

## **Fort Worth Crime Control and Prevention District Financial Management Policy Statements**

The purpose of the Financial Management Policy is to establish and document a framework for fiscal decision-making by the Crime Control and Prevention District Board (Board). The Board will maintain a comprehensive set of Financial Management Policy Statements to be administered by City Staff on behalf of the Crime Control and Prevention District (CCPD). The aim of these policies is to ensure that financial resources are available to meet the present and future needs of the CCPD through effective program planning for CCPD revenue.

- 1. Budget. The CCPD budget shall be organized on a program basis with specific budgets, goals and objectives for each program.**
- 2. Revenue. The Board shall design, maintain and administer a revenue system to assure a reliable, equitable, and sufficient revenue stream which includes conservative projections of revenue and is updated routinely to evaluate the health of the fund.**
  - a. *Revenue Estimates for Budgeting.* In order to maintain a stable level of services, the Board shall use a conservative, objective, and analytical approach when preparing revenue estimates. The process shall include analysis of probable economic changes and their impacts on revenues, historical collection rates, and trends in revenues. The goal of this approach is to reduce the likelihood of actual revenues falling short of budget estimates during the year and to avoid mid-year service reductions.
  - b. *Revenue Collection and Administration.* CCPD funds will not be used to support the administration of revenue collection.
- 3. Expenditures. The Board shall identify priority services, establish appropriate service levels and administer the expenditure of available resources to assure fiscal stability and the effective and efficient delivery of services.**
  - a. *Current Funding Basis.* The CCPD shall operate on a current funding basis. Expenditures shall be budgeted and controlled so as not to exceed current revenues plus the planned use of the Fund Balance accumulated through prior year savings. The use of the Fund Balance shall be guided by the Fund Balance Policy Statement. (See Policy Statement #4 below).
  - b. *Budget Process.* The Board shall follow the process outlined in Chapter 363 of the Texas Local Government Code by accepting an annual funding application from the City of Fort Worth and developing a budget. The Board may also consider proposals from citizens or organizations presented at the public hearings held during the budget development. Section 363.105, Voting Requirements, in Chapter 363 of the Texas Local Government Code

- requires a two-thirds majority of the Board to reject any application for funding.
- c. *Avoidance of Operating Deficits.* The Board shall take corrective actions at any time during the fiscal year when expenditure and revenue re-estimates project an operating deficit for the fund at year-end. Corrective actions may include expenditure reductions or use of Fund Balance in accordance with the Fund Balance Policy (see Policy Statement #4 below).
  - d. *Mid-Year Budget Amendments and Adjustments.* Mid-year amendments that require appropriation of additional funds from the Fund Balance or increased appropriations shall require publication of public notice, public hearing, and approval of both the Board and the City Council in compliance with the procedures to adopt the CCPD annual budget. All meetings must be posted in accordance with the Texas Open Meetings Act; however, mid-year budget adjustments that shift savings from existing programs and funding levels to other existing programs may be approved by both the Board and the City Council without holding a public hearing on the adjustment proposal.
  - e. The Board shall reimburse the City for any costs, other than personnel costs, that the City incurs for performing the duties required under Section 363.208, Deposit of Funds, in Chapter 363 of the Texas Local Government Code.
  - f. *Excess Expenditures.* Excess expenditures in approved program budgets are allowed up to ten percent (10%) of the total program budget cost provided there is no change in program scope and provided the overage does not cause the budget "Initiative" to go over budget. When the cumulative changes exceed ten percent (10%) of the total program amount or the "Initiative" goes over budget, approval from the Board and the City Council is required. Public notice and a public hearing are not required if savings can be shifted from an existing program, but meetings to approve excess expenditures must be posted in accordance with the Texas Open Meetings Act.
  - g. *Changes in Program Scope.* Changes in program scope or staffing shall require Board and City Council approval regardless of the dollar amount. All meetings must be posted in accordance with the Texas Open Meetings Act; however, mid-year budget adjustments that shift savings from existing programs and funding levels to other existing programs may be approved by both the Board and the City Council without holding a public hearing.
  - h. *Periodic Program Reviews.* City staff will provide quarterly reports to the Board regarding the objectives and measures of each program. On an annual basis, the Board, in conjunction with the City Manager, shall evaluate the programs for impact, efficiency and effectiveness related to crime control and crime prevention. The Board shall consider the privatization and contracting of services with other governmental agencies or private entities as alternative approaches to service delivery. During the annual review process, programs which are determined to be inefficient

and/or ineffective shall be reduced in scope or eliminated. City staff will report quarterly on the objectives and measures of each program.

- i. *Purchasing.* The City shall conduct purchasing and procurement functions on behalf of the CCPD. The processes shall be efficient, effective, and fully comply with applicable State laws and City ordinances. Staff shall make every effort to maximize discounts and capitalize on savings available through competitive bidding and “best value” purchasing.

**4. Fund Balance Policy Statement: The Board shall maintain the Fund Balance at a level sufficient to protect the CCPD’s financial position.**

- a. *Unreserved Designated Fund Balance.* The purpose of the Unreserved Designated fund balance is to cover approximately two (2) years of the Civil Service Pay Plan and the cost of sworn personnel as the positions are phased out over a four-year period if the CCPD is dissolved. The Board shall strive to maintain the Unreserved Designated Fund Balance of the CCPD at thirty seven percent (37%) of the CCPD’s current year operating budget.
- b. *Use of Fund Balance.* The Fund Balance shall be used only for emergencies, to correct an operating deficit, non-recurring expenditures, or major capital purchases that cannot be accommodated through current year savings. In approving the use of the Fund Balance to which the Fund Balance target is not maintained, the Board shall also recommend steps to restore the Fund Balance to the percentage described in subsection a. of this Section.

**5. Capital Expenditures and Improvements. The Board shall review and monitor the state of the City’s capital assets purchased with CCPD funds, funding alternatives, and availability of resources.**

- a. *Capital Improvements Planning.* The Board shall review the City’s application for funding in conjunction with the City’s annual review of the needs for capital improvements and equipment for the Police Department.
- b. *Capital Expenditure Financing.* The Board shall recognize the following three basic methods of financing capital requirements:
  1. Current revenues;
  2. Fund Balance as allowed by the Fund Balance Policy; and
  3. Money borrowed through debt as allowed by Chapter 363 of the Texas Local Government Code.

CCPD funds can be used for lease/purchase agreements if the total amount borrowed does not exceed current available funds or the next year’s projected program revenue. Funds may also be budgeted to pay annual debt service for police facility debt obligations of the City of Fort Worth through the normal CCPD budget processes.

**6. Debt Financing.**

The Board shall comply with Section 363.206, Limitations on Expenditures and Investments, of Chapter 363 of the Texas Local Government Code, as amended, in regards to debt financing for the CCPD.

**7. Investments: The Board shall participate in the City's cash investment program that aims to ensure safety, provide necessary liquidity and optimize yield.**

- a. *Consolidated Portfolio.* CCPD funds shall be deposited in a special account in the treasury of the City of Fort Worth and maintained by the City of Fort Worth in a Consolidated Portfolio in which it pools its funds for investment purposes.
- b. *Cash Management Policy.* All cash management transactions with CCPD funds shall comply with the City's cash management policy and the Public Funds Investment Act as carried out by the City Treasurer and outlined in City of Fort Worth Financial Management Policy Statement VII. Investments, Section A.5, which states "Investments of the City, or of funds held in its possession in a fiduciary capacity, shall be made with the exercise of that judgment and care, under circumstances then prevailing, which persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital, as well as the probable income to be derived."
- c. *Interest.* Interest earned from investments attributed to funds provided by the CCPD shall be distributed from the City of Fort Worth to the CCPD.

**8. Intergovernmental Relations.**

- a. *School Safety Initiative.* For purposes of the School Safety Initiative, the Board shall coordinate efforts with the City of Fort Worth and the various school districts located within the City of Fort Worth to achieve common policy objectives and share the cost of providing governmental services on an equitable basis.
- b. *Inter-local Cooperation in Delivering Services.* In order to promote the effective and efficient delivery of services, the City, on behalf of the CCPD, shall actively seek to work with local jurisdictions in joint purchasing consortia, sharing facilities, sharing equitably the costs of service delivery, and developing joint programs to improve service to its citizens.

**9. Fiscal Monitoring. City Staff shall prepare and present regular reports that analyze, evaluate, and forecast the CCPD's financial performance and economic condition.**

- a. *Financial Status and Performance Reports.* Consistent with State law, City staff shall prepare for Board review, quarterly reports comparing expenditures and revenues to current budget, projecting expenditures and revenues through the end of the year, noting the status of fund balances to include dollar amounts and percentages, and outlining any remedial actions necessary to maintain the CCPD's financial position,
- b. *Compliance with Board Policy Statements.* The Board shall review the CCPD Financial Management Policy Statements annually to assure compliance with federal law, state law, generally accepted accounting principles (GAAP) and the CCPD's directives.

**10. Accounting, Auditing, and Financial Reporting: The City, on behalf of the CCPD, will comply with prevailing federal, state and local statutes and regulations, as well as current professional principles and practices.**

- a. *Conformance to Accounting Principles* – The City's accounting practices and financial reporting shall conform to generally accepted accounting principles (GAAP) as promulgated by the Governmental Accounting Standards Board (GASB).
- b. *Selection of Auditors* – The City selects an independent firm of certified public accountants to perform an annual audit of the books of account, records and transactions, certifying the financial statements of the City and reporting the results and recommendations to the City Council. This audit shall include the Crime Control and Prevention District Fund each year as required by Chapter 363 of the Texas Local Government Code, along with any related findings reported to the Board. Staff shall instruct the auditor to include a definitive statement on the CCPD fund in the management letter. Any findings regarding CCPD funds shall be provided to the Board. Pursuant to Chapter 363 of the Texas Local Government Code, the CCPD funds will continue to be included in the annual City-wide external audit.

**11. Internal Controls: The Board shall require that staff maintain an internal control structure designed to provide reasonable assurance that CCPD assets are safeguarded and that the possibilities for material errors in the CCPD's financial records are minimized.**

- a. City staff shall develop the following:
  - i. Procedures to ensure that financial transactions and activities are properly reviewed and authorized;
  - ii. Procedures to ensure financial transactions and events are properly recorded and that all financial reports may be relied upon as accurate, complete and up-to-date; and
  - iii. Procedures to ensure that adequate safeguards exist over the access to and use of financial assets and records.

- b. Job duties will be adequately separated to reduce to an acceptable level the opportunities for any person to be in a position to both perpetrate and conceal errors or irregularities in the normal course of assigned duties.
- c. Independent checks and audits will be made on staff performance to ensure compliance with established procedures and proper valuation of recorded amounts.
- d. Internal control systems and procedures must have an apparent benefit in terms of reducing and/or preventing losses. The cost of implementing and maintaining any control system should be evaluated against the expected benefits to be derived from that system.

ADOPTED the 30<sup>th</sup> day of August, 2011.



Betsy Price  
President