

Dear Constituents,

Our Legal counsel had previously informed the members of the City Council of their State mandate to pass a yearly budget. The council had also been informed that if they failed to adopt a budget, the budget does not simply or automatically revert back to the previous year's budget and that no funds could be expended (spent). The City Council was also informed of potential liabilities and consequences of failure to pass a budget. Because certain council members insisted they had personally contacted the Texas Municipal League and received contrary information, we reached out to TML again.

TML's written response follows:

"Thanks for your email. It is not a bother. I am happy to help.

In short, state law expressly prohibits a city from spending money except in accordance with an adopted budget.

There may be some miscommunication about failure to adopt a tax rate and a budget. While tax rates may carryover under some circumstances due to inaction, a city budget does not. The city must approve a new budget every year before it can spend any money. A city may make some certain emergency expenditures under certain circumstances, but those circumstances expressly exclude the city's failure to timely adopt a budget.

Thus, if the city fails to approve a new budget, then it is unlawful for the city to spend any city funds. But as you state, this is a novel question and any penalties to which the city or councilmembers may be subject for failure to adopt a budget is unclear.

I have raised this issue with our General Counsel, Bill Longley, and he is willing to contact you to discuss. We are currently participating in our Annual Conference, so we are unavailable to discuss at this moment. However, we will contact you when we are available.

I hope this helps!"

As Mayor of the City of Encinal,

I was elected to bring positive change, growth, financial transparency and to promote a safe and prosperous community. In my effort to accomplish these things we have accomplished increased financial transparency by upgrading our city website (cityofencinal.com) and disseminating financial information and data. We continue to invite our community to join and participate in the growth and coming together of our community.

My goal is to create community involvement by creating citizen advisory committees and other public work groups to make Encinal a better place to live. This cannot be possible if we do not come together as a council, staff and community.

Thank you,
Mayor Esmeralda Arce

