



February 4, 2021

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

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Bee County, Texas for the year ended September 30, 2020. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards*, and if applicable, 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 29, 2020. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Bee County, Texas are described in Note-1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during year. We noted no transactions entered into by Bee County, Texas 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 estimates affecting the financial statements was were:

Management's estimate of the net pension liability and other post-employment liabilities is based on actuarial studies of the pension and post-employment benefit plans prepared by independent actuaries contracted by the Texas County and District Retirement System. We evaluated the key factors and assumptions used within these actuarial studies in determining that the resulting net pension liability and other post-employment benefit liability are reasonable in relation to the financial statements taken as a whole.

Management's estimate of current year and accumulated depreciation on long-term capital assets is based on the historical cost of these assets and estimates of their useful lives. We evaluated the recorded asset values, estimated useful lives, and accumulated depreciation amounts to determine that they appear reasonable in relation to the financial statements taken as a whole.

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. A listing of all misstatements has been provided with this letter. Management has corrected all such misstatements.

Disagreements with Management

For purposes of this letter, a disagreement with management is 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 4, 2021.

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 Bee County, Texas’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.

Internal Control and Compliance Related Matters

Compliance Recommendation

State Bid Law

Under state law, all purchases, other than for professional services or for other contracts that qualify for certain exceptions, such as for fuel or certain perishable food items, valued at \$50,000 or more in the aggregate within a 12-month period, shall be made in a manner detailed in the law, such as through competitive means of bidding or proposals.

During our review of expenditures, we noted that purchases for road paving materials from a single vendor during the year exceeded the bid law threshold. Upon inquiry and review of the contract approval for these materials, we learned that a contract with an automatic annual renewal provision had been approved by the Commissioners Court in 2010. This action is believed to have been taken at the time due to uncertainty in economic conditions and concern over potential difficulty in obtaining certain road paving materials. The vendor approved was one in the close geographical area used for several years which had been able to provide the most economical price to the County given the high costs of transporting road materials.

Given that so much time has now passed and economic conditions have improved, we recommend that the County now put its road material purchase requirements out for public bid. In addition, we recommend if a multi-year contract is awarded, that it not exceed three years.

Other Matters

We applied certain limited procedures to the management’s discussion and analysis section preceding the financial statements and the pension and post-employment benefit liability schedules that follow the notes to the financial statements. This information 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.

We were also engaged to report on other supplementary information such as the combining statements and the schedule of expenditures of federal awards 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 information and use of the Commissioners Court and management of Bee County, Texas and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,



Singleton, Clark & Company, PC
Cedar Park, Texas

Client: **40-0011.0 - Bee County, Texas**
 Engagement: **Audit 20 - Bee County, Texas**
 Period Ending: **9/30/2020**
 Trial Balance: **3600.01 - Fund Trial Balance**
 Workpaper: **3700.01 - Adjusting Journal Entries**
 Fund Level: **All**
 Index: **All**

Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries				
Adjusting Journal Entries JE # 1		7110.02		
To adjust property taxes receivable, allowance, and deferred to actual as of year end based on Tax Collector's year end report.				
012-110-100	AD VALOREM TAXES RECEIVAB		133,280.00	
021-110-100	AD VALOREM TAXES RECEIVABLE		16,007.00	
025-110-100	AD VALOREM TAXES RECEIVABLE		916.00	
060-110-100	AD VALOREM TAXES RECEIVAB		30,352.00	
012-223-201	DEFERRED REVENUE AD VALOR			119,952.00
012-223-202	ALLOWANCE FOR DOUBTFUL AC			13,328.00
021-223-201	DEFERRED REVENUE AD VALOREM			14,406.00
021-223-202	ALLOW FOR DOUBTFUL ACCO			1,601.00
025-223-201	201DEFERRED REV AD VAL			824.00
025-223-202	202 ALLOW FOR DOUBTFUL ACCO			92.00
060-223-201	DEFERRED REVENUE AD VALOR			27,316.00
060-223-202	ALLOWANCE FOR DOUBTFUL AC			3,036.00
Total			180,555.00	180,555.00
Adjusting Journal Entries JE # 2				
Adjusting Journal Entries JE # 2		3600.01		
To adjust capital lease to agree with the bank confirmed balance at year end.				
020-381-200	OTHER SOURCE REVENUE		19,581.03	
020-610-575	HEAVY EQUIPMENT		2,253.04	
020-610-620	CAPITAL LEASE PRINCIPAL			21,834.07
Total			21,834.07	21,834.07
Adjusting Journal Entries JE # 3				
Adjusting Journal Entries JE # 3		4250.01		
To set the ending balances for the Hospital Notes Receivable and offsetting deferred revenue to agree to the Notes Receivable amortization schedules.				
023-115-100	HOSPITAL LEASE RECEIVABLE		300,773.17	
083-115-100	HOSPITAL LEASE RECEIVABLE		318,491.53	
023-223-100	DEFERRED REV LEASE PRINCIPAL			150,752.26
023-223-200	200 DEFERRED REVENUE LEASE			150,020.91
083-223-100	DEFERRED REVENUE LEASE PR			113,657.38
083-223-200	DEFERRED REVENUE LEASE IN			204,834.15
Total			619,264.70	619,264.70
Adjusting Journal Entries JE # 4				
Adjusting Journal Entries JE # 4		7120.02		
To accrue the November 2020 Sales Tax payment from the State Comptroller to FY20 revenue.				
012-115-100	ACCOUNTS RECEIVABLE		131,907.81	
012-310-130	COUNTY SALES TAX			131,907.81
Total			131,907.81	131,907.81
Adjusting Journal Entries JE # 5				
Adjusting Journal Entries JE # 5		2961.06		
To record interest revenue at year end.				
012-101-125	ROBERT W BAIRD & CO INC		33,672.24	
023-101-125	ROBERT W BAIRD & CO INC		37,480.30	
012-361-100	INT ON INVEST/GEN FUND			33,672.24
023-361-100	INTEREST REVENUE			37,480.30
Total			71,152.54	71,152.54
Adjusting Journal Entries JE # 6				
Adjusting Journal Entries JE # 6		3600.01		
To record additional transfer from the General Fund to the Jail Construction Fund to alleviate a negative ending fund balance.				
012-700-971	TO NEW JAIL CNSTRCTN FUND 07		118,682.61	
071-131-012	DUE FROM GENERAL FUND		118,682.61	
012-207-071	DUE TO JAIL CONSTRUCTION FUND			118,682.61
071-390-112	FROM GENERAL FUND 012			118,682.61
Total			237,365.22	237,365.22
Total Adjusting Journal Entries			1,262,079.34	1,262,079.34
Total All Journal Entries			1,262,079.34	1,262,079.34