

BOLINGER, SEGARS, GILBERT & MOSS, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

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January 12, 2022

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

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Lynn County, Texas (the County) for the year ended September 30, 2021. Professional standards require that we provide you with information about 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 May 4, 2021. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the County are described in the notes to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the fiscal year ending September 30, 2021. We noted no transactions entered into by the County during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements are:

Management's estimate for the useful lives of capital assets is based on industry practice. We evaluated the key factors and assumptions used to develop the 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:

The disclosure of tax abatements in the notes to the financial statements, given that the County is foregoing a material amount of tax revenue in making those agreements.

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 corrected all such misstatements. All entries made as a result of audit procedures were corrected by management and are attached to this letter.

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 January 12, 2022.

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 County'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.

Other Matters

We were not engaged to report on budgetary comparison schedules, combining schedules, pension schedules, or the schedule of capital leases, which accompany the 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 it.

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We were engaged to report on the schedule of expenditures of state awards, which accompany the financial statements. With respect to this other information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the other information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

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

Very truly yours,

Balinger, Segars, Gilbert & Moss LLP

Certified Public Accountants

Client: **48460 - Lynn County, Texas**
 Engagement: **2021 Lynn County**
 Period Ending: **9/30/2021**
 Trial Balance: **017 - GASB Fund Trial Balance**
 Workpaper: **Adjusting Journal Entries Report**
 Fund Level: **All**
 Index: **All**

Account	Description	Debit	Credit
Adjusting Journal Entries			
Adjusting Journal Entries JE # 1			
To roll forward fund balances.			
100-000-3100	Fund Balance	72,375.00	
230-000-3100	Fund Balance	39.65	
651-400-4902	Transfer To/From Other Funds	45,404.27	
800-500-5702.01	Appriss Grant	5,700.55	
100-400-4900	Other Souces/Uses		72,375.00
230-400-4500	Interest Earned		39.65
651-000-3100	Fund Balance		45,404.27
800-000-3100	Fund Balance		5,700.55
Total		123,519.47	123,519.47
Adjusting Journal Entries JE # 2			
To defer grant revenues in 2021 related to ARP grant.			
100-425-4202	State Revenue-Supplement Pay	25,666.00	
409-400-4202	Grant Revenue	577,956.00	
100-000-2200	Deferred Revenue Grants		25,666.00
409-000-2200	Deferred Grant Revenue		577,956.00
Total		603,622.00	603,622.00

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Fund Level: **All**
Index: **All**

Account	Description	Debit	Credit
Adjusting Journal Entries JE # 3			
To true up prepaid expenses for 2021.			
100-000-1500	Prepaid Expenses	5,822.60	
210-000-1500	Prepaid Expenses	62.25	
220-000-1500	Prepaid Expenses	159.00	
230-500-5700	Property Insurance	280.50	
240-000-1500	Prepaid Expenses	136.50	
600-500-5980	Miscellaneous	1,654.09	
601-500-5980	Miscellaneous	1,399.23	
602-500-5980	Miscellaneous	199.89	
800-500-5702	Computer Software	887.00	
100-530-5700	Property Insurance		5,822.60
210-500-5700	Property Insurance		62.25
220-500-5700	Property Insurance		159.00
230-000-1500	Prepaid Expenses		280.50
240-500-5700	Property Insurance		136.50
600-000-1500	Prepaid Expenses		1,654.09
601-000-1500	Prepaid Expenses		1,399.23
602-000-1500	Prepaid Expenses		199.89
800-000-1500	Prepaid Expenses		887.00
Total		10,601.06	10,601.06
Adjusting Journal Entries JE # 4			
Client does not book. To correct transfer recorded incorrectly.			
100-000-1001	Cash - General Fund	40,849.20	
404-400-4101	Current Taxes	40,849.20	
100-400-4101	Current Taxes		40,849.20
404-000-1001	Cash - Restoration Fund		40,849.20
Total		81,698.40	81,698.40
Adjusting Journal Entries JE # 5			
To true up due to other governments for 2021			
100-000-2100	Due to Other Governments	10,000.00	
100-423-4400	JP Tahoka-Fees of Office		10,000.00
Total		10,000.00	10,000.00