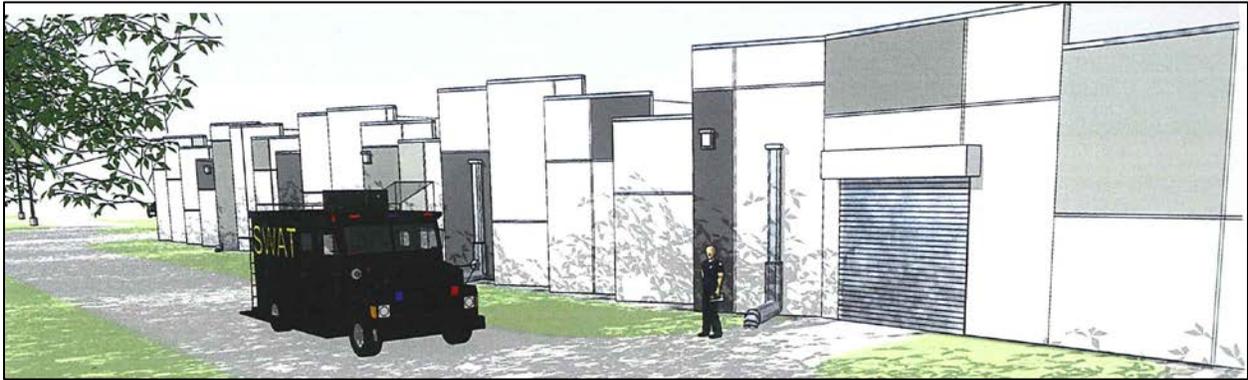


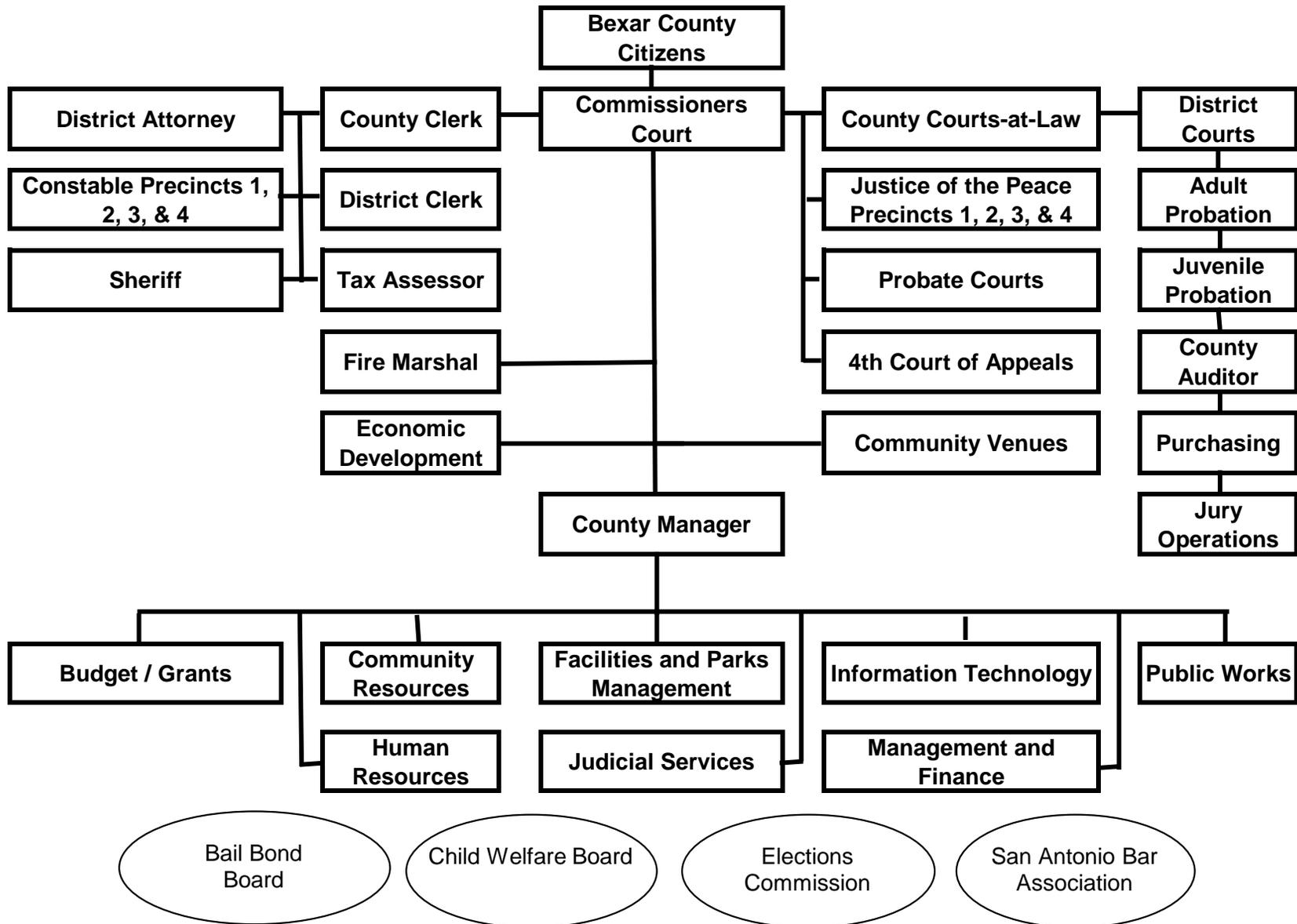
# **BUDGET OVERVIEW**



### **Bexar County Firing Range**

On November 2010, the County embarked on construction of a multi-purpose facility to support law enforcement training needs. The first phase, at \$2.6 million, includes a 50-yard, 20-position course for handguns and shotguns. Phase two construction will begin in December and includes an additional 20-position firing deck, a shoot house and administrative area. A future phase will include a 100-yard, five position course for rifles. The range also will support day and night shooting scenarios.

User of the facility will include the Bexar County Sheriff's Office, Fire Marshal's Arson Investigators, Constables, Adult Probation Officers, and District Attorney Investigators, as well as outside law enforcement agencies.



## **FY 2011-12 BUDGET CALENDAR**

- May 13, 2011** Bexar County Offices and Departments submit budget requests
- June 30, 2011** County Auditor provides preliminary FY 2010-11 revenue estimates and FY 2011-12 projected revenue to Budget Office
- July 25, 2011** Certified Tax Roll Received
- August 1, 2011** Complete verification of tax roll and calculation of effective tax rate
- August 7, 2011** Tax Assessor-Collector publishes Effective Tax Rate, Rollback Tax Rate, & other information
- August 23, 2011** Presentation of FY 2011-12 Proposed Budget to Commissioners Court
- August 24, 2011** FY 2011-12 Proposed Budget filed with County Clerk and County Auditor
- September 13, 2011** Public Hearing on FY 2011-12 Adopted Budget
- September 13, 2011** Commissioners Court adopts budget and Elected Officials salaries
- September 13, 2011** Commissioners Court adopts Tax Rate.
- September 14, 2011** FY 2011-12 Approved Budget filed with County Auditor and County Clerk

# BUDGET PROCESS OVERVIEW

The FY 2011-12 Adopted Budget covers a twelve-month period from October 1, 2011 through September 30, 2012.

The purpose of the budget preparation process is to develop a work program and financial plan for Bexar County. The goal is to produce a budget document that identifies County services, functions, and the resources (financial, personnel, and other) that support those services and functions. It serves as a policy document to define issues in a manner that allows Commissioners Court to make sound programmatic and financial decisions. The Commissioners Court must be given enough information to make funding choices between alternative programs and priorities. The budget document provides offices and departments with a work program in support of their individual and collective missions. It also provides the Budget Officer and the County Auditor with a financial plan to assure that the County operates within its financial means. Finally, the budget serves as an important reference document that provides extensive information on the nature and scope of County operations and services, and as such must be clearly understandable by the taxpayers and citizens at large.

The budget preparation process includes four phases (Strategic Planning, Strategic Management Activities, the Long Range Financial Forecast, and the Annual Budget), which are part of a larger financial management process, shown below:



## **Phase 1 – Strategic Planning**

Strategic planning is the crucial link between the end of one fiscal year and the beginning of another. As a first step in the budget development process, the County staff outlines and frames short and long-term issues facing Bexar County and the surrounding region. It is a process that invites all County offices and departments to have input up-front and seeks out important issues from internal and external stakeholders. This broad range of involvement helps formulate key strategic opportunities and challenges facing the County over the next several years. And, it is a critical factor in the success of the strategic plan – ensuring cooperation and support from the organization’s leadership.

## **Phase 2 – Strategic Management Activities**

The overarching plan for linking financial management, compensation management, budget administration, and operational accountability of County Offices and Departments is a large part of the strategic management process. The methodology is intended to provide a more transparent, fiscally sound method of matching service delivery demands to recurring revenues. It provides a framework that encourages Commissioners Court and the County’s elected and appointed officials to be partners in striving for long-term financial health.

Strategic planning is an on-going, cyclical process that encourages offices and departments to budget for needed resources, implement sound management practices, document and report the results of their programs, evaluate those results, and develop appropriate actions to improve organizational performance. There are several key components to the planning process, as listed below, and discussed in more detail in the following paragraphs.

- Planning
- Budgeting (including compensation programs)
- Reporting
- Evaluating
- Continuous Improvement
- Financial and Management Flexibility

**Planning.** Each office and department is asked to develop a service and performance plan that identifies its vision, mission, goals, and agreed upon performance measures for the upcoming fiscal year. To the extent practicable, offices and departments that work together in cooperative service areas should collaborate with each other in the development of their plans. These planning elements are incorporated in their official budget submissions and become part of the historical budget document, providing a basis for future evaluation of efficiency and effectiveness.

**Budgeting.** The annual budget process allocates available funding in a balanced and systematic manner between the needs of employees and the needs of citizens for increased services, while preserving financial stability for the County organization for the future.

**Reporting Results.** Offices and departments currently submit performance measure reports annually as a part of the budget process. These reports, combined with the regular periodic expenditure reports available through the County Auditor’s Office, provide a foundation for evaluating office and department efficiency and effectiveness – measured against the agreed upon standards in their service and

performance plan. Data reported will compare actual and projected performance to the performance objectives identified in the service plan. Likewise, current and projected expenditures will be compared to annual budgeted appropriations.

**Evaluating Results.** Offices and departments are expected to use their service and performance plans to measure their on-going performance, and to make strategic management adjustments as needed to achieve their overall goals, objectives, and performance measure targets. The Budget Department will work closely with offices and departments to evaluate the efficiency and effectiveness of budgeted programs. Recommendations, both from a management and budgeting perspective, will be made as necessary to help offices and departments achieve success in their respective program areas. Historical, internal performance trends (baselines) and benchmarking best practices of other similar service providers will help the County continually improve the quality and quantity of the services we deliver to our citizens.

**Continuous Improvement.** The overall goal of the strategic planning and evaluation cycle is to keep the focus on continuous improvement of the services delivered by Bexar County agencies. Rigorous tracking and evaluation of performance and expenditure information will provide an important tool by which offices and departments can measure their success. By measuring and forecasting both performance and expenditures on a quarterly basis, County decision-makers will be better able to set the broad policy goals of the organizations and adjust management programs to enhance program effectiveness.

### **Phase 3 – Development of the Long Range Financial Forecast and Strategies**

The Budget Department presents the Commissioners Court with a five-year financial forecast for the General Fund, the Debt Service Funds, and the Flood Control Fund. Also included are any issues that could affect the County over the next five years.

The Budget Department annually prepares the Five Year Long Range Financial Forecast and Strategies (LRFFS) for presentation to Commissioners Court and use by offices and departments. The forecast contains five sections: 1) a description of the County's financial management system and process; 2) a discussion of the national, state, regional, local, and international economies and their potential impact on the County; 3) an analysis of the projected revenues, expenditures and resulting fund balances for the County's General Fund, and Debt Service Funds; 4) Fund Forecast Scenarios; and 5) an assessment of the major strategic issues affecting the County over the next five years.

The Commissioners Court, the Office of the County Manager and all the other offices in the County use the LRFFS to assist in setting the County's overall priorities and in understanding the County's financial position. The LRFFS projects available funds as well as shortfalls for the coming fiscal year and four future years. The methodology used to project the fund balances incorporates the County's financial policy of maintaining one tenth of expenditures as an operating reserve and one tenth of the annual principal and interest payment as a debt service reserve. The forecast provides valuable information used in developing the annual operating and capital budgets because it gives an indication of the County's overall current and future financial situation. Commissioners Court can then better assess the need to generate additional revenue and/or reduce expenditures or the opportunity to lower taxes and/or fund new programs.

### **Phase 4 – Annual Budget**

This phase begins with offices and departments submitting requests for funding based on current

operational needs, capital needs, and program changes needed to support expanded or changing operational needs. There are formal budget review and adoption processes that guide the budget development through to the point of adoption by Commissioners Court. Budget implementation is the culmination of the Annual Budget process.

### **Budget Requests:**

*Baseline.* The baseline budget is defined as the level of service that is currently being provided by the office or department and should be affected only by workload volumes and inflationary pressures. For budget preparation purposes, requests for new positions are considered as program changes and are not included in the baseline budget.

*Capital Outlays.* Capital outlays are expenditures for the acquisition of capital assets, including the cost of land, buildings, permanent improvements, machinery, large tools, furniture, and equipment. Capital outlays refer to those items that cost more than \$5,000 per unit. Requests for new or different vehicles (where the type of vehicle requested differs from the vehicle currently in use) are also subject to the capital outlay process; however, replacement vehicles are funded through Short Term Capital. Projects funded through the County Buildings Capital Improvement Fund are generally defined as:

- One-time investments relating to the acquisition, construction, or renovation of major facilities to support the efficient operations of the County and requiring a significant allocation of resources and time to design and build;
- Major equipment associated with acquisition, renovation, or construction of a facility; and
- Other equipment which expands a facility's capacity for use may also be viewed as a capital improvement. The operational life of a completed capital project must be sufficient to justify amortization of the project cost. The required investment in a capital project must be significant enough to justify itemized budgeting and monitoring of associated funding and expenditures.

Bexar County's capital program includes projects identified for funding in the County Road and Bridge Fund, all County Capital Improvement Funds, and grant-funded capital projects.

*Program Changes.* Program changes refer to requests to change the level of service or method of operation. Generally, program change requests are for positions, technology and other equipment and associated supplies, and contractual services necessary to support a new or expanded program. Program change requests may also take the form of program reductions or elimination. Information submitted in support of the program change describes how the proposal will improve services. Performance indicators that measure and support the program change and justification are also part of the budget submission.

To properly assess the County's business performance, accurate, appropriate, and meaningful performance measures must be developed and continually updated. Properly utilized and implemented, these measures will serve to provide offices and departments objective empirical information critical to their decision-making processes and actions, and will also help to identify areas where efficiencies and process improvements might be found.

*Submission.* During the FY 2011-12 budget process, offices and departments were provided with spend limits. Offices and department were asked not to exceed their spend limits when requesting funds for their baseline budgets. Any program changes offices and departments requested were required to remain

within their overall budget allocation targets. These requests were accompanied by performance measures as a way to demonstrate how the base division/section's performance will be affected by the new resource allocation requests. Additionally, offices and departments were asked to identify how their actual work product reflects the desired outcome of the County-wide mission, vision and goals. To meet that objective, offices and departments were asked to indicate how each performance measure relates to the achievement of a specific County-wide goal.

### **Budget Review:**

*Budget Department Review.* Once the budget requests have been received, the Budget Department begins its review. At the same time, revenue estimates and expenditures are received from the County Auditor's Office. The Budget Department uses these estimates and projections as well as tax roll information from the Bexar Appraisal District and Tax Assessor Collector's Office to formulate budget-balancing strategies.

*Information Technology Review.* The Bexar County Information Technology (BCIT) Department provides technology information and services to offices and departments. Services include infrastructure (networking), application development and maintenance, and technology and training support. BCIT conducts a Technology Review of all technology-based budget requests. During the Technology Review Process, BCIT reviews all budgetary requests for hardware and software, communication equipment, and programming, and subsequently recommends the appropriate technology required to meet the need(s) identified by the office or department.

### **Adoption Process:**

*Proposed Budget and Commissioners Court Deliberations.* Once the final tax roll is received by the Tax Assessor Collector's Office and the effective tax rate has been calculated, the Commissioners Court is briefed on the status of the Proposed Budget. The Commissioners Court gives direction to the Office of the County Manager and the Budget Department, particularly as relates to any possible tax rate change.

Prior to finalizing the Proposed Budget, the Budget Department will negotiate its final recommendations with each office and department. After the Budget Department submits its proposed balanced budget to Commissioners Court, the Court will conduct its review and deliberations on the budget. Any disagreement may be appealed by the office and department to the Commissioners Court during the Commissioners Court deliberations.

*Budget Adoption.* After the Commissioners Court completes its deliberations and holds required public hearings on the proposed budget, the Court votes to adopt a budget. The Court may make any changes to the proposed budget it deems necessary as long as the total expenditures do not exceed the total revenues estimated by the County Auditor.

### **Implementation of the Budget:**

Upon adoption of the budget by Commissioners Court, a copy of the budget will be filed with the County Auditor and the County Clerk. The County Auditor will use the Adopted Budget to set up the appropriate budgetary accounts for each office and department. The County Auditor is responsible for the financial accounts of the County and the preparation of Monthly Financial Reports utilized by offices and departments in monitoring their budgets. The Budget Department is responsible for monitoring expenditures in accordance with the budget and for initiating appropriate budgetary transfers. Offices

and departments are responsible for keeping expenditures within the budgeted amount and for tracking performance indicator data.

*Budget Amendment.* Except through certification of the County Auditor and through approval by Commissioners Court, the total amount appropriated in the budget cannot be amended. However, funds may be reallocated to different expenditure accounts. These types of changes to the budget occur in the form of budget transfers. The following briefly describes the process for approval of budget transfers.

The office or department requests a transfer of funds from one expenditure group to another. The Budget Department evaluates the request to determine its appropriateness and the availability of funds. The Budget Department then forwards transfers of more than \$100,000, along with its recommendation, for Commissioners Court consideration. If approved by Commissioners Court, the County Auditor makes the appropriate changes in the financial management system to reflect the approved transfer.

# ACCOUNTING SYSTEM

The County's accounting records for governmental fund types and agency funds are maintained on a modified accrual basis, with the revenues being recorded when available and measurable, and expenditures being recorded when the services or goods are received and the liabilities are incurred. In addition, encumbrances are recorded during the year. Property tax revenues are susceptible to accrual, and are considered available to the extent collected within sixty days after the end of the fiscal year. Proprietary/internal service funds are accounted for using the accrual basis of accounting. Revenues are recognized when earned and expenses when they are incurred.

The Bexar County budgets are developed on a cash basis. Revenues are recognized only when collected and expenditures are recognized when paid. Under State law, the budget cannot be exceeded in any expenditure category. In addition, the total of the budgets for the General and certain Special Revenue Funds cannot be increased once the budgets are adopted unless certified by the County Auditor and approved by Commissioners Court.

Appropriations in the County Buildings Capital Improvement Fund are made on a project basis rather than on an annual basis and are carried forward until the projects are completed. Except for capital project, grant and federal entitlement appropriations, or for encumbrances outstanding in any fund, unused appropriations lapse at the end of each fiscal year.

The FY 2011-12 Adopted Budget appropriates funds using the following expenditure groups. (Prior to FY 1997-98, funds were appropriated at the line item level.)

- Personnel Services
- Travel and Remunerations
- Operational Costs
- Supplies and Materials
- Capital Expenditures
- Interfund Transactions
- Contingencies

Each expenditure group is the sum of individual, similar line item allocations. (Each group is defined in the Glossary section of the Appendix.) This presentation of budget data is designed to provide offices and departments detailed information but with greater flexibility in the management and control of their budgets. This system reduces unnecessary bureaucratic control while continuing to provide sound financial and management information.

Although budgetary data is presented in the budget document according to expenditure group, detailed line item information has been input into the County's financial management system.

# ACCOUNT STRUCTURE

The County maintains budgetary control of its operating accounts through the use of various funds. A "fund" is a balanced set of accounts with identifiable revenue sources and expenditures. It is segregated for the purposes of measuring a specific activity. The majority of all County discretionary expenses are included in the following fund types:

- **The General Fund** – includes expenditures for general government, judicial, public safety, education and recreation, highways, health and public welfare, intergovernmental expenditures, capital expenditures, and contingencies.
- **Road Funds** – includes operating and capital expenditures for road maintenance and new road projects. Funds included in this type are:

Public Works – County Road and Bridge Fund – (previously 096 & 280) includes operating and capital expenditures for single year road projects. This fund's main sources of revenue are vehicle registration fees, motor vehicle sale fees, and road and bridge fees charged when motor vehicle licenses are issued.

Public Works – County Road and Bridge Fund Multi-Year Projects – includes capital expenditures for multi-year road and bridge projects. This fund's main source of revenue is vehicle registration fees and debt issuances.

Texas Department of Transportation and Advanced Transportation District Multi-Year Fund – includes expenditures for road projects funded through a Pass Through Financing Program Agreement between Bexar County and TxDOT. All construction costs associated with these road improvements will be reimbursed to Bexar County by TxDOT and ATD.

- **Other Operating Funds** - include resources and services such as records management, courthouse security, child support, dispute resolution, parking facilities, technology management, fleet maintenance, and Justice of the Peace Technology. Funds included in this fund type are:

Records Management – County Clerk Fund – used to fund records management and preservation functions performed by and for the County Clerk's Office.

Records Management – County Wide Fund – used to fund records management, preservation and automation functions County wide.

Courthouse Security Fund – used to fund security at the County Courthouse, Justice Center, Juvenile Detention Center and other County offices.

Justice of the Peace Technology Fund – used to provide funds for specific technological enhancements for justice courts including: computer systems, computer networks, computer hardware, computer software, computer and technology supplies imaging systems, electronic kiosks, electronic ticket writers, and docket management systems.

Fire Code Fund – used to account for expenditures related to building inspections for compliance with County fire and building codes.

Records Management – District Clerk Fund – used to fund records management and preservation functions performed by and for the District Clerk’s Office.

Law Library Fund – used to fund operational expenses of the County Law Library and to keep reference materials current.

Dispute Resolution Fund – used to fund the Mediation Center and Multi-Door Program operations.

Justice of the Peace Security Fund – used to provide funds for specific security enhancements for justice courts including: metal detectors, identification cards and systems, electronic locking and surveillance equipment, court security personnel, signage, confiscated weapons inventory, locks or other security devices, bulletproof glass, and education for court security personnel.

Domestic Relations Office Fund – used to fund the probation function of the child support collection/payment efforts.

Parking Facilities Fund – used to fund all parking facilities operating costs.

Drug Court Fund – provide resources for the development and maintenance of drug court programs operated within the County.

District Clerk Technology Fee Fund – used to fund technology for the District Clerk’s Office.

Juvenile Case Manager Fund – used to provide funds for salary and benefits of a juvenile case manager employed to provide services in cases involving juvenile offenders.

Family Protection Account Fund – provides resources for the prevention of family violence or child abuse.

Community Infrastructure and Economic Development (CIED) Fund – used to provide funds for specific types of Economic Development Projects within the County.

Capital Lease Fund – used primarily to fund technology and other innovative projects undertaken by county offices and departments.

Courthouse Facilities Improvement Fund – includes funding for the construction, renovation, or improvement of the facilities that house the Bexar County Civil and Criminal Courts.

Fleet Maintenance Fund – internal service fund which accounts for costs related to maintenance and repair of County light vehicles.

Technology Improvement Fund – used to fund the actual purchases and expenses associated with technology improvements in each department.

Stormwater Fund – used to fund the County’s Storm Water Quality program, which was mandated by the Environmental Protection Agency (EPA) and Texas Commission on Environmental Quality (TCEQ) MS4 Phase II Storm Water rules.

- **Grant Funds** – funds that are allocated to Bexar County by various Federal, State, and Private sources in support of services provided by County Offices and Departments. Funds within this fund type include:

Grant Fund – used to account for grant revenue and expenditures for grants received from various Federal, State, and Private sources.

CDBG Fund – used to track expenditures of all Community Development Block Grants funds.

HOME Fund – used to track Housing and Urban Development funds for housing rehabilitation through the HOME Investment Partnership Program.

- **Capital Improvement Fund** – includes County Buildings Fund, Economic Development Improvements Fund, Adult and Juvenile Detention Facilities Fund and the 2003 Bond Referendum Fund -- used to fund capital projects, e.g., construction and renovation for detention, courtroom, and office facilities. All proceeds in these funds come from the sale of debt instruments. These funds also include Flood Control Funds which pay annual debt service requirements on flood control projects as well as operating expenses associated with the Bexar County Flood Control Department.
- **The Debt Service Funds** – funded through ad valorem property tax and used to pay principal and interest on all bonds and certificates of obligation issued by the County.
- **The Venue Project Fund** – includes expenditures associated with the Community Arena Venue Project, including construction costs, contingency accounts, Project Improvement Fund expenditures, and debt service.
- **Enterprise Funds** – include expenditures for programs in which revenue sources cover the cost of providing the services provided by these funds. Funds included in this fund type are:

Other Post Employment Benefit (OPEB) Fund – used to recognize and report post-employment benefits for County retirees.

Self Insurance Funds – used to fund the County’s various insurance plans including health and life, flexible health, dependant care, and workers compensation.

Records Management Center Fund – an enterprise fund used to account for the operations of the records storage facility.