

**REGULAR MEETING OF THE BREWSTER  
COUNTY COMMISSIONERS COURT  
TUESDAY, FEBRUARY 9, 2016 AT 9:00 A.M.**

Judge Cano called the meeting to order at 9:00 a.m. and the following Elected Officials were present:

<b>ELEAZAR CANO</b>	<b>COUNTY JUDGE</b>
<b>LUC NOVOVITCH</b>	<b>COMMISSIONER PCT. 1</b>
<b>HUGH GARRETT</b>	<b>COMMISSIONER PCT. 2</b>
<b>RUBEN ORTEGA</b>	<b>COMMISSIONER PCT. 3</b>
<b>MIKE "COACH" PALLANEZ</b>	<b>COMMISSIONER PCT. 4</b>
<b>BERTA RIOS-MARTINEZ</b>	<b>COUNTY CLERK</b>
<b>JOANN SALGADO</b>	<b>DISTRICT CLERK</b>
<b>RONNY DODSON</b>	<b>COUNTY SHERIFF</b>
<b>STEVE HOUSTON</b>	<b>COUNTY ATTORNEY</b>

**1. Invocation, Pledge of Allegiance**

Judge Cano led the Court in an Invocation and Pledge of Allegiance.

**2. Public Comment**

No public comments

**3. Minutes / additions / corrections / approval**

Commissioner Ortega moved to approve the minutes for January 22nd, 2016 and January 26th, 2016, which was seconded by Commissioner Garrett, and passed unanimously.

**4. Road & Bridge Department / Community Facilities**

- A. Road & Bridge Superintendent's Report, General updates on maintenance and repairs for all county roads & state of County Roads System; road materials including, fuel, supplies including usage & inventories & future needs; budgetary matters; equipment including heavy equipment, (maintenance repairs, future needs, replacement and additions), pickups, trailers and other light vehicles and accessories, and small equipment, (usage, future needs), equipment rentals; facilities (yards in Alpine, Marathon and S. County) cattle guards, fences and other means of containing livestock; safety issues and equipment; and community facilities (assistance with maintenance and other related issues); assistance to other governmental entities and emergency responders; personnel issues, (vacancies, new hires, discipline, performance, safety and other general personnel matters); permits for**

**boring or trenching for utilities across County Roads / Discussion and appropriate action**

Road & Bridge Superintendent Causey reported to the Court that the crew bladed Wagon Road in Precinct 1, fixed a water leak at the J.W. "Red" Patillo Center, and replaced the lids on the septic tank, for they had caved in and broke. Superintendent Causey stated a crew is mowing and conducting trash control on Rex Ivey Road and Terlingua Springs Road and parts of Terlingua Ranch Road in Precinct II. Superintendent Causey said he has a crew hauling grade 3 paving rock and grade 5 sealcoat rock and has brought the inventory up to about 241 tons of grade 3 and 121 tons of grade 5 sealcoat rock. A bearing went out on one of the dump trucks and it was replaced and put back in service. Superintendent Causey also reported there was a leak in the roof at the Alpine EOC, which they sealed and repaired and resurfaced the damage to the ceiling caused by the leak. While there, they also replaced all the lights that were out. Superintendent Causey said he has a crew in the District Courtroom working on the benches, trying to stabilize them. He added that he also had a crew working on patching pot holes on Mosely Lane, Mosley Loop, Twin Peaks, and Mountain View Road. On Cactus Road, a dead end sign that was painted over had to be replaced. All this activity took place in Precinct 4. Superintendent Causey also reported all 15 vehicles were inspected, and renewed registration on 8 of the vehicles.

Judge Cano thanked Superintendent Causey especially on their work upstairs as a lengthy trial was due to start soon and also will be scheduling a meeting soon between Causey and Judge Ferguson on details for the renovation of the District Courtroom which will be funded through the Historical Preservation Fund. Judge Cano also verified that the Road & Bridge workshop will be on the first regular meeting in March.

Commissioner Novovitch also asked if there were plans in the Spring or Summer to replace the broken fence and building a more efficient walkway to the courtyard behind the Judge Val Clark Beard Office Complex. Superintendent Causey verified that it is on his "to do" list in the next few months.

Commissioner Pallanez commended the work Road & Bridge does on maintaining the roads and commented that he has received many compliments on their work in North Double Diamond.

**B. Discussion and appropriate action for general work of Road & Bridge Department to go forward**

**5. Hecate Energy / Property Tax Code 312 / Consider and act upon approval of tax abatement agreement with Hecate Energy Brewster LLC and all matters related thereto**

Judge Cano explained to the Court they have a copy of the tax abatement agreement and introduced Andrew Boggs, Hecate Energy Representative.

Mr. Boggs thanked the Court for allowing him to present in Court a few months ago for the reinvestment zone, which was approved. He explained Hecate Energy is planning to do 300

acre solar energy farm, and they are still on track. Mr. Boggs asked the Court if there were any questions on the agreement.

Judge Cano further verified the tax abatement agreement and the payment terms and also asked if the date for the ground breaking was still set for June, which was verified by Mr. Boggs.

Commissioner Garrett made a motion to approve the tax abatement agreement with Hecate Energy Brewster LLC, which was seconded by Commissioner Ortega, and passed unanimously.

## **6. County Emergency Management Office**

### **A. General Report including:**

**Recent emergency responses; emergency planning update; recent work with cooperating emergency responders: (ESD #1, all VFD's and EMS); update on needs, programs, training, recent work with other governmental entities; equipment for emergency response and updates regarding needs, maintenance, repairs, replacement and additions; emergency management issues related to burn bans; emergency management issues related to communications & public information; emergency management issues related to County insurance coverage; personnel issues related to emergency response, exercises & drills; matters related to pending & future Homeland Security & FEMA Grants and other funding, matters related to 911 EMS in County and matters related to 911 & 911 addressing / Discussion and appropriate action**

### **B. Disaster Declaration related to drought conditions / Fires / Discussion and appropriate action**

Emergency Management Coordinator Matt Van Ostrand advised the Court that on February 1st Judge Cano issued an emergency declaration to reinstate the burn ban due to weather conditions and wind patterns being optimal for wildfires. Van Ostrand explained to the Court that the emergency declaration expired today and, due to current weather patterns advised the Court to extend the burn ban for 90 days. He added that in the emergency declaration, it also included welding restrictions. Van Ostrand stated that no changes needed to be made, unless the Court did not want to include the welding restrictions. Consensus was to leave burn ban in place "as is".

Commissioner Ortega moved to reinstate the burn ban as presented, which was seconded by Commissioner Pallanez, and passed unanimously.

Commissioner Novovitch inquired if Van Ostrand had contacts with Pump Co for their Alpine facility in order to properly enforce the welding restrictions in the burn ban, in which Van Ostrand stated he has been in contact with Pump Co and they are aware.

**C. Discussion and appropriate action to allow or prohibit Fireworks Sales for Texas Independence Day (March 2, 2016)**

Van Ostrand informed the Court he had been in touch with TAC and was told if the County does not want to allow the sale and use of fireworks then no action needs to be taken by the Court. Van Ostrand said if the Court does want to allow the sale and use of fireworks, action must be taken by the Court with the proper restrictions. Van Ostrand recommended not allowing the sale and use of fireworks since the burn ban was just reinstated. On a separate issue Van Ostrand informed the Court he contacted the Rio Grande Council of Governments to get a status update on the historical preservation assessment report from FEMA and was informed it could be up to 2 months for the assessment to be done.

No action taken by the Court.

**D. Discussion and appropriate action for general administrative work of the Emergency Management Department to go forward**

**7. Brewster County Auditor / Discussion and appropriate action to allocate cash payments for juror services**

Auditor Watson presented a copy of the new policy to the Court explaining it would be easier if the Treasurer's Office could pay the jurors in cash. Auditor Watson said the policy states the Treasurer will maintain a cash drawer of \$2000 that has been established for payment of juror services, and the Treasurer will designate a limited number of people who will have access to the cash drawer. Auditor Watson went into further detail for the cash drawer procedures.

Commissioner Garrett made motion to allocate cash payments for juror services, which was seconded by Commissioner Ortega, and passed unanimously.

**8. Treasurer's Office**

**A. General Bills / Discussion and appropriate action**

Assistant Auditor Babett Mann reported the totals for bills which came to \$99,128.35. The billed departments in the General Fund 10 was Misc 360 for \$594.74, Co. Judge 400 for \$473.23, Co. Clerk 403 for \$360.90, Government Entities 407 \$3,999.99, Co. Veterans 405 for \$19.77, Non Departmental 409 for \$11,155.15, Contracting Agencies 411 for \$9250.01, IT Services 412 for \$518.74, Co. Commissioners 424 for \$2664.63, District Court 435 for \$885.38, District Clerk 450 for \$455.20, JP #3 457 for \$150.00, District Attorney 476 for \$23722.50, Tax Collector/Assessor 499 for \$224.39, Emergency Response Centers 509 for \$3423.71, Courthouse 510 for \$3859.57, Community Facilities 511 for \$1893.45, Co. Jail 512 for \$6955.71, Co. Sheriff 560 for \$892.40, Extension Office 665 for \$416.37, which brings the total General Fund to \$71,915.84. Road & Bridge Fund 11 totaled \$5,477.74, Records Management Fund 12 totaled \$2,200.00 and Hotel Motel Fund 89 totaled \$19537.77, which brought the total of other Funds to

\$27,212.51. Commissioner Garrett clarified the summary page of bills showed a charge to the County Commissioners budget but should be listed under County Court, which was done correctly in the report just misappropriated on the summary page. Commissioner Ortega commented on the list of propane bills, it shows the Marathon Community Center having 3 refills of gas in which 2 of them were for the Alpine Fire Station and one for the Judge Val Clark Beard Office Complex. Mann presented the walk-in bills to the Court, and said the first one is the Texas Social Security Program for \$42.00, which is an admin fee for the program, and the second bill is Lexus Nexus for the Tax Office for \$50.00, which is their January payment for their online access, and Double R Welding for \$54.16, and Card Service Center for \$109.37, and the State Comptroller for \$667.57 which is quarterly report for civil fees, and \$170.00, which is the quarterly report for electronic filing system, and \$197.31 for quarterly report for the child safety seat and seatbelt violation fines, and \$12,727.11, the quarterly report for state criminal cost and fees, and \$2.54, the monthly court cost payment for child safety seat, and the final walk-ins is for Tri County Juvenile Probation, which are two AT&T payments for their wireless charges and their U-Verse charges, and Oasis Tires for \$45.88, and Xerox for \$118.26, and Mary Holguin for admin costs of \$425.50. Judge Cano also added a walk-in for repairs to the sprinkler system on the Courthouse grounds for Mr. Ruben Garcia Lawn Service. Judge Cano further informed the Court sprinkler system is wasting a lot of water and has the potential to run the water bill up. Judge Cano stated that half of the payment, or \$401.11, needs to be paid upon starting the project and final payment due upon completion. Judge Cano has recommended the outside vendor to complete the project because of his history with the sprinkler system and not to pile more work on the Road & Bridge crew.

Commissioner Ortega made a motion to approve the general bills and walk-ins, which was seconded by Commissioner Novovitch, and passed unanimously.

**B. Financial Reports / Updates, Discussion, Review and appropriate action concerning the following:**

- |                                     |  |
|-------------------------------------|--|
| <b>Specified Activity Report</b>    | <b>Payroll Reports</b>                         |
| <b>Cash Flow Predictions</b>        | <b>Check Register</b>                          |
| <b>Budget Analysis Usage Report</b> | <b>Transfers</b>                               |
| <b>Receipt File Listings</b>        | <b>Personnel/Overtime Reports</b>              |
| <b>Cash Report</b>                  | <b>Other Financial Reports as Requested by</b> |
| <b>Grant Reports</b>                | <b>Commissioners</b>                           |

**C. Other general administrative & procedural matters related to Treasurer's Office / Discussion and appropriate action for work of Treasurer's Office to go forward**

**9. Officials' Monthly Reports**

Commissioner Novovitch read the monthly totals into record for December 2015, which was the Tax Assessor/Collector for \$3,330.10, County Clerk for \$14,220.10, District Clerk for \$5183.57, JP #1 for \$16,018.00, JP #2 for \$5486.00, and JP #3 for \$7,984.25

Commissioner Ortega moved to approve the Officials' Monthly Reports as read, which was seconded by Commissioner Novovitch, and passed unanimously.

## **10. Sheriff's Office**

### **A. Renewing lease agreement for radio communications equipment housed on Mount Ord and entering into an electric services contract with Rio Grande Electric to provide services for radio communications equipment on Mount Ord/Discussion and Appropriate Action**

Sheriff Dodson explained to the Court that the lease agreement for Mount Ord, which houses the radio communication equipment for the County, is up for renewal. He added that it is a 5 year agreement for an annual payment of \$100.00. Sheriff Dodson said they have considered installing the equipment on Elephant Mountain and other peaks but none would be able to send a signal reachable by Marathon or South County. Sheriff Dodson suggested renewing the lease agreement as this peak was optimal for the communication service. Sheriff Dodson also shared that the electric service agreement for the communications equipment with Union Pacific will soon end as well. This service agreement is not up for renewal. He recommended entering into an electric services contract with Rio Grande Electric, as the Union Pacific agreement is informal and could eventually put the County in a position that could compromise the service. Further discussion occurred between Sheriff Dodson and the Court.

Commissioner Garrett made a motion to renew the lease agreement for Mount Ord and to approve entering into an electric services contract with Rio Grande Electric for Mount Ord, which was seconded by Commissioner Ortega, and passed unanimously.

### **B. Mental Health Deputy Compliance/Discussion and Appropriate Action**

Sheriff Dodson explained to the Court that the deputies and jailers must be in compliance and trained for handling and transporting mental health prisoners and inmates. He added that the jail is also utilized by other agencies dealing with mental health patients. Sheriff Dodson added that the jail is not equipped to handle the overflow of mental health patients. He stated that the jail does work with MHMR in the event they have a suicide attempt or a serious mental issue. Sheriff Dodson also informed the Court that the County is receiving revenue for a mental health officer. He added that previously Mark Davis who works with MHMR has also served as a reserve deputy. Sheriff Dodson added that he has had two mental health deputies attend training and school and they are qualified to do emergency commitments and evaluations on site in the event it would occur in the middle of the night, for example.

Judge Cano informed the Court that the revenue for the year is \$70,500.00. Judge Cano stated that he met with Ramona Thomas, CEO of Permian Basin Community Centers for MHMR, and Sheriff Dodson earlier in 2015 and they discussed the history of revenue provided to the County and looked at previous year's budgets to compare the allocations of past revenues. The 2016 budget was addressed and made sure the allocations were properly earmarked for salaries, mental health transport and other services. Judge Cano also informed the Court, the

breakdown for the revenue for this year in regards to salary of a mental deputy totaled \$1958.33 per month from MHMR. Sheriff Dodson added he is planning on moving one of his reserve deputies into that position.

Judge Cano recommended to the Commissioners that they take as many mental health education credits as they could, as it is a huge liability for the County when mental health inmates and patients are under their care and also added that continued training and education is vital for the staff and the County. Further discussion occurred between the Court and Sheriff Dodson.

Judge Cano announced a ten minute recess at 10:16 A.M.

Judge Cano called the meeting to order at 10:26 A.M.

**11. Contracts for Services with local Non-Profit entities for FY2016 (Alpine Public Library, Marathon Public Library, Big Bend Library, The Sunshine House, Family Crisis Center, Frontier CASA, Inc. and the Children's Advocacy Center of the Big Bend**

Judge Cano explained to the Court that the amounts allocated for the Non-profits have already been approved as part of the 2016 budgeting process. Judge Cano recommended to the Court that the payments continued to be paid as had been in the past since some entities were receiving monthly payments, and semi-annual payments. Further discussion occurred amongst the Court.

Commissioner Ortega moved to approve the Contracts for Services with local Non-Profit entities for FY2016, which was seconded by Commissioner Pallanez, and passed unanimously.

**12. Contracts for cleaning/maintenance services for County Facilities / Approval to renew yearly contracts / Discussion and appropriate action**

Judge Cano explained this was a yearly renewal and nothing has changed.

Commissioner Ortega made a motion to approve the contracts for cleaning/maintenance services for County Facilities, which was seconded by Commissioner Garrett, and passed unanimously.

**13. Discussion and appropriate action regarding the State requirement for counties to have a local rabies control authority (commonly referred to as Rabies Officer) as established by Health and Safety Code, Title 10, Health and Safety of Animals, Chapter 826 / Consider and act on the appointment of Brewster County Sheriff Ronny Dodson to this unpaid position**

Sheriff Dodson explained to Commissioner's Court that the County Sheriff is the local rabies control authority and has been in practice but never designated. Commissioner Novovitch said Van Ostrand brought it to his attention that it is stated in the safety code requirements and thanked Sheriff Dodson for being the unofficial authority all these years. Further discussion occurred between the Court and Sheriff Dodson.

#### **14. Solid Waste Management Grant / Approval of application & resolution**

Commissioner Ortega informed the Court he attended a meeting at the Rio Grande Council of Governments for the new application of the Solid Waste Management Grant. Commissioner Ortega stated that the total award for the region is \$92,000.00, of which approximately \$13,000 will be earmarked for our County. Commissioner Ortega stated that we will be applying for funds to cover a dump day in the Alpine, Marathon and South County area, as well as tire disposal related fees.

Commissioner Ortega made a motion to approve the Solid Waste Management Grant application and resolution, which was seconded by Commissioner Pallanez, and passed unanimously.

Judge Cano read the resolution into record.

#### **15. Presentation of 2014 Audit by Gibson, Ruddock, Patterson LLC / Discussion and appropriate action**

Belen Briones, with Gibson, Ruddock, Patterson LLC, introduced herself and Vanessa Alarcon. Ms. Briones explained to the Court their firm was engaged by the County to conduct the 2014 year financial audit. Ms., Briones stated that what was being presented today was the final draft of the annual financial report, she added that the reason it was a draft was due to some time constraints and did not anticipate any changes. She added that she planned to have the final bound report by Friday and this would allow for some time to make any changes, if necessary.

Briones directed the Courts' attention to page 72 of the audit, which is a summary of the findings. Briones provided a brief overview of the type of opinion issued and the different types of finding. As a result of the findings, GRP has issued a "Modified Opinion" due to insufficient audit evidence to support a more favorable opinion. The County has 11 financial statement findings and there are material weaknesses and some significant deficiencies. The material weaknesses are findings 1, 2, 3 and 6 and the significant deficiencies are findings 4, 5, 7. The difference between the two being significant deficiencies are severe and are internal control issues meaning the processes in place have the inability to catch an error due to fraud or oversight and leaves the County vulnerable and the material weaknesses are that in which it is so severe it would have a material mis-statement on the financial statements. Briones stated, as the Auditors, they could not express an opinion because it would be a material mis-statement. Briones continued down the summary to the single audit section of federal awards and this is required whenever the County receives or expends over \$500,000. Exceeding this threshold means a single audit is required and GRP is required to select different programs and audit not only the internal controls but also the compliance with the federal or state program. In the audit there are findings related to those and some of the findings are similar both in the financial statement audit and the single audit as they are two separate audits. Briones proceeded to give the Court a brief overview of the 16 findings.

Briones explained the 1st finding 2014-001 is the Internal Control over Financial Reporting- Inadequate Segregation of Duties and explained a good control system has a review and an approval process by different individuals and the reason for this is to provide checks and balances for a second person to review the work and eliminate errors. She said the same finding was listed in the 2013 Audit and some improvement was made in 2013 for the 2014 year specifically in the cash receipts and journal entries. The area that continues to be an issue is payroll. The County Treasurer has the ability to run payroll without a second person approving it and can enter the rates into the payroll system without a second person checking and approving and that same person has the same ability to process the checks, and she clarified entering rates and processing payroll must be segregated for checks and balances and said this finding continued to exist in the audit

Briones explained finding 2014-002 is the Internal Control over Financial Reporting- Inadequate documentation. Briones added that this was the area they had the most trouble with and payroll, as documentation was not maintained to support the approval of the employee's pay rates. Although management stated that a schedule with all pay rates was approved by Commissioners Court, a copy of the schedule was not retained and maintained as part of the minutes. We noted that not all payroll files had been updated to reflect current rates and employee information.

Briones added that while there were improvements in 2014, when the 2013 audit was provided, the process was already well into 2013. At that time, they recommend the employee files be updated and have places on the actual employee file that designates a place where you can indicate what the pay rate is, any raises and what position is the employee holds and why that person is getting paid that amount.

Briones explained 2) Cash Disbursements - During 2014, there was no purchase order process. As a result, expenditures were not approved prior to the expenditure being incurred. Because of prior year audit results from the prior audit ending December 31, 2013, we concluded controls could not be tested and she added in other words there is no process in place for the 2014 year for a review and approval of expenditures, therefore there would be a check processed without any approval process for that expenditure. Briones explained to the Court that even though they have approved the budget their needs to be a process to validate the expenditures and that they are coded correctly and they have been approved, and added this was not being done. While performing substantive audit procedures, we noted several non-payroll disbursements which could not be substantiated, the invoice could not be found. Commissioner Novovitch asked for clarification, asking Briones if this was a sporadic incident or was a constant throughout the year. Briones clarified, yes and at the beginning of 2014 there was significant issues and it continued but there was some improvement at the end of 2014 but there were instances they could not find invoices, it could not be substantiated throughout the year and that this is a significant control issue. She also noted several journal entries without proper supporting documentation and there are several ways to account for transactions, the first one being payroll. The payroll process generates it and automatically posts to the general ledger and the cash disbursements which go through the A/P system and you pay vendors and there are journal entries that reclassify activities. Briones explained if there is no internal control and no supporting documentation it is possible there is an invalid journal entry and that could result as a

material mis-statement because you make actual manual entries into the general ledger and said it is so important, especially for journal entries, that documentation is maintained and you have a control in place. Briones added the cause for this is the County did not have an adequate filing system in place and there was significant turnover in personnel and this created many instances where documentation could not be found.

Briones moved on to finding 2014-003 Internal Control over Financial Reporting-Capital Assets and added this was a repeat of 2013. They determined it is unknown when the last inventory of capital assets was conducted and is possible items have been moved or items have been disposed and because there is no internal controls, no one has been tracking the capital assets and noted it opens up the County for a mis-statement on the financial statements.

Briones explained finding 2014-004 Internal Control over Financial Reporting- Due to/from other Funds and Inter-fund Transfers and the purpose of the Due to / from's is because there are different funds for different types of transactions. She said an example would be if the County purchases some goods or services for the federal program, the federal program will reimburse the County once they have already paid so the general fund absorbs this cost and communicates that the special revenue fund owes this money and explained why the due to / from's are very important because it shows what fund owes the general fund the money and once the money is received then the general fund is paid, and it should always balance, adding the County's due to / from's do not balance and as well for transfers and these could cause a material mis-statement on the financial statement.

Briones explained finding 2014-005 Internal Control over Financial Reporting-Budgetary Controls and they noted not all budget amendments were reflected in the budget analysis report generated by the financial system and as a result, monies could have been moved from one type of expenditure to the other but were not moved in the system it could not be determined if the budget was accurate and in return could end up with a mis-statement on the financial statement. Their recommendation was that all budget amendments be done in the system

Briones stated the sixth finding 2014-006 Internal Control over Financial Statements-Bank Reconciliations and this has caused major concern and will affect the financial statements. Bank reconciliations were not done for the Ad Valorem Tax Clearing and the Tax Assessor Collector - Vehicle Registration for the month of December 2014. The County contracted with a consultant to reconcile pending bank accounts in 2015. However, some of the bank reconciliations provided contained significant variances between the amount on the reconciliation and the amount in the general ledger. In addition, we noted several reconciliations included outstanding checks that were issued more than a year ago, and some as old as 2006, and erroneous deposits in transits. Beginning fund balance did not agree to the prior year ending audited fund balances. 3) Employee benefit withholding accounts were not periodically reconciled. As such, we noted that several withholding accounts carried debit balances which are atypical of a liability account.

Briones moved on to finding 2014-007 Internal Control over Financial Reporting-Schedule of Expenditures for Federal Awards and added the County is required by federal law to

report the federal awards in the schedule of expenditures for Federal Awards, meaning whatever is expended is what should be reported. What was noted for each award was not tracked separately so in one fund you can track multiple federal awards and in that fund there were no categories to distinguish between the appropriate funding sources. There are also cases where it is the same federal program but there are different initiatives within it and as a result it is possible there would be mis-statements in the schedule of federal awards.

Briones moved on to finding 2014-008 State Compliance-Procurement-Interlocal Agreements/Purchasing Cooperatives which means The Texas Government Code 791.011(d)(1) requires Commissioner's Court to approve through a resolution all Interlocal agreements or purchasing cooperatives prior to being used as a method of procurement. Briones also added record keeping is vital. She added that the County has gone through much transition with turnover in the last 2 years and what is noted is that during these transitions, a lot of the knowledge is maintained with the individual not the office and there were no written policies. This creates poor record keeping and mismanagement.

Briones explained finding 2014-009 Public Funds Investment Act and stated they were not provided with any evidence of brokers acknowledging receipt and review of the County's investment policy, nor were we provided evidence of full completion of required training by the investment officer. In addition, the investment reports presented to the Commissioners Court did not include all required elements, including signature of the investment report, by the investment officer.

Briones moved on to finding 2014-010 State Compliance-Procedures for Setting Amounts for Elected Officials and stated that the Texas local government code 152.013 states that each year the Commissioners Court shall set the salary, expenses, and other allowances of elected county or precinct officers. The Commissioners Court shall set the items at a regular meeting of the court during the regular budget hearing and adoption proceedings and the deficiency found was upon the newly elected officers taking office in 2015, the County Commissioner's noted that the 2015 pay increases, which were approved in 2014, were not published in a newspaper of general circulation in the county notice, as required by state law. Briones added the same occurred in 2013 for pay raises for 2014.

Briones explained finding 2014-011 Federal Compliance- Form 941 filings which was a result of the 2014 4th Quarter Form 941 was filed October 29, 2015, approximately 9 months past the due date. In reconciling total wages between the W-2s and the quarterly 941 forms for 2014, we noted significant variances. It appears that the 4th quarter form 941 was filed and not prepared correctly.

Briones also explained finding 2014-12 and 2014-13 which were Internal Control over Compliance- Inadequate segregation of duties and inadequate documentation and explained these findings are just like findings 001 and 002.

Briones moved on to finding 2014-014 Internal Control over Compliance-Equipment and real property management and concluded the Sheriff does have a separate inventory however it is not fully integrated into the County system and because they are federal funds they must be tracked separately.

Briones moved on to finding 2014-015 All Federal Programs-Compliance-Data Collection Forms and explained the County did not submit the data collection form to the Federal Clearinghouse Single Audit in accordance with OMB Circular A-133 guidelines for the year ended December 31, 2014. Briones added that this must occur no later than 30 days after the audit has been issued and because of the lateness of this audit and the consequence of this, the county would be considered to be in the "high risk" category for 2015, and thus, lead to auditing of a certain threshold of federal awards. Judge Cano inquired about some of the findings and asked if it is possible if some of the funds for the federal awards that are currently frozen, is there a chance the County will still be out of the money expended. Briones said yes and clarified whenever there is non-compliance with a federal programs, it is always possible that the federal government will come through and ask for the funds back and that is always a risk with the federal government.

Briones explained the last finding 2014-016 Homeland Security Grant Program-Internal Control over Compliance-Special Tests and Provisions. Briones explained that each grant has 14 requirements that are subject to every federal program and each grant allows what is called special test and provision. She added that this is unique to the grant and the grantor. Briones informed the court they noted two instances of improper payments. At end of December 2014, the pass-thru entity contacted the County stating that there were additional funds that were available to the County. A decision was made by the County Judge, at the time, to purchase a vehicle. Two payments were made to a vendor; however, the checks were not presented for approval to Commissioner's Court in accordance with County Policy. The County Judge proceeded to sign and certify a request for reimbursement that stated that the item had been received when in fact it had not been delivered. The granting agency allows reimbursement prior to an item being received when a "signed economic hardship" form accompanies the request for reimbursement; however, this was not the case in this instance. Newly elected officials took office in January 2015 and before they could submit the request for reimbursement, they became aware that the vendor had filed for bankruptcy and the vehicle would not be delivered to the County. As a result of this development, the County is not in compliance with this federal law provision and in addition the general fund had to pay for the item that was never received. Briones said appears the County Judge in office during 2014 had to expend the funds prior to the end of the year and attempted to utilize the funds prior to "losing" them; however, in doing so, the purchases were not made in compliance with federal or local requirements.

Briones explained to the Court there are a few things that must be noted when there is a violation of law for an issue with internal controls. First, it is required that the incident be reported in the official compliance report. There were also issues they came across while conducting the audit that are not violations of law but that could help with strengthening the internal controls. She added these are recommendations that they are making to help and if implemented it will help ensure an internal control system and will aid in compliance with federal laws, and state laws. Briones added Alarcon would provide the overview.

Commissioner Novovitch asked for some clarification stating most of these issues were created by the dysfunction of the Treasurer's Office these last two years. Briones confirmed and added this was partially due to turnover in 2013 and 2014. Briones added that all the deficiencies cannot be fixed within 6 months and even though the Treasurer in 2014 started to

address the findings of 2013, most issues could not be addressed until August of 2013 when the 2013 audit was prepared. Turnover occurred again in 2015. That resulted in missing records that were not able to be obtaining for audit purposes.

Alarcon stated that in regards to the findings, the County Judge and the County Auditor did prepare a corrective action plan for each finding. She added that some will note that they are already being addressed and the others have detailed timelines of the implementation process. She also commended the Court for asking that a County Auditor be appointed. In fact, this will result in a significant improvement in the control process for 2016 and subsequent years.

Alarcon gave an overview of the management comments not as severe as what are in the audit report. She added that it is required that report these findings so that the processes can be improved. Ms. Alarcon summarized the letter attached to the audit and pointed out the paragraph related to performing the audit and discussed the reasons for presenting in February, 2016 versus September of 2015. Alarcon went on to explain she had met with Judge Cano and Treasurer Staton in February of 2015 and a second time a couple of weeks later with Treasurer Staton, Babbett Mann and Julie Morton. At that time, she went over items that would be needed for the 2014 audit, along with timelines to receive the required documents by. Some timelines required documentation to be received by April. That did not occur. Timelines were then pushed to May and that did not occur. In June, GRP came out to do the field work and had still not received the majority of the items. At that point in time Judge Cano and the Court were looking at bringing in a County Auditor. Judge Cano also brought in an outside contractor to try to help with the audit. Subsequently, the contractor's time constraints interfered with timelines. The firm then waited until the County Auditor was on board in order to provide the oversight of the items needed. Alarcon went on to explain the letter starts off with providing the status of prior year comments to commissioners court for last year's audit, adding several of them still exist and those are addressed in the current year comments. Alarcon continued to provide a summary of the letter and specifically mentioned item 7 in regards to the Brewster County Groundwater District. Commissioner Garrett asked for clarification if the establishment of a blended component was made in 2013. Alarcon answered stating that the observation was from 2013 so in 2012 it was reported as discretely presented and in 2013 it was reported as a blended component and also blended for 2014. Commissioner Garrett asked if it was a management decision to determine this and Alarcon explained that in 2013, the reason they believed it was blended was because the County has financial responsibility, thus a financial burden, along with the fact that the members of the Board of the BCGD are appointed by the Court. Commissioner Garrett expressed that it has always been understood that the BCGD was a separate legal entity and had never been designated as a blended component until this draft version of the audit and would like some clarification if the fact that the County contributing financially to the entity is enough to consider it a blended component. Briones stated that it is a financial reporting issue not a legal issue. Briones added it would be misleading to the readers. Commissioner Garrett stated he read the definition of a blended component and there are 3 potential definitions that would make it financial accountability as opposed to being the funding source. Commissioner Garrett also asked if that made the County responsible in some sort legal status in some way. Briones explained the legal part the County would not be but only for financial purposes. Alarcon continued to summarize the management letter to the Court.

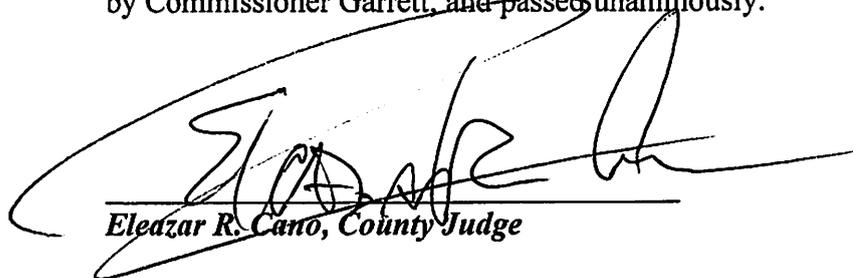
Judge Cano thanked GRP for all their hard work and for going above and beyond to complete the audit. Further discussion occurred between the Court and GRP. Judge Cano recommended having a called meeting as soon as the final report was prepared in order to approve the 2014 audit. After further discussion amongst the Court it was settled to have a called meeting on Friday February 12th at 2 P.M.

**16. Schedule next Commissioners Court Meeting (February 23, 2016, at 9:00 A.M.) and Discussed having a Called Meeting at J.W. "Red" Pattillo Community Center in Terlingua on March 29, 2016, at 10:00 A.M.**

Judge Cano announced the next regular Commissioners Court Meeting and announced the called meeting in Terlingua for March.

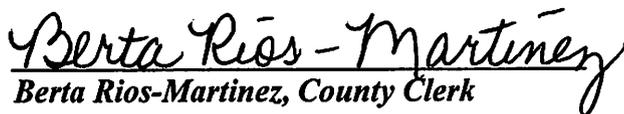
**17. Adjourn**

Commissioner Ortega moved to adjourn the meeting at 12:22 P.M., which was seconded by Commissioner Garrett, and passed unanimously.



*Eleazar R. Cano, County Judge*

**ATTEST:**



*Berta Rios-Martinez, County Clerk*