVERVIEW

Budgets are a plan of financial operations providing an estimate of proposed expenditures for a given period and the proposed means of financing them.

ANNUAL BUDGET

The City Council's role is to ensure that the needs of the citizens are met as far as possible with available municipal resources. It is Council's prerogative to assume a growth or no-growth budget, to set tax rates, to determine expenditure levels, and to incur bonded indebtedness to finance the needs of the municipality.

The budget process will be coordinated to identify major policy issues for City Council consideration prior to the budget approval date so that sufficient analysis can contribute to informed decision making.

The budgets shall be prepared and adopted on a modified accrual basis for all funds. The capital project funds adopt project-length budgets at the time of their presentation. Annual appropriations lapse at fiscal year-end for operating and debt service funds. Under the City's budgetary process, outstanding encumbrances are classified as restricted, committed, or assigned fund balance, depending on the government's resources.

The budgetary process begins with City department heads (or, in the case of the Quality of Life Corporation, its Board of Directors) developing expenditure budget requests and revenue estimates in April for the fiscal year beginning the following October 1. These requests and estimates are then submitted to the City Manager for review and input. As required by City Charter Article VI, Section 33, the City Manager is to have prepared an annual operating budget by August 15 for the General, Debt Service and certain budgeted Special Revenue funds. The proposed budget is then presented to the City Council for its consideration and adoption through passage of an ordinance.

The proposed annual budget process shall contain the following information:

1. Outline of the proposed financial policies for the next fiscal year with explanations of any changes from previous years in expenditures and any major changes of policy and a complete statement regarding the financial condition of the City.
2. An estimate of all revenue from taxes and other sources, including the present tax structure rates and property evaluations for the ensuing year.
3. A carefully itemized list of proposed expenditures by fund, service type and object of expenditures for the budget year, as compared to actual expenses of the last ended fiscal year, and estimated expenses for the current year compared to adopted budget.
4. A description of all outstanding bonded indebtedness of the City.
5. A statement proposing any capital expenditures deemed necessary for undertaking during the next budget year and recommended provision for financing.
6. A projection of revenues and expenditures together with a list of capital projects which should be considered within the next five succeeding years.

Between the time the budget is made available to the public and the time it is legally adopted, the City Council provides for several public hearings to gather input from the public. During the public

hearings, citizens are encouraged to offer their suggestions and ideas of what programs they would like to be included (or not included) in the budget.

AMENDED BUDGET

Throughout the fiscal year budget transfers and amendments may be needed. The City Manager is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that would increase total fund appropriations must be approved by the City Council. Expenditures may not legally exceed budgeted appropriations at the fund level.

The Finance Department prepares two budget amendments each year:

1. January – a budget amendment to reappropriate open purchase orders and/or contracts from the previous fiscal year that have been approved for carryover.
2. Mid-year – the adopted budget is reassessed by each department midway through the fiscal year and revenue and expenditure projections are revised.

Other budget amendments may be needed throughout the fiscal year and will be presented to City Council for consideration as needed.

LONG RANGE FINANCIAL PLANS

The budgeting process for preparing the annual budget necessitates the preparation of future projections of both revenues and expenditures. It should be recognized that the balanced budget requirement forces the conservative estimate of revenues and expenditures. The Finance Department shall prepare long range financial plans for all operating funds and internal service funds. The long range financial plans shall be updated each year during the budget process.

Inherent in the forecasting process is the identification of assumptions used in the forecasting calculations. A statement of assumptions should be included in the presentation of each long range financial plan.