

COMMISSIONERS COURT
REGULAR SESSION
June 11, 2001

The Hunt County Commissioners Court met this day with Commissioners Ralph Green, Allen Martin, and Phillip Martin present; Commissioner Kenneth Thornton was absent with Judge Joe Bobbitt presiding. Minutes of the previous meeting held May 29, 2001 and the public hearing held May 30, 2001 were approved as submitted.

NEW BUSINESS:

8003 On the motion by Judge Bobbitt, second by Allen Martin, the Court approved the appointment of Billie Joyce Erwin to the Hunt County Child Protective Services Board due to Marjorie Moore's term ending as of April 1st.

8004 On the motion by Ralph Green, second by Phillip Martin, the Court approved the outside audit required by Statement on Auditing Standards 61 for the year ending September 30, 2000 completed by Scott, Singleton, Fincher and Company, PC. The Court further discussed with Tommy Nelson the implementation of GASB #34 (Governmental Accounting Standards Board) Basic Financial Statements Managements Discussion and Analysis for State and Local Governments. This statement is being issued in order to create a new financial reporting model for governmental entities. Hunt County will be required, due to our size, to implement the new standards for the fiscal year ending September 30, 2003.

8005 On the motion by Phillip Martin, second by Allen Martin, the Court approved the request of Verizon Communications to construct a communication line within the ROW of CR 3224 and CR 3223 in Pct. 3 with the usual stipulations.

8006 On the motion by Green, second by Phillip Martin, the Court approved the request of Verizon Communications to construct a communication line within the ROW of CR 2134 in Pct. 2 with the usual stipulations.

8007 On the motion by Judge Bobbitt, second by Allen Martin, the Court approved for a production workflow management study (printing and electronic forms) to be done for each department at no cost to Hunt County-by Tim Elliott-Copier Products, Inc.

8008 On the motion by Phillip Martin, second by Allen Martin, the Court approved bid of \$27,400 from Greenville Ford-Lincoln-Mercury. Funding for this purchase made from grant funding received (\$27,500) from the North Central Council of Governments(COG).

FOR TRUCK IN E. ENFORCEMENT DEPT.
DTB

Bid on file in the Personnel Department. Funds not used in this purchase will be returned to COG.

8009 On the motion by Allen Martin, second by Green, the Court approved purchase of two copiers, one for Gloria Peters and one for 911 office utilizing grant funds from the North Central Council of Governments (COG).

— ‘Discuss and possibly take action on any new items pertaining to the New Justice Center.’ Judge Bobbitt stated offices are in the process of moving in-nothing new to report. Judge further stated there will be no more authorization for furniture purchases, etc., until bills are totaled and we have an accurate balance on this line item.

— The Court recessed at 10:50AM; Court reconvened at 11:05AM

— ‘Hear and discuss information on the group health pool.’ Angela Oberpriller-Texas Association of Counties was present to discuss options to possibly reduce costs on our group health pool of either staying with BC/BS, possibly keeping eligibility and membership separate, or by making the prescription drug program as a separate entity allowing a contract between the pharmacy and TAC. After much discussion Judge Bobbitt asked for a possible selection package to choose from, some type of standardized- streamlined plan which would allow the Court a means of Comparison between the plans.

8010 On the motion by Allen Martin, second by Green, the Court approved accounts payable. Judge Bobbitt abstained from the vote.

— There were no line-item budget transfers.

PERSONNEL AND PAYROLL:

County Attorney	Add Anne Wright as part time hourly Clerk at \$5.15 per hour, effective 5-30-01.
District Attorney	Add Trinity Brown as part time Clerk at \$5.15 per hour, effective 6-4-01.
Commissioner Pct. 1	Add Douglas Underwood as part time hourly Precinct Worker at \$8.50 per hour, effective 5-29-01.
Personnel	Remove Melissa Bode due to her moving back home, effective 6-1-01.
Sheriff	Remove Sergeant Shannon Radney due to her resignation, effective 5-31-01.

8011 Approved on the motion by Allen Martin, second by Phillip Martin.

Please allow the Following 2% Merit Raises effective 5-29-01 for District Attorneys Office:	
Kimberly Dawson	\$1,026.29
Judith Laman	\$1,042.20
Deborah Mason	\$1,042.20

8012 Approved on the motion by Phillip Martin, second by Allen Martin.

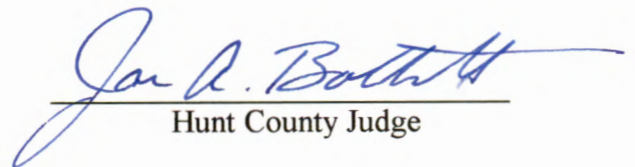
ADDENDUM:

— 'Discuss and possibly take action on preliminary plat for Blockdale Meadows in Pct.

2:' Item dropped from the Agenda.

— Court Adjourned at 12:00 Noon. Minutes approved this 25 day of June,

2001



 Hunt County Judge

Attest:



 Hunt County Clerk

FILED FOR RECORDat 2 o'clock P M

JUN 18 2001

LINDA BROOKS
County Clerk, Hunt County, Tex.
By L. BrooksCounty of Hunt, Texas
Management Letter
February 27, 2001

SCOTT, SINGLETON, FINCHER AND COMPANY, PC
CERTIFIED PUBLIC ACCOUNTANTS

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CERTIFIED PUBLIC ACCOUNTANTS

To the Commissioners Court
County of Hunt, Texas

In planning and performing our audit of the general purpose financial statements of the County of Hunt, Texas (County) for the year ended September 30, 2000, we considered its internal control in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements, and to report on the County's internal control structure in accordance with *Government Auditing Standards*. Our consideration of the internal control structure was not designed to provide assurance on the system of internal control. However, during our audit we noted certain matters involving the internal control structure and its operation that we consider worthy of communication to you and your staff.

Implementation of Governmental Accounting Standards Board (GASB) Statement Number 34

The Governmental Accounting Standards Board (GASB) has issued GASB Statement Number 34, *Basic Financial Statements - Management's Discussion and Analysis - for State and Local Governments*. This statement was issued in order to create a new financial reporting model for governmental entities. The effective date for implementing the new standards varies depending on the size of the governmental entity. The County will be required to implement the new standards for the fiscal year ending September 30, 2003.

Some of the new financial reporting model's key elements are as follows:

Newly designed government-wide financial statements will be integrated with enhanced fund reporting;

Management's discussion and analysis (MD&A) of the financial reports will be required supplementary information that will be provided along with the financial statements;

Infrastructure assets such as roads and bridges will be required to be valued and reported on the financial statements;

Depreciation will be calculated on capital assets such as buildings and equipment included in general fixed assets;

Required budgetary comparison schedules showing the original budget, the final budget and actual amounts on the budgetary basis will be presented;

Certain fees and fines previously reported on the cash basis of accounting will be required to be converted to the accrual basis of accounting.

We recommend that the County develop a plan for implementation of GASB 34 that includes training for appropriate accounting personnel, developing the accrual information needed to report government activities in the government-wide financial statements and compiling the capital assets records that will allow for the calculation of depreciation for government-wide reporting of general government capital assets.

Community Development Block Grant Funding passed through the Texas Department of Housing & Community Affairs to the County on behalf of other entities

Periodically the County is asked to act as a sponsor for Community Development Block Grant funding passed through the Texas Department of Housing & Community Affairs on behalf of other entities within the County. An example of this in the current fiscal year is the grant funding used to provide water and sewer improvements to the Town and Country Estates subdivision. As sponsor of the grant, the County is considered the grant recipient by the grantor and accordingly, is responsible for the use of grant funds. This type of grant is an excellent method of financing improvements provided to County residents at little or no cost to the County. The Commissioner's court should be aware that these funds in many cases originate with a federal source and as such may trigger additional audit requirements for the County's financial statements should total federal or state funded expenditures exceed \$300,000 during a fiscal year. Entities that expend more than \$300,000 in federal or state funds during an audit period are subject to the audit requirements of the federal Single Audit Act or the State of Texas Single Audit Circular. Presently County financial information is not subject to Single Audit Act requirements.

Since these grant funds only pass through the County for use by another entity, the County presently does not record these amounts on its general ledger system, but rather maintains funding documentation in its files. We used this file information and presented the grant funding in a special revenue fund in the County financial statements. During our review of the Commissioner's Court minutes, we noted that discussion of grants of this nature appears to be increasing. Should this activity increase, the County should consider recording these grants on its general ledger accounting system.

Bank Deposit Procedures

It has come to our attention that banking institutions for certain governmental entities may accept deposits that allow the individual making the deposit to either receive cash or a bank check back as a reduction in the amount deposited. Accordingly, the deposit is made for the net amount. In these cases, the individual making the deposit is generally an authorized check signer on the account. More effective internal control would provide that all deposits be made intact.

We did not observe any instances of this type of deposit procedure during our audit tests, however, we noted that the County does not have any written policy or procedure that prohibits such a transaction. We recommend that the County adopt a written policy that provides that all deposits be made intact and prohibits any employee from receiving cash or a bank check back as a reduction in deposited amounts. This policy should then be provided to each of the County's banking institutions.

Follow-up on prior year comments:

Financial Reporting and Accounting (Comment unchanged from prior year)

The County maintains bank accounts that are used for various trust and agency funds held by the County in a fiduciary capacity. These accounts are maintained outside of the County's general ledger accounting system. In most cases, the bank accounts and their related bank statements represent the entire accounting system for these funds. This means that there is no systematic process for summarizing and reporting the activity in these funds in order to present them in the County's general purpose financial statements. Accordingly, at the end of the fiscal year, it is necessary to review the bank statements for these various accounts and summarize their activity so they may be presented in the general purpose financial statements of the County in accordance with generally accepted accounting principles. County management has the responsibility for the County's ability to report complete financial information. Offices which maintain these trust and agency funds are the County Clerk; County Tax Assessor/Collector; County Sheriff; County Attorney; District Attorney; and the District Clerk.

There are several variations of inexpensive accounting software available in the marketplace which would facilitate the accounting for these trust and agency funds. We recommend that the County select a version of accounting software and account for the activity in these trust and agency funds on a systematic basis. This will facilitate the preparation of the County's general purpose financial statements in accordance with generally accepted accounting principles.

Policies and Procedures Documentation (Comment unchanged from prior year)

During our inquiries regarding internal control policies and procedures for County activities, we noted that many County activities do not have written policies and procedures which set forth the methods by which these activities are conducted and/or accounted for. We recognize that County officials have an understanding of the methods the County uses to conduct its business, however, for an entity of the size of the County, we believe that good business practice would call for certain written policies and procedures to be in place. Some of the areas for which no written policies and procedures are maintained are as follows: Purchasing policies and procedures (other than bidding procedures required by state law); accounting policies and procedures; property tax and motor vehicle collection policies and procedures; and payroll procedures. While the establishment of written policies and procedures in these areas would take considerable time and effort, we believe the benefits would justify the effort. We recommend that the County review its various activities and establish written policies and procedures as necessary. We would recommend that these written procedures include, as a minimum, the areas specified above.

Inmate Trust Accounts - Bank Reconciliations (Comment unchanged from prior year)

During our review of the inmate trust account, we noted that this bank account had not been reconciled on a systematic basis. We recommend that this bank account be reconciled on a monthly basis to assure that any differences are identified on a timely basis.

Public Hearing Regarding Adoption of the Annual County Budget

During our review of the County budget adoption process for fiscal year 2000, we noted that a public hearing was advertised and conducted as specified by state law, accordingly, this prior year comment has been resolved for fiscal year 2000.

Real Estate Purchases

During our tests of expenditures we reviewed the documentation associated with certain real estate purchases. Our review of this documentation disclosed that owners title insurance policies were received by the County for these purchases in accordance with our prior year recommendation.

If you have any questions or comments regarding the above items, we would be happy to discuss them with you. We would like to take this opportunity to express our appreciation for the excellent cooperation extended to us by all County employees. We appreciate the opportunity to work with you.

This report is intended solely for the information and use of the Commissioners Court, County management officials, and appropriate state and federal agencies. It is not intended to be and should not be used by any other parties.

Respectfully submitted,

Scott, Singleton, Fincher & Company, PC

Scott, Singleton, Fincher and Company, PC
February 27, 2001

FILED FOR RECORD
at 2 o'clock P M

JUN 18 2001

LINDA BROOKS
County Clerk, Hunt County, Tex.
By L. Brooks

County of Hunt, Texas
Communication Required by
Statement on Auditing Standards 61
Year Ended September 30, 2000

SCOTT, SINGLETON, FINCHER AND COMPANY, PC
CERTIFIED PUBLIC ACCOUNTANTS

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February 27, 2001

To the Commissioners Court
County of Hunt, Texas

We have audited the general purpose financial statements of the County of Hunt, Texas, "County" for the year ended September 30, 2000, and have issued our report thereon dated February 27, 2001. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under Generally Accepted Auditing Standards and Government Auditing Standards

As stated in our engagement letter dated August 28, 2000, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance about whether the general purpose financial statements are free of material misstatement. Because an audit is designed to provide reasonable, but not absolute assurance and because we did not perform a detailed examination of all transactions, there is a risk that material errors, fraud, or other illegal acts may exist and not be detected by us.

As part of our audit, we considered the internal control of the County of Hunt, Texas. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the County's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our tests was not to provide an opinion on compliance with such provisions.

Significant Accounting Policies

Management has the responsibility for selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the County are described in Note 1 to the general purpose financial statements.

During 1999, the County issued \$13,500,000 of permanent improvement bonds for the construction of a new jail facility. During the 2000 fiscal year, the County expended \$7,814,739 for construction of the new jail facility. Capital expenditures related to the construction of this facility and the balance of the unexpended proceeds of the bond issue are accounted for in a capital projects fund (see report pages 8-10 and 35-36).

Accounting Estimates

Accounting estimates are an integral part of the general purpose financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the general purpose financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements was management's estimate of the allowance for uncollectible taxes.

Management's estimate of the allowance for uncollectible taxes is based on historical data of actual tax collections from prior years. We evaluated the key factors and assumptions used to develop the allowance for uncollectible taxes and determined that it was reasonable in relation to the governmental fund type financial statements taken as a whole.

Audit Adjustments

For purposes of this letter, professional standards define an audit adjustment as a proposed correction of the general purpose financial statements that, in our judgment, may not have been detected except through our auditing procedures. These adjustments may include those proposed by us but not recorded by the County that could potentially cause future financial statements to be materially misstated, even though we have concluded that such adjustments are not material to the current financial statements. We proposed no unrecorded audit adjustments that could, in our judgment, either individually or in the aggregate, have a significant effect on the County's financial reporting process.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the general purpose financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's general purpose financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Issues Discussed Prior to Retention of Independent Auditors

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the County's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing our audit.

This information is intended solely for the use of the Commissioners Court and management of the County of Hunt, Texas and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Scott, Singleton, Fincher & Company, PC

Scott, Singleton, Fincher and Company, PC