

**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**

December 5, 2018

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, 2018, and have issued our report thereon dated December 5, 2018. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under U.S. Generally Accepted Auditing Standards and Government Auditing Standards

As stated in our engagement letter dated May 9, 2018, 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 will consider the internal control of the County. Such considerations are solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will also perform tests of the County's compliance with certain provisions of laws, regulations, contracts, and grants. However, providing an opinion on compliance with those provisions is not an objective of our audit.

Generally accepted accounting principles provide for certain required supplementary information (RSI) to supplement the basic financial statements. Our responsibility with respect to the MD&A, Schedule of Changes in Net Pension Liability and Related Ratios, the Schedule of Employer Contributions, the Budgetary Comparison Schedule – General Fund, and the Budgetary Comparison Schedule – Road and Bridge Fund, which supplement(s) the basic financial statements, is to apply certain limited procedures in accordance with generally accepted auditing standards. However, the RSI will not be audited and, because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance, we will not express an opinion or provide any assurance on the RSI.

We have been engaged to report on combining statements, which accompany the financial statements but are not RSI. Our responsibility for this supplementary information, as described by professional standards, is to evaluate the presentation of the supplementary information in relation to the financial statements as a whole and to report on whether the supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

### 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 ending September 30, 2017. We noted no transactions entered into by the City 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:

Management's estimate for the useful lives of capital assets is based on industry practice. We evaluated the key factors and assumptions used to develop the estimate 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 related to the County's retirement pension plan in Note G.

The disclosure of tax abatements in the notes to the financial statements, given that the County is foregoing a material amount of tax revenue in making those agreements.

#### *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 December 5, 2018.

### 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.

We reported certain issues to management of the County in a separate letter dated December 5, 2018.

### Other Matters

We applied certain limited procedures to the MD&A, Schedule of Changes in Net Pension Liability and Related Ratios, Schedule of Employer Contributions, the Budgetary Comparison Schedule – General Fund, and the Budgetary Comparison Schedule – Road and Bridge Fund, which is required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

Honorable Judge and Members  
of the Commissioners' Court  
December 5, 2018  
Page 4

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

Restriction on Use

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: **2018 Cottle County, Texas**  
 Period Ending: **9/30/2018**  
 Trial Balance: **017 W - Trial Balance**  
 Workpaper: **017 W - 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 # 1</b>				
To adjust opening fund balance.				
10-200-961	AUDITOR ACCOUNTS PAYABLE		10,174.23	
11-200-999	FUND BALANCE ACCOUNT		685.40	
12-200-999	FUND BALANCE ACCOUNT		1,765.71	
13-200-999	FUND BALANCE ACCOUNT		1,041.17	
14-200-999	FUND BALANCE ACCOUNT		332.44	
50-200-999	FUND BALANCE ACCOUNT		31.40	
10-200-999	FUND BALANCE ACCOUNT			10,106.23
10-342-360	MISCELLANEOUS RECEIPTS			68.00
11-200-970	SYSTEM ADDED LIABILITY LINE-ITEM			685.40
12-200-970	SYSTEM ADDED LIABILITY LINE-ITEM			1,765.71
13-200-970	SYSTEM ADDED LIABILITY LINE-ITEM			1,041.17
14-200-970	SYSTEM ADDED LIABILITY LINE-ITEM			332.44
50-200-970	SYSTEM ADDED LIABILITY LINE-ITEM			31.40
<b>Total</b>			<b>14,030.35</b>	<b>14,030.35</b>
<b>Adjusting Journal Entries JE # 2</b>				
To adjust EMS receivables to reflect current amounts.				
10-100-154	EMS RECEIVABLE		15,177.28	
10-342-370	AMBULANCE SERVICE			15,177.28
<b>Total</b>			<b>15,177.28</b>	<b>15,177.28</b>
<b>Adjusting Journal Entries JE # 3</b>				
To reverse prior year auditor found accounts payable.				
10-420-352	EMS EQUIPMENT		3,825.54	
10-200-961	AUDITOR ACCOUNTS PAYABLE			2,577.54
10-403-352	BUILDING REPAIRS			283.00
10-419-315	AMMUNITION			965.00
<b>Total</b>			<b>3,825.54</b>	<b>3,825.54</b>
<b>Adjusting Journal Entries JE # 4</b>				
To adjust prepaid expenses to reflect current year amounts.				
10-100-156	PREPAID INSURANCE		3,506.25	
10-401-204	WORKERS COMP INSURANCE			45.00
10-401-482	RISK MANAGEMENT INSURANCE			3,461.25
<b>Total</b>			<b>3,506.25</b>	<b>3,506.25</b>

Client: **14967 - Cottle County, Texas**  
Engagement: **2018 Cottle County, Texas**  
Period Ending: **9/30/2018**  
Trial Balance: **017 W - Trial Balance**  
Workpaper: **017 W - 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 # 6</b>				
To adjust delinquent taxes receivable.				
10-100-150	TAXES RECEIVABLE		6,329.55	
11-100-150	TAXES RECEIVABLE		297.69	
12-100-150	TAXES RECEIVALBE		297.69	
13-100-150	TAXES RECEIVALBE		297.69	
14-100-150	TAXES RECEIVABLE		297.69	
10-100-151	ALLOWANCE FOR UNCOLLECTIBLE			4,167.89
10-200-250	DEFERRED REVENUE - TAXES			2,161.66
11-100-151	ALLOWANCE FOR UNCOLLECTIBLE			195.44
11-200-250	DEFERRED REVENUE - TAXES			102.25
12-100-151	ALLOANCE FOR UNCOLLECTIBLE			195.44
12-200-250	DEFERRED REVENUE - TAXES			102.25
13-100-151	ALLOWANCE FOR UNCOLLECTIBLE			195.44
13-200-250	DEFERRED REVENUE			102.25
14-100-151	ALLOWANCE FOR UNCOLLECTIBLE			195.44
14-200-250	DEFERRED REVENUE - TAXES			102.25
<b>Total</b>			<b>7,520.31</b>	<b>7,520.31</b>
<b>Adjusting Journal Entries JE # 7</b>				
To reclass transfers.				
10-200-900	TRANSFERS IN		600.00	
18-100-102	CASH - ATT. HOT CHECK FUND (FNB)		600.00	
10-100-102	CASH - GENERAL FUND (FNB)			600.00
18-200-910	SYSTEM ADDED TRANSFER OUT			600.00
<b>Total</b>			<b>1,200.00</b>	<b>1,200.00</b>
<b>Adjusting Journal Entries JE # 8</b>				
To reverse client entry made in error. Was intended to be a budget amendment.				
10-419-572	RADAR & EQUIPMENT		10,495.40	
10-417-102	SALARY, CEA-AG			3,666.64
10-417-103	SALARY, CEA-HE			6,828.76
<b>Total</b>			<b>10,495.40</b>	<b>10,495.40</b>

Client: **14967 - Cottle County, Texas**  
 Engagement: **2018 Cottle County, Texas**  
 Period Ending: **9/30/2018**  
 Trial Balance: **017 W - Trial Balance**  
 Workpaper: **017 W - 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 # 9</b>				
To adjust accrued interest receivable.				
10-342-344	INTEREST -CERTIFICATES OF DEPOSIT		412.43	
11-100-157	INTEREST RECEIVABLE		397.11	
12-100-157	INTEREST RECEIVABLE		468.32	
13-100-157	INTEREST RECEIVABLE		185.56	
14-100-157	INTEREST RECEIVABLE		310.37	
50-300-370	RICHARDS MEMORIAL CD INTEREST		5.00	
10-100-157	INTEREST RECEIVABLE			412.43
11-302-344	CD INTEREST			397.11
12-302-344	CD INTEREST			468.32
13-302-344	CD INTEREST			185.56
14-302-344	CD INTEREST			310.37
50-100-157	INTEREST RECEIVABLE			5.00
<b>Total</b>			<b><u>1,778.79</u></b>	<b><u>1,778.79</u></b>
<b>Adjusting Journal Entries JE # 10</b>				
To book trade-in value on 2000 chevy pickup.				
14-721-572	CAPITAL OUTLAY		3,500.00	
14-302-360	REFUNDS, MISC			3,500.00
<b>Total</b>			<b><u>3,500.00</u></b>	<b><u>3,500.00</u></b>