

December 5, 2001

To: Members of the Commissioners Court, Travis County
Elected Officials, Appointed Officials, employees and constituents

From: Christian R. Smith, Executive Manager, Planning and Budget
Leroy Nellis, Budget Manager

Re: Fiscal Year 2002 Adopted Budget

Enclosed is the Travis County Adopted Budget for Fiscal Year 2002. It was adopted by the Commissioners Court on Tuesday, September 25, 2001, and will serve as the basis for the County's budget from October 1, 2001 through September 30, 2002.

The County tax rate will decrease by slightly more than two cents, going from \$.4670 per \$100 of taxable value to \$.4460 per \$100 of taxable value. The drop in the tax rate reflects increased property values. However, the rate of increase in the value of a homestead is greater than the rate of decrease in the tax rate. This means the owner of an average valued homestead will see a tax increase of \$28.87 per year in FY 02 (from \$571.36 per year to \$600.23 per year). This represents a 5% increase.

This budget includes resources to maintain existing services and ensure that the County infrastructure is in place to deliver those services. This includes funds to address contractual and programmatic requirements as well as prior commitments of the Commissioners Court, such as computer maintenance and licensing agreements, interlocal agreements, lease and utilities increases, and various other obligations.

A total of 101.5 FTE have been added in the Adopted Budget and 18.1 FTE were removed, for a net increase of 83.4 new staff members. The largest single increase in personnel is 23 new FTE for the Sheriff's Office, with an annual cost of \$984,000. These positions will staff the new facilities built at the Travis County Correctional Complex to house 96 additional inmates. The Sheriff's Office also received 7 new patrol deputies for traffic enforcement, 4 FTE in additional visitation staff at the Travis County Correctional Complex, and 4 new staff for other workload related purposes. In other departments, there were 15 additional FTE related to various workload requirements, and 16 additional staff that are directly related to the generation of additional revenue.

The Adopted Budget includes approximately \$1 million for opening a new Emergency Medical Services station in the Pedernales area, and \$1.1 million for a variety of new programs and enhancements in the Health and Human Services area.

The Adopted Budget contains \$10.5 million for employee compensation and health benefits. Of that amount, \$2.1 million is for increased health costs, and \$7.2 million represents a 5% compensation allocation to departments, which will include employees on the Peace Officer Pay Scale (POPS). The Sheriff's Office law enforcement employees received an additional compensation increase to more closely match the Austin Police Department pay scale. The remainder of the resources were added for elected officials' compensation, retiree cost of living increases, career ladders, skill pay, raising the minimum County wage to \$9 per hour, specific reclassifications and other technical compensation changes.

The County's Unallocated Reserve has been established at 11% of expenditures (a percentage that has remained stable since FY 95). The Allocated Reserve totals \$4.5 million. This reserve will be budgeted and tracked during the year according to one-time expenses (\$1.1 million), on-going expenses (\$1.1 million), and emergency expenses (\$2.3 million). This will assist in ensuring that on-going funding commitments are supported by on-going revenues.

To meet the County's ongoing capital needs, a total of \$37.8 million is included in the Adopted Budget from three basic sources - the General Fund Capital Acquisition Resources (CAR) account, borrowing through short-term Certificates of Obligation, and the Road and Bridge Fund. This amount does not include any amount from new voter approved bonds.

The Capital Acquisition Resources (CAR) accounts, used to fund capital expenses in the General Fund, are established at \$12.1 million. This is \$2.4 million higher than the CAR amount in FY 01, which reduced the amount of short-term debt to be incurred in FY 02. A \$20.25 million Certificate of Obligation issue is established to meet the higher cost capital needs for FY 02. In addition, \$5.4 million in road and bridge projects and equipment will be funded from the Road and Bridge Fund.

The Adopted Budget also includes a variety of special reserves to meet one-time needs, including:

- \$500,000 in a Constable reserve to address Constable workload issues.
- \$400,000 to meet the financial reporting requirements of the Government Accounting Standards Board (GASB) under Statement 34;
- \$100,000 in the Tobacco Settlement Endowment Fund; and
- \$170,536 in a contingency reserve for the Integrated Justice System.

Travis County received the highest Aaa bond rating from Moody's in January, 2001 and continues to enjoy an AAA bond rating from Standard and Poor's. Only two other counties in Texas (Dallas and Tarrant counties) have been awarded these highest bond ratings. This saves taxpayer money on the amount of interest paid when funds are borrowed to implement capital projects. These ratings also provide an external validation that the County's underlying financial policies and practices are sound.

The Adopted Budget represents a sound financial plan for FY 02. The budget is filed with the County Clerk for the public's review. Additional copies are available in the Planning and Budget Office in the Travis County Administration Building, 314 W 11th

Street, Suite 540. It is also made available in Adobe Acrobat format on the Travis County web site at <http://www.co.travis.tx.us>.

**Travis County, Texas
FY 02 Adopted Budget**

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**PREFACE FOR READERS UNFAMILIAR WITH THE STRUCTURE AND ROLE OF
TEXAS COUNTY GOVERNMENT**

Texas County government focuses primarily on the judicial system, health and social service delivery, law enforcement, and upkeep of County maintained roads. In contrast to other parts of the country, Texas counties seldom have responsibility for schools, water and sewer systems, electric utilities, and commercial airports. County governments in Texas have no ordinance-making powers other than those explicitly granted by state legislative action.

The state's 254 counties have similar organizational features: a governing body (the Commissioners Court) consisting of one member elected County-wide (the County Judge), and four Commissioners elected from geographically unique precincts. The County Judge is so named because he or she often has actual judicial responsibility. In urban counties, the County Judge is primarily an executive and administrator, in addition to being the presiding officer of the Commissioners Court. Other elected officials in each county are the County and District Clerks, the County Tax Assessor-Collector, the County Sheriff, a District and/or a County Attorney, the County Treasurer, and one or more Constables. All judges (District Judges, County Court-at-Law Judges, and Justices of the Peace) are also elected. The State District Judges in each county select the County Auditor, who serves as the chief financial officer for the County.

The Commissioners Court serves as both the legislative and executive branch of county government, and exercises budgetary authority over virtually all county departments, including those headed by other elected officials. The high number of elected officials, including many with judicial authority, creates an organizational structure unlike more familiar public sector designs, which usually contain a Chief Executive or Operating Officer and a Board that focus on broad policy matters.

County services in Texas are financed primarily by (a) an ad valorem tax on real property and business inventory, and (b) a complex array of fees, fines, service charges and state payments. The County Commissioners Court sets the property tax rate annually, subject to a public hearing. Most of the other revenue sources are established in state law and may be changed only through legislative action.

Section One
Executive Summary

THE ORGANIZATIONAL STRUCTURE OF TRAVIS COUNTY

This Fiscal Year 02 Adopted Budget is organized around the following four basic program areas:

- **Justice and Public Safety**
- **Health, Human and Veterans Services**
- **Transportation and Natural Resources**
- **General Government and Support Services**

The next page shows the approved organization chart for Travis County as of the adoption of this budget.

THE VISION, VALUES AND MISSION OF TRAVIS COUNTY

The following statements have been developed by the Commissioners Court in an effort to describe Travis County's vision, values and mission.

A. The Vision for Travis County

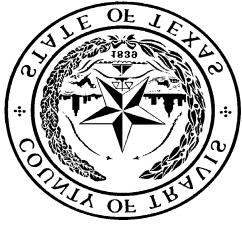
We envision an open, diverse community where all people are safe and healthy and can fulfill their hopes and dreams; one which provides a good quality of life and protects our natural resources for ourselves and future generations.

B. The Values that Guide Travis County Government

Taking responsibility, public trust and accountability, good customer service, excellence in performance, sound fiscal policy, respect for the individual, honesty and openness, caring, collaboration and cooperation.

C. The Mission of Travis County

For the people of Travis County, our mission is to preserve health, provide a safety net for the needy, ensure the public safety, facilitate the resolution of disputes, foster an efficient transportation system, promote recreational opportunities, and manage county resources in order to meet the changing needs of the community in an effective manner.

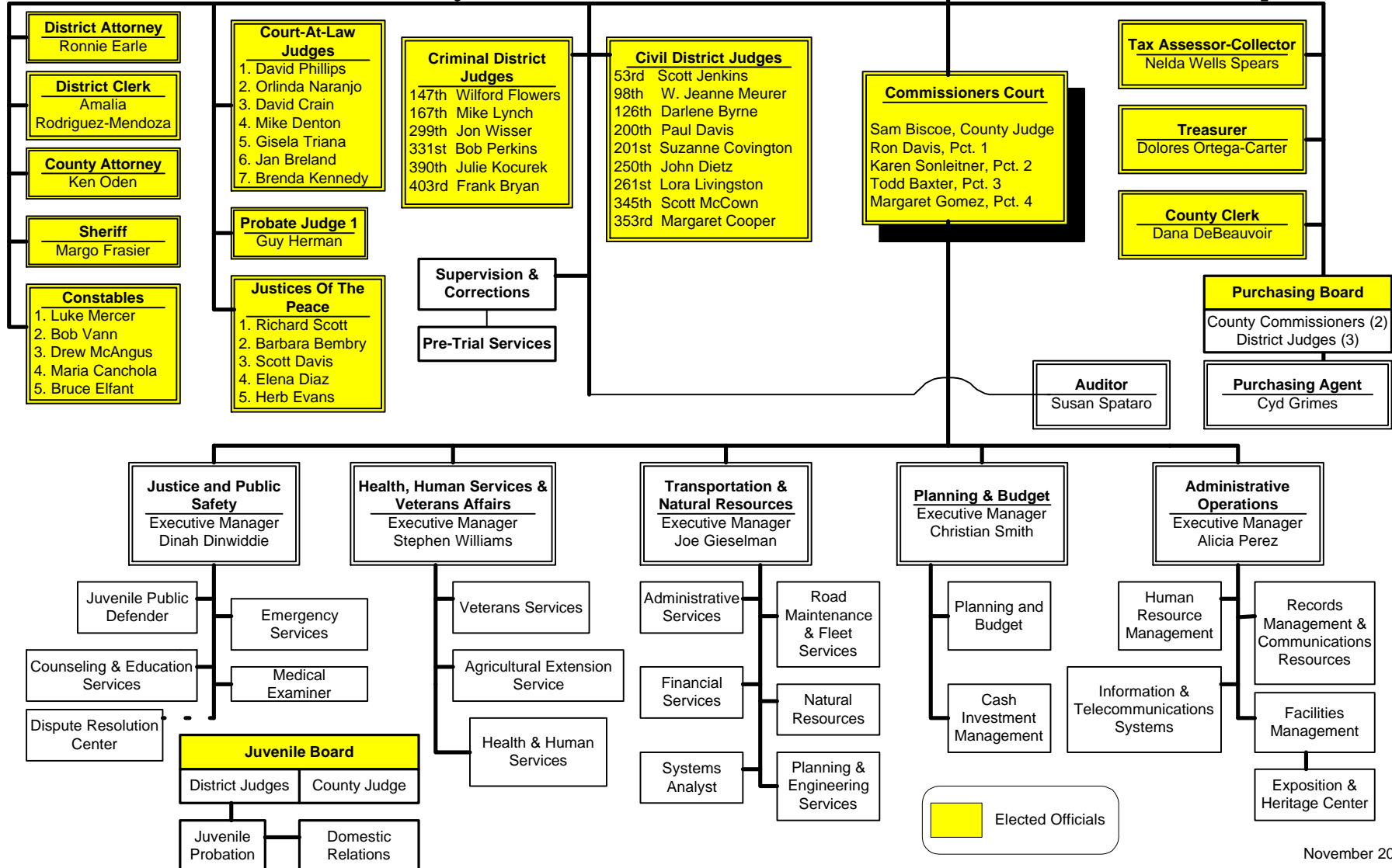


TRAVIS COUNTY

Travis County Voters

Justice & Public Safety

Administrative Operations



I. Background to the Budget Setting Process

While Travis County has been a growing and vibrant area with a healthy economy and rising revenues, the continued demand for budgetary increases over the last several years has far outstripped the capacity of the County to finance those increases. The Commissioners Court has historically endeavored to be responsive to departmental needs and improve the County's compensation system to attract and maintain a quality workforce. The Court has approved adding 529 positions to the General Fund and Special Funds between FY 97 and FY 02 (from 3,459 FTE in FY 97 to 3,988 FTE in FY 02), representing a 15.3% increase over these 5 years (or a 2.9% average annual increase). The Court has also approved \$106 million of increases to the General Fund (from \$183.4 million in FY 97 to \$289.5 million in FY 02), equaling a 57.8% increase over the same time frame (or a 9.5% average annual increase).

The development of the FY 02 Travis County Adopted Budget began with the Commissioners Court giving direction to departments that their budgets not increase above their FY 01 Adopted Budget, adjusted for one-time costs, corrections, and certain centrally funded expenditures. This amount is called the department's FY 02 Budget Target. In order to remain within the Budget Target, departments needed to reevaluate and sometimes reduce expenditures to make way for other increases. Only after those efforts were exhausted were departments to request additional resources.

Departments were also advised that programmatic planning in conjunction with the Commissioners Court should precede any discussion regarding funding for new or expanded programs. The Court has indicated that it wants to have planning occur prior to development of the budget, rather than simultaneous with it. When such plans and funding have been discussed with the Court and specifically approved, then they can be folded into the budget process more easily.

At multiple times, Commissioners Court has expressed an interest in fostering a climate where departments think about their budgets in a different way. Departments were encouraged to be creative and innovative in spending a fixed amount of resources and rearranging existing resources internally. Departments were told how much their FY 02 Budget Target would be and were asked to prioritize their current expenses within that amount. The Court expressed interest in hearing about any unacceptable consequences of having to live within the FY 02 Budget Target Level even with increased discretion on how to direct those resources.

The events surrounding the September 11 attacks on the World Trade Center and the Pentagon stimulated the Commissioners Court to alert departments to begin thinking about steps to soften the impact to County services from any sharp or prolonged economic downturn. An October 3, 2001 letter from the Court asked departments to consider the impact on FY 03 in executing the various new programs and positions adopted in FY 02. Steps were suggested on how this might be done. Departments were also asked to avoid any request to transfer funds out of departmental personnel line

items or Allocated Reserves during the first quarter of the year, except for a compelling emergency.

II. Basic Components of the FY 02 Adopted Budget

A. All Funds

FY 02 ADOPTED BUDGET - ALL FUNDS

	<u>Adopted FY 01 Budget</u>	<u>Adopted FY 02 Budget</u>	<u>% Change</u>
General Fund	\$264,452,930	\$289,475,878	9.5%
Road and Bridge Fund	18,713,880	21,180,062	13.2%
Debt Service Fund	59,564,821	64,123,180	7.7%
Capital Projects Fund	47,958,378	58,617,981	22.2%
Internal Service Funds:			
Risk Management Fund	9,885,217	12,918,702	30.7%
Employee’s Insurance Fund	0	18,334,435	NA
Other Funds (1)	15,309,209	19,511,907	27.5%
<u>Less Transfers</u>	<u>(5,490,362)</u>	<u>(5,771,668)</u>	<u>(5.1%)</u>
Total	\$410,394,073	\$478,390,477	16.6%

(1) Excludes the two internal service funds (Risk Management Fund and Employee’s Insurance Fund) but includes Other Funds Not Approved by Commissioners Court.

A recapitulation of the FY 02 Adopted Budget is found in Appendix I. The FY 02 Adopted Budget total for all funds is \$478,390,477, compared to the previous year’s FY 01 Adopted Operating Budget for all funds of \$410,394,073.

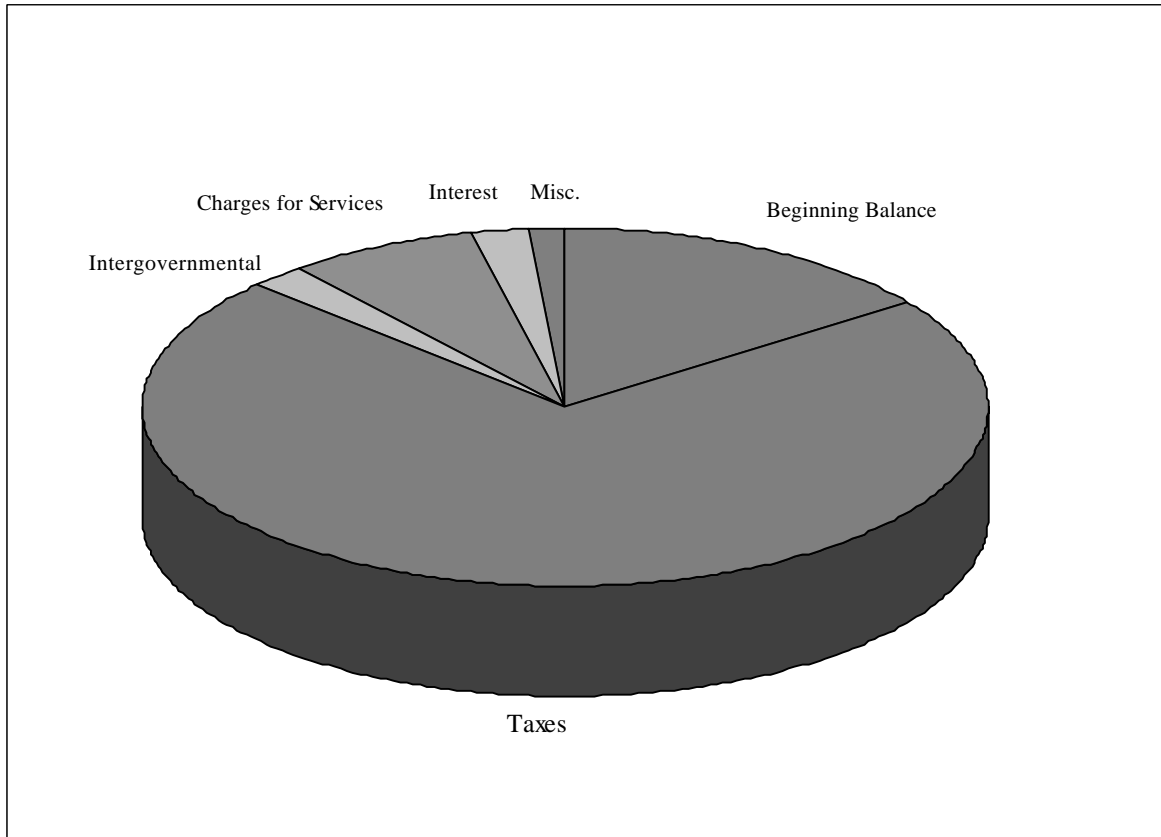
B. General Fund

The remainder of this Executive Summary focuses on the General Fund budget, which is the primary platform for operational and policy decision-making for the County.

The FY 02 Adopted Budget contains General Fund expenditure and reserve budgets totaling \$289,475,878. This represents a \$25,022,948 increase, or 9.5% above the FY 01 General Fund Adopted Budget of \$264,452,930. The table on the next page summarizes the major components of the General Fund budget.

FY 02 Adopted Budget Parameters – General Fund		
	Adopted Budget FY01	Adopted Budget FY 02
Beginning Fund Balance	\$32,074,387	43,698,506
Property Taxes	184,143,436	199,646,489
Other Revenue	48,235,107	46,130,883
Total General Fund Revenue	\$264,452,930	289,475,878
Reserves:		
Unallocated Reserves	23,857,825	25,228,756
Capital Acquisition Resources Acct. (CAR)	9,710,422	12,107,095
Allocated Reserve	3,434,492	4,528,126
Special Risk Mgt. Reserve	Included above	600,000
Constable Reserve	0	500,000
Emergency Medical Services Reserve	914,829	0
GASB 34 Reserve	850,000	400,000
IJS Contingency Reserve	500,000	170,536
Reserve for Annualizing Expenditures	956,927	147,513
Tobacco Settlement Reserve	In HHS budget	100,000
Sub-Total	40,224,495	43,782,026
Departmental Base Budgets:		
FY 01 Departmental Budgets	\$199,848,856	
FY 02 Departmental Base Budgets		228,681,565
Decreased transfer to Road & Bridge Fund		(3,667,864)
FY 02 Adjusted Departmental Base Budgets		225,013,701
Wage Requirements:		
Health/Retirement Benefits Increases	\$1,896,824	2,157,238
Compensation adjustment – Regular	4,848,247	4,648,163
Compensation adjustment – POPS	2,737,027	2,540,646
'02 POPS – Sheriff's Law Enforcement	-	875,461
POPS Skill based pay	364,539	Included above
Career Ladders and skill based pay	Included above	222,904
Retirement increases (3% COLA in '02)	283,088	65,606
Livable Wage	188,779	Included above
Sub-Total Wages and Benefits	10,318,504	10,510,018
Selected Programmatic Highlights:		
'01 Programmatic Enhancements:	14,061,075	
Health & Human Service Programs		1,104,639
Pedernales EMS Station		992,620
Computer maintenance & licensing agreements		945,462
Various workload Increases		884,269
Corrections staff – Phase II facility		836,200
Utilities increases		800,815
Various revenue-related items		787,687
Correctional Complex operating cost increases		530,867
Risk Management increase		500,000
Rebudgeting litigation expense		409,806
New law enforcement officers – traffic		318,882
Other Maintenance of Current Effort increases		1,130,865
Other increases		928,021
Sub-Total - '02 Increases		10,170,133
Total Expense	264,452,930	289,475,878

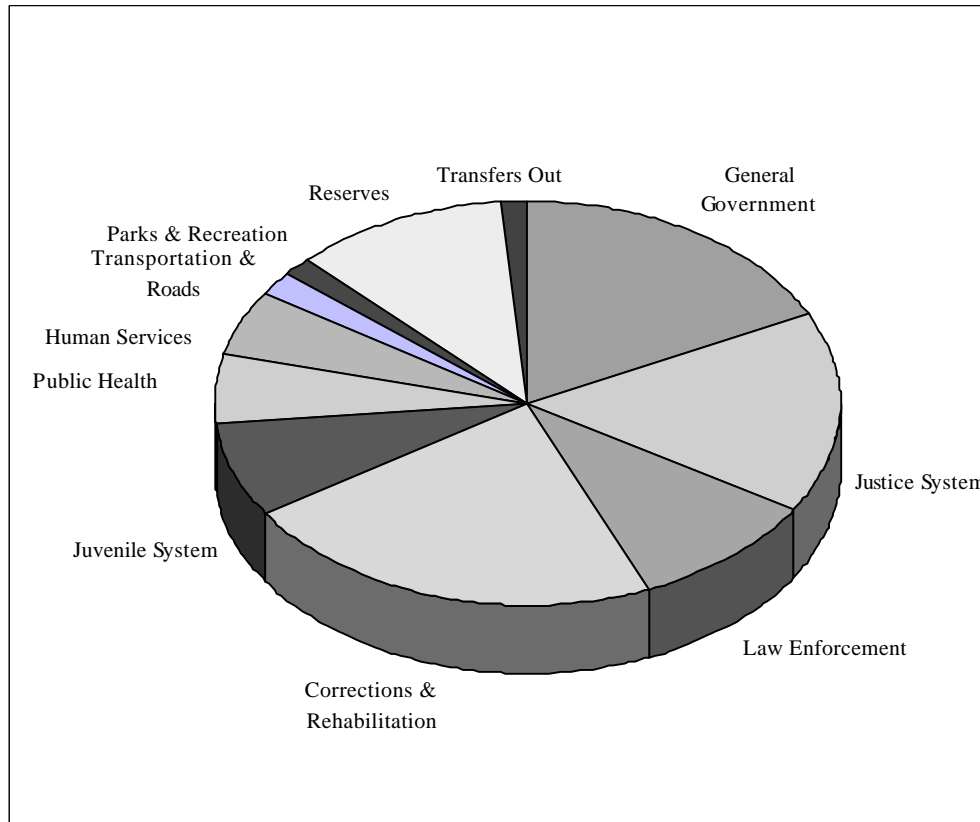
**Where Does the Money Come From?
General Fund**



	FY 2001		FY 2002	
	ADOPTED BUDGET		ADOPTED BUDGET	
Beginning Balance	\$32,074,387	12.13%	\$43,698,506	15.10%
Taxes	191,704,586	72.49%	\$208,127,813	71.90%
Intergovernmental	5,387,727	2.04%	\$6,279,785	2.17%
Charges for Services	19,631,978	7.42%	\$20,891,895	7.22%
Fines & Forfeitures	4,174,958	1.58%	\$572,725 *	0.20%
Interest	6,565,992	2.48%	\$6,101,703	2.11%
Miscellaneous	3,844,510	1.45%	\$2,784,012 *	0.96%
Transfers In	1,068,792	0.40%	\$1,019,439 *	0.35%
Total General Fund	\$264,452,930	100.00%	\$289,475,878	100.00%

* Fines & Forfeitures and Transfers In combined with Miscellaneous on pie chart due to small percentage amount.

**Where Does the Money Go?
General Fund**



	FY 01		FY 02	
	ADOPTED BUDGET		ADOPTED BUDGET	
General Government	16.88%	44,650,955	17.75%	51,381,809
Justice System	16.01%	42,334,773	16.18%	46,828,179
Law Enforcement	9.22%	24,381,695	9.62%	27,834,567
Corrections & Rehabilitation	22.23%	58,784,257	22.26%	64,423,935
Juvenile System	7.75%	20,495,741	7.45%	21,576,575
Public Health	5.63%	14,899,363	5.60%	16,218,914
Human Services	5.37%	14,192,402	5.24%	15,175,713
Transportation & Roads	1.99%	5,270,310	1.93%	5,581,672
Parks & Recreation	1.09%	2,889,719	1.37%	3,973,990
Reserves	11.95%	31,607,166	11.20%	32,427,109
Transfers Out	1.87%	4,946,549	1.40%	4,053,415
	<u>100.00%</u>	<u>264,452,930</u>	<u>100.00%</u>	<u>289,475,878</u>

(1) FY 01 Adopted Budget has been restated to reflect accounting changes required for GASB 34 reporting.

1. Departmental Budgets in the Adopted Budget

Appendix I contains a comparison of departmental General Fund budgets from FY 00 through the FY 02 Adopted Budget. The Adopted Budgets for all departments increased from \$198,574,160 in FY 00 to \$221,491,408 in FY 01. The FY 02 Adopted General Fund Budgets for all departments total \$257,048,769. It should be noted that due to requirements established by the Governmental Accounting Standards Board (GASB 34), the Capital Acquisition Resources (CAR) accounts (totaling \$12.1 million) are included within the departmental budgets in FY 02 but not in prior years.

2. Personnel Changes

A total of 101.5 FTE positions were added to the FY 02 General Fund and 18.1 FTE were removed, for a total net increase of 83.4 FTE. A total of 38 FTE increases were in the Sheriff’s Office. (23 are to support the opening of the new Travis County Correctional Complex Phase II Facility, 7 are for Traffic Law Enforcement purposes, 4 FTE are to increase staffing at the Correctional Center Visitation Building, and 4 FTE are for other workload-related purposes). In other departments, a total of 16 new staff have been justified based on additional revenue. Another 15 new staff (beyond those in the Sheriff’s Office) are dedicated toward addressing workload increases in 16 different offices (with one staff member serving 5 separate offices). There were 10 FTE in Facilities Management and Transportation and Natural Resources that were offset by a concomitant reduction of 10 FTE in those departments. Six FTE were funded internally within various departments’ budget targets and 4.5 FTE were added to support new program enhancements in Health and Human Services.

The FTE increases in the General Fund are summarized below.

New FTE Positions Associated with Additional General Fund Resources

Department or Program	New FTE
Sheriff’s Office:	
Phase II Correctional Facility	23.0
Law Enforcement Deputies – Traffic	7.0
Visitation Center	4.0
Other Sheriff’s Office Staff	4.0
Total Sheriff’s Office	38.0
Revenue-related FTE in 11 departments	16.0
Workload increases in 16 depts. (excluding 4 in the Sheriff’s Office)	15.0
FTE offset by equivalent reductions in Facilities (3) and TNR (7)	10.0
FTE funded internally within Budget Target Level	7.0
Other increases (in 6 departments)	7.0
Health and Human Services FTE to support program enhancements	4.5
FTE approved mid-year	4.0
Total	101.5

The FTEs shown in the previous table represent increases in regular personnel (and exclude any temporary positions). A detailed listing of all positions added and removed, along with other changes is contained in the table in the Appendix entitled "New, Removed, and Transferred Positions in the FY 02 Adopted Budget". This table shows where departments have reallocated existing FTE's internally, resulting in new positions but with no net increase in FTE, along with other FTE changes supported through Special Revenue Funds and temporary positions made permanent.

III. Key Programmatic Enhancements

The following major programmatic enhancements have been incorporated into the FY 02 Adopted Budget.

A. Sheriff's Office Programmatic Enhancements and Budget Requirements

The Sheriff's Office received a variety of resources in the FY 02 Adopted Budget in order to meet its mission and serve the citizens of Travis County. These increases are outlined below.

1. Opening Travis County Correctional Facility – Phase II

A total of \$836,200 was added to the Sheriff's Office FY 02 budget to increase staffing for the Phase II improvements to the Correctional Complex. Phase II represents an additional 96 beds to accommodate the growth in inmates. The average daily population for the entire correctional system has increased to an average of 2,700 inmates. Between FY 97 and FY 00, the average growth in inmates has been approximately 100 per year. The funding for the 23 Corrections Officers is available for new positions beginning December 1, 2001. Another \$147,513 has been placed in an annualization reserve, which represents the difference between the funds budgeted in the Sheriff's Office in FY 02 and the annualized cost of these positions. Thus, the full annual cost for staffing this new facility is \$983,713 (\$836,200 in the Sheriff's Office and \$147,513 in an Annualization Reserve).

2. Additional Sheriff's Deputies

Seven additional Sheriff's Deputies have been added in the Adopted Budget at a total cost of \$519,159. These Deputies will focus on traffic enforcement throughout the County. A total of \$200,277 will come from the Sheriff's Capital Acquisition Resources (CAR) account for vehicles and support equipment, and \$318,882 will be added to the Sheriff's General Fund budget for officer salaries and benefits.

3. Additional Visitation Center Staff

A new Information and Visitation Center was opened at the Travis County Correctional Complex in FY01. This facility is intended to enhance the ability of inmates to meet with members of their family, friends, and legal counsel. Five additional staff were added to the FY 01 budget to help support this new facility. However, additional hours are needed to maintain state standards and to meet the demand for visitation. Four more FTE were included in the FY 02 Adopted Budget for this purpose at a cost of \$167,122 (plus another \$2,892 in the CAR account).

4. Other Sheriff’s Office Increases

The table below outlines other increases in the FY 02 Adopted Budget for the Sheriff’s Office totaling \$647,805 (excluding increases for utilities and the central booking interlocal agreement noted elsewhere in this Executive Summary).

Purpose	Cost	FTE
Pharmaceutical costs in the Correctional Complex	\$300,000	-
Various Corrections line items (groceries, paper supplies, custodial, laundry, Cafeteria trays and exterminating services)	200,867	-
Investigations Staff – temporary, full-time for workload (internal funding for one FTE)	41,995	2
Payroll assistant for workload	37,328	1
Radio repairs	30,000	-
Victim Services staff for workload	37,615	1
Total	\$647,805	4

B. Health and Human Service program enhancements

The FY 02 Adopted Budget contains an increase of \$1,104,639 for 16 separate programmatic enhancements in the Health and Human Services area. Most of these enhancements involve partnerships with external public agencies that provide services to eligible County residents. A total of 4.5 additional FTE were added to the department to support three of these enhancements. In addition to the programs outlined in the table below, a reserve of \$368,427 was established within the Health and Human Services budget to support any unanticipated funding challenges with the Rural Medical Assistance Program (RMAP).

Program	Cost	FTE
Mental Health & Mental Retardation (MHMR) prescriptions	\$177,000	-
Workforce development with Capital Idea	165,303	-
Sexually Transmitted Diseases (STD) program expansion	120,000	2.0
Youth and Family Assessment Center	100,000	-
Animal Shelter vaccinations	93,231	-
Mental Health & Mental Retardation Access program	81,000	-
City/County Summer Youth Employment program	72,002	1.0
4H Capital program expansion	52,528	1.5
Healthy families program	50,000	-
Expanded Treatment services for substance abuse	50,000	-
Transitional Housing for Homeless Veterans	48,000	-
Increased Partnership with ESD #4 for fire fighter training	27,500	-
Partial closed captioning on TCTV	25,000	-
Animal control dispatching	18,075	-
Pilot w/TNR and Wild Basin Foundation for trail building	12,500	-
Increased partnership with American Youth Works	12,500	-

Total	\$1,104,639	4.5 FTE
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C. New Pedernales EMS Station

A major expansion of the Emergency Medical Services system began in FY 99 with a 1.5 cent increase in the County tax rate. Additional resources were added in FY 01. Six additional EMS stations were added in the County between FY 99 and FY 01. The Pedernales area was identified as the next location for a station based on population growth after these initial six were established and operational. A total of \$992,620 is included in the Adopted Budget to establish this new station. Of this increase, \$275,471 will come from the EMS reserve, which will be fully depleted through this action. The remaining resources will be composed of \$89,520 in capital and \$627,629 of ongoing General Fund resources.

D. Transportation and Natural Resources

1. Storm Water Management Reorganization

The Transportation and Natural Resources Department (TNR) received \$167,641 to execute a reorganization of its Engineering Division that is intended to improve its watershed-based storm water management efforts. This program will improve internal engineering coordination, consolidate external coordination with other agencies, and implement policies and procedures for compliance with the National Pollutant Discharge Elimination System. A total of \$127,823 was added from the General Fund and \$39,818 from the Road and Bridge Fund for this purpose. In addition, seven FTE were added and six FTE were removed from the department as part of this reorganization, for a net addition of one FTE.

2. Other TNR Program Enhancements

Other programmatic enhancements included in the Adopted Budget in the Transportation and Natural Resources department are listed in the table below.

Program	Cost	FTE
Operations and maintenance of Balcones Canyonland Preserve	57,813	-
Public information brochures for parks	50,000	-
Operational supplies for new parks cash registers	6,000	-
Total	\$113,813	0

IV. Revenue Collections Efforts

Due to the research conducted as a part of meeting GASB 34 requirements, it has become abundantly clear that Travis County could improve its revenue collecting efforts along with the accounting for these revenues. The Adopted Budget contains additional resources in 11 offices to strengthen their collections and revenue programs. These resources are intended to increase the amount of funds received by Travis County and to better account for what is owed to the County. A total of 16 FTE have

been included within the Adopted Budget justified through the receipt of additional revenue.

The following table summarizes the departments and programs that have funds included within the Adopted Budget for improved collections efforts and the accounting for those efforts. Also shown is the new certified revenue related to these expenditures. The certified revenue related to the Failure to Appear Program in the Justice Courts includes \$144,977 in criminal fine revenue that goes to the Road and Bridge Fund. The remaining revenue of \$222,577 goes to the General Fund.

Improved Revenue Collections Efforts

Program	Department	Expense	New Rev.	FTE
Delinquent Tax Collections	Tax Collector-Assessor	\$95,672	330,273	3
	District Clerk	33,328	-	1
	County Attorney	56,441	76,500	1
Total		\$185,441	406,773	5
Bond Forfeiture Collections	County Attorney	93,529		2
	County Clerk	32,274		1
	District Clerk	32,174		1
Total		\$157,977	\$145,925	4
Civil Records	District Clerk	69,263	131,000	2
Failure to Appear Program	Justice of the Peace 1	31,378	34,374	1
Pilot Program (Omni)	Justice of the Peace 2	30,674	112,237	1
	Justice of the Peace 3	31,178	39,196	1
	Justice of the Peace 4	31,678	33,602	1
	Justice of the Peace 5	31,378	39,299	1
	Constable, Pct. 1	0	15,415	0
	Constable, Pct. 2	0	47,260	0
	Constable, Pct. 3	0	17,576	0
	Constable, Pct. 4	0	15,068	0
	Constable, Pct. 5	0	13,527	0
Total		\$156,286	\$367,554	5
Pilot Program- Court Fines and Fees Collections	Tax Assessor Collector	\$100,000	-	-
Work Study Reimbursement	Juvenile Court	\$37,785	-	-
DMG/Maximus Federal Reimbursement	General Administration	\$80,935	-	-
Total Revenue Related Efforts		\$787,687	\$1,051,252	16

V. Maintenance of Current Effort and Workload Increases

An effort has been made in the Adopted Budget to address departmental requirements necessary to keep up with existing obligations and programs. All too often, new programs have been added over the years, but the basic County infrastructure has not

always kept pace with the amount of growth. Outlined below is a summary of funds in the Adopted Budget to meet such needs.

A. Computer maintenance and licensing agreements

The Adopted Budget includes an additional \$945,462 in Information and Telecommunications Services for computer maintenance costs and licensing agreements. Components of this amount include:

- \$509,358 for maintenance costs on existing hardware and software, including those systems that will no longer be under warranty.
- \$303,500 in one-time funds for Unisys licensing expenses through FY 02.
- \$132,604 to fund the proper number of Novell licenses for the county network, in accordance with a recent Novell audit.

B. Interlocal agreements

Travis County has a wide variety of interlocal agreements with other governmental agencies. For FY 02, an additional \$242,732 will be necessary to meet the terms and conditions of these interlocal agreements. All of the increases involve agreements with the City of Austin, as outlined below.

Cost Increases of Interlocal Agreements with the City of Austin

Emergency Medical Services agreement	\$100,660
Health and Human Services agreement	62,253
Sheriff's Central booking agreement	43,923
TNR Household hazardous waste agreement	19,292
Health Authority agreement	16,604
Total	\$242,732

C. Lease increases for property

Travis County leases approximately 186,000 square feet of office space, coordinated through the Facilities Management department. Approximately \$3.4 million was budgeted in FY 01 to pay for County-wide leased space. An additional \$198,584 is necessary in the Facilities Management budget for FY 02 property lease cost increases, as well as a new \$20,000 parking lease at 9th Street and Lavaca.

D. Utility increases

Facilities Management is responsible for centrally coordinating and managing most of the County's utilities expenditures. A total of \$2.3 million was budgeted in Facilities Management's FY 01 General Fund budget for utilities. In addition, both the Sheriff's Office and TNR have funding for utilities expenses at their facilities (jails and parks). Toward the end of FY 01, (and after FY 02 budget requests had been submitted), it became apparent that there were insufficient resources in the FY 01 General Fund budget and in the FY 02 Preliminary Budget to accommodate the projected costs of utilities. An additional \$300,815 was added to the Facilities Management budget and \$500,000 was added to the Sheriff's Office budget to meet these needs in FY 02. On a

related matter, the Facilities Management utility budget was also reduced by \$16,821 due to the energy efficiency program.

E. Fuel and maintenance for cars and helicopters

Both the Fleet Management program within Transportation and Natural Resources and Emergency Services have experienced increased fuel and maintenance costs for automobiles, heavy equipment, and the County’s helicopter fleet. The Adopted Budget includes \$296,895 for these increased costs (\$220,318 in Transportation and Natural Resources, and \$76,577 in Emergency Services).

F. Various contracts and obligations

A variety of other contractual and programmatic obligations requiring increased funds are included within the Adopted Budget. These are outlined below.

Increased Costs of Contracts and Other Obligations

Travis Central Appraisal District fees (General Administration)	\$134,403
Bank Depository Contract (Cash Management)	99,954
Increased lease costs for copiers (Records Management)	57,758
Air filter services contract (Facilities Management)	36,931
Off-site storage contract for records (Records Management)	29,735
Other increases for annual audit, CAPCO dues, CUC fees & arbitrage	27,946
Pest control services (Facilities Management)	3,000
Total	\$389,727

VI. Workload Increases

A variety of departments submitted requests for staffing increases that were justified by increased workload. Sufficient resources were not available in the Adopted Budget to fund them all; however, the ones that have funding above \$25,000 are summarized below. A total of \$884,269 in the workload-related increases is included within the FY 02 Adopted Budget.

Workload Increases

Individual increases totaling less than \$25,000 are not listed

Department	Program	Amount	FTE
District Clerk	Direct Filing support	80,312	2
Constable 2 *	Warrant Team	73,172	2
District Attorney	Major Crimes Attorney (Assistant DA)	72,763	1
District Attorney	Prosecution operating costs	60,000	-
County Auditor	Administrative secretarial support	50,938	1
District Attorney	Financial Analyst	46,494	1
JP 3 & 4 & Constables 2, 3 & 4	Senior Accountant (approved in FY 01)	44,745	1
Transp. and Natural Resources	Environmental grant/project coordinator	44,424	1
Purchasing	Procurement Specialist	42,135	1
Sheriff’s Office	Investigations Staff	41,995	2
Sheriff’s Office	Victim Services staff	37,615	1

Sheriff's Office	Payroll Assistant	37,328	1
Health & Human Services	Deaf Services interpreters (two part-time)	37,194	1
Justice and Public Safety	Wireless systems technician	34,156	1
Constable 4 *	Criminal Warrant Clerk	31,674	1
County Attorney	Intake Legal Secretary	31,665	1
County Clerk	Mail log maintenance clerk	29,196	1
	Total	\$795,806	19

* Has associated revenue as well

VII. Other Requirements, Obligations and Enhancements

A. Constable Reserves

Between April and September, 2001, the Commissioners Court considered the staffing patterns, workload, and protocols for distributing civil papers by the five Constables. These civil papers included citations, subpoenas, and writs. There were a variety of meetings with the Constables and others involved in this process to identify whether the current system for distributing these civil papers was the most efficient and effective that could be established. Letters, reports, and testimonies were provided to the members of the Commissioners Court. However, neither the Court nor the Constables achieved a consensus on this matter by the time the FY 02 Budget was to be adopted. Therefore, a \$500,000 reserve was established under the control of the Commissioners Court by reducing the personnel budget of Constable 5 by this amount. In addition, \$6,000 for advertising was transferred from Constable 5 to the Purchasing Office (which coordinates the advertising for various County departments). Also, the overtime budget for Constable 5 was reduced by \$33,208. Members of the Commissioners Court will be working with the Constables to further explore this matter, under an expressed goal of developing a plan for an equitable workload distribution by early 2002.

B. Transfer to Road and Bridge Fund from General Fund

For FY 02, the County Auditor indicated that there was a legal requirement to first deposit all highway traffic fine income into the Road and Bridge Fund. These funds used to be deposited in the General Fund, and are composed primarily of Justice of the Peace fines. The Commissioners Court had the legal option to transfer the funds to the General Fund as long as certain tracking mechanisms were established. Such tracking is to ensure that the resources are used to meet the statute's requirements to construct roads, bridges and culverts, to enforce highway laws, and to defray the expense of County traffic officers. However, since there was already a transfer of funds from the General Fund to the Road and Bridge Fund, the Commissioners Court decided to simply net out these two transfers.

Specifically, there was a planned transfer of \$3,790,151 in FY 02 from the General Fund to the Road and Bridge Fund. This transfer recognizes the tax increase in 1999 for roads that has been first deposited in the General Fund. Since the highway fine money totaled \$3,667,864 and is no longer in the General Fund, these two amounts were netted against one another. Therefore, the Adopted Budget includes a \$122,287

net transfer from the General Fund to the Road and Bridge Fund (\$3,790,151 less \$3,667,864).

C. Transfer to Balcones Canyonland Preservation Fund

A total of \$742,288 has been added to the TNR Adopted Budget for the increased transfer to Balcones Canyonland Preservation Fund from the General Fund. This amount represents the increased estimated tax revenue in FY 02 from new construction on BCP lands as compared to the FY 01 Adopted Budget.

D. Risk Management Fund

A total of \$500,000 is included within the Adopted Budget as the first year of a multi-year plan to ensure sufficient resources to the Risk Management Fund. Current estimates show that in FY 02 an additional \$1.1 million in funding may be necessary to ensure that Risk Management annualized expenditures are fully budgeted and do not need to use ending fund balance. Rather than fully fund this in one year, a phased program of matching General Fund resources to the Risk Management Fund ongoing needs is incorporated into the Adopted Budget.

E. Other Increases

There are a variety of other requirements or contractual obligations that are built into existing departmental programs but not highlighted above. Those changes greater than \$25,000 are summarized in the following table.

Other Departmental Requirements – General Fund Operating Budget

Individual Increases Totaling Less than \$25,000 Are Not Listed
(Excludes CAR expenditures)

Department	Purpose	Amount
Justice & Public Safety	911 addressing maintenance	170,000
Probate Court	Family Elder Care	107,621
Justice & Public Safety	Vocational training and rental assistance	75,000
Information Systems	Disaster Recovery Telephone Switch installation	60,000
Justice & Public Safety	Offset CAPCO funding - 911 addressing maintenance	37,837
Planning and Budget	Rebudgeted GASB 34 funds from FY 01	27,629
Total		\$478,087

VIII. Workforce Investment

The FY 02 Adopted Budget contains a total of \$10.5 million dedicated toward an investment in the County’s workforce, as outlined in the following table. A summary of each of the changes follows.

Summary of Workforce Investments

Health Benefits – all current employees and retirees	\$2,157,238
General employees - 5.0% allocation	4,543,152
POPS adjustment at 5.0%	2,540,646
POPS Sheriff's Law Enforcement increase	<u>875,461</u>
Compensation Adjustment for General employees and POPS employees (5.0% overall)	7,959,259
Elected Officials compensation	97,546
Career Ladder and skill pay	222,904
3% COLA to retirees (COLA increase and overall rate decrease)	65,606
Raising minimum wage from \$8.50 to \$9.00 (above the 5% increase)	7,465
Total	\$10,510,018

A. Health Benefits

The County's health insurance contract for employees expired in September 2001. An employee advisory committee on health benefits was established in early FY 01. This committee provided advice and counsel on the specifications in a Request for Proposal (RFP) distributed to insurance companies in February 2001. Based on advice from this advisory committee along with insurance and actuarial experts, the Commissioners Court decided in May, 2001 to have Travis County be self-insured. This means that the actual insurance claims made by employees would be paid directly from County resources and an insurance carrier would be hired to administer the claims processing efforts. The primary benefits from being self-insured are that the plan may provide benefits designed by Travis County and provide more control over increasing health premiums for the County.

While being self-insured provides the County with an increased control over the configuration of its insurance benefits, it does not mean that these costs are reduced. Due to rising costs being experienced nationally, an additional \$2,157,238 is included within the Adopted Budget for health care benefits and prescription costs for current employees and retirees. \$476,469 is included within that number for the additional costs of retirees health insurance (which reflects both the increase in the number of retirees taking insurance and the increased cost per retiree).

A special self-insurance fund has been established for the purposes of keeping these health insurance expenditures separate from the regular Risk Management Fund. The costs of 2 additional staff in Human Resources to support the financial and programmatic aspects of this self-insured health program will be budgeted within this special fund. An Allocated Reserve in the Risk Management Fund will provide a contingency for claims expenses.

B. Compensation Adjustment

In FY 97, FY 98, and FY 99, the Commissioners Court was able to include either a 3% or 4% appropriation for performance based pay increases. However, the FY 00 Adopted Budget contained only 1.5% for all General Fund employees eligible to

receive such performance based pay. For FY 01, the Adopted Budget contained a compensation reserve in the General Fund equal to 6% of each department's FY 00 Adopted Budget for salaries. These resources were provided directly to departments to allow them flexibility to address the departments' various unique compensation needs. These needs may include performance based pay, job restructuring, market adjustments, reclassifications, reorganizations, internal equity adjustments, and other compensation adjustments, depending upon the department's circumstances.

A similar approach is included within the Adopted Budget for FY 02. A total of 5% of each department's salary line items in the FY 01 Adopted Budget has been identified as a compensation adjustment for both general employees and employees on the Peace Officer Pay Scale (POPS). This amount equals \$7,083,798. Of this amount, \$4,543,152 is for general employees and \$2,540,646 is for those on the POPS scale. In addition, another \$875,461 has been included in the Adopted Budget for the law enforcement personnel on the POPS scale in the Sheriff's Office to match these specific positions to the City of Austin's pay for its police officers as of October 1, 2000.

C. Elected Officials Salaries

There is a statutorily determined process for elected officials to receive pay increases. The Commissioners Court is the agency that makes such a determination. A Citizens Advisory Committee on Elected Officials' Salaries was established by the Commissioners Court in January 2001. The purpose of the Committee was to make "a timely recommendation to the Commissioners Court on fair and equitable salaries for elected officials based on the review of appropriate materials and the best judgement of the committee." The report of this Advisory Committee was submitted in late June 2001.

The Commissioners Court accepted the Committee's report and established the FY 02 salaries for elected officials based on these recommendations. A total of \$97,546 is included in the Adopted Budget for this purpose.

D. Career Ladder Adjustments

A total of \$222,904 is added to nine departmental budgets to fund increases in existing approved career ladders and skill based pay.

E. Other Compensation Increases

A set of other compensation increases were approved for the FY 02 Adopted Budget in specific departments, as highlighted below.

Department	Description	Amount
Pretrial Services	New Career Ladder, shift differential, and revised classifications	\$68,489
County Clerk	Revised classifications related to IJS	22,962

Constable 3	Reclassification of clerks (located at Dept. of Public Safety offices)	4,191
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IX. Debt Policy

The Commissioners Court has established a debt limitation policy that is intended to maintain a prudent approach toward the issuance of debt. Among other things, this policy indicates that the Commissioners Court will not issue long-term debt (i.e., with a repayment period in excess of five years) without the approval of such a bond issue by the voters at an election except under the following circumstances:

1. The expenditure is legally required of the County, where penalties or fines could be imposed on the County if the expenditure is not made. Or,
2. When a financial analysis demonstrates that during a stipulated term Travis County would spend significantly less. Or,
3. The voters have previously approved the issuance of general obligation bonds but, for valid reasons, certificates of obligation must be substituted for such bonds in order to carry out the voters' authorization. Or
4. When the expense is for necessary planning services or acquiring options for a future capital project that will be submitted to the voters.

X. Capital Recommendations

Capital equipment and facilities improvements are funded from three basic sources - either from the General Fund, the Road and Bridge Fund, or from debt, as summarized below.

A. General Fund (CAR)

The General Fund has Capital Acquisition Resources (CAR) accounts in departmental budgets for the purpose of funding capital equipment and facilities. In FY 98, the amount appropriated to CAR was \$10.0 million. The level of CAR was decreased in

FY 99 to \$7.9 million, and then again decreased to \$7.7 million in FY 00. The level in the FY 01 Adopted Budget was increased to \$9.7 million, and the FY 02 Adopted Budget established CAR at \$12,107,095. Members of the Commissioners Court have indicated a goal to have this account increased in order to minimize the County’s future reliance on short-term debt.

A summary of the equipment and facility projects funded from CAR is shown below. The detailed list of individual equipment items or facility projects for FY 02 is located in Appendix I.

Capital Items Funded by the Capital Acquisition Resources Account (CAR)

Type of Project/Department	Amount
New and replacement vehicles	\$2,849,838
911-RDMT Radios	\$2,000,000
911-RDMT CAD system equipment	285,000
911-RDMT project management	233,400
Total 911-RDMT funded through CAR	\$2,518,400
County-wide personal & laptop computers, printers	1,787,895
ITS department computer equipment and software	1,015,011
Sheriff's Office needs, including jail facility renovation	657,915
Other radio equipment	500,428
General Facilities maintenance and renovation projects	385,450
Travis County Administration building renovation	355,680
Records Management equipment	288,467
Energy Efficiency Phase III	140,039
Disaster Recovery telephone switch	90,000
Parks repairs and renovations	95,350
Other equipment among 20 other departments	670,444
Sub-total	\$11,354,917
CAR Reserve	602,178
Space Needs Reserve	150,000
Total	\$12,107,095

B. Road and Bridge Fund

In addition to the resources provided through the General Fund Capital Resources Acquisition (CAR) accounts, the Road and Bridge Fund has a total of \$5,384,377 for

Transportation and Natural Resources (TNR) capital needs. This includes \$1,737,000 for TNR vehicles and heavy equipment, along with \$3,585,184 in road and road maintenance related projects and \$62,193 to help fund an activity-based cost accounting system. These items are summarized in the table below.

Road and Bridge Projects and Equipment Funded from Road and Bridge Fund

Description	Amount
Vehicles and heavy equipment	\$1,737,000
Hot Mix Overlay	1,779,760
F Mix	1,100,000
Traffic signals	400,000
Sidewalks and guardrails	180,000
Match for two motor grader replacements	70,424
Activity Based accounting system	62,193
Westbank Drive roadway improvements	55,000
Total	\$5,384,377

Another \$410,000 in capital needs is funded from the Lower Colorado River Authority (LCRA) Capital Improvement Program (CIP) Fund. These are for Americans with Disabilities Act (ADA) and road improvements at Hippie Hollow. Appendix I contains a list of the road and bridge related equipment and capital to be funded out of the Road and Bridge Fund.

C. Debt Financing

The third funding source for capital equipment and projects is using debt, either in the form of Certificates of Obligation or Bonds.

1. FY 02 Certificates of Obligation

A total of \$20,250,000 in funding from Certificates of Obligation (CO's) is approved in the FY 02 Adopted Budget. A significant amount of this funding is for the 911-RDMT project, totaling \$6,543,428. (Another \$2,518,400 for 911-RDMT is to be funded from the General Fund CAR account.) The 911-RDMT project is summarized in the next section.

Approximately \$6.3 million is included in the CO's for the construction of the Precinct Four Office Building. The Precinct Four Office Building will house Community Supervision and Corrections Offices along with the Constable and Justice of the Peace Precinct 4 offices. A total of \$1.3 million in CO's were issued in FY 01 to acquire land (\$650,000) and perform design work on this building (\$650,000). In addition, \$2.0 million is included for acquisition of a West Command Center for the Sheriff's Office. Another \$1.6 million is included for land and architectural and engineering services for two rural community health clinics at Pflugerville (\$994,523) and Oak Hill (\$558,127).

These and the remaining projects funded from the FY 02 CO are outlined on the next page.

Projects Funded from FY 02 Certificates of Obligation

911-RDMT Project:	
Combined Communications Center construction	\$1,032,476
New towers/upgrade existing towers for 911-RDMT project	<u>5,510,952</u>
Total 911-RDMT	\$6,543,428
Major Construction/Acquisition/Renovation Projects:	
Precinct Four Office Building Construction	6,349,760
Acquisition of West Command Center	2,026,900
Weatherization Center renovation	511,600
Travis County Administration Building renovation	<u>67,757</u>
Total Construction/Acquisition/Renovation	8,956,017
Land and Architectural/Engineering Services:	
Rural community health clinic – Pflugerville	994,523
Rural community health clinic – Oak Hill	<u>558,127</u>
Total Land and Architectural/Engineering Services	1,552,650
Other Needs:	
County-wide computer & telecommunications equipment upgrades	800,000
Onion Creek drainage project	540,000
General Facility rehabilitation projects (Smith Road roof & expansion and Post Road HVAC)	534,900
Technology enabled civil courtrooms	360,500
Correctional Complex repairs and equipment replacement (video conferencing and duct replacement)	325,000
Park Cash register and reservation system	215,000
Mass Spectrometer in Medical Examiner’s Office	195,000
Fencing at BCP properties	100,895
Issuance Cost	<u>126,610</u>
Total CO	\$20,250,000

2. 911, Radio, Dispatch, Mobile Data, and Transportation Project (911-RDMT)

During the FY 00 budget process, the Commissioners Court provided the 911-RDMT project with direction to proceed into implementation. This project has a total estimated cost to Travis County of \$22.6 million. The Court approved the budget in the FY 01 budget process, and has taken actions that have modified that budget.

During the FY 02 budget process, an additional \$27,000 was included in the Adopted Budget to provide funding for the County's portion of integrating the "warrant search"

process into the Computer Aided Dispatching (CAD) system. The City of Austin and TxDOT will be funding their portion of this systems change, which will allow a warrant check to occur simultaneously within the City, County and DPS databases. This increase means that the FY 02 funding for CAD was increased to \$285,000 and the overall Commissioners Court approved project budget increased from \$22,582,625 to \$22,609,625. The revised budget is shown below.

Budget for 911/RDMT Project FY 00 – FY 03

	FY 00	FY 01	FY 02	FY 03	Total
Computer Aided Dispatch (CAD)					
Infrastructure	\$400,000				\$400,000
Equipment			258,000		258,000
County portion of warrant search			27,000		27,000
Total CAD	\$400,000		\$285,000		\$685,000
Mobile Data Comm./Auto Vehicle Location					
Infrastructure					
MDC Equipment	119,000				119,000
AVL Equipment					
Total MDC/AVL	\$119,000				\$119,000
Combined Communication Center					
Phase II - A/E Specifications	457,000				457,000
Phase III – Construction		4,582,952	1,032,476		5,615,428
Total Combined Comm Center	\$457,000	\$4,582,952	\$1,032,476		\$6,072,428
Radio Portion					
New Towers/Upgrade Existing Towers		4,457,445	5,510,952		9,968,397
Equipment – Radios			2,000,000	3,000,000	5,000,000
Licensing	85,000				85,000
Project Management	233,400	213,000	233,400		679,800
Total Radio	318,400	4,670,445	7,744,352	3,000,000	15,733,197
Total Project					
Subtotal CO	519,000	7,913,397	6,543,428		14,975,825
Subtotal CAR	775,400	1,340,000	2,518,400	3,000,000	7,633,800
Total 911/RDMT Project	\$1,294,400	\$9,253,397	\$9,061,828	\$3,000,000	\$22,609,625

For FY 02, a total of \$6,543,428 is included for CO's to fund the remaining costs of construction of the Combined Communications Center (\$1,032,476) and the construction of new and upgraded radio towers (\$5,510,952). In addition, a total of \$2,518,400 in CAR resources is included for Computer Aided Dispatch (CAD) equipment (\$285,000), radios (\$2,000,000), and project management (\$233,400).

3. Previous Bond Authorizations

a. November 1997 Bonds

In November 1997, Travis County voters approved seven different bond propositions for a total authorization of \$94,430,000. Of this authorization, \$91,758,000 has been issued already, either in the form of Road Bonds, Permanent Improvement Bonds, or Certificates of Obligation in lieu of bonds. The only amount remaining to be issued is \$2,672,000 for State Highway 130 Right of Way, projected to be needed in FY 03.

b. November 2000 Bond Authorization

In November, 2000, voters authorized the Commissioners Court to issue \$28 million in General Obligation bonds for the following projects:

Project	Original Authorization	Issued to Date	Amount For FY 02	Remaining Authorization
State Highway 130	\$20,000,000	0	0	\$20,000,000
Loop 1 (MoPac) North	4,000,000	4,000,000	0	0
US 290 West	2,000,000	0	0	2,000,000
State Highway 45 North	2,000,000	0	0	2,000,000
Total for November 2000 Bonds	\$28,000,000	4,000,000	0	\$24,000,000

The original estimated cost for the County's portion of the Loop 1 (MoPAC) North project was presented to the Commissioners Court as \$4.0 million. In the FY 01 budget process, that amount was revised to \$5.8 million. The Court approved funding the \$5.8 million commitment as 20-year Certificates of Obligation in FY 01. This amount is comprised of \$4.0 million of CO's issued in lieu of voter approved bonds (shown in the table above), and \$1.8 million added to the CO package for FY 01.

The Court was also advised in FY 01 that there would be no need to issue any of the remaining \$24 million of bond authorization until FY 03. Projections were provided showing that \$22 million would need to be issued in FY 03 and \$2 million in FY 04.

D. Future Debt for Roads, Parks and Other Capital Needs

A citizens committee was established during FY 01 by the Commissioners Court to provide advice and counsel on a possible road and parks bond election in November, 2001. The court approved a total bond package of \$184,955,000 to go to the voters for authorization on November 6, 2001. Four propositions were submitted to the voters for authorization and all four were approved as follows:

Proposition One	Local roads, drainage, bridges and pedestrian access	\$57,430,000
Proposition Two	County park projects	28,600,000
Proposition Three	SH 45 N and FM 1826 Right of Way	32,725,000
Proposition Four	SH 130 Right of Way	<u>66,200,000</u>
Total		\$184,955,000

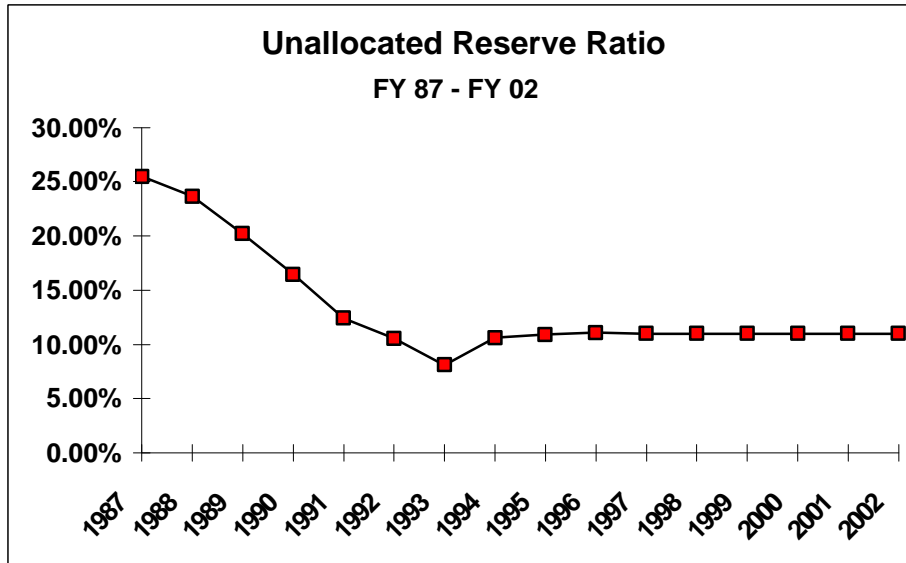
The Commissioners Court had not decided how much of this authorization to issue in FY 02 by the time that this Executive Summary was published.

XI. Reserves

There are three types of regularly budgeted reserves: (1) Unallocated Reserve, (2) Allocated Reserve, and (3) the Capital Acquisition Resources (CAR) Reserve account.

A. Unallocated Reserve

The Unallocated Reserve is not dedicated for any specific expenditure and is not intended to be spent except in the case of a disaster or dire emergency. It makes up much of the budgeted ending fund balance. The level of this reserve demonstrates the County's fiscal soundness, which in turn influences the County's bond rating. The County drew down its Unallocated Reserve during the late 1980's as a cushion to accommodate necessary programmatic requirements and economic conditions and to more closely match taxation with the timing of expenditures. Unallocated Reserve ratios declined significantly during that period.



The County's bond and financial advisors have recommended that the County maintain an Unallocated Reserve level of between 8% and 12% for sound financial management. (The Commissioners Court's Financial and Budgeting Guidelines state a goal for this reserve to be between 10% and 12%.) It is important for the County to ensure that its Unallocated Reserve remain healthy in order to accommodate any shortfalls or economic downturns that history indicates are likely to occur in the future, as long as operating needs are reasonably met.

In FY 93, the reserve ratio was 8.12%. During the last seven years, the Commissioners Court built up the Unallocated Reserve ratio to approximately 11.0%, and maintained it at that level. The total FY 02 General Fund Unallocated Reserve is \$25.2 million. As was done in FY 00 and in FY 01, the FY 02 Adopted Budget includes having the Unallocated Reserve requirements for the Road and Bridge Fund carried in the General Fund.

The reserve ratios (per Standard and Poor's formula) showing the relationship between the Unallocated Reserve for the General Fund, Road and Bridge Fund, and the Debt Service Funds and the adjusted expenses for these funds are contained in Appendix I.

B. Allocated Reserve

The Allocated Reserve is dedicated to known or potential expenditures, and not all of the reserve will be spent during the year. For FY 02, expenditures from this reserve will be tracked according to whether they are one-time expenses, ongoing expenses, or for emergencies only. For the purpose of such tracking, \$2.3 million has been set aside for emergencies only and it is likely that none of this portion of the Allocated Reserve will be expended in FY 02. In addition, \$1.1 million has been dedicated to fund one-time expenditures and \$1.1 million has been dedicated for ongoing expenses. It is

anticipated that at least some of this \$2.2 million will be needed in FY 02 to fund unanticipated expenditures as well as the “Earmarks” described below. However, given the uncertainty of economic conditions, especially in light of September 11, the Commissioners Court has indicated that any requests for such resources will be scrutinized more than in prior years. All transfers from the Allocated Reserves will be tracked against one of these three categories.

The potential claims against the Allocated Reserve are called “Earmarks”. These are signals to the Commissioners Court that a department may have a justified need for a mid-year transfer of resources to their budget for a specific purpose. These Earmarks total \$1,076,875 against the one-time portion of the Reserve and another \$407,719 against the ongoing portion of the Reserve. A listing and summary of these recommended Earmarks against the Allocated Reserve are listed in Appendix I.

C. Capital Acquisition Resources (CAR) Reserve

The CAR Reserve is similar to the Allocated Reserve, but is instead used for one-time expenditures for capital items. It is for additional capital purchases or projects that are developed during the year or to pay for cost increases in already approved projects. The Adopted Budget includes a CAR reserve of \$752,178 (composed of \$602,178 for general purposes and \$150,000 for space-related needs). The Earmarks against this reserve total \$431,286 and are outlined in Appendix I.

D. Other Reserves

1. Annualization Reserve

The Adopted Budget has established a special Annualization Reserve to ensure that resources are available in the next fiscal year for programs that have not been fully funded in the current fiscal year. For FY 02, the Annualization Reserve is for the Phase II Correctional Complex Project staffing since the building is projected to open in December 1, 2001. The Sheriff's Office has been appropriated ten months of funding for the new Corrections Officers in FY 02. However, the cost to annualize these positions in FY 03 requires an additional \$147,513, representing an additional two months of funding. This will provide funds for the Sheriff's Office in FY 03 when a full twelve months of funding is necessary.

2. Tobacco Settlement Endowment

A special Tobacco Settlement Endowment reserve has been established to reflect the interest earned off excess tobacco settlement funds received in FY 00 and carried in the Unallocated Reserve. In FY 00, approximately \$2.6 million was received from the State of Texas Tobacco Settlement in excess of what was certified. However, the Rural Medical Assistance Program (providing health care to indigents) required approximately \$600,000 for its programmatically required expenses in FY 00. This left \$2 million of one-time excess resources that has been carried in the County's Unallocated Reserve (due to these funds falling to the FY 00 ending fund balance). The interest from the Tobacco Endowment (carried in the Unallocated Reserve) has been

established at \$100,000. This reserve is available for expenditure or the Court may wish to leave this reserve unexpended so that it can grow in future years.

3. GASB 34 Reserve

The Government Accounting Standards Board has issued its Statement 34. This is the most significant and comprehensive change to state and local governmental accounting and financial reporting in many years. The intent of these changes is to improve governments' accountability in financial reporting and provide additional financial information. Not meeting this requirement would inevitably have a negative impact on the County's bond rating.

In FY 01, a special \$850,000 GASB 34 reserve was established. These resources were used to fund seven full time staff in the Auditor's Office. In addition, these resources were used for both permanent and temporary staff to assist the Community Supervision and Corrections Department, the Purchasing Office, Justices of the Peace, Constables, the Planning and Budget Office, Transportation and Natural Resources, and Domestic Relations. The reserve further provided resources for the County's external auditor to assist with implementation assistance as well as financial software. A multi-disciplinary team of central and departmental financial staff was established to implement and maintain GASB 34 requirements. These requirements include calculating the value of all major capital assets, depreciating them, and keeping all expenditure and revenue information on a full accrual as well as on the modified accrual basis.

Another smaller, one-time reserve of \$400,000 is established in the FY 02 Adopted Budget to continue this effort. These funds will be used for temporary and contract staff in various departments during the year.

4. IJS Reserve

A \$500,000 special reserve for the Integrated Justice System (IJS) was first established in FY 99 as a part of the contingency for this multi-year, multi-million dollar project. This amount was rebudgeted for FY 00 and FY 01. In FY 01 \$329,464 was expended out of this reserve for the IJS Courts package. Thus, for FY 02 the remaining \$170,536 has been budgeted in a reserve for the final implementation of this system.

XII. Property Tax Rate

The total taxable value for all Travis County property has increased from \$49.7 billion in 2000 to \$57.1 billion in 2001. The new value is \$3.765 billion, compared to new value of \$3.1 billion in FY 01. The table below depicts the impact of the adopted tax rate of \$.4460 per \$100 of taxable value on the average residential homeowner declaring his or her house as a homestead.

Impact on Average Homestead
(All homestead values per Travis Central Appraisal District)

			\$	%
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	FY 01	FY 02	Difference	Difference
Average Appraised Value of all homesteads	\$152,933	\$172,669	\$19,736	12.9%
Taxable Value	\$122,346	\$138,135	\$15,789	12.9%
Tax Rate	\$.4670	\$.4460	(\$.0210)	(4.5%)
Tax reported in ad based on averages for all homesteads	\$571.36	\$616.08	\$44.72	7.8%
Tax with 10% cap on any one individual homestead	\$571.36	\$600.23	\$28.87	5.0%

The first figures in the previous table are those required to be placed in a newspaper ad and represent the averages for all homesteads. When taking into account the 10% cap on any one single homestead, an individual homestead worth \$152,933 in 2001 may only go up a maximum of 10% to \$168,226. This means that the tax impact on this individual homestead at the lower tax rate of \$.4460 is an annual tax of \$600.23 versus \$571.36 the year before. This is an increase of approximately \$29 (a 5% increase) as opposed to the approximately \$45 shown above.

The FY 02 Adopted Budget is balanced at a \$.4460 tax rate. This represents a decrease of \$.0210 in the Tax Rate from the current \$.4670 per hundred dollars of taxable value, equaling a 4.5% decrease.

ADOPTED BUDGET TAX RATES FOR TRAVIS COUNTY
(Cents per \$100 of Appraised Value)

	<u>Adopted FY 01 Rate</u>	<u>Adopted FY 02 Rate</u>	<u>Difference</u>	<u>% Change</u>
Operating Rate	.3760	.3546	(.0214)	(5.7%)
Debt Service Rate	.0910	.0914	.0004	.4%
Total Tax Rate	\$.4670	\$.4460	.0210	(4.5%)

Appendix I

Financial Summaries & Charts

APPENDIX I

This appendix contains fiscal summaries and detailed charts and calculations. It includes the following:

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Section Two
Departmental Budgets

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