

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

CERTIFIED PUBLIC ACCOUNTANTS

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February 23, 2016

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, 2015, and have issued our report thereon dated February 23, 2016. 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 8, 2015, 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. GASB Statement No. 68 relating to accounting and

financial reporting for pensions was adopted for the fiscal year ended September 30, 2015. 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 February 23, 2016.

Honorable Judge and
Members of the Commissioners' Court
February 23, 2016
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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: **2015 Cottle County, Texas**
Period Ending: **9/30/2015**
Trial Balance: **Trial Balance**
Workpaper: **Adjusting Journal Entries Report**

Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries JE # 1				
To adjust fund balance.				
10-200-999	FUND BALANCE ACCOUNT		53.15	
21-300-101	J.P. & CLERK REPORTS		170.78	
10-342-360	MISCELLANEOUS RECEIPTS			53.15
21-200-999	FUND BALANCE ACCOUNT			170.78
Total			223.93	223.93
Adjusting Journal Entries JE # 2				
To adjust delinquent taxes receivable.				
10-100-150	TAXES RECEIVABLE		78,400.15	
11-100-150	TAXES RECEIVABLE		15,458.61	
10-100-151	ALLOWANCE FOR UNCOLLECTIBLE TAXES			53,768.33
10-200-250	DEFERRED REVENUE - TAXES			24,631.82
11-100-151	ALLOWANCE FOR UNCOLLECTIBLE TAXES			10,553.21
11-200-250	DEFERRED REVENUE - TAXES			4,905.40
Total			93,858.76	93,858.76
Adjusting Journal Entries JE # 3				
To defer revenue to 2015-2016.				
10-310-310	COUNTY JUDGE'S SUPPLEMENTAL SALARY		5,000.00	
10-310-311	COUNTY ATTORNEY'S SUPPLEMENTAL SAL		23,333.00	
10-200-251	DEFERRED REVENUE - SUPPLEMENT			28,333.00
Total			28,333.00	28,333.00
Adjusting Journal Entries JE # 4				
To book accounts payable.				
10-318-337	STATE'S COURT COSTS		14,410.35	
10-401-420	INDIGENT CARE		1,317.30	
10-403-352	BUILDING REPAIRS		25.23	
10-403-440	UTILITIES		1,952.96	
10-419-330	GAS		506.19	
10-419-404	BOARD PRISONERS OUT-OF-COUNTY		2,940.00	
10-421-330	FUEL, OIL, FLATS		305.14	
11-621-332	GASOLINE		157.99	
11-621-352	BACK HOE REPAIR		86.07	
11-621-440	UTILITIES		5.06	
12-622-202	HEALTH & LIFE INSURANCE		2,191.08	
12-622-332	GASOLINE		91.94	
12-622-333	DIESEL		1,146.35	
12-622-352	BACKHOE REPAIR		86.07	
12-622-355	MAINTAINER REPAIR		1,356.20	
12-622-440	UTILITIES		5.06	
13-623-332	GASOLINE		241.72	
13-623-333	DIESEL		528.61	
13-623-352	BACKHOE REPAIR		86.07	
13-623-354	TRUCK REPAIR		7,264.56	
13-623-440	UTILITIES		5.07	
14-624-332	GASOLINE		201.95	
14-624-333	DIESEL		920.13	

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Trial Balance: **Trial Balance**
Workpaper: **Adjusting Journal Entries Report**

Account	Description	W/P Ref	Debit	Credit
14-624-352	BACKHOE REPAIR		86.06	
14-624-440	UTILITIES		5.07	
10-200-200	ACCOUNTS PAYABLE			21,457.17
11-200-200	ACCOUNTS PAYABLE			249.12
12-200-200	ACCOUNTS PAYABLE			4,876.70
13-200-200	ACCOUNTS PAYABLE			8,126.03
14-200-200	ACCOUNTS PAYABLE			1,213.21
Total			35,922.23	35,922.23

Adjusting Journal Entries JE # 5

To write off 941 differences paid.

10-401-201	FICA		6.18	
10-403-201	FICA & TWC TAXES		70.33	
10-405-201	FICA & TWC TAXES		214.66	
10-407-201	FICA & TWC TAXES		152.32	
10-409-201	FICA & TWC TAXES		98.82	
10-411-201	FICA & TWC TAXES		141.44	
10-413-201	FICA & TWC TAXES		174.41	
10-415-201	FICA & TWC TAXES		83.16	
10-417-201	FICA & TWC TAXES		80.63	
10-419-201	FICA & TWC TAXES		250.89	
10-420-201	FICA & TWC TAXES		501.97	
10-200-206	W/H INCOME TAX PAYABLE			1,528.51
10-200-213	OTHER WITHHOLDING			246.30
Total			1,774.81	1,774.81

Adjusting Journal Entries JE # 6

To record accounts receivable.

10-100-155	ACCOUNTS RECEIVABLE		5,546.93	
10-403-440	UTILITIES			5,546.93
Total			5,546.93	5,546.93