



HAND COUNTY AUDITOR

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January 14, 2020

Toby Qualm, Auditor
Department of Legislative Audit
427 S Chapelle
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We are providing this letter in connection with your audit of the financial statements of Hand County as of December 31, 2018 and for each of the two years in the biennial period then ended for the purpose of expressing an opinion as to whether the modified cash basis general purpose financial statements present fairly, in all material respects, the financial position of the governmental activities, aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Hand County and the respective changes in financial position in conformity with a comprehensive basis of accounting other than generally accepted accounting principles. We confirm that we are responsible for the fair presentation of the aforementioned financial statements in conformity with a comprehensive basis of accounting other than generally accepted accounting principles. We are also responsible for adopting sound accounting policies, establishing and maintaining appropriate internal controls, and preventing and detecting fraud.

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 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. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, the following representations made to you during your examination.

1. The financial statements referred to above are fairly presented in conformity with a comprehensive basis of accounting other than generally accepted accounting principles.
2. All funds that meet the quantitative criteria of Governmental Accounting Standards Board (GASB) Statement No. 34 and 37 for presentation as major have been properly identified, and are presented as such, and all other funds that are presented as major have been so designated by us, and are considered important to users of our financial statements.

3. The basic financial statements of the county have been presented in conformity with a comprehensive basis of accounting other than generally accepted accounting principles, namely "modified cash basis". We have elected to adopt the modification, substantially supported by generally accepted accounting principles of reporting "investments".
4. Joint ventures, jointly governed organizations, cost-sharing arrangements and other related organizations have been properly disclosed in the financial statements or related notes, as applicable..
5. Net position component (restricted; and unrestricted) and fund balance restrictions, assignments and commitments are properly classified, and have been authorized by appropriate action of the county commission, where required.
6. Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
7. Revenues are appropriately classified in the statement of activities within program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
8. Interfund, internal, and intra-entity activity and balance have been appropriately classified and reported.
9. We have disclosed all deposit accounts and investments which are classified as to risk, and investments are properly valued, including special accounts whose authorized signatories are other than the County Auditor or County Treasurer, held in local bank accounts and funds held in trust at banks or other financial institutions. We have only one federal Taxpayer Identification Number (TIN).
10. Supplementary Information consisting of the Supplementary Schedules of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual, for the General and each major Special Revenue Fund has been prepared and presented within prescribed guidelines of GASB Statement No. 34 and the Schedule of the County's Proportionate Share of Net Pension Liability (Asset) has been prepared and presented within the prescribed guidelines of GASB Statement No. 68.
11. Supplementary Information, consisting of Management's Discussion and Analysis has not been prepared.
12. We have made available to you all:
 - a. Financial records and related data.
 - b. Minutes of board meetings or summaries of actions of recent meetings for which minutes have not been prepared.
13. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices that could have a material effect on the financial statements.

14. There are no material transactions that have not been properly recorded in the accounting records underlying our financial statements.
15. We have reviewed your potential audit adjustments and concur that the effects of the uncorrected misstatements aggregated by you during your audit are immaterial, both individually and in the aggregate, to the financial statements of each reporting unit taken as a whole.
16. We acknowledge our responsibility for the design and implementation of programs and controls to both prevent and detect fraud.
17. We have no knowledge of any fraud or suspected fraud affecting the county involving:
 - a. Management;
 - b. Employees who have significant roles in internal control; or,
 - c. Others where the fraud could have a material effect on the financial statements.

Furthermore, we have no knowledge of any allegations of fraud or suspected fraud affecting the county received in communications from employees, former employees, analysts, regulators, or others.

18. We have no plans or intentions that may materially affect the carrying value or classification of assets, liabilities or fund equity.
19. All transactions of the county during the audit period, conducted with outside parties, were on an arm's length basis; that is, none of the officers or key employees of the county had any material direct or indirect ownership or profit participation in those enterprises with which the county had significant dealings.
20. All guarantees, whether written or oral, under which we are contingently liable have been properly recorded or disclosed in the financial statements.
21. We believe all accounting estimates that could be material to the financial statements, including the key factors and significant assumptions underlying those estimates and measurements, are reasonable in the circumstances, consistently applied, and adequately disclosed.
22. Participation in a public entity risk pool has been properly reported and disclosed in the financial statements.
23. We are responsible for the county's compliance with laws and regulations applicable to it and we have identified and disclosed to you, all laws and regulations that have a direct and material effect on the determination of financial statement amounts, including legal and contractual provisions for reporting specific activities in separate funds.

24. There are no:

- a. Violations or possible violations of budget laws (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency, or for reporting on noncompliance.
- b. Unasserted claims or assessments that our legal counsel has advised us are probable of assertion and must be disclosed in accordance with Financial Accounting Standards Board (FASB) Statement No. 5, *Accounting for Contingencies*.
- c. Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by FASB Statement No. 5.
- d. Restrictions, assignments or commitments of fund equity that were not properly authorized and approved.

25. The county has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.

26. We have complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.

27. No events have occurred subsequent to the balance sheet date that would require adjustment to, or disclosure in, the financial statements.

28. We have identified to you any previous financial audits, attestation engagements, performance audits, or other studies related to the objectives related to the current audit and have provided our corrective action plan on current and prior audit findings and recommendations, as applicable.

29. We have chosen to have the Department of Legislative Audit prepare our Notes to the Financial Statements and the Schedule of the County's Proportionate Share of the Net Pension Asset.

To the best of our knowledge and belief, no events, including instances of noncompliance, have occurred subsequent to the balance sheet date and through the date of this letter that would require adjustment to or disclosure in the aforementioned financial statements or in the schedule of findings and questioned costs.

Board Chairperson

County Auditor