

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

**CERTIFIED PUBLIC ACCOUNTANTS**

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**8215 NASHVILLE AVENUE**

**LUBBOCK, TEXAS 79423-1954**

January 17, 2017

To the Honorable Judge and  
Members of the Commissioners' Court of  
Cottle County, Texas

We have audited the financial statements of Cottle County, Texas (the County) for the fiscal year ended September 30, 2016, and have issued our report thereon dated January 17, 2017. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated April 4, 2016, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America. Our responsibility is to plan and perform the audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement. As part of our audit, we considered the internal control of the County. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control. We are responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures specifically to identify such matters. Our audit of the financial statements does not relieve you or management of your responsibilities.

Other Information in Documents Containing Audited Financial Statements

Our responsibility for other information in documents containing the County's financial statements and report does not extend beyond the financial information identified in the report; in addition, we do not have an obligation to perform any procedures to corroborate other information contained in these documents.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our engagement letter and meetings about planning matters.

Significant Audit Findings

*Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the County are described in the notes to the financial statements. No new accounting policies were adopted and the

application of existing policies was not changed during the fiscal year ended September 30, 2016. We noted no transactions entered into by the County during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements is the estimate of useful lives used to depreciate capital assets. Management's estimate of the useful lives for capital assets is based on industry accepted ranges and information provided by various vendors and other sources. We evaluated the key factors and assumptions used to develop the estimated useful lives of the capital assets in determining that it is reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statements is disclosed in Note G. This note describes the County's retirement pension plan.

The disclosures in the financial statements are neutral, consistent, and clear.

#### *Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

#### *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. The misstatements detected as a result of audit procedures were corrected by management and are attached to this letter.

#### Disagreements with Management

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

#### Management Representations

We have requested certain representations from management that are included in the management representation letter dated January 17, 2017.

Honorable Judge and  
Members of the Commissioners' Court  
January 17, 2017  
Page 3

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the County's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the County's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the County Commissioners and management of Cottle County, Texas and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

*Balinger, Segars, Gilbert & Moss LLP*

Certified Public Accountants

Client: **14967 - Cottle County, Texas**  
Engagement: **2016 Cottle County, Texas**  
Period Ending: **9/30/2016**  
Trial Balance: **Trial Balance**  
Workpaper: **Adjusting Journal Entries Report**

Account	Description	W/P Ref	Debit	Credit
<b>Adjusting Journal Entries JE # 1</b>				
To reclass prepaid insurance for fiscal year 16/17.				
10-100-156	PREPAID INSURANCE		22,912.00	
10-401-482	RISK MANAGEMENT INSURANCE			22,912.00
<b>Total</b>			<b>22,912.00</b>	<b>22,912.00</b>

**Adjusting Journal Entries JE # 2**  
To book current year accounts payable.

10-318-335	J.P. ATTORNEY FEES		796.80	
10-401-206	STATE COURT COSTS		7,049.10	
10-401-420	INDIGENT CARE		136.40	
10-401-422	INDIGENT DEFENSE APPOINTED ATTORNE		5,693.75	
10-401-450	MISCELLANEOUS		650.00	
10-403-332	BUILDING SUPPLIES		28.08	
10-403-352	BUILDING REPAIRS		620.94	
10-407-334	COURT EXPENSE		1,415.33	
10-417-326	OUT-OF-TOWN TRAVEL CEA/HE		201.50	
10-419-330	GAS		235.97	
10-419-354	VEHICLE EXPENSE		342.50	
10-419-404	BOARD PRISONERS OUT-OF-COUNTY		6,600.00	
10-420-330	FUEL & OIL		121.48	
10-420-351	EMS SUPPLIES		531.92	
10-420-411	PHARMACY		49.20	
10-420-415	ELECTRONIC DATA FILING		1,244.36	
10-420-420	TELEPHONE		35.04	
10-420-481	DUES-SPEMS/PEMSS		4,000.00	
10-421-305	VOLUNTEER FIREMEN PAY		14.00	
10-421-330	FUEL, OIL, FLATS		49.08	
11-621-331	OIL & FLUIDS		71.65	
11-621-332	GASOLINE		114.41	
11-621-333	DIESEL		958.92	
11-621-340	SHOP SUPPLIES		8.85	
11-621-355	MAINTAINER REPAIR		11.82	
12-622-331	OIL & FLUIDS		37.25	
12-622-332	GASOLINE		167.99	
12-622-333	DIESEL		780.49	
12-622-334	CHEMICALS		276.25	
12-622-340	SHOP SUPPLIES		3.00	
13-623-331	OIL & FLUIDS		18.60	
13-623-332	GASOLINE		71.53	
13-623-333	DIESEL		785.72	
13-623-340	SHOP SUPPLIES		21.60	
14-624-332	GASOLINE		36.07	
14-624-426	SEMINARS		115.00	
10-200-200	ACCOUNTS PAYABLE			29,815.45
11-200-200	ACCOUNTS PAYABLE			1,165.65
12-200-200	ACCOUNTS PAYABLE			1,264.98
13-200-200	ACCOUNTS PAYABLE			897.45
14-200-200	ACCOUNTS PAYABLE			151.07
<b>Total</b>			<b>33,294.60</b>	<b>33,294.60</b>

Client: **14967 - Cottle County, Texas**  
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 Period Ending: **9/30/2016**  
 Trial Balance: **Trial Balance**  
 Workpaper: **Adjusting Journal Entries Report**

<b>Account</b>	<b>Description</b>	<b>W/P Ref</b>	<b>Debit</b>	<b>Credit</b>
<b>Adjusting Journal Entries JE # 3</b>				
To record accrued interest on certificates of deposit.				
10-100-157	INTEREST RECEIVABLE		2,320.42	
11-100-157	INTEREST RECEIVABLE		278.99	
12-100-157	INTEREST RECEIVABLE		269.00	
13-100-157	INTEREST RECEIVABLE		135.39	
14-100-157	INTEREST RECEIVABLE		11.35	
50-100-157	INTEREST RECEIVABLE		7.06	
10-342-344	INTEREST -CERTIFICATES OF DEPOSIT			2,320.42
11-302-344	CD INTEREST			278.99
12-302-344	CD INTEREST			269.00
13-302-344	CD INTEREST			135.39
14-302-344	CD INTEREST			11.35
50-300-370	RICHARDS MEMORIAL CD INTEREST			7.06
<b>Total</b>			<b><u>3,022.21</u></b>	<b><u>3,022.21</u></b>
<b>Adjusting Journal Entries JE # 4</b>				
To book sale of old ambulance.				
10-100-155	ACCOUNTS RECEIVABLE		5,500.00	
10-342-360	MISCELLANEOUS RECEIPTS			5,500.00
<b>Total</b>			<b><u>5,500.00</u></b>	<b><u>5,500.00</u></b>
<b>Adjusting Journal Entries JE # 5</b>				
To correct unavailable revenue for 2016.				
10-200-251	DEFERRED REVENUE - SUPPLEMENT		28,333.00	
10-310-310	COUNTY JUDGE'S SUPPLEMENTAL		5,000.00	
10-310-311	COUNTY ATTORNEY'S SUPPLEMENTAL		5,833.50	
10-200-251	DEFERRED REVENUE - SUPPLEMENT			5,000.00
10-200-251	DEFERRED REVENUE - SUPPLEMENT			5,833.50
10-310-311	COUNTY ATTORNEY'S SUPPLEMENTAL			28,333.00
<b>Total</b>			<b><u>39,166.50</u></b>	<b><u>39,166.50</u></b>

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Account	Description	W/P Ref	Debit	Credit
<b>Adjusting Journal Entries JE # 6</b>				
To record receivables for 2016.				
10-100-155	ACCOUNTS RECEIVABLE		2,444.95	
10-318-330	AUTO REGISTRATION FEES			1,785.75
10-318-336	COURT COSTS			542.00
10-342-350	INSURANCE REFUNDS			54.20
10-403-440	UTILITIES			63.00
<b>Total</b>			<b>2,444.95</b>	<b>2,444.95</b>

<b>Adjusting Journal Entries JE # 7</b>				
To correct taxes receivable for 2016 year end amounts.				
10-100-150	TAXES RECEIVABLE		13,717.40	
10-200-250	DEFERRED REVENUE - TAXES		2,732.12	
11-100-150	TAXES RECEIVABLE		14,385.41	
10-100-151	ALLOWANCE FOR UNCOLLECTIBLE TAXES			16,449.52
11-100-151	ALLOWANCE FOR UNCOLLECTIBLE TAXES			11,257.07
11-200-250	DEFERRED REVENUE - TAXES			3,128.34
<b>Total</b>			<b>30,834.93</b>	<b>30,834.93</b>

<b>Adjusting Journal Entries JE # 8</b>				
To record deeded land and barn from City of Paducah.				
10-420-353	AMBULANCE BARN INSULATION		9,130.00	
10-342-371	AMBULANCE DONATIONS			9,130.00
<b>Total</b>			<b>9,130.00</b>	<b>9,130.00</b>

<b>Adjusting Journal Entries JE # 9</b>				
To book ambulance receivable.				
10-100-155	ACCOUNTS RECEIVABLE		12,554.00	
10-342-370	AMBULANCE SERVICE			12,554.00
<b>Total</b>			<b>12,554.00</b>	<b>12,554.00</b>