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CERTIFIED PUBLIC ACCOUNTANTS

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April 15, 2021

Honorable County Judge and
Members of the Commissioners' Court
Montague County, Texas

We have audited the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of Montague County, Texas (County) for the year ended September 30, 2020. Professional standards require that we provide you with our responsibilities under generally accepted auditing standards, 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 June 26, 2020. Professional standards also require that we communicate to you the following related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the County 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 the year. We noted no transactions entered into by the governmental unit 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 County's financial statements is management's estimate of useful lives of capital assets for depreciation purposes that is based on known facts and circumstances as well as historical information. We evaluated the key factors and assumptions used to develop this 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 disclosures affecting the financial statements were:

- Note A – Summary of Significant Accounting Policies,
- Note E – Capital Assets,
- Note G – Long-Term Debt, and
- Note K – COVID-19 Pandemic

The financial statement disclosures are neutral, consistent, and clear.

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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 chosen to correct all such misstatements. The attached Schedule of Corrected Material Misstatements summarizes the material misstatements detected as a result of audit procedures and corrected by management. The misstatements were material, either individually or in the aggregate, to financial statements.

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 April 15, 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 the governmental unit'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.

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Other Matters

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with the modified cash basis of accounting, 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.

Concluding Comments

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

Very truly yours,

Edgin, Parkman, Fleming & Fleming, PC

EDGIN, PARKMAN, FLEMING & FLEMING, PC
Certified Public Accountants

Montague County, Texas
Schedule of Corrected Material Misstatements
September 30, 2020

AJE	Description	Effect of Audit Entries - Increase (Decrease)					Other
		Assets	Liabilities	Beginning Equity	Revenues	Expenditures	
1	To record the effects of the prior year adjustments not made by the County	328,284	34,265	294,019	-	-	-
5	To reverse the prior year FEMA costs moved from 2X funds to 9X funds	(279,350)	-	-	-	279,350	-
10	To move FEMA costs that are still in the 2X Funds at 9/30/20	914,385	-	-	-	(914,385)	-
14	To correct cash for the bank reconciliation errors at 9/30/20	(387,536)	-	-	(253,711)	133,825	-
Total General Funds		575,783	34,265	294,019	(253,711)	(501,210)	-
1	To record the effects of the prior year adjustments not made by the County	(93,046)	-	(93,046)	-	-	-
5	To reverse the prior year FEMA costs moved from 2X funds to 9X funds	93,046	-	-	-	(93,046)	-
10	To move FEMA costs that are still in the 2X Funds at 9/30/20	(473,898)	-	-	-	(473,898)	-
Total FEMA #1 Fund		(473,898)	-	(93,046)	-	(566,944)	-
1	To record the effects of the prior year adjustments not made by the County	(55,864)	-	(55,864)	-	-	-
5	To reverse the prior year FEMA costs moved from 2X funds to 9X funds	55,864	-	-	-	(55,864)	-
10	To move FEMA costs that are still in the 2X Funds at 9/30/20	(98,223)	-	-	-	(98,223)	-
Total FEMA #2 Fund		(98,223)	-	(55,864)	-	(154,087)	-
10	To move FEMA costs that are still in the 2X Funds at 9/30/20	(342,264)	-	-	-	(342,264)	-
Total FEMA #3 Fund		(342,264)	-	-	-	(342,264)	-
1	To record the effects of the prior year adjustments not made by the County	(130,440)	-	(130,440)	-	-	-
5	To reverse the prior year FEMA costs moved from 2X funds to 9X funds	130,440	-	-	-	(130,440)	-
Total FEMA #4 Fund		-	-	(130,440)	-	(130,440)	-
1	To record the effects of the prior year adjustments not made by the County	107,832	5,495	50,219	-	(52,117)	-
8	To correct TexPool transfer	-	-	(57,719)	57,719	-	-
14	To correct cash for the bank reconciliation errors at 9/30/20	11,625	-	-	30,000	18,375	-
Total Other Remaining Funds		119,457	5,495	(7,500)	87,719	(33,742)	-
Government Wide		73,626	39,760	7,169	(165,992)	(877,216)	-