

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

CERTIFIED PUBLIC ACCOUNTANTS

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LUBBOCK, TEXAS 79423-1954

January 29, 2025

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, 2024, and have issued our report thereon dated January 29, 2025. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards (and, if applicable, *Government Auditing Standards* and the Uniform Guidance), as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter to you dated May 14, 2024. Professional standards also require that we communicate to you the following information related to our audit.

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 2024. We noted no transactions entered into by the County during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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 was:

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 F.

The financial statement disclosures 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 clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole. All adjustments proposed and corrected by management 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 29, 2025.

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.

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.

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: **2024 Cottle County, Texas**
Period Ending: **9/30/2024**
Trial Balance: **017 - Fund Trial Balance**
Workpaper: **Adjusting Journal Entries Report**
Fund Level: **All**
Index: **All**

Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries				
Adjusting Journal Entries JE # 1				
To recognize ARPA funds expended.				
5100.0206.2100	DEFERRED REVENUE		81,583.15	
5100.0330.3360	FEDERAL FUNDS - ARPA GRANT			81,583.15
Total			81,583.15	81,583.15
Adjusting Journal Entries JE # 2				
To reverse amount not payable at 9-30-2024. Reverse entry as of 10-1-2024.				
1000.0200.2000	ACCOUNTS PAYABLE		3,557.84	
1000.0490.4111	SUPPLIES - ELECTION			3,557.84
Total			3,557.84	3,557.84
Adjusting Journal Entries JE # 3				
To defer SB 22 grant funds not spent.				
2405.0330.3366	STATE - STATE COMPTROLLER - SB22		391,235.89	
2405.0206.2125	GRANTS COLLECTED IN ADVANCE			391,235.89
Total			391,235.89	391,235.89
Adjusting Journal Entries JE # 4				
To record current year prepaids.				
1000.0165.1810	PREPAID INSURANCE		2,596.25	
1000.0409.4078	WORKERS COMP INSURANCE		2,080.00	
1000.0409.4375	INSURANCE - AUTO, PROPERTY & OFFICIAL LIABILITY			4,676.25
Total			4,676.25	4,676.25

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Workpaper: **Adjusting Journal Entries Report**
Fund Level: **All**
Index: **All**

Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries JE # 5				
To adjust property tax receivables.				
1000.0130.1310	ESTIMATED UNCOLLECTABLE TAXES		100.94	
1000.0206.2110	TAXES COLLECTED IN ADVANCE		8,860.42	
2001.0130.1310	ESTIMATED UNCOLLECTABLE TAXES		22.56	
2001.0206.2110	TAXES COLLECTED IN ADVANCE		439.04	
2002.0130.1310	ESTIMATED UNCOLLECTABLE TAXES		22.56	
2002.0206.2110	TAXES COLLECTED IN ADVANCE		439.04	
2003.0130.1310	ESTIMATED UNCOLLECTABLE TAXES		22.56	
2003.0206.2110	TAXES COLLECTED IN ADVANCE		439.04	
2004.0130.1310	ESTIMATED UNCOLLECTABLE TAXES		22.56	
2004.0206.2110	TAXES COLLECTED IN ADVANCE		439.04	
1000.0130.1300	TAXES RECEIVABLE			8,961.36
2001.0130.1300	TAXES RECEIVABLE			461.60
2002.0130.1300	TAXES RECEIVABLE			461.60
2003.0130.1300	TAXES RECEIVABLE			461.60
2004.0130.1300	TAXES RECEIVABLE			461.60
Total			10,807.76	10,807.76
Adjusting Journal Entries JE # 6				
To adjust EMS receivable.				
1000.0322.3157	AMBULANCE SERVICE		1,853.04	
1000.0120.1201	EMS RECEIVABLE			1,853.04
Total			1,853.04	1,853.04
Adjusting Journal Entries JE # 7				
To adjust UBS investment.				
1000.0115.1165	UBS FINANCIAL SERVICES		2,856.25	
1000.0390.3704	INTEREST INCOME - CERTIFICATES OF DEPOSIT			2,856.25
Total			2,856.25	2,856.25

Client: 14967 - Cottle County, Texas
Engagement: 2024 Cottle County, Texas
Period Ending: 9/30/2024
Trial Balance: 017 - Fund Trial Balance
Workpaper: Adjusting Journal Entries Report
Fund Level: All
Index: All

Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries JE # 8				
To adjust accrued interest on investments.				
1000.0390.3704	INTEREST INCOME - CERTIFICATES OF DEPOSIT		8,475.85	
2001.0120.1202	INTEREST RECEIVABLE		36.02	
2002.0120.1202	INTEREST RECEIVABLE		97.56	
2003.0120.1202	INTEREST RECEIVABLE		52.61	
2004.0390.3704	INTEREST INCOME - CERTIFICATES OF DEPOSIT		2,292.61	
2500.0120.1202	INTEREST RECEIVABLE		1.85	
1000.0120.1202	INTEREST RECEIVABLE			8,475.85
2001.0390.3704	INTEREST INCOME - CERTIFICATES OF DEPOSIT			36.02
2002.0390.3704	INTEREST INCOME - CERTIFICATES OF DEPOSIT			97.56
2003.0390.3704	INTEREST INCOME - CERTIFICATES OF DEPOSIT			52.61
2004.0120.1202	INTEREST RECEIVABLE			2,292.61
2500.0390.3704	INTEREST INCOME - CERTIFICATES OF DEPOSIT			1.85
Total			<u>10,956.50</u>	<u>10,956.50</u>
Total Adjusting Journal Entries			<u>507,526.68</u>	<u>507,526.68</u>
Total All Journal Entries			<u>507,526.68</u>	<u>507,526.68</u>