COMMISSIONERS' COURT
REGULAR MEETING
AUGUST 11, 2003

BE IT REMEMBERED THAT THE TITUS COUNTY COMMISSIONERS' COURT met in *Regular Session* Monday, August 11, 2003, in the Titus County Courtroom with the following members present:

DANNY P. CROOKS.....COUNTY JUDGE
BOB FITCH.....COMMISSIONER PRECINCT 1
MIKE FIELDS.....COMMISSIONER PRECINCT 2
BILLY J. THOMPSON.....COMMISSIONER PRECINCT 3
THOMAS E. HOCKADAY.....COMMISSIONER PRECINCT 4
THELMA SCULLIN..... DEPUTY COUNTY CLERK

PUBLIC AND COUNTY OFFICIALS ATTENDING MEETING;

ARVEL SHEPARD, SHERIFF
CARL JOHNSON, AUDITOR

NORMA NARRAMORE
JAKE NARRAMORE
KAREN HUFFINS
JEWEL L. RICHARDSON
WILMA PAYNE
STEVE CAPPS
ANABELLE RANDALL
LATISHA CAMPBELL
KENNY ROLLINS
MARY STRICKLAND
MELISSA HILL
BOB GRAY, NET DATA
BETH POAG
BEVERLY AMERSON
LELDA THOMPSON
RALPH RANDALL
HUELLA CAMPBELL
GAY DECKER
JOSH HUBER, DC&A

IN THE MATTER OF
PUBLIC COMMENTS AND/OR REQUESTS FOR INFORMATION
ON NON-AGENDA ITEMS IN ACCORDANACE WITH
SECTION 551-042, TEXAS OPEN MEETINGS ACT

Sherry Mars, County Clerk, told the Court that with the changes on election requirements and the cost to implement these requirements, a joint primary would be beneficial

financially to the County. The County Clerk does not have to contract with the parties to do the primary. The only thing the Clerk has to provide are supplies. Norma Narramore, Democratic Chairperson, stated that she is against joint primaries.

Steve Capps with Capps Insurance told the Court that he heard that the Court was considering going with Texas Association of Counties for the County Insurance. If the County decided to go with Texas Associates of County, it would not be necessary to go out for bids. Mr. Capps said he did not understand why the Court would decide to go that way and exclude the local business people from a chance to bid. It was suggested that the Chief Financial Officer might get on the phone and look into this matter.
No Action taken

IN THE MATTER OF
OPEN BIDS ON A USED MURRAY RIDING LAWN
MOWER FROM TITUS COUNTY PARK. CONSIDER
AND POSSIBLY APPROVE THE SALE OF THE USED
LAWN MOWER

Motion was made by Commissioner Billy Jack Thompson and seconded by Commissioner Bob Fitch to accept the bid from Paul Wilson for $153.00 on the riding lawn mower from Titus County Park. Motion carried unanimously.
SEE EXHIBIT A

IN THE MATTER OF
DISCUSS AND POSSIBLY APPROVE AGREEMENT FOR
AUDIT OF FINANCIAL STATEMENTS BETWEEN
ARNOLD, WALKER, ARNOLD & CO., P.C. AND
TITUS COUNTY

Motion was made by Commissioner Thomas Hockaday and seconded by Commissioner Mike Fields to accept Agreement for Audit of Financial Statements with Arnold, Walker, Arnold & Co., P.C. Motion carried unanimously.
SEE EXHIBIT B

IN THE MATTER OF
CONSIDER AND POSSIBLY APPROVE TITUS COUNTY
FAMILY AND CONSUMER SCIENCES AGENT, MARY STRICKLAND,
DISTRICT EXTENSION DIRECTOR, OR A REPRESENTATIVE
TO SPEAK

Mary Strickland spoke to the Court about budget cuts being made in the Extention Agent Program. The people of Titus County feel that our county needs another agent to replace Huella Campbell since her retirement. Ms. Strickland informed the Court that the State Office said the County had four options. 1. County fund position 2. Eliminate position 3. Have a part time position 4. Combine with another county. Several people appeared in court and each spoke of how important and helpful this second agent is to the county

and that they are needed. Commissioner Mike Fields had talked to several counties that were smaller than ours or the same size that had 2 and 3 agents, yet we were only given one. The feeling is that Titus County should have two agents under the same circumstances as before. This is a unanimous agreement of the four Commissioners.
SEE EXHIBIT C

IN THE MATTER OF
CONSIDER AND POSSIBLY APPROVE ACTION TO CORRECT
AND CLEAN-UP PID SERVICE PROVIDED BY NET DATA

Sherry Mars, County Clerk, informed the Court that PID is still a big problem. Ms. Mars was told that Net Data said that the County Employees should be the ones to re-enter everything in the computer in order to make corrections. Ms. Mars reminded everyone that the problem was created by Net Data and their employees should be the ones to do all the corrections.
No action taken

IN THE MATTER OF
CONSIDER AND POSSIBLY APPROVE CHANGING LOT 4
& NORTH ½ OF LOT 5 CITY BLOCK 214, MINERAL SPRINGS,
TO LOT 4R, CITY BLOCK 214, MINERAL SPRINGS ADDITION,
PRECINCT #2

Motion was made by Commissioner Mike Fields and seconded by Commissioner Bob Fitch to approve Lot 4R, City Block 214, Mineral Springs Addition. Motion carried unanimously.

IN THE MATTER OF
CONSIDER AND POSSIBLY APPROVE DEDICATING
LAKEVIEW LANDING ADDITION, PRECINCT 2

Motion was made by Commissioner Mike Fields and seconded by Commissioner Billy Jack Thompson to approve Lakview Landing Addidion. Motion carried unanimously.

IN THE MATTER OF
CONSIDER AND POSSIBLY APPROVE NEW COUNTY
CLERK'S RECORDS ARCHIVE FEE

Motion was made by Commission Billy Jack Thompson and seconded by Commissioner Bob Fitch to approve a $5 Records Archive Fee to be collected in the County Clerk's Office. Records Management Fee that is now charged will be done away with in the future and this new fee will help fund the keeping good records. Motion carried unanimously.

IN THE MATTER OF
CONSIDER APPROVAL OF BUDGET AMENDMENTS

There were no budget amendments.

IN THE MATTER OF
SIGN PAY ORDERS AND APPROVE PAYMENT

Motion was made by Commissioner Billy Jack Thompson and seconded by Commissioner Thomas Hockaday to sign pay orders and approve payment. Motion carried unanimously.

IN THE MATTER OF
ORAL AND WRITTEN REPORTS OF
COUNTY OFFICIALS

Motion was made by Commissioner Bob Fitch and seconded by Commissioner Billy Jack Thompson to approve the following reports: Auditor, Tax Assessor/Collector, District Clerk, NorTex V.F.D., Sugar Hill V.F.D., Five Star V.F.D., Justice of the Peace Pct. #2, Justice of the Peace Pct. #1.
Motion carried unanimously

IN THE MATTER OF
ADJOURNMENT

Motion was made by Commissioner Thomas Hockaday and seconded by Commissioner Bill Jack Thompson to adjourn the meeting. Motion carried unanimously.

"Co Judge

PUBLIC NOTICE

THE COMMISSIONER'S COURT OF TITUS COUNTY IS SOLICITING BIDS FOR THE SALE OF A 42 INCH CUT, 17.5 H P MURRAY LAWNMOWER. THIS LAWNMOWER MAY BE SEEN AT THE TITUS COUNTY PRECINCT 2 BARN MONDAY THROUGH FRIDAY BETWEEN THE HOURS OF 8:00 A.M. AND 3:30 P.M. . BIDS MUST BE RECEIVED IN THE AUDITOR'S OFFICE NO LATER THAN 4:00 P.M., FRIDAY, AUGUST 08, 2003. BIDS WILL BE OPENED IN THE COMMISSIONER'S COURTROOM AT 9:00 A.M., MONDAY, AUGUST 11 2003.

TITUS COUNTY RESERVES THE RIGHT TO ACCEPT OR REJECT ANY OR ALL BIDS.

WILLIAM WHITE

BUSINESS MANAGER

Bid on lawn mower: $153.00

Paul Wilson
3921 FM 2888
Naples, TX 75568

VOL. 132 PAGE 176 Firm Christy July 28, 2003

EXHIBIT B

$17,000

ARNOLD, WALKER, ARNOLD & Co. P.C.

Certified Public Accountants And Consultants

Bob J. Arnold, C.P.A.
Lanny G. Walker, C.P.A.
Kris Arnold, C.P.A.
Lauri G. Robertson, C.P.A.
Melissa J. Godfrey, C.P.A.

MEMBER

American Institute Of Certified Public Accountants

Texas State Society Of Certified Public Accountants

July 17, 2003

Titus County
County Courthouse
100 West First Street, Suite 200
Mt. Pleasant, TX 75455

We are pleased to confirm our understanding of the services we are to provide the County for the year ended September 30, 2003. We will audit the financial statements of the County as of and for the year ended September 30, 2003. We understand that the financial statements will be presented in accordance with the financial reporting model described in GASB Statement No. 34. Also, the document we submit to you will include the following additional information that will be subjected to the auditing procedures applied in our audit of the general purpose financial statements:

1. Schedule of expenditures of federal awards.

Audit Objectives

The objective of our audit is the expression of an opinion as to whether your financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles and to report on the fairness of the additional information referred to in the first paragraph when considered in relation to the financial statements taken as a whole. The objective also includes reporting on --

- Internal control related to the financial statements and compliance with laws, regulations, and the provisions of contracts or grant agreements, noncompliance with which could have a material effect on the financial statements in accordance with *Government Auditing Standards*.
- Internal control related to major programs and an opinion (or disclaimer of opinion) on compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a direct and material effect on each major program in accordance with the Single Audit Act Amendments of 1996 and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

915 N. Jefferson Street • PO Box 1217 • Mt. Pleasant, Texas 75456-1217 • (903) 572-6606 • Fax (903) 572-3781
Email: firm@awacpa.com

The reports on internal control and compliance will each include a statement that the report is intended for the information and use of the audit committee, management, specific legislative or regulatory bodies, federal awarding agencies, and if applicable, pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Our audit will be conducted in accordance with U.S. generally accepted auditing standards; the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the Single Audit Act Amendments of 1996; and the provisions of OMB Circular A-133; and will include tests of accounting records, a determination of major program(s) in accordance with Circular A-133, and other procedures we consider necessary to enable us to express such an opinion and to render the required report. If our opinion on the financial statements or the Single Audit compliance opinion is other than unqualified, we will fully discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed an opinion, we may decline to express an opinion or to issue a report as a result of this engagement.

Management Responsibilities

Management is responsible for establishing and maintaining internal control and for compliance with the provisions of contracts, agreements, and grants. In fulfilling this responsibility, estimates and judgements by management are required to assess the expected benefits and related costs of the controls. The objectives of internal control are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, that transactions are executed in accordance with management's authorizations and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles, and that federal award programs are managed in compliance with applicable laws and regulations and the provisions of contracts and grant agreements.

Management is responsible for making all financial records and related information available to us. We understand that you will provide us with such information required for our audit and that you are responsible for the accuracy and completeness of that information. We will advise you about appropriate accounting principles and their application and will assist in the preparation of your financial statements, including the schedule of expenditures of federal awards, but the responsibility for the financial statements remains with you. That responsibility includes the establishment and maintenance of adequate records and effective internal control over financial reporting and compliance, the selection and application of accounting principles, and the safeguarding of assets. Management is responsible for adjusting the financial statements to correct material misstatements and for confirming to us in the representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the government involving (a) management, (b) employees who have significant roles in internal control, and (c) others where the fraud could have a material effect on the financial statements. You are also responsible for informing us of your knowledge of any allegations of fraud or suspected fraud affecting the government received in communications from employees, former employees, regulators, or others. In addition, you are responsible for identifying and ensuring that the entity complies with applicable laws and regulations. Additionally, as required by OMB Circular A-133, it is management's responsibility to follow up and take corrective action on reported audit findings and to prepare a summary schedule of prior audit findings and a corrective action plan.

Audit Procedures--General

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgement about the number of transactions to be examined and the areas to be tested. We will plan and perform the audit to obtain reasonable rather than absolute assurance whether the financial statements are free of material misstatement, whether from errors, fraudulent financial reporting, misappropriation of assets, or violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity.. As required by the Single Audit Act Amendments of 1996 and OMB Circular A-133, our audit will include test of transactions related to major federal award programs for compliance with applicable laws and regulations and the provisions of contracts and grant agreements. Because an audit is designed to provide reasonable, but not absolute assurance and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements or noncompliance may exist and not be detected by us. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements or major programs. However, we will inform you of any material errors and any fraudulent financial reporting or misappropriation of assets that comes to our attention. We will also inform you of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential. We will include such matters in the reports required for a Single Audit. Our responsibility as auditors is limited to the period covered by our audit and does not extend to matters that might arise during any later periods for which we are not engaged as auditors.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include direct confirmation of receivables and certain other assets and liabilities by correspondence with selected individuals, creditors, and financial institutions. We will request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of our audit, we will also require certain written representations from you about the financial statements and related matters.

Audit Procedures -- Internal Controls

In planning and performing our audit, we will consider the internal control sufficient to plan the audit in order to determine the nature, timing, and extent of our auditing procedures for the purpose of expressing our opinions on the County's financial statements and on its compliance with requirements applicable to major programs.

We will obtain an understanding of the design of the relevant controls and whether they have been placed in operation, and we will assess control risk. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Tests of controls relative to the financial statements are required only if control risk is assessed below the maximum level. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*.

As required by OMB Circular A-133, we will perform tests of controls to evaluate the effectiveness of the design and operation of controls that we consider relevant to preventing or detecting material noncompliance with compliance requirements applicable to each major federal award program. However, our tests will be less in scope than would be necessary to render an opinion on those controls and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to OMB Circular A-133.

An audit is not designed to provide assurance on internal control or to identify reportable conditions. However, we will inform the governing body or audit committee of any matters involving internal control and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control that, in our judgment, could adversely affect the entity's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. We will also inform you of any nonreportable conditions or other matters involving internal control, if any, as required by OMB Circular A-133.

Audit Procedures -- Compliance

Our audit will be conducted in accordance with the standards referred to in the section titled Audit Objectives. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of the County's compliance with applicable laws and regulations and the provisions of contracts and agreements, including grant agreements. However, the objective of those procedures will not be to provide an opinion on overall compliance and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards*.

OMB Circular A-133 requires that we also plan and perform the audit to obtain reasonable assurance about whether the auditee has complied with applicable laws and regulations and the provisions of contracts and grant agreements applicable to major programs. Our procedures will consist of the applicable procedures described in the OMB Circular A-133 *Compliance Supplement* for the types of compliance requirements that could have a direct and material effect on each of the County's major programs. The purpose of those procedures will be to express an opinion on the County's compliance with requirements applicable to major programs in our report on compliance pursuant to OMB Circular A-133.

Audit Administration, Fees, and Other

At the conclusion of the engagement, we will complete the appropriate sections of and sign the Data Collection Form that summarizes our audit findings. We will provide fifteen copies of our reports to the County; however, it is management's responsibility to submit the reporting package (including financial statements, schedule of expenditures of federal awards, summary schedule of prior audit findings, auditor's reports, and a corrective action plan) along with the Data Collection Form to the designated federal clearinghouse and, if appropriate, to pass-through entities. The Data Collection Form and the reporting package must be submitted with the earlier of 30 days after receipt of the auditors' reports or nine months after the end of the audit period, unless a longer period is agreed to in advance by the cognizant or oversight agency for audits. At the conclusion of the engagement, we will provide information to management as to where the reporting packages should be submitted and the number to submit.

The workpapers for this engagement are the property of Arnold, Walker, Arnold & Co., P.C. and constitute confidential information. However, we may be requested to make certain workpapers available to Federal Grantor Agencies pursuant to authority given to them by law or regulation. If requested, access to such workpapers will be provided under the supervision of our firm's personnel. Furthermore, upon request, we may provide photocopies of selected workpapers to these agencies. These agencies may intend, or decide, to distribute the photocopies or information contained therein to others, including other governmental agencies.

The workpapers for this engagement will be retained for a minimum of three years after the date the auditors' report is issued or for any additional period requested by the above agencies. If we are aware that a federal awarding agency, pass-through entity, or auditee is contesting an audit finding, we will contact the party(ies) contesting the audit finding for guidance prior to destroying the workpapers.

We expect to conclude the audit in a timely fashion so that it is issued to you prior to the January meeting. Our fee for these services will be $17,000.00. Our invoices for these fees will be rendered each month as work progresses and are payable on presentation. The above fee is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs. Also in the event significant new grants are obtained subsequent to this agreement, we will discuss and arrive at additional fees for this.

Government Auditing Standards require that we provide you with a copy of our most recent quality control review report. Our 2002 peer review report accompanies this letter.

We appreciate the opportunity to be of service to the County and believe this letter accurately summarizes the significant terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.

Respectfully,

Lanny Walker, CPA

Lanny Walker, CPA
Arnold, Walker, Arnold & Co., P.C.

This letter sets forth the understanding of Titus County.

By: Danny L Cook

Title: County Judge

Date: August 14, 2003

EXHIBIT C

Office of the Director
106A Jack K. Williams Administration Building
7101 TAMU
College Station, TX 77843-7101

June 19, 2003

RECEIVED
JUN 28 2003
TITUS COUNTY JUDGE

MEMORANDUM

To: Members of the County Commissioners Court
(for distribution through the Office of the County Judge)

From: Chester P. Fehlis, Director.
c-fehlis@tamu.edu / 979-845-7967 or 7808

Subject: **Budget Impacts on Texas Cooperative Extension (TCE)**

With this letter, I would like to tell you how Texas Cooperative Extension is being affected by the pending state budget for fiscal years '04 and '05. But first, let me express my heartfelt thanks for your tremendous support of Extension during the recent legislative session.

Resolutions of support from the officers of your state association and some of the regional associations, along with personal contacts, helped minimize the cuts proposed for Extension in the upcoming biennium. Originally, the House set a 12.5% reduction from our '02-'03 level and the Senate set a 3.75% reduction. Ultimately, the conference committee agreed on the 3.75% figure, based largely on concerns expressed by many of you, as well as other Extension friends and supporters. With your continuing help, we hope to avoid further cuts until a final budget is certified by the comptroller and signed by the governor.

Staffing Situation

Last February, when I spoke in Austin at the annual County Judges and Commissioners state conference, I clearly outlined the potential impact of budget cuts on Extension, especially at the county level. So far, the reduction is not as severe as feared, but we still expect TCE to suffer at least a $3.2 million cut from our two-year total for the current '02-'03 biennium.

For the new biennium, that actually requires us to budget at $4.2 million less, compared to our '03 general revenue base. Remember, we received additional state funds for county agent salary increases in FY '03, so our '03 budget base is greater than the '02 base.

More than 90% of all Extension funds is invested in salaries and benefits for employees. With a budget shortfall, each component of the agency must contribute to cover the deficit. That affects counties because direct support of county Extension agents and their programs constitutes 60% of our budget. We are identifying both staffing cuts and other cost reductions agency-wide, at the administrative/management, specialist, support staff and county Extension agent levels.

–over–

Administration accounts for only 3% of the TCE budget (one of the lowest levels among all state agencies). We direct 97% of our funds to outreach – to county Extension agents, specialists that support the agents, infrastructure (including maintenance of Research and Extension Centers across the state) and related support functions.

At present, we expect a total loss of some 80 positions as a result of the state budget. Initially, 46 county-based positions were targeted for elimination. However, these are not definite numbers because: 1) some county courts may decide to fully fund a position or to share a position with another county, and 2) our budget may be cut yet again during the special legislative session.

The positions being eliminated now were carefully selected based on several criteria, with emphasis on maintaining a viable network for extending Extension programs to the people of Texas. We regret the loss of any position, especially among county agents, because we all place a very high value on the role of each county Extension staff in providing the greatest possible access to Extension programs and services across the state.

Organizational Excellence

I would like to update you on another issue as we look to the future of Extension. The constant of Extension's existence is its mission – to provide quality, relevant outreach and continuing education programs and services to the people of Texas. Everything about our organization must support and enable us to effectively fulfill this vital mission, regardless of our funding level.

With a focus on excellence in programs, we in Extension conducted a comprehensive study on how to better serve Texas. This study involved many people over an extended period. The results are some changes in our structure and processes that will lead to higher quality, more relevant programs. This effort began well before the nation's economic woes and is proceeding independently.

For you, beginning September 1, the main change is that you will no longer work with two District Extension Directors on budget, personnel and other Extension issues. Instead, you will work with just one person called a District Extension Administrator. Your administrator is listed below, and will be in touch with you soon to provide more information about this change.

District Extension Administrators: Donna Brauchi (D1), Jett Major (D2), Galen Chandler (D3), Mary Strickland (D4), Tony Douglas (D5), Brenda Rue (D6), Scott Durham (D7), Ron Woolley (D8), Dale Fritz (D9), Cheryl Mapston (D10), Darrell Dromgoole (D11) and Bertha Garza (12)

In Conclusion

Again, thank you for your support of Texas Cooperative Extension and the Extension agents in your county. The value of Extension to the people of Texas has never been greater and we vow to provide as many personnel as possible to meet your needs. Whenever you have questions or issues to discuss, I am always glad to hear from you. Please feel free to contact me or my office any time.

Sincerely,

Chester P. Fehlis