

ORDINANCE NO. _____

AN ORDINANCE OF THE CITY OF MISSION, TEXAS, ADOPTING A FORMAL BUDGET POLICY; ESTABLISHING GUIDELINES FOR FINANCIAL MANAGEMENT, RESERVE PRACTICES, AND THE ANNUAL BUDGET PROCESS; PROVIDING FOR IMPLEMENTATION AND ADMINISTRATION; AND PROVIDING FOR AN EFFECTIVE DATE

WHEREAS, the City Council of the City of Mission recognizes the importance of sound financial management and long-term fiscal stability; and

WHEREAS, the City desires to establish a formal Budget Policy to guide financial decision-making, promote accountability, and ensure responsible use of public funds; and

WHEREAS, the adoption of a structured budget policy will strengthen internal controls, improve transparency, and support sustainable financial practices; and

WHEREAS, the City Council finds that adopting a Budget Policy is in the best interest of the public health, safety, and welfare of the citizens of Mission;

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF MISSION, TEXAS:

SECTION 1. ADOPTION

The City of Mission Budget Policy, attached hereto as **Exhibit A**, is hereby adopted as the official policy governing the City's budget development, financial planning, and fiscal management practices.

SECTION 2. IMPLEMENTATION

The City Manager and Finance Department are hereby directed to implement and administer the Budget Policy in the preparation and execution of the City's annual budget.

SECTION 3. COMPLIANCE

All departments shall comply with the provisions of the adopted Budget Policy and operate within appropriated funding levels unless otherwise authorized by City Council.

SECTION 4. REVIEW AND UPDATES

The Budget Policy shall be reviewed periodically and may be amended by the City Council as necessary to improve financial practices and address changing conditions.

SECTION 5. SEVERABILITY

If any provision of this ordinance is held invalid, such invalidity shall not affect the remaining provisions.

SECTION 6. EFFECTIVE DATE

This ordinance shall take effect immediately upon adoption.

PASSED AND APPROVED on this 12th day of May, 2026.

Norie Gonzalez Garza, Mayor

ATTEST:

Anna Carrillo, City Secretary

EXHIBIT A

CITY OF MISSION BUDGET POLICY

City of Mission Budget Policy

I. Purpose

This Budget Policy establishes a disciplined financial framework for the City of Mission to promote long-term stability, accountability, conservative budgeting, reserve growth, and efficient use of public funds.

II. Budget Philosophy

1. The City shall seek to budget annually at or near the No-New-Revenue Rate whenever operationally feasible.
2. Any year-over-year increase in Maintenance & Operations (M&O) capacity should primarily fund the Rainy Day / Stabilization Fund, with a portion available for necessary expenditures subject to annual evaluation, including costs associated with community growth, inflationary pressures, increased service demand, public safety needs, utility operations, infrastructure support, and other essential municipal obligations.
3. Recurring expenditures should be supported by recurring revenues.
4. Revenues shall be conservatively forecasted, and projected available revenues shall cap budgeted expenditures to maintain a prudent fund balance position.
5. Departments are expected to operate within adopted appropriations.

III. Reserve Structure

The annual budget shall include funding consideration for:

1. Emergency Reserve
2. Operating Contingency Reserve
3. Rainy Day / Stabilization Fund replenishment
4. Limited Council Workshop Allocation for departmental priorities during budget workshops

IV. Annual Budget Process

A. Preliminary Budget

The Finance Department shall prepare a preliminary budget for City Management review using prior year actual results, current trends, payroll obligations, debt service, known costs, and all fields required under applicable Texas law.

B. Department Review

Departments shall review the preliminary budget and submit:

- Personnel requests
- Capital outlay requests
- Necessary line-item adjustments
- Operational needs and justifications

C. Executive Review / Top-Down Balancing

The City Manager's Office and Finance Department shall consolidate requests and balance the budget using a top-down approach. If projected expenditures exceed projected available revenues, management may issue percentage-based reduction targets to departments.

Departments shall revise their submissions and reduce requested appropriations by the assigned percentage or through equivalent reductions acceptable to management.

D. Final Proposed Budget

Management shall reassemble the budget and issue the final proposed, not-yet-approved version for departmental review prior to Council workshops.

E. Council Workshops

Budget workshops shall be held with the Mission City Council. Changes should, when possible, be made within the Council Workshop Allocation to preserve structural balance.

F. Adoption

The budget shall be adopted in accordance with Texas law and entered into Tyler Incode prior to the start of the fiscal year whenever practicable.

V. Post-Adoption Controls

A. Budget Amendments

Budget amendments should be rare and limited to:

1. Emergencies
2. Strong public purpose needs
3. Legal or operational necessity

B. Department Funding Shortfalls

If a department lacks available funds, the following order shall apply:

1. Determine whether funds may be reclassified within existing appropriations.
2. Request Emergency Reserve funding for qualifying emergencies.
3. Request Contingency funding for justified public purpose needs.
4. If no other option exists, request City Council budget amendment approval.

Departments shall remain accountable for managing within budget.

VI. Quarterly Reviews

Quarterly budget reviews shall occur approximately one month after each calendar quarter with departments to evaluate revenues, expenditures, trends, and corrective actions needed to remain on budget.

VII. Rainy Day Fund

Additional M&O capacity, year-end surpluses, or other available funds may be transferred to the Rainy Day/Stabilization Fund as a best practice to strengthen long-term financial resilience.

VIII. Administration

This policy shall be administered by the Finance Department under the direction of the City Manager and reviewed periodically for improvement