

Fiscal Principles & Policies

The Fiscal Policies of the City of Andrews have been established by the City Council over the years that have elapsed since the Andrews Home Rule Charter was adopted in 1959. Because these principles and policies are the foundation of the financial approach of the City, they are included with this Budget.

The financial management policies of the City are designed to ensure the financial integrity of the City's government and assist the City in achieving the following:

- Quality City services that meet the needs and desires of the citizens. We seek to serve the whole community in a fair and consistent manner.
- A financial base sufficient to maintain or enhance City assets required to support community service demands.
- Prudent and professional financial management practices to assure citizens of Andrews and the financial community that City government is well managed and in sound fiscal condition.
- Cost effective services to citizens through cooperation with other government entities.
- A capital improvement program that maintains and enhances the public's assets.

Financial Planning

The City Charter provides that the City Council shall annually adopt a balanced budget prepared by the City Manager. A balanced budget is considered one in which the budgeted revenues are equal to or greater than the budgeted expenditures.

Concurrent with the annual budget process, a ten-year (10) long-range financial plan forecasts capital fund balances using projected capital investment and conservative assumptions regarding interest earnings and future operating budgets. The Long-Range Financial Plan enables the City Council and city management to focus on the "big picture" while meeting annual needs through the pay-as-you-go financial approach.

Revenue

Projected revenues are estimated using a realistic, objective, and analytical approach based upon economic trends. The City will periodically review its fee structure to insure that revenue collections are adequate to meet corresponding expenditures (cost of service concept). The City participates in an annual survey of like-size Texas cities concerning their General Fund revenue fees. Through a comparative analysis, the City identifies areas in which user fees fall below the mean of the survey group. Enterprise funds are also reviewed periodically to assure user charges are sufficient to finance the costs of providing goods/services to the public.

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Expenditures

The City shall budget expenditures on historic expenditures analysis, new expenses and new programs. Each department shall look at the operations in relation to historical expense and planned new costs. Benefits shall be projected using the rate changes by the Texas Municipal Retirement System, Texas Municipal League, and the Internal Revenue Service. Modifications and adjustments will be made as necessary in order to ensure a balanced budget is achieved.

Investments

The investing of City funds falls under the responsibility of the Director of Finance. It is the intent of the City to be in complete compliance with local law and the Texas Public Funds Investment Act. The City's investment policies stress:

- First and foremost, safety of principal;
- An adequate reserve of operating funds in the general fund and enterprise funds sufficient to maintain one year's expenses;
- Sufficient capital improvement funds to replace the assets of each fund as they wear out or must be replaced due to obsolescence, so that the City of Andrews can continue to operate on a pay-as-you-go basis in the years to come;
- A portfolio sufficiently liquid to meet all obligations as they become due.
- Diversification by security type and institution to obtain the maximum yield that can be attained and still maintain the more important objectives of safety of principal and sufficient liquidity.

The Budget Process

The City Charter establishes the fiscal year, which begins October 1 and ends September 30. To have an adopted budget in place by October 1 each year, the budget process must begin months before the end of the fiscal year.

In April, Department Directors receive budget forms and directions from the Finance Department. These packets contain historical expenditure amounts, current expenditure and budget amounts, and estimated amounts for the upcoming budget year.

While the Department Directors are preparing their budget requests, the Director of Finance calculates personnel costs and revenue projections for the new budget year. Revenue projections are derived from trend analyses, economic outlook, and discussions with appropriate staff and other governmental agencies. Revenue projections are used to set targets for department expenditures.

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This data combined with the Department requests form a preliminary or “first draft” budget which the Department Directors review with the City Manager and Director of Finance. These meetings are held in May and help the City Manager formulate priorities for the proposed budget.

A Strategic Goal Setting session is conducted in June with the City Council to develop priorities for the upcoming year and for the long-term. This meeting is open to the public and is posted per open meetings law.

With guidance from the Council, the City Manager then formulates a proposed budget that is submitted to Council before the end of July. State law and the City Charter require that a public hearing on the proposed budget be held before the Council votes on its adoption. At least ten days prior to the public hearing, a minimum of ten copies of the proposed budget are made available in the City Manager’s office for distribution to interested persons. A notice of the public hearing is published in the local newspaper, and the hearing is held during a regular City Council meeting. This hearing provides an opportunity for citizens to express their ideas and opinions about the budget to their elected officials.

After the public hearing, the City Council votes on the adoption of the budget. If the budget is not accepted and formally approved by the Council before the first day of October, the budget submitted by the City Manager shall be deemed to have been finally adopted by the Council until such time as the Council adopts the budget.

The Council may amend the budget as provided by law for purposes of authorizing emergency expenditures for public purposes. No obligation shall be incurred or any expenditure made except in conformity with the budget or action of the Council.

The City Manager may, within the policies adopted within the budget and consistent with the City Charter, authorize transfers between budget line items. Upon written recommendations of the City Manager, the Council may transfer any unencumbered appropriated balance or portion thereof from one office, department, or agency to another at any time, or transfer any appropriation balance from one expenditure account to another within a single office, department, or agency of the City.