

# **COUNTY OF EL PASO**

**BUDGET & FISCAL POLICIES**

**FISCAL YEAR 2017**

*OCTOBER 03, 2016*



**EL PASO COUNTY COMMISSIONERS COURT  
500 E. SAN ANTONIO STREET | SUITE 301  
EL PASO, TEXAS 79901**



## **COUNTY OF EL PASO**

### ***BUDGETARY DEVELOPMENT POLICIES***

These policies are indicative of significant factors affecting the budgetary decisions of the Commissioners Court in the fiscal management of the County. These policies are not all inclusive of every possible scenario in the fiscal management of the County. Rather, they are intended as a reference guide in the decision-making process of the Commissioners Court, instilling continual maintenance of and progression of innovative fiscal management in meeting the increasing demands on the County as well as achievement of short and long-term goals and objectives.

Over the past few years, the County has put more emphasis on establishment of an overall financial policy guide that, at a minimum, should be updated annually as part of the ongoing budgetary process. Some areas such as the cash management and investment policy are only touched upon briefly as these are maintained as separate policy guides.

#### **I. GENERAL OVERVIEW**

The County shall develop a budget based on actual and anticipated revenues and other financial resources estimated to be available as provided by law on the last day of each fiscal year to fund the proposed budget. The fiscal year of the County spans a twelve month period from October 1 through September 30.

A major challenge for the County is not to become dependent upon state or federal funds that could dissipate from one year to the next. In order to ensure sound fiscal budgeting, the most significant expenditure items within each fund, typically salary and fringe benefit expenditures, followed by operating costs, shall not exceed the sum of stable operating revenues from ad valorem property taxes, sales taxes plus a reasonable estimate of operating income. The County shall pay for current expenditures with current resources pursuant to Article XI of the Texas Constitution and Articles 111.091-111.093 of the Texas Revised Civil Statutes.

On a yearly basis, the County shall analyze the fees and charges for services it sets and associated costs in order to preserve stability and enhancement of the revenue stream to the County. The County shall also strive to minimize the property tax burden on El Paso County citizens through efforts aimed at diversifying revenue sources, implementing legally permissible user fees and charges as well as developing innovative economic development initiatives. Furthermore, a continual assessment shall be made of the outstanding sources of revenue with emphasis on innovative approaches to enhancement of collection efforts. Discretionary funding shall be budgeted as deemed necessary to supplement support services as provided by the County and that a county public purpose exists as defined by statute where applicable.

In addressing future goals and objectives, the County shall continually formulate and maintain revenue trends and expenditure forecasts at a minimum five years ahead of the current fiscal year. Future projections shall be based on prior year actual data and projected future economic indicators such as the rate of inflation, growth, the local economy, national and international factors affecting the El Paso border region and other relevant known factors.

The County budgeting procedures attempt to identify distinct functions and activities performed by the County, and to allocate budget resources adequately to perform these functions and activities at a

specified level of service. The budget process shall be coordinated with and in alignment with the Countywide, strategic planning process and shall reflect the vision, mission, values, goals and objectives developed through this process.

Commissioners Court may institute a voluntary freeze on hiring, promotions, transfers, operating expenditures and capital equipment purchases as deemed financially necessary and appropriate. Commissioners Court may make exceptions to the freeze as deemed necessary.

In allowable circumstances, the County Administration Office or the Budget and Fiscal Policy have the authority to initiate intrafund and interfund expense transfers as deemed necessary and appropriate in the case of emergencies or for routine operational or capital transfers. Transfers of this nature will be subject to the policies adopted herein and will also be reported to the Commissioners Court on no less than a quarterly basis

## **II. APPROPRIATIONS**

During the budgetary process, when allocating resources, funding shall be aligned with strategic goals while simultaneously ensuring that functions and programs within the County can continue to provide adequate service levels.

Certain appropriations may not follow the fiscal year calendar due to various constraints on the fund type. Capital project funds are budgeted on a project basis across multiple years until the project is complete. Grant funds are appropriated on a grant-year basis until the end of the grant-award period.

The County shall integrate performance measurement within the budget process where appropriate and continually strive to improve the budget development and monitoring process through evaluating and utilizing innovative alternative approaches to costing and budgeting.

Appropriations, as approved by the Commissioners Court, are set up and maintained in the County financial system by the County Auditor. The following general character level categories are used to appropriate funds annually: Personnel, Operating and Capital. These categories along with a lower level of detailed expenditures are used for overall budgetary planning purposes.

## **III. DEVELOPMENT PROCESSES & TIMELINE**

The County shall develop an annual calendar relating to the development of the budget which includes but is not limited to the following:

- Budget manuals for annual preparation, including forms and necessary instructions, shall be distributed to County offices and departments.
- All offices and departments must return their budget proposals and requests to the Budget & Fiscal Policy Department.
- Initial proposed budgeted revenue estimates are provided by the County Auditor.
- A proposed and balanced budget will be developed and distributed to the members of Commissioners Court.
- County Auditor continues to revise revenue projections and may update thereafter to reflect the certified tax estimates as well as other relevant revenue data.
- Commissioners Court shall adopt a tax rate.

***Commissioners Court should adopt the budget on or before the first Monday in October but by no later than the last Monday in October.***

***The Budget and Fiscal Policy Department along with the County Administrators office will develop and publish the budget and tax calendar during the second quarter of the fiscal year. It is anticipated that this process will begin in mid to late February and be materially completed during the month of August with an ultimate adoption of both the tax rate and budget by the statutorily required dates.***

The Budget & Fiscal Policy Department shall prepare a report on the budget status and trends and submit to the Commissioners Court and Chief Administrator no less than quarterly. These forecast and reports will be presented to and discussed with the Commissioners Court upon preparation.

The County shall prepare and maintain no less than a five-year comprehensive financial forecast that:

- Develops a local, regional, state and national economic outlook and describes the potential impact on El Paso County
- Updates reserve and expenditure projections for the next five years
- Projects capital improvement requirements over the five-year period, including future operating costs associated with all projects
- Updates revenue and expenses for each year in the period
- Describes the strategic issues that present the County with challenges and opportunities for the future and, in some cases, assesses their fiscal impact.



## COUNTY OF EL PASO *FUND BALANCE POLICIES*

### I. CLASSIFICATIONS

The Commissioners Court has established operating and reporting guidelines for the fund balances of the governmental funds in accordance with Governmental Accounting Standards Board Statement Number 54. The County's Fund Balances shall be classified into five categories based on the strength of the constraints governing how those balances can be spent:

***Nonspendable Fund Balance***-Represents amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

***Restricted Fund Balance***-Represents amounts that are restricted to specific purposes, with constraints placed on the use of resources by (a) external creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

***Committed Fund Balance***-Represents amounts that can only be used for specific purposes that have imposed constraints by formal action of the government's highest level of decision-making authority, the Commissioners Court. The amounts may not be used for other purposes unless the Court removes or changes the constraints pursuant to the same type of action used to initially commit them.

***Assigned Fund Balance***-Represents amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. The governing body may delegate its authority to assign amounts to another body or officials, for example a budget director. The Commissioners Court, when it is appropriate for fund balance to be assigned, delegates the authority to the Executive Budget Director. Assignments may occur subsequent to fiscal year end. Assignments will be made when necessary to utilize reserves to balance the proposed budget as needed or in the event of unforeseen circumstances that arise and require the expenditure of funds for which there was not an offsetting revenue source to account for the increase in unplanned appropriations, i.e. a catastrophic event

***Unassigned Fund Balance***- Represents the residual amount in the general fund that has not been restricted, committed, or assigned to specific purposes.

### II. RESERVES

***General Fund Reserve***-The County shall strive to maintain an unassigned General Fund reserve between 10-15 percent of the total adopted General Fund operating budget, in any one fiscal year. Use of this reserve is limited to an unanticipated emergency, calamity, natural disaster or the loss/shortfall of a major revenue source. This amount should prove sufficient to meet cash flow needs during the first quarter of the fiscal year, as the inflow from *ad valorem* property taxes, the County's major revenue source, does not become substantial until the end of the first fiscal quarter. Any expenditure from this reserve that required an amendment of the budget as a result or the declaration of an emergency will be reported in detail in the County comprehensive annual financial report.

***Allocated Reserves***- When fiscally permissible, the Court shall establish contingency reserves within the General Fund account titled General and Administrative for personnel and operations. This funding source is to be used only after other alternatives have been fully explored.

### **III. FUND BALANCES**

***End of Year-***The projected unspent budgeted funds and revenue variances for any given fiscal year. The balance shall be estimated and identified annually by the Office of Budget & Fiscal Policy as a component of the Appropriated Fund Balance.

***Appropriated-***The combined estimated value of the End of Year fund balance as well as the balance of the assigned General Fund Reserve. This fund shall be identified in the upcoming fiscal year budget and the Commissioners Court may utilize this fund to balance said budget. Any amount that is not utilized to supplement and balance the budget shall be appropriated by the Commissioners Court as the General Fund reserve, equivalent to the unassigned fund balance as defined by the Government Accounting Standards Board. Use of this funding is subject to the policies adopted herein.

***Capital Project-***Classified as restricted or committed funds to meet both the purpose of the legal debt issuance and the policy objectives of the Commissioners Court. Formal action by the Commissioners Court is required to establish, modify or rescind a fund balance commitment. This may include that residual unspent funds shall be transferred, with Commissioners Court approval, to the respective debt service fund as a means of reducing of debt. Project managers shall notify the Chief Administrator and County Auditor immediately upon completion of all projects.

***Debt Service-***Restricted for the payment of principal and interest on the debt service obligation. Any funds that are remaining after all debt is extinguished shall be transferred to the general fund and may then be appropriated at the discretion of the Commissioners Court.

***Special Revenue-*** Restricted to the extent that the proceeds are generated through enabling legislation or externally imposed by creditors, grantors, contributors, or laws or regulations of other governments.



## COUNTY OF EL PASO *BUDGETARY CONTROL POLICIES*

### **I. TRANSFERS & AMENDMENTS**

All amendments to the adopted budget shall require written request and justification for transfer from the respective department head or elected official or duly delegated office staff. Pursuant to Texas Local Government Code, §§ 111.070 c (2), the Commissioners Court has designated that the Budget & Fiscal Policy Department may, as appropriate and subject to these approved policies as further specified below, amend the budget by transferring amounts budgeted for certain items to other items. Approved budget amendments resulting in a new appropriation must be recorded prior to expenditure against such appropriation

#### Transfers

Budget transfers will be initiated by the department. The department must ensure all supporting documentation is included in the request. Supporting documentation refers to, but is not limited to, quotes, e-mails, etc. For budget amendments initiated by the Budget and Fiscal Policy department (BFPD), the BFPD must contact the requesting department and receive authorization to make the transfer. The Budget and Fiscal Policy department can initiate a Personnel and Salary benefits transfer without departmental approval. Commissioners Court will receive a weekly update with all internal budget transfers processed for the week and the budget transfers being considered during the Commissioners Court agenda on the upcoming Monday.

Budget transfers requiring Commissioners Court approval:

Transfers between characters (personnel, operating or capital) and/or between different departmental indices require separate approval of the Commissioners Court. This limitation does not include grants – please refer to Grants section of this file for budget transfer criteria.

A transfer request for items, programs or services that were discussed and disallowed during the annual budget hearings of the Commissioners Court shall be subject to the sole approval of the Commissioners Court.

Accounts that shall not be considered for internal transfers are as follows:

- Contract service (6761)
- Interpreter Services (6664 & 6674)
- Professional Services - Medical (6656)
- Auto Allowance (6600)
- Legal Services (6857)
- Vehicle Oper. Expense (6291)
- Communications-Telephone (6503)
- Communications-General (6501)
- Pub. Utilities-Gas (6452)
- Pub. Utilities-Electric (6453)
- Pub. Utilities-Water (6454)
- Pub. Utilities-General (6451)

## Budget transfers not requiring Commissioners Court approval:

Budget transfer requests that are within a departmental index and within the same character (personnel, operating or capital) are authorized to be made by the Budget & Fiscal Policy Department on a regular basis with the annual approval of the County's budget and fiscal policies by Commissioners Court. Year-end transfers are initiated to meet timely payment requirements and year end accruals in accordance with Generally Accepted Accounting Principles (GAAP) as deemed appropriate by the County Auditor's Department and the Budget & Fiscal Policy Department.

Budget transfers from the General and Administrative Account (GADMINGF) that were appropriated and budgeted for a specific purpose may be transferred internally with the approval of the Chief Administrator and/or the Executive Budget Director or their interdepartmental designees only for the purpose that was approved for in the adopted budget.

Commissioners Court shall approve all general fund budget transfers that individually exceed \$5,000 per fiscal year. The Chief Administrator and/or the Executive Budget Director or their designees may administratively approve all budget transfers individually totaling up to \$5,000. Interdepartmental transfers are not eligible for administrative approval nor are transfers requesting funds from Appropriated Fund Balances, except as provided for in this policy.

## Equipment Transfers

The Operating Expense Equipment was allocated to departments to cover the purchase of primarily replacement equipment needed. New equipment may also be purchased for the continuity of business; however, additional funding will not be provided to cover replacement purchases. Replacement equipment will not be considered in the Capital Improvement Plan unless the equipment is over \$5,000. Transfers out of Operating Expense Equipment will require Commissioners Court approval, furthermore if transfers are not to an equipment account this may result in a reduction to the operating equipment account at the start of the new fiscal year.

A department may request their equipment funds to be carried over by providing the Budget and Fiscal Policy with the following:

- Memo that breaks down the equipment to be purchased and the amount of said equipment
- Supporting documentation for requests
- Verification from County's subject matter expert, if applicable

Funds transferred over will be placed in the County's General and Administrative account and will be transferred to the requested department once the department is ready for purchase.

Carryover requests need to be submitted to the Budget and Fiscal Policy department by a designated deadline provided yearly that is based on the budget process schedule. Carryover requests will be evaluated and additional information may be requested if needed. The request for carryover will be reviewed by the Budget and Fiscal Policy department but will be based on the approval of Commissioners Court.

### Amendments

The Budget & Fiscal Policy Department may initiate budgetary amendments to cover expenditures for utilities and fuel up to year-end. Any related year-end projected shortfalls and impacts for accruals shall be projected at the end of the third fiscal quarter and shall be provided to the Court for informational purposes.

The Budget & Fiscal Policy Department may initiate budget amendments deemed necessary to cover unforeseen emergencies as well as expenditure accruals at year-end. These amendments may be transfers between departmental index and between character and objects during the fiscal year end accrual period or for unforeseen emergencies, such as weather related incidents.

Transfers related to grants are detailed in Grants section of this document.

## **II. BIDS**

Bids related to the purchase of goods and services that are both budgeted for in the fiscal year and are a component of the normal day to day operations of County departments shall be prepared and solicited for by the County Purchasing Department and only presented to Commissioners Court for award consideration. Any bids requests for goods or services for which there are no specific or routine appropriations shall be submitted to the Chief Administrator and Budget & Fiscal Policy Department for consideration of availability of funding and placement on the agenda for consideration of the Court. The Purchasing Agent or designee(s) will notify the Commissioners Court on a routine basis regarding all bids of goods and services which are currently out for solicitation.

## **III. PERSONNEL**

*Amended October 03, 2016*

The County has a plan allowing for progressive advancement within pay levels for the various job classifications of the County with the exception of sheriff deputies and detention officers who follow a compensation plan in compliance with an approved collective bargaining agreement.

The Court shall continue to support its salary plan, having developed step levels within the approved salary plan within job classes. This plan should continue to result in the reduction of employee turnover in the County as well as encourage career employment within the County, therefore, reinforcing maintenance of its valuable workforce. Furthermore, the Court shall continually strive to provide a system of fair compensation to employees based on annual satisfactory employee performance evaluations. Any such system shall be addressed during budgetary hearings and funded accordingly and as soon as financially practical.

The Chief Administrator shall present a budget for salary and fringe benefits, including contingencies, to Commissioners Court for approval during budgetary hearings. The Chief Administrator shall ensure that changes to the salary and fringe benefit budget, including contingencies, do not exceed the amount authorized by Commissioners Court.

Overtime as defined by the El Paso County Employee Handbook: budgeted overtime-compensation payments may only be made to nonexempt employees at a rate of time-and-a-half. Unbudgeted overtime requests require pre-approval by the Chief Administrator or their interdepartmental designee and funding approved by the Commissioners Court before overtime may be accrued. Compensatory time may be utilized in lieu of overtime when following County personnel rules.

### Hiring Freeze Policy

To assure minimal impact to services and citizens and promote fiscal responsibility, when a position becomes vacant, the department must wait the length of time the separating employee is paid in accrued leaves (vacation and compensatory time) before filling the position.

The hiring waiting period applies to positions that become vacant in all departments. This policy ensures that departments do not exceed the allocated budget. Certain positions are exempt, including:

- Front line customer service positions whose primary function are to collect money “as determined by the Chief Administrator”.
- Those that are statutorily required where only one position exists in the department to perform the function as determined by the Chief Administrator
- Positions covered under a collective bargaining agreement
- Custodian positions of the Facilities Department

When there are no leave balances to be paid out from the General Fund, the following positions shall be exempt from the waiting period:

- Positions 100 percent funded with special revenues
- Positions 100 percent funded with grant funds
- Positions 100 percent funded with discretionary funds which are ineligible to offset general fund expenses
- Vacancies filled by hiring current County employees.

### Elected Official Compensation

The Commissioners Court chooses to select a compensation philosophy that ensures all Elected County and Precinct Officers are compensated based on the knowledge, skills and abilities needed to successfully perform these jobs. Furthermore, those salaries will be compensated at a minimum of 70% of the external market based on 10 comparable Counties in the State of Texas and other applicable data deemed appropriate.

Appointments to the bench by the Judiciary are subject to a cap of 90% of the statutory minimum salary of a county court at law judge which is no less than \$1,000 less than a district judge from all sources (state salary and local supplement)

Newly elected officials, or those appointed to elected positions, who replace budgeted positions that are exempt from civil service are not required to undergo the waiting period during the first 90 days in office.

Human Resources shall review requests for hiring waiting period exceptions and other staffing change requests to ensure sufficient data is collected to analyze the requests. The fiscal impact of all requests shall be calculated and reviewed by the Budget & Fiscal Policy Department. Once the requests have been reviewed by both HR and Budget, HR shall present the request to the Chief Administrator for consideration. These requests are subject to the approval of the Chief Administrator who shall provide a quarterly report to Commissioners Court on exceptions/requests.

### Temporary Employment

If an employee is out on an unpaid leave, the department can fill the position with a temporary employee for a period not to exceed 6 months so long as the temporary position does not exceed budget allocations for the original position and it is consistent with the period of time the regular employee

shall be out on unpaid leave. Because there is no budgetary impact, the temporary may be hired without additional approval.

If an employee is out on paid mandatorily required leave (such as FMLA) for a period expected to last longer than 10 days, and the department has the funds in its current budget to pay for a temporary employee, the department may:

- Request the Budget & Fiscal Policy Department verify that funds are available; and
- Request that the Human Resources Office verify that 1) the employee is out on a mandatorily required leave, and 2) the time frame the temporary employee is being requested for does not exceed the time of the mandatorily required leave. Requests of this nature only require the applicable budget transfer approval.

If an employee is out on a mandatorily required leave (such as FMLA) for a period expected to last longer than 10 days, and the department does not have the funds in its current budget to pay for a temporary employee, the request must go to the Human Resources Department. Human Resources shall verify funding availability in contingencies or other sources with the Budget & Fiscal Policy Department and make a recommendation, subject to the applicable budget transfer policy, to the Chief Administrator for his consideration.

Temporary employees for cases where the department has allowed the regular employee to go out on paid leave for non-mandatorily required leave shall not be considered. If a department has a vacancy that it would like to fill with a temporary employee, the total cost of the temporary employee for salary and fringe benefits per pay period cannot exceed the total cost of the regular position for salary and fringe benefits per pay period.

#### **IV. GRANTS**

Grant budgets shall be submitted to the Budget & Fiscal Policy Department with all necessary documentation, which include but are not limited to the following:

- County Auditor certification of budget award/adjustment from the grantor agency (when setting up or increasing/decreasing the grant budget)
- Include when grant budgets or their respective employee counts and changes in employee compensation are amended.
  - Notice that the granting agency allows the transfer requested as per grant guidelines
  - Brief but thorough explanation of transfer
  - Any additional supporting documentation related to the transfer as the grant division deems necessary
  - Name and initials of grant employee requesting the transfer and a manager (or designee) initial which ensures all policy criteria has been met

Net overall increases or decreases are subject to the approval of Commissioner's Court. Commissioners Court shall receive a monthly summary of all employee count and compensation changes from the County Auditor's Office.

Transfers from within the grant budget shall be approved administratively if the transfer is consistent and in accordance with the granting agencies policies or is approved by the granting agency. Departments requesting administrative approvals of these transfers shall provide all necessary

documentation for review, including justification for the administrative approval, to the Budget & Fiscal Policy Department and shall be included in the monthly report to the Commissioners Court.

Grant applications shall include the option to be amended to cover any salary increases (i.e. COLA, step, etc.) approved by Commissioners Court. All grants that contain personnel and that will not be able to cover the increase in salary will be covered by the General Fund.



## COUNTY OF EL PASO *GENERAL FINANCIAL POLICIES*

### **I. ACCOUNTING, AUDITING & FINANCIAL PLANNING**

The County Auditor's Office shall continue to maintain the County's financial records on a basis that is compatible with the guidance of generally accepted accounting principles and standards that have been promulgated by the Governmental Accounting Standards Board for local governments.

Pursuant to the Texas Local Government Code, §§ 111.091, 111.092 and 114.025, interim monthly and comprehensive annual financial reports shall be issued by the County Auditor's Office. These reports shall summarize the County's financial transactions by fund and department. Also, actual revenues and actual expenditures shall be monitored and compared to the associated budgeted amounts.

In accordance with provisions contained in the Texas Local Government Code, §§ 111.091, 111.092, 114.025 and 115.045, full disclosures shall continue to be provided in the comprehensive annual financial reports, budget reports and bond representations. Pursuant to the Texas Local Government Code, § 115.045, once each fiscal year, the Commissioners Court shall engage an independent Certified Public Accounting firm to conduct a comprehensive external audit of all books, records and accounts of the County. The external audit shall cover all matters relating to the fiscal affairs of the County.

The Commissioners Court shall continue to identify and refer business matters for analysis to boards, committees, consultants or staff, in order to improve the effectiveness and efficiency of services and activities of the County.

Cost versus benefits studies shall be made, when deemed appropriate by Commissioners Court, on non-recurring expenditures and capital projects.

The County Auditor's staff shall continually conduct internal audits throughout the County that are designed to strengthen internal accounting and budgeting controls and to protect the County's assets.

### **II. REVENUE**

The County shall maintain a stable and diversified revenue system to protect it from short-term fluctuations in any single revenue source. The County, whenever applicable, shall establish user fees and charges permitted by law at levels associated with the direct costs and indirect costs of providing those services. Furthermore, the County shall annually evaluate fees and charges to assure that total costs are covered and shall adjust accordingly to keep pace with the cost of providing those services.

Further, the County will pursue the enactment of new legislation, when deemed appropriate, to permit changes in user fees and charges, aggressively collecting ad valorem property tax revenues, including filing suits when permitted by the Texas Property Tax Code.

El Paso County shall restrict its reliance on non-recurring revenue sources to promote fiscal responsibility. The County shall monitor intergovernmental grant revenue when approving grants that may ultimately result in 100 percent county funding.

### **III. FIXED ASSETS & CAPITAL PLANNING**

The Commissioners Court shall continually assess the County's capital needs and establish policies, procedures and plans to address infrastructure, fleet and general capital needs of the County in its budgetary process.

For financial accounting and reporting purposes, it is the policy of the County that only assets with a value exceeding \$5,000 or more and having a useful life expectancy of at least one year are reported as general fixed assets in the County's Comprehensive Annual Financial Report. Note however, that this does not mean that items less than the \$5,000 threshold shall not be tagged. The purchasing agent, at his/her discretion, may tag any items deemed appropriate for adequate control and accountability purposes.

The County Auditor's Office shall periodically reconcile the yearly inventory listing, provided by the purchasing agent, to the County's financial accounting records. This inventory shall include assets purchased with Federal funds, along with the special guidelines for assets purchased with Federal funds from the Federal Emergency Management Agency, the Office of National Drug Control Policy or other applicable agencies.

As approved by Commissioners Court funding equal to the equivalent of one cent in M&O taxes has been designated for the County's ongoing capital improvement program (CIP). Revenues generated from this one-cent designation shall be transferred from the General Fund into the County's Capital Improvement Program account designated for this purpose and use of such funds is subject to prior approval from the Commissioners Court. Projects intended to be funded from the CIP M&O tax funded account may be transferred into an appropriate and allowable debt funded capital projects, if deemed allowable within the bond documents when funding is available, and planned debt funded capital projects will not be affected. These transfers shall be reviewed and approved by staff of the County Auditor's Office and either the Chief Administrator or Budget and Fiscal Policy.

During each annual budgetary process, the Commissioners Court members shall evaluate the County's inventory. After the evaluation is made, satisfactory financial arrangements shall be made to either repair or replace depreciating items, as deemed necessary.

Capital needs for projects and equipment will follow the guidelines established in the County Capital Improvement Policy. The purchasing agent shall, wherever deemed appropriate, issue useable items placed in storage to departments and agencies requesting comparable new equipment.

### **IV. DEBT MANAGEMENT**

Pursuant to Article XI, Section 7 and Article VIII, Section 9 of the Texas Constitution, the County shall not use funds earmarked for payment of the current portion of long-term debt for current operations.

When the Commissioners Court make a determination to issue bonds, the policies below shall be followed.

- When feasible, new bonds issued shall be amortized resulting in equal principal amounts being retired each fiscal year with payments due on February and August 15th. This shall produce a total debt schedule with a declining yearly balance. The amortization schedule

shall be structured, when necessary, to follow the estimated useful life on assets purchased under the corresponding debt issuance.

- Debt service appropriations in total shall not exceed 35 percent of the total budget in any fiscal year pursuant to Article VIII, Section 9, of the Texas Constitution.
- The County's total bonded debt shall never exceed 2 percent of the net valuation of taxable property values in El Paso County. The El Paso Central Appraisal District ascertains the net valuation of taxable property.
- Bond financing arrangements shall be restricted to capital improvement projects that cannot be reasonably funded with current revenues and reserves.

The Commissioners Court shall make a diligent effort to coordinate planning, issuing and timing of bond issues with the overlapping jurisdictions in the County. All bonds issued shall be monitored for compliance with IRS regulations on arbitrage for Tax Exempt Bonds.

## **V. CASH MANAGEMENT & INVESTMENTS**

All County funds received by the treasury division shall be deposited within one business day of receipt in order to optimize the County's cash flow and interest earnings. Receipt and disbursement of funds shall be performed in compliance with applicable provisions within Texas Statutes.

In accordance with Commissioners Court authorization and approval and the State's pertinent legal provisions, the County Auditor shall serve as the County's investment officer. In accordance with the County's written investment policy, the County's available monies shall be aggressively invested, at least once each working day, in a way that generates the most interest income for the County, while at the same time, maintains diversification of investments with the paramount consideration being safety at all times.

Pursuant to the Texas Statutes, Commissioners Court shall establish and approve a written investment policy annually. The investment policy shall, among other topics, address the parameters of maximizing rates of return, liquidity, safety, prudence and diversification. The County shall issue quarterly investment reports in a timely manner.

## **VI. STRATEGIES & PLANS**

County strategies and plans shall be integrated into all departmental budgets to ensure unified efforts within County government to achieve the goals and objectives of the County. These are guidelines that demonstrate the steps undertaken in order to meet the objectives of the County without negatively impacting other goals within the County. Performance measures and productivity indicators shall continue to be integrated into all departmental budget requests. The County's strategies and plans are guidelines necessary in order to allow the Commissioners Court and the citizens of El Paso County a means of evaluating County government's efficiency and effectiveness in utilizing taxpayer dollars in achieving its goals and objectives.