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HAPPINESS & CONTENTMENT

**Always be happy with
who you are.
Never be content with
who you can be.**

Texas Association of Counties
1210 San Antonio St.
Austin, Texas 78701
Return Service Requested



Volume 6, Issue2 • Summer 2006

Message from the President



My Fellow Auditors,

I have seen some of my colleagues sunning themselves this summer on the beaches of South Padre Island. I commend you for your ability to leave it, and the rest of the “real” world behind, if but for only a short time. For the rest of us, my advice to my auditor friends is to take care of yourself in a manner that will help you prepare for a difficult budget season and most likely a more contentious legislative session to come.

Governor Perry has issued an edict to State Departments to submit their biennium budgets with a 90% base-line amount, therefore for you guys in Andrews County, that means cut 10% out of your current budget and submit it. Also, issues regarding Revenue Caps and Appraisal Caps are still alive and will continue to be a challenge. I can envision scenarios where local government may feel squeezed like never before.

As County Auditors, our role, to both the County and to the State Legislature, should be one whereby we provide the relevant facts and data. All too often, Auditors are drawn into the policy related issues. Whereas, it is important to advise policy makers as to the results of their

decision or consequences of certain actions, we must stay on the sidelines regarding the actual making of the policy decision. Our jobs should be to provide the policy makers with the best information available for them to make a decision. Even if we do not agree with the decision they make, we often have to implement it or account for it.

Over the course of this year, we have spoken about the Uniform Chart of Accounts. While this is a noble endeavor, I am more interested in uniform reporting of annual activity in the FDAC format. The goal of this reporting is to allow a comparison among all county financial reports in a manner relevant to our legislators. In addition, we should develop a listing of cost drivers that are common to 90 percent of all counties. Cost drivers such as “How many jail beds do you have in your County?, What is your occupancy rate?, Do you house federal inmates?, How many patrol deputies do you have? How many courts do you have in your county?, and so forth. While the financial information is of utmost importance to us, the factors that determine those costs are equally revealing.

Much of our planning each year occurs during the Fall County Auditors’ Conference. Folks, we need to start now. Legislative decisions are being made now. We need to fortify next year’s Legislative Committee and empower them to begin

work. I will be working with the President Elect to assist him in jump starting these committees before October rolls around. Folks, don’t screen your calls, we are looking for those who are interested in making a difference in your profession and your counties. Please be open to our requests. We are hoping that through the participation of many fresh faces, the burden of what we want to accomplish will be a light load but, ultimately, a successful venture.

Beyond our professional duties and obligations, I want to briefly address our personal lives also. A number of us have experienced the loss of loved ones, some expected and some quite suddenly. For those who are currently experiencing this pain, our prayers are with you and your loved ones. Do your jobs, but make sure that you have your priorities right. I promise you that you will never regret the little extra time you spend with those that make your life whole.

The calendar says that there are only three months left in the fiscal year, but because of what we have to address at this time of year, the effort required constitutes a majority of our talent and fortitude for the entire year. How well we perform in this last quarter will dictate whether or not we win the game next year.

Best wishes to all.
Mark

TEXAS ASSOCIATION OF COUNTY AUDITORS
SINCE 1905 THE CITIZENS' WATCHDOG

Texas Association of Counties Legislative Department

By Paul Sugg



The Texas Association of Counties was formed to provide a unifying voice for all 254 counties – and about 4,500 independently elected and appointed county officials – and this core mission continues to this day. TAC takes a leadership role on the big issues counties face, working closely with members, affiliates and other organizations to develop and communicate consistent, unified positions on legislative issues.

The TAC Legislative Department serves as a critical link between county and state officials. The legislators often turn to the TAC legislative staff for the “county perspective” on pending legislative issues.

During each legislative session, whether regular or special, TAC staff can usually be found at the State Capitol, responding to lawmakers and their staffers, observing and participating in a committee hearing or coordinating with county officials on county related bills. When the legislature adjourns for the day, the work doesn't stop. Back at the office, the staff stays busy analyzing potential legislation, communicating vital information to county officials and affiliate organizations.

2005 KEY ACHIEVEMENTS

TAC's Legislative Department closely monitored county related bills filed during the regular and subsequent special sessions and communicated their potential impact to TAC constituent members. Information was furnished to key members of the legislature concerning the effect of further lowering appraisal caps and revenue caps, perhaps the most significant issues facing county government during the 79th Legislature's regular and special sessions. TAC staff coordinated and facilitated county official testimony on these and other significant county issues. The staff also maintains close ties with the affiliate county official associations, their leadership and representatives.

Staff continued to strengthen the close working relationships with the Texas Municipal League, reflecting the clear understanding that city-county interests were more often aligned than in opposition.

Another two day retreat was held for the leaders of TAC, TML, the Texas Association of Regional Councils and the Conference of Urban Counties to explore methods for strengthening our solidarity and eliminating barriers to cooperation. The result of this meeting was the creation of Local Texas, a coalition of local government organizations dedicated to pursuing the common goals of local representative government.

The department staff worked extensively on a significant number of bills that would adversely impacted county government operations. Upon invitation, member of the Legislative Department appeared before legislative committees and provided testimony on relevant county issues.

During the regular legislative sessions, TAC legislative staff hosted our traditional Tuesday morning breakfasts, providing county officials an opportunity to discuss issues of common concern. Staff also hosted weekly “working breakfasts” for TAC, TML, and CUC staff to discuss the pressing issues of caps and property tax reform. TAC hosted a series of Wednesday evening socials at the TAC offices, providing an opportunity for interaction among county officials, legislators and Capitol staff. Staffers also participated in weekly meetings with representatives of other local government risk pools, including TML and the Texas association of School Boards, and worked closely with these entities to insure that their voice was heard when the Legislature passed a major reform of the workers' compensation system.

The County Information Project merged with the Legislative Department, where it forms a section within the department. CIP now has two county financial analysts positions, with the goal during the legislative sessions of expanding the department's current work of developing fiscal impact analyses of proposed legislation and providing this information to our members and requesting legislators and their staff. This will also assist in furthering the department's goal to become the source of accurate and timely information to the Legislature.

The staff members of the Legislative

Department gave approximately 40 presentations at various county official conferences (including the TAC annual conference) as well as attending many regional, state and national county official association meetings. Staff served on state government indigent health care and mental health and mental retardation advisory groups.

In summary, the Texas Association of Counties offers its membership numerous benefits in the areas of insurance and risk pools, human resource assistance, education, and communications, however the work done by the Legislative Department, on a day to day basis, is one of the best services available to the counties. With county government being only an extension of the state government and with only the powers given to it by the state and, unfortunately, the recipient of ongoing mandates without the commensurate revenue to fund them, it is imperative that counties have the ability and wherewithal to effectively, consistently and continuously have a voice in the legislative process.

This is the charge of the Legislative Department. We are here to serve you in the betterment of county government. Contact us at any time that we can be of service and we, in turn, will contact you for the knowledge and expertise that you possess to bring the message of good government from the local counties to the Legislative and Executive branches of government.

Texas Counties and the Texas Association of Counties - a team of strength, integrity and public service.

Paul Sugg has been with TAC since 1998, serving in the Legislative Department. In addition, he serves as TAC's legislative liaison to the Texas Association of County Auditors. He has bachelor and master's degrees in history from Sam Houston State University and is pursuing his doctoral degree from Texas A&M University. Prior to joining TAC, he worked for the V.G. Young Institute of County Government in College Station. Paul and his wife, the former Debra Jackson, are the parents of Jackson Davis, 3 years old and Elizabeth Lee, 8 months old.

Forty-Eighth County Auditors Institute

The 48th Annual County Auditors Institute was another great success this year. The event is sponsored by the Lyndon B. Johnson School of Public Affairs at the University of Texas at Austin in cooperation with the Texas Association of County Auditors.

This year's event was held on May 9 – 12 at the Doubletree Hotel on I-35 N in Austin and the 2007 Institute will be held here as well. On day one the New Auditors Training Session was held with another large group in attendance and great presentations were given by several of our more learned and distinguished County Auditors.

The optional early sessions gave an opportunity to gain some CIO continuing education credits and a presentation concerning Records and Information Management Basics and Updates.

A welcoming reception sponsored by the LBJ School of Public Affairs and Patillo Brown and Hill was held at the hotel. Good food, good drink, good friends- a good time had by all.

The entire conference was very informative and the presentations were outstanding. As usual there was a great variety of topics presented with some very impressive speakers. Unless you have been associated with the Institute Committee and know what all goes into putting on such an event you have no idea of the work and dedication from the Institute staff and the County Auditors to make the

institute the success it is each year. Special thanks goes to Institute Chair Kevin Smith of Burnet County, Jimmy Mynar of Burleson County, Susan Pugh of Leon County and Rick Dollahan of Gaines and Dawson Counties. Also there are many others who helped and then there is, you, the participants who really made this a success.

The sponsors provided breakfast each morning and on Thursday night a reception hosted by McCreary, Veselka, Bragg & Allen P.C. and Indigent Healthcare Solutions was held at Pappasitos Restaurant and Cantina. Another great event for everyone.

Unfortunately because of scheduling conflicts this year the highly acclaimed TACA Players were unable to make their annual performance. Due to bad flight connections we had an hour and half void in the Friday morning program but with some quick impromptu executive decisions some of the time was filled by the TACA version of the Blue Collar Comedy Tour until, fortunately, Dr. Barry Bales came to the rescue and gave a great presentation so all was not lost.

For all those who attended, it was great to see you and put some faces to the listserve personalities. For those who could not attend, you were greatly missed and we hope to see you in El Paso in October and back in Austin next May. The presentations from the entire conference are being downloaded and hopefully to be



available on the TACA website very soon.

Events like this and our annual conference are becoming increasingly expensive and in an effort to minimize the costs for the counties we are fortunate to have so many sponsors to help us with these expenses. Please thank all of our sponsors for everything that they do for our association.

As has been said, it is the participation by our membership- auditors and assistants, that makes our institute the best educational opportunity available to public officials. It is important that you come, it is important that you express your opinions of what was good and what was bad and any ideas of what can be done to make this annual educational seminar even more successful. When the new officers and directors are elected in October, don't wait to be asked to serve on the Institute Committee or any of the other committees. Each of you have talent and each of you have the same 24 hours in day that we all do. Make the most of your talent and your time.

T.A.C.A. Trivia

1. What is the only Texas County named after a woman?
2. Which current County Auditor served their present county as County Clerk?
3. Name the County Auditor with second longest tenure with a single county?
4. What year was Texas annexed into the United States?
5. Flags of six countries have flown over Texas, which flags have flown over it twice?
6. How many capitals has Texas had? Bonus- name them.
7. What city has hosted the Texas County Auditors Annual Conference the most times?
8. In 1836 Texas was divided into three “departments”, these later became counties, name them.
9. Name a County Auditor that both he and his wife are retired military.
10. Name a current County Judge who is the former County Auditor of the same county.

The Texas Association of County Auditors expresses its most sincere appreciation to the following entities that have partnered with the Lyndon B. Johnson School of Public Affairs and the association to offer a quality education and program.

TACA 2006 May Institute



IHS *Indigent Healthcare Solutions*



MCCREARY, VESELKA, BRAGG & ALLEN, P.C.
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THE SOLUTION TO ALL YOUR COLLECTION NEEDS™

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The County Budget

While the county budget is a constant part of our daily lives and consumes a great deal of our attention in monitoring it and gently guiding the financial operations through the predetermined constraints, during the budget preparation process it becomes the major time consumer. We must look back at the assumptions we made last year in arriving at the current budget, assessing those projections and how they are actually performing to date. Carefully studying the trends and any anomalies that may appear, we must use this information to help guide the current budget to a fiscally responsible end date and to assist in the preparation of the upcoming budget.

The statutes of the state of Texas are very precise as to the contents and the process of adopting a budget for Texas counties. The primary discussion and direction can be found in the Local Government Code Title 4 Finances, Subtitle B. County Finances, Chapter 111. County Finances, either Subchapter A.- Counties with a population of 225,000 or less, Subchapter B- Counties with a population of more than 225,000 or Subchapter C- Alternate method in counties with a population of more than 125,000.

The Subchapters, which mainly differentiate who is to serve as the budget officer,

A- the county judge, B- the county auditor or C- an appointed budget officer,

all still contain sections referencing the following major requirements: Annual budget required, Itemized budget contents, Information to be provided by county officers, Filing of the proposed budget for public inspection, Public hearing(s) on the proposed budget, Special notice by publication for budget hearing, Adoption of budget, and the Levying of taxes.

Depending upon which Subchapter your county operates, your degree of participation can vary, but not by much. However, regardless of your official type association, one thing is abundantly clear- the county auditor is charged with the responsibility to monitor and enforce the provisions of the county budget, as adopted, LGC 111.092.

For many of us who have been through this process a number of times, we have become well acquainted with the budget statutes, the budget calendar, the truth-in-taxation requirements, the revenue and expenditure projection calculations and the various other requirements for dealing with the budget throughout the year such as claims approval, budget amendments and budget emergencies, however at this time those specific discussions and lessons will be left to another day.

However there is another aspect, an equally, if not greater consideration and that the managerial reasoning and process that must be accomplished to have an effective

budget. A budget that is far beyond mere numbers and strict financial boundaries, one that is part numerical rendition and part governmental philosophy is what must be embraced to span a continuum of public policy and direction across rather short time segments of only a single fiscal year.

There are additional articles in this issue that will address some these non-financial decisions and processes and how they impact the budget and the whole of the governmental operations. While a majority of these issues are the primary responsibility of management, i.e. the Commissioners Court, you, as county auditor, must have the insight and understanding to interpret and project how any such policies and procedures can impact the financial side of the budget. A set of very effective budgetary goals and managerial procedures are all well and good, unless they prove to be severely unrealistic and unattainable in the finite world of assessed valuations, tax rates and unpredictable expenditures. This is where the county auditor, with their expertise, bring the sometimes naive assumptions and pie-in-the-sky expectations together with the hard cold numbers and cruel reality to forge a document that is both progressive and workable.

As the long budget days, some of which reach into the night, ascend upon you, be strong, be brave and, above all, be careful out there. Good budgeting to each of you.

Texas County Auditors Serve on Texas Association of Counties' Boards

The following County Auditors are serving on various boards of the Texas Association of Counties for the current year. Should you have any questions or comments concerning these areas, please contact these county auditors or the TAC staff to assist you. These auditors are to be applauded, as well as the other county officials who serve on these boards, for utilizing their time and talents to do these most important jobs.

TAC is saving our counties hundreds of thousands of dollars each year in premium discounts, effective management of the claims and administration and, in many cases, providing services not available from any other source. In conjunction with the actual insurance and management, TAC has experts to help each entity do a better job of minimizing their risks and lowering their premiums. Please call on them as they are there to help and the services are part of the benefits to being a member of TAC.

BOARD
Workers' Compensation Fund

Unemployment Compensation Fund
Property Casualty Fund
Employee Benefits Pool
TAC Board of Directors

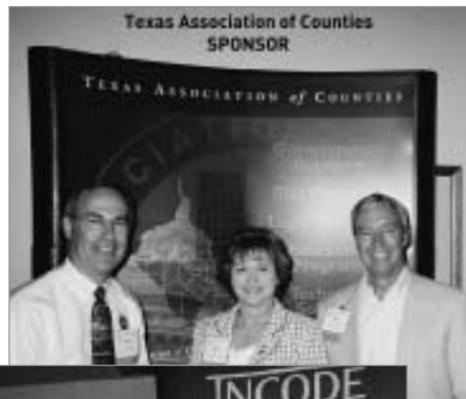
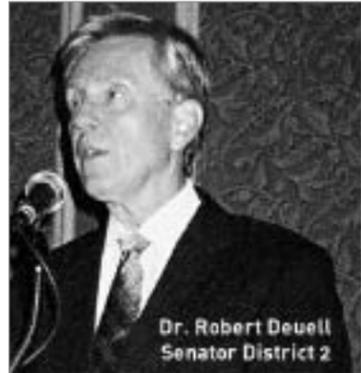
AUDITOR
Kevin Smith
Keith Barber

J.R. "Kirk" Kirkpatrick
Mark Yates
Raymie Kana
Tommy Tompkins

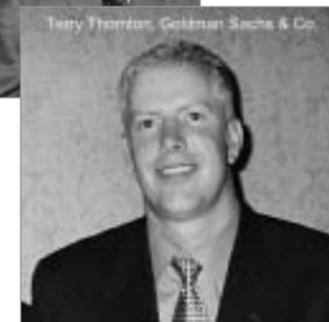
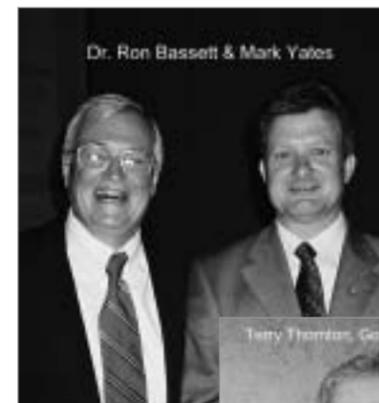
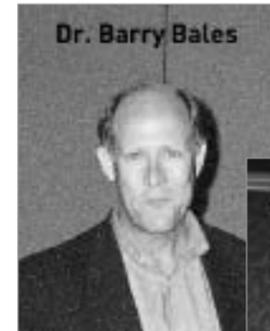
COUNTY
Burnet
Cass

Johnson
Cameron
Colorado
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Forty-Eighth County Auditors Institute photos Speakers and Sponsors



Photos of Conference



Government Finance Officers Association 2005 Awards for Excellence

The Government Finance Officers Association annually presents its Awards for Excellence to recognize contributions to the practice of government finance that exemplify outstanding financial management. The awards stress practical, documented work that offers leadership to the profession and promotes improved public finance. Among the nine separate categories that awards are presented for are the awards for accounting, auditing, and financial reporting and for budget presentation.

The Certificate of Achievement for Excellence in Financial Reporting Program (Certificate Program) was established by the Government Finance Officers Association (GFOA) in 1945. The GFOA instituted the program to encourage all governmental units to prepare and publish an easily readable and understandable comprehensive annual financial report (CAFR) covering all funds and financial transactions of the government during the fiscal year. The GFOA believes that governments have a special responsibility to provide the public with a fair presentation of their financial affairs. CAFR's go beyond the requirements of generally accepted accounting principles (GAAP) to provide many users of government financial

statements with a wide variety of information useful in evaluating the financial condition of a government.

Of the 332 awards presented to Texas government entities in 2005, 48 were awarded to counties or almost 20% of all counties. While cities and schools were awarded more in total, 164 and 51 respectively, counties certainly represented a greater percentage of its peers.

The Budget Awards Program, established in 1984, is designed to encourage governments to prepare budget documents of the highest quality to meet the needs of decision makers and citizens. This award considers 27 separate criteria in four major categories. The categories recognize the purposes and functions that an exemplary budget document serves. These categories define the budget as a (1) policy document (2) financial plan (3) operations guide and (4) communications device. By understanding these criteria as they relate to the budget document, the importance of the document becomes far greater than merely a worksheet of financial estimates based primarily upon historical data with little or no critical thinking processes involved.

Of 128 Texas entities recognized for this

award in 2005, 9 are county governments.

While either one of these awards is a great testament to the professionalism, proficiency, and hard work of any county auditor and their staff, it is a truly prestigious event when a single entity is awarded both the CAFR and Budget awards in a single year. The following counties have been so recognized in 2005 - Bexar, Collin, Denton, El Paso, Fort Bend and Galveston.

Another great honor and accomplishment for a county auditor is to be recognized as a member of the peer committees that evaluate the entries. The expertise, ethics and respect held by these individuals is most impressive and we, as fellow county auditors, salute each of you and hold you in highest esteem as role models, peers and friends. Ann Wilson, Smith County Auditor serves as a budget reviewer. Linda Breazeale, Montgomery County Auditor; James Wells, Denton County Auditor and Bill Telford, San Patricio County First Assistant Auditor served on the CAFR review committee. Linda and James have been committee members over 10 years each and Bill has served over 5 years.

For more information about these and other GFOA programs, visit their website at GFOA.org and click on Award Programs.

Match the County and the County Seats

Of the ten Counties and ten County Seats listed below, identify those that are a correct match.

COUNTY	COUNTY SEAT
1. Liberty	Liberty
2. Anderson	Anderson
3. Crockett	Crockett
4. Andrews	Andrews
5. San Augustine	San Augustine
6. Cameron	Cameron
7. Childress	Childress
8. Pecos	Pecos
9. Tyler	Tyler
10. Dickens	Dickens

Answers found somewhere in this issue.

**“Do all the good you can,
By all the means you can,
In all the ways you can,
In all the places you can,
At all the times you can,
To all the people you can,
As long as ever you can.”**

—John Wesley

Comptroller of Public Accounts Budgeting Handbook for Texas Counties

Definition of the Budget-

A budget is a plan of action for a fiscal year. It represents the commissioners court's decisions on how it allocates its resources.

“A statement by fund of estimated receipts, disbursements, and balances for the next calendar or fiscal year, accompanied by other information that helps in understanding the intentions and objectives of management as well as the overall financial picture of the county.”

- The budget establishes accountability for county government.
- The budget preparation process forces the decision makers to become familiar with all aspects of the county's operation.
- The budget preparation process allows for citizen input.
- The budget helps show the financial condition of the county.

Recommended Budget Practices A Framework for Improved State and Local Government Budgeting

By

National Advisory Council on State and Local Budgeting
Government Finance Officers Association

Of all the functional areas of finance, the one most in need of guidance is governmental budgeting. In this one document governments can have a comprehensive set of processes and procedures that define an accepted budget process. The practices advocate a goal-driven approach to budgeting that spans the planning, development, adoption, and execution phases of the budget.

This promotes the linkage of the budget process with other activities of the government. Budgeting has many dimensions- political, managerial, planning, communications as well as financial. This encourages the development of organizational goals, establishment of policies and plans to achieve these goals, and allocation of resources through the budget process that are consistent with goals, policies and plans, with a focus on measuring performance to determine the effectiveness of the budget.

Budgeting is a process of long-range perspectives that leads to the consideration of long-term consequences of the actions taken. The actual effect of a single budget, in the context of overall governance, may not be evident for several years. Budgeting is a complex process that involves politics, compromise and competing visions of the role of government in serving the citizenry. It is a function of government where the process should be superior to the personalities.

Governments allocate scarce resources to programs and services through the budget process. As a result, it is one the most important activities undertaken by governments. As the focal point for key resource decisions, the budget process is a powerful tool. The quality of decisions resulting from the budget process and the level of their acceptance depends on the characteristics of the budget process that is used.

A budget process that is well-integrated with other activities of government, such as the planning and management functions, will provide better financial and program decisions and lead to improved governmental operations. A process that effectively involves all stakeholders- elected officials, governmental administrators, employees and their representatives, citizen groups, and business leaders- and reflects their needs and priorities will serve as a positive force in maintaining good public relations and enhancing citizens' and other stakeholders' overall impression of government.

YESTERDAY'S COMMENTS

August, 1986-

“As you know, the Texas Legislature is busy again in Austin, and there is really no telling what will result from the Special Session. It does, however, serve as a reminder to us that the Regular Session will convene in January and we must be ready with whatever legislation we wish to promote.”

“The time is near when decisions must be made as to what steps will be taken to get our salary bill passed. The decisions will be dependent on the support of our members... A successful effort on this bill should be of economic benefit to most County Auditors, and will surely enable counties to employ competent professionals for this most important function.”

*TACA President 1985-86 Weldon Wells,
McLennan County Auditor (James' uncle)*

The 1986 Annual Conference was planned at the San Luis on Galveston Isle, hosted by Galveston Auditor Phil Lohec. Room rates, single or double, \$58 with a \$10 charge for a third person. The total registration fee was \$85.

Conference topics included- Audit Techniques- J.P. Courts and Constables, Relationship with Elected Officials, Selection of Computers for Auditor, and Current Developments affecting County Auditors. The spouses program included a luncheon and style show by Norma's Fashions at the Tremont House.

Opinion No. JM-492 determined that a County Commissioner could not vote to award a contract to a construction company owned by his sons, however the rest of the Commissioners could make the award.

Opinion No. JM-507 stated that the Texas Highway Commission is authorized to close temporarily a portion of the Interstate I35E frontage road in Dallas for the purpose of permitting its use in an inter-city “grand prix” race.

T.A.C.A. Trivia

1. What is the only Texas County named after a woman?

Angelina. A Hainai Indian girl, called Angelina (Little Angel) by the Spanish priests who came to the area about 1690.

2. Which current County Auditor served their present county as County Clerk?

Jimmy Hamilton, Hunt County.

3. Name the County Auditor with second longest tenure with a single county?

Tie- Jackie Olson- Howard County and Evelyn Simmons- Stephens County, July 1, 1974.

4. What year was Texas annexed into the United States?

It wasn't annexed, it is the only state to come into the union by treaty in 1845.

5. Flags of six countries have flown over Texas, which flags have flown over it twice?

Spain and the United States.

6. How many capitals has Texas had? Bonus- name them.

Seven. Washington-on-the-Brazos, Harrisburg, Galveston, Velasco, Columbia, Houston and Austin.

7. What city has hosted the Texas County Auditors Annual Conference the most times?

Fort Worth, 9 times.

8. In 1836 Texas was divided into three "departments", these later became counties, name them.

Bexar, Brazos and Nacogdoches.

9. Name a County Auditor that both he and his wife are retired military.

Rick Dollahan, Gaines and Dawson Counties.

10. Name a current County Judge who is the former County Auditor of the same county.

Harrison Stafford III, Jackson County

County Auditor Budget Letter

County Judge
County Commissioners Court
Re: 2006 - 2007 Budget

Honorable Judge and Commissioners,

The annual process of defining the next fiscal year in terms of dollars and cents is once again upon us. It is a time to consider the elements, circumstances, legal requirements, financial realities, fiduciary responsibilities, moral obligations, the demands, the requests and, not least importantly, the scrutiny put upon your shoulders to make these most consequential decisions.

A budget is not a simple document that reflects the inclusion of some programs and the exclusion of others for a lack of funding resources. It is the guide by which, with the knowledge you acquire, the expertise you possess and the wisdom you exercise, a set of thoughtful, pragmatic, and equitable priorities is determined.

A large portion of these priorities are mandated by federal and state legislation, governmental agencies and judicial edict. There are also those implied mandates that spring from the will of the people seeking a standard of life and amenities that they consider necessary to provide for community standards as they require. Therefore the remaining resources are used to fund the remainder of the government services.

With county government as a creation

of the state, its powers and authority is almost wholly dictated by the state, however within those powers and authority is some discretion and that is what your task actually is- determine how to carry out those mandates and how to fund those mandates with the limited resources and recourses available and, yet do so with almost unlimited responsibility and liability.

All the decisions you will make will be expressed in those dollar and cents referred to earlier, yet those decisions are created, implemented and controlled by the policies, operating procedures and administrative vision of the Commissioners Court. The cooperation, input and the coordinated execution by all county officials and employees is essential. Differences over priorities and approaches will abound and are inevitable, however once all the issues are decided, a single, unified voice must speak.

A budget is not about money, accounting nor ideology, in truth it is about foresight, fairness and, above all, leadership.

As you proceed in this process, keep these thoughts in mind and let those decisions you make be guided by the law, by reason and in the unwavering name of service to the citizens you represent.

Respectfully submitted,
County Auditor

Just How Big is Texas?

If TACA President Mark Yates were to visit every officer and director of TACA, his trip of Brownsville to Burnet to El Paso to Monahans, to Seminole / Lamesa to Lubbock to Cleburne to Dallas to Greenville to Linden to Nacogdoches to Centerville to Caldwell to Houston and back to Brownsville would cover almost 2,600 miles. About the same distance from Luckenbach to Milwaukee, Wis. and back, with a little layover in St. Louis. *Some auditors' version of the "Dream Road Trip".*

For the TACA Board of Directors to hold a teleconference it is necessary to stipulate the meeting time in terms of both Central Time and Mountain Time Zones.

The King Ranch is bigger than the state of Rhode Island and surely has more cows.

The Dallas / Fort Worth area has a larger combined population than do 31 individual states, but none of them have a "Billy Bob's".

D/FW Airport is larger than Manhattan Island and has a lot more pickup trucks.

Brewster County is larger, in land area, than Connecticut, Delaware and Rhode Island combined and has far fewer traffic jams.

There are over 305,000 road miles in Texas and a road hand watching another one patch a hole for each mile.

Dalhart, county seat of Dallam County, is closer to five other state capitals (Santa Fe, New Mexico; Denver, Colorado; Cheyenne, Wyoming; Topeka, Kansas; Oklahoma City, Oklahoma) than it is to Austin. Lucky Dalhart.

Texas can accommodate all the egos of all the county officials in all its 254 counties, just not in a single courthouse, not all at the same time.

Christmas in July

Do those words bring to mind an exciting tingle of delight or are they a frosty reminder of what is to come and cannot be avoided? Well let us look at what this season has in store for us.

- The excitement of a new year and the wonder of what happened to the last one.
- Looking endlessly for the perfect present and trying to remember who gave you that God-awful tie, so you can pass it on to someone else.
- Listening to the children beg for the things they want and nary a word about something that would actually help them.
- Trying to drag responses from those who do not give hint as to what they would want and then listen to them moan and groan about how useless your gift is.
- Using the fanciest of wrapping paper and shining bows to disguise a really dull present.
- Smiling and expressing the warmest of seasonal cheer while thinking "I hope you choke on your eggnog".
- Dealing with the shrewdness of the little scam artists as they heap upon you a wish list that is as long and as relevant as a roll of toilet paper, knowing full well if they get only 10% that they have once again beaten the system.
- The emotional toll you experience in deciding who gets what, but before it's over you end up not caring if they even

get a lump of coal.

- Hearing the tales of woe and seeing those tears shed as they seek your favor, then only to realize that you heard the same story last year.
- Once all the presents are wrapped and put under the tree, you watch the frenzy as the wrap and ribbon fly through the air like a paper shredder on steroids, then the reality sets in- how am I ever going to pay for all this? The room clears and the little tikes scatter away to their own little worlds until next year and you sit among the empty boxes and crinkled tissue paper waiting in vain to hear the first "thank you."

As you begin your budget season maybe some of these little one act dramas will be relived and all the while you know what the end result will be. However as sure as Christmas is to come and as dreadfully similar the experience is, you will walk through this pathway of hell to reach your own pearly gates.

Merry Budgeting to all of you and quietly muffle your Bah-Humbugs as you suffer yet another season, where, as one of Santa's little helpers, you are used and abused, cursed and accused, kicked on the shin and slapped on the chin, all for far too little pay and more than your share of scorn, just for doing what the "good book" (LGC) says you will do or you won't be getting "nuthin' for Christmas" ever again.

Congratulations

We would like to send out our congratulations to Jimmy and Kathleen (Rathjen) Mynar, bride and bridegroom.

They were married on 07/21/06 at 11:00 P.M. (CST) in Las Vegas, Nevada, all lucky numbers according to the lovely bride. Very best wishes forever to two very special people who have become one extraordinary couple.

Calendar of Events

2006

AUGUST

4 - 8 National Association of Counties Annual Conference, Chicago, Ill.

16 - 18 Texas Association of Counties Annual Conference, Austin Renaissance Hotel

OCTOBER

1 - 6 TAC County Investment Officer Workshop Level 1 TAC Events Center, Austin

17 - 20 Texas Association of County Auditors 61st Annual Fall Conference Camino Real Hotel, El Paso- Edward Dion, Auditor

2007

MAY

49th Annual County Auditors Institute, Austin

OCTOBER

16 - 19 Texas Association of County Auditors 62nd Annual Fall Conference McLennan County, Waco- Steve Moore, Auditor

Budget Process Overview

PURPOSE

The 2006 - 2007 Budget covers a twelve month period beginning October 1, 2006 to September 30, 2007.

The purpose of the budget preparation process is to develop a work program and financial plan for Cass County. The goal is to produce a budget document that clearly states which services and functions will be provided with the resources available as follows:

- The budget document should be clearly understandable by the taxpayers and citizens at large and should be a policy document which defines issues in such a manner that the Commissioners Court can make sound business decisions regarding County programs and finances. The Commissioners Court must be given enough information to make funding choices between alternative programs and priorities.

- The budget document should provide offices and departments with a work program enabling them to carry out their missions. Furthermore, it provides the County Judge, who is the Budget Officer, and the County Auditor with a financial plan with which to assure the County lives within its financial means.

- Finally, the budget should serve as an important reference document that provides extensive information on the nature and scope of County operations and services.

Because of new reporting requirements of the Governmental Accounting Standards Boards in 2004, which are required by granting agencies and financial bonding institutions, the original department budget as well as the amended budget will be reported on the County's financial statements. Because this method of reporting might magnify poor departmental planning, it is essential that each department budget be carefully considered.

BUDGET REVIEW BY MANAGEMENT

The Budget Officer will present the Commissioners Court with preliminary revenue estimates (as provided by the Auditor) and a summary of departmental requests by early July (see calendar). This information will form the basis for a priority setting session of

Commissioners Court. The Budget Officer will receive input from the Commissioners Court in terms of its priorities at the initiation of the review process.

Once the final tax appraisal roll has been received and the effective tax rate has been calculated, the Commissioners Court will again be informed on the status of the 2007 Budget. The Commissioners Court will again give direction to the Budget Officer particularly related to any possible tax rate increase or decrease.

Any merit increases and/or salary related issues will be addressed by the Commissioners Court after revenue and expenditure projections for the upcoming year can be reasonably estimated.

The Budget Officer will provide the Commissioners Court with a balanced budget in the Proposed Budget document by July 31, 2006 in accordance with Texas Statutes.

BUDGET CRITERIA FOR REVIEW OF THE BASELINE BUDGET

After requests are submitted by the departments and revenue estimates and fund balance projections are provided by the County Auditor's office, the Budget Officer conducts an initial review of all documentation. These estimates and projections, as well as tax roll information from the Cass County Appraisal District and the Tax Assessor/Collector, will be used to formulate budget balancing strategies.

The Budget Officer's first step in analyzing a department's budget request will be to review the department's current baseline budget and make any needed recommendations for modifications by using the following criteria:

- Workload Decrease- If a department has had a workload decrease (including efficiencies created by technological improvements), or some other programmatic change which has resulted in a lower demand for service, then budget reductions may be recommended to reflect this decrease.

- Changing Circumstance- If circumstances have changed in the community or in the customer base which no longer justifies the continuation of a department's program at its current level,

then budget reductions may be recommended to reflect this change. One way these criteria will be used is to review past program changes to see if the circumstances that generated the need for those changes still exist.

- Revenue Shortfalls- If a past program was fully or partially funded based on an expectation of additional revenue and that revenue has not materialized or continued as expected, the budget reductions may be recommended to bring expenses in line with actual revenue.

- Decrease in Non-General Fund Revenue- if a program was fully or partially funded by Non-General Fund revenue and that revenue has been reduced or eliminated, the increase to the General Fund will be evaluated as a Program Change.

ADOPTION OF FINAL BUDGET

The Commissioners Court will hold final deliberations on the proposed budget, after which, the Budget Officer will take into consideration each proposed change and modify the budget data to form the final budget document. This document will be submitted to the County Clerk and the public according to the budget calendar and Texas Statutes. Public notice on the 2007 Proposed Budget and the tax rate will be posted and published according to the budget calendar and Texas Statutes. There will be public hearings held on the 2007 Proposed Budget and the tax rate according to Texas Statutes. After the public hearings, the Commissioners will vote to adopt a Budget for the 2006 - 2007 fiscal year, then vote separately to adopt the tax rate. The Court may make any changes to the Proposed Budget it deems necessary at the time of the adoption.

IMPLEMENTATION OF THE 2006 - 2007 BUDGET

Upon adoption of the 2006 - 2007 Budget by the Commissioners Court, a copy will be filed with the County Clerk. The County Auditor will continue to be responsible for the financial accounts of the County and the preparation of Monthly Budget Statements to be used by the departments in monitoring their budgets. Continued monitoring of

(Continued on page 18)

From the Editor

Being editor of the Texas Association of County Auditors COMMENTS, is a great job. As we all know there is no such thing as a "normal" day in the courthouse and especially during this time of budget preparation, the abnormal atmosphere can approach the levels of a mid-August heat wave in the Trans-Pecos.

I am sure as survivors of many a budget season, you each have your own way of coping and finding, if only for a brief time, some sense of calmness and time for reflection. For me it is the opportunity to work on the COMMENTS. During the lunch hour, after a strenuous commissioners court meeting, or late in the afternoon after everyone else has gone home for the day, I find myself seeking comfort in writing and compiling articles about the accounting, auditing, legal aspects of our profession. However those that give me the most satisfaction is when I can report the good things that auditors do, the genuine professionalism and the honest commitment exhibited in carrying out those duties.

Having a very unique position within the county, we often feel the "us against them" pressures that exist in each county. I cannot speak for other officials and certainly do not imply that no other county officials have zeal, determination and the strength of their convictions to serve the public, but I do know that these traits are almost universal among county auditors.

So even now, as you take a little "quite time" to read this issue of the COMMENTS, may it serve as some time of reflection and provide a bit of refreshing encouragement. I sincerely wish that each of you receive something more than just facts and figures from this publication and get at least some of the enjoyment that I have received from this experience.

Remember- keep those cards and letters and emails coming. We know that there are some good stories out there. Don't be selfish and keep them to yourselves. Through your sharing with each of us, your public service can reach far beyond the county line and, in turn, make each of us more knowledgeable and stronger of heart.

Send your information to:
COUNTY AUDITORS COMMENTS
%Keith Barber, Cass County Auditor
P.O. Box 299
Linden, Texas 75563
Office 903-756-5067 Fax 903-756-3018
kbarber.auditor@casscountytexas.org

Legislative Update

Jimmy Mynar, TACA President-Elect
Burleson County Auditor

With the school property tax reduction law now in effect, we a still attempting to calculate a reasonable estimate of the increase on our portion of the Central Appraisal Districts (CADs) budgets. For tax year 2006, the schools M&O rate will be reduced from \$1.50 to \$1.33. For tax year 2007, the rate will be further reduced to \$1.00. However, there

is also the 4 - 6 cent enrichment tax the school districts may levy in future years.

Whereas, some of us have based our CAD's allocation on last year's levy and rates as an alternative method, the rate change required for this next budget year will force my county to revert back to the original statutory calculations based on current year estimates for budgeting purposes. Even if your county is fortunate enough to see an increase in property valuations, the actual effects will not be



T.A.C.A. Website

While our new website is far from complete and we are still working out some bugs, we hope that you are enjoying and getting some benefits from the new version. The transformation will be a continuous process, which is what we want so that the most up-to-date information concerning our organization is available to each of you.

The website and Comments are intended to be complimentary resources for our readers. If any of you have any information, observations or criticisms please contact either of us concerning either format.

You are the resources, we are just the reporters.

Thanks,

Website Committee:
Jimmy Mynar- Burleson County Auditor
Keith Barber- Cass County Auditor

NEW ADDRESS:
www.texascountyauditors.org

known until all entities have set their tax rates in September.

Besides revenue caps, another area of debate to be readdressed in the upcoming session will be mandatory sales price disclosure of real estate. While such a change would give CADs a solid measure of fair market values, opposition will come from those pushing revenue and appraisal caps. For more information on Tax Caps, please click on the link provided on TAC's website at www.county.org.

(Continued on page 16)

Attorney General Opinion Requests

RQ-0418-GA
November 18, 2005
Honorable Ben W. Childers
Fort Bend County Attorney

Re: Whether Section 552.147 of the Government Code (Senate Bill 1485) is permissive or mandatory in relation to Section 552.007 of the Government Code that prohibits selective disclosure? Other related questions to Section 552.147.

RQ-0451-GA
February 13, 2006
Honorable Beverly Woolley
Texas House of Representatives

Re: Please accept this letter as a request pursuant to Texas Government Code Section 402.042 for an opinion from your office for clarification on the interpretation of House Bill 914, 79th Legislature, Regular Session, codified as Chapter 176 of the Texas Local Government Code ("Chapter 176"). Chapter 176 creates conflicts of interest disclosure requirements for "local government officers" and persons who contract with "local governmental entities" for the sale or purchase of property, goods, or services. The statute requirements became effective on January 1, 2006, and the statutes carries criminal penalties for persons who fail to comply with the disclosure requirements.

RQ-0461-GA
Mr. Ray Stelly, CPA
San Jacinto County Auditor

Re: Is the County responsible for the District Attorney's criminal defense under any circumstances since he is a State

employee. Other related questions concerning payment by the county of criminal defense of other county officials.

RQ-0472-GA
March 13, 2006
Honorable Mike Fetter
Upshur County Criminal District Attorney

Re: Request for Attorney General Opinion regarding appointment of a county road administrator in lieu of a county road engineer.

RQ-0473-GA
March 30, 2006
Honorable Tamara Y. S. Keener
Gillespie County Attorney

Re: May the Gillespie County Attorney use moneys from the Gillespie County Hot Check Department "hot check" fund established under TEX. CODE CRIM. PROC. ANN. Article 102.007 (Vernon 2005) to pay a sponsorship in a children's book promoting strong family values and citizen values to young people titled "My Favorite Book"?

RQ-0486-GA
Honorable D. Matt Bingham
Smith County Criminal District Attorney

Re: Does a proposed Smith County incentive bonus plan meet the requirements of Article III, Section 53 of the Texas Constitution and what is the effect if any of an incentive bonus plan that does not include all county employees?

RQ-0496-GA
Honorable Kurt Sistrunk
Galveston County Criminal District Attorney

Re: Request for opinion regarding proper construction of Texas Government Code Sections 551.074 and 551.144, specifically as to adequacy of notice and inclusion of the public in a session closed under Section 551.074, the personnel exception; whether the closed session is permitted under the Texas Open Meetings Act for purposes of Section 551.144 when notice is inadequate; and whether a closed session remains permitted under the Texas Open Meetings Act for purposes of Section 551.144 if members of the public are selectively allowed into the closed session.

RQ-0504-GA
June 28, 2006
Honorable Rex Emerson
Kerr County Attorney

Re: Whether the Commissioners Court has the authority to delegate non-statutorily assigned duties to other elected officials.

RQ-0505-GA
June 26, 2006
Honorable Carlos Valdez
105th District Attorney

Re: Is a group of elected officials, appointed officials and government employees who call themselves the Jail Population Control Committee and who meet on a regular basis to monitor the county jail population and to share information with each other required to comply with the provisions of the Open Meetings Act?

"None of us really understands what's going on with all these numbers."

– David Stockman, former Director of the Office of Management and Budget.

Attorney General Opinions

GA-0303
February 2, 2005
The Honorable Ronald D. Hankins
Sommervell County Attorney

Re: Whether an elected official may close his office on a day declared by the Governor of Texas to be an "official day of mourning".

Summary
A Sommervell official is authorized to set the hours that his office will be open as well as his employees' working conditions. He may close the office and allow the employees to take the day off, assuming that there is a public purpose for the closing. ... The Sommervell County Auditor has a ministerial duty to approve payment of the clerk's salary for the official day of mourning as a regular day and may not charge it to leave time.

GA-0306
February 22, 2005
The Honorable Bruce Isaacks
Denton County Criminal District Attorney

Re: Whether sections 85.003 and 86.011 of the Local Government Code provide that a deputy constable's appointment is revoked on the deputy's indictment for a felony.

Summary
Sections 85.003 and 86.011 of the Local Government Code do not provide that a deputy constable's appointment is revoked on the deputy's indictment for a felony.

GA-322
May 6, 2005
The Honorable David T. Garcia
Brooks County Attorney

Re: Whether a commissioners court or another elected official may continue to pay compensation to a suspended employee.

Summary
Pursuant to section 152.011 of the Local Government Code, the county commissioners court sets the salary of county employees when it adopts the county budget. Having provided county officers with the resource of the established salary, the commissioners court is precluded from interfering with the county officer's use of that resource. Because of their significant "sphere of authority", county officers have the discretion to suspend their deputies and employees as well as the discretion to compensate the deputies or employees they suspend.

A county official's discretion is bounded by the Texas Constitution. As a result, the county official must determine that a public purpose is served by the paid suspension and place sufficient controls on the compensation to ensure the public purpose is carried out to comply with article III, section 52 of the Texas Constitution.

Where there is no preexisting policy constituting a term of employment that provides for suspension pay to county employees, paid suspension is gratuitous extra compensation prohibited by article III, section 53 of the Texas Constitution. Therefore, a county official does not have the authority to suspend an employee with pay unless the officer has previously adopted a policy allowing for paid suspension.

GA-0340
Ms. L. Marliessa Clark, C.P.A.
Hamilton County Auditor

Re: Procedures applicable to a county's accounting for and spending excess contributions returned to a county pursuant to section 26.008 of the Government Code.

Summary
Section 26.008 of the Government Code

applies to court costs collected by certain counties and remitted to the comptroller to supplement county judges' salaries. Under section 26.008, the Comptroller of Public Accounts returns excess contributions to the participating counties, to be used only for court-related purposes for the support of the judiciary. Section 26.008 does not require the Hamilton County Commissioners Court to create a separate fund to account for the excess contributions or to adopt a special budget, distinct from the annual county budget, for excess contributions.

The "court related purposes" for which the excess contributions may be spent include judges' salaries and any other costs necessary to support the operation and maintenance of the courts and the administration of justice. Section 26.008 does not prohibit the commissioners court from allowing the excess contributions to be accumulated from year to year.

The county budget for the prior fiscal year may not be retroactively amended to provide that the excess contributions received in that year were spent under that budget.

GA-0413
Mr. Carl Reynolds
Administrative Director
Office of Court Administration

Re: Payment of uncollected fines, fees and court costs by defendants who have been administratively released from community service.

Summary
Article 42.12 of the Code of Criminal Procedure provides specific procedures that, if allowed, would continue the court's jurisdiction and allow for the collection of owed fines, fees and court costs even after the community supervision period has expired. If, however, those procedures are not followed, then a probation defendant is not subject to the conditions of

(Continued on page 16)

Legislative Update

(continued from page 13)

What can WE do to help?

While many of us cannot be available on short notice to testify at the many legislative hearings, you can help in other ways.

- Contacting your representatives and senators just to let them know of your existence always helps, especially if you have newcomers at year's end. Making your self know to the staff is the first crucial step.
- Surveys: Responding to TAC's surveys provides much needed information on the issues at hand. While I myself am guilty of not responding to some of the surveys, I have set a goal to respond to as many as I can. I challenge you to do the same.
- Standardized Reporting: Remember that we, the County Auditors, hold a wealth of information. The financial data we collect and report in our CAFRs serve very few. We must have the ability to disseminate that information to those who need it and in a format that is usable. Hence, work will continue on the Uniform Chart of Accounts and standardized reporting mechanisms to make this important goal a tool we can offer to legislators in making informed decisions for our future.
The TACA Board will be re-evaluating the Association's strategies during the upcoming weeks. Legislative and educational issues are major concerns. We as an Association can better defend ourselves through education and a commitment to provide accurate data in a comparable format to those who request it.

Attorney General Opinions *(continued from page 15)*

community supervision, including the payment of fines, fees and court costs, after the date the period of community supervision expires.

GA-0424
Honorable Eddie Arredondo
Burnet County Attorney

Re: Use of county inmate labor on projects for nonprofit organizations.

Summary
The phrase "work program" as used in article 43.101(a) of the Code of Criminal Procedure refers to a county jail industries program or other work program that a county has established under 43.10 or LCG 351.201. A sheriff may operate a work program only as authorized by 43.09 and 43.10 and section 351.201. Defendants who volunteer for a work program under article 43.101 may perform work or produce goods for a nonprofit organization only if the organization complies with article 43.10(4) or section 351.201(b)(3)(B). A sheriff may not "use jail inmate trustees on ...projects...for nonprofit organizations" except as noted in 43.09 or 43.10 as ordered under 351.201.

GA-0437
Honorable Carole Keeton Strayhorn
Texas Comptroller of Public Accounts
Re: Maximum salary payable to a district judge under section 659.012 of the Government Code.

Summary
Under section 659.012 of the Government Code the maximum lawful amount payable to a state district judge is \$140,000.

GA-0420
Honorable John S. Holleman
Polk County Criminal District Attorney
Re: Does a county auditor's violation of his oath of office, as set forth in Section 84.007(b)(2) of the Local Government Code, constitute "official misconduct" under Local Government Code, Section 84.009(2)?

What remedies are available to rectify a county auditor's violation of his oath of office established by Section 84.007(b)(2) of the Local Government Code?

Will a county auditor's subsequent divestment of any personal interest in an existing contract with a county "cure" a prior violation of the auditor's oath of office as established under Section 84.007(b)(2) of the Local Government Code?

Summary
A county auditor who has a personal interest in a county contract in violation of Local Government Code section 84.007(b)(2) may have committed "official misconduct" as this term is used in Local Government Code section 84.009. which provides for a county auditor's removal under certain circumstances. Whether a county auditor has committed official misconduct is for the district judges who appointed the county auditor to decide in the first instance. It is also within the districts' discretion whether to proceed with removal.

No laws permits a county auditor to cure a violation of section of 84.007(b)(2) through the auditor's subsequent action. Thus, a county auditor may not cure a violation of Local Government Code section 84.007(b)(2) by divesting himself of his interest in the county contract subsequent to the oath's violation.

Match the County and the County Seats "Answers"

Of the ten Counties and ten County Seats listed below, identify those that are a correct match. *

COUNTY (Actual County Seat)	COUNTY SEAT (Actual County)
1. Liberty *	Liberty *
2. Anderson (Palestine)	Anderson (Grimes)
3. Crockett (Ozona)	Crockett (Houston)
4. Andrews *	Andrews *
5. San Augustine *	San Augustine *
6. Cameron (Brownsville)	Cameron (Milam)
7. Childress *	Childress *
8. Pecos (Fort Stockton)	Pecos (Reeves)
9. Tyler (Woodville)	Tyler (Smith)
10. Dickens *	Dickens *

The Four Principles of the Budget Process

- 1.Establish Broad Goals to Guide Government Decision Making.**
A government should have broad goals that provide for overall direction for the government and serve as a basis for decision making.
- 2.Develop Approaches to Achieve Goals.**
A government should have specific policies, plans, programs, and management strategies to define how it will achieve its long-term goals.
- 3.Develop a Budget Consistent with Approaches to Achieve Goals.**
A financial plan and budget that moves toward achievement of goals, with the constraints of available resources, should be prepared and adopted.
- 4.Evaluate Performance and Make Adjustments.**
Program and financial performance should be continually evaluated, and adjustments made, to encourage progress toward achieving goals.

The Twelve Elements of the Budget Process

- | | |
|--|--|
| Establish Broad Goals to Guide Government Decision Making. | 7. Develop management strategies. |
| 1. Assess community needs, priorities, challenges and opportunities. | Develop a Budget Consistent with Approaches to Achieve Goals. |
| 2. Identify opportunities and challenges for government services, capital assets and management. | 8. Develop a process for preparing and adopting a budget. |
| 3. Develop and disseminate broad goals. | 9. Develop and evaluate financial options. |
| Develop Approaches to Achieve Goals. | 10. Make choices necessary to adopt a budget. |
| 4. Adopt financial policies. | Evaluate Performance and Make Adjustments. |
| 5. Develop programmatic, operating, and capital policies and plans. | 11. Monitor, measure, and evaluate performance. |
| 6. Develop programs and services that are consistent with policies and plans. | 12. Make adjustments as needed. |

T.A.C.A. Membership Update

New
Ron Stokes - Parker County
Marie Lee - Henderson County

Retiring
B.J. Vaught - Fisher County

Returning
Tommy Tomlinson - Kerr County

County Auditors always seem to be on a merry-go-round. Some coming, some going, some coming after they were going, and, in some places, just an empty chair.

Regardless, we send our best wishes to each of you. If you are going- we will miss you. If you are coming- we look forward to meeting you. If you are returning- good to see you again.
If you aren't among us yet - we will wait on you.

P.S.
As you work on your new budgets, please consider adding funds for memberships for more of your assistants. Currently, only about 20% of our assistants are T.A.C.A. members. They add a lot to our organization and our organization provides them with a lot of educational and training opportunities as well.

**TEXAS ASSOCIATION OF COUNTY AUDITORS
YOU CAN COUNT ON US**

Budget Process Overview *(continued from page 12)*

expenditure levels in accordance with the budget and submitting appropriate budget transfer / amendments to Commissioners Court will be done by the County Auditor.

BUDGET REQUEST INSTRUCTIONS

REQUEST FORMS - EXPENDITURES

This form is sometimes referred to as the Operating / Baseline Budget. The baseline budget is defined as that level of service which is currently being provided by the department and should be affected only by workload volumes and inflationary pressures. Departments are asked to closely consider the amounts needed for 2007 and to keep overall expenditures at the same level as the 2006 budget.

Within each departmental operating budget there can be up to six categories of expenditures. They are as follows, with a brief description of the contents in each. There are applicable line items in the budget document within the appropriate categories. There may be more detailed forms requested for certain items within these categories, see Special Request Forms below.

- **Personal Services** - Those expenditures that account for all salary payments made to county employees, full time or part time. Also included would be taxable supplemental payments from other sources, such as state funding, grants, judicial stipends, local supplements, longevity or flat rate monthly travel. Do not include any contract labor or direct reimbursable travel expenses.

- **Benefits** - These are expenditures are related directly to salaries or additional compensation other than salaries. Items to be recorded here include- social security taxes, retirement system contributions, health and personal insurance (employer paid portions). Payments into funds for Workers Compensation and Unemployment Compensation.

- **Supplies** - Items in this category will include any physical goods that are considered consumable within a period of one year or less. Such as- office materials, postage, technical and photo copy materials and parts, equipment and vehicle parts and components, fuel, operating and repair

materials, food and medical items, any inexpensive equipment (generally \$500 or less, even though it may have a useful life in excess of one year) like small printers, calculators, small tools (unless bought as a large set), or small dollar furniture and fixtures (also using the approximate \$500 amount) such as chairs, tables or stands, standard file cabinets and shelves, etc.

- **Services and Charges** - Expenditures for "services" rendered, as opposed to a tangible item as described above, for utilities, labor for repairs, professional services, property-casualty-liability insurance and bonds, contracted labor, other contracted services and fees, reimbursable travel and per diem, conference registration and lodging, organization dues and assessments, indigent health and defense costs, or equipment rentals or leases (not converted to a purchase option transaction).

- **Capital Outlay** - Purchases of larger equipment (above the \$500 threshold and with a useful life of far greater than one year), including vehicles, road maintenance equipment, trailers, emergency equipment like generators and specialized hazard event equipment, higher cost individual tools or a set of tools, data processing systems, other technical or communications systems, land and buildings, or major renovations or repairs to facilities.

- **Debt Service** - Payments of principal, interest and limited associated expenses, for debt that has been issued by specific order of the Commissioners Court through bonds, certificates of obligations, tax notes or other legal debt instruments. Also certain short term, self-collateralizing assets such as buildings, property, equipment or systems that cannot reasonably be paid for in a single budget cycle but can be retired in shorter term of five years or less.

The descriptions and examples given above are far from being absolute and complete, however they should serve as basic guideline in the determination of what category the expenditure should be assigned. Any time that there is a question, please contact the County Auditor for direction and assistance.

During the budget presentation process, you may be requested to provide

additional information not prescribed in this manual.

The department request as a whole is to be completed on this form.

A March 30 financial statement, six months of the current budget, is included as a reference. There are also estimated expended totals through September 30. Updated estimates will be available after June 30.

SPECIAL REQUEST FORMS

These special request forms that are included should be completed and attached to the main operating / baseline budget request form. These additional forms serve to give greater detailed information about particular budget items.

- **Salary** - List by name each individual currently on staff and their position. Should additional staff be requested, list by position and anticipated start date.

Any across the board increases may be expressed as a dollar or percentage increase.

If they are varying requests among the staff, please indicate each specific request.

The April payroll register for your department is also included for reference purposes. Updated payroll information will be available after each payroll period.

- **Travel** - This request for those individuals who receive a set monthly travel allowance. With any request, the mileage incurred, expenses, departmental activity reports, etc. would be helpful to be included.

- **Cell Phone / Pager** - Those who utilize their personal communications equipment are to use this request to state the amount of allowance they seek in the new budget.

- **Education / Travel / Conference** - This request form asks for as much detail as possible about know or possible travel requirements during the next budget cycle. Please include estimates for event registration, mileage or other travel expenses, lodging and per diem.

- **Uniform Maintenance Allowance** - Those employees whom are required by departmental policy to wear specified uniforms which were purchased by the

(Continued on page 20)

Distinguished Budget Presentation Awards Program Government Finance Officers Association

AWARDS CRITERIA

The Budget as a Policy Document.

- The document should include a coherent statement of entity-wide long-term financial policies.
- The document should include a coherent statement of entity-wide, non-financial goals and objectives that address long-term concerns and issues.
- The document should describe the entity's short-term initiatives that guide the development of the budget for the upcoming year.
- The document shall include a budget message that articulates priorities and issues for the budget for the new year. The message should describe significant changes in priorities from the current year and explain the factors that led to those changes. The message may take one of several forms (e.g., transmittal letter, budget summary section).
- The document should include clearly stated goals and objectives of organizational units (e.g., departments, divisions, offices or programs).

The Budget as a Financial Plan.

- The document should include and describe all funds that are subject to appropriation.
- The document shall present a summary of major revenues and expenditures, as well as other financing sources and uses, to provide an overview of the total resources budgeted by the organization.
- The document must include summaries of revenues and other financing sources, and of expenditure and other financing uses for the prior year actual, the current year budget and/or estimated current year actual, and the proposed budget year.
- The document shall describe major revenue sources, explain the underlying assumptions for the revenue estimates, and discuss significant revenue trends.
- The document shall include projected

changes in fund balances, as defined by the entity in the document, for appropriated governmental funds included in the budget presentation (fund equity if no governmental funds are included in the document).

- The document should include budgeted capital expenditures, whether authorized in the operating budget or in a separate capital budget.
- The document should describe if and to what extent significant non-routine capital expenditures will affect the entity's current and future operating budget and the services that the entity provides.
- The document shall include financial data on current debt obligations, describe the relationship between current debt levels and legal debt limits, and explain the effects of existing debt levels on current operations.
- The document shall explain the basis of budgeting for all funds, whether cash, modified accrual, or some other statutory basis.

The Budget as an Operations Guide.

- The document shall describe activities, services or functions carried out by organizational units.
- The document should provide objective measures of progress toward accomplishing the government's mission as well as goals and objectives for specific units and programs.
- The document shall include an organization chart(s) for the entire entity.
- A schedule or summary table of personnel or position counts for prior, current and budgeted years shall be provided.

The Budget as a Communications Device.

- The document should provide summary information, including an overview of significant budgetary issues, trends and

resource choices. Summary information should be presented with the budget document either in a separate section (e.g., executive summary) or integrated within the transmittal letter or other overview sections, or as separate budget-in-brief document.

- The document should explain the effect, if any, of other planning processes (e.g., strategic plans, long-range financial plans, and capital improvement plans) upon the budget and the budget process.
- The document shall describe the process for preparing, reviewing, and adopting the budget for the coming fiscal year. It also should describe the procedures for amending the budget after adoption.
- Charts and graphs should be used, where appropriate, to highlight financial and statistical information. Narrative interpretation should be provided when the messages conveyed by graphs are not self evident.
- The document should provide narrative, tables, schedules, or matrices to show the relationship between functional units, major funds, and non-major funds in the aggregate.
- The document shall include a table of contents to make it easy to locate information in the document.
- A glossary should be included for any terminology (including abbreviations and acronyms) that is not readily understandable to reasonably informed lay reader.
- The document should include statistical and supplemental data that describe the organization, its community, and population. It should also furnish other pertinent background information related to the services provided.
- The document should be produced and formatted in such a way as to enhance its understanding by the average reader. It should be attractive, consistent, and oriented to the reader's needs.

Budget Process Overview *(continued from page 18)*

county may request a set amount of allowance for the cleaning and maintenance of the uniforms. Replacement would be subject to departmental policy.

- Capital Items - For this purpose, a capital item would be any individual item or set of items (tool set, computer with components, software package, etc.) that costs more than \$500.

(For accounting purposes this definition will be established at a higher level and subject to depreciation.)

PROGRAM CHANGE REQUESTS

Program Change Requests refer to requests to change the level of service or method or operation. Examples would include requests for new positions, equipment and associated supplies and contractual services necessary to support a new or expanded program. Program Change Requests may take the form of program reductions or elimination. For any changes (additions or deletions) you may submit additional documentation in financial and/or narrative format.

REQUESTS RELATED TO CAPITAL CONSTRUCTION PROJECTS

Should there be requests for additional funding over the current 2006 budget, that is DIRECTLY related to the projected relocations of several departments, either on a permanent or interim basis, please prepare a SEPARATE request for these items apart from your current operating budget.

Some such expenses might include new furniture, fixtures and equipment-additional technology items- increased operational and maintenance requirements-relocation services and expenses.

It is anticipated that most of the costs for tangible items will be paid from the bond funds, however the increase in expenditures that would be recurring (utilities, services, etc.) would probably be funded from the departmental operating budget.

Please also consider any expenditures that may be incurred if the county receives funding from the Texas Historical Commission for the renovation of the

courthouse. While the eventual grant status is not presently known, it would be recommended that this possibility be calculated as another separate scenario.

SPECIAL REVENUE FUNDS

The budget consists largely of the General Fund, Road & Bridge Funds and the Debt Service Fund, however there are many funds that are designated as Special Revenue Funds because they are restricted by what revenue sources they are funded by and limitations on the types or areas of expenditures that may be made from these funds.

All of these funds are required to be budgeted and go through the same process as the other funds which do not have such restrictions. Most of these funds are under the general discretion of the Commissioners Court to set the budgets and permit the expenditures.

However some discretion on the budgets and the expenditures decisions lie with a designated official. Some of these totally the designated officials discretion and do not require any approval from the Commissioners Court, while others are limited in the nature of the expenditures but still must be approved for payment by the Court.

Depending on the specific fund the budgetary authority and expenditure type and approvals vary. Funds that are considered in the Special Revenue classification would be among the following, but other may exist or come into existence.

- Records Management
- Courthouse Security
- Justice Court Technology
- District Attorney Hot Checks
- Sheriff's Forfeitures
- Tax Assessor / Collectors Vehicle Inventory Tax

While these special funds have certain differences in their makeup and usage and control, they are to be included in the comprehensive county budget as part of the total disclosure of all county operations.

As discussed earlier, it is very important for each department head that has any type of responsibility with any of these Special Revenue Funds to present as much information as possible about the

nature, fund balances, anticipated revenues and proposed expenditures to the Budget Officer and the County Auditor.

To whatever extent that is legally and operationally viable, it is desirable to use such Special Revenue Funds to offset expenses of the other unrestricted funds, primarily those funded largely by tax revenues. To do so would relieve the greatest burden in funding a budget, that of direct taxation, in such a manner to fund those expenditures that are lawfully designated under the statutes, in most circumstances, that created the Special Revenue Funds.

All expenditures request forms and supplementary forms are to be turned in to the County Auditor NO LATER than June 12.

REVENUE SOURCES

Revenues are most important to the budget process, for it is a given that without funding there would be no resources to fund the expenditures. County government has very limited resources from which to draw upon and almost all are strictly determined and limited by the state government with very few locally optional alternatives.

County revenues are divided into six broad categories of types and sources. Some revenue can be used to fund almost any type of legal expenditures and others are strictly designated to fund a very narrow and limited scope of expenses. See Special Revenue Funds above.

- Taxes- Ad valorem taxes- also known as property taxes, is the largest source of funding. The ability and the manner in which counties can utilize this source is continually and increasingly being limited through legislative edict. Other smaller tax receipts are generated from the sale of alcoholic beverages.

- Licenses & Permits- Revenues generated from fees associated with a particular service (marriage license, landfills, automobile, trailer and marine vessel registrations).

- Intergovernmental- Any revenues received from another governmental entity on a regular basis for services rendered by the county and then reimbursed, shared income coming from another entity, direct grants that are for single events or renewable

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Worth Repeating

Back on June 15 another email appeared on the list serve. However it wasn't one those ho-hum, doom and gloom, dumb and dumber listserve staples we usually see. It didn't ask a question, it didn't seek advice, there was no major emergency pending and, thankfully, it wasn't another meager humor attempt by some of us David Letterman wantabes.

Even though you read it silently to yourself, you could distinctly hear the calm humility and the sincere gratitude resounding from the words as written. You felt the warmth of the closeness it expressed and the sobering strength of the message as it went straight into your heart and so richly lifted your soul.

The intent was a simple thank you and an acknowledgement of what each of us knows and sustains us through our work assignments and our personal lives- we are here by the grace of God and looked over by our friends, otherwise known as guardian angels.

Every day we each blurt out the words "thank you" usually just as a final two syllable ending to a conversation and sometimes as a tart retort to someone else's lack of civility. Unfortunately we also, all too often, hastily and, with all the emotion of a stale potato chip, mumble an "I love you" to our families and dear friends, routinely without ever making eye contact.

We often take the nonchalant attitude that it isn't important that someone tells us thank you or I love you. For most of us this is true, not being told those things is something that most can live without. However, because we are an innately caring and giving people, not having someone to help and not having someone to love would leave such a void that we could as easily live without food and water.

The next time you say those words or those words are spoken to you, give them unconditionally and take them graciously, each of you will find your life more abundant and your burdens lighter.

"I was reappointed yesterday to my third term as San Jacinto County Auditor. I feel very fortunate, especially given some of the sad emails I have read on this forum over the years from auditors who were not reappointed.

I would like to single out several of you by name who have been very patient and supportive of me over the years.

April Bacon and Ed Dion have provided me with lots of answers to specific questions regarding legal and accounting issues and I thank you two for your help. Jimmy Mynar has been very helpful with my endless questions regarding building a new jail. Thank you Jimmy.

By way of the contributions they make in providing good, solid, common sense answers to questions on this listserve I would like to thank John Reynolds, David Austin, James Wells and the living legend, Tommy Thompkins.

I would also like to give a shout out to my "neighbors" here in East Texas, who are always willing to listen to me bitch and give a sympathetic ear. They are Bob Dockings in Polk County, Shelia Johnson in Trinity County, Louis Cooke in Houston County and Eddie Gray in Angelina County.

And last but not least, thanks to all of you. This is a really good group and I feel privileged to be a member.

Ray Stelly, San Jacinto County Auditor

Ray, we thank you and we love you for your contributions to each of us.

As a considerably older and occasionally wiser friend of mine would say, "Now that's what I'm talkin' about!"

Budget Process Overview

(continued from page 20)

contracts, payments in lieu of actual collections such as tax loss from ownership by the federal government are examples.

- Charges for Services- Those revenues generated by fees set by the state and some within the County's discretion for services, recording, special assessments, fees associated with activities in the judicial system.

- Fines & Forfeitures- Assessments of fines are made as punishment as a result of a finding of guilt of violating criminal offenses, while forfeitures are the result of confiscation of assets (cash, personal property or real property) via order of a court which are remanded to the designated agency.

- Miscellaneous- Those revenues received from all other sources other than those cited about. The most common being investment income and income from the sale of assets. Also proceeds from insurance losses or refunds would be accounted for here.

It is EXTREMELY important that each department that generates ANY type of revenue be well versed on the pertinent authority (statute, local order or agreements) for EACH type of revenue collected. Information regarding prior year collections and expectations for the next year, as well as information concerning the revenue source that may lead to increases or decreases in the next budget year. As part of the County Auditor's responsibility to provide revenue estimates it is critical that they have the most current and accurate information possible.

The completion of the Revenue Information form will be most helpful in recognizing and quantifying the levels of revenues received and how they may differ in the upcoming year due to changes in legislation, fee schedules, appraised property values, general economic conditions in the county, the overall economy as it relates to investment income, court (both civil and criminal on all levels from Justice to District Courts) activity, planned liquidation of assets, general utilization of county fee for services operations and the unknown, but usually occurring receipts from insurance proceeds, refunds, or other unanticipated sources.

Texas Association of County Auditors Committees

LAW STUDY COMMITTEE

Co-Chair- Jimmy Mynar, Burleson County
Jimmy Hamilton, Hunt County

“It shall be the duty of the Law Study Committee to promote adoption, amendment and maintenance of proper laws on behalf, and in favor of, the County Auditors of this State. This Committee shall be empowered to use the name of the Association for this purpose.”

ENTERTAINMENT COMMITTEE

Chair- Susan Pugh, Leon County

“It shall be the duty of the Entertainment Committee to assist the annual conference Host Auditor in planning entertainment for this occasion. This Committee shall also assist the County Auditors' Institute Committee when called upon to help in entertainment planning. It shall be the duty of this Committee to provide for receptions at the annual County Auditors' Institute, and welcome and introduce first time Auditors to all Association meetings.”

“COUNTY AUDITOR COMMENTS” COMMITTEE

Chair- Keith Barber, Cass County

“It shall be the duty of the “County Auditors' Comments” Committee to publish and distribute a regular newsletter to members. The newsletter shall contain articles about information and events affecting County Auditors.”

BYLAWS COMMITTEE

Chair- Kirk Kirkpatrick, Johnson County

The Bylaws Committee is to monitor the existing bylaws of the Association and make recommendations to the Officers and Board of Directors of any changes or amendments contemplated. The Association Board may instruct the Bylaws Committee to study issues that might affect the bylaws and report back to the board.

WEBSITE COMMITTEE

Co-Chair- Jimmy Mynar, Burleson County
Co-Chair- Keith Barber, Cass County

The Website Committee is to review and monitor the Texas Association of County Auditors' Website and to make timely updates to the content. It shall coordinate with the Texas Association of Counties, which serves as the website's host.

TECHNOLOGY COMMITTEE

Chair- Ellen Friar, Ward County
Members- Loretta Key, Eastland County
and Linda Byers, Wilbarger County

The Technology Committee shall review any technology issues that may be brought to it by the Board or Membership and to make recommendations in this respect. The Committee shall coordinate with the Education, Institute, Law Study, and Website Committees on relevant issues involving technology and the duties and responsibilities of County Auditors.

Key Differences Between Management and Leadership

By Mark Warren, Texas Association of Counties

SEEING WHAT IS NOT VISIBLE - HEARING WHEN THERE IS NO SOUND
Leaders look at inadequate or non-existent information and make decisions.

Managers find and assess facts- they see and hear what is going on.

ETHICS

Leaders are concerned with doing the right thing.

Managers are concerned with doing things right.

A RIVER WITHOUT BOUNDARIES IS A PUDDLE

Leaders establish principles.
Managers create and enforce rules.

PHILOSOPHY

Leaders formulate questions and identify potential problems.

Managers find answers and solutions to current problems.

“As County Auditor, I have learned that...”

... you can easily give a financial presentation that long exceeds anyone's attention span.

... we are responsible for what we do, and, unfortunately, for what everyone else does that is wrong.

... you should never compare yourself to anything or anybody, there are plenty of others out there who gladly will fill in that blank.

... when dealing with Commissioners Court, you need to know how to count to three.

Indigent Health Care Costs On The Rise? IHS Can Help.

Indigent Healthcare Solutions (IHS) provides specialized software solutions for Texas indigent health care offices, hospital districts and public hospitals.

We understand limited budgets and the added pressures of providing medical care to your eligible clients and prisoners.

Our Windows-based software can help you ensure that payments on eligible bills are correct and that all Texas reporting requirements are met.

Our role doesn't end when the software is licensed. After installing an IHS system, we provide continuing support to make sure everything works the way you need it to. Our personalized training and service provides an on-going support network that allows an easy transition to a new, automated environment.

To find out why so many Texas Counties have chosen IHS to help manage their indigent health care costs or for more information please call us toll free at (800) 834-0560 or go on-line at www.indigenthealthcaresolutions.com.

*An Obsessive Commitment To
Customer Service*

IHS
Indigent Healthcare Solutions
A Texas QISV Vendor

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