

STATE OF TEXAS:

COUNTY OF FISHER:

Be it remembered that on Thursday, the 27th day of July, 2017 the Commissioners' Court of Fisher County, Texas, convened in Special Session in the Commissioners' Courtroom, Fisher County Courthouse, 112 N Concho, Roby, Texas, with the following member of the Court present, to-wit:

Ken Holt, County Judge

Gordon Pippin, Commissioner Precinct #1

Billy Henderson, Commissioner #2

Preston Martin, Commissioner #3

Scott Feagan, Commissioner Precinct #4

Pat Thomson, County Clerk

And the proclamation having been made the Court was in session, the following business came on to be considered:

#1- CALL MEETING TO ORDER & ESTABLISH QUORUM – All Present

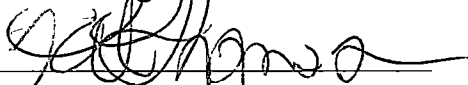
#2-Approve Outside Audit-Motion was made by Commissioner Feagan, second by Commissioner Henderson to approve outside audit by James E. Rodgers & Company (see attached). The motion having been put to vote prevailed, the vote being unanimous.

#3-Adjourn-Motion was made by Commissioner Martin, second by Commissioner Henderson to adjourn. The motion having been put to vote prevailed, the vote being unanimous.

State of Texas:

County of Fisher:

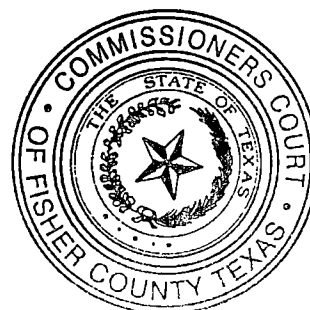
I, Pat Thomson, Fisher County Clerk, attest that the foregoing is a true and accurate accounting of the Commissioner Court's authorized proceedings for July 27, 2017



Pat Thomson

County Clerk and Ex-Officio Member

Of Commissioners' Court, Fisher County, Texas



FISHER COUNTY, TEXAS

**ANNUAL FINANCIAL REPORT PRESENTATION and
COMMUNICATION OF AUDIT RESULTS**

FISCAL YEAR ENDED SEPTEMBER 30, 2016

James E. Rodgers and Company, P.C.
Certified Public Accountants

FISHER COUNTY, TEXAS

Annual Financial and Compliance Audit For the Year Ended September 30, 2016

Executive Summary of Audit Findings

Financial Highlights

Governmental Fund Financial Statements

	General Fund	Other Funds	Total	
Modified Accrual for Budgetary & Control Purposes				
Beginning Fund Balance - All Governmental Funds	\$1,254,554	\$3,537,485	\$4,792,039	
Excess of Revenues Over Expenditures	383,909	(3,311,436)	(2,927,527)	
Ending Fund Balance - All Governmental Funds	\$1,638,463	\$226,049	\$1,864,512	Pgs. 21 - 27

Government Wide Statements

	Beginning Net Position	Revenues - Expenses	Ending Net Position	
Full Accrual for Overall Financial Condition				
Government Wide Totals	\$3,043,433	\$516,797	\$3,560,230	Pgs. 18 & 19
Major Adjustments to Change From Modified Accrual to Full Accrual				Pgs. 23 & 28

Economic Factors and Demographic Data

	Years Ended September 30,						
	1900	1910	1950	1990	2,000	2,005	2,016
County Population	3,708	12,596	11,023	4,842	4,344	4,041	3,854
County Appraised Value for Property Taxes					146,085,648	158,234,112	383,861,794
County Total Property Tax Rate				\$0.6280	\$0.8600	\$0.9500	\$0.8155
Persons 65 and Older							23.1%
Persons Below Poverty							15.2%

Financial Audit Findings

	Unmodified	
Type of opinion issued on financial statements	Yes	Pg. 3
GAO Report - Significant Deficiencies in Internal Control & Compliance material to financial statements. * Accounting Records unavailable due to computer server and backup data corruption.	Yes	Pgs. 78 - 80
Material weaknesses in internal controls.	Yes	Pgs. 78-80

Single Audit Findings

Type of report issued on compliance with "major" federal programs.	N/A	
Noncompliance findings relative to federal programs.	N/A	

Reports to Management & Those Charged with Governance

Report to Governance at Conclusion of the Audit - Significant Audit Finding and Other Matters	Separate Report
Management Letter	Separate Report

Other Financial Highlights

Total Long-term Debt was \$6,818,133 at year end compared to \$7,132,110 the previous year (decrease of \$313,977).
The General Fund Transferred \$730,450 to Special Revenue Funds including Senior Citizens, Jail Construction & Road and Bridge Funds.
Revenue increased 12.78% and Expenditures increased 1.46% excluding New Jail Facility Construction.

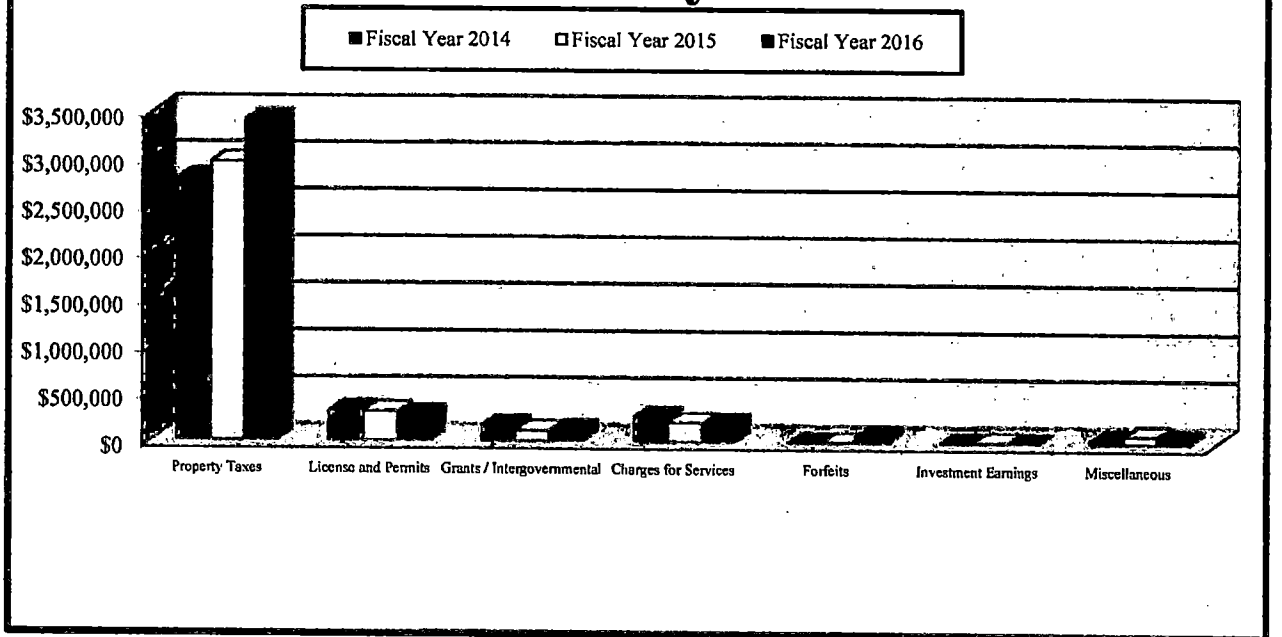
James E. Rodgers and Company, PC
Certified Public Accountants
20 SW 3rd Street - Hamlin, Texas 79520

FISHER COUNTY, TEXAS

REVENUES BY SOURCE

	Fiscal Year 2014	Fiscal Year 2015	Fiscal Year 2016
Property Taxes	\$2,801,650	\$2,970,771	\$3,427,630
License and Permits	328,374	314,872	284,257
Grants / Intergovernmental	175,515	113,278	128,040
Charges for Services	271,661	205,139	199,096
Forfeits	0	0	73,786
Investment Earnings	3,379	8,040	5,168
Miscellaneous	45,585	83,705	50,180
TOTALS	\$3,626,164	\$3,692,805	\$4,168,197

Revenues by Source

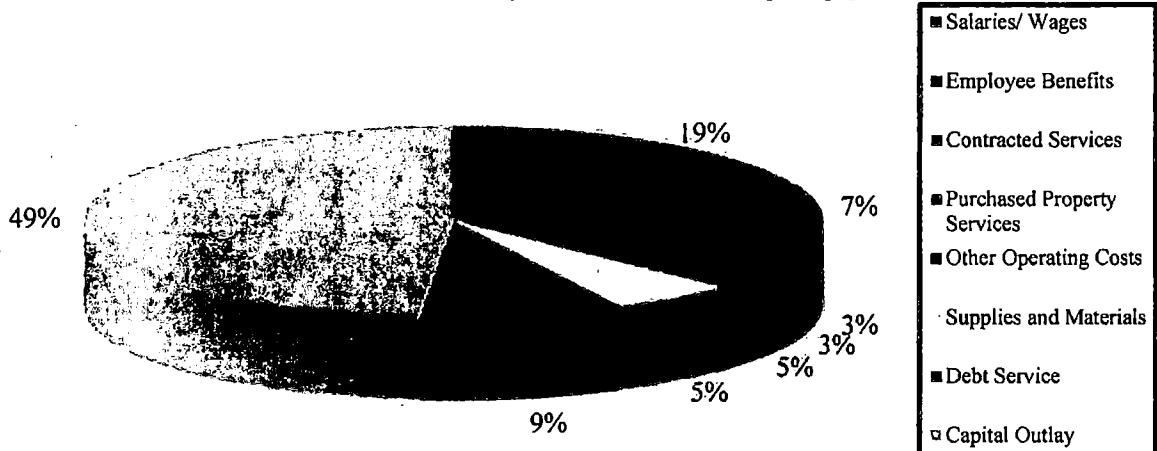


FISHER COUNTY, TEXAS

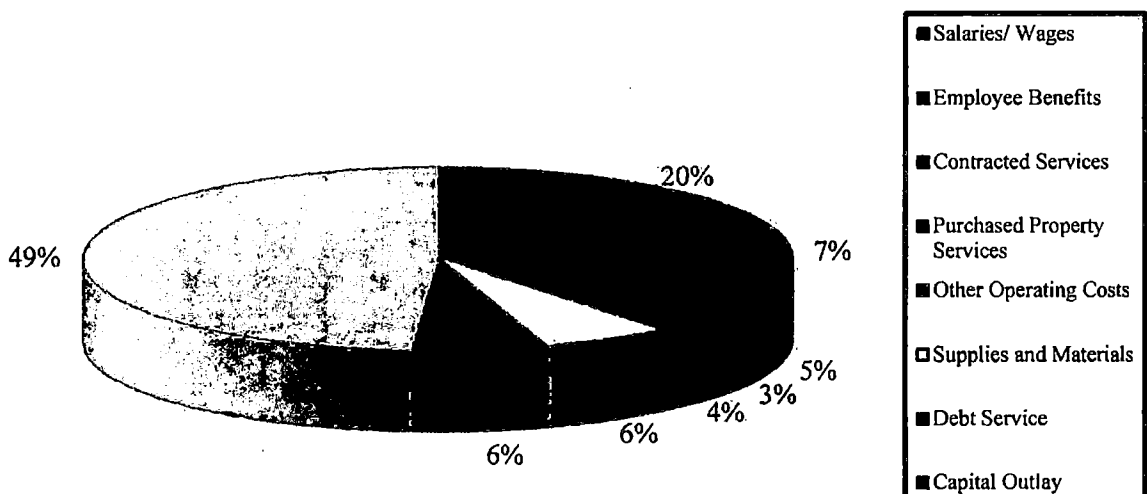
EXPENDITURES BY TYPE

	Fiscal Year 2015	Fiscal Year 2016
Salaries/ Wages	\$1,422,998	\$1,365,329
Employee Benefits	531,398	519,375
Contracted Services	342,441	252,286
Purchased Property Services	241,563	202,956
Other Operating Costs	253,645	338,411
Supplies and Materials	408,093	376,367
Debt Service	443,458	642,165
Capital Outlay	3,468,455	3,485,251
Total	\$7,112,051	\$7,182,140

Fiscal Year 2016 Expenditures by Type



Fiscal Year 2015 Expenditures by Type



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Certified Public Accountants

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Member of Texas Society of CPA's and American Institute of CPA's

Richard E. Rodgers CPA • Gerald L. Rodgers CPA

July 27, 2017

Independent Auditor's Management Letter

Commissioners Court of Fisher County
Fisher County, Texas
PO Box 308
Roby, Texas 79543

Members of the Commissioners Court and Other County Officials:

In planning and performing our audit of the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Fisher County (the County) as of and for the year ended September 30, 2016, in accordance with auditing standards generally accepted in the United States of America, we considered the County's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Fisher County's internal control. Accordingly, we do not express an opinion on the effectiveness of Fisher County's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency or a combination of the deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. Therefore, there can be no assurance that all such deficiencies have been identified. A separate letter dated July 27, 2017, has been reported to management and those charged with governance reporting significant deficiencies and or material weaknesses, if any.

However, we noted certain other matters involving the internal control and its operation that we consider to be clearly inconsequential and therefore not a significant deficiency or material weakness as noted below.

James E. Rodgers and Company, P.C.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit other than the difficulties encountered due to the lack of records.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. Some of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated July 27, 2017.

Management 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 Fisher County's 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.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as Fisher 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.

Other Matters

We applied certain limited procedures to MD&A and Exhibits E-1, E-2, and E-3, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on Combining and Individual Fund Schedules, which accompany the financial statements but are not RSI. With respect to this supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

James E. Rodgers and Company, P.C.

Restriction on Use

This information is intended solely for the information and use of the County's Commissioners, Judge, other elected officials within the County, and federal awarding agencies and pass-through entities, and is not intended to be, and should not be, used by anyone other than these specified parties.

Respectfully submitted,

James E. Rodgers and Company

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July 27, 2017

Communication with Those Charged with Governance at the Conclusion of the Audit

To the Commissioners Court of Fisher County
Fisher County, Texas
Roby, Texas 79534

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Fisher County, Texas for the year ended September 30, 2016. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards (and, if applicable, *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated May 23, 2017. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Fisher County, Texas are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended September 30, 2016. We noted no transactions entered into by Fisher County during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period to the extent that we could determine due to the lack of accounting records.

Accounting estimates are an integral part of the 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 financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate(s) affecting the County's financial statements were:

Management's estimate of the allowance for uncollectible taxes is based on historical property tax collections for the County. We evaluated the key factors and assumptions used to develop the allowance for uncollectible taxes in determining that it is reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statements was:

The disclosure of current litigation (if any) in Note IV-O to the financial statements. There were no issues or judgments in formulating the disclosure due to the lack of current litigation.

The financial statement disclosures are neutral, consistent, and clear.

James E. Rodgers and Company, P.C.

- **Accounting Records**

Detail accounting transactions were lost with the crash of the computer server. Improved backup procedures should be implemented to avoid this situation in the future. New accounting software with cloud based backups are a great improvement; however, local backups should also be maintained.

- **Fund Accounting**

- a. Individual fund balance sheets that were printed as of September 30, 2016 were out of balance and did not agree with income statements printed the same date. Transactions appear to be recorded between funds which contributed to the out of balance "balance sheets".
- b. Transfers In and Transfers Out between funds did not agree per printed income statements. The transfer from the general fund to the Jail Bond Construction fund was recorded as an expenditure and not as a transfer out. This transfer was corrected during the audit.
- c. After adjustments were made in all funds to correct the out of balance status, a final adjustment of \$10,638.83 was required to balance the general fund.
- d. Several instances of recording of deposits as an offset to an expenditure were identified. All deposits should be recorded to revenue per GASB (Governmental Accounting Standards Board) Statements under governmental accounting guidelines. Examples included insurance reimbursement on a vehicle and funds received from WCTCOG.
- e. Items purchased with a loan from a financial institution were not recorded in the Road & Bridge Funds. When items purchased are paid for by the financial institution and thus the County does not write a check or receive funds to be deposited, the County should record the transaction as if money was received for a loan and a check was written by the County to purchase the new item.

- **Property Tax Allocations and Deposits**

The actual deposits by the County for property tax collections were not properly split between funds including the Jail Bond Debt Service Fund, the General Fund, and the Road and Bridge Special Revenue Funds. The balance of cash collected by the debt service fund should be transferred to the general fund and the Road and Bridge Funds. The Appraisal District should be notified to change the split for interest and sinking collections, the road and bridge collections, and the general fund collections as of October 1, 2017 for the tax roll 2016 collections. This will maintain the current incorrect split thru September 30, 2017, but will hopefully avoid additional confusion. The split should be made for the jail bonds interest and sinking and the interest and sinking collections should not include the road and bridge taxes collected.

- **Cash Accounting**

- a. The County should maintain a monthly detailed reconciliation of each bank account (Detail should include a listing of each deposit in transit and a detailed listing of each check number and amount outstanding at the end of each month).
- b. The Commissioners should review and approve a listing of all checks written the previous month. This will improve the review and internal controls over cash accounting.

James E. Rodgers and Company, P.C.

- **2017-2018 County Budget**

The County budget should be changed in format to reflect true fund accounting. This will require the elimination of the airport fund and other funds from the listing in the general fund. Thus, the new budget would reflect the general fund accounts together, then each of the special revenue funds including the road and bridge funds, and the debt service fund for the retirement of jail bonds.

The comments and recommendations documented in this letter have been presented for consideration in maintaining and improving internal controls and operating efficiency of Fisher County. We are required to review the status of these comments during our next audit engagement.

This report is intended solely for the information of the County's commissioners, judge, other elected officials within the County, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties.

Respectfully submitted,

James E. Rodgers and Company

James E. Rodgers and Company, P.C.