

Intergovernmental Relations Committee Hearing

Senator Juan Hinojosa – Chair

October 23, 2014

1:00 pm E1.028 Hearing Room

Testimony by Dolores Ortega Carter, Travis County Treasurer

Good afternoon Senator Hinojosa and members of the Committee. I am Dolores Ortega Carter, the Travis County Treasurer. I am appearing before you representing the County Treasurers Association of Texas, whose membership is the 245 County Treasurers of the great State of Texas. Many of my colleagues are attending this hearing today.

Thank you for the opportunity to discuss with you and the other members of the Committee information about the County Treasurer's office and its role in providing the taxpayers of Texas a fiscally sound good county government.

County Treasurers by definition are public officials who receive all monies from whatever source that belongs to their respective entities. We safe keep, invest, account for and disburse all of the same upon proper authority.

We are a vital part of the county's fiscal structure. Our duties are as perennial as are taxes. When money is no longer needed to be held in custody for operation purposes of governmental, business or social entities..then..and only then shall treasurers be obsolete.

The primary purpose for our existence is really elementary, in that there is a little abstract element in human nature called **greed** that has to be guarded against. By implementation of daily checks and balances, for the day by day, claim by claim,

check by check internal control system provided by the Treasurer and the Auditor. This working relationship certainly justifies the means as a viable safeguard of the public funds.

The vital need for Treasurers to continue in this modern world of finance can be more than substantiated, simply because the proof of the pudding is in the eating. The Federal government, most state governments, 3100+ counties in the USA have treasurers as do, cities, towns, school districts, political parties, elected officials and campaigns, and taxing agencies throughout the nation also have treasurers of their operational funds. Likewise, churches, corporations and organizations. Certainly, the whole world knows a good thing when it sees it and the longevity of its existence in history is a credible and final proof of its value to the financial structure of any organization or government entity.

The Texas County Treasurer is a constitutional office as recorded in Article XVI; Sec. 44 of the Texas Constitution. The Constitution authorized the Texas Legislature to prescribe the duties and provide for the election of a County Treasurer; who is to have an office at the county seat and hold the same for four years.

The County Treasurer is part of a proven fiscal tripod that stands alone and has offered a solid-safeguard to county finances throughout the past 138 years. The check and balance system it has provided for the county fiscal structure is as fundamental as round is to a wheel. By adding new techniques and computerized accounting procedures to our proven form of county finances, County Treasurers and Auditors have proven that they can still get the job done....and much more efficiently.

Legislative prescribed duties for the County Treasurer fall into basically three categories: receipt of funds, the safekeeping, investing and accounting for the same in custody and the disbursement of properly authorized checks.

Recent legislation, such as the Public Funds Investment Act of 1987 (Chapter 2256, Local Government Code) and the Public Funds Collateral Act of 1989 (Chapter 2257, Local Government Code) has provided additional checks and balances that provide the County Treasurer strict guidelines and procedures in

safeguarding the taxpayers' money. The Public Funds Investment Act of 1987 provided guidelines for investment policies and strategies to local governments, state agencies, non-profits and investment pools. It mandated investment objectives: 1) the preservation and safety of principal, 2) liquidity, and 3) yield. The Public Funds Collateral Act of 1989 cited that deposited public funds shall be secured by eligible securities, i.e. the obtained collateral by the holding financial institution must be in an amount not less than the amount of the deposit of the public funds and increased by the amount of any accrued interest.

Local Government Code Section 83.003 cites the continuing education requirements. This continuing education provides the County Treasurer the education needed to carry out the responsibilities with respect to investments, collateral, reconciliation of accounts, ethics, payroll, advanced computer technology. These 30+ continuing education hours annually carry out the statutory responsibilities of the County Treasurer as set forth by the Texas Constitution and Local Government Code.

The Commissioners Court provides administrative fiscal direction to the County Treasurer within the statutes. There is no statute that directs the Commissioners Court to give the duties and responsibilities of the County Treasurer to a Human Resource office or to an appointed Chief Financial Officer that answers directly to the Court and not to the taxpayers of the County.

The core duties of the County Treasurer include, but are not limited to,: payroll, accounts payable, accounts receivables, budget preparation, state reporting to the Comptroller, unclaimed funds, transfer agent-paying registrar for bonds sold by the county, general ledger entries, benefits, investment officer, purchase and monitor collateral and bail bond board member. All of these core duties are direct statutory responsibilities as set forth by the Texas Constitution and the Local Government Code.

The Texas Association of Counties says:

*“County governments provide the underlying infrastructure—the glue—that enables Texans to live productive lives in harmony with each other. As the functional arm of state government, key county services include support of public safety and jails, effective regional transportation, support for the court system, reliable record-keeping for deeds and public documents, operating elections and certain environmental, health and human services*

*And I add: and the receipt and disbursement of taxpayers’ funds.”*

We can see the vast responsibilities that Counties are entrusted within the day to day operations. Therefore, it is imperative that all elected officials are given the opportunity to perform the statutory responsibilities that we are entrusted with in order to implement best practices for a good strong effective county government.

Recently there have been several instances in certain counties where the core duties of elected officer holders (including County Treasurers) have come into conflict. The County Treasurers Association of Texas believes these types of issues cost taxpayers money and more importantly, that there is an erosion of the taxpayers’ confidence in their elected official to provide good county government. County Treasurers maintain that in order to provide a transparent and efficient form of county government, there is a need for strong checks and balances among its county officials, as well as internal controls so that its citizens recognize that taxpayers’ dollars are not being wasted.

All statutory responsibilities for all elected officials are set forth by the Texas Constitution, Local Government Code, Government Code, Penal Code and the list goes on. As stakeholders, we must buy in to working together in a professional manner to provide the taxpayers good county government. However, once we start this collaboration, we must continue.

Again, my fellow County Treasurers and I thank you, Senator Hinojosa and the committee members for holding this hearing today. The County Treasurers Association of Texas stands ready to work with all stakeholders in making county government more efficient, transparent and effective.

I am happy to answer any questions the committee may have.