



October 13, 2020

To the Honorable Judge and Commissioners  
Reeves County Courthouse  
Pecos, TX

We have audited the financial statements of Reeves County (the "County") as of and for the year ended December 31, 2019, and have issued our report thereon dated October 13, 2020. Professional standards require that we advise you of the following matters relating to our audit.

### **Our Responsibility in Relation to the Financial Statement Audit**

As communicated in our engagement letter dated December 6, 2019, our responsibility, as described by professional standards, is to form and express an opinion(s) about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of the County solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also 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 for the purpose of identifying other matters to communicate to you.

We have provided our findings regarding significant control deficiencies over financial reporting and material weaknesses and material noncompliance, and other matters noted during our audit in a separate letter to you dated October 13, 2020.

### **Planned Scope and Timing of the Audit**

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

### **Compliance with All Ethics Requirements Regarding Independence**

The engagement team, others in our firm, as appropriate, our firm, and our network firms have complied with all relevant ethical requirements regarding independence.

The safeguards for management's knowledge, skills, and experience, reduce threats in our independence to an acceptable level for the preparation of the financial statements and consulting services for preparation of fixed asset schedule and preparation of cash to accrual journal entries.

Weaver and Tidwell, L.L.P.  
400 West Illinois Avenue, Suite 1550 | Midland, Texas 79701  
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## **Qualitative Aspects of the Entity's Significant Accounting Practices<sup>1</sup>**

### Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the County is included in Note 1 to the financial statements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during 2019. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

### Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on 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 markedly from management's current judgments.

The most sensitive accounting estimates affecting the financial statements are:

- Management's estimate of the net pension asset (NPA). The NPA is based on actuarial calculations provided by Texas County and District Retirement (TCDRS). We evaluated the key factors and assumptions used to develop these estimates and determined that it is reasonable in relation to the basic financial statements taken as a whole and in relation to the applicable opinion units.
- Management's estimate of the depreciation expense is based on the useful lives of capital assets. Management's estimate of the allowance of doubtful accounts is based on historical collection rates. We evaluated the key factors and assumptions used to develop these estimates and determined that it is reasonable in relation to the basic financial statements taken as a whole and in relation to the applicable opinion units.

### Financial Statement Disclosures

The financial statement disclosures are neutral and clear.

### **Identified or Suspected Fraud**

We have identified or have obtained information that indicates that the following fraud may have occurred.

### **Significant Difficulties Encountered during the Audit**

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

The Honorable Judge and Commissioners  
Reeves County Courthouse  
October 13, 2020

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### **Uncorrected and Corrected Misstatements**

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole and each applicable opinion unit. There were no uncorrected misstatements.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. The following material misstatements that we identified as a result of our audit procedures were brought to the attention of, and corrected by, management, and are shown in the attached adjusting journal entries report.

### **Disagreements with Management**

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

### **Representations Requested from Management**

We have requested certain written representations from management, which are included in the attached letter dated October 13, 2020.

### **Management's Consultations with Other Accountants**

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

### **Other Significant Matters, Findings, or Issues**

In the normal course of our professional association with the County, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as County's auditors.

Our responsibility also includes, communicating to you any information which we believe is a material misstatement of fact. Nothing came to our attention that caused us to believe that such information, or its manner of presentation, is materially inconsistent with the information, or manner of its presentation, appearing in the financial statements.

The Honorable Judge and Commissioners  
Reeves County Courthouse  
October 13, 2020

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### **Modification of the Auditor's Report**

We expect have made the following modifications to our auditor's report:

#### **Basis for Qualified Opinions on the Governmental Activities, Business-type Activities, and Law Enforcement Fund**

Management has not implemented Governmental Accounting Standards Board Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (GASB 75). GASB 75 requires employers to recognize assets and/or liabilities, deferred outflows of resources, deferred inflows of resources, and expenses for post-employment benefits other than pensions (OPEBs) provided to their employees. Recognition of these items is required in financial statements prepared using the economic resources measurement focus and accrual basis of accounting. GASB 75 also establishes the methods and assumptions that are required to be used in the measurement of these items, and addresses note disclosure requirements. As GASB 75 has not been implemented, these items and the related required note disclosures have not been recognized and included in the County's financial statements. The amount by which this departure would affect the assets, liabilities, deferred outflows of resources, deferred inflows of resources, net position, and change in net position of the governmental activities, business-type activities, and law enforcement fund has not been determined.

#### **Qualified Opinions on the Governmental Activities, Business-type Activities, and Law Enforcement Fund**

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinions paragraph on the governmental activities, business-type activities, and law enforcement fund, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, and law enforcement fund of Reeves County, Texas, as of December 31, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

This report is intended solely for the information and use of the Honorable Judge and Commissioners, and management of Reeves County and is not intended to be and should not be used by anyone other than these specified parties

*Weaver and Tidwell, L.L.P.*

WEAVER AND TIDWELL, L.L.P.

# Reeves County, Texas

## Adjusting Journal Entries

### December 31, 2019

Client: **1718022 - Reeves County, Texas**  
 Engagement: **Audit 2019 - Reeves County**  
 Period Ending: **12/31/2019**  
 Trial Balance: **3400.00 - Trial Balance Database**  
 Workpaper: **3100.00 - Adjusting Journal Entries FY19**

Account	Description	W/P Ref	Debit	Credit
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#### Adjusting Journal Entries

##### Adjusting Journal Entries JE # 1001

2800.02

To record GASB 34 opening balances.

901-00-1511	Land		1,876,405.00	
901-00-1521	Bldg & Improvements		17,580,349.00	
901-00-1531	Machinery and Equipment		9,287,880.00	
901-00-1541	Automotive equipment		3,977,660.00	
901-00-1551	Infrastructure & Improvements		2,304,259.00	
901-00-1581	CIP		3,964,836.00	
902-00-6000	Unrestricted Net Assets		8,011,020.00	
903-00-2610	Deferred Inflows - Tax - G/F		466,645.00	
903-00-2611	Deferred Inflows - Tax - R/B		812,189.00	
904-00-1110	Cash and cash equivalents		2,915,211.00	
904-00-1120	Investments		3,099,799.00	
904-00-1260	Interfund receivables		3,000,000.00	
904-00-1291	Internal balances - gov		1,465,373.00	
904-00-3901	Unrestricted net assets - gov		7,452,063.00	
904-038-0000-0275	Accrued Claims elimination		97,574.00	
906-00-1600	Net Pension Asset		2,245,099.00	
906-00-1710	Deferred Outflows - Net Pension Asset		171,005.00	
901-00-1571	Accum Depr - Bldg			4,130,746.00
901-00-1572	Accum Depr - Machinery and Equipment			3,332,683.00
901-00-1573	Accum Depr - Automotive equipment			2,700,444.00
901-00-1574	Accum Depr - Infrastructure			411,750.00
901-00-6000	Unrestricted Net Assets			28,415,766.00
902-00-2121	Bond Payable - Current			565,000.00
902-00-2122	Loans Payable - Current			305,325.00
902-00-2126	Capital Lease Payable - Current			485,836.00
902-00-2510	Bond Payable - LT			5,070,000.00
902-00-2520	Loans Payable LT			615,126.00
902-00-2532	Compensated Absences LT			140,798.00
902-00-2535	Capital Lease Payable LT			828,935.00
903-00-6000	Unrestricted Net Assets			1,278,834.00
904-00-1290	Internal balances			1,465,373.00
904-00-2149	Estimated health claims			97,574.00
904-00-3900	Unrestricted net assets			7,452,063.00
904-038-0000-0102	Cash ISF Elimination			2,915,211.00
904-038-0000-0110	Investments ISF Elimination			3,099,799.00
904-038-0100-0145.WT	Due to fund 50 elimination			3,000,000.00
906-00-2605	Deferred Inflows - Net Pension Activities			458,337.00
906-00-6000	Unrestricted Net Assets			1,957,767.00
<b>Total</b>			<b>68,727,367.00</b>	<b>68,727,367.00</b>

# Reeves County, Texas

## Adjusting Journal Entries – Continued

### December 31, 2019

Adjusting Journal Entries JE # 1002		2800.02	
To net out funds with interfund activity and payables from agency fund.			
1-012-0000-0102	CASH - TREASURER'S SPECIAL FUN	287,772.00	
5-017-0000-0700.WT	TRANSFER TO/FROM INVESTMENT POOL	216,627.00	
5-036-0000-0700.WT	TRANSFERS TO/FROM INVESTMENT POOL	159,263.00	
5-059-0000-0700.WT	TRANSFER TO/FROM INVESTMENT POOL	29,928.00	
5-095-0000-0700.WT	TRANSFER TO/FROM INVESTMENT POOL	82,591.00	
1-003-0000-0102	CASH - GENERAL FUND		172,663.00
1-059-0000-0102	CASH -		29,928.00
1-082-0000-0102	CASH - 2014 C/O INT & SINKING		2,590.00
1-095-0000-0102	CASH - RD. & BR. GEN. & SPECIA		82,591.00
5-003-0000-0700.WT	TRANSFER TO/FROM INVESTMENT POOL		26,895.00
5-003-0000-0700.WT	TRANSFER TO/FROM INVESTMENT POOL		112,519.00
5-025-0000-0700.WT	TRANSFER TO/FROM INVESTMENT POOL		1,098.00
5-034-0000-0700.WT	TRANSFER TO/FROM INVESTMENT POOL		159,263.00
5-044-0000-0700.WT	TRANSFER TO/FROM INVESTMENT POOL		476.00
5-058-0000-0700.WT	TRANSFERS TO/FROM INVESTMENT POOL		1,486.00
5-095-0000-0700.WT	TRANSFER TO/FROM INVESTMENT POOL		186,672.00
<b>Total</b>		<b>776,181.00</b>	<b>776,181.00</b>

Adjusting Journal Entries JE # 1005		4600.10	
To record GASB 34 entry for capital asset activities.			
901-00-1521	Bldg & Improvements	3,909,733.00	
901-00-1531	Machinery and Equipment	2,606,139.00	
901-00-1541	Automotive equipment	1,234,117.00	
901-00-1581	CIP	8,053,521.00	
901-7205-6449	Depreciation Expense GEN GOV	338,550.00	
901-7205-6900	Loss (Gain) on disposal of capital assets	52,668.00	
901-7220-6449	Depreciation Expense CORRECTIONS	5,760.00	
901-7225-6449	Depreciation Expense LAW ENF	358,494.00	
901-7230-6449	Depreciation Expense HEALTH AND WELF	6,706.00	
901-7240-6449	Depreciation Expense CULTURE AND REC	284,958.00	
901-7245-6449	Depreciation Expense CO LIBRARY	20,826.00	
901-7250-6449	Depreciation Expense MAINTENANCE	41,623.00	
901-7260-6449	Depreciation Expense PUBLIC SVC	3,306.00	
901-7265-6449	Depreciation Expense HWY AND STREETS	5,761.00	
901-7265-6449	Depreciation Expense HWY AND STREETS	1,021,049.00	
901-00-1571	Accum Depr - Bldg		547,102.00
901-00-1572	Accum Depr - Machinery and Equipment		967,500.00
901-00-1573	Accum Depr - Automotive equipment		416,790.00
901-00-1574	Accum Depr - Infrastructure		138,931.00
901-7205-6600	Capital Outlay GEN GOV		12,689,628.00
901-7205-6900	Loss (Gain) on disposal of capital assets		16,710.00
901-7240-6600	Capital Outlay CULTURE AND REC		2,724,830.00
901-7265-6600	Capital Outlay HWY AND STREETS		441,720.00
901-00-1511	Land		
901-00-1551	Infrastructure & Improvements		
901-7255-6449	Depreciation Expense CONSERVATION		
<b>Total</b>		<b>17,943,211.00</b>	<b>17,943,211.00</b>

# Reeves County, Texas

## Adjusting Journal Entries – Continued

### December 31, 2019

Adjusting Journal Entries JE # 1006		53XX		
To record the change in long term debt activity.				
902-00-2122	Loans Payable - Current	86,495.00		
902-00-2126	Capital Lease Payable - Current	224,482.00		
902-00-2510	Bond Payable - LT	590,000.00		
902-00-2520	Loans Payable LT	219,030.00		
902-00-2535	Capital Lease Payable LT	372,429.00		
902-00-2121	Bond Payable - Current		25,000.00	
902-7280-6511	Bond Principal Expense		565,000.00	
902-7280-6511	Bond Principal Expense		305,525.00	
902-7280-6511	Bond Principal Expense		596,911.00	
<b>Total</b>		<b>1,492,436.00</b>	<b>1,492,436.00</b>	

Adjusting Journal Entries JE # 1007		7200.06		
To record the change in internal service balance.				
904-00-1290	Internal balances	1,618,048.00		
904-00-2149	Estimated health claims	97,574.00		
904-00-5749	Other Revenue	539,809.00		
904-038-000-0730	Transfers in from internal service fund	8,159,804.00		
904-038-0000-0102	Cash ISF Elimination	2,915,211.00		
904-038-0000-0110	Investments ISF Elimination	3,099,799.00		
904-038-0100-0145.WT	Due to fund 50 elimination	3,000,000.00		
904-7205-6000	General government expenditures	150,783.00		
904-7210-6000	Judicial	23,348.00		
904-7215-6000	Financial Management	14,658.00		
904-7220-6000	Corections	3,473.00		
904-7225-6000.WT	Law Enforcement	51,260.00		
904-7230-6000	Health and Welfare	1,206.00		
904-7240-6000	Cultural and Recreation	11,913.00		
904-7245-6000	County Library	2,803.00		
904-7250-6000	Maintenance	10,795.00		
904-7265-6000	Highway and streets	50,368.00		
904-00-1110	Cash and cash equivalents		2,915,211.00	
904-00-1120	Investments		3,099,799.00	
904-00-1260	Interfund receivables		3,000,000.00	
904-00-1291	Internal balances - gov		1,618,048.00	
904-038-000-0731	Transfers ISF elimination		8,159,804.00	
904-038-0000-0275	Accrued Claims elimination		97,574.00	
904-7225-6000	Law Enforcement		860,416.00	
<b>Total</b>		<b>19,750,852.00</b>	<b>19,750,852.00</b>	

Adjusting Journal Entries JE # 1010		5200.20		
To record the claims liability in the internal service fund.				
5-038-0100-0218	CLAIMS, BLUE CROSS-BLUE SHIELD	106,167.00		
5-038-0100-0218	CLAIMS, BLUE CROSS-BLUE SHIELD	206,701.00		
2-038-0000-0275	ACCRUED CLAIMS		106,167.00	
4-038-0000-0703	PAYROLL TRANSFER/BLUE CROSS		206,701.00	
<b>Total</b>		<b>312,868.00</b>	<b>312,868.00</b>	

# Reeves County, Texas

## Adjusting Journal Entries – Continued

### December 31, 2019

<b>Adjusting Journal Entries JE # 1011</b>		<b>5330.05</b>		
To record the change in pension liability and deferred inflows and outflows.				
1-071-0000-0230	Deferred Outflows - Contributions	2,410,230.00		
1-071-0000-0280	Deferred inflows	2,649,642.00		
5-071-0200-0100	Pension Expense	1,849,441.00		
906-00-1600	Net Pension Asset	422,722.00		
906-00-1710	Deferred Outflows - Net Pension Asset	2,998,651.00		
1-071-0000-0250	Net Pension Asset		6,909,313.00	
906-00-2605	Deferred Inflows - Net Pension Activities		537,797.00	
906-7205-6146	GW Pension Expense GEN GOV		1,678,019.00	
906-7210-6146	GW Pension Expense JUDICAL		614,294.00	
906-7215-6146	GW Pension Expense FIN ADMIN		94,538.00	
906-7220-6146	GW Pension Expense CORRECTIONS		18,939.00	
906-7240-6146	GW Pension Expense CULTURE AND REC		92,274.00	
906-7245-6146	GW Pension Expense CO LIBRARY		18,059.00	
906-7250-6146	GW Pension Expense MAINTENANCE		44,579.00	
906-7260-6146	GW Pension Expense PUBLIC SVC		8,683.00	
906-7265-6146	GW Pension Expense HWY AND STREETS		314,191.00	
906-7225-6146	GW Pension Expense LAW ENF			
906-7230-6146	GW Pension Expense HEALTH AND WELF			
906-7235-6146	GW Pension Expense FIRE PROTECTION			
906-7255-6146	GW Pension Expense CONSERVATION			
<b>Total</b>		<b>10,330,686.00</b>	<b>10,330,686.00</b>	
<b>Adjusting Journal Entries JE # 1012</b>		<b>5200.15</b>		
To record changes in compensated absences for governmental activities.				
902-00-2532	Compensated Absences LT	23,902.00		
902-7205-6511	Change in compensated absences		23,902.00	
<b>Total</b>		<b>23,902.00</b>	<b>23,902.00</b>	
<b>Adjusting Journal Entries JE # 1013</b>		<b>4200.30</b>		
To adjust taxes receivables and unearned revenue in the general and road and bridge fund along with restating fund balance to report the correct amount of property tax				
1-095-0000-135.WT	Due to other funds	1,988,955.00		
2-003-0000-0137.WT	Due to Fund 12	3,170,683.00		
4-003-0000-0400	CURRENT TAXES	927,979.00		
4-095-0000-0400	CURRENT TAXES	582,117.00		
2-003-0000-0225	DEFERRED REVENUE		4,098,662.00	
2-095-0000-0225	DEFERRED REVENUE		2,571,072.00	
<b>Total</b>		<b>6,669,734.00</b>	<b>6,669,734.00</b>	
<b>Adjusting Journal Entries JE # 1015</b>		<b>5600.01</b>		
To record the change in deferred inflow that gets recorded to net positions on the				
903-00-5749	Miscellaneous change in DI	974,053.00		
903-00-0419	Fines change in DI		293,556.00	
903-00-2610	Deferred Inflows - Tax - G/F		680,497.00	
<b>Total</b>		<b>974,053.00</b>	<b>974,053.00</b>	



# Reeves County, Texas

## Adjusting Journal Entries – Continued

### December 31, 2019

<b>Adjusting Journal Entries JE # 1016</b>		<b>5100.10</b>		
To properly accrue for invoices related to CY.				
5-044-0100-0119	VENUE PROJECT IMPROVEMENTS	1,694.00		
5-044-0100-0150	REPAIRS/MAINTENANCE	6,870.00		
5-060-0022-4214	DET,PRE ADJ/EXTERNAL CONTRACTS	5,282.00		
5-095-0100-0207	SEAL COATING	61,911.00		
2-044-0000-0200	VENUE PROJECT ACCOUNTS PAYABLE		8,564.00	
2-060-0000-0200	Accounts Payable		5,282.00	
2-095-0000-0200	Road & Bridge Accounts Payable		61,911.00	
<b>Total</b>		<b>75,757.00</b>		<b>75,757.00</b>
<b>Adjusting Journal Entries JE # 1017</b>		<b>7300.01</b>		
To remove transfers that were not supposed to be permanent funding to Road and				
2-003-1800-0137.WT	Due from Fund 66	500,000.00		
4-059-0000-0410	TRANSFER FROM GENERAL FUND	500,000.00		
2-059-0100-0144.WT	Due from Fund 66		500,000.00	
5-003-1400-0750	TRNSF TO TRANS ZONES		500,000.00	
<b>Total</b>		<b>1,000,000.00</b>		<b>1,000,000.00</b>
<b>Adjusting Journal Entries JE # 1019</b>		<b>4100.10</b>		
To record cash entry for unreconciled cash accounts.				
1-034-0000-0102	CASH - FORFEITURE OF CONTRABAN	8,308.00		
1-054-0000-0102	CASH -	20,595.00		
4-034-0000-0498	MISCELLANEOUS		8,308.00	
4-054-0000-0301	Other Revenues		3,684.00	
4-054-0000-0904	INTEREST EARNED		16,802.00	
4-054-0000-0904	INTEREST EARNED		109.00	
<b>Total</b>		<b>28,903.00</b>		<b>28,903.00</b>
<b>Adjusting Journal Entries JE # 1020</b>		<b>4200.01</b>		
To record accounts receivable to expenditures since CY reimbursement for prior year activity was netted with CY expenditures.				
5-041-0100-0917	GENERAL ADMINISTRATION	19,000.00		
1-041-0000-0125	ACCOUNTS RECEIVABLE		19,000.00	
<b>Total</b>		<b>19,000.00</b>		<b>19,000.00</b>
<b>Adjusting Journal Entries JE # 1021</b>		<b>4200.15</b>		
To record payment in lieu of 2019 property tax levy as unearned revenue since monies				
4-065-0000-0400	PAYMENTS IN LIEU OF TAXES	247,960.00		
5-003-0000-0700.WT	TRANSFER TO/FROM INVESTMENT POOL	247,960.00		
1-003-0000-0125	Accounts Receivable		247,960.00	
5-065-0000-0700.WT	TRANSFER TO/FROM INVESTMENT POOL		247,960.00	
<b>Total</b>		<b>495,920.00</b>		<b>495,920.00</b>

# Reeves County, Texas

## Adjusting Journal Entries – Continued

### December 31, 2019

Adjusting Journal Entries JE # 2003	7300.01		
To net out transfers within funds.			
4-003-0000-0703	TRANSFER FROM RCDC	3,000,000.00	
4-003-0000-0707	2010/2010A DEFEASANCE	57,080.00	
4-003-0000-7017.WT	Transfer from Law Enforcement	3,483,647.00	
4-017-0000-0737	TRNSFS FROM GENERAL FUND	385,510.00	
4-044-0000-0789	TRANSFERS FOR OPERATIONS	999,547.00	
4-082-0000-0711	TRANSFER FROM GENERAL FUND	150,000.00	
4-101-0000-0789	TRANSFERS FROM OTHER FUNDS	5,316,652.00	
4-108-0000-0787	TRANSFERS FROM RCDC 1&2	700,000.00	
4-108-0000-0789	TRANSFERS FROM GENERAL FUND	2,500,000.00	
5-003-1400-0745	TRNSF TO MEALS ON WHEELS FUND	1,939.00	
5-044-0000-0700.WT	TRANSFER TO/FROM INVESTMENT POOL	453.00	
5-058-0000-0700.WT	TRANSFERS TO/FROM INVESTMENT POOL	1,486.00	
4-017-0000-0730	TRANSFERS FROM REEVES COUNTY		1,346,661.00
4-058-0000-0745	GENERAL FUND ADVANCE		1,486.00
5-003-0000-0700.WT	TRANSFER TO/FROM INVESTMENT POOL		1,939.00
5-003-1400-0722	2010 AND 2010A DEFEASANCE		57,080.00
5-003-1400-0737	TRNSF TO RCDC FUND		3,000,000.00
5-003-1400-0747	TRNSF TO CER/OBL I&S FUND		150,000.00
5-003-1400-0749	TRANSFER TO CAPITAL IMPROVEMENT		2,500,000.00
5-017-0000-0700.WT	TRANSFER TO/FROM INVESTMENT POOL		624,255.00
5-019-0000-0700.WT	TRANSFER TO/FROM INVESTMENT POOL		239,099.00
5-063-0100-0789	TRANSFERS TO OPERATIONS FUND		1,000,000.00
5-071-0100-0789	TRANSFERS TO OTHER FUNDS		3,483,647.00
5-108-0000-0700.WT	TRANSFER TO/FROM INVESTMENT POOL		3,483,647.00
5-108-0100-0121	TRANSFERS TO RCDC 1&2		700,000.00
5-114-0100-0789	TRANSFERS TO OTHER FUNDS		6,000.00
5-120-0100-0789	TRANSFERS TO OTHER FUNDS		2,500.00
<b>Total</b>		<b><u>16,596,314.00</u></b>	<b><u>16,596,314.00</u></b>
Adjusting Journal Entries JE # 2004		7300.01	
To reclass for reporting purposes of interest expense.			
4-017-0200-0908	Payment to Escrow	610,933.00	
4-050-0200-0908	Lease Payment	2,750,900.00	
4-101-0000-0930	FROM REEVES COUNTY	985,051.00	
5-017-0200-0908	PAYMENT TO ESCROW		610,933.00
5-050-0200-0908	LEASE PAYMENTS		2,750,900.00
5-101-0100-0789	TRANSFERS TO OTHER FUNDS		985,051.00
<b>Total</b>		<b><u>4,346,884.00</u></b>	<b><u>4,346,884.00</u></b>
Adjusting Journal Entries JE # 2008		4150.01	
To reclass unrestricted and restricted cash.			
1-110-0000-0102	CASH - 2010 CERTIFICATE RESERVE	3,485.00	
1-114-0000-0102	CASH	315,933.00	
1-110-0000-0110	INVESTED CASH		3,485.00
1-114-0000-0110	INVESTED CASH		315,933.00
<b>Total</b>		<b><u>319,418.00</u></b>	<b><u>319,418.00</u></b>

# Reeves County, Texas

## Adjusting Journal Entries – Continued

### December 31, 2019

Adjusting Journal Entries JE # 2009	4100.01		
Reclassification to exclude investments from cash account.			
1-003-0000-0110	INVESTED CASH - GENERAL FUND	2,827,337.00	
1-012-0000-0110	Investments	287,772.00	
1-059-0000-0102	CASH -	29,928.00	
1-082-0000-0102	CASH - 2014 C/O INT & SINKING	2,590.00	
1-095-0000-0102	CASH - RD. & BR. GEN. & SPECIA	82,591.00	
2-003-1800-0137.WT	Due from Fund 66	112,519.00	
1-003-0000-0102	CASH - GENERAL FUND		2,827,337.00
1-003-0000-0110	INVESTED CASH - GENERAL FUND		112,519.00
1-012-0000-0102	CASH - TREASURER'S SPECIAL FUN		287,772.00
1-082-0000-0110	Investments		2,590.00
2-059-0100-0144.WT	Due from Fund 66		29,928.00
2-095-0100-0146.WT	Due from Fund 66		82,591.00
<b>Total</b>		<b><u>3,342,737.00</u></b>	<b><u>3,342,737.00</u></b>
Adjusting Journal Entries JE # 2014	4200.02		
Immaterial entry to adjust due to and from.			
2-066-0000-0136.WT	Due To Other Funds	431.00	
2-066-0000-0220	PAYROLL LIABILITY		431.00
<b>Total</b>		<b><u>431.00</u></b>	<b><u>431.00</u></b>
Adjusting Journal Entries JE # 2018	4150.01		
To remove negative investments in teh Law Enforcement fund.			
1-050-0000-0110.WT	Investments	255,037.00	
2-003-1800-0137.WT	Due from Fund 66	255,037.00	
1-003-0000-0110	INVESTED CASH - GENERAL FUND		255,037.00
1-050-0100-0145.WT	Due from fund 38		255,037.00
<b>Total</b>		<b><u>510,074.00</u></b>	<b><u>510,074.00</u></b>
	<b>Total Adjusting Journal Entries</b>	<b><u>153,736,728.00</u></b>	<b><u>153,736,728.00</u></b>
	<b>Total All Journal Entries</b>	<b><u>153,736,728.00</u></b>	<b><u>153,736,728.00</u></b>

October 13, 2020

Weaver and Tidwell, L.L.P.  
400 W. Illinois, Suite 1550  
Midland, TX 79701

This representation letter is provided in connection with your audit of the financial statements of Reeves County as of December 31, 2019 and for the year then ended, and the related notes to the financial statements, for the purpose of expressing opinions on whether the basic financial statements present fairly, in all material respects, the financial position, results of operations, and cash flows, where applicable, of the various opinion units of Reeves County in accordance with accounting principles generally accepted for governments in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm that, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves as of October 13, 2020.

#### **Financial Statements**

- We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated December 6, 2019, for the preparation and fair presentation of the financial statements of the various opinion units referred to above in accordance with U.S. GAAP.
- We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
- We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- We acknowledge our responsibility for compliance with the laws, regulations, and provisions of contracts and grant agreements.
- We have reviewed, approved, and taken responsibility for the financial statements and related notes.
- We have a process to track the status of audit findings and recommendations.
- We have identified and communicated to you all previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
- Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.
- Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
- All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.

- The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.
- All component units, as well as joint ventures with an equity interest, are included and other joint ventures and related organizations are properly disclosed.
- All funds and activities are properly classified.
- All funds that meet the quantitative criteria in GASB Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, GASB Statement No. 37, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments: Omnibus* as amended, and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, for presentation as major are identified and presented as such and all other funds that are presented as major are considered important to financial statement users.
- All components of net position, nonspendable fund balance, and restricted, committed, assigned, and unassigned fund balance are properly classified and, if applicable, approved.
- Our policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position/fund balance are available is appropriately disclosed and net position/fund balance is properly recognized under the policy.
- All revenues within the statement of activities have been properly classified as program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
- All expenses have been properly classified in or allocated to functions and programs in the statement of activities, and allocations, if any, have been made on a reasonable basis.
- All interfund and intra-entity transactions and balances have been properly classified and reported.
- Special items and extraordinary items have been properly classified and reported.
- Deposit and investment risks have been properly and fully disclosed.
- Capital assets, including infrastructure assets, are properly capitalized, reported, and if applicable, depreciated.
- All required supplementary information is measured and presented within the prescribed guidelines.
- With regard to investments and other instruments reported at fair value:
  - The underlying assumptions are reasonable and they appropriately reflect management's intent and ability to carry out its stated courses of action.
  - The measurement methods and related assumptions used in determining fair value are appropriate in the circumstances and have been consistently applied.
  - The disclosures related to fair values are complete, adequate, and in accordance with U.S. GAAP.
  - There are no subsequent events that require adjustments to the fair value measurements and disclosures included in the financial statements.

### Information Provided

- We have provided you with:
  - Access to all information, of which we are aware that is relevant to the preparation and fair presentation of the financial statements of the various opinion units referred to above, such as records, documentation, meeting minutes,<sup>7</sup> and other matters;
  - Additional information that you have requested from us for the purpose of the audit; and
  - Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
- All transactions have been recorded in the accounting records and are reflected in the financial statements.
- We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- We have disclosed to you all information that we are aware of in relation to fraud or suspected fraud that affects the entity and involves:
  - Management;
  - Employees who have significant roles in internal control; or
  - Others where the fraud could have a material effect on the financial statements.
- We have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, vendors, regulators, or others.
- We are not aware of any pending or threatened litigation, claims, and assessments whose effects should be considered when preparing the financial statements and we have not consulted legal counsel concerning litigation, claims, or assessments.
- We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware.
- There have been no communications from regulatory agencies concerning noncompliance with or deficiencies in accounting, internal control, or financial reporting practices.
- Reeves County has no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.
- We have disclosed to you all guarantees, whether written or oral, under which Reeves County is contingently liable.
- We have disclosed to you all nonexchange financial guarantees, under which we are obligated and have declared liabilities and disclosed properly in accordance with GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*, for those guarantees where it is more likely than not that the entity will make a payment on any guarantee.
- For nonexchange financial guarantees where we have declared liabilities, the amount of the liability recognized is the discounted present value of the best estimate of the future outflows expected to be incurred as a result of the guarantee. Where there was no best estimate but a range of estimated future outflows has been established, we have recognized the minimum amount within the range.

- We have disclosed to you all significant estimates and material concentrations known to management that are required to be disclosed in accordance with GASB Statement No. 62 (GASB-62), Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements. Significant estimates are estimates at the balance sheet date that could change materially within the next year. Concentrations refer to volumes of business, revenues, available sources of supply, or markets or geographic areas for which events could occur that would significantly disrupt normal finances within the next year.
- We have identified and disclosed to you the laws, regulations, and provisions of contracts and grant agreements that could have a direct and material effect on financial statement amounts, including legal and contractual provisions for reporting specific activities in separate funds.
- There are no:
  - Violations or possible violations of laws or regulations, or provisions of contracts or grant agreements whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency, including applicable budget laws and regulations.
  - Unasserted claims or assessments that our lawyer has advised are probable of assertion and must be disclosed in accordance with GASB-62.
  - Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by GASB-62
  - Continuing disclosure consent decree agreements or filings with the Securities and Exchange Commission and we have filed updates on a timely basis in accordance with the agreements (Rule 240, 15c2-12).
- Reeves County has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset or future revenue been pledged as collateral, except as disclosed to you.
- Reeves County has provided all materials related to receiving any notices from government agencies regarding any material deficiency of material event with any agreements or Reeves County Detention Center's (I, II, and III) use of incarceration of prisoners.
- We have followed all applicable laws and regulations in adopting, approving, and amending budgets.
- All funds that meet the quantitative criteria in GASBs Nos. 34 and 37 for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.
- We have not properly implemented Governmental Accounting Standards Board (GASB) Statement No. 45 and 75, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions by restatement of Other Postemployment Benefits. We did not provide the information regarding Reeves County's cost of post-employment benefits other than retirement benefits; as such, this resulted in a qualified opinion.
- We have properly implemented Governmental Accounting Standards Board (GASB) Statement No. 68, Accounting and Financial Reporting for Pensions, as amended by the GASB Statement No. 721, Pension Transition for Contributions Made Subsequent to the Measurement Date.
- We have complied with all aspects of grant agreements and other contractual agreements that would have a material effect on the financial statements in the event of noncompliance.

**Supplementary Information in Relation to the Financial Statements as a Whole**

With respect to the combining statements accompanying the financial statements:

- We acknowledge our responsibility for the presentation of the combining statements in accordance with U.S. GAAP.
- We believe the combining statements, including its form and content, is fairly presented in accordance with U.S. GAAP.
- The methods of measurement or presentation have not changed from those used in the prior period.
- We acknowledge our responsibility to include the auditor's report on the supplementary information in any documentation containing the supplementary information and that indicates the auditor reported on such supplementary information.
- We acknowledge our responsibility to present the supplementary information with the audited financial statements.

**Required Supplementary Information in Relation to the Financial Statements as a Whole**

With respect to the management's discussion and analysis and budgetary comparison information, and the schedule of funding progress for the retirement plan accompanying the financial statements:

- We acknowledge our responsibility for the presentation of the management's discussion and analysis and budgetary comparison information, and the schedule of funding progress for the retirement plan in accordance with U.S. GAAP.
- We believe the management's discussion and analysis and budgetary comparison information, and the schedule of funding progress for the retirement plan, including its form and content, are fairly presented in accordance with U.S. GAAP.
- The methods of measurement or presentation have not changed from those used in the prior period.



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Charles Lewing, Reeves County Auditor



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Leo Hung, Reeves County Judge