



KEN PAXTON
ATTORNEY GENERAL OF TEXAS

May 13, 2026

[REDACTED]

Dear [REDACTED]

On September 1, 2025, Senate Bill 1851 became effective. State law has long required that municipalities comply with Local Government Code Chapter 103, which requires municipalities to undergo an annual audit and file a financial statement, including the auditor's comments, within 180 days of the end of the municipality's fiscal year. Senate Bill 1851 added new enforcement provisions and non-compliance penalties to these requirements. If the Attorney General determines that a municipality has not undergone an audit or has not prepared a financial statement in accordance with state law, then the municipality may not adopt an ad valorem tax rate that exceeds the municipality's no-new-revenue tax rate.¹

Upon review, and based on the information and representations you made to our office, I have determined that [REDACTED] did not comply with the requirements under Local Government Code Chapter 103 for fiscal year 2025. Therefore, [REDACTED] is subject to the penalties specified in Local Government Code 103.005(c).

If you wish to correspond with my office regarding this determination, then you may e-mail: OAGMunicipalAuditReview@oag.texas.gov

For Texas,

A handwritten signature in black ink that reads "Ken Paxton".

Ken Paxton
Attorney General of Texas

¹ Texas Local Government Code, Title 4, Subtitle A, Chapter 103.005.