

# Chapter 70 – Financial Matters

**Revised 01/21/25**

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## ARTICLE I. - IN GENERAL

Sec. 70-1. - Returned check fee.

In accordance with V.T.C.A., Local Government Code §§ 118.011(b)(1) and 118.141 and sections related thereto, the county treasurer and all other offices in the county collecting returned checks or "hot checks," as they are known, on behalf of the county, with the exception of the county clerk are hereby directed to charge a fee of \$30.00 for all returned checks which shall be added to the original sum of the returned check and deposited with the county treasurer. The county clerk will charge a fee of \$25.00.

(Ord. No. 95-1283, 8-8-1995)

Secs. 70-2—70-30. - Reserved.

## ARTICLE II. - BUDGETING<sup>2</sup>

### DIVISION 1. - GENERALLY

Secs. 70-31—70-50. - Reserved.

### DIVISION 2. - BUDGET POLICY<sup>3</sup>

Sec. 70-51. - Fiscal year.

The county budgets resources on a fiscal year which begins October 1 and ends on the following September 30.

(Admin. Policy Manual, § J(3.00))

Sec. 70-52. - Proposals.

- (a) Budget packages for annual preparation, which include forms and instructions, shall be distributed to county departments no later than April 15 in each year. Departments and elected officials must return their proposals no later than May 15 in that year.
- (b) The proposed budget estimate shall be prepared and distributed to all of the commissioners court members on or before July 1 of the preceding fiscal year.

(Admin. Policy Manual, § J(3.01, 3.02))

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<sup>1</sup> **State Constitution reference**— County general funds deposit, [Tx. Const. art. 8, § 1-e](#). **State Law reference**— County finance, V.T.C.A., [Local Government Code § 111.031](#) et seq.; county fiscal year, V.T.C.A., [Local Government Code § 112.010](#).

<sup>2</sup> **State Law reference**— Budget preparation, V.T.C.A., [Local Government Code § 111.031](#) et seq.; alternate procedure for budget preparation, V.T.C.A., [Local Government Code § 111.061](#) et seq.

<sup>3</sup> **State Law reference**— County budget, V.T.C.A., [Local Government Code § 111.031](#) et seq.

Sec. 70-53. - Format of proposed budget estimate; adoption.

- (a) The proposed budget estimate shall be presented in the following format:
  - (1) Revenue estimates by major item;
  - (2) Operating and maintenance expenditures by object code; major expense categories, functionally related department and program summaries;
  - (3) Debt service summarized by issues detailing principal, interest and reserve amounts by fund.
- (b) The proposed budget estimate shall also contain information regarding:
  - (1) Proposed personnel staffing levels including an index to job classifications and salary ranges;
  - (2) A detailed schedule of capitalized equipment to be purchased by department;
  - (3) A detailed schedule of capital projects; and
  - (4) Any additional information, data or analysis requested of management by the commissioners court.
- (c) The proposed budget estimate submitted on July 1 shall be balanced with no tax increase over the effective rate.
- (d) The proposed budgeted revenues shall be provided by the auditor's office with the exception of ad valorem taxes for the current year, grant revenues and interfund transfers.
- (e) The county commissioners court shall adopt the budget by court order as close to October 1 as is possible.

(Admin. Policy Manual, § J(3.03—3.07))

Sec. 70-54. - Quarterly report.

A quarterly report on the budget status and trends will be prepared by the budget office as authorized by the Local Government Code of the Revised Statutes of Texas. In addition, the third quarter report shall include revenue and expenditure projections through the end of the fiscal year so that projected overruns and underruns can be considered for use in the subsequent budget year.

(Admin. Policy Manual, § J(3.08))

Sec. 70-55. - Functions and activities of county.

The county budgeting procedures attempt to identify distinct functions and activities performed by the county, and to allocate budget resources adequate to perform these functions and activities at a specified level of service.

(Admin. Policy Manual, § J(3.09))

Sec. 70-56. - Performance measurement and productivity indicators.

The county will continue to integrate performance measurement and productivity indicators with the budget process where appropriate.

(Admin. Policy Manual, § J(3.10))

Sec. 70-57. - Reappropriation for in process multiyear and revolving projects.

The committed but as yet "unencumbered" balance of agreed to, in process multiyear and revolving projects will be reappropriated automatically in the subsequent fiscal year per the court order adopting the budget.

(Admin. Policy Manual, § J(3.11))

Sec. 70-58. - Appropriations; categories.

Appropriations, as approved by the commissioners court, will be set upon the books of the county by the county auditor in the following nine general categories:

- (1) Salaries and salary-related expenditures;
- (2) Automobile travel and transportation;
- (3) All other operating costs;
- (4) Property and equipment;
- (5) Unallocated reserve;
- (6) State reimbursements;
- (7) Nonbudgeted;
- (8) Court-appointed attorneys, extra court reporters, transcript (felony pauper appeals), psychiatric evaluations; and
- (9) Conference expense and dues and subscription.

Detailed expenditures in each of these nine categories will be maintained by the county auditor. Therefore, any material deviations anticipated in these nine categories will require a request for transfer from the appropriate department head.

(Admin. Policy Manual, § J(3.12))

Sec. 70-59. - Transfer of funds.

- (a) Only the commissioners court shall have authority to transfer expenditure appropriations over \$500.00 from any department category of object codes to any other department or nondepartmental major object code category. Transfers of such funds amount to a new appropriation and therefore must be adjusted prior to expenditure of such amounts.
- (b) Any transfers shall only be made when it is submitted on a budget adjustment form no. 281 (Exhibit FA), initiated and signed by the department head with review in the budget office. Those transfer requests over \$500.00 are then submitted to the county commissioners for final approval. All such transfers will again be listed and reported on the quarterly report.
- (c) The elected official or department head may request a transfer under \$500.00 from any major category of expenditure to any other major category of expenditure within fund by submitting their request on the budget adjustment form no. 281 (Exhibit FA) to the budget office and receiving approval from that office and the commissioners court administrator. Such adjustments will be reported quarterly to commissioners court. At no time, however, will funds be transferred into or from the personnel, fringe benefit or conference expenditure categories without the commissioners court approval.

(Admin. Policy Manual, § J(3.13—3.15))

Secs. 70-60—70-80. - Reserved.

### **DIVISION 3. - ROAD AND BRIDGE DISTRICT BUDGET<sup>4</sup>**

Sec. 70-81. - Determination of available resources; distribution of revenues.

The commissioners court will annually determine the available resources for road district budgets by taking the auditor's revenue projections and making a determination of:

- (1) Revenues to be transferred to the general fund;
- (2) Revenues to be transferred to debt service use;
- (3) Revenues to be used to purchase common equipment; and
- (4) Revenues to be used to establish reserves.

(Admin. Policy Manual, § J(4.00))

Sec. 70-82. - Sharing of remaining available resources by four road and bridge districts.

The county's four road and bridge districts will share remaining available resources each year according to the following formula: Each district will receive an allotment equal to 0.001 times the number of documented type "A" miles times available resources, plus an equal share of all remaining available resources.

(Admin. Policy Manual, § J(4.01))

Sec. 70-83. - Accounting of funds dedicated to debt service.

Road and bridge funds dedicated to debt service will be accounted for separately from funds dedicated to road maintenance and construction.

(Admin. Policy Manual, § J(4.02))

Sec. 70-84. - Encumbered or carryover funds.

Road and bridge district budgets will contain no encumbered or "carryover" funds, except in the case of a legal obligation incurred in one fiscal year which is to be paid in a subsequent fiscal year. All other unspent funds will be returned to the Fund 105 ending balance for reappropriation in the next budget cycle. Encumbrances will be separately enumerated by the auditor and discussed individually in a briefing session.

(Admin. Policy Manual, § J(4.03))

Sec. 70-85. - Cost-sharing.

Projects undertaken within city limits will normally result in a cost-sharing arrangement with the city. The city will provide an escrow fund in an amount equal to its expected share of the project.

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<sup>4</sup> **State Law reference—** Road and bridge funds, V.T.C.A., [Transportation Code § 252.108](#); road and bridge district, V.T.C.A., [Transportation Code § 257.001](#) et seq.; road and bridge district budget and annual financial statements, V.T.C.A., [Local Government Code §§ 140.005, 140.006](#).

(Admin. Policy Manual, § J(4.04))

Sec. 70-86. - Annual estimates of projects.

Road and bridge superintendents will provide an annual estimate of projects they intend to undertake, including the cost of the project and the cost-sharing, or reimbursement arrangements, if any. Normally, this estimate will be made in conjunction with the public works department (for bond projects) and the cities.

(Admin. Policy Manual, § J(4.05))

Sec. 70-87. - Special equipment.

- (a) Road and bridge superintendents will submit a list of special equipment to the budget office for inclusion in the baseline budget. Special equipment is equipment to be shared by the districts and paid for by a common fund, i.e., prior to the application of the formula discussed in section 70-82.
- (b) Road and bridge superintendents will submit individual lists of equipment to the budget office for inclusion in the baseline budget. The list will include rationale for purchase or replacement. The budget office will obtain an objective third party opinion of the needs of each district.

(Admin. Policy Manual, § J(4.06, 4.07))

Secs. 70-88—70-110. - Reserved.

#### **DIVISION 4. - TRANSPORTATION FUNDING<sup>5</sup>**

Sec. 70-111. - Allocation methods generally.

County transportation funding will be allocated through two methods outlined in this division.

Sec. 70-112. - Road and bridge funds.

The road and bridge funds are created from motor vehicle license fees allocated in the annual operating budget for the maintenance of county roads and cooperation with cities on various transportation projects. These projects form the county's road upgrade program. By policy of the commissioners court, these funds are allocated in proportion to the miles of county-maintained road in each road and bridge district.

Sec. 70-113. - Major capital development fund.

The major capital development fund provides funding for larger, longterm projects that may require a more substantial financial commitment, generally new construction or major rehabilitation. This fund includes four components as follows:

- (1) *Impact program.* The county will reserve funds for major transportation projects including service roads, main lanes, interchanges and rights-of-way for state and federal highways and tollways.
- (2) *TEA-21 matching program.* The county will provide more than minimum required local match for important transportation projects that have been submitted to the North Central Texas Council of Governments to be considered for TEA-21 funding. This program will fund up to 20 percent of the cost of selected TEA-21 projects, provided that the sponsoring city funds a minimum of 20 percent and the project meets other eligibility criteria approved by the commissioners court. This program

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<sup>5</sup> **State Law reference**— Road and bridge funds, V.T.C.A., [Transportation Code § 252.108](#).

allows the county to assist local cities to gain maximum credit under the Regional Transportation Council's evaluation criteria for local financial support.

- (3) *Thoroughfare program.* The thoroughfare program provides funding for the design, right-of-way, acquisition and construction of thoroughfares throughout the county. Projects included in this program must be included in the Regional Thoroughfare Plan, as published by the North Central Texas Council of Governments, may include financial participation by other governments and are typically ones that have been funded in the past through a county bond program.
- (4) *Annual DTE program (district thoroughfare equalization).* The annual DTE program annually receives an allocation of all motor vehicle license fee revenue that exceeds the annual auditor's revenue estimate or unallocated and uncommitted funds in the major capital development fund. During the annual capital project review process, funding for the DTE program will be limited to an amount that is equal to the sum of each road and bridge district's funding under the road upgrade program, subtracted from the road and bridge district that receives the greatest amount of funding. These funds are available to each road and bridge district on a pro rata basis of their funding shortfall to the total funding allocated. These funds may be used to supplement projects that would otherwise be funded through one of the other transportation programs. In years where funding is not available to fund 100 percent of the DTE program, the funding shortfall may be carried forward, and a subsequent year's funding may exceed the funding limit until the shortfall is eliminated.

Secs. 70-114—70-130. - Reserved.

## **DIVISION 5. - FUNDS AND ACCOUNTS**

### **Subdivision I. - In General**

Secs. 70-131—70-150. - Reserved.

### **Subdivision II. - Major Capital Development Fund**

Sec. 70-151. - Policy statement.

The county commissioners court, by the following policies and procedures, creates a major capital development fund to be used to fund the development and construction of significant additions to the county's parks/open space and trail system, buildings and grounds, and transportation systems. This special fund will utilize revenue from a dedicated portion of the county tax rate and a portion of license plate fees as outlined in this subdivision.

(Ord. No. 99-1405, 8-3-1999)

Sec. 70-152. - Eligibility for funding.

- (a) The major capital development fund is established to receive an appropriation for four special categories for major capital development:
  - (1) Parks/open space and trails;
  - (2) Major buildings and grounds;
  - (3) Transportation; and
  - (4) Minor buildings and grounds.
- (b) Before projects that fall in the categories described in subsection (a) of this section are eligible for funding, they must also meet the following criteria:

- (1) *Parks/open space and trails.* Parks/open space and trails shall be identified in the county parks and open space plan or master trail plan, or support a project identified in these plans and be recommended by a majority of the county parks/open space board.
- (2) *Major buildings and grounds.* The construction, renovation or major repair of a county building and/or surrounding grounds. Projects must have an approximate life expectancy of 20 years and a total project cost of at least \$1,000,000.00.
- (3) *Transportation.* A project that is identified in the most current North Central Texas Council of Governments' (NCTCOG) Metropolitan Transportation Plan and/or a state highway project. Thoroughfare improvements shall be limited to routes classified as a minor arterial route or higher in the most current NCTCOG Regional Thoroughfare Plan or are on the county's list of unincorporated roadways.
- (4) *Minor buildings and grounds.* A new improvement to or repair of a county building and/or surrounding grounds. Projects must be less than \$1,000,000.00, but greater than \$100,000.00. These projects are items not typically addressed in the county permanent improvement fund and not normally projects that would require the issuance of longterm debt.

(Ord. No. 99-1405, § I, 8-3-1999)

Sec. 70-153. - Transfers to the fund and fund controls.

- (a) Each year, revenue generated from \$0.045 of the County tax rate that is not required for debt service and license fee surplus that results from county financial policies, section V, road and bridge budgeting and accounting, subsection 70-156(b), will be transferred to the major capital development fund described in section 70-152(a).
- (b) The current year's revenue, along with four additional years' revenue estimate, will be used to develop a five-year plan for each of the four categories eligible for funding. Assumptions to be used for future years' revenue will be conservative and approved by the commissioners court.
- (c) All interest earned on monies in the major capital development fund shall be retained by the fund. Interest earnings shall only be reallocated for eligible projects with the approval of the commissioners court.
- (d) The major capital development fund shall retain a minimum ending balance equal to ten percent of each year's approved or projected expenditures. This balance shall be designated as an emergency reserve. No expenditures from an emergency reserve shall be made without a four-fifths vote of the commissioners court.
- (e) Once a project is completed, any remaining funds allocated for that project will be returned to the major capital development fund for reallocation by the commissioners court to other projects eligible for funding from this fund.

(Ord. No. 99-1405, § II, 8-3-1999)

Sec. 70-154. - Appropriations from the fund.

- (a) Each year as part of the annual budget process, the office of budget and evaluation will distribute a request for all county departments to submit their longterm capital needs for the next budget year and up to four years following the next fiscal year. When these requests are received by the office of budget and evaluation, those that meet the eligibility for funding under the major capital development fund will be summarized and referred to the major capital development committee (see section 70-156 for the composition and responsibilities of the committee). The major capital development committee will review each request to ensure that it is an eligible project, that it is consistent with current county priorities, objectives and/or policies, that the proposed funding schedule seems appropriate, that its cost and benefit are accurately stated, and that the need for the project is clearly justified. The

committee will then prioritize each project with all other requests and approved projects. The committee will be mindful of a commissioner's prioritization of projects within the commissioner's district and not substitute the committee's judgment for the commissioner's on such priorities. Once the major capital development committee has completed its review process, all requests for funding, along with the committee's recommended priority listing, will be submitted to the commissioners court for approval.

- (b) The commissioners court will review the requests and recommendations for funding from the major capital development fund. Projects approved by the court for funding shall include the actual appropriation for the next fiscal year as well as committed appropriations for the next four years. Transportation projects may show an additional five years of projected activity.
- (c) The status of all projects funded from the major capital development fund shall be presented to the commissioners court as part of the bimonthly major projects review.
- (d) Once a project is approved and funded and/or has received a commitment of funding from the major capital development fund, such funding or commitment for funding may only be withdrawn, delayed or amended by a four-fifths vote of the commissioners court.
- (e) It is highly desirable for projects to be funded in total in a single year. If that is not practicable or if special conditions exist, a project may be funded in part over a maximum of three years to allow the accumulation of adequate funds. In extremely special cases where there is a critical need for the timely completion of a project and adequate funding is not available, shortterm borrowing may be arranged over a period not to exceed five years. In these cases, the annual appropriation from the fund will equal the required debt service (principal and interest) for the timely repayment of the borrowed funds. For the purpose of this subdivision, the term "project" refers to a single improvement or related group of improvements, including costs of design and contracted activity such as design, acquisition and construction of the improvement.
- (f) Appropriations for minor buildings and grounds projects shall not exceed ten percent of each year's new revenue.

(Ord. No. 99-1405, § III, 8-3-1999)

Sec. 70-155. - Project planning, design and construction.

- (a) Funds allocated from the major capital development fund may be used for the planning, design, acquisition and construction of eligible projects.
- (b) Transportation projects that are eligible for funding will be identified from a call for projects distributed to cities, the state department of transportation, the North Texas Tollway Authority, Dallas Area Rapid Transit, and the county public works department. A call for projects is intended to:
  - (1) Reflect current transportation needs;
  - (2) Be synchronized with federal and local funding; and
  - (3) Leverage and maximize other funding such as TEA-21 and MPDF.
- (c) When the public works department, through the process established in subsection (b) of this section, identifies potential projects, they shall coordinate the development and prioritization of bridge and thoroughfare projects with the commissioner of the district in which the project is located, and other highway, tollway, transit and ITS projects with all of the commissioners court.
- (d) Transportation projects will be accomplished and funded using a five-phase implementation cycle, detailed in the public works capital improvement program and project management system. The project management system involves a program year concept (year of construction award) and prescribed activities leading up to construction award. Basic tasks in each year include:
  - (1) Phase One: Initiate preliminary design (in-house), negotiate interlocal agreement;

- (2) Phase Two: Negotiate with consultant, award design contract and initiate final design;
- (3) Phase Three: Begin right-of-way acquisition, complete final design;
- (4) Phase Four: Complete right-of-way acquisition, initiate and complete utility adjustment, prepare project for letting; and
- (5) Phase Five: Advertise project, complete final interlocal agreement, award construction contract and initiate construction.

The project management cycle will be repeated each year as new projects are selected as part of the capital improvement plan update. Selected projects that already have some elements completed (preliminary design, right-of-way or utilities adjusted) will be slotted in the appropriate project management phase and implemented within a shorter time frame.

(Ord. No. 99-1405, § IV, 8-3-1999)

Sec. 70-156. - Major capital development committee.

- (a) The major capital development committee shall consist of the departments primarily responsible for the planning and implementation of projects that are eligible for funding from the major capital development fund along with the budget officer, county treasurer and the commissioners court administrator who will be the committee chair. The other committee members are the assistant commissioners court administrator (buildings and grounds), the director of planning and development (parks/open space and trails) and the director of public works (transportation).
- (b) While carrying out the responsibilities assigned by this subdivision, the committee shall weigh the corporate needs of the county and, to the extent possible, present recommendations to the commissioners court which fairly respond to these needs. Committee members are to be mindful of their particular areas of responsibility, but shall not let those responsibilities take precedence over greater needs in other areas outside of their responsibility.
- (c) The budget officer will provide the committee a listing of each request eligible for or requesting funding from the major capital development fund by June 1 of each year. The committee will evaluate and analyze each request and present their prioritized recommendations to the commissioners court by July 15 of each year.
- (d) Once funding is approved from the major capital development fund, each department receiving funding shall provide the county treasurer, prior to the beginning of a project, with a draw-down schedule of when funds will be spent.

(Ord. No. 99-1405, § V, 8-3-1999)

Secs. 70-157—70-180. - Reserved.

## **DIVISION 6. - MAJOR TECHNOLOGY IMPROVEMENT FUND**

Sec. 70-181. - Purpose of division.

The county commissioners court, by the provisions of this division, creates a major technology fund. This fund will be used to accomplish the migration of the County's legacy mainframe systems and applications to industry standard and supported automated systems and address mission critical technology needs. This special fund shall be used to fund the onetime cost for the purchase, development, implementation and first year's support of new and replacement systems and the funding of the information technology (IT) services department's annual operating budget. This special fund will receive revenue from a dedicated portion of the county's tax rate as outlined in this division. Monies will only be appropriated from this special fund annually as part of the county's annual budget process. The main purpose of this special

fund is to provide a mechanism for the county to meet its most critical automation needs and IT services' ongoing operating cost.

(Ord. No. 2008-1341, 7-22-2008)

Sec. 70-182. - Eligibility for funding.

The Major technology fund is established to fund one-time costs, such as computer hardware, software and associated implementations, and the IT services annual operating budget as follows:

- (1) Technology migration described in the data processing feasibility study and five-year plan;
- (2) Including reoccurring expenditures approved by commissioners court that are mission critical;
- (3) The repair, replacement and upgrade of mission critical technology (technology that performs required tasks and without the automated support, critical tasks will not be able to be performed or will only be able to be performed with the commitment of significant resources); and
- (4) IT Services annual operating budget to include salaries/benefits, various software/hardware maintenance contracts, and contracted services such as personal service contracts, IT service desk, and desktop support.

(Ord. No. 2008-1341, 7-22-2008)

Sec. 70-183. - Transfers to the fund and fund controls.

- (a) Each year, revenue generated from \$0.0126 of the county tax rate will be transferred to the major technology improvement fund. This portion of the tax rate is specifically excluded from the calculation of the effective tax rate. Budget allocations are made for IT department's salary, operating and capital expenditures and to the projects approved by the commissioners court.
- (b) In addition to the current year funding, four additional years' revenue will be estimated for use in the development of the major technology fund five-year plan. The assumption to be used in making the revenue estimates shall be prepared by the department of budget and evaluation and be approved by the commissioners court.
- (c) All interest earned on monies in this fund will be retained by the fund to be used for future projects and shall not be retained by a department, project or transferred to any other fund.
- (d) The major technology improvement fund shall retain a minimum ending balance equal to ten percent of each year's approved and/or projected expenditures. This balance shall be designated as an emergency reserve. No expenditures from the emergency reserve shall be made without a four-fifths vote of the commissioners court.
- (e) Once a project is completed, any remaining funds appropriated for that project will be unencumbered and transferred to the major technology improvement fund balance for future use.

(Ord. No. 2008-1341, 7-22-2008)

Sec. 70-184. - Appropriations from the fund.

- (a) Each year, as part of the annual operating budget process, the county budget office will distribute a request for all county departments to submit their longterm computer hardware and software requests for the current year and projected needs for up to four additional years. When these requests are received, they will be summarized and referred to the county's director of management information systems. The director will review each request to ensure it is an eligible project, that its cost and benefit are accurately stated, that the need for the project is clearly justified and then prioritize the proposed

project with all other requests and previously approved projects. Once the director has completed his review process, all request for funding, along with the director's recommended priority listing, is submitted to the major technology improvement committee for review of the proposed projects and prioritization (see section 70-185 for the composition and responsibilities of the committee). Once the committee has finalized its review, the listing is submitted to the commissioners court for final approval.

- (b) Subject to the conditions and constraints of this division, the commissioners court shall approve a major technology program each year that will include projects that are funded by appropriations from the major technology improvement fund. Such approval shall include the actual appropriation for the next fiscal year, as well as committed appropriations for the next four years.
- (c) Once a project is approved and funded and/or has received a commitment of funding from the major technology improvement fund, such funding or commitment for funding cannot be withdrawn without a majority vote of the commissioners court.
- (d) It is highly desirable for projects to be funded in total in a single year. If that is not practicable or special conditions exist, a project may be funded in part over a maximum of two years to allow the accumulation of adequate funds. In extremely special cases where there is a critical need for the timely completion of a project and adequate funding is not available, short term borrowing may be arranged over a period not to exceed three years. In these cases, the annual appropriation from the fund will equal the required debt service (principle and interest) for the timely repayment of the borrowed funds.
- (e) If it is determined that a project's cost will exceed the amount of funds appropriated, one or more of the following actions must be taken:
  - (1) The project is cancelled;
  - (2) The project scope is reduced so it can be completed within budget;
  - (3) Additional funds are transferred to this project from sources other than the major technology fund; and
  - (4) Additional funds are transferred to this project from the major technology fund emergency reserve or from appropriations from other projects. Transfers from another project may cause that project to be delayed to a subsequent fiscal year.
- (f) Each year the final schedule of five years' spending from the major technology fund shall be included in the county's annual budget.

Sec. 70-185. - Major technology improvement committee.

- (a) The major technology improvement committee shall consist of the chair and vice-chair of the data processing governance committee, budget officer, commissioners court administrator and director of management information systems. The chair of the data processing governance committee shall be the chair of the major technology improvement committee.
- (b) The director of management information systems will provide the committee a listing of each request eligible for or requesting funding from the major technology improvement fund by June 1 of each year. The committee will evaluate and analyze each request and present their prioritized recommendations to the commissioners court by July 15 of each year.
- (c) The committee shall review each project to ensure they are eligible for funding, consistent with current priorities, objectives and policies, that their proposed funding schedule seems appropriate, their cost benefits are accurately stated and that the need for the project is clearly justified.
- (d) The director of management information systems shall staff the committee and shall be responsible for compiling all information, scheduling meetings and reporting to the commissioners court.
- (e) The status of each project approved in the major technology improvement fund shall be included in the commissioners court bimonthly review of all major technology projects.

Secs. 70-186—70-210. - Reserved.

## DIVISION 7. – COMMENDATION AND APPRECIATION (CAP) POLICY

### Sec. 70-211. – Introduction.

- (a) Dallas County is committed to recognizing employees for their achievements made in support of department operational objectives, high-quality customer service, and dedication to public service. In creating a high-performance workplace, recognition is a motivating factor that provides employees with increased job satisfaction and encouragement to perform more effectively. Recognition programs are excellent motivators and critical to employee retention. When employees are recognized for their accomplishments, and in a manner that is meaningful to them, they feel appreciated for their efforts and feel their work is valued. Recognition programs that acknowledge employees' contributions to the overall objectives and effective operation of Dallas County will promote strong employee relations, improve morale, and increase productivity.
- (b) The purpose of the Commendation Appreciation Program (CAP) policy "CAP" is for departments to acknowledge employee accomplishments, show appreciation, and provide employee enrichment—whether via recognition awards, training, and staff lunches—as allowed by County policy. The CAP expense account will be created to replace the DDA expense code account 62235. The FY2023 DDA Rollover and CAP seed will be tracked via new expense code account.

### Sec. 70-212. - Funding.

- (a) The intent of CAP is to reward and recognize employees as a retention and attraction tool while balancing being prudent stewards of public funds. The CAP account will receive funds from two sources:
  1. *Annual seed money.* Departments may receive funds from seed money appropriations contained in each annual budget, based on departmental size. *Seed money is subject to the availability of funds during the annual budget process and may not always be budgeted.* Table I provides a listing of the *six (6) tier categories* that will receive a seed money allocation in the annual budget. As shown in Table 1, the amount of the appropriation is categorized by tiers and related to the size of the department or office. Any funds formerly designated as Department Discretionary Account (DDA) Funds become CAP funds.
  2. *Rollover funds.* The maximum CAP rollover is \$40,000 annually. When a new person is elected or hired to lead a department, the department's CAP rollover amount is reduced to an amount three (3) times the CAP seed amount. The CAP amount that is removed from the department's CAP rollover amount will transfer to the general fund.

Table I  
Initial Seed Money for CAP and Maximum Rollover

| CAP Seed Allocation Tiers |                     |           |
|---------------------------|---------------------|-----------|
| Tier                      | Number of Employees | Seed      |
| TIER 1                    | 500 +               | \$ 12,500 |
| TIER 2                    | 499-350             | \$ 10,000 |
| TIER 3                    | 349-200             | \$ 7,000  |
| TIER 4                    | 199-50              | \$ 4,500  |
| TIER 5                    | 49-10               | \$ 1,000  |
| TIER 6                    | 9-1                 | \$ 500    |

- (b) A department's CAP funds cannot be shared with or transferred to another elected official or department head.
- (c) If an elected official is running for office, the department can only use one fourth (for the first quarter of the fiscal year) of their budgeted seed amount from October 1 of that fiscal year that the election will take place until January 1 of the calendar year when the elected official takes office (three months), unless the elected official is running for office unopposed.

Sec. 70-213. - Use of Funds.

- (a) A department may use either an informal or formal approach to recognize individuals or teams who have made significant contributions toward the department's goals, priorities, and successful operations. *Gift cards are not an eligible use of the CAP funds.* Under IRS code, cash, and cash equivalent fringe benefits (*i.e., gift cards/certificates*) constitute income to the recipient, no matter how small, and are taxable and never excludable as a de minis benefit.
  1. *Informal Recognition:* An informal approach provides recognition at any time, typically by the employee's supervisor. Examples include on-the spot awards to recognize teamwork, project completion, a new or modified work practice, and exemplary effort.
  2. *Formal Recognition:* Departments may plan a more formal approach to acknowledge employee accomplishments that can be communicated to employees. This may be done with employee input and on annual basis.

(b) Examples of employee appreciation ideas include:

- a. Surprise recognition: If an employee or team/group has been performing exceptionally well, you can surprise them with a celebration that recognizes their hard work and contributions to the workplace.
- b. Team Building/Office Outings: When a team or department has been delivering consistently good work, you can recognize them by taking them out to lunch or a fun team outing for part of the workday (e.g., bowling, karaoke, cooking classes).
- c. Holiday parties: Annual traditions give employees something to look forward to annually to celebrate with co-workers.

The use of the CAP account to *recognize* County employees for any reason must be within CAP guidelines. Tasks or activities performed should not be outside the employee's job description. Any formal departmental CAP plans should reflect the current fiscal year funding. All awards i.e., plaques, trophies, etc. should be included as part of the department's plan and should not exceed \$150 annually per employee. *Gift cards are not an eligible use of the CAP funds.*

Sec. 70-214. - Policy Guidelines.

- (a) Employee appreciation and recognitions are most effective when recognition activities are genuine and meaningful while also taking employee input into consideration. While it is impossible to anticipate every situation, the following guidelines may be helpful in interpreting the "prudent" standard required by the CAP procedures and expected of all public servants. The Purchasing Department, the Auditor's Office, and the Office of Budget and Evaluation have been tasked to ensure that all expenditures conform to the County's standard of prudence. Examples of recognition include Years of Service Awards; System Improvement Recognition, Individual or Team Support, Personal Development Achievement, actions/activities that embody an organizations' mission and values.
- (b) Departments should use best practices when utilizing funds. Some best practices included:
  - i. Completing annual performance evaluations in anticipation of any employee recognition.
  - ii. Having a formalized plan that is communicated to all employees.
  - iii. Being transparent about departmental goals and mission/vision/values.
- (c) All expenditures related to this policy should conform to the Purchasing Procurement Procedure and utilize vendors and contracts that have been reviewed and approved by the Purchasing Department. Examples of approved expenditures include the following:
  - i. Any item that would otherwise be eligible for County funding within existing policy.
  - ii. Shirts or other items of clothing to be used primarily during work hours to enhance the visibility and identification of county staff. No more than two articles of clothing should be purchased for a single employee per fiscal year using CAP, for example a short sleeve polo and a long-sleeved polo. *Shirts or other clothing should not be considered as adopting uniforms or required attire for the department.*
  - iii. Expenses for recognition and award events for employees, such as food, mugs, shirts, and plaques; for any single event, expenses may not exceed \$20 per attendee. Recognition awards and events are allowed for interns and volunteers that assist directly with County business. Expenses may include food and small awards, such as mugs, shirts, and plaques; for any single event, expense may not exceed \$20 per attendee.
- (d) Examples of disapproved expenditures include the following:
  - i. Any item or service not in compliance with federal or state law.
  - ii. Any item when the amount is measured by or directly dependent upon hours worked, production, or efficiency.
  - iii. Any furniture, IT equipment, cell phones, and electrical appliances.
  - iv. Vehicles.

- v. Business meals not related to County business and any entertainment expense. Any business meals related to County business travel should be part of a travel/training briefing and a corresponding per diem, not CAP.
- vi. Contributions, sponsorships, or membership dues related to community organizations or events.
- vii. Flowers for staff or families of staff members. viii. Bonuses, gift cards, or other forms of monetary compensation.

Sec. 70-215. - Policy Directives.

- (a) Public funds cannot be used to purchase alcoholic beverages for recognition gifts or awards or at recognition or social events.
- (b) Formal and informal recognition activities must recognize, reinforce, or promote positive employee behaviors and achievements that support organizational or departmental values, goals, and objectives.
- (c) All existing bidding requirements must be followed.

Sec. 70-216. – Accountability.

- (a) The Office of Budget and Evaluation is responsible for:
  1. Coordinating and maintaining CAP guidelines.
  2. Providing coordination and assistance to departments on application of the CAP.
  3. Coordinating and providing data to departments to report annual appreciation and recognition activities.
  4. Ensuring the recognition guidelines are reviewed regularly to reflect current employee recognition practices.
- (b) Department heads are responsible for:
  1. Monitoring, and tracking activities relating to the department appreciation program activities in accordance with CAP guidelines and providing this information to the Office of Budget and Evaluation quarterly.
  2. Supporting and approving formal employee appreciation and recognition programs within the parameters outlined in this policy.
  3. Communicating County and department mission, values, goals, and objectives when engaging in recognition activities.
  4. Providing a supportive work environment for employee recognition by modeling informal, day-to-day appreciation.
  5. Ensuring employee recognition activities comply with this policy.
- (c) Employees are responsible for complying with all state and federal laws regarding any items received via CAP.

Secs. 70-217—70-250. - Reserved.

## ARTICLE III. - REVENUE AND EXPENSES<sup>6</sup>

### DIVISION 1. - GENERALLY

Secs. 70-251—70-270. - Reserved.

### DIVISION 2. - REVENUE SYSTEM<sup>7</sup>

Sec. 70-271. - Maintaining in stable condition.

The county will maintain a diversified and stable revenue system to shelter it from shortterm fluctuations in any one revenue source by doing the following:

- (1) Establishing user charges and fees as permitted by law at a level related to the cost of providing that service, including indirect costs;
- (2) Pursuing legislative change, where necessary, to permit increases in user charges and fees;
- (3) Aggressively collecting property tax revenues, including the filing of suit where appropriate and necessary, as authorized by the state property tax code.

(Admin. Policy Manual, § J(5.00))

Sec. 70-272. - Current resources to pay for current expenditures.

The county will pay for all current expenditures with current resources as required by article XI, section 7 of the state constitution, and V.T.C.A., [Local Government Code §§ 111.091](#) and [111.092](#).

(Admin. Policy Manual, § J(5.01))

Sec. 70-273. - Limit on nonrecurring sources of revenue.

The county will limit its nonrecurring sources of revenue by adhering to the following principles:

- (1) Dependence on intergovernmental grants will not exceed ten percent of the operating budget;
- (2) County matching funds for federal and state grants will not exceed 22 percent of the income of such grant;
- (3) The use of prior year fund balances for recurring expenditures will not exceed four percent of total general fund resources; and
- (4) Revenue from ad valorem taxes will not exceed 50 percent of the total budgeted expenditures.

(Admin. Policy Manual, § J(5.02))

Sec. 70-274. - Transfer between funds.

Transfers between funds, unless so contained in the budget approved by court order, will be accomplished after approval by the commissioners court.

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<sup>6</sup> **State Law reference**— County finances, V.T.C.A., [Local Government Code § 111.001](#) et seq.; county financial accounting, V.T.C.A., [Local Government Code §112.001](#) et seq.

<sup>7</sup> **State Law reference**— Accounting system, V.T.C.A., [Local Government Code §112.002](#); electronic transfer of funds, V.T.C.A., [Local Government Code § 156.001](#) et seq.

(Admin. Policy Manual, § J(5.03))

Sec. 70-275. - Vehicle registration fees to support road and bridge operations.

The county will support the operations of the road and bridge districts from the vehicle registration fee authorized by the state legislature, and will credit all fines and forfeitures from court operations to the general fund.

(Admin. Policy Manual, § J(5.04))

Secs. 70-276—70-300. - Reserved.

### **DIVISION 3. - RESERVES**

Sec. 70-301. - Unanticipated needs and increases in service delivery costs.

- (a) The county will maintain an unallocated reserve to provide for small increases in service delivery costs as well as unanticipated needs that may arise throughout the year. Therefore, it will be necessary for elected officials and department heads to review and control expenditures such that the rate of expenditure does not exceed the approved budget.
- (b) Cases of anticipated material deviation should be covered by a request for a transfer to any of the control categories. This request shall be from the department head in writing and include justification for such action. Such requests should be submitted to the budget office for initial review. They will then be forwarded to the commissioners court for their consideration and approval.
- (c) The above described unallocated reserve and specified contingencies shall be established at a minimum of one half of one percent of the total general fund expenditures for any year. These funds can only be appropriated by an affirmative vote of three of the five commissioners court members.

(Admin. Policy Manual, § J(6.00, 6.01))

Sec. 70-302. - Calamities or loss of major revenue source.

The county will also establish an emergency reserve for use in the event of a calamity and/or the loss of a major revenue source. This reserve will be maintained at not less than ten percent of the general fund expenditures. Its use is restricted to one-time expenditures to pay for disaster recovery and unanticipated liability, and may only be used to offset operating expenditures where major revenue shortfall occurs. These funds can only be appropriated by unanimous consent of the commissioners court.

(Admin. Policy Manual, § J(6.02))

Sec. 70-303. - Insurance.

Insurance reserves will be established at a level consistent with the risk manager's recommendations which, together with purchased insurance policies, adequately indemnify the county and its officers and directors against loss.

(Admin. Policy Manual, § J(6.03))

Sec. 70-304. - Refund of remaining allocations.

Upon completion of any project or purchase of capital equipment or final payment for a specific allocation (i.e. grant match, consultant study, etc.), any remaining allocation shall be refunded to the appropriate unallocated reserve of that fund and considered available for other purposes. It is therefore incumbent that a project manager is identified before a project is initiated. The designated project manager will be responsible for notifying the budget office that a project is completed. The budget office will then verify the same to the auditor's office, and funds will be transferred after the commissioners court has authorized such transfer. This will be accomplished on a quarterly basis.

(Admin. Policy Manual, § J(6.04))

Secs. 70-305—70-330. - Reserved.

## **DIVISION 4. - PAYROLL**

Sec. 70-331. - Number of full-time employees.

At no time shall the number of permanent full-time employees on the payroll exceed the total number of positions authorized by the commissioners court. All personnel actions shall at all times be in strict conformance with applicable federal, state and county policies.

(Admin. Policy Manual, § J(7.00))

Sec. 70-332. - Overtime compensation.

- (a) Overtime compensation is authorized by department and may only be expended for specific tasks as approved in the current budget. Overtime compensation shall be paid on the basis of time and one-half for all authorized classifications.
- (b) Prior to authorizing overtime hours, each department official must have certified with the county auditor that funds are available for the tasks to be performed. Monthly expenditures shall not exceed the monthly average of the total appropriation by task, unless prior approval by the commissioners court is granted or the department official can certify that such an expenditure was the result of a natural disaster or threat of loss of life.

(Admin. Policy Manual, § J(7.01))

Sec. 70-333. - Deletion and downgrades of position.

Deletion and downgrades of position may occur at any time during the fiscal year at the elected official or department head's request, or if a review of workload statistics indicates that a reduction in force is practical in a department. Reductions in elected officials' budgeted positions will only be accomplished with their approval. All funds appropriated for such deleted positions will be returned to the appropriate fund in the unallocated reserve account.

(Admin. Policy Manual, § J(7.02))

Sec. 70-334. - Additions; position reclassifications; reorganizations.

Additions, position reclassifications, reorganizations, etc., must be prepared and reviewed in January or July of each fiscal year. Exceptions to this section will only be allowed with court approval.

(Admin. Policy Manual, § J(7.03))

Sec. 70-335. - Freezes on hiring; promotions, transfers and capital equipment purchases.

The commissioners court may institute a freeze during the fiscal year on hiring, promotions, transfers and capital equipment purchases. Such action will not be used arbitrarily and will allow for exceptions in appropriate areas to comply with emergency needs such as natural disasters and/or loss of major revenue sources.

(Admin. Policy Manual, § J(7.04))

Sec. 70-336. - Personal Consumption Expenditures Price Index Salary Adjustment.

Each year, effective during the month of January, all personnel occupying a regular full-time and regular part-time positions, shall receive an annual percentage increase based upon the annual percentage increase in the Personal Consumption Expenditures Price Index (PCE) published by the U.S. Department of Commerce for the prior twelve months ending June 30th. The salaries shall be revised upward for all grades, ranges and positions to reflect a percentage equal to the percentage increase in the PCE index up to a maximum of three percent and will be made only to the extent that funds are available. The index to be used is the Personal Consumption Expenditures Price Index published by the Bureau of Economic Analysis, U.S. Department of Commerce and in effect as of June 30th next preceding the date of the salary adjustment.

The Director of Budget and Evaluation shall determine the annual salary percentage increase based upon the PCE and include the COLA as a recommendation to the Commissioners Court as part of the annual baseline budget.

(Ord. No. 2021-0685, 7-6-2021)

Secs. 70-337—70-360. - Reserved.

## **DIVISION 5. - FIXED ASSETS**

Sec. 70-361. - Purchases with value of \$10,000.00 or more.

All purchases of personal property valued at \$10,000.00 or more and Texas Department of Health (TDH) grant purchases valued at \$1,000.00 or more shall be placed on the county inventory.

(Ord. No. 2025-0075, 1-21-2025, Admin. Policy Manual, § J(8.00); Ord. No. 2002-301, 2-12-2002)

Sec. 70-362. - Maintenance.

The county will maintain these assets at a level adequate to protect the county's capital investment and to minimize future maintenance and replacement costs by:

- (1) Developing and maintaining a five-year plan for capital projects (i.e. all improvements and acquisitions over \$500,000.00 with a useful life of at least five years) and will authorize all capital projects in accordance with this adopted plan; and
- (2) Providing for adequate maintenance of capital plant and equipment replacement under the above-stated amount in the annual operating budget through the use of an adopted capital improvement fund and equipment replacement schedule.

(Admin. Policy Manual, § J(8.01))

Sec. 70-363. - Capital expenditures to be budgeted.

Capital expenditures for projects and equipment are budgeted by item or project and must be spent accordingly. Any request for unbudgeted capital equipment or projects throughout the fiscal year must be submitted to the budget office and approved by the commissioners court prior to a requisition being issued to the purchasing department if such request exceeds \$5,000.00.

(Admin. Policy Manual, § J(8.02); Ord. No. 2002-301, 2-12-2002)

Sec. 70-364. - Substitutions or unauthorized purchases under \$500.00.

Each department would be allowed to make comparable capital substitutions or unauthorized capital purchases that do not exceed \$500.00, provided that they submitted their request on a budget adjustment form no. 281 (Exhibit FA), and it was approved by both the budget office and the commissioners court administrator. Such adjustments will be reported quarterly to the commissioners court.

(Admin. Policy Manual, § J(8.03))

Sec. 70-365. - Use of surplus items.

Where possible, items in good usable condition placed in surplus will be used to:

- (1) Supplement expenditure for new budgeted capital purchases;
- (2) Supplement expenditure for replacement/budgeted capital purchases; and
- (3) Supply needed unbudgeted new and replacement equipment.

(Admin. Policy Manual, § J(8.04))

Sec. 70-366. - Personal Consumption Expenditures Price Index Salary Adjustment

Each year, effective during the month of January, all personnel occupying a regular full-time and regular part-time positions, shall receive an annual percentage increase based upon the annual percentage increase in the Personal Consumption Expenditures Price Index (PCE) published by the U.S. Department of Commerce for the prior twelve months ending June 30th. The salaries shall be revised upward for all grades, ranges and positions to reflect a percentage equal to the percentage increase in the PCE index up to a maximum of three percent and will be made only to the extent that funds are available. The index to be used is the Personal Consumption Expenditures Price Index published by the Bureau of Economic Analysis, U.S. Department of Commerce and in effect as of June 30th next preceding the date of the salary adjustment.

The Director of Budget and Evaluation shall determine the annual salary percentage increase based upon the PCE and include the COLA as a recommendation to the Commissioners Court as part of the annual baseline budget.

(Ord. No. 2021-0685, 7-6-2021)

Secs. 70-367—70-400. - Reserved.

## **ARTICLE IV. - FISCAL POLICY<sup>8</sup>**

### **DIVISION 1. - GENERALLY**

Sec. 70-401. - Fiscal year.

The county will operate on a fiscal year which begins on October 1 and ends on September 30.

(Admin. Policy Manual, § J(1.00))

Secs. 70-402—70-420. - Reserved.

### **DIVISION 2. - FINANCIAL PLANNING, ACCOUNTING, AUDITING AND REPORTING<sup>9</sup>**

Sec. 70-421. - Financial affairs to be conducted in conformity with applicable law.

The county will conduct its financial affairs in conformity with state and federal laws and this statement of financial policy, which shall be approved by the commissioners court and reviewed on an annual basis as a part of the budget process.

(Admin. Policy Manual, § J(1.01))

Sec. 70-422. - Recordkeeping.

The county auditor's office will maintain records on a basis consistent with generally accepted accounting principles, as determined by GASB. [The county shall:]

- (1) Set a capital limit of \$10,000.00 for all county property except TDH grant purchases. Grant award conditions include a \$1,000.00 capital limit.
- (2) [Provide that the] leasehold/building improvements capital threshold will be \$100,000.00. Land will be recorded at market value. The county will use the straight-line method of depreciation for leasehold/building improvements.
- (3) Use state developed guidelines for asset lives.
- (4) Use the straight-line method of depreciation for personal property, as well as use the modified approach basis for reporting infrastructure valuations with supporting reconciliations prepared by public works.
- (5) Post depreciation expenses and accumulated depreciation to general fixed assets group (GFAG). Depreciation is reported at summarized levels using a matrix relating costs centers to function.
- (6) Classify the Old Red Courthouse and John Neely Bryan Cabin, as historical treasures with no associated depreciation costs.

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<sup>8</sup> **State Law reference**— Management of county money, V.T.C.A., [Local Government Code § 113.001](#) et seq.

<sup>9</sup> **State Law reference**— County financial reports, V.T.C.A., [Local Government Code § 114.001](#) et seq.

- (7) Capitalize software purchased or developed with a combined network costs of \$100,000.00 or more, or an individual unit cost of \$5,000.00 or more. All other costs incurred with a software project will be expensed.

(Ord. No. 2025-0075, 1-21-2025, Admin. Policy Manual, § J(2.00); Ord. No. 2002-301, 2-12-2002)

Sec. 70-422.5. - Infrastructure reporting.

The public works department will maintain an accurate inventory of infrastructure assets, conduct a condition assessment of assets every three years and estimate the annual cost to maintain and preserve assets.

(Ord. No. 2002-301, 2-12-2002)

Sec. 70-423. - Reports generally.

Regular monthly and annual financial reports are issued summarizing financial activity by fund and department and comparing actual resources and expenditures with budgeted amounts as required by V.T.C.A., Local Government Code §§ 111.091, 111.092 and 114.025.

(Admin. Policy Manual, § J(2.01))

Sec. 70-424. - Monthly reports.

The auditor's office provides monthly reports on the total cost of specific services by type of expenditure and by fund, in accordance with V.T.C.A., Local Government Code §§ 111.091, 111.092 and 114.025.

(Admin. Policy Manual, § J(2.02))

Sec. 70-425. - Audit.

A financial audit will continue to be performed annually by an independent public accounting firm, and an official opinion and annual financial report will continue to be published and issued, as authorized by V.T.C.A., Local Government Code § 114.031.

(Admin. Policy Manual, § J(2.03))

Sec. 70-426. - Five-year budget.

The county prepares and maintains a five-year budget which:

- (1) Updates reserve and expenditure projections for next five years;
- (2) Projects capital improvement requirements over the five-year period, including future operating costs associated with all projects;
- (3) Update revenue projections for the next five-year period;
- (4) Provides a comparison of revenues and expenses for each year in the period; and
- (5) Lists the longterm strategies selected to identify future risks and opportunities.

(Admin. Policy Manual, § J(2.04))

Sec. 70-427. - Identifying areas for evaluation.

The county will continue to identify areas for evaluation efforts by either staff, committees or consultants, in order to judge the effectiveness and efficiencies of county services.

(Admin. Policy Manual, § J(2.05))

Sec. 70-428. - Cost/benefit studies.

Cost/benefit studies will be conducted, where appropriate and applicable, on nonrecurring expenditures and capital projects.

(Admin. Policy Manual, § J(2.06))

Sec. 70-429. - Full disclosure.

Full disclosure will continue to be provided in the annual financial and budget reports and bond representations, in accordance with V.T.C.A., [Local Government Code §§ 111.091, 111.092, 114.025 and 115.031](#).

(Admin. Policy Manual, § J(2.07))

Secs. 70-430—70-460. - Reserved.

## **ARTICLE V. - INVESTMENT OF COUNTY FUNDS**

Sec. 70-461. - Objectives of article.

The objectives of this article shall be:

- (1) To set forth the methods, means, and goals of financial investment and debt management operation for the county.
- (2) To insure the financial security and optimum liquidity of the county funds at all times.
- (3) To assist the county in achieving the maximum total investment of county funds in a prudent manner at all times.
- (4) To assist the county in achieving the maximum interest yield on county funds in a prudent manner at all times.
- (5) To assist the county in achieving the maximum interest yield on county funds at all times through methods allowed under federal and state law and in accordance with the current county bank depository contract.

(Ord. No. 99-2004, § I, 10-26-1999; Ord. No. 2000-2287, § I, 11-14-2000)

Sec. 70-462. - Standard of care.

The county investments shall be made with the judgment and care, under prevailing circumstances, that a prudent person would exercise in the management of the person's own affairs. Safety shall be the first priority, adequate liquidity the second, and yield the third priority. Individual investments shall be made in a manner consistent with this article. Unless authorized by law, a person may not deposit, withdraw, transfer, or manage in any other manner the funds of the county.

(Ord. No. 99-2004, § II, 10-26-1999; Ord. No. 2000-2287, § II, 11-14-2000)

Sec. 70-463. - Investment strategy.

- (a) *Generally.* The county maintains portfolios which utilize four specific investment strategy considerations designed to address the unique characteristics of the fund groups represented in the portfolios.
- (b) *General operating funds.* The county's investment strategy for general operating funds shall be made to ensure that anticipated cash flows are matched with adequate investment liquidity.
- (c) *Bond operating funds.* The county shall utilize an investment policy for bond operating funds to generate a dependable revenue stream for the appropriate debt service funds consistent with the county investment policy and state law.
- (d) *Debt service funds.* The county shall utilize as the primary objective for the investment of debt service funds adequate liquidity to cover the debt service obligation of the county on required payment dates. Investments shall not have a stated final maturity date which exceeds the appropriate debt service payment date.
- (e) *Special and trust funds.* The county shall invest special and trust funds in accordance with state law and the county investment policy to the maximum ability that such investments may benefit the county directly, or utilize said funds in a method that such funds may benefit the county indirectly.
- (f) *General strategy.*
  - (1) The county's investment portfolio shall consist of a variety of securities which may include any or all of the authorized investments listed in section 70-267.
  - (2) It shall be the general practice of the county to utilize an investment strategy based on section 70-262, which also defines yield objectives, as well as V.T.C.A., Government Code § 2256.006, and shall participate in a daily auction of funds for investment through contracted financial brokers and/or banks to the highest and best bidder or invest funds directly with the depository bank and expect that all related collateral confirmations thereto be confirmed and received within the required time frames. The county shall in general be conservative in its investment programs consistent with section 70-268 as administered by a qualified, capable investment staff in the county treasurer's office. All investments shall be collateralized at a minimum of 103 percent of par value.
  - (3) It is the county's intent to hold purchased securities to the stated maturity date and to have invested in such a manner to insure both the safety and liquidity of such transaction. In the event, however, the need arises to sell securities before the stated maturity date, said securities shall be analyzed to determine the appropriate time to liquidate said securities and minimize any potential real or book value loss to the county.
  - (4) The county investment portfolio shall not exceed a weighted average maturity life of two years for the entire investment portfolio.

(Ord. No. 99-2004, § III, 10-26-1999; Ord. No. 2000-2287, § III, 11-14-2000)

Sec. 70-464. - Deposit of funds.

All funds received by officials of the county shall be officially deposited with the county treasurer upon receipt or the next day after receipt and in accordance with prescribed policy and procedure; however, without exception, all funds shall be deposited within seven days from the date of collection by said officer, in accordance with state law.

(Ord. No. 99-2004, § IV, 10-26-1999; Ord. No. 2000-2287, § IV, 11-14-2000)

Sec. 70-465. - Investment officer.

- (a) As chief custodian of county funds, the county treasurer shall be the investment officer for county funds.
- (b) Should at any time the county treasurer have a personal business relationship with a business organization offering to engage in an investment transaction with the county, the county treasurer will file a disclosing statement with the state ethics commission and the county commissioners court. Further, the county treasurer shall comply with the Public Funds Investment Act, 74th Texas Legislature, 1995, amended, 75th Texas Legislature, 1997, as pertaining to investments and personal relationships with such business organizations.
- (c) The county treasurer deputies authorized to make investment transactions on behalf of the county treasurer who have a personal business relationship with a business organization offering to engage in an investment transaction with the county shall file a disclosing statement with the county treasurer.
- (d) It is understood at all times that the control and general fiduciary responsibility of county funds is vested in the commissioners court and said right of investment or management is extended by the commissioners court to the county treasurer on its behalf.

(Ord. No. 99-2004, § V, 10-26-1999; Ord. No. 2000-2287, § V, 11-14-2000)

Sec. 70-466. - Investment authorization.

- (a) In order to allow the maximum flexibility for the investment of county funds, the commissioners court extends to the county treasurer, and his authorized deputies, full authority for the investment of county funds between meetings of the commissioners court, official approval of which shall be made by the court in court order form at the next official meeting of the commissioners court.
- (b) The county treasurer is hereby authorized to utilize internal and external electronic wire transfer investments or county checks for between court investment transactions and to release same as required.

(Ord. No. 99-2004, § VI, 10-26-1999; Ord. No. 2000-2287, § VI, 11-14-2000)

Sec. 70-467. - Authorized investments.

In accordance with authorizing federal and state laws, the county's depository contract, and appropriate approved collateral provisions, the county may utilize the following methods for the investment of county funds:

- (1) Obligations of the United States or its agencies and instrumentalities.
- (2) Direct obligations of the state or its agencies and instrumentalities.
- (3) Collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States.
- (4) Other obligations, the principal of and interest of which are unconditionally guaranteed or insured by, or backed by the full faith and credit of, the state or the United States or their respective agencies and instrumentalities.
- (5) Obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than A or its equivalent. However, in accordance with the provisions of V.T.C.A., Government Code § 2256.009(b), the following are not authorized investments under this section:

- a. Obligations whose payment represents the coupon payments on the outstanding principal balance of the underlying mortgage-backed security collateral and pays no principal.
  - b. Obligations whose payment represents the principal stream of cash flow from the underlying mortgage-backed security collateral and bears no interest.
  - c. Collateralized mortgage obligations that have a stated final maturity date of greater than ten years.
  - d. Collateralized mortgage obligations the interest rate of which is determined by an index that adjusts opposite to the changes in a market index.
- (6) Certificates of deposit issued by a bank, a savings and loan association, or a savings bank organized under the laws of this state, another state, or federal law that has its main office or branch office in this state which is guaranteed or insured by the Federal Deposit Insurance Corporation, or its successor; or secured by obligations described in V.T.C.A., Government Code § 2256.009(a), including mortgage-backed securities directly issued by, a federal agency or instrumentality that have a market value of not less than the principal amount of the certificates, but excluding those mortgage-backed securities of the nature described by V.T.C.A., Government Code § 2256.009(b), or secured in any other manner and amount provided by law for deposits of the investing entity.
- (7) Fully collateralized repurchase agreements authorized under V.T.C.A., Government Code § 2256.011, Government Code, if the repurchase agreement has a defined termination date; is secured by obligations described by V.T.C.A., Government Code § 2256.009(a)(1); and requires the securities being purchased by the entity to be pledged to the entity, held in the entity's name, and deposited at the time the investment is made with the entity or with a third party selected and approved by the entity; and is placed through a primary government securities dealer, as defined by the Federal Reserve, or a financial institution doing business in the state. "Repurchase agreement" means a simultaneous agreement to buy, hold for a specified time, and sell back at a future date, obligations described by V.T.C.A., Government Code § 2256.009(a)(1) at a market value at the time the funds are dispersed of not less than the principal amount of the funds dispersed. The term includes a direct security repurchase agreement and reverse security repurchase agreement.

Notwithstanding any other law, the term of any reverse security repurchase agreement may not exceed 90 days after the date the reverse security repurchase agreement is delivered. Money received by an entity under the terms of a reverse security repurchase agreement shall be used to acquire additional authorized investments, but the term of authorized investments acquired must mature not later than the expiration date stated in the reverse security repurchase agreement.

- (8) Bankers' acceptances, are an authorized investment under V.T.C.A., Government Code § 2256.012, which has a stated maturity of 270 days or fewer from the date of its issuance; will be, in accordance with its terms, liquidated in full at maturity; is eligible for collateral for borrowing from a Federal Reserve Bank; is accepted by a bank organized and existing under the laws of the United States or any state, if the short-term obligations of the bank, or of a bank holding company of which the bank is the largest subsidiary, are rated not less than A-1+ or P-1 or an equivalent rating of at least one nationally recognized credit rating agency. Such transactions shall not exceed five percent of the total county investment portfolio, and all such endorsing banks shall come only from a list of entities who are constantly monitored as to financial solvency.
- (9) Commercial paper with a stated maturity of 270 days or fewer from the date of its issuance; which is rated not less than A-1+ or P-1 or an equivalent rating by at least two nationally recognized credit rating agencies, or one nationally recognized credit rating agency and is fully secured by an irrevocable letter of credit issued by a bank organized and existing under the laws of the United States or any state. Such transactions shall not exceed 30 percent of the total county investment portfolio with no more than five percent in any one name, with no more than ten percent of the

total county investment portfolio maturing on any given day, and all such providers of letters of credit shall come only from a list of entities who are constantly monitored as to financial solvency.

- (10) No-load money market mutual funds regulated by the Securities and Exchange Commission which have a dollar-weighted average stated maturity of 90 days or fewer and includes in its investment objectives the maintenance of a stable net asset value of \$1.00 for each share. A no-load mutual fund is an authorized investment under this article if the mutual fund: is registered with the Securities and Exchange Commission; provides the county with a prospectus and other information required by federal law; has an average weighted maturity less than two years; is invested exclusively in obligations approved by V.T.C.A., Government Code § 2256.014; is continuously rated as to investment quality by at least one nationally recognized investment rating firm of not less than AAA or its equivalent; and conforms to the requirements set forth in V.T.C.A., Government Code, § 2256.016(b) and (c), relating to the eligibility of investment pools to receive and invest funds of investing entities. The county is not authorized to invest in the aggregate more than 15 percent of its monthly average fund balance, excluding bond proceeds and reserves and other funds held for debt service, in mutual funds as herein set forth above; invest any portion of bond proceeds, reserves and funds held for debt service, in mutual funds herein described above; or invest its funds or funds under its control, including bond proceeds and reserves and other funds held for debt service, in any one mutual fund as herein set out above in an amount that exceeds ten percent of the total assets of the mutual fund.
- (11) The county may invest its funds and funds under its control through an eligible investment pool if the commissioners court by official court order authorizes investment in the particular pool. An investment pool shall invest the funds it receives from entities in authorized investments permitted by state statutes by providing at a minimum the following information:
  - a. The types of investments in which money is allowed to be invested;
  - b. The maximum average dollar-weighted maturity allowed, based on the stated maturity date, of the pool;
  - c. The maximum stated maturity date any investment security within the portfolio has;
  - d. The objectives of the pool;
  - e. The size of the pool;
  - f. The names of the members of the advisory board of the pool and the dates their terms expire;
  - g. The custodian bank that will safekeep the pool's assets;
  - h. Whether the intent of the pool is to maintain a net asset value of \$1.00 and the risk of market price fluctuation;
  - i. Whether the only source of payment is the assets of the pool at market value or whether there is a secondary source of payment, such as insurance or guarantees, and a description of the secondary source of payment;
  - j. The name and address of the independent auditor of the pool;
  - k. The requirements to be satisfied for an entity to deposit funds in and withdraw funds from the pool and any deadlines or other operating policies required for the entity to invest funds in and withdraw funds from the pool;
  - l. The performance history of the pool, including yield, average dollar-weighted maturities, and expense ratios.

To be eligible to receive funds from and investments on behalf of the County, an investment pool must be rated no lower than AAA or AAA-m or at an equivalent rating of at least one nationally recognized rating service.

- (12) To maintain eligibility to receive funds from and invest funds on behalf of an entity, an investment pool must furnish to the investment officer:

- a. Investment transaction confirmations;
- b. A monthly report that contains, at a minimum, the following information:
  - 1. The types and percentage breakdown of securities in which the pool has invested;
  - 2. The current average dollar-weighted maturity, based on the stated maturity date, of the pool;
  - 3. The current percentage of the pool's portfolio in investments that have stated maturities more than one year;
  - 4. The book value versus the market value of the pool's portfolio, using amortized cost valuation;
  - 5. The size of the pool;
  - 6. The number of participants in the pool;
  - 7. The custodian bank that is safekeeping the assets of the pool;
  - 8. A listing of daily transaction activity of the entity participating in the pool;
  - 9. The yield and expense ratio of the pool;
  - 10. The portfolio managers of the pool;
  - 11. Any changes or addenda to the offering circular.

An entity by contract may delegate to an investment pool the authority to hold legal title as custodian of investments purchased with its local funds.

For purposes of investment in an investment pool "yield" shall be calculated in accordance with regulations governing the registration of open-end management investment companies under the Investment Company Act of 1940, as promulgated from time to time by the Federal Securities and Exchange Commission.

(Ord. No. 99-2004, § VII, 10-26-1999; Ord. No. 2000-2287, § VII, 11-14-2000)

Sec. 70-468. - Investment implementation.

- (a) The county treasurer may solicit bids for investment of funds from contracted financial brokers and/or banks orally, in writing, electronically, or by any combination of these methods. Such bids will be solicited from not less than three contracted financial brokers and/or banks for each investment bid.
- (b) County funds will generally be placed for investment periods not to exceed two years. However, as deemed prudent and consistent with county investment policy, the county treasurer may place investments for a period not to exceed five years. Funds placed for investment for longer than two years shall be upon consultation between the county treasurer and county judge or a representative of the commissioners court and appropriately entered in the record of the commissioners court.
- (c) A report of all investments, made since the last regular meeting of the court, will be presented for each regular meeting of the commissioners court, for review, acknowledgment, and approval by the commissioners court.
- (d) County funds will be invested within the depository bank, with contracted financial brokers and/or banks, or from time to time in other sources as authorized in this article, utilizing a controlled disbursement investment program, or a similar cash management program in the county treasurers office to maximize interest yield on county funds, while insuring financial security, with funds becoming available as needed to meet the financial needs of the county.
- (e) County and district clerk trust funds, justice of the peace and constable special funds, and certain community supervision and corrections funds shall be maintained at the depository bank for the life of

the depository contract, unless otherwise ordered by official court order, as earnings credits and compensating balances for the county.

- (f) At the expiration of the designated number of days of county investments, said funds shall be returned to their designated county fund, unless otherwise instructed by official court order or as required for immediate re-investment of said same funds.

(Ord. No. 99-2004, § VIII, 10-26-1999; Ord. No. 2000-2287, § VIII, 11-14-2000)

Sec. 70-469. - Investment institutions.

- (a) The county treasurer is authorized to utilize the following institutions or groups to facilitate the investment of county funds, consistent with federal and state law and the county's bank depository contract:
  - (1) Depository bank;
  - (2) Other banks, savings and loan associations, or savings banks;
  - (3) Contracted securities and investment firms;
  - (4) Local, state, and governmental units;
  - (5) Public funds investment pools based in the state.
- (b) The county treasurer is authorized to place investment orders on an "as needed" basis with financial brokerage firms, banks, or contractors with which the county maintains a current written contract, authorized by commissioners court order, and consistent with the investment policy of the county.
- (c) The county may use a request for proposal (RFP) method of securing the services of county and/or state based securities and investment firms to serve as contracted financial brokers and/or banks for the county or may negotiate a contract for such services if recommended by the county financial review committee and approved by the commissioners court. The county will from time to time add or delete such firms, to further seek to enhance the county's financial position, as qualified firms become known to and are recommended by the county financial review committee. All firms selected as financial brokers and/or banks for the county shall sign an officially approved county contractual agreement which must be officially approved by the county district attorney and commissioners court and comply with the county investment policy and state law.
- (d) At least annually, the county treasurer shall review, revise, and adopt a list of qualified brokers that are authorized to engage in investment transactions with the county, submit same to the county financial review committee for recommendation for approval by the commissioners court.
- (e) A written copy of the county investment policy shall be presented to any investment institution as defined under this section, which offers to engage in an investment transaction with the county. In accordance with state law, the qualified representative, i.e., a person who holds a position with a business organization, who is authorized to act on behalf of the business organization as set forth in state law, of the investment institution seeking to do business with the county shall execute a written instrument which shall indicate that the qualified representative has:
  - (1) Received and reviewed the county investment policy; and
  - (2) Acknowledges in writing as prescribed by the county that the investment institution has implemented reasonable procedures and controls in an effort to preclude investment transactions conducted between the county and the investment institution that are not authorized by the county and the investment institution that are not authorized by the county's investment policy, except to the extent that this authorization is dependent on an analysis of the make up of the county's entire portfolio or requires an interpretation of subjective investment standards.

- (f) The county treasurer may not acquire or otherwise obtain any authorized investment described in the county investment policy from a person who has not delivered to the county the instrument required, as set forth in this section.
- (g) Financial brokers or banks contracted to do business with the county, or seeking to do business with the county, shall not offer or give any gift, service, or thing of value, or future promise of a gift, service, or thing of value to any authorized county personnel in connection with the conduct of any county business.

(Ord. No. 99-2004, § IX, 10-26-1999; Ord. No. 2000-2287, § IX, 11-14-2000)

Sec. 70-470. - Methods of investment.

(a) *Internal investments.*

- (1) The county treasurer is authorized to internally electronically wire transfer funds for county investments from currently established funds, plus any newly established county funds, within the depository bank.
- (2) The county treasurer is authorized to utilize an internal electronic banking system for the investment of such funds by means of an automated clearing house (ACH) program, customer direct access (CDA) program, customer direct link (CDL) program, or similar program, or county checks, with the depository bank.
- (3) The purpose of the internal electronic wire transfer banking system shall be to allow the county treasurer to enhance the time frame for investments, for elimination of checks to make investments of funds within county accounts, and to return funds to primary county accounts.
- (4) The county treasurer is authorized to internally electronically wire transfer and credit principal, plus interest earnings, to county funds currently established, plus any newly established county funds, as such investments mature.

(b) *External investments.*

- (1) The county treasurer is authorized to utilize an electronic wire transfer program, i.e., Automated clearing house (ACH), Fed Wire System, or other officially approved wire transfer program to disburse funds for investments from the county depository bank to authorized investment institutions as set forth in section 70-469 and in accordance with state law. Such program shall be operated under guidelines and controls established and mutually agreeable between the county auditor and county treasurer. Properly approved county checks may also be utilized for such investments if required.
- (2) The county treasurer is further authorized to accept electronic wire transfer of all county investments, including principal and interest, as such investments mature, for the proper internal disbursement to county funds.

(Ord. No. 99-2004, § X, 10-26-1999; Ord. No. 2000-2287, § X, 11-14-2000)

Sec. 70-471. - Authorized collateral and collateral procedures.

- (a) The county commissioners court shall select the form of securities pledge contract or surety bond used to secure county funds. Addition, withdrawal, or substitution of collateral for county funds shall be subject to the official approval of the county commissioners court.
- (b) The county treasurer is authorized to add, substitute, or withdraw collateral on a daily basis as needed to fully collateralize county assets, with formal approval of such actions to take place at the next official meeting of the commissioners court.

- (c) The investment of any county funds shall be collateralized, consistent with federal and state law, the county's bank depository contract, and the county investment policy, without exception, in one or more of the following manners:
- (1) A direct obligation of the United States.
  - (2) An obligation that in the opinion of the Attorney General of the United States is a general obligation of the United States and backed by its full faith and credit.
  - (3) An obligation, the principal of and interest of which are unconditionally guaranteed by the United States.
  - (4) An obligation of an agency or instrumentality of the United States, including a mortgage-backed security of the agency or instrumentality; however, obligations of the nature described in V.T.C.A., Government Code § 2256.009(b), shall not be eligible for use as collateral for any county funds.
  - (5) A general or special obligation issued by a public agency, payable from taxes, revenues, or a combination of taxes and revenues that has been rated as to investment quality by a nationally recognized rating agency that has a current rating of not less than A or its equivalent.
  - (6) Any security in which a public entity may invest under the Public Funds Investment Act of 1995.

(Ord. No. 99-2004, § XI, 10-26-1999; Ord. No. 2000-2287, § XI, 11-14-2000)

Sec. 70-472. - Level of collateral.

The total of the face value of the surety bonds and the market value of the investment security securing the deposits of public funds for the county shall be in an amount at least equal to 103 percent of the amount of the deposits of public funds increased by the amount of any accrued interest and reduced to the extent that the deposits are insured by an agency or instrumentality of the United States government. The county treasurer will maintain a monitoring program to establish the market value of such collateral, as best available, for the security of county funds.

(Ord. No. 99-2004, § XII, 10-26-1999; Ord. No. 2000-2287, § XII, 11-14-2000)

Sec. 70-473. - Possession of collateral.

- (a) All county investments shall be made solely on the basis of delivery versus payment.
- (b) All securities or surety bonds pledged to secure deposits of county funds shall be held at the Federal Reserve Bank of Dallas for investments made directly through the bank depository contract and with a third-party custodian as directed by the commissioners court through the county treasurer, for investments made with a financial broker and/or bank (other than the depository bank). Delivery of collateral shall be made to the Federal Reserve Bank of Dallas not later than 1:30 p.m. Dallas time. Delivery of collateral by a broker and/or bank shall be made to the third party custodian not later than 1:00 p.m. Dallas time on the same day of a trade. All brokers and/or banks shall indicate "County of Dallas" on all transaction details.
- (c) The Federal Reserve Bank of Dallas and all other custodians so authorized by the commissioners court shall immediately provide a receipt of the securities and/or surety bonds to the county treasurer on behalf of the commissioners court evidencing the deposit of said securities and/or surety bonds. When the pledged securities and/or surety bonds held by the Federal Reserve Bank of Dallas, or other custodians are deposited, the permitted institution may apply book entry procedures to the securities. The records of the permitted institution shall at all times reflect the name of the custodian depositing the pledged securities. The trust receipts that the Federal Reserve Bank of Dallas, or other custodians, issue to the county through the county treasurer shall indicate that the custodian has deposited with the permitted institution the pledged securities and/or surety bonds held in trust for the depository bank pledging the securities.

- (d) All participants in the investment or holding of collateral for the county investments must provide the county treasurer with a notification of confirmation of trade and safekeeping of collateral on the same day of the transaction, without exception.
- (e) The county's depository bank shall not hold collateral for county investments made at or through said institution.

(Ord. No. 99-2004, § XIII, 10-26-1999; Ord. No. 2000-2287, § XIII, 11-14-2000)

Sec. 70-474. - Investment reporting and auditing.

- (a) Not less than quarterly the county treasurer shall prepare and submit to the commissioners court a written report of the county's investment transactions for the preceding reporting period, in addition to other information that may be required by the county. The report shall contain:
  - (1) A detail of the investment position of the county on the date of the report.
  - (2) A summary statement of each pooled fund group that states the beginning market value for the reporting period, additions and changes to the market value during the period, and the ending market value for the period.
  - (3) The book value and market value of each separately invested asset at the beginning and end of the reporting period by the type of asset and fund type invested.
  - (4) The maturity date of each separately invested asset that has a maturity date.
  - (5) The account or fund or pooled group fund of the county from which each individual investment was acquired.
  - (6) Compliance of the county investment portfolio as it relates to the investment strategy expressed in section 70-463, as well as other relevant provisions of this article.
- (b) The report shall be signed by the county treasurer. The reporting of county investments shall be in compliance with Statement No. 31 of the Governmental Accounting Standards Board. The county shall have performed as a part of its annual independent audit a review of the reports of investments and adherence to the county's established investment policies. The results of the review shall be reported to the commissioners court by the independent auditor.

(Ord. No. 99-2004, § XIV, 10-26-1999; Ord. No. 2000-2287, § XIV, 11-14-2000)

Sec. 70-475. - Financial training.

- (a) The county treasurer (investment officer) shall attend an investment training session, not less than once in a two-year period and receive not less than once in a two-year period from independent sources such as the V.G. Young Institute of County Government, Texas A&M University; Texas Association of Counties; National Association of County Treasurers and Finance Officers; and such other financial groups or organizations that provide officially recognized financial investment training.
- (b) Members of the commissioners court shall comply with state statutes as enacted requiring continuing investment training, and/or as determined by the court.

(Ord. No. 99-2004, § XV, 10-26-1999; Ord. No. 2000-2287, § XV, 11-14-2000)

Sec. 70-476. - Financial review committee.

- (a) There shall be a county financial review committee which shall consist of the county treasurer as chairman; county judge, county auditor, budget director, commissioners court administrator, minority

and women business enterprise coordinator and a member of the district attorney's staff. As required, the county financial advisor may serve as a ex-officio member of the committee.

- (b) The committee shall be charged with reviewing the general financial management of county funds and debt and asset management programs and making recommendations on such items to the commissioners court. The county financial review committee shall also deal with and coordinate the efforts of the county financial advisor and county bond counsel, and other related individuals or organizations, to develop and/or enhance county financial procedures, implement county bond sales, or establish recommended policy for the commissioners court concerning the working relationship and duration of such relationship with such groups, as well as any other financially-related matters that may be referred to the committee from time to time by the commissioners court.
- (c) In view of constant and enhanced financial and banking techniques which may prove beneficial to the objectives of the county investment policy as set forth in this article, the county financial review committee will monitor such changes to determine required adjustments in the county investment policy.

(Ord. No. 99-2004, § XVI, 10-26-1999; Ord. No. 2000-2287, § XVI, 11-14-2000)

Secs. 70-477—70-510. - Reserved.

## **ARTICLE VI. - INVESTMENTS AND DEBT AND CASH MANAGEMENT**

### **DIVISION 1. - GENERALLY**

Secs. 70-511—70-530. - Reserved.

### **DIVISION 2. - INVESTMENT AND CASH MANAGEMENT**

Sec. 70-531. - Collection, disbursement and deposit of funds.

The county treasurer will collect, disburse and deposit all funds on a schedule which ensures optimum cash availability, in accordance with V.T.C.A., [Local Government Code §§ 113.065, 113.901, 113.001—113.005, 113.021—113.024](#) and [113.041—113.047](#).

(Admin. Policy Manual, § J(10.00))

Sec. 70-532. - Reconciliation of county bank accounts with depository bank.

The county treasurer shall handle all original reconciliation of the county bank accounts with the depository bank and shall resolve financial differences between the county and the depository bank.

(Admin. Policy Manual, § J(10.01))

Sec. 70-533. - Chief investment officer; duty.

The county treasurer is the chief investment officer of the county, as authorized in Court Order No. 87-1856 by the commissioners court, and shall invest the funds of the county to achieve the highest and best yield, while at the same time maintaining the security and integrity of such funds.

(Admin. Policy Manual, § J(10.02))

Sec. 70-534. - Investments policy.

The county shall maintain a written county investments policy, as approved by the commissioners court, to achieve the highest and best yield, while at the same time maintaining the security and integrity of such funds.

(Admin. Policy Manual, § J(10.03))

Sec. 70-535. - Security and/or surety pledges.

The county treasurer will maintain an original copy of all security and/or surety pledges made by the depository bank in behalf of the county funds, which shall be held at the Federal Reserve Bank of Dallas, or with a disinterested third party bank.

(Admin. Policy Manual, § J(10.04))

Sec. 70-536. - Security advice for county investment transactions; copy maintained.

The county treasurer will maintain an original copy of all security advice for all the county investment transactions, funds for which shall be held by the Federal Reserve Bank of Dallas, or with the disinterested third party bank.

(Admin. Policy Manual, § J(10.05))

Sec. 70-537. - Financial review committee.

There shall be a county financial review committee, chaired by the county treasurer, and consisting of the county judge, county auditor, budget director and commissioners court administrator, whose duties and responsibilities may be found in Court Order No. 87-1856.

(Admin. Policy Manual, § J(10.06))

Sec. 70-538. - Depository bank bid proposal.

The county treasurer shall develop a depository bank bid proposal for presentation to the county financial review committee and the county commissioners court by April of each odd-numbered year, depending on whether the county chooses a two-year or four-year contract during the previous statutory timeframe. If the contract is for four years the county treasurer will negotiate interest rates and bank charges with the depository bank as required by statute. The county treasurer as custodian of county funds and investments officer of the county will be the primary liaison between the county and the depository bank and shall handle all dealings between the county and the depository bank, except for those items under the direct control of the tax assessor-collector, prior to deposit with the county treasurer.

(Admin. Policy Manual, § J(10.07); Ord. No. 97-966, 5-29-1997)

Sec. 70-539. - Draw down and construction schedule.

The county shall maintain a draw down and construction schedule for all the county contractors, in-house construction management personnel, vendors and all other groups, organizations or persons receiving routine payments from the county, in accordance with Court Order No. 87-1858.

(Admin. Policy Manual, § J(10.08))

Sec. 70-540. - Financial reporting.

The county treasurer will provide the commissioners court a detailed financial report at each regular term of the commissioners court and shall make all books and accounts of the county treasurer available to the commissioners court in accordance with V.T.C.A., [Local Government Code § 114.026](#).

(Admin. Policy Manual, § J(10.09))

Sec. 70-541. - Cash position and investment performance.

The county auditor's office will provide regular information concerning the cash position and investment performance, as required by V.T.C.A., [Local Government Code §§ 111.091 - 092](#) and [114.025](#).

(Admin. Policy Manual, § J(10.10))

Sec. 70-542. - Contracts with financial institutions.

The county conducts its treasury activities with financial institutions based upon written contracts which specify compensating balances, service charges, terms, and other conditions as authorized by the Local Government Code.

(Admin. Policy Manual, § J(10.11))

Sec. 70-543. - Credit balance.

- (a) *Term defined.* A "credit balance" can occur in a customer account as the result of an overpayment of an invoice or a credit memo entered in the financial system for an invoice that was fully paid.
- (b) *Application of credit against future invoices.* The county will apply the credit against future invoices, in order to maintain the entire transaction in the accounts receivable system. Exceptions to this procedure will be considered upon written request. In order to make such application, the department involved must notify the county treasurer in writing with directions for such credit.
- (c) *Refund procedure.* If a customer specifically requests a refund, the following procedure will be utilized:
  - (1) The department involved will conduct a reasonable search to ensure that the customer does not have any outstanding debts due the county and certify that a refund is due the customer.
  - (2) The department involved will process a debit memo in accounts receivable for that customer and notify the county treasurer in writing to apply the overpayment to the debit memo.
  - (3) The county treasurer will make adjusting entries, as requested in writing, and notify the requesting department that the entries have been made.
  - (4) The department involved will prepare and submit a request for payment form to the county auditor, along with supporting documentation, including the account and year when revenue was originally recorded.
  - (5) The department involved will maintain copies of supporting documentation.
  - (6) Governmental entities who provide escrow funds for road and bridge projects may receive a repayment of excess funds in such projects upon formal request of the respective road and bridge district authority.

- (7) A check will be printed in accounts payable, approved by the commissioners court and disbursed to the customer.

(Admin. Policy Manual, § J(11.00—11.02))

Secs. 70-544—70-560. - Reserved.

### **DIVISION 3. - DEBT MANAGEMENT**

Sec. 70-561. - Use of longterm debt for current operations.

The county will not use longterm debt for current operations in accordance with article VIII, section 9, of the state constitution and by the Local Government Code.

(Admin. Policy Manual, § J(9.00))

Sec. 70-562. - Bonds.

- (a) *Issuance policy.* When the county finds it necessary to issue bonds, the following policy will be adhered to:
  - (1) Average weighted general obligation bond maturities will be kept at 10½ years.
  - (2) Issues will be scheduled so that an equal principle amount is retired each year over the life of the issue to produce a total debt schedule with a yearly declining balance.
  - (3) Debt service for all funds in any year will not exceed 25 percent of the total annual operating budgets.
  - (4) Total bonded debt will not exceed one percent of the net valuation of taxable property in the county based on 100 percent of the net appraised valuation.
  - (5) Reserve funds will be provided to adequately meet debt service requirements in the subsequent year.
  - (6) Interest earning on these reserve fund balances will be used for debt service purposes.
  - (7) Bond finance will be confined to capital improvement projects which could not feasibly be financed from current revenues.
  - (8) The term of any bond issue will not exceed the useful life of the capital project/facility or equipment for which the borrowing is intended.
- (b) *Planning efforts and market timing.* Bond program planning efforts and market timing will be coordinated with overlapping jurisdictions in support of these policies.
- (c) *Handling and payment of bonded indebtedness.* The county treasurer shall be responsible for the handling and payment of all bonded indebtedness of the county and shall serve as paying agent/registrar for the county bond and/or certificate issues, as authorized by the commissioners court, and shall serve as liaison with any county arbitrage rebate service, in accordance with Court Order No. 87-2033.
- (d) *Operating regulations for county officials.* The county officials shall operate in accordance with Court Order No. 88-021 for all functions related to the issuance of the county bonds and/or certificates.
- (e) *Tax rate for debt service.* The tax rate for debt service for all bonds issued prior to, or in connection with, the 1985 bond authorization, shall be maintained at \$0.0419/\$100.00 assessed valuation, through the use of road and bridge reserves and vehicle license fees as necessary.

(Admin. Policy Manual, § J(9.01—9.05))

## **ARTICLE VII. - COMPUTER SERVICES<sup>10</sup>**

### Sec. 70-591. - Introduction.

- (a) The county recognizes that with an increasing demand for service coupled with constrained and declining budgets, computer automation and the use of technology has become more important and critical in providing government the means by which to improve service to its citizenry while at the same time controlling expenses.
- (b) In order to properly utilize and maximize the benefits associated with the use of automation and technology, a governance structure which is focused on how best to make use of this commodity is vital. Utilization of a formal organization enables the county to plan, coordinate and manage computer resources and efforts in a centralized and uniform method, which ensures consistency of direction, maximizes integration and should yield reduction of operation expenses over departmentally directed solutions.
- (c) Governance is the process of securing user input on such issues as IT services delivery, establishing priorities, reviewing technical directions, and providing effective communications for systems development and daily operations. The governance process is meant to involve those persons, organizations and interests served by the IT services department through meaningful and significant participation.
- (d) The functions of the IT services department are unique when weighed against those of most agencies within the county. They encompass many technology driven activities that, at times, more closely resemble research and development efforts than the procedural or statutory activities of other county agencies. The IT services department provides services to all elements of the jurisdiction within which it operates. Therefore, as a service organization, it must receive continual feedback from the user community concerning direction and performance.
- (e) Because of its technical nature, the IT services department requires unique control methods that would normally not be applied to any other county function. These controls must ensure that the best interests of the entire county are served and, at the same time, the services offered to users are relevant and cost effective. This form of control is best applied through the use of a data processing governance structure.
- (f) To achieve proper control, the data processing function requires two separate governance levels. One level, the IT services steering committee, is responsible for general oversight and advisory actions relative to the continuing operation of the data processing function. The second level consists of specific functional subcommittees (management services, justice administration, community services, law enforcement and health/human services) responsible for monitoring activities within their unique areas.

(Ord. No. 2004-168, 1-27-2004)

### Sec. 70-592. - IT services steering committee.

- (a) *Powers and duties.* The IT services steering committee is responsible to the commissioners court and possesses specific powers. The committee acts in a top level advisory capacity to the commissioners court and is responsible for the execution of information resource policies. To do so, the committee,

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<sup>10</sup> **Editor's note—** Ord. No. 2004-168, adopted Jan. 27, 2004, rescinded Ord. No. 92-1222, adopted Dec. 22, 1992, from which former art. VII, §§ 70-591—70-594, of this chapter derived and added new provisions as art. VII, §§ 70-591—70-594. Former art. VII pertained to similar subject matter.

with input and advice from IT services, must first assist the commissioners court in the development of a strategic vision of the direction in which the development of county information resources is headed. Having received this overall picture and vision from the commissioners court, the committee must then translate the elements of this vision into specific activities, executable by means of a clearly delineated operational process. The committee also recommends, to the commissioners court, IT services policies and procedures, projects and initiatives and monitors those procedures, projects and initiatives once approved. The committee is the focal point for the work order prioritization process, both for the activities identified through the development of the IT services long range plan and those that will arise in other contexts (i.e., grants, mandates, and one-time requests). In addition, the committee addresses the allocation of resources within the IT services department, serving as a vehicle for resolving conflicts arising from contention for those resources and from the overlapping impact of new system requirements.

(b) *Purpose and structure.*

(1) The committee's responsibilities include:

- a. Recommending data processing policies and procedures;
- b. Providing a forum for recommending priorities and service levels; and
- c. Serving as a communication link between IT services, user departments and the commissioners court.

(2) As a group, the IT services steering committee acts in an advisory capacity to the commissioners court and performs monitoring functions on behalf of the court and user departments. The committee members are jointly responsible for the effective use of the resources monitored by the IT services steering committee.

(3) In order to ensure the unique controls required by information system activities, the IT services steering committee functions at two separate levels. First, the committee operates as a whole to provide overall county monitoring, review and oversight of the continuing development and operation of the information systems resource. Second, it reviews and recommends to the commissioners court the prioritization of resources and the development of specific projects.

(c) *Role.* The role of the IT services steering committee shall include the following:

- (1) Overall monitoring of the data processing function, priorities and projects;
- (2) Reviewing long and short range information systems plans and their implementation; the commissioners court long range plan shall act as a master guide for the committee in recommending annual priorities;
- (3) Reviewing specific IT services proposals to meet the county's information processing needs;
- (4) Identifying the annual data processing priorities and related budgetary impact these priority recommendations will have. These recommendations will become an integral part of the budget process, subject to adjustment during budget preparation/adoption, and upon final budget approval, will be established as part of the IT services department's annual work program;
- (5) Oversight and monitoring of budgets, projects and time schedules;
- (6) Resolving organizational conflicts arising from the impact of new systems implementation and other information systems utilization issues;
- (7) Recommending policies and procedures for the effective utilization of information resources by county departments.

(d) *Membership.* The IT services steering committee is comprised of five voting members and three ex officio members. The voting members are two members of commissioners court, one of which will be the chair and the other, the vice chair, the commissioners court administrator, budget officer and the county's MIS director. The ex officio members are the IT services vendor site director, county auditor and county purchasing agent.

- (e) *Voting.* An open invitation to attend all meetings is made to all elected officials and department heads. Due to space and time limitations, attendance is limited to only officials and department heads. All attendees are requested to limit their exchange of ideas and information to only matters that directly relate to their office. The functional subcommittee is the forum for all other matters needing to be addressed.
- (f) *Meetings.*
  - (1) The IT services steering committee meets on a weekly basis, or as necessary, at a time and location as determined by the members.
  - (2) The IT services department provides a monthly operational status report to the committee members.
  - (3) The county's MIS director prepares an agenda that is distributed at least one full workday before the meeting.
  - (4) Reports, requests and other IT services related matters prepared for submission to the commissioners court will exhibit the date they were reviewed and approved by the IT services steering committee.
  - (5) All requests by user departments for the acquisition and/or use of data processing, telecommunications, hardware, software and services will conform with and be presented to the committee in a required format and conform with computer use and acquisition policies/procedures as adopted by the commissioners court.

(Ord. No. 2004-168, 1-27-2004)

Sec. 70-593. - Functional subcommittees.

- (a) *Enumeration of functions.* So that every department has a voice in data processing decision making, each department head (or his designee) within a functional group shall meet periodically to discuss issues of common concern. On an annual basis, they will compile a list of their data processing priorities for the following fiscal year. The group's primary goal will be to get an interdepartmental consensus of those priorities. The county's MIS director will review and present the priorities to the IT services steering committee, which will then merge them along with those submitted by the other functional groups, into a comprehensive list for approval, prioritization and funding. Among the specific factors to be considered by the functional subcommittees are the time frames in which specific projects or other activities can be carried out, the cost considerations involved, the staffing requirements, and the subsequent maintenance activities. In addition, these subcommittees serve as reporting vehicles from the departments within their respective functional areas, channeling that information up to the IT services steering committee and funneling information from the IT services steering committee back to the departments.
- (b) *Purpose and structure.*
  - (1) The management services, justice administration, community services, law enforcement and health/human services functional subcommittees are established to support the functions and activities of the IT services steering committee and to ensure that every department has a voice in data processing decision making.
  - (2) The functional subcommittees meet periodically to discuss issues of common concern, and, on an annual basis, address the issues of priorities based on the goals and objectives of the county regarding data processing.
  - (3) Each functional subcommittee will select a chair and a representative to serve on the IT services steering committee.
- (c) *Responsibilities.* The responsibilities of the functional subcommittees are:

- (1) Identifying information systems needs with each member department and prioritizing these needs to develop and update the computer services master plan;
- (2) Recommending appropriate actions to the IT services steering committee concerning system development and maintenance;
- (3) Ensuring that resources necessary for the successful implementation of systems are made available by user departments;
- (4) Resolving conflicts among user departments relevant to implementation of systems;
- (5) Ensuring that user department systems design decisions are made in accordance with the information systems work programs and approved project schedules;
- (6) Interacting with IT services department management regarding operational concerns such as production schedules and information systems procedures;
- (7) Providing regular progress reports to the IT services steering committee regarding system implementation and other projects;
- (8) Maximizing coordination of information system applications and systems among user departments.

(Ord. No. 2004-168, 1-27-2004)

Sec. 70-594. - Governance of data processing.

- (a) *Rationale.* The reason for governance of data processing is to place a formal structure around the review, prioritization and allocation of resources to meet departmental needs. These needs consist of:
  - (1) Data processing service requests;
  - (2) Equipment;
  - (3) Applications software;
  - (4) Microcomputers;
  - (5) Feasibility studies and consultation.
- (b) *Meetings; purpose.* As previously indicated, the governance process involves persons, organizations and interests served by the computing resources of the county. Therefore, the committees will meet on a regular basis to:
  - (1) Monitor progress against annual plans;
  - (2) Reestablish project priorities;
  - (3) Recommend funding for data processing projects;
  - (4) Resolve resource conflicts.
- (c) *Proactive involvement in utilization.* This governance organization provides the county with a proactive involvement in the utilization of this valuable resource. Governance is, simply, the glue that binds requests, needs and resources into a comprehensive computing strategy for the future.

(Ord. No. 2004-168, 1-27-2004)