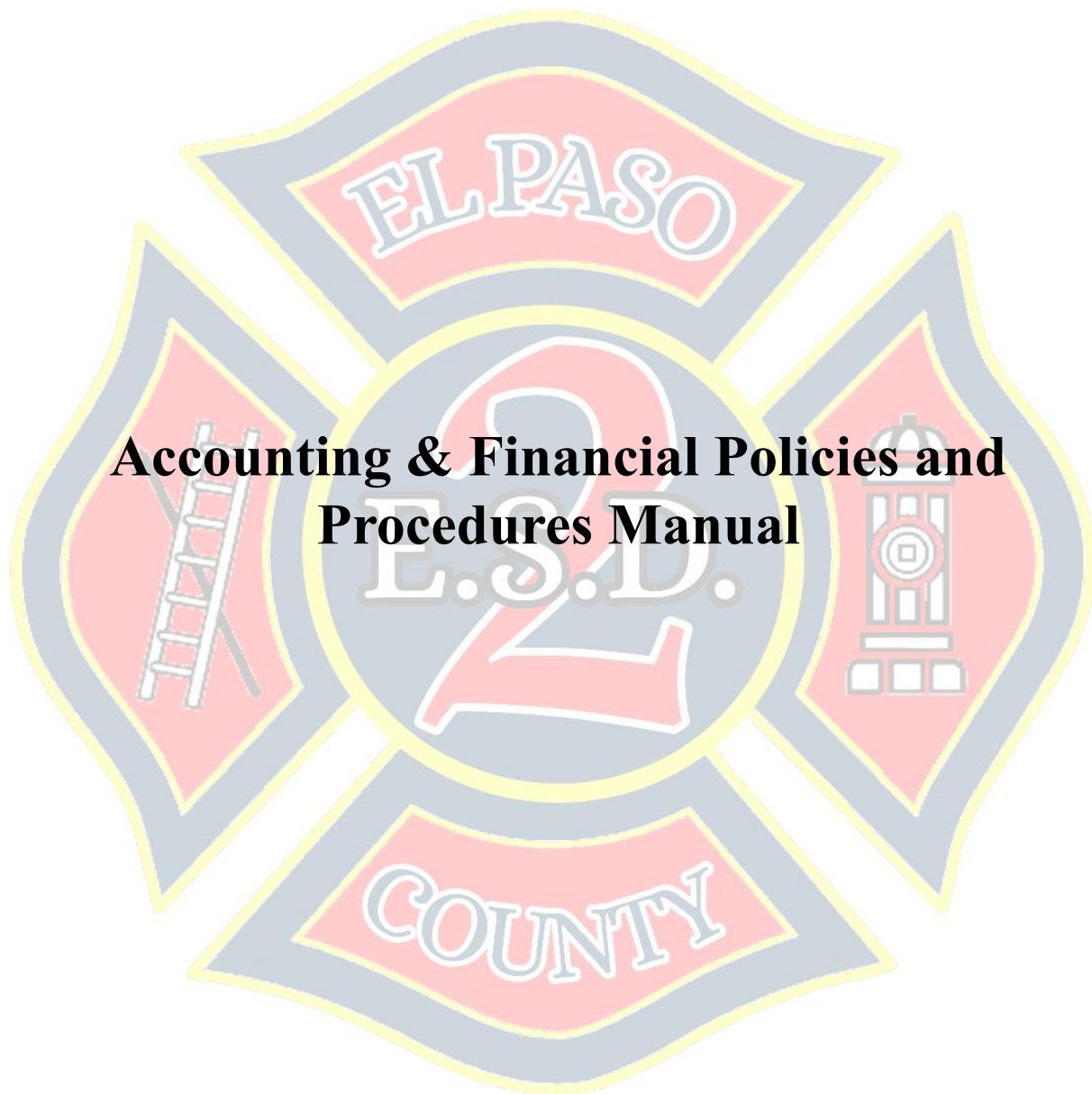


El Paso County Emergency Services District #2



Accounting & Financial Policies and Procedures Manual

Effective Date(s) of Accounting Policies

The effective date of all accounting policies described in this manual is November 19, 2024. If a policy is added or modified after this date, the new/revised policy's effective date will be indicated in this document's revision information section.

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APPENDICES

Note that within this manual, some policies relate to the district as a whole, some policies relate to the corporations and some policies relate to both the district and the individual corporations. The following symbols will be shown to the left of each policy to indicate the level to which each policy relates:

INDICATES DISTRICT LEVEL

INDICATES CORPORATION (DEPARTMENT) LEVEL REVISION INFORMATION

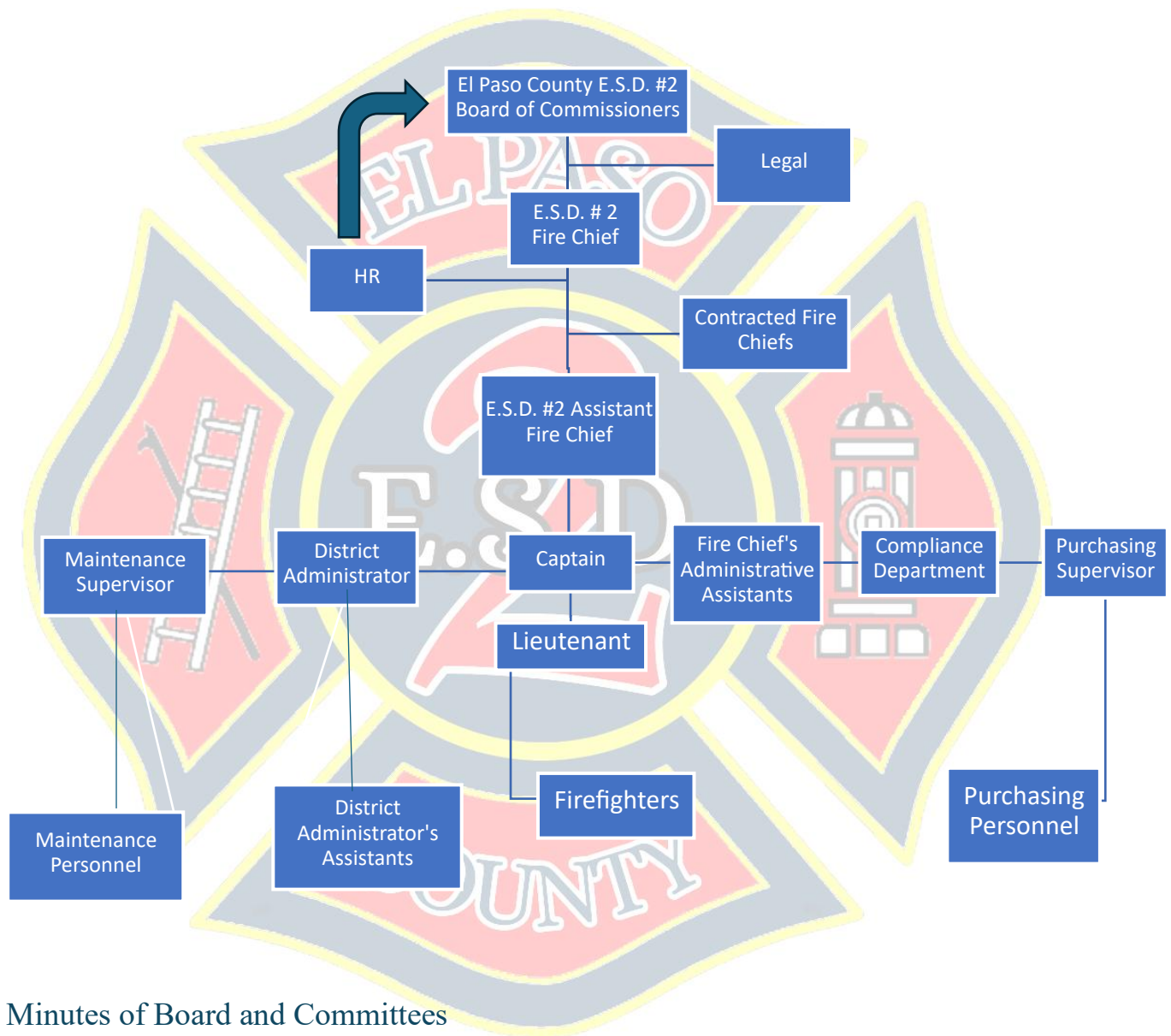
Vendor Disbursements and Form W-9 Policy

It is the policy of the District and the corporations to obtain a completed Form W-9 from vendors who provide services to the District or to the corporations. The completed Form W-9 must be obtained prior to any disbursement of funds to the vendor. At the end of the calendar year, a Form 1099 must be prepared by the District and the corporations and provided to vendors who were paid \$600 or more, as required by the Internal Revenue Service. Forms 1099 and 1096 must be completed and mailed out by the corporations by January 31 of the year immediately following the year the disbursements were made to vendors.

Current Administration

President | Vice President | Treasurer | Secretary | Commissioner | Legal | ESD 2 Fire Chief | HR | Contracted Fire Chiefs | ESD 2 Assistant Chief | Captain | Lieutenant | District Administrator | Maintenance Supervisor | Compliance Supervisor

Organizational Chart



Minutes of Board and Committees

The minutes of all Board of Commissioners meetings are publicly available on the El Paso County Emergency Services District #2 website at www.epcountyesd2.org.

Code of Ethics

It is the policy of the District to establish and maintain a code of ethics to strengthen public confidence in the District. Any violations of the code will be handled in accordance with the by-laws of the District.

The Code of Ethics is established by the Board of Commissioners and can be amended only by a formal action of the Board. Any individual or organization will be provided a copy of the Code of Ethics upon request.

Conflict of Interest Policy

It is the policy of the District that all relationships and transactions should be entered into at an arm's length. If an individual within the District conducts business with any related party, the individual should adhere to the standard procedures for obtaining competitive bids and pricing. This policy applies to product vendor relationships as well as contracted services provided to the District including training, administrative services, and mechanical or other labor.

All individuals within the District, including Board of Commissioners, Fire Marshalls, Fire Chiefs, administrative staff, and so forth will be required to sign a Conflict-of-Interest Form (See Appendix A). Additionally, all real or perceived conflicts of interest should be brought immediately to the attention of the level of authority necessary for consideration, resolution, and direction.

District Property

It is the policy of the District that property of the District should not be used for personal gain. District property includes vehicles, phone/ fax lines, office equipment, credit cards, and fuel cards. The District does allow its employees and volunteers to take home owned vehicles. However, the purpose for the take-home policy is to provide a higher level of service through better response time to calls.

FRAUD POLICY

This policy applies to any fraud or suspected fraud involving volunteers, employees, officers, directors, or board members, as well as vendors, contractors, funding sources and/or any other parties with a business relationship with the District. Any investigative activity required will be conducted without regard to the suspected wrongdoer's length of service, position/title, or relationship with the District.

Each responsible individual will be familiar with the types of improprieties that might occur within his or her area of responsibility and be alert for any indication of irregularity. Any fraud that is detected or suspected must be reported immediately to the president of the Board of Commissioners and the attorney for the District.

Actions Constituting Fraud

The terms fraud, defalcation, misappropriation, and other fiscal irregularities refer to, but are not limited to:

1. Any dishonest or fraudulent act
2. Forgery or alteration of any document or account belonging to the District
3. Forgery or alteration of a check, bank draft, or any other financial document
4. Misappropriation of funds, securities, supplies, equipment, or other assets of the District
5. Impropriety in the handling or reporting of money or financial transactions
6. Disclosing confidential and proprietary information to outside parties
7. Accepting or seeking anything of material value from contractors, vendors, or persons providing goods or services to the District
8. Destruction, removal or inappropriate use of records, furniture, fixtures, and equipment
9. Any similar or related irregularity

Confidentiality

The Board of Commissioners investigates all suspected fraudulent acts as defined in the policy. The Board of Commissioners treat all information received confidentially. Any employee who suspects dishonest or fraudulent activity will notify' the president of the Board of Commissioners and the attorney for the District immediately, and should not attempt to personally conduct investigations or interviews/interrogations related to any suspected fraudulent act.

Investigation results will not be disclosed or discussed with anyone other than those who have a legitimate need to know. This is important to avoid damaging the reputations of people suspected but subsequently found innocent of wrongful conduct and to protect the District from potential civil liability.

Authority for Investigation of Suspected Fraud

The ESD 2 Fire Chief and the Board of Commissioners will have free and unrestricted access to all records and premises, whether owned or rented; and the authority to examine, copy, and/or remove all or any portion of the contents of files,

desks, cabinets, and other storage facilities on the premises without prior knowledge or consent of any individual who may use or have custody or any such items or facilities when it is within the scope of their investigations.

Reporting Procedures

Great care must be taken in investigating suspected improprieties or irregularities to avoid mistaken accusations or alerting suspected individuals that an investigation is under way. An employee who discovers or suspects fraudulent activity will contact the president of the Board of Commissioners and the attorney for the District immediately. The employee or other complainant may remain anonymous. All inquiries concerning the activity under investigation from the suspected individual(s), his or her attorney or representative(s), or any other inquirer should be directed to the legal counsel.

No information concerning the status of an investigation will be given out. The proper response to any inquiry is "I am not at liberty to discuss this matter." Under no circumstances should any reference be made to "the allegation", "the crime", "the fraud", "the forgery", "the misappropriation", or any other specific reference.

The reporting individual should be informed of the following:

1. Do not contact the suspected individual to determine facts or demand restitution.
2. Do not discuss the case, facts, suspicions, or allegations with anyone unless specifically asked to do so by the District legal counselor.

SECURITY

Access to Electronically Stored Accounting Data

It is the policy of the District to utilize passwords to restrict access to accounting software and data. Only authorized personnel with data input responsibilities will be assigned passwords that allow access to the system.

Each password enables a user to gain access to only those software and data files necessary for the respective employee's required duties. Administrative employees are expected to keep their passwords secret. Administration of passwords shall be performed by the ESD 2 Fire Chief.

Physical documentation and support should be maintained in a secure location, with access limited to authorized personnel. Sensitive data, including personnel files, and so forth, should be stored in a locked file cabinet to ensure confidentiality.

Disaster Recovery

Copies of all electronic data and physical files should be retained at District's Headquarters and by the District Administrator and District Administrative Assistants pursuant to state requirements. In the event of data loss, master files (maintained by the District Administrator and District Administrative Assistants) can be recreated from the source files and vice versa. Additionally, backup copies of all electronic files should be maintained on external hard drives to protect against loss due to computer failure. Backup copies should be stored at least on a weekly basis.

GENERAL LEDGER AND CHART OF ACCOUNTS

Overview

The chart of accounts is the framework for the general ledger system (QuickBooks), and therefore the basis for the District's accounting system. The chart of accounts consists of account titles and account numbers assigned to the titles.

The general ledger is comprised of the activity posted to the accounts included in the District's chart of accounts. The general ledger is used to accumulate all financial transactions of the District, and is supported by subsidiary ledgers that provide details for certain accounts. The general ledger is the foundation for the accumulation of data and reports and for the District's financial statements.

Classification of Net Assets

Governmental classifications of net assets are applicable only at the District level and will not affect the internal reporting of each 501(c)(3) corporation or Department. For financial reporting purposes, government fund balances should be classified based on the obligations by which the District is bound. At times, some of the classifications may not be applicable to the District. The Board of Commissioners is responsible for determining appropriate fund balance classifications and assigning a responsible individual to post adjusting journal entries to reflect the classifications. The Board should consult its accountant if clarification of GASB 54 guidance is needed. The fund balance classifications available for use under GASB 54 are as follows:

Non spendable Fund Balance - Non spendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items not expected to be converted to cash, like inventories and prepaid amounts. It also includes the long-term amount of loans and notes receivable, as well as property acquired for resale. However, if the use of the proceeds from the collection of those receivables or from the sale of

those properties is restricted, committed, or assigned, then they should be included in the appropriate fund balance classification (restricted, committed, or assigned), rather than non spendable fund balance.

GENERAL LEDGER AND CHART OF ACCOUNTS

Classification of Net Assets (Continued)

Restricted Fund Balance - Fund balance should be reported as restricted when constraints placed on the use of resources are either:

- a. Externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or
- b. Imposed by law through constitutional provisions or enabling legislation.

Committed Fund Balance - Amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the District's highest level of decision-making authority should be reported as committed fund balance. Those committed amounts cannot be used for any other purpose unless the District removes or changes the specified use by taking the same type of action (for example, legislation, resolution, ordinance) it employed to previously commit those amounts.

Assigned Fund Balance - Amounts that are constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed, should be reported as assigned fund balance, except for stabilization arrangements.

Unassigned Fund Balance - Unassigned fund balance is the residual classification for the general fund. This classification represents fund balance not assigned to other funds or restricted, committed, or assigned to specific purposes within the general fund.

Journal Entries

All accounting entries will be processed by the District Administrator and District Administrative Assistants as transaction journal entries. That is, most transactions will be entered into the accounting system as either checks or deposits. However, in the event that the District Administrator and District Administrative Assistants believe that an adjusting journal entry is warranted, it is the policy of the District for all adjusting journal entries to be approved by the Treasurer before being entered into the accounting system. A Journal Entry Approval Form will be retained by the requesting department and by the District Administrator for audit trail purposes. Note that most adjusted journal entries will be made at the district level.

Cash Receipts

The majority of the District's cash receipts originate from the Code Enforcement Department operations. All cash receipts from inspections should be accompanied by an inspection form and all pre- numbered inspections forms must be accounted for and provided to the District Administrator or District Administrative Assistants at the time that related cash and checks are submitted for deposit. The District Administrator and District Administrative Assistants will review the inspection forms for completeness by completing a deposit control sheet, which will indicate the completeness of cash receipts.

After verifying the completeness of inspection forms and funds for deposit using the deposit control sheet, the District Administrator or District Administrative Assistants will endorse all checks with a "for deposit only" stamp in the name of the district and prepare a deposit slip. Bank deposits should be made no less frequently than once per week. In the interim, cash and checks should be kept in a locked drawer or cabinet to ensure security. Once the deposit has been made, a copy of the deposit receipt should be retained along with a copy of the deposit slip, a copy of the deposit control sheet, copies of all checks for deposit and copies of all inspection forms. All the documentation should be provided to the District Administrator monthly to assist in the reconciliation of the Department bank account.

Any cash receipts from sources other than Code Enforcement Department operations should be handled similarly. Upon receipt of funds for deposit, a deposit slip should be completed by the Administrative Assistant and funds should be kept in a locked drawer or cabinet until they are deposited. Additionally, a description of the source of revenue from which the funds were derived should be documented. All documentation including deposit slips, check copies, and deposit receipts will be provided to the District Administrator or District Administrative Assistants to assist in the monthly bank reconciliation.

Donations or other similar types of revenue received by one of the individual 501 (c)(3) Departments should be deposited into the reserves bank account. Those revenues are not revenues of the and as such, are not required to be reported to the District but must be reported on the Department's annually filed Form 990-N or 990-EZ, depending on the total annual gross receipts. The same control procedures noted above for ensuring the safeguarding of funds should be adhered to for receipt of Department revenues.

Property and Sales Tax Revenue Receipts

Property tax revenues shall be deposited by electronic funds transfer (EFT) directly to the District's money market account. To ensure the completeness and accuracy of revenues, the District Administrator will reconcile the deposits to the revenue report provided by the El Paso County Tax Assessor/Collector monthly. Additionally, the District Administrator shall make the revenue reports available to the District's independent auditor in connection with the annual audit.

Bank Reconciliations

Copies of monthly bank statements for each department will be addressed to PO BOX 265, Fabens, TX 79838 as well as the District Administrator. The District Administrator or District Administrative Assistants should also receive all pertinent attachments from the bank, including copies of supporting checks and deposit slips. District Administrator or District Administrative Assistants should review the bank statements upon receipt, noting any unusual item to be brought to the attention of the District Administrator, Treasurer, or other appropriate authority. Bank reconciliations for all bank accounts will be performed monthly by the District Administrator or District Administrative Assistants.

Maintaining up to date bank reconciliations will ensure that balances in the accounting software accurately reflect bank balances plus or minus any uncleared transactions. The status of any outstanding checks or deposits should be determined at the end of each month when the bank reconciliation is completed. Any reconciliation discrepancies or unauthorized charges should be investigated promptly upon detection. Any items requiring investigation will be reported to the Treasurer and recorded in a Resolution by the District Administrator or District Administrative Assistants to ensure the timely resolution of any questioned charges.

Check Signature Authority

At the corporation level, check signing authority shall be digital signatures by the EDS 2 Board President and the ESD 2 Board Treasurer. District Administrator or District Administrative Assistants shall have the authority to access the accounting system and prepare checks, but not to act as a signature authority. At the discretion of the ESD 2 Fire Chief, alternate signors may be assigned to avoid delays due to a prolonged absence of a regular signor. However, alternate signors should not act as a signature authority regularly.

The purpose of restricting the signature authority is to segregate the duties related to cash disbursements to the highest possible degree. At the ESD 2 Fire Chief discretion.

At the District level, checks shall be signed in accordance with Chapter 775 of the Texas Health and Safety Code. That is, District funds may be disbursed only by digital check signed by the treasurer and countersigned by the president. If the president is absent or unavailable, the vice president may sign for the president. The District Administrator or District Administrative Assistants shall not be granted check-signing authority, which conflicts with the responsibility for preparing monthly bank reconciliations for all District accounts.

Custody of Checks

Checks should be kept in a locked drawer or cabinet to which only the District Administrator and District Administrative Assistants have access to and should be used in sequential order. This will ensure the safeguarding of cash assets and the completeness of the accounting records. If a check

is printed with inaccurate information or defaced or destroyed, the administrative assistant will write "VOID" on the physical check and void it in the accounting system.

Accounts Maintained by the District

- I. Investment Sweep Account- All property tax and sales tax revenues are deposited into the money market account directly by the El Paso County Tax Assessor/Collector using funds transfer (EFT). In order to obtain preferred interest rates, funds are held in the money market account until they are needed for operations, at which time the District Administrator or District Administrative Assistants prepare a check for deposit to the district's operating account. The check should be signed in accordance with the procedures documented in the check signature authority policy.
2. Operating (NOW) Account – Funds from the operating account are primarily used to reimburse each department's operating accounts on a monthly basis when the department heads provide an invoice to the District Administrator. Deposits to the Ink account result from checks issued from the District's money market account.
3. Reserve's Account

Reserve Accounts will be divided into three sections:

1. Fund Balance Reserves – to have 32% of our operating revenue on hand as backup.
2. Fleet Reserves – to have money set aside for the replacement of small fleet as needed.
3. Capital Improvement Reserves – to have reserves to all facilities remodels and constructions of small additions.

Accounts Maintained by each Department

- i. 501 Account - Each Department should ~~also~~ maintain a separate bank account in order to account for the activities of the Department that are carried out separately from the activities of the district.
- ii. The Department Chief is responsible for making all appropriate entries and monthly payments to the cancer plan for which the district will reimburse the Service Provider at the end of the fiscal year.

Investment Policy

Statutes require the classification of funds held by the district into three categories.

Category I consists of "active" funds - those funds required to be kept in "cash" or "near cash" status for immediate use by the district. Such funds must be

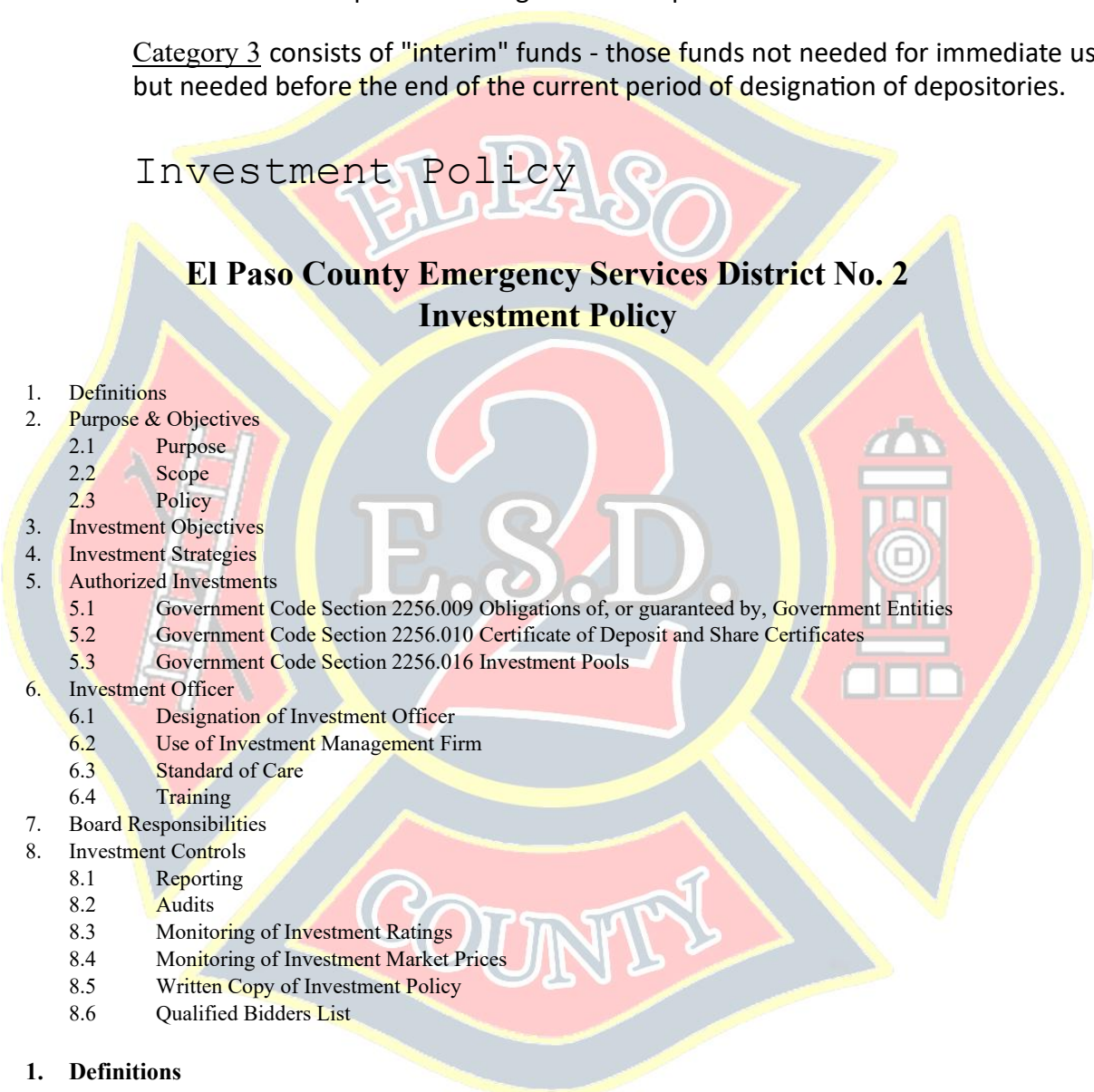
maintained as cash, withdrawable on demand, including negotiable order of withdrawal (NOW) accounts.

Category 2 consists of "inactive" funds - those funds not required for use within the current two-year period of designation of depositories. Inactive funds may be deposited or invested only as certificates of deposit maturing no later than the end of the current period of designation of depositories.

Category 3 consists of "interim" funds - those funds not needed for immediate use but needed before the end of the current period of designation of depositories.

Investment Policy

El Paso County Emergency Services District No. 2 Investment Policy

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- The logo is a Maltese cross with a yellow border. The top arm contains the word "EL PASO" in a stylized font. The center contains "E.S.D. 2" in large, bold letters. The bottom arm contains the word "COUNTY". The right arm features a graphic of a fire station. The left arm features a graphic of a fire truck.
1. Definitions
 2. Purpose & Objectives
 - 2.1 Purpose
 - 2.2 Scope
 - 2.3 Policy
 3. Investment Objectives
 4. Investment Strategies
 5. Authorized Investments
 - 5.1 Government Code Section 2256.009 Obligations of, or guaranteed by, Government Entities
 - 5.2 Government Code Section 2256.010 Certificate of Deposit and Share Certificates
 - 5.3 Government Code Section 2256.016 Investment Pools
 6. Investment Officer
 - 6.1 Designation of Investment Officer
 - 6.2 Use of Investment Management Firm
 - 6.3 Standard of Care
 - 6.4 Training
 7. Board Responsibilities
 8. Investment Controls
 - 8.1 Reporting
 - 8.2 Audits
 - 8.3 Monitoring of Investment Ratings
 - 8.4 Monitoring of Investment Market Prices
 - 8.5 Written Copy of Investment Policy
 - 8.6 Qualified Bidders List

1. Definitions

Board – means the Board of Emergency Services Commissioners of the District

District – means El Paso County Emergency Services District No. 2

Investment Officer – means a person designated by the Board to handle District Investments

2. Purpose and Objectives

2.1 Purpose

This Investment Policy is adopted to comply with the Texas Government Code 2256, the public Funds Investment Act, and to set forth the general policies governing the investment of District Funds.

2.2 Scope

This Investment Policy applies to all transactions involving the investment of funds of the district. No transaction shall be made outside the limits of this Policy.

2.3 Policy

It is the policy of the district to invest all available funds in compliance with applicable federal, state, and local statutes, rules or regulations and the guidelines stated in this document. Specifically, investments will be made under the provisions of the Texas Local Government Code Chapter 2256, Public Funds Investment Act (“the Act”), and Chapter 775, Texas Health, and Safety Code, specifically including, but not limited to Section 775.043.

3. Investment Objectives

If the district chooses to invest, the investment objective is to earn incremental income from all funds while adhering to the following objectives in order of priority.

- a) **Safety and Principal** The primary objective of the district is to ensure the preservation and safety of the principal.
- b) **Liquidity** The District will maintain sufficient liquidity to ensure adequate and timely availability of funds necessary to pay obligations as they become due.
- c) **Yield** The District will seek to attain reasonable yield within the constraints of safety and liquidity.
- d) **Maturity** The maximum stated maturity for any investment is one (1) year. For pooled fund groups, the maximum dollar-weighted average maturity allowed based on the stated maturity date for the portfolio is one (1) year.
- e) **Marketability** The District will not invest in anything that cannot be readily liquidated.
- f) **The suitability of the Investment** which are suitable for the District’s safety and liquidity requirements will be used.

4. Investment Strategy

Funds must be available to pay the District’s monthly operating expenses as estimated by the annual operating budget adopted by the Board. Investments should be managed to meet expected liabilities, with a liquidity buffer for unexpected liabilities of approximately six (6) months of expenses. A balance equal to three (3) months of expenses must be kept extremely liquid.

5. Authorized Investments

- A) Settlement of all transactions, except investment pool funds and mutual funds, must be on a delivery versus payment basis. The following are the only authorized investments in which the District’s funds may be invested, if the investment officer of the District has not attended and successfully completed the training requirements under Section 2256.008, Texas Government Code:

5.1 Government Code Section 2256.009 – Obligation of, Guaranteed by, Government Entities

Obligations, the principal, and interest of which are unconditionally guaranteed or insured by, or backed by the full faith of, this state or the United States or their respective agencies and instrumentalities, excluding mortgage-backed securities or collateralized mortgage obligations. The obligations must be rated no less than A or its equivalent by at least one nationally recognized investment rating firm.

5.2 Government Code Section 2256.010 – Certificates of Deposit and Share Certificates

Certificates of Deposit or Share Certificates issued by a depository institution that has its main office or a branch office in this State and is guaranteed or insured by the Federal Deposit Insurance Corporation or its successor or the National Credit Union Share Insurance Fund or its successor.

5.3 Government Code 2256.016 – Investment Pools

The District may invest its funds and funds under its control through an eligible investment pool if the Board, by resolution, authorizes investment in the pool. A public funds investment pool must be continuously rated no lower than AAA or AAA-m or at an equivalent rating by at least one nationally recognized rating service.

B) In addition to the authority to invest funds in certificates of deposit as detailed in (5) above, an investment in certificates of deposit made in accordance with the following conditions is an authorized investment if:

- a) the funds are invested by the county through a depository institution that has its main office or a branch office in Texas and that is selected by the Board.
- b) the depository institution selected by the county arranges for the deposit of the funds in certificates of deposit in one or more federally insured depository institutions, wherever located, for the account of the District.
- c) the full amount of the principal and accrued interest of each of the certificates of deposit is insured by the United States or an instrumentality of the United States;
- d) the depository institution selected by the county acts as custodian for the county with respect to the certificates of deposit issued for the account the District; and
- e) at the same time that the funds are deposited, and the certificates of deposit are issued for the District, the depository institution selected by the District receives an amount of deposits from customers or other federally insured depository institutions, wherever located, that is equal to or greater than the amount of funds invested by the District through the depository institution selected.

6. Investment Officer

6.1 Designation of Investment Officer

The District's Treasurer will serve as the investment Officer for the District and is so designated by this resolution of the Board. The Board may authorize additional individuals as Investment Officers by resolution.

The Investment Officer(s) has the authority to deposit, withdraw, invest, transfer, and manage the District's funds in accordance with these investment policies. However, the District Board of Commissioners retains the ultimate fiduciary responsibility for investment of the District's funds.

6.2 Use of Investment Management Firm

The District may contract with an investment management firm, registered under the Investment Advisers Act of 1940 or with the State Securities Board, to assist in the management of the District funds.

6.3 Standard of Care

Investments shall be made with judgment and care, under prevailing circumstances, that a person of prudence, discretion, and intelligence would exercise in the management of the person's own affairs, not for speculation, but for investment, considering the probable safety of capital and the probable income to be derived. Investment of funds shall be governed by the following investment objectives, in order of priority:

- (1) preservation and safety of principal.
- (2) liquidity; and
- (3) yield.

An investment officer must not have a personal business relationship with a business organization, as specified in 2256.005(i). Each Investment Officer shall disclose to the Board any personal or business relationship with any firm or individual attempting to sell an investment to the District.

6.4 Training

Health and Safety Section 775.043 states that Government Code Section 2256.008, Investment Training, does not apply to an officer or employee of the District. District investments are limited to investments set forth under Government Code Section 2256.009 (obligations of, or guaranteed by governmental entities), 2256.010 (certificates of deposit and share certificates), or 2256.016 (investment pools), unless the treasurer, chief financial officer (if not the treasurer), and the Investment Officer of the District attend and successfully complete the training requirements under Section 2256.008, Government Code.

7. Board Responsibilities

The ultimate responsibility and fiduciary responsibility for oversight of investments to insure compliance with this investment policy remains that of the District Board of Commissioners.

The board shall

- a) review any proposed changes to the Investment Policy.
- b) no less than annually review and adopt the Investment Policy and Strategy by written resolution and record any changes made to either the Policy or Strategy.
- c) accept and review quarterly investment reports.
- d) monitor the investments made by the District.

8. Investment Controls

8.1 Reporting

Not less than a quarterly, the Investment Officer shall prepare and submit to the District's board a written report of investment transactions for all funds for the preceding reporting period. The quarterly report must comply with the requirements of the PFIA Sections 2256.023, Internal Management Reports, and be signed by the Investment Officer(s). The report shall be presented within a reasonable time after the end of the period.

8.2 Audits

In conjunction with the District's annual financial audit, an internal compliance audit of management controls on investments and adherence to this resolution will be performed by the Investment Officer and one additional Board member with a report of the results made to the Board. If the District invests in other than money market mutual funds, investment pools or accounts offered by its depository bank in the form of certificates of deposit, or money market accounts or similar accounts, the quarterly investment reports shall be formally reviewed at least annually by an independent auditor, and the result of the review shall be reported to the governing body by that auditor.

8.3 Monitoring of Investment Ratings

The rating of District investments that have a minimum required rating will be checked at least quarterly by the Investment Officer using at least one nationally recognized rating service. The District shall take all prudent measures that are consistent with its investment policy to liquidate an investment that does not have the minimum rating.

8.4 Monitoring of Investment Market Prices

The price of investments that fluctuate in the market will be checked at least quarterly by the Investment Officer using independent sources. The market value must be included in the quarterly investment reports.

8.5 Written Copy of Investment Policy

A written copy of this investment policy shall be presented to any person or organization offering to engage in an investment transaction with the District or its investment management firm. The person or organization must certify that they have received and reviewed the investment policy and acknowledge that they have implemented reasonable procedures and controls to preclude investment transactions that are not authorized by the entity's investment policy.

8.6 Qualified Bidders List

In the event the District decides to use brokers, the Investment Officer will create a list of qualified brokers that are authorized to engage in investment transactions with the District. This list, once created, will be reviewed, revised, and adopted at least annually by the Board.

PASSED AND APPROVED this 14th day of June 2021.

Investment Officers

Pursuant to Texas State statutes, the District may invest funds only in authorized investments including obligations of, or obligations guaranteed by governmental entities; certificates of deposit and share certificates; or investment pools, unless the treasurer and the investment officer of the District attend and successfully complete the training requirements set forth therein.

Travel

Employees and volunteers receive a per diem allowance for travel related expenses at the applicable rate as determined by the U.S. General Service Administration (GSA). The department head overseeing travel arrangements will account for those travelling. He or She will then prepare a Travel Request Form, including the total per diem amount per participant (per diem rate times the number of days) and the names of the participants. Filled out Travel Request Form shall be sent to the Districts Chief's admin assistant for preparation of all approved travel checks. The approved voucher will then be sent to District Administrator or District Administrative Assistants for checks to be issued. The EDS 2 Board President and the ESD 2 Board Treasurer will then sign the checks digitally, and the District Administrator or District Administrator Assistants will provide them to the travelers. Upon receipt of the check the participant should sign the waiver to indicate the receipt of per diem funds. When employees and volunteers travel for conferences and seminars, a certificate of completion should be submitted to the department head and retained in the employee's or volunteer's file.

Training Certification Compensation

- a) E.S.D. #2 will not pay out any expense for training certification deemed to be a duplicate; for example, any expense paid by District or Contracted Fire Department Inc's Account of expenses paid by Inc's Account and District.
- b) Members will only be compensated for 80 hours for training certification per fiscal year, plus 12 days of 8 hours per day for the S.A.R Team only. If member exceeds 120 hours, he or she must have an approval from the Volunteer Fire Chief and E.S.D. #2 Fire Chief.
- c) Members will have 15 days to turn in paperwork/certificates to training certification compensation for completed training. If the time surpasses 15 days member will not be compensated. Online classes will not be compensated since they can be done when a member is not at work. Member cannot be an instructor of a class and sign up to be a student of the class and get paid to attend the class that he/she is teaching, The District Chief or his delegate has description to increase timeline based on receipt of certification.
- d) Training certification compensation will be paid for new training only. Members will not get training certification compensation or claim training certification compensation for a class that has been certified already. District will pay for re-certification classes; we will pay for the recertification (renewal) but not for the hours needed, except for S.A.R Team.
- e) All fire cadets who take the state exam only three times. After the third attempt, the fire cadet shall have to retake the entire fire class from the beginning. *(Approved June 17, 2025)*
- f) All members shall get fire-certified within two years from the date of this policy. This policy will not supersede any department policies that have more stringent requirements. *(Approved June 17, 2025)*

- g) Certified firefighters shall take Instructor 1 after 3 years of firefighter certification, Instructor 2 after 3 years of Instructor 1, and Instructor 3 after 3 years of Instructor certification. (Approved June 17, 2025)

Stipend Compensation

Stipend Policy

PURPOSE:

To establish a Volunteer Incentive Program ("VIP"), with the payment of expenses, reasonable benefits, and/or a nominal fee, for VOLUNTEER service to the Volunteer Fire Department

(“EL Paso County ESD 2”), which is a private, not-profit corporation and not a “public agency.”)

To establish an adequate and consistent level of volunteer service during workdays and promote and reward positive behaviors of volunteer members participating in El Paso County ESD 2 operations.

To establish a consistent and adequate level of volunteer staffing during normal operating times and reward trained and competent individuals for participation in duty shifts and other assignments.

This policy is not a contract of employment or a right to continue to serve as a volunteer of EL Paso County ESD 2. Volunteer benefits do not make a volunteer an employee of either Clint Fire Department, Fabens Fire Department, Montana Vista Fire Department, San Elizario Fire Department, Socorro fire Department, West Valley Fire Department or the El Paso County Emergency Services District No. 2, a political subdivision of the State of Texas ("District"), and the affected individual's status as a volunteer under any applicable law, rule, or regulation is not changed by the provision of these nominal benefits. Section 3(e)(4)(A) of the Fair Labor Standards Act, 29 C.F.R. 553.101, 553.103, and other applicable state and federal laws, rules, and regulations, state that individuals are not employees, but volunteers, of an entity or public agency when they meet the following criteria:

1. Perform hours of service for civic, charitable, or humanitarian reasons without promise, expectation, or receipt of compensation for the voluntary services rendered; said volunteers receive no compensation or are paid expenses, reasonable benefits, or a nominal fee to perform such voluntary services, except as provided by 29 C.F.R. 553.106;
2. Offer their services freely and without any pressure or coercion, direct or implied, from an employer; and,
3. Are not employed by the same entity or public agency to perform the same services as those for which they propose to volunteer.

29 C.F.R. 553.106(a) states "volunteers may be paid expenses, reasonable benefits, a nominal fee, or any combination thereof for their service without losing their status as volunteers." Some examples of permitted compensation include:

1. Payment of the volunteer's tuition to a firefighting course;
2. Reimbursement of expenses incidental to fire protection training;
3. An annual party given to recognize volunteers;
4. Uniforms and equipment furnished free of charge;
5. Retirement or relief fund, worker's compensation, or other insurance inclusion of the volunteer;
6. A "nominal sum."

Any benefits or nominal sums provided hereunder DO NOT constitute compensation or are they tied to productivity. All volunteers participating under this program are not "suffered to work," and shall freely choose their times and

status of providing volunteer services to the El Paso County ESD 2 based on available times and schedules of the volunteer and their designated fire station.

This program is designed to promote and reward positive behaviors of individual members participating in Department operations and promote the Mission Statements of the Corporation and Emergency Services District. At no time will any funds paid to the volunteer exceed 20 percent of what the El Paso County ESD 2 pays and employed starting firefighter and ever exceed \$7,000.00 in any fiscal year.

QUALIFICATIONS:

Members are eligible if they are:

- NOT employed by the El Paso County ESD 2;
- 18 years of age;
- Active volunteer of the Clint Fire Department, Fabens Fire Department, Montana Vista Fire Department, San Elizario Fire Department, Socorro fire Department, West Valley Fire Department, or El Paso County ESD 2 as defined by the current Standard Operating Guidelines, bylaws, or other relevant instrument of the El Paso County ESD 2;
- Members in Good standing as determined by the Board of Directors, Standard Operating Guidelines, Bylaws, or other relevant instruments of the El Paso County ESD 2;
- Be approved by the Department Fire Chief;
- Abide by all El Paso County ESD 2 rules and regulations;
- Certified by designated fire station or El Paso County ESD 2 as a firefighter and/or EMS pre-hospital emergency care provider;
- Abide by the participation requirements; and,
 - Have completed all necessary forms and training required by their designated fire station or El Paso County ESD 2.

In addition to the above-noted qualifications, any participating volunteer must be:

- Cleared to drive by their designated fire station or El Paso County ESD 2 apparatus (Class B license required-unless another volunteer who is confirmed to be volunteering for the same shift);
- Appropriately certified by the designated fire station or El Paso County ESD 2, Texas Commission on Fire Protection, the Texas State Firefighter's and Fire Marshals' Association of Texas, and/or the Texas Department of State Health Services as a pre-hospital emergency medical service provider;
- Maintain a minimum of 10 hours per quarter of fire and/or EMS training, either through the designated fire station or El Paso County ESD 2 or other authorized training;
- Attend at least 50% of meetings of their designated fire station per quarter;
- Attend at least 10% of calls member is required to make for per quarter;
- Complete all assignments during the applicable duty period;
- Not provide more than 24 hours of service per week under this program; and,
- Meet any other requirements established by their designated fire station or El Paso County ESD 2.

DUTIES:

Volunteer member's duties are defined as:

- Responding to Incidents to which their designated fire department is dispatched with appropriate apparatus, equipment, and training;
- Maintain their designated fire station and station property, including living and working areas, apparatus, appliances, tools, and equipment;
- Maintaining all real and personal property used or owned by the El Paso County ESD 2, including putting all equipment and property back in service after any incident;
- Performing minor repairs and maintenance of all equipment or property;

- Performing daily and weekly equipment checks;
- Entering appropriate incident information in appropriate programs;
- Volunteering time for Duty Periods freely and without coercion from their designated fire department;
- Being in at the appropriate their designated fire station for the entire Duty Period for which the volunteer has signed up (stipend payments will not be paid for a Duty Period that is not completed); Comply with all systems used to track volunteer participation in any Duty Period Wearing appropriate uniforms and equipment at all times; and,
- Other duties that may be assigned to all volunteers from time-to-time.
- Department Chief shall submit a time sheet at the end of each month to the District Administrator or District Administrative Assistants for wage compensation.

The Duty Periods are defined as:

- 1) 3 p.m. - 11 p.m. and 11 p.m. - 7 a.m., Monday through Friday, 6 a.m. - 2 p.m., 2 p.m. - 10 p.m., 10 p.m. - 6 a.m., Saturday and Sunday;

- 2) Each Duty Period will have no more than 2 openings for any volunteer;

- 3) Each week will have 42 Duty Periods;

4) Volunteers may be compensated for actual, reasonable expenses incurred by the volunteer member for any Duty Period, except for those noted below, as may be approved by the applicable policy, and no compensation shall be made without proper documentation as may be required by El Paso County ESD 2 and a written receipt.

Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Sunday
3p-7p	3p-7p	3p-7p	3p-7p	3p-7p	6a-10a	6a-10a
7p-11p	7p-11p	7p-11p	7p-11p	7p-11p	10a-2p	10a-2p
11p-3a	11p-3a	11p-3a	11p-3a	11p-3a	2p-6p	2p-6p
3a-7a	3a-7a	3a-7a	3a-7a	3a-7a	6p-10p	6p-10p
7a-11a	7a-11a	7a-11a	7a-11a	7a-11a	10p-2a	10p-2a
11a-3p	11a-3p	11a-3p	11a-3p	11a-3p	2a-6a	2a-6a

Performing a **complete** Duty Period may entitle the volunteer member to the following reimbursements and nominal fee ("Stipend"), never to exceed the limitations set forth above:

If the member has **both** a firefighting certification and an EMS certification:

Uniform cleaning and reimbursement expense:\$4.00.

Fuel reimbursement: \$4.00; Meal reimbursement:\$7.00;

Nominal Fee: \$25.00

If a member has **either** a firefighting certification or EMS certification:

Uniform cleaning and reimbursement expense: \$4.00;
Fuel reimbursement: \$4.00; Meal reimbursement: \$7.00;
Nominal Fee: \$15.00

Volunteer members who complete a Duty Period will have all required taxes and withholdings withheld from any payment of the above amounts and such information shall be reported as appropriate to the Internal Revenue Service.

Required documents need for stipend compensation:

- i Department invoice
- ii Payroll detail summary
- iii Breakdown of shifts
- iv Clock spot
- v EFTPS/Tax Payment confirmation

Credit Cards

The district believes the Volunteers Chiefs and staff should be able to conduct business within the scope of the district's policies. The following will be the policy and should be adhered to.

District staff shall have limits that will allow them to provide services to the community and to our contract service providers. All employees under the District's Fire Chief's direction shall not have sole discretion to make purchases without the Fire Chief or the Assistant Chief's approval. Employees that must use their credit cards regularly shall have all their expenses reviewed by the chief officers every week before submitting payment. Employees making purchases outside their job duties shall seek approval from the Chief officers.

Volunteer Chiefs have been given a line of credit as follows Chief 1000.00 Assistant Chief 500.00 not to exceed 2000.00 per department and must be used when an emergency arises, or they have a purchase not covered by the district. If the Chiefs are unsure of the purchase, they may seek approval from the District's Chief officers at any time via text, phone call, or email. If approved, such acquisition shall be sent via email to the said chief as a way of a paper trail.

Approved purchases for the Volunteer Department Chief.

Food after a prolonged incident
TCFP dues
TDH dues
Learning books

Criteria to submit credit card receipts and invoices.

Credit Card Receipts

1. Submit original receipts to finance department do not staple any receipts, receipts may also be sent via email to receipt@epcountyesd2.org or the new application.

- i. Credit Card Receipts for food purchases will require the names of all the members who attended and responded to the emergency incident. Incident

report shall be submitted for payment. Rehab meals are approved only after a 2-hour long incident, per IRS rules.

- ii. Tax on receipt will not be accepted, Contracted Fire Department is responsible for taxes charged on purchase receipt.

Submit a credit card or other receipt within 24 hours of purchase with no taxes included, and failure to do so will result in the credit card being suspended.

It is the policy of the District to avoid finance charges on credit card accounts. Therefore, all credit cards should be paid in full each billing cycle. Because the amount of a line of credit represents a potential liability to the district, permission to obtain additional credit must be granted in advance by the Board of Commissioners. If the creditor automatically grants an extension of credit on an existing card, the department head should notify the Board of Commissioners of the change at the next Board of Commissioners meeting.

PURCHASING PROCEDURES

It is the policy of the District to follow a practice of ethical, responsible, and reasonable procedures related to purchasing, agreements and contracts, and related forms of commitment. The policies in this section describe the principles and procedures that all staff shall adhere to in the completion of their designated responsibilities.

Authorizations and Purchasing Limits

Each purchase over \$25,000.00 requires advance approval of the Board of Commissioners or the board president and vice president. If the purchase was made with the president's or vice president's approval, the purchase must be ratified at the next board meeting. The ESD 2 Fire Chief should present an estimate to the Board for the item's price to be acquired. All fixed asset acquisitions (e.g., those requiring leasing arrangements) should be handled at the District level.

Competitive Bids

To avoid the appearance of impropriety, the policy of the District is to follow standard procedures for bidding jobs when dealing with related parties. At least three informal bids from independent vendors should be obtained prior to entering any purchase contract for purchase ranging from \$100,000.00.

Pursuant to state statute, the Board of Commissioners must submit to competitive bid any expenditure of more than \$100,000.00 for one item or service, or more than one of the same or similar type of item or service in a fiscal year. The board shall not notify suppliers, vendors, or providers by advertising for bids or by providing at least three suppliers, vendors, or purchasers with website posting of the intended purchase. Any contract awarded in violation of state statute is void. The District is not obligated to submit the following to competitive bid:

- 1) the purchase or lease of real property
- 2) an item or service that the board determines can be obtained from only one source;
- 3) a contract for fire extinguishment and suppression services, emergency rescue services, or ambulance services;

- 4) an emergency expenditure;
- 5) the purchase of vehicle fuel;
- 6) the purchase of firefighter bunker gear;
- 7) the purchase of insurance coverage;
- 8) repairs funded by a payment made under an insurance claim.

Bids are posted on our web site. Bids over the amount of \$100,000.00 Dollars must be submitted in a sealed envelope and must have the Bid number on the envelope. All Bids must be hand delivered to 16001 Socorro Road, Fabens, TX 79838 before 12:00 P.M on the Bid Due Date.

Contractor Requirements:

1. Any Change Orders must be approved in writing by the ESD 2 Fire Chief.
2. All construction must meet ADA and IBC Requirements.
3. The contractor must be Insured and Bonded.
4. The contractor is responsible for submitting architectural and engineering plans.
5. The contractor must secure all construction permits.
6. Winning bid must provide proof of workers compensation Insurance and prevailing wages for employees.

As per El Paso County ESD #2 Policy, payment will be remitted upon completion of the job.

Volunteers

All firefighters work on a volunteer basis. However, the District maintains Accidental Death & Dismemberment, Workers' Compensation, and liability insurance coverage on behalf of all its volunteers. The service providers Chief is responsible for making all appropriate entries and monthly payments to the cancer plan for which the District will reimburse the Service Provider at the end of the fiscal year.

Job Description and Responsibilities

It is the policy of the District to have job descriptions for all staff positions. Job descriptions will be signed by the employee, reviewed periodically, and kept in the employee's personnel file.

Payroll Processing

All the District's employees are responsible for ensuring their timesheet in clock spot is correct, daily. ESD 2 Fire Chief or Assistant Chief are responsible for reviewing the timesheets of the employees. Once the timesheets have been reviewed, they are provided to the District Administrator who enters the data into that accounting system and issues payroll checks to all District employees.

Payroll Taxes

The District Administrator is responsible for ensuring all required tax forms are properly completed and submitted, and that all required taxes are withheld and paid. The administrative

assistants of each department will assist the District Administrator in gathering and reporting the required information.

Form I-9/Immigration Reform and Control Act

It is the Policy of the District to adhere to the provisions of the Immigration Reform and Control Act (IRCA) and to have employment applicants and the District complete the appropriate sections of Form I-9, In this respect, prospective employees must provide proof of employment eligibility as required by the law before employment in the form of a Social Security card, green card, and so forth. The Form I-9 will be retained for one year after termination of employment, whichever is longer.

Form W-4

It is the policy of the District to require all employees to complete and sign Form W-4, and this form will be permanently kept in the employee's personnel file and updated as needed.

Budgeting

Statutory requirements mandate that the Board of Commissioners approve a budget for the District on an annual basis. Any amendments to the budget must be made formally through a resolution of the Board of Commissioners. Pursuant to state statute, the Board may not set the tax rate for a fiscal year before the date the Board adopts a budget for that fiscal year.

It is the policy of the District that the ESD 2 Fire Chief, Assistant Chief and District Administrator will prepare a budget for presentation to the Board of Commissioners in the close of the fiscal year. Revenues should be estimated based on the El Paso County Tax Assessor/Collector's certified levy. Expenses are estimated based on the results of the fiscal year ended, adjusted for known changes in the operations of the District.

Amounts should be budgeted for capital expenditures and encumbrances, as necessary. If the Treasurer or the Board of Commissioners requires clarification on the budgeting process and adoption, they should consult the District's accountant.

CONFLICT OF INTEREST FORM

Name : _____

Position: _____

I have been informed and I agree to bring to the attention of the proper level of authority any real or perceived conflicts of interest that may arise during the course of my tenure with the El Paso County Emergency Services District #2.

Such conflicts include, but are not limited to, personal affiliations, professional affiliations, business dealings, dealings with other boards, and so forth.

Additionally, I agree to abide by the direction and decision rendered by the District.

Signature: _____

Date: _____

Print Name: _____

