

**TOWN OF ADDISON, TEXAS**

**ORDINANCE NO. 005-060**

**AN ORDINANCE OF THE TOWN OF ADDISON, TEXAS AMENDING CHAPTER 2 (ADMINISTRATION), ARTICLE IV (FINANCE), DIVISION 2 (FINANCIAL POLICIES) BY AMENDING SECTION 2-172 (ANNUAL BUDGET), SECTION 2-174 (BUDGET ADMINISTRATION), SECTION 2-175 (FINANCIAL REPORTING), SECTION 2-176 (REVENUES), SECTION 2-177 (OPERATING EXPENDITURES); PROVIDING A SAVINGS CLAUSE; PROVIDING A SEVERABILITY CLAUSE; PROVIDING AN EFFECTIVE DATE.**

**WHEREAS**, the City Council of the Town of Addison, Texas (the "City") has heretofore adopted financial policies regarding the funds under its control; and

**WHEREAS**, the said financial policies are set forth in Division 2, Article IV, Chapter 2 of the City's Code of Ordinances; and

**WHEREAS**, the City Council has reviewed the said financial policies and desires to amend the same as set forth herein.

**NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE TOWN OF ADDISON, TEXAS:**

Section 1. Incorporation of Premises. The above and foregoing premises are true and correct and are incorporated herein and made a part hereof for all purposes.

Section 2. Amendment. Chapter 2 (Administration) of the Code of Ordinances (the "Code") of the Town of Addison, Texas (the "City") is hereby amended in the following particulars, and all other chapters, articles, sections, subsections, paragraphs, phrases, and words are not amended but are ratified and confirmed:

A. Division 2 (Financial Policies) of Article IV (Finance) of Chapter 2 of the Code is amended in part as follows:

1. Section 2-172 (Annual Budget) of the Code is hereby amended by amending subsection (b) thereof to read as follows:

(7) A five-year financial plan for the General, Hotel, Airport, and Utility funds.

2. Section 2-174 (Budget Administration) of the Code is hereby amended by amending subsection (b) thereof to read as follows:

(b) The following represents the Town's budget amendment policy delineating responsibility and authority for the amendment process. Transfers between expenditure accounts in one department may occur with the approval of the Director of Financial & Strategic Services. Transfers between operating departments may occur with the approval

of the City Manager and Director of Financial & Strategic Services provided that a department's total budget is not changed by more than five percent. Transfers between funds or transfers between departments that change a department's total budget by more than five percent must be accomplished by budget amendment approved by the City Council. Budget amendments calling for new fund appropriations must also be approved by the City Council.

3. Section 2-175 (Financial Reporting) of the Code is hereby amended by amending subsections (a) and (d) thereof to read as follows:

(a) Following the conclusion of the fiscal year, the Town's Director of Financial & Strategic Services shall cause to be prepared a Comprehensive Annual Financial Report (CAFR) in accordance with generally accepted accounting and financial reporting principles established by the Governmental Accounting Standards Board. The document shall also satisfy all criteria of the Government Finance Officers Association's Certificate of Achievement for Excellence in Financial Reporting Program.

(d) The Director of Financial & Strategic Services shall within sixty days following the conclusion of each calendar quarter, issue a report to the Council reflecting the Town's financial condition for that quarter. The quarterly report format shall be consistent with the format of the annual budget document.

4. Section 2-176 (Revenues) of the Code is hereby amended by amending subsection (b) thereof to read as follows:

(b) For every annual budget, the Town shall levy two property tax rates: operation/maintenance and debt service. The debt service levy shall be sufficient for meeting all principal and interest payments associated with the Town's outstanding general obligation debt for that budget year. The debt service levy and related debt service expenditures shall be accounted for in the Debt Service fund. The operation and maintenance levy shall be accounted for in the General fund. The operation and maintenance levy will be established within the eight percent (8%) rollback rate as defined by the State of Texas Property Tax Code. Council will consider exceeding the rollback rate only after options have been presented by staff to avoid the rollback by increasing revenue from other sources or reducing expenditures.

5. Section 2-177 (Operating Expenditures) of the Code is hereby amended by amending subsection (j) thereof to read as follows:

(j) To assist in controlling the growth of operating expenditures, operating departments will submit their annual budgets to the City Manager within a ceiling calculated by the Director of Financial & Strategic Services. Projected expenditures that exceed the ceiling must be submitted as separate Expanded Levels of Service (ELS) requests. The City Manager will recommend the ELS requests to the Council, which will vote on the requests.

Section 3. Savings. This Ordinance shall be cumulative of all other ordinances of the City affecting the City's investment policy and shall not repeal any of the provisions of those ordinances except in those instances where the provisions of those Ordinances are in direct conflict with the provisions of this Ordinance.

Section 3. Severability. The sections, paragraphs, sentences, phrases, clauses and words of this Ordinance are severable, and if any section, paragraph, sentence, phrase, clause or word in this Ordinance or application thereof to any person or circumstance is held invalid or unconstitutional by a Court of competent jurisdiction, such holding shall not affect the validity of the remaining portions of this Ordinance, and the City Council hereby declares that it would have passed such remaining portions of this Ordinance despite such invalidity, which remaining portions shall remain in full force and effect.

Section 4. Effective Date. This Ordinance shall become effective from and after its date of passage and publication as provided by law.

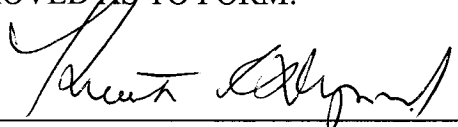
**PASSED AND APPROVED** by the City Council of the Town of Addison, Texas this 8th day of November, 2005.

  
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Joe Chow, Mayor

ATTEST:

By:   
\_\_\_\_\_  
Carmen Moran, City Secretary

APPROVED AS TO FORM:

By:   
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Ken Dippel, City Attorney