

**Lynn County, Texas  
Audited Financial Statements  
September 30, 2014**

**Lynn County, Texas  
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September 30, 2014**

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**Lynn County, Texas  
County Officials  
September 30, 2014**

Mike Braddock	County Judge
Keith Wied	Commissioner Precinct 1
John Hawthorne	Commissioner Precinct 2
Don Blair	Commissioner Precinct 3
Danny Martin	Commissioner Precinct 4
Rebekah Filley	County Attorney
Susan Tipton	County Clerk
Amy Schuknecht	County Treasurer
Sandra Laws	District Clerk
Donna Willis	Tax Collector
Ed Follis	Justice of Peace # 4
Nancy Guilliams	Justice of Peace #1
Jerry D. Franklin	Sheriff

Steve Gary, C.P.A., PC  
James Bowers, C.P.A., PC  
Eric Miller, C.P.A., PC  
Melvin Eaker, C.P.A., PC  
Lindi Stapp, C.P.A., PC



A Partnership of  
Professional Corporations

### **Independent Auditor's Report**

Honorable Mike Braddock, Judge  
And County Commissioners  
Lynn County  
Tahoka, Texas 79373

We have audited the accompanying modified cash basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Lynn County, Texas, as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

#### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design 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. Accordingly we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Lynn County, Texas, as of September 30, 2014, and the respective changes in modified cash basis financial position, thereof and for the year then ended in accordance with the modified cash basis of accounting described in Note 1.

## **Basis of Accounting**

We draw attention to Note 1 of the financial statements which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

## **Disclaimer of Opinion on Other Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Lynn County, Texas' basic financial statements. The detailed budget comparison statements on pages 24-31, which are the responsibility of management, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly we do not express an opinion or provide any assurance on them.

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.



Gary, Bowers & Miller  
Lubbock, Texas  
August 7, 2015

# **General Purpose Financial Statements**

**Lynn County, Texas**  
**Statement of Net Position - Modified Cash Basis**  
**September 30, 2014**

	<u>Primary Government Governmental Activities</u>
<b>Assets</b>	
Cash	\$ 934,284
Savings and Time Deposits	4,308,501
Receivables	
Due from Agency Funds	37,123
Due from Others	6,565
Property Taxes	151,664
Less: Allowance for Uncollectibles	(27,299)
Capital Assets	
Land	230,150
Buildings and Improvements	3,549,264
Machinery and Equipment	3,825,722
Furniture and Fixtures	125,785
Construction in Progress	457,357
<b>Total Assets</b>	<u><u>\$ 13,599,116</u></u>
<b>Liabilities and Fund Equity</b>	
Liabilities	
Due to Other Governments	16,652
Due to Others	5,699
Sales Tax Payable	187
Deferred Revenues	
Grants	23,333
Uncollected Taxes	124,364
Long-Term Liabilities	
Due Within One Year	234,288
Due in More Than One Year	1,446,562
Total Liabilities	<u>\$ 1,851,085</u>
Net Position	
Invested in Capital Assets, Net of Related Debt	\$ 6,507,428
Restricted For:	
Technology Improvements	48,020
Courthouse Security	30,911
Law Enforcement	97,006
Social Services	543
Unrestricted	5,064,123
Total Net Position	<u><u>\$ 11,748,031</u></u>

The accompanying notes are an integral part of this statement.

**Lynn County, Texas**  
**Statement of Activities - Modified Cash Basis**  
**For the Year Ended September 30, 2014**

	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes In Net Assets</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	
<b>Primary Government</b>				
<b>Governmental Activities</b>				
Financial and Administration	\$ 218,137	\$ 33,123	\$ 20,320	\$ (164,694)
Judicial and Legal	606,490	226,469	23,333	(356,688)
General County Buildings	204,774	-	1,428	(203,346)
Central Administration	426,450	98,079	101	(328,270)
Libraries	22,652	-	-	(22,652)
Social Services - Public Welfare	31,698	13,822	-	(17,876)
Social Services - Health	4,927	-	-	(4,927)
Transportation - Highways	780,858	332,664	98,374	(349,820)
Public Safety - Police	651,535	100	20,500	(630,935)
Public Safety - Correction	736,793	257,506	-	(479,287)
Public Safety - Fire	21,750	-	-	(21,750)
Environment - Animal Control	68,953	99,019	-	30,066
Environment - Natural Resources	77,484	-	-	(77,484)
Miscellaneous	38,348	-	-	(38,348)
	<u>\$ 3,890,849</u>	<u>\$ 1,060,782</u>	<u>\$ 164,056</u>	<u>\$ (2,668,011)</u>
<b>General Revenue:</b>				
Taxes:				
Property Taxes				\$ 3,132,127
Sales Taxes				106,781
Miscellaneous Revenue				92,682
Investment Earnings				64,653
Removal of the Difference Between Original Cost and Trade Allowance				(148,754)
<b>Total General Revenues and Special Items</b>				<u>\$ 3,247,489</u>
Change in Net Assets				\$ 581,478
<b>Net Assets - Beginning</b>				\$ 11,204,668
<b>Prior Period Adjustment</b>				<u>\$ (38,115)</u>
<b>Net Assets - Ending</b>				<u>\$ 11,748,031</u>

The accompanying notes are an integral part of this statement.



**Lynn County, Texas**  
**Balance Sheet - Modified Cash Basis**  
**Governmental Funds**  
**September 30, 2014**

	<u>General Fund</u>	<u>Precinct 1</u>	<u>Precinct 2</u>	<u>Precinct 3</u>
<b>Assets and Other Debits</b>				
Cash	\$ 295,736	\$ 39,809	\$ 16,692	\$ 45,666
Savings and Time Deposits	1,619,857	154,539	201,378	211,916
Receivables				
Due from Agency Funds	27,686	-	-	-
Due from Others	82	-	(59)	-
Property Taxes	151,664	-	-	-
Less: Allowance for Uncollectibles	(27,299)	-	-	-
<b>Total Assets and Other Debits</b>	<u>\$ 2,067,726</u>	<u>\$ 194,348</u>	<u>\$ 218,011</u>	<u>\$ 257,582</u>
<b>Liabilities, Fund Equity, and Other Credits</b>				
Liabilities				
Due to Other Governments	\$ 16,652	\$ -	\$ -	\$ -
Due to Others	-	-	-	-
Sales Tax Payable	-	-	-	-
Due to/from County	(8,500)	-	-	-
Deferred Revenues				
Grants	23,333	-	-	-
Uncollected Taxes	124,364	-	-	-
<b>Total Liabilities</b>	<u>\$ 155,849</u>	<u>\$ -</u>	<u>\$ 217,952</u>	<u>\$ -</u>
Fund Balances				
Restricted	\$ -	\$ -	\$ -	\$ -
Committed	-	-	-	-
Assigned	-	194,348	218,011	257,582
Unassigned	1,911,877	-	-	-
<b>Total Fund Balances</b>	<u>\$ 1,911,877</u>	<u>\$ 194,348</u>	<u>\$ 218,011</u>	<u>\$ 257,582</u>
<b>Total Liabilities, Fund Equity, and Other Credits</b>	<u>\$ 2,067,726</u>	<u>\$ 194,348</u>	<u>\$ 435,963</u>	<u>\$ 257,582</u>

The accompanying notes are an integral part of this statement.

<u>Precinct 4</u>	<u>Restoration</u>	<u>Laterals</u>	<u>Road and Bridge</u>	<u>Jail I&amp;S Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 33,922	\$ 53,101	\$ -	\$ 61,323	\$ 170,987	\$ 217,048	\$ 934,284
238,697	1,037,268	-	-	711,191	133,655	4,308,501
-	-	-	-	-	9,437	37,123
-	-	-	2	-	6,540	6,565
-	-	-	-	-	-	151,664
-	-	-	-	-	-	(27,299)
<u>\$ 272,619</u>	<u>\$ 1,090,369</u>	<u>\$ -</u>	<u>\$ 61,325</u>	<u>\$ 882,178</u>	<u>\$ 366,680</u>	<u>\$ 5,410,838</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 16,652
-	-	-	-	-	5,699	5,699
-	-	-	-	-	187	187
-	-	-	-	-	8,500	-
-	-	-	-	-	-	23,333
-	-	-	-	-	-	124,364
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 61,327</u>	<u>\$ -</u>	<u>\$ 14,386</u>	<u>\$ 170,235</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 176,480	\$ 176,480
-	1,090,369	-	-	882,178	-	1,972,547
272,619	-	-	61,325	-	162,681	1,166,566
-	-	-	-	-	13,133	1,925,010
<u>\$ 272,619</u>	<u>\$ 1,090,369</u>	<u>\$ -</u>	<u>\$ 61,325</u>	<u>\$ 882,178</u>	<u>\$ 352,294</u>	<u>\$ 5,240,603</u>
<u>\$ 272,619</u>	<u>\$ 1,090,369</u>	<u>\$ -</u>	<u>\$ 122,652</u>	<u>\$ 882,178</u>	<u>\$ 366,680</u>	<u>\$ 5,410,838</u>



**Lynn County, Texas**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance - Modified Cash Basis**  
**Governmental Funds**  
**For the Year Ended September 30, 2014**

	<u>General Fund</u>	<u>Precinct 1</u>	<u>Precinct 2</u>	<u>Precinct 3</u>
<b>Revenues</b>				
Property Tax	\$ 2,448,221	\$ -	\$ -	\$ -
Local Sales Tax	7,151	-	-	-
Licenses, Permits and Other Taxes	18,824	69,337	69,349	69,349
Intergovernmental Revenues	65,682	9,025	9,025	9,025
Fee Collections	206,849	-	-	-
Other Fees	62,346	-	-	-
Interest Earned	31,689	1,722	2,141	2,114
Other Revenues	183,447	-	-	-
<b>Total Revenues</b>	<u>\$ 3,024,209</u>	<u>\$ 80,084</u>	<u>\$ 80,515</u>	<u>\$ 80,488</u>
<b>Expenditures</b>				
Financial and Administration	\$ 218,137	\$ -	\$ -	\$ -
Judicial and Legal	455,954	-	-	-
General County Buildings	204,774	-	-	-
Central Administration	382,492	-	-	-
Libraries	22,652	-	-	-
Social Services - Public Welfare	31,698	-	-	-
Social Services - Health	3,750	-	-	-
Transportation - Highways	-	239,973	163,726	249,970
Public Safety - Police	678,841	-	-	-
Public Safety - Correction	671,075	-	-	-
Public Safety - Fire	21,750	-	-	-
Environment - Animal Control	68,953	-	-	-
Environment - Natural Resources	77,484	-	-	-
Miscellaneous	38,348	-	-	-
<b>Total Expenditures</b>	<u>\$ 2,875,908</u>	<u>\$ 239,973</u>	<u>\$ 163,726</u>	<u>\$ 249,970</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>\$ 148,301</u>	<u>\$(159,889)</u>	<u>\$ (83,211)</u>	<u>\$(169,482)</u>
<b>Other Financing Sources (Uses)</b>				
Transfer to Other Funds	\$ -	\$ -	\$ -	\$ -
Transfer from Other Funds	-	120,920	120,920	120,920
Debt Service Proceeds	-	78,410	-	94,000
Debt Service Principal Paid	-	(28,329)	(34,372)	(15,931)
<b>Total Other Financing Sources (Uses)</b>	<u>\$ -</u>	<u>\$ 171,001</u>	<u>\$ 86,548</u>	<u>\$ 198,989</u>
<b>Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other Uses</b>	<u>\$ 148,301</u>	<u>\$ 11,112</u>	<u>\$ 3,337</u>	<u>\$ 29,507</u>
<b>Fund Balance, Beginning of Year</b>	<u>\$ 1,801,690</u>	<u>\$ 183,236</u>	<u>\$ 214,674</u>	<u>\$ 228,075</u>
<b>Prior Period Adjustment</b>	<u>\$ (38,114)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Fund Balance, End of Year</b>	<u>\$ 1,911,877</u>	<u>\$ 194,348</u>	<u>\$ 218,011</u>	<u>\$ 257,582</u>

The accompanying notes are an integral part of this statement.

<u>Precinct 4</u>	<u>Restoration</u>	<u>Laterals</u>	<u>Road and Bridge</u>	<u>Jail I&amp;S Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ -	\$ 22,914	\$ -	\$ 573,162	\$ 87,830	\$ -	\$ 3,132,127
-	99,630	-	-	-	-	106,781
69,349	-	-	55,280	10,028	-	361,516
9,025	-	26,172	36,102	-	-	164,056
-	-	-	-	-	-	206,849
-	-	-	-	-	146,986	209,332
2,642	12,350	-	-	9,767	2,228	64,653
-	-	-	-	188,025	4,295	375,767
<u>\$ 81,016</u>	<u>\$ 134,894</u>	<u>\$ 26,172</u>	<u>\$ 664,544</u>	<u>\$ 295,650</u>	<u>\$ 153,509</u>	<u>\$ 4,621,081</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 218,137
-	-	-	-	-	150,536	606,490
-	-	-	-	-	-	204,774
-	26,433	-	-	-	17,525	426,450
-	-	-	-	-	-	22,652
-	-	-	-	-	-	31,698
-	-	-	-	-	1,177	4,927
149,080	-	26,172	124,349	-	-	953,270
-	-	-	-	-	-	678,841
-	-	-	-	54,913	10,805	736,793
-	-	-	-	-	-	21,750
-	-	-	-	-	-	68,953
-	-	-	-	-	-	77,484
-	-	-	-	-	-	38,348
<u>\$ 149,080</u>	<u>\$ 26,433</u>	<u>\$ 26,172</u>	<u>\$ 124,349</u>	<u>\$ 54,913</u>	<u>\$ 180,043</u>	<u>\$ 4,090,567</u>
<u>\$ (68,064)</u>	<u>\$ 108,461</u>	<u>\$ -</u>	<u>\$ 540,195</u>	<u>\$ 240,737</u>	<u>\$ (26,534)</u>	<u>\$ 530,514</u>
\$ -	\$ -	\$ -	\$ (483,680)	\$ -	\$ -	\$ (483,680)
120,920	-	-	-	-	-	483,680
-	-	-	-	-	-	172,410
(18,628)	-	-	(20,520)	(140,000)	-	(257,780)
<u>\$ 102,292</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (504,200)</u>	<u>\$ (140,000)</u>	<u>\$ -</u>	<u>\$ (85,370)</u>
\$ 34,228	\$ 108,461	\$ -	\$ 35,995	\$ 100,737	\$ (26,534)	\$ 445,144
\$ 238,391	\$ 981,908	\$ -	\$ 25,330	\$ 781,441	\$ 378,828	\$ 4,833,573
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (38,114)
<u>\$ 272,619</u>	<u>\$ 1,090,369</u>	<u>\$ -</u>	<u>\$ 61,325</u>	<u>\$ 882,178</u>	<u>\$ 352,294</u>	<u>\$ 5,240,603</u>



**Lynn County, Texas**  
**Statement of Fiduciary Assets and Liabilities**  
**September 30, 2014**

	<b>Agency Funds</b>
<b>Assets</b>	
Cash	\$ 199,263
Due from District Clerk	366
<b>Total Assets</b>	<b>\$ 199,629</b>
<b>Liabilities</b>	
Due to Other Funds	\$ 9,437
Due to County	27,686
Due to Sheriff	50
DC Rec Management	35
Due to Other Governments	21,141
Due to Others	28,367
Cases Pending	112,913
<b>Total Liabilities</b>	<b>\$ 199,629</b>

The accompanying notes are an integral part of this statement.

**Lynn County, Texas**  
**Statement of Revenues, Expenditures and Changes in Fund Balance - Modified Cash Basis**  
**Budget and Actual - General Fund**  
**For the Year Ended September 30, 2014**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable)</u>
<b>Revenues</b>				
Property Tax	\$2,317,735	\$2,317,735	\$2,448,221	\$ 130,486
Local Sales Tax	6,000	6,000	7,151	1,151
Licenses, Permits and Other Taxes	15,000	15,000	18,824	3,824
Intergovernmental Revenues	82,616	82,616	65,682	(16,934)
Fee Collections	385,750	210,750	206,849	(3,901)
Other Fees	59,886	59,886	62,346	2,460
Interest Earned	23,000	23,000	31,689	8,689
Other Revenues	33,000	166,335	183,447	17,112
<b>Total Revenues</b>	<u>\$2,922,987</u>	<u>\$2,881,322</u>	<u>\$3,024,209</u>	<u>\$ 142,887</u>
<b>Expenditures</b>				
Financial and Administration	\$ 231,569	\$ 231,569	\$ 218,137	\$ 13,432
Judicial and Legal	485,102	480,754	455,954	24,800
General County Buildings	221,658	234,108	204,774	29,334
Central Administration	398,596	398,596	382,492	16,104
Libraries	23,753	23,753	22,652	1,101
Social Services - Public Welfare	47,720	47,720	31,698	16,022
Social Services - Health	3,750	3,750	3,750	-
Public Safety - Police	660,072	681,981	678,841	3,140
Public Safety - Correction	588,092	635,605	671,075	(35,470)
Public Safety - Fire	21,750	21,750	21,750	-
Environment - Animal Control	71,809	71,809	68,953	2,856
Environment - Natural Resources	95,491	95,491	77,484	18,007
Miscellaneous	45,000	45,050	38,348	6,702
	<u>\$2,894,362</u>	<u>\$2,971,936</u>	<u>\$2,875,908</u>	<u>\$ 96,028</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>\$ 28,625</u>	<u>\$ (90,614)</u>	\$ 148,301	<u>\$ 238,915</u>
<b>Fund Balance, Beginning of Year</b>			\$1,801,690	
<b>Prior Period Adjustment</b>			<u>\$ (38,114)</u>	
<b>Fund Balance, End of Year</b>			<u>\$1,911,877</u>	

The accompanying notes are an integral part of this statement.



## **Notes to Financial Statements**

**Lynn County, Texas**  
**Notes to Financial Statements**  
**September 30, 2014**

**Note 1 Summary of Significant Accounting Policies**

*General*

Lynn County operates under a County Judge-Commissioners' Court form of government and provides the following services: judicial and legal, county roads, public safety and protection, social services, public welfare, and general administrative services.

*Fund Accounting*

Governmental Fund Types include:

The General Fund that accounts for all financial resources except those required to be accounted for in another fund.

The Special Revenue Funds that account for revenues derived from specific taxes or other earmarked revenue sources.

The Debt Service Fund that accounts for servicing long-term debt not being financed by proprietary and nonexpendable trust funds in a debt service fund.

Fiduciary Fund Types include:

The Agency Funds that account for activities of collecting offices and other types of activities requiring clearing accounts. These funds have no equity, assets are equal to liabilities, and do not include revenues and expenditures for general operations of the County. Since these funds are only used as trust accounts and do not represent funding sources available to the County, the Agency Funds are not included in the government-wide statements.

*Government-Wide and Fund Financial Statements*

Government-Wide Financial Statements:

The government-wide financial statements include the statement of net assets – modified cash basis and the statement of activities – modified cash basis. These statements report financial information for the County as a whole. Individual funds are not displayed, but the statements distinguish governmental activities, generally supported by taxes and County general revenues, from business-type activities, generally financed in whole or in part with fees charged to external customers. The County does not have any business-type activities.

The statement of activities – modified cash basis reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues with a distinct functional activity. Program revenues include: (1) charges for services which report fees, fines, and forfeitures, and other charges to users of the County's services; (2) operating grants and contributions

## **Note 1 (continued)**

which finance annual operating activities including restricted investment income; and (3) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets and include fees to developers. These revenues are subject to externally imposed restrictions to these program uses. Taxes and other revenue sources not properly included with program revenues are reported as general revenues.

### **Fund Financial Statements:**

Fund financial statements are provided for governmental funds. Major individual governmental funds are reported in separate columns with composite columns for non-major funds, if any.

### *Basis of Accounting*

All governmental funds are accounted for using the modified cash basis of accounting, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles. Under the modified cash basis of accounting, revenues are recognized when received. Expenditures are recorded when the related fund liability is paid. Principal and interest on general long-term debt is recognized when due.

### *Budgets*

The County follows the following procedures in establishing the budgetary data reflected in the financial statements:

- (1) Prior to the beginning of each fiscal year, the commissioners, in cooperation with department heads and the county judge, prepare the operating budget which includes proposed expenditures and the means of financing them for the upcoming year, along with estimates for the current year and actual data for the preceding year. The budget is prepared in a detailed line item form.
- (2) Prior to September 30, the budget is legally enacted through passage in Commissioner's Court.
- (3) The County Treasurer submits monthly reports to the Commissioner's Court for review of variances from the approved budget.
- (4) Budgets are adopted on a basis of accounting consistent with the basis of accounting used in financial statement preparation.
- (5) Appropriations lapse at the end of each fiscal year.
- (6) The Commissioner's Court may authorize supplemental appropriations during the year.

The budget information presented in these financial statements was amended during the fiscal year. The original budget was adopted August 26, 2013.

**Note 1 (continued)**

**Basis of Budgeting**

The Budgetary Comparison Schedules include comparisons of the legally adopted budget (more fully described in Note 1) with actual data on a budgetary basis for the general fund that have a budgetary basis that differs from the Modified Cash Basis of Accounting. Accounting principles applied for purposes of developing data on a budgetary basis differ from those used to present financial statements in conformity with the Modified Cash Basis of Accounting. The difference in expenditures between the Modified Cash Basis of Accounting and budgetary basis is reconciled in the table following.

	Governmental Funds
<b>Revenues</b>	
Actual amounts (budgetary basis) "revenues" from the budgetary comparison schedules	\$4,467,572
<b>Adjustments:</b>	
Revenue from Unbudgeted Nonmajor Governmental Funds	153,509
Removal of Original Cost of Disposed Assets	<u>(148,754)</u>
Total revenues as reported on the Statement of Activities – Modified Cash Basis	<u>\$4,472,327</u>
<b>Expenditures</b>	
Actual amounts (budgetary basis) "expenditures" from the budgetary comparison schedules	\$3,910,524
<b>Adjustments:</b>	
Expenditures from Unbudgeted Nonmajor Governmental Funds	180,043
Capital Outlay	<u>(199,718)</u>
Total expenditures as reported on the Statement of Activities – Modified Cash Basis	<u>\$3,890,849</u>

## Note 1 (continued)

### *Investments*

Investments are stated at cost. It is the County's policy to invest only in certificates of deposit.

### *Reserves*

The County records reserves to indicate that a fund balance is legally segregated for a specific use.

### *Property Taxes – Revenue Recognition*

Property taxes are levied on October 1 and are due and payable upon receipt of the tax bill. Taxes not paid by February 1 of the following year become delinquent. On January 1 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed.

### *Pension Plan*

The County is a member of the Texas County and District Retirement System Plan, which covers all eligible full-time employees. The County's policy is to fund pension cost as it is accrued.

### *Total Columns on Combined Statements*

Total columns on the Combined Statements are for information purposes only as data in these columns do not present financial position or results of operations in conformity with generally accepted accounting principles. Interfund eliminations have not been made in the aggregation of this data.

### *Fund Balance Classification*

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the County is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- **Nonspendable:** This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact.
- **Restricted:** This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

**Note 1 (continued)**

- **Committed:** This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the County Commissioners. These amounts cannot be used for any other purpose unless the County Commissioners remove or change the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.
- **Assigned:** This classification includes amounts that are constrained by the County Commissioners' intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the County Commissioners or through the County Commissioners delegating this responsibility to the County Treasurer through the budgetary process.
- **Unassigned:** This classification includes the residual funds of any other governmental funds.

As of September 30, 2014, fund balances are composed of the following:

	<b>Major Governmental Funds</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
Nonspendable	-	-	-
Restricted			
Technology Improvements	-	48,020	48,020
Courthouse Security	-	30,911	30,911
Social Services	-	543	543
Law Enforcement	-	97,006	97,006
Committed			
Debt Service	882,178	-	882,178
Courthouse Restoration	1,090,369	-	1,090,369
Assigned			
Highway & Road Improvements	1,003,885	-	1,003,885
Records Preservation	-	130,107	130,107
Community Development	-	2,800	2,800
Law Enforcement	-	29,774	29,774
Unassigned	1,911,877	13,133	1,925,010
<b>Total Fund Balances</b>	<b>4,888,309</b>	<b>352,294</b>	<b>5,240,603</b>

The County would typically use Restricted fund balances first, followed by Committed resources, and then Assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend Unassigned resources first to defer the use of these other classified funds.

## **Note 2 Delinquent Taxes Receivable**

Delinquent taxes are collected by the General Fund. Allowances for uncollectible taxes are based upon historical experience in collecting property taxes.

## **Note 3 Employees Pension Plans**

### *Plan Description*

Lynn County provides retirement, disability, and death benefits for all of its full-time employees through a nontraditional defined benefit pension plan in the statewide Texas County and District Retirement System (TCDRS). The Board of Trustees of TCDRS is responsible for the administration of the statewide agent multiple-employer public employee retirement system consisting of 602 nontraditional defined benefit pension plans. TCDRS in the aggregate issues a comprehensive annual financial report (CAFR) on a calendar year basis. The CAFR is available upon written request from the TCDRS Board of Trustees at PO Box 2034; Austin, Texas 78768-2034.

The plan provisions are adopted by the governing body of the employer, within the options available in the Texas state statutes governing TCDRS (TCDRS Act). Members can retire at ages 60 and above with eight or more years of service, with 30 years of service regardless of age, or when the sum of their age and years of service equals 80 or more. Members are vested after eight years of service, but must leave their accumulated contributions in the plan to receive any employer-financed benefit. Members who withdraw their personal contributions in a lump sum are not entitled to any amounts contributed by their employer.

Benefit amounts are determined by the sum of the employee's contributions to the plan with interest, and the employer-financed monetary credits. The level of these monetary credits is adopted by the governing body of the employer within the actuarial constraints imposed by the TCDRS Act so that the resulting benefits can be expected to be adequately financed by the employer's commitment to contribute. At retirement, death, or disability, the benefit is calculated by converting the sum of the employee's accumulated contributions and the employer financed monetary credits to a monthly annuity using annuity purchase rates prescribed by the TCDRS Act.

### *Funding Policy*

The employer has elected the annually determined contribution rate (ADCR) plan provisions of the TCDRS Act. The plan is funded by monthly contributions from both employee members and the employer based on the covered payroll of employee members. Under the TCDRS Act, the contribution rate of the employer is actuarially determined annually. However, the governing body of the employer elected to pay a rate of 6.00% that exceeded the calculated rate as allowed by the provisions of the TCDRS Act. The contribution rate payable by the employee members is the rate of 5.00% as adopted by the governing body of the employer. The employee contribution rate and the employer contribution rate may be changed by the governing body of the employer within the options available in the TCDRS Act.

**Note 3 (continued)**

*GASB 27 Calculation Information*

	<u>2013</u>	<u>2014</u>
GASB 27 compliant contribution rate	2.10%	2.15%
Assumed return on employer funds	9.00%	9.00%
Actuarial amortization factor	13.6578	13.6578
Contribution rate	3.00%	3.00%

*Actuarial Information*

Actuarial valuation date	12/31/11	12/31/12	12/31/13
Actuarial cost method	entry age	entry age	entry age
Amortization method	level	level	level
	percentage of	percentage of	percentage of
	payroll, open	payroll, open	payroll, open
Amortization period in years	30.0	30.0	30.0
Asset valuation method			
Subdivision Accumulation Fund	10-yr smoothed value	10-yr smoothed value	5-yr smoothed value
Employees Saving Fund	Fund Value	Fund Value	Fund Value
Assumptions:			
Investment return	8.0%	8.0%	8.0%
Projected salary increases	5.4%	5.4%	4.9%
Inflation	3.5%	3.5%	3.0%
Cost-of-living adjustments	0.0%	0.0%	0.0%

*Annual Pension Cost*

The required contribution was determined as part of the December 31, 2013, actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at December 31, 2013, included (a) 8.0 percent investment rate of return (net of administrative expenses), and (b) projected salary increases of 4.9 percent. Both (a) and (b) included an inflation component of 3.0 percent. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a ten-year period. The unfunded actuarial accrued liability is being amortized as a level percentage of payroll on an open basis. The remaining amortization period at December 31, 2013, was 30 years.



**Note 3 (continued)**

*Funded Status and Funding Progress*

As of December 31, 2013, the most recent actuarial valuation date, the plan was 112.78 percent funded. The actuarial accrued liability for benefits was \$2,214,893, and the actuarial value of assets was \$2,497,943, resulting in an overfunded actuarial accrued liability (OAAL) of \$283,050. The covered payroll (annual payroll of active employees covered by the plan) was \$1,623,663, and the ratio of the OAAL to the covered payroll was -17.43 percent.

The schedule of funding progress presented as Required Supplementary Information (RSI) following the notes to the financial statements, present multi-year trend information about whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

1. The annual covered payroll based on the employee contributions received by TCDRS for the year ending with the valuation date.
2. Revised economic and demographic assumptions due to an experience review were reflected in this valuation.

*Note Disclosure Variables*

<b>1. Plan Description</b>	<b>2013*</b>	<b>2014*</b>
Number of participating subdivisions	641	656
Years required for vesting and retirement at age 60	8	8
Rule of Lynn County for retirement eligibility	75	75
Service years for retirement at any age	30	30
Partial Lump-sum payment option	Yes	Yes
 <b>2. Funding Policy</b>		
Contribution rate for employer	3.00%	3.00%
Deposit rate for employees	5.00%	5.00%
 <b>3. Other</b>		
Elected rate in effect	Yes	Yes

(\*) - relates to the plan year

*Trend Information for the Retirement Plan for the Employees of Lynn County, Texas*

Accounting Year End	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
9/30/12	46,532	100%	-
9/30/13	47,419	100%	-
9/30/14	49,863	100%	-

**Note 4 Changes in General Fixed Assets**

A summary of changes in General Fixed Assets is as follows:

	Balance 9/30/13	Additions	Deletions	Balance 9/30/14
Land	\$ 230,150	\$ -	\$ -	\$ 230,150
Buildings and Improvements	3,549,264	-	-	3,549,264
Machinery and Equipment	3,774,761	474,715	423,754	3,825,722
Furniture and Fixtures	125,785	-	-	125,785
Construction In Progress	457,357	-	-	457,357
	<u>\$ 8,137,317</u>	<u>\$474,715</u>	<u>\$ 423,754</u>	<u>\$ 8,188,278</u>

The County capitalizes equipment purchased with a cost in excess of \$5,000 and a useful life of more than one year. All items not meeting these requirements are expensed and not added to the General Fixed Assets. Depreciation is not computed when using the modified cash basis of accounting.

**Note 5 Long - Term Debt**

Long-term debt at September 30, 2014, consists of the following:

	<u>Current</u>	<u>Total</u>
3.5% to 4.0% General Obligation Refunding Bonds, Series 2006; secured by ad valorem taxes and other revenues from county operations; due in annual installments of \$15,000 to \$195,000 to February 15, 2022. Interest is paid semi-annually on the unpaid balance.	140,000	1,340,000
2.9% note payable to First Bank & Trust; annual installments of \$16,914.88, including interest, secured by a Caterpillar Grader – Precinct #1	15,441	78,410
3.25% note payable to First Bank & Trust; annual installments of \$18,055.86, including interest to August of 2016, secured by a Caterpillar Grader - Precinct #2	16,938	34,401
3.5% note payable to First Bank & Trust; annual installments of \$19,962.25, including interest to October of 2016, secured by a Caterpillar Grader - Precinct #2	18,640	37,768

3.0% note payable to First Bank & Trust; annual installments of \$10,805.99, including interest to September of 2016, secured by a Caterpillar Grader – Precinct #4	9,891	30,517
2.9% note payable to First Bank & Trust; annual installments of \$20,369.41, including interest to November of 2018, secured by a Caterpillar Grader – Precinct 3	17,643	94,000
3.0% note payable to First Bank & Trust; annual installments of \$17,707.98, including interest to November of 2018, secured by a Caterpillar Grader- Precinct #1.	15,735	65,754
<b>Total Long-Term Debt</b>	<b>\$ 234,288</b>	<b>\$ 1,680,850</b>

Interest expense included in the financial statements was \$63,477 for the year ended September 30, 2014.

Notes & Bonds Payable mature as follows:

Year Ended September 30,	Principal	Interest	Total
2015	234,288	58,978	293,266
2016	246,229	51,600	297,829
2017	221,341	42,657	263,998
2018	212,318	34,875	247,193
2019	206,674	26,410	233,084
2020-2022	560,000	34,200	594,200
<b>Total</b>	<b>\$ 1,680,850</b>	<b>\$ 248,720</b>	<b>\$ 1,929,570</b>

The following is a summary of long-term debt activity for the year ended September 30, 2014:

Description and Purpose	Balance September 30, 2013	Issued	Retired	Balance September 30, 2014
<b>Governmental Activity</b>				
Certificates of Obligation	\$1,480,000	\$ -	\$ 140,000	\$1,340,000
Note Payable – Caterpillar Maintainer	12,974	-	12,974	-
Note Payable – Caterpillar Maintainer	15,931	-	15,931	-
Note Payable – Caterpillar Grader	55,757	-	17,989	37,768
Note Payable – Caterpillar Grader	9,146	-	9,146	-
Note Payable – Caterpillar Grader	50,783	-	16,382	34,401
Note Payable – Caterpillar Grader	81,110	-	15,356	65,754
Note Payable – Caterpillar Backhoe	20,520	-	20,520	-
Note Payable – Caterpillar Grader	40,000	-	9,483	30,517
Note Payable – Caterpillar Grader	-	78,410	-	78,410
Note Payable – Caterpillar Grader	-	94,000	-	94,000
<b>Total Governmental Activity</b>	<b>\$1,766,221</b>	<b>\$ 172,410</b>	<b>\$ 257,781</b>	<b>\$1,680,850</b>

**Note 6 Deposits, Deposit Collateral, and Investments**

The County's funds are required to be deposited and invested under the terms of a depository contract pursuant to the Public Funds Investment Act of 1987. The depository bank is required to deposit for safekeeping and trust with the County's bank, approved pledged securities in an amount sufficient to protect County funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's amount of Federal Deposit Insurance Corporation (FDIC) insurance. It is the County's policy not to invest in foreign currency.

The County's cash deposits at September 30, 2014, were entirely covered by FDIC insurance or by a security bond and pledged securities held by the County's agent bank.

All deposits of the County are held at First Bank & Trust, Tahoka, Texas. At September 30, 2014, the total amount on deposit was \$5,604,917. Collateral for deposits consists of a security bond, held in the name of First Bank & Trust and marked as pledged to Lynn County, with a value of \$7,416,765 as of September 30, 2014.

Cash deposits held at financial institutions can be categorized according to three levels of risk. These levels of risk are:

- Category 1 Deposits that are insured or collateralized with securities held by the entity or by its agent in the entity's name.
- Category 2 Deposits that are collateralized with securities held by the pledging financial institution's trust department or agent in the entity's name.
- Category 3 Deposits that are not collateralized.

Based on the three levels of risk, all of the County's cash deposits are classified as category 2. The County maintains an investment policy that is updated as necessary.

**Note 7 Interfund Receivables and Payables**

Fees are collected by each agency fund and then distributed to the appropriate agency on a monthly basis. The interfund receivables and payables are the amounts collected as of September 30, 2014, but not distributed before month end. Interfund balances at September 30, 2014, consisted of the following individual fund balances:

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
General Fund: Agency Fund	\$ 27,686	\$ -
Special Revenue Fund: Agency Fund	9,437	-
Trust and Agency Funds :		
General Fund	-	27,686
Agency Fund	-	9,437
<b>Total</b>	<u>\$ 37,123</u>	<u>\$ 37,123</u>

**Note 8 Subsequent Events**

There were no subsequent events required to be reported.

**Note 9 Commitments and Contingencies**

There were no commitments or contingencies to be reported at September 30, 2014.

**Note 10 Litigation**

There was no pending or threatened litigation involving the County at September 30, 2014.

**Note 11 Related Organizations**

There were no "related organizations" of the County as defined by *Government Accounting Standards Board Statement No. 14*.

**Note 12 Prior Period Adjustment**

Prior period transfers for local match funds to the Lynn County Juvenile Probation Department were recorded on the Lynn Country Juvenile Probation Department books, but not on the Lynn County books.

## **Required Supplementary Information**

**Required Supplementary Information**  
**Lynn County, Texas**  
**Precinct 1**  
**Budgetary Comparison Schedule**  
**For the Year Ended September 30, 2014**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable)</u>
<b>Revenue</b>				
Auto Registration	\$ 65,000	\$ 65,000	\$ 69,337	\$ 4,337
Axle Weight Fees	7,000	7,000	9,025	2,025
Interest Earned	500	500	1,722	1,222
<b>Total Revenue</b>	<u>\$ 72,500</u>	<u>\$ 72,500</u>	<u>\$ 80,084</u>	<u>\$ 7,584</u>
<b>Expenditures</b>				
Salaries	\$ 50,606	\$ 50,606	\$ 50,606	\$ -
Overtime	2,000	2,000	146	1,854
Longevity	2,180	2,180	2,180	-
Unemployment Insurance	60	60	-	60
Medicare Tax	794	794	810	(16)
Social Security	3,397	3,397	3,463	(66)
Health Insurance	17,038	17,038	20,234	(3,196)
Retirement	1,584	1,584	1,862	(278)
Travel Allowance	4,800	4,800	4,800	-
Miscellaneous	1,200	1,200	1,162	38
Materials	4,000	3,005	-	3,005
Equipment Insurance	2,450	2,450	1,793	657
Gas/Fuel	40,000	40,000	35,972	4,028
Bonds/Dues/Fees	50	50	50	-
Equipment Repair	27,000	32,910	32,910	-
Utilities/Phone	2,085	2,085	1,896	189
Training Schools	900	900	840	60
Equipment Note Interest	530	2,844	2,839	5
Capital Outlay	13,000	3,793	78,410	(74,617)
<b>Total Expenditures</b>	<u>\$ 173,674</u>	<u>\$ 171,696</u>	<u>\$ 239,973</u>	<u>\$ (68,277)</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>\$(101,174)</u>	<u>\$ (99,196)</u>	<u>\$ (159,889)</u>	<u>\$ (60,693)</u>
<b>Other Source (Uses)</b>				
Transfers from Other Funds	\$ 120,920	\$ 110,920	\$ 120,920	\$ 10,000
Debt Service Proceeds	-	-	78,410	78,410
Debt Service Principal Paid	(12,975)	(28,331)	(28,329)	2
<b>Total Other Sources (Uses)</b>	<u>\$ 107,945</u>	<u>\$ 82,589</u>	<u>\$ 171,001</u>	<u>\$ 88,412</u>
<b>Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other Uses</b>	<u>\$ 6,771</u>	<u>\$ (16,607)</u>	<u>\$ 11,112</u>	<u>\$ 27,719</u>
<b>Fund Balance, Beginning of Year</b>			<u>\$ 183,236</u>	
<b>Fund Balance, End of Year</b>			<u>\$ 194,348</u>	

The accompanying notes are an integral part of this statement.

**Required Supplementary Information  
Lynn County, Texas  
Precinct 2  
Budgetary Comparison Schedule  
For the Year Ended September 30, 2014**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable)</u>
<b>Revenue</b>				
Auto Registration	\$ 65,000	\$ 65,000	\$ 69,349	\$ 4,349
Axle Weight Fees	7,000	7,000	9,025	2,025
Interest Earned	500	500	2,141	1,641
<b>Total Revenue</b>	<u>\$ 72,500</u>	<u>\$ 72,500</u>	<u>\$ 80,515</u>	<u>\$ 8,015</u>
<b>Expenditures</b>				
Salaries	\$ 50,606	\$ 50,606	\$ 50,850	\$ (244)
Overtime	9,372	4,622	1,213	3,409
Longevity	847	847	847	-
Unemployment Insurance	67	67	-	67
Medicare Tax	882	882	826	56
Social Security	3,771	3,771	3,533	238
Health Insurance	17,038	17,038	20,630	(3,592)
Retirement	1,544	1,544	1,871	(327)
Travel Allowance	4,800	4,800	4,800	-
Miscellaneous	1,000	4,735	4,732	3
Materials	1,000	-	-	-
Equipment Insurance	3,508	2,733	2,728	5
Gas/Fuel	40,000	45,094	45,093	1
Bonds/Dues/Fees	50	100	100	-
Equipment Repair	15,000	21,071	21,070	1
Utilities/Phone	2,000	1,360	1,352	8
Training Schools	300	435	434	1
Capital Outlay	1,480	-	-	-
Equipment Note Interest	3,655	3,655	3,647	8
<b>Total Expenditures</b>	<u>\$ 156,920</u>	<u>\$ 163,360</u>	<u>\$ 163,726</u>	<u>\$ (366)</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>\$ (84,420)</u>	<u>\$ (90,860)</u>	<u>\$ (83,211)</u>	<u>\$ 7,649</u>
<b>Other Source (Uses)</b>				
Transfers from Other Funds	\$ 120,920	\$ 110,920	\$ 120,920	\$ 10,000
Debt Service Principal Paid	(34,370)	(34,370)	(34,372)	(2)
<b>Total Other Sources (Uses)</b>	<u>\$ 86,550</u>	<u>\$ 76,550</u>	<u>\$ 86,548</u>	<u>\$ 9,998</u>
<b>Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other Uses</b>	<u>\$ 2,130</u>	<u>\$ (14,310)</u>	<u>\$ 3,337</u>	<u>\$ 17,647</u>
<b>Fund Balance, Beginning of Year</b>			<u>\$ 214,674</u>	
<b>Fund Balance, End of Year</b>			<u>\$ 218,011</u>	

The accompanying notes are an integral part of this statement.



**Required Supplementary Information  
Lynn County, Texas  
Precinct 3  
Budgetary Comparison Schedule  
For the Year Ended September 30, 2014**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable)</u>
<b>Revenue</b>				
Auto Registration	\$ 65,000	\$ 65,000	\$ 69,349	\$ 4,349
Axle Weight Fees	7,000	7,000	9,025	2,025
Interest Earned	500	500	2,114	1,614
<b>Total Revenue</b>	<u>\$ 72,500</u>	<u>\$ 72,500</u>	<u>\$ 80,488</u>	<u>\$ 7,988</u>
<b>Expenditures</b>				
Salaries	\$ 50,606	\$ 50,606	\$ 51,282	\$ (676)
Part Time/Overtime	4,000	4,000	328	3,672
Longevity	1,070	1,070	1,070	-
Unemployment Insurance	61	61	-	61
Medicare Tax	807	807	775	32
Social Security	3,452	3,452	3,314	138
Health Insurance	17,038	17,038	20,236	(3,198)
Retirement	1,550	1,550	1,813	(263)
Bonds, Dues & Fees	50	50	-	50
Travel Allowance	4,800	4,800	4,800	-
Miscellaneous	1,000	1,000	-	1,000
Materials	6,000	4,000	2,036	1,964
Equipment Insurance	3,500	3,500	2,821	679
Gas/Fuel	40,000	45,000	45,091	(91)
Equipment Repair	24,966	21,966	19,122	2,844
Utilities/Phone	3,600	3,600	2,572	1,028
Training Schools	500	500	440	60
Interest Expense	685	685	270	415
Capital Outlay	11,000	11,000	94,000	(83,000)
<b>Total Expenditures</b>	<u>\$ 174,685</u>	<u>\$ 174,685</u>	<u>\$ 249,970</u>	<u>\$ (75,285)</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>\$ (102,185)</u>	<u>\$ (102,185)</u>	<u>\$ (169,482)</u>	<u>\$ (67,297)</u>
<b>Other Source (Uses)</b>				
Transfers from Other Funds	\$ 120,920	\$ 110,920	\$ 120,920	\$ 10,000
Debt Service Principal Paid	(15,935)	(15,935)	(15,931)	4
Debt Service Proceeds	-	-	94,000	94,000
<b>Total Other Sources (Uses)</b>	<u>\$ 104,985</u>	<u>\$ 94,985</u>	<u>\$ 198,989</u>	<u>\$ 104,004</u>
<b>Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other Uses</b>	<u>\$ 2,800</u>	<u>\$ (7,200)</u>	<u>\$ 29,507</u>	<u>\$ 36,707</u>
<b>Fund Balance, Beginning of Year</b>			<u>\$ 228,075</u>	
<b>Fund Balance, End of Year</b>			<u>\$ 257,582</u>	

The accompanying notes are an integral part of this statement.

**Required Supplementary Information**  
**Lynn County, Texas**  
**Precinct 4**  
**Budgetary Comparison Schedule**  
**For the Year Ended September 30, 2014**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable)</u>
<b>Revenue</b>				
Auto Registration	\$ 65,000	\$ 65,000	\$ 69,349	\$ 4,349
Axle Weight Fees	7,000	7,000	9,025	2,025
Interest Earned	500	500	2,642	2,142
<b>Total Revenue</b>	<u>\$ 72,500</u>	<u>\$ 72,500</u>	<u>\$ 81,016</u>	<u>\$ 8,516</u>
<b>Expenditures</b>				
Salaries	\$ 50,606	\$ 50,606	\$ 51,490	\$ (884)
Overtime/Holiday	3,500	3,500	1,651	1,849
Unemployment Insurance	60	60	-	60
Medicare Tax	785	785	829	(44)
Social Security	3,355	3,355	3,544	(189)
Health Insurance	17,038	17,038	20,901	(3,863)
Retirement	1,518	1,518	1,904	(386)
Travel Allowance	4,800	4,800	4,800	-
Miscellaneous	762	762	-	762
Materials	9,000	9,000	870	8,130
Bonds/Dues/Fees	50	50	-	50
Equipment Insurance	3,000	3,190	3,189	1
Gas/Fuel	40,000	40,000	39,056	944
Equipment Repair	25,000	24,610	17,994	6,616
Utilities/Phone	1,500	1,700	594	1,106
Training Schools	1,000	1,000	659	341
Interest Expense	1,620	1,620	1,599	21
Capital Outlay	15,000	15,000	-	15,000
<b>Total Expenditures</b>	<u>\$ 178,594</u>	<u>\$ 178,594</u>	<u>\$ 149,080</u>	<u>\$ 29,514</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>\$ (106,094)</u>	<u>\$ (106,094)</u>	<u>\$ (68,064)</u>	<u>\$ 38,030</u>
<b>Other Source (Uses)</b>				
Transfers from Other Funds	\$ 120,920	\$ 110,920	\$ 120,920	\$ 10,000
Debt Service Principal Paid	(18,615)	(18,615)	(18,628)	(13)
<b>Total Other Sources (Uses)</b>	<u>\$ 102,305</u>	<u>\$ 92,305</u>	<u>\$ 102,292</u>	<u>\$ 9,987</u>
<b>Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other Uses</b>	<u>\$ (3,789)</u>	<u>\$ (13,789)</u>	<u>\$ 34,228</u>	<u>\$ 48,017</u>
<b>Fund Balance, Beginning of Year</b>			<u>\$ 238,391</u>	
<b>Fund Balance, End of Year</b>			<u>\$ 272,619</u>	

The accompanying notes are an integral part of this statement.

**Required Supplementary Information  
Lynn County, Texas  
Restoration Fund  
Budgetary Comparison Schedule  
For the Year Ended September 30, 2014**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable)</u>
<b>Revenue</b>				
Property Tax	\$ 21,731	\$ 21,731	\$ 22,914	\$ 1,183
Local Sales Tax	95,000	95,000	99,630	4,630
Interest Earned	7,000	7,000	12,350	5,350
<b>Total Revenue</b>	<u>\$ 123,731</u>	<u>\$ 123,731</u>	<u>\$ 134,894</u>	<u>\$ 11,163</u>
<b>Expenditures</b>				
Miscellaneous Expense	\$ -	\$ 3,907	\$ 26,433	\$ (22,526)
<b>Total Expenditures</b>	<u>\$ -</u>	<u>\$ 3,907</u>	<u>\$ 26,433</u>	<u>\$ (22,526)</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>\$ 123,731</u>	<u>\$ 119,824</u>	\$ 108,461	<u>\$ (11,363)</u>
<b>Fund Balance, Beginning of Year</b>			<u>\$ 981,908</u>	
<b>Fund Balance, End of Year</b>			<u>\$ 1,090,369</u>	

The accompanying notes are an integral part of this statement.

**Required Supplementary Information  
Lynn County, Texas  
Road and Bridge  
Budgetary Comparison Schedule  
For the Year Ended September 30, 2014**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable)</u>
<b>Revenue</b>				
Property Tax	\$ 543,264	\$ 543,264	\$ 573,162	\$ 29,898
Licenses, Permits & Other Taxes	49,000	49,000	55,280	6,280
State Revenue	27,000	27,000	36,102	9,102
Interest Income	3,000	3,000	-	(3,000)
<b>Total Revenue</b>	<u>\$ 622,264</u>	<u>\$ 622,264</u>	<u>\$ 664,544</u>	<u>\$ 42,280</u>
<b>Expenditures</b>				
Salaries	\$ 80,255	\$ 80,255	\$ 81,363	\$ (1,108)
Longevity	2,043	2,043	2,043	-
Medicare Tax	1,193	1,193	1,189	4
Social Security	5,102	5,102	5,083	19
Health Insurance	34,076	34,076	29,898	4,178
Retirement	2,469	2,469	2,687	(218)
Bonds/Dues/Fees	1,000	1,000	1,000	-
Insurance	200	200	96	104
Repairs & Maintenance	5,000	5,000	212	4,788
Interest	560	745	778	(33)
<b>Total Expenditures</b>	<u>\$ 131,898</u>	<u>\$ 132,083</u>	<u>\$ 124,349</u>	<u>\$ 7,734</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>\$ 490,366</u>	<u>\$ 490,181</u>	<u>\$ 540,195</u>	<u>\$ (50,014)</u>
<b>Other Source (Uses)</b>				
Transfers to Other Funds	\$(443,681)	\$(597,361)	\$(483,680)	\$ (113,681)
Debt Service Payments	(6,685)	(20,555)	(20,520)	(35)
<b>Total Other Sources (Uses)</b>	<u>\$(450,366)</u>	<u>\$(617,916)</u>	<u>\$(504,200)</u>	<u>\$ (113,716)</u>
<b>Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other Uses</b>	<u>\$ 40,000</u>	<u>\$(127,735)</u>	<u>\$ 35,995</u>	<u>\$ (163,730)</u>
<b>Fund Balance, Beginning of Year</b>			<u>\$ 25,330</u>	
<b>Fund Balance, End of Year</b>			<u>\$ 61,325</u>	

The accompanying notes are an integral part of this statement.

**Required Supplementary Information  
Lynn County, Texas  
Jail I&S  
Budgetary Comparison Schedule  
For the Year Ended September 30, 2014**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable)</u>
<b>Revenue</b>				
Property Taxes	\$ 79,679	\$ 79,679	\$ 87,830	\$ 8,151
Licenses, Permits and Other Taxes	30,000	30,000	10,028	(19,972)
Interest Earned	8,500	8,500	9,767	1,267
Other Revenues	15,000	115,000	188,025	73,025
<b>Total Revenue</b>	<u>\$ 133,179</u>	<u>\$ 233,179</u>	<u>\$ 295,650</u>	<u>\$ 62,471</u>
<b>Expenditures</b>				
Bond Fees	\$ 590	\$ 590	\$ 300	\$ 290
Postage	20	20	-	20
Interest Expense	54,613	54,613	54,613	-
<b>Total Expenditures</b>	<u>\$ 55,223</u>	<u>\$ 55,223</u>	<u>\$ 54,913</u>	<u>\$ 310</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>\$ 77,956</u>	<u>\$ 177,956</u>	<u>\$ 240,737</u>	<u>\$ 62,781</u>
<b>Other Source (Uses)</b>				
Debt Service Principal Paid	<u>\$(140,000)</u>	<u>\$(140,000)</u>	<u>\$(140,000)</u>	<u>\$ -</u>
<b>Total Other Sources (Uses)</b>	<u>\$(140,000)</u>	<u>\$(140,000)</u>	<u>\$(140,000)</u>	<u>\$ -</u>
<b>Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other Uses</b>	<u><u>\$ (62,044)</u></u>	<u><u>\$ 37,956</u></u>	<u>\$ 100,737</u>	<u><u>\$ 62,781</u></u>
<b>Fund Balance, Beginning of Year</b>			<u>\$ 781,441</u>	
<b>Fund Balance, End of Year</b>			<u><u>\$ 882,178</u></u>	

The accompanying notes are an integral part of this statement.

**Required Supplementary Information  
Lynn County, Texas  
Schedule of Funding Progress  
Texas County and District Retirement System  
For the Year Ended September 30, 2014**

Actuarial valuation date	12/31/2011	12/31/2012	12/31/2013
Actuarial value of assets	2,336,345	2,308,349	2,497,943
Actuarial accrued liability (AAL)	2,082,750	2,070,074	2,214,893
Unfunded or (overfunded) actuarial accrued liability [UAAL or (OAAL)]	(253,595)	(238,275)	(283,050)
Funded Ratio	112.18%	111.51%	112.78%
Annual covered payroll (actuarial)	1,519,572	1,561,807	1,623,663
UAAL or (OAAL) as percentage of covered payroll	-16.69%	-15.26%	-17.43%

The accompanying notes are an integral part of this statement.

# **Compliance and Internal Controls Section**

Steve Gary, C.P.A., PC  
James Bowers, C.P.A., PC  
Eric Miller, C.P.A., PC  
Melvin Eaker, C.P.A., PC  
Lindi Stapp, C.P.A., PC



A Partnership of  
Professional Corporations

**Independent Auditor's Report on Internal Control over Financial Reporting and on  
Compliance and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance with *Government Auditing Standards***

Honorable Mike Braddock, Judge  
And County Commissioners  
Lynn County  
Tahoka, Texas 79373

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Lynn County, Texas, as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated August 7, 2015.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Lynn County, Texas' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Lynn County, Texas' internal control. Accordingly, we do not express an opinion on the effectiveness of Lynn County, Texas' internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses, or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weakness. However material weaknesses may exist that have not been identified.



## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Lynn County, Texas' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of the Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Gary, Bowers & Miller*

Gary, Bowers & Miller  
August 7, 2015