

CITY OF ARCHER CITY
SPECIAL CALLED CITY COUNCIL MEETING
Monday, June 29, 2020 at 4:00 p.m.

THIS MEETING WILL BE HELD BY TELEPHONE CONFERENCE ONLY. THE PUBLIC IS INVITED TO JOIN BY CALLING 1-800-941-1840 (TOLL FREE). WHEN PROMPTED ENTER THE PARTICIPANT PIN OF 138132 FOLLOWED BY #

A. Call to Order

- 1) Greetings –Mayor Green
- 3) Invocation
- 4) Roll Call

B. Consent Agenda

- fg 2
- 1) Approval of minutes of the May 29, 2020 Special Called Meeting

C. NEW BUSINESS

Deliberate and Consider Action on the Following:

- fg 2a-b
fg 3
fg 4
fg 5
fg 6-13
- 1) Discuss and consider a resolution continuing the Declaration of Disaster – Mayor Green
 - 2) Discuss and consider authorizing the renewal of employee group health, dental, vision, life insurance and long-term disability plans with Texas Municipal Health Benefits Pool for the 10/1/20-21 term – Kim Whitsitt
 - 3) Discuss and consider an ordinance amending Code of Ordinances Article 14.3 and 14.11 Zoning – George Huffman
 - 4) Discuss and consider an ordinance amending Code of Ordinances Chapter 13.03.033 Utilities – George Huffman
 - 5) Discuss and consider approval to retain the services of Edgin, Parkman, Fleming & Fleming (EPFF) to conduct the City’s annual financial audit for 2020 FYE – Kim Whitsitt
 - 6) Discussion concerning the process of setting the 2020 property tax rate – Kim Whitsitt

D. Adjournment

“The City Council for the City of Archer City reserves the right to adjourn into executive session at any time during the course of this meeting to discuss any of the matters listed above, as authorized by Texas Government Code §§ 551.071 (Consultation with Attorney), 551.072 (Deliberations about Real Property), 551.073 (Deliberations about Gifts and Donations), 551.074 (Personnel Matters), 551.076 (Deliberations about Security Devices), and 551.086 (Economic Development).”

I certify that the above Notice of Meeting was posted on the bulletin board and front door of the Archer City Hall at 118 S. Sycamore, Archer City, Texas on the 26th day of June, 2020 at 3:00 p.m.

Kim Whitsitt, City Secretary

City of Archer City
Special Called City Council Meeting
Friday, May 29, 2020, 4:00 P.M.

The Mayor and City Council of the City of Archer City, met for a special called city council meeting on Friday, May 29, 2020 at 4:00 p.m. by telephone conference. The public was invited to join by calling 1-800-941-1840 (toll free) and entering the participant PIN of 138132# when prompted.

Call to Order

Mayor Kelvin Green called the meeting to order at 4:00 p.m. Mayor Green gave the invocation.

The following Council members were present for roll call:

Mayor	Kelvin Green
Council Members	Paula Bradley
	Debra Haehn
	Ben Tucker
	Zac Beck
	Leslie Hash

Staff present: City Manager – George Huffman, City Secretary - Kim Whitsitt

Public Comments

None

Consent Agenda

Leslie Hash made the motion to approve the Consent Agenda. Debra Haehn seconded the motion. All members present voted “Aye”.

NEW BUSINESS

Resolution 417 Declaration of Disaster

Mayor Green addressed Council concerning a resolution continuing the Declaration of Disaster he signed on April 30, 2020. Paula Bradley made the motion to approve the resolution. Zac Beck seconded the motion. All members present voted “Aye”.

Livestock Restrictions

Debra Beaird addressed Council concerning a request to discuss livestock restrictions and stated she lived in a residential area and was concerned her property could be surrounded by livestock if no restrictions were in place. She also discussed property values and health concerns. After further discussion Paula Bradley made the motion to not consider livestock restrictions at this time. Zac Beck seconded the motion. Voting was as follows: Paula Bradley – Yes, Zac Beck – Yes, Ben Tucker – Yes, Debra Haehn – Yes, Leslie Hash - Abstained

Adjournment

There being no further business to come before the City Council, Ben Tucker moved to adjourn at 4:10 p.m. Zac Beck seconded the motion. All members present voted “Aye”.

Kim Whitsitt, City Secretary

Kelvin Green, Mayor

RESOLUTION 418

CONTINUANCE OF DECLARATION OF LOCAL DISASTER FOR THE CITY OF ARCHER CITY, TEXAS

WHEREAS, the Mayor of the City of Archer City, Texas declared a state of local disaster on March 24, 2020 due to an imminent threat due to a novel coronavirus, now designated COVID-19;

WHEREAS, in accordance with Texas Government Code Section 418.108(b), the declaration of local state of disaster may not be continued or renewed for a period of more than seven (7) days except with the consent of the City Council of the City of Archer City;

WHEREAS, the Mayor of the City of Archer City has determined that extraordinary measures must be taken to alleviate the suffering of people exposed to and those infected with the virus, as well as those that could potentially be infected or impacted by COVID-19, and to protect or rehabilitate property; and

WHEREAS, a declaration of disaster activates the City of Archer City Emergency Management Plan; and

WHEREAS, the City Council of the City of Archer City, pursuant to Texas Government Code Section 418.108(b), has consented to continue the declaration of local state of disaster for the City Archer City, Texas.

NOW THEREFORE, BE IT DECLARED BY THE MAYOR OF THE CITY OF ARCHER CITY, TEXAS, that:

- 1.) The declaration of state of local disaster for the City of Archer City, Texas resulting from the novel coronavirus, COVID-19 is hereby continued;
- 2.) This Declaration continues to activate the City of Archer City Emergency Management Plan;
- 3.) This Declaration continues to activate the recovery and rehabilitation aspects of all applicable local or interjurisdictional emergency management plans and authorizes the furnishing of aid and assistance under the Declaration, and the preparedness and response aspects of the plans are activated as provided in the plans;
- 4.) This Declaration continuing a local state of disaster shall be effective for thirty (30) days on and from its date of issuance, provided however that this declaration may be terminated before the expiration of thirty days by

subsequent order of the Mayor, and may be continued or renewed beyond thirty days from its date of issuance only with the consent of the City Council of the City of Archer City, Texas;

- 5.) The sections, paragraphs, sentences, clauses and phrases of this Declaration are severable and if any phrase, clause, sentence, paragraph or section of this Declaration should be declared invalid by the final judgment or decree of any court or competent jurisdiction, such invalidity shall not affect any of the remaining phrases, clauses, sentences, paragraphs and sections of this Declaration that can be given effect without the invalid provision, and to this end the provisions of this Order are severable.
- 6.) This Declaration shall be given prompt and general publicity and shall be filed promptly with the City Secretary of the City of Archer City; and
- 7.) This Declaration shall take effect immediately from and after its issuance.

It is hereby **ORDERED**, this 29th day of June, 2020.

Kelvin Green,
Mayor
City of Archer City, Texas

ATTEST:

Kim Whitsitt, City Secretary



MEDICAL COST PROJECTION

Archer City
06/11/20

MEMBER OPTION

6/11/2020 6:13 PM

6% Increase

Current Plan	2019-2020	2020-2021 Renewal
	Current Rates	New Rates
	P85-150-45-Mac A \$35 OV	P85-150-45-Mac A \$35 OV
	80% / 50%	80% / 50%
	PPO	PPO
	\$1,500 In Ded	\$1,500 In Ded
	\$1,750 Out Ded	\$1,750 Out Ded
	\$4,500 In OOP	\$4,500 In OOP
	\$35 OV	\$35 OV
	Mac A	Mac A
EE	\$659.70	\$699.28
EE + Spouse	\$1,339.18	\$1,419.54
EE + Child(ren)	\$1,161.08	\$1,230.74
EE + Family	\$1,946.10	\$2,062.86

New Plan Options

2020-2021	Option 1	Option 2	Option 3	Option 4
	5.84% Increase	4.41% Increase	0.75% Decrease	5.07% Decrease
	Copay-1500-5K ER	Copay-2K-4K ER	Copay-2K-6K ER	Copay-2500-6K ER
	80% / 50%	80% / 50%	80% / 50%	80% / 50%
	PPO	PPO	PPO	PPO
	\$1,500 In Ded	\$2,000 In Ded	\$2,000 In Ded	\$2,500 In Ded
	\$3,000 Out Ded	\$4,000 Out Ded	\$4,000 Out Ded	\$5,000 Out Ded
	\$5,000 In OOP	\$4,000 In OOP	\$6,000 In OOP	\$6,000 In OOP
	\$0 Tela Health Copay	\$0 Tela Health Copay	\$0 Tela Health Copay	\$0 Tela Health Copay
	\$30 OV/\$45 SP/\$75 UC/\$250 ER Copay	\$30 OV/\$45 SP/\$75 UC/\$250 ER Copay	\$30 OV/\$45 SP/\$75 UC/\$250 ER Copay	\$30 OV/\$45 SP/\$75 UC/\$250 ER Copay
	Mac A Rx Plan	Mac A Rx Plan	Mac A Rx Plan	Mac A Rx Plan
EE	\$698.20	\$688.78	\$654.74	\$626.24
EE + Spouse	\$1,417.34	\$1,398.22	\$1,329.12	\$1,271.26
EE + Child(ren)	\$1,228.84	\$1,212.26	\$1,152.36	\$1,102.18
EE + Family	\$2,059.66	\$2,031.88	\$1,931.48	\$1,847.38

Please sign & date option chosen:

Option 1	Option 2	Option 3	Option 4
Signature / Date	Signature / Date	Signature / Date	Signature / Date

THIS DOES NOT COMPLETE THE RERATE PROCESS. YOU WILL NEED TO SIGN THE MEMBER OPTION AND DO ONE OF THE FOLLOWING BY 06/30/2020:

1. Scan an image of the signed member option and email it to sandy.erwin@tmlhb.org, or
 2. Fax the signed member option to (512) 719-8302, attn: Sandy Erwin
- THEN A NEW RERATE NOTICE WILL BE GENERATED AND MAILED TO YOU. THE RERATE SHEET MUST BE SIGNED AND RECEIVED IN AUSTIN BY 07/07/2020 FOR THE NEW BENEFITS AND RATES TO BE EFFECTIVE FOR 10/01/2020.

ORDINANCE NO. 348

AN ORDINANCE OF THE CITY OF ARCHER CITY, TEXAS, AMENDING THE CITY'S CODE OF ORDINANCES TO REVISE ARTICLE 14 ZONING, SECTION 3 DEFINITIONS AND SECTION 11 ADDITIONAL USE, HEIGHT, AND AREA REGULATIONS AND EXCEPTIONS; PROVIDING A PENALTY; ESTABLISHING THE SEVERABILITY OF THIS ORDINANCE AND PROVIDING FOR ANY CONFLICTING PROVISIONS; AND ESTABLISHING AN EFFECTIVE DATE FOR THIS ORDINANCE.

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF ARCHER CITY, TEXAS:

ARTICLE I. CODE AMENDED

That the Code of Ordinances be revised in Section 14 Zoning, to read as follows:

Sec. 14.3 Definitions added:

Median Taxable Value – The midway point of the taxable value of the buildings in a specified area, from highest to lowest.

Sec. 14.11 Additional Use, Height, and Area Regulations and Exceptions:

A. Use Regulations:

(4) Have a value equal to or greater than the median taxable value for each building located within 500 feet of the lot on which the building is proposed to be located, as determined by the most recent certified tax appraisal roll for the county; and

(5) Have exterior siding, roofing, roof pitch, foundation fascia and fenestration compatible with the buildings located within 500 feet of the lot on which the building is proposed to be located.

ARTICLE II. PENALTY

Any person or corporation convicted of violating any provision of this article shall be guilty of a misdemeanor and shall be subject to a fine in an amount not to exceed one hundred dollars (100.00) and each day of such violation shall be a separate violation.

ARTICLE III. CONFLICTING PROVISIONS

That all ordinances or parts of ordinances in conflict herewith are, to the extent of such conflict, hereby repealed.

ARTICLE IV. SEVERABILITY OF ORDINANCE

If any section, subsection, sentence, phrase, or word of this Ordinance shall be held to be unconstitutional by a court of competent jurisdiction, such decision shall not affect the remaining portions of this Ordinance.

ARTICLE V. EFFECTIVE DATE

This Ordinance shall become effective ten (10) days after its publication in the *Archer County News*.

PASSED AND APPROVED this the 29th day of June, 2020.

Kelvin Green, Mayor

ATTEST:

Kim Whitsitt, City Secretary

ORDINANCE NO. 349

AN ORDINANCE OF THE CITY OF ARCHER CITY, TEXAS, AMENDING THE CITY'S CODE OF ORDINANCES TO REVISE CHAPTER 13 UTILITIES, SECTION 13.03.033 MANDATORY USAGE OF WATER/SEWER SYSTEMS; PROVIDING A PENALTY; ESTABLISHING THE SEVERABILITY OF THIS ORDINANCE AND PROVIDING FOR ANY CONFLICTING PROVISIONS; AND ESTABLISHING AN EFFECTIVE DATE FOR THIS ORDINANCE.

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF ARCHER CITY, TEXAS:

ARTICLE I. CODE AMENDED

That the Code of Ordinances be revised in Section 13 Utilities, to read as follows:

Sec. 13.03.033:

(a) In operating the water/sewer system, the city council shall adopt such rules and regulations to provide a safe and sanitary water/sewer system to its customers and residents. It shall be mandatory that each owner or resident of a property that has access to the water/sewer system, which includes a main use building or one under construction, shall make connection and use said water/sewer system. All residents and owners who refuse or fail without just cause, to connect to the city's water/sewer system and use same within fifteen (15) days after the water or sewer system services are available and accessible to their property shall be in violation of this article.

ARTICLE II. PENALTY

Any person or persons violating any of the provisions of this section shall be deemed guilty of a misdemeanor and upon conviction shall be punished by fine in accordance with the general penalty provisions found in section 1.01.009 of this code and each and every separate offense shall be subject to a separate fine.

ARTICLE III. CONFLICTING PROVISIONS

That all ordinances or parts of ordinances in conflict herewith are, to the extent of such conflict, hereby repealed.

ARTICLE IV. SEVERABILITY OF ORDINANCE

If any section, subsection, sentence, phrase, or word of this Ordinance shall be held to be unconstitutional by a court of competent jurisdiction, such decision shall not affect the remaining portions of this Ordinance.

ARTICLE V. EFFECTIVE DATE

This Ordinance shall become effective ten (10) days after its publication in the *Archer County News*.

PASSED AND APPROVED this the 29th day of June, 2020.

Kelvin Green, Mayor
ATTEST:

Kim Whitsitt, City Secretary



EDGIN, PARKMAN, FLEMING & FLEMING, PC

CERTIFIED PUBLIC ACCOUNTANTS

4110 KELL BLVD., SECOND FLOOR ▪ P.O. BOX 750
WICHITA FALLS, TEXAS 76307-0750
PH. (940) 766-5550 ▪ FAX (940) 766-5778

MICHAEL D. EDGIN, CPA
DAVID L. PARKMAN, CPA
A. PAUL FLEMING, CPA

April 16, 2020

Mayor, City Council and City Manager
City of Archer City, Texas
P.O. Box 367
Archer City, Texas 76351

Dear Mayor, Council Members and City Manager:

We are pleased to confirm our understanding of the services we are to provide the City of Archer City, Texas (City) for the year ended September 30, 2020. We will audit the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information, including the related notes to the financial statements, which collectively comprise the basic financial statements of the City of Archer City, Texas as of and for the year ended September 30, 2020. Accounting standards generally accepted in the United States of America provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to supplement the City's basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to the City's RSI in accordance with auditing standards generally accepted in the United States of America. These limited procedures will consist of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We will not express an opinion or provide any assurance on the information because the limited procedures do not provide U.S. generally accepted accounting principles and will be subjected to certain limited procedures, but will not be audited:

1. Management's Discussion and Analysis
2. Schedule of Changes in Net Pension Liability (Asset) and Related Ratios – Texas Municipal Retirement System
3. Schedule of Contributions – Texas Municipal Retirement System
4. Schedule of Changes in Total OPEB Liability and Related Ratios – Texas Municipal Retirement System

We have also been engaged to report on supplementary information other than RSI that accompanies the City's financial statements. We will subject the following supplementary information to the auditing procedures applied in our audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America and we will provide an opinion on it in relation to the financial statements as a whole, in a separate written report accompanying our auditor's report on the financial statements:

1. Schedule of Expenditures of Federal Awards

COPY

Audit Objectives

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

- Internal control over financial reporting and compliance with provisions of laws, regulations, contracts, and award agreements, noncompliance with which could have a material effect on the financial statements in accordance with *Government Auditing Standards*.
- Internal control over compliance related to major programs and an opinion (or disclaimer of opinion) on compliance with federal statutes, regulations, and the terms and conditions of federal awards that could have a direct and material effect on each major program in accordance with the Single Audit Act Amendments of 1996 and Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

The *Government Auditing Standards* report on internal control over financial reporting and on compliance and other matters will include a paragraph that states that (1) the purpose of the report is solely to describe the scope of testing of internal control and compliance and the results of that testing and not to provide an opinion on the effectiveness of the entity's internal control or on compliance, and (2) the report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. The Uniform Guidance report on internal control over compliance will include a paragraph that states that the purpose of the report on internal control over compliance is solely to describe the scope of testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Both reports will state that the report is not suitable for any other purpose.

Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America; the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the Single Audit Act Amendments of 1996; the provisions of the Uniform Guidance and will include tests of accounting records, a determination of major program(s) in accordance with the Uniform Guidance and other procedures we consider necessary to enable us to express such opinions. We will issue written reports upon completion of our Single Audit. Our reports will be addressed to the Mayor and City Council of the City of Archer City, Texas. We cannot provide assurance that unmodified opinions will be expressed. Circumstances may arise in which it is necessary for us to modify our opinions or add emphasis-of-matter or other-matter paragraphs. If our opinions are other than unmodified, we will discuss the reasons with you in advance. If circumstances occur related to the condition of your records, the availability of sufficient appropriate audit evidence, or the existence of a significant risk of material misstatement of the financial statements caused by error, fraudulent financial reporting, or misappropriation of assets, which in our professional judgment prevent us from completing the audit or forming an opinion on the financial statements, we retain the right to take any course of action permitted by professional standards, including declining to express an opinion or issue a report, or withdrawing from the engagement.

Audit Procedures – General

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We will plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental

regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity. Because the determination of waste and abuse is subjective, *Government Auditing Standards* do not expect auditors to perform specific procedures to detect waste or abuse in financial audits nor do they expect auditors to provide reasonable assurance of detecting waste or abuse.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, an unavoidable risk exists that some material misstatements or noncompliance may exist and not be detected by us, even though the audit is properly planned and performed in accordance with U.S. generally accepted auditing standards and *Government Auditing Standards*. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements or major programs. However, we will inform the appropriate level of management of any material errors, any fraudulent financial reporting, or misappropriation of assets that come to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential, and of any material abuse that comes to our attention. We will include such matters in the reports required for a Single Audit. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include tests of the physical existence of inventories, and direct confirmation of receivables and certain other assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. We will request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of our audit, we will require certain written representations from you about your responsibilities for the financial statements; schedule of expenditures of federal awards; federal award programs; compliance with laws, regulations, contracts, and grant agreements; and other responsibilities required by generally accepted auditing standards.

Audit Procedures – Internal Control

Our audit will include obtaining an understanding of the entity and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*.

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

An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. Accordingly, we will express no such opinion. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards, *Government Auditing Standards*, and the Uniform Guidance.

Audit Procedures – Compliance

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

The Uniform Guidance requires that we also plan and perform the audit to obtain reasonable assurance about whether the auditee has complied with federal statutes, regulations, and the terms and conditions of federal awards applicable to major programs. Our procedures will consist of tests of transactions and other applicable procedures described in the *OMB Compliance Supplement* for the types of compliance requirements that could have a direct and material effect on each of the City's major programs. For federal programs that are included in the 2019 Compliance Supplement, our compliance and internal control procedures will relate to the compliance requirements that the 2019 Compliance Supplement identifies as being subject to audit. The purpose of these procedures will be to express an opinion on the City's compliance with requirements applicable to each of its major programs in our report on compliance issued pursuant to the Uniform Guidance.

Other Services

We will update the City's depreciation schedule from the information provided by you, prepare the conversion of the City's fund-level financial statements to the government-wide basis from the information obtained during the audit and provided by you, and prepare the City's financial statements, related notes, and schedule of expenditures of federal awards. These nonaudit services do not constitute an audit under *Government Auditing Standards* and such services will not be conducted in accordance with *Government Auditing Services*. We will perform the services in accordance with applicable professional standards. The other services are limited to the financial statements, related notes, and schedule of expenditures of federal awards services previously defined. We, in our sole professional judgment, reserve the right to refuse to perform any procedure or take any action that could be construed as assuming management responsibilities.

Management Responsibilities

Management is responsible for designing, implementing, and maintaining effective internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, including monitoring ongoing activities; for the selection and application of accounting principles; and for the preparation and fair presentation of the financial statements in conformity with U.S. generally accepted accounting principles.

Management is also responsible for making all financial records and related information available to us and for the accuracy and completeness of that information. You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements including identification of all related parties and all related-party relationships and transactions, (2) additional information that we may request for the purpose of the audit, and (3) unrestricted access to persons within the government from whom we determine it necessary to obtain audit evidence.

Your responsibilities include adjusting the financial statements to correct material misstatements and confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the government involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any

allegations of fraud or suspected fraud affecting the government received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the government complies with applicable laws, regulations, contracts, agreements, and grants. Management is also responsible for taking timely and appropriate steps to remedy fraud and noncompliance with provisions of laws, regulations, contracts, and grant agreements, or abuse that we report. Additionally, as required by the Uniform Guidance, it is management's responsibility to evaluate and monitor noncompliance with federal statutes, regulations, and the terms of conditions of federal awards; take prompt action when instances of noncompliance are identified including noncompliance identified in audit findings; promptly follow up and take corrective action on reported audit findings; and prepare a summary schedule of prior audit findings and a separate corrective action plan.

You are responsible for identifying all federal awards received and understanding and complying with the compliance requirements and for the preparation of the schedule of expenditures of federal awards (including notes and noncash assistance received) in conformity with the Uniform Guidance. You agree to include our report on the schedule of expenditures of federal awards in any document that contains and indicates that we have reported on the schedule of expenditures of federal awards. You also agree to include the audited financial statements with any presentation of the schedule of expenditures of federal awards that includes our report thereon or make the audited financial statements readily available to intended users of the schedule of expenditures of federal awards no later than the date the schedule of expenditures of federal awards is issued with our report thereon. Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the schedule of expenditures of federal awards in accordance with the Uniform Guidance; (2) you believe the schedule of expenditures of federal awards, including its form and content, is stated fairly in accordance with the Uniform Guidance; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the schedule of expenditures of federal awards.

You are also responsible for the preparation of the other supplementary information, which we have been engaged to report on, in conformity with U.S. generally accepted accounting principles. You agree to include our report on the supplementary information in any document that contains and indicates that we have reported on the supplementary information. You also agree to include the audited financial statements with any presentation of the supplementary information that includes our report thereon or make the audited financial statements readily available to users of the supplementary information no later than the date the supplementary information is issued with our report thereon. Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the supplementary information in accordance with GAAP; (2) you believe the supplementary information, including its form and content, is fairly presented in accordance with GAAP; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying for us previous financial audits or other engagements or studies related to the objectives discussed in the Audit Objectives section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits or other engagements or studies. You are also responsible for providing management's views on our current findings, conclusions, and recommendations, as well as your planned corrective actions, for the report, and for the timing and format for providing that information.

You agree to assume all management responsibilities relating to the financial statements, schedule of expenditures of federal awards, related notes, and any other nonaudit services we provide. You will be required to acknowledge in the management representation letter our assistance with preparation of the financial statements, schedule of expenditures of federal awards, and related notes and that you have reviewed and approved the financial statements, schedule of expenditures of federal awards, and related notes prior to their

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issuance and have accepted responsibility for them. Further, you agree to oversee the nonaudit services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of those services; and accept responsibility for them.

Engagement Administration, Fees, and Other

We understand that your employees will prepare all cash or other confirmations we request and will locate any documents selected by us for testing.

We expect to begin our audit as soon after year end as possible. The exact dates for the fieldwork will be coordinated with you at a later time. Mr. Paul Fleming is the engagement partner and is responsible for supervising the engagement and signing the report or authorizing another individual to sign it.

Bills for services are due when rendered, and interim billings may be submitted as work progresses and expenses are incurred. Our estimated total fee for this engagement will be \$14,000. The fee is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, we will discuss it with you and arrive at a new fee before we incur the additional costs.

If any dispute, controversy, or claim arises, either party may, upon written notice to the other party, request that the matter be mediated. Such mediation will be conducted by a mediator appointed by and pursuant to the Rules of the American Arbitration Association or such other neutral facilitator acceptable to both parties. Both parties will exert their best efforts to discuss with each other in good faith their respective positions in an attempt to finally resolve such dispute or controversy.

Each party may disclose any facts to the other party or to the mediator which it, in good faith, considers necessary to resolve the matter. All such discussions, however, will be for the purpose of assisting in settlement efforts and will not be admissible in any subsequent litigation against the disclosing party. Except as agreed by both parties, the mediator will keep confidential all information disclosed during negotiations. The mediator may not act as a witness for either party in any subsequent arbitration between the parties.

The mediation proceedings will conclude within sixty days from receipt of the written notice unless extended or terminated sooner by mutual consent. Each party will be responsible for its own expenses. The fees and expenses of the mediator, if any, will be borne equally by the parties.

If any dispute, controversy, or claim cannot be resolved by mediation, then the dispute, controversy, or claim will be settled by arbitration in accordance with the Rules of the American Arbitration Association (AAA) for the Resolution of Accounting Firm Disputes. No pre-hearing discovery will be permitted unless specifically authorized by the arbitration panel. The arbitration hearings will take place in the city closest to the place where this agreement was performed in which the AAA maintains an office, unless the parties agree to a different locale.

The award issued by the arbitration panel may be confirmed in a judgment by any federal or state court of competent jurisdiction. All reasonable costs of both parties, as determined by the arbitrators, including (1) the fees and expenses of the AAA and the arbitrators and (2) the costs, including reasonable attorneys' fees, necessary to confirm the award in court, will be borne entirely by the non-prevailing party (to be designated by the arbitration panel in the award) and may not be allocated between the parties by the arbitration panel.

Such arbitration shall be binding and final. In agreeing to arbitration, we both acknowledge that in the event of a dispute over fees charged by the accountant, each of us is giving up the right to have the dispute decided in a court of law before a judge or jury and instead we are accepting the use of arbitration for resolution.

Mayor, City Council and City Manager
City of Archer City, Texas
April 16, 2020

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Government Auditing Standards require that we provide you with a copy of our most recent external peer review report and any letter of comment, and any subsequent peer review reports and letters of comment received during the period of the contract. Our 2018 peer review report accompanies this letter.

We appreciate the opportunity to be of service to the City of Archer City, Texas and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.

Respectfully submitted,

Edgin, Parkman, Fleming & Fleming, PC

EDGIN, PARKMAN, FLEMING & FLEMING, PC
Certified Public Accountants

RESPONSE:

This letter correctly sets forth the understanding of the City of Archer City, Texas.

By: _____

Title: Mayor

Date: _____

By: _____

Title: City Manager

Date _____

BOLINGER, SEGARS, GILBERT & MOSS, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

PHONE: (806) 747-3806

FAX: (806) 747-3815

8215 NASHVILLE AVENUE

LUBBOCK, TEXAS 79423-1954

Report on the Firm's System of Quality Control

May 23, 2019

To the Firm,
Edgin, Parkman, Fleming & Fleming, PC
and the Texas Society of CPA's Peer Review Committee

We have reviewed the system of quality control for the accounting and auditing practice of Edgin, Parkman, Fleming & Fleming, PC (the firm) in effect for the year ended December 31, 2018. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants (Standards).

A summary of the nature, objectives, scope, limitations of, and the procedures performed in a System Review as described in the Standards may be found at www.aicpa.org/prsummary. The summary also includes an explanation of how engagements identified as not performed or reported in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

Firm's Responsibility

The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. The firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported in conformity with professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

Peer Reviewer's Responsibility

Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review.

Required Selections and Considerations

Engagements selected for review included engagements performed under Government Auditing Standards, including a compliance audit under the Single Audit Act.

As a part of our peer review, we considered reviews by regulatory entities as communicated by the firm, if applicable, in determining the nature and extent of our procedures.

Opinion

In our opinion, the system of quality control for the accounting and auditing practice of Edgin, Parkman, Fleming & Fleming, PC in effect for the year ended December 31, 2018, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. Edgin, Parkman, Fleming & Fleming, PC has received a peer review rating of *pass*.

Bolinger, Segars, Gilbert & Moss LLP

Certified Public Accountants