

**LYNN COUNTY, TEXAS**

**ANNUAL FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020**

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

**CERTIFIED PUBLIC ACCOUNTANTS**

**LUBBOCK, TEXAS**

**LYNN COUNTY, TEXAS**

**ANNUAL FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020**

**LYNN COUNTY, TEXAS**  
**ANNUAL FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020**

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**LYNN COUNTY, TEXAS**

**COUNTY OFFICIALS  
SEPTEMBER 30, 2020**

Mike Braddock

County Judge

Matt Woodley

Commissioner Precinct 1

John Hawthorne

Commissioner Precinct 2

Don Blair

Commissioner Precinct 3

Larry Durham

Commissioner Precinct 4

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

**CERTIFIED PUBLIC ACCOUNTANTS**

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**8215 NASHVILLE AVENUE**

**LUBBOCK, TEXAS 79423-1954**

**Independent Auditor's Report**

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

We have audited the accompanying modified cash basis financial statements of the governmental activities, each major fund, and aggregate remaining fund information of Lynn County, Texas (the County), as of and for the year ended September 30, 2020, 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 C; 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 from material misstatement, whether due to fraud or error.

***Auditor's Responsibility***

Our responsibility is to express opinions 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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 opinions.

### **Opinions**

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, 2020, and the respective changes in modified cash basis financial position for the year then ended in accordance with the modified cash basis of accounting described in Note C.

### **Basis of Accounting**

We draw attention to Note C 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 opinions are not modified with respect to this matter.

### **Other Matters**

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements.

The budgetary comparison schedules, combining schedules, schedule of changes in net pension asset and related ratios, schedule of employer contributions, and schedule of capital leases are on pages 18-34, 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 it.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report November 20, 2020, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering of the County's internal control over financial reporting and compliance.

*Bolinger, Segars, Gilbert & Moss LLP*

Certified Public Accountants

Lubbock, Texas

November 20, 2020

**BASIC FINANCIAL STATEMENTS**



LYNN COUNTY, TEXAS

Exhibit A-1

STATEMENT OF NET POSITION  
SEPTEMBER 30, 2020  
MODIFIED CASH BASIS

	<u>Primary Governmental Activities</u>
<b>ASSETS:</b>	
Cash and Cash Equivalents	\$ 5,267,413
Due from Employees	7,411
Prepaid Expenses	73,640
Capital Assets (Net of Accumulated Depreciation):	
Land	242,832
Buildings and Improvements	9,197,328
Machinery and Equipment	638,364
Furniture & Fixtures	830,610
Total Assets	<u>\$ 16,257,598</u>
<b>LIABILITIES:</b>	
Other Liabilities	\$ 43,043
Noncurrent Liabilities:	
Current Portion of Long-Term Debt	201,404
Noncurrent Portion of Long-Term Debt	1,691,463
Total Liabilities	<u>\$ 1,935,910</u>
<b>NET POSITION:</b>	
Net Investment in Capital Assets	\$ 9,016,267
Restricted For:	
Road and Bridge	1,219,071
Archiving	2,541
Preservation	3,133
Security	38,239
Technology	50,172
Enabling Legislation	51,736
Courthouse Restoration	642,668
Unrestricted	<u>3,297,861</u>
Total Net Position	<u>\$ 14,321,688</u>

The accompanying notes are an integral part of this statement.

LYNN COUNTY, TEXAS

Exhibit A-2

STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020  
MODIFIED CASH BASIS

Departments/Programs	Expenses	Program Revenues			Net (Expense) and Changes in Net Position
		Fines, Fees & Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Gov. Governmental Activities
<b>PRIMARY GOVERNMENT:</b>					
Governmental Activities					
County Treasurer	\$ 120,581	\$	\$	\$	\$ (120,581)
Tax Assessor and Collector	105,288	19,857			(85,431)
Internal Auditor	37,266				(37,266)
District Court	140,110				(140,110)
District Clerk	141,273	42,430			(98,843)
Justice of the Peace - Tahoka	107,044	86,297			(20,747)
Justice of the Peace - O'Donnell	39,751	20,011			(19,740)
County Attorney	128,629	95	25,666		(102,868)
Emergency Management	64,405		34,834		(29,571)
County Buildings	197,651	6,368			(191,283)
County Judge	126,298	21,932	25,441		(78,925)
County Clerk	150,451	62,476			(87,975)
Library	9,899				(9,899)
Social Services - Public Welfare	62,142				(62,142)
Social Services - Health	3,750				(3,750)
Sheriff's Office	557,538				(557,538)
Communications	217,715				(217,715)
Jail	707,706		188,698	26,375	(492,633)
SCAP	1,748	1,748			0
OPS - Corrections	6,217				(6,217)
Fire	30,000				(30,000)
Animal Control	215				(215)
Extension Office	50,883				(50,883)
Road and Bridge	863,318	350,111	116,531		(396,676)
Juvenile Probation	335,541		306,180		(29,361)
Courthouse Restoration	32,933	9,748		674,537	651,352
Other	286,627	853	47,891		(237,883)
Depreciation	450,594				(450,594)
Interest on Long-Term Debt	61,027				(61,027)
Total Governmental Activities	\$ 5,036,600	\$ 621,926	\$ 745,241	\$ 700,912	\$ (2,968,521)
General Revenues:					
Property Taxes					\$ 3,609,137
Other Taxes					604,980
Sales Taxes					181,925
Investment Earnings					83,229
Miscellaneous Revenue					69,013
Total General Revenues					\$ 4,548,284
Change in Net Position					\$ 1,579,763
Net Position - Beginning					12,741,925
Net Position - Ending					\$ 14,321,688

The accompanying notes are an integral part of this statement.

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LYNN COUNTY, TEXAS

Exhibit A-3

**BALANCE SHEET - GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2020  
MODIFIED CASH BASIS**

	Major Funds				
	Capital Projects	Special Revenue			
	General Fund	Courthouse Restoration Fund			
<b>ASSETS:</b>					
Cash and Cash Equivalents	\$ 3,249,546	\$ 642,668	\$ 109,976	\$ 1,265,223	\$ 5,267,413
Due from Employees				7,411	7,411
Prepaid Expenditures	61,433			12,207	73,640
Due (To) From Other Funds	13,247			(13,247)	
Total Assets	\$ 3,324,226	\$ 642,668	\$ 109,976	\$ 1,271,594	\$ 5,348,464
<b>LIABILITIES:</b>					
Other Liabilities	\$ 38,572		\$ 549	\$ 3,922	\$ 43,043
Total Liabilities	\$ 38,572	\$ 0	\$ 549	\$ 3,922	\$ 43,043
<b>FUND BALANCES:</b>					
Nonspendable:					
Prepaid Items	\$ 61,433			\$ 12,207	\$ 73,640
Restricted for:					
Road and Bridge			109,427	1,109,644	1,219,071
Archiving				2,541	2,541
Preservation				3,133	3,133
Security				38,239	38,239
Technology				50,172	50,172
Enabling Legislation				51,736	51,736
Courthouse Restoration		642,668			642,668
Unassigned	3,224,221				3,224,221
Total Fund Balances	\$ 3,285,654	\$ 642,668	\$ 109,427	\$ 1,267,672	\$ 5,305,421

The accompanying notes are an integral part of this statement.

LYNN COUNTY, TEXAS

Exhibit A-4

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
SEPTEMBER 30, 2020  
MODIFIED CASH BASIS

Total Fund Balances - Governmental Funds Balance Sheet	\$	5,305,421
Amounts reported for governmental activities in the Statement of Net Position (SNP) are different because:		
Capital assets used in governmental activities are not reported in the funds.		10,909,134
Payables for notes payable which are not due in the current period are not reported in the funds.		<u>(1,892,867)</u>
Net Position of Governmental Activities - Statement of Net Position	\$	<u>14,321,688</u>

The accompanying notes are an integral part of this statement.

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020  
MODIFIED CASH BASIS**

	Major Funds				Total Governmental Funds
	Capital Project	Special Revenue			
	General Fund	Courthouse Restoration Fund	Road and Bridge Fund	Nonmajor Governmental Funds (See Exhibit C-2)	
<b>Revenue:</b>					
<b>Taxes:</b>					
Property Taxes	\$ 2,873,244	\$ 86,407	\$ 649,486		\$ 3,609,137
Other Taxes	604,980				604,980
Sales Taxes	7,065	174,860			181,925
License and Permits	17,905		52,810	279,398	350,113
Intergovernmental Revenue and Grants	167,765	781,411	45,663	424,940	1,419,779
Fines and Fees	246,808	9,748		15,256	271,812
Investment Earnings	60,812	6,588		15,829	83,229
Miscellaneous Revenue	60,548			8,465	69,013
<b>Total Revenues</b>	<b>\$ 4,039,127</b>	<b>\$ 1,059,014</b>	<b>\$ 747,959</b>	<b>\$ 743,888</b>	<b>\$ 6,589,988</b>
<b>Expenditures:</b>					
<b>Current:</b>					
County Treasurer	\$ 120,581				\$ 120,581
Tax Assessor and Collector	105,288				105,288
Internal Auditor	37,266				37,266
District Court	140,110				140,110
District Clerk	141,273				141,273
Justice of the Peace - Tahoka	105,641			1,403	107,044
Justice of the Peace - O'Donnell	39,551			200	39,751
County Attorney	128,629				128,629
Emergency Management	89,905				89,905
County Buildings	215,642				215,642
County Judge	126,298				126,298
County Clerk	150,451				150,451
Library	9,899				9,899
Social Services - Public Welfare	62,142				62,142
Social Services - Health	3,750				3,750
Sheriff's Office	557,538				557,538
Communications	217,715				217,715
Jail	737,749				737,749
SCAP	1,748				1,748
OPS - Corrections	6,217				6,217
Fire	30,000				30,000
Animal Control	215				215
Extension Office	50,883				50,883
Road and Bridge			141,805	721,513	863,318
Juvenile Probation				335,541	335,541
Courthouse Restoration		475,185			475,185
Other	222,204			71,923	294,127
<b>Debt Service:</b>					
Principal	5,873	80,000		105,325	191,198
Interest and Fiscal Charges	958	47,400		12,669	61,027
<b>Total Expenditures</b>	<b>\$ 3,307,526</b>	<b>\$ 602,585</b>	<b>\$ 141,805</b>	<b>\$ 1,248,574</b>	<b>\$ 5,300,490</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>\$ 731,601</b>	<b>\$ 456,429</b>	<b>\$ 606,154</b>	<b>\$ (504,686)</b>	<b>\$ 1,289,498</b>
<b>Other Financing Sources:</b>					
Transfers In (Out)	\$ (30,000)		\$ (551,000)	\$ 581,000	\$ 0
<b>Total Other Financing Sources</b>	<b>\$ (30,000)</b>	<b>\$ 0</b>	<b>\$ (551,000)</b>	<b>\$ 581,000</b>	<b>\$ 0</b>
<b>Net Change in Fund Balances</b>	<b>\$ 701,601</b>	<b>\$ 456,429</b>	<b>\$ 55,154</b>	<b>\$ 76,314</b>	<b>\$ 1,289,498</b>
<b>Fund Balances - Beginning</b>	<b>2,584,053</b>	<b>186,239</b>	<b>54,273</b>	<b>1,191,358</b>	<b>4,015,923</b>
<b>Fund Balances - Ending</b>	<b>\$ 3,285,654</b>	<b>\$ 642,668</b>	<b>\$ 109,427</b>	<b>\$ 1,267,672</b>	<b>\$ 5,305,421</b>

The accompanying notes are an integral part of this statement.

LYNN COUNTY, TEXAS

Exhibit A-6

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020  
MODIFIED CASH BASIS

Net Change in Fund Balances - Total Governmental Funds	\$ 1,289,498
Amounts reported for governmental activities in the Statement of Activities (SOA) are different because:	
Capital assets are not reported as expenses in the SOA.	549,661
The depreciation of capital assets used in governmental activities is not reported in the funds.	(450,594)
Payments on Notes Payables are not expenses in the SOA, but are reported as a reduction of long-term in the SNP.	<u>191,198</u>
Change in Net Position of Governmental Activities - Statement of Activities	\$ <u><u>1,579,763</u></u>

The accompanying notes are an integral part of this statement.

LYNN COUNTY, TEXAS

Exhibit A-7

STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
SEPTEMBER 30, 2020  
MODIFIED CASH BASIS

	<u>Agency Fund</u>
ASSETS:	
Current Assets	
Cash and Cash Equivalents	\$ 481,214
Total Current Assets	<u>\$ 481,214</u>
LIABILITIES:	
Current Liabilities	
Due to Others	\$ 481,214
Total Current Liabilities	<u>\$ 481,214</u>

The accompanying notes are an integral part of this statement.

**NOTES TO FINANCIAL STATEMENTS**



**NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. REPORTING ENTITY**

The authority of county governments and their specific functions and responsibilities are created by and are dependent upon laws and legal regulations of the Texas State Constitution and Vernon's Annotated Civil Statutes (V.A.C.S.).

Lynn County, Texas (the County) operates under a County Judge/Commissioners' Court type of government as provided by state statute. The financial and reporting policies of the County conform to the modified cash basis of accounting which is discussed further in Note C.

The Commissioners' Court has governance responsibilities over all activities related to Lynn County, Texas. The County receives funding from local, state, and federal government sources and must comply with the concomitant requirements of these funding source entities.

The County's major activities or functions include public safety (sheriff and ambulance), parks and libraries, public health and social services, construction and maintenance of roads, and general administrative services.

**CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the County's finances and to demonstrate the County's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be directed to the Office of the Lynn County Treasurer, P.O. Box 108, Tahoka, Texas 79229.

**B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

The Statement of Net Position and the Statement of Activities are government-wide financial statements. They report information on all of the County's non-fiduciary activities with most of the interfund activities removed. Governmental activities include programs supported primarily by taxes, fines and fees, grants, and other intergovernmental revenues.

The Statement of Activities presents a comparison between expenses and program revenues for each function of the County's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include: a) fees, fines and charges paid by the recipients of goods or services offered by the program, and b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

**NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020**

Interfund activities between governmental funds appear as due to/due from on the governmental fund Balance Sheet and as other resources and other uses on the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balance. All interfund transactions between governmental funds are eliminated on the government-wide statements. Interfund activities between governmental funds and fiduciary funds remain as due to/due from on the government-wide Statement of Activities.

The fund financial statements provide information about the County's funds, including fiduciary funds. Since the resources in the fiduciary funds cannot be used for County operations, they are not included in the government-wide statements. The County considers some governmental funds major and reports their financial condition and results of operations in a separate column. All remaining governmental funds are aggregated and reported as nonmajor governmental funds.

**C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION**

Modified Cash Basis

The County presents its financial statements using the modified cash basis of accounting. This basis of presentation differs from accounting principles generally accepted in the United States of America (GAAP) in that revenues and expenses are not recognized when earned or incurred. Moreover, the omissions of required note disclosures, capital leases, net pension liability and related deferrals, as well as, accounts payable, accrued expenses, and receivables are specifically different. The modified cash basis reports revenue and expenditures (expenses) when the cash is received or paid and those funds are without restriction and available for use in the current period. Liabilities are only recorded when the cash has been collected and is due to other entities. In the fund financial statements capital assets and long term debt are omitted to coincide with governmental accounting. Long-term assets and liabilities are reported as government-wide adjustments and included in the statement of net position and statement of activities. All non-cash transactions are omitted from the financial statements. The accompanying financial statements are not intended to present the financial positions and results of operations in conformity with accounting principles generally accepted in the United States of America.

The Government-Wide Financial Statements – Modified Cash Basis – Long-term assets and liabilities where cash was paid or received are included as government-wide adjustments. Capital assets are deferred and depreciated over their useful lives and principal payments are recorded as a reduction of long-term debt.

Governmental Fund Financial Statements – Modified Cash Basis - Only current assets, current liabilities and fund balances that are derived from cash transactions are included on the balance sheet. Operating statements of these funds present net increases and decreases in fund balance (i.e., revenues and other financing sources and expenditures and other financing uses).

Fiduciary Funds are accounted for on a modified cash basis, all assets and all liabilities associated with the operation of these funds are included on the Fiduciary Statement of Net Position.

LYNN COUNTY, TEXAS

NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

**D. FUND ACCOUNTING**

The County applies Fund Balance Reporting and Governmental Fund Type Definitions for classifying governmental fund balances into specifically defined classifications. Classifications are hierarchical and are based primarily on the extent to which the County is bound to honor constraints on the specific purposes for which the amounts in the funds may be spent. Application of the Statement requires the County to classify and report amounts in the appropriate fund balance classifications. The County's accounting and finance policies are used to interpret the nature and/or requirements of the funds and their corresponding assignment of restricted, committed, assigned, or unassigned. From interpretation of the adopted policy, the County will spend its fund in the following order: Committed, Assigned, and Unassigned, if more than one classification of fund balance is available.

The County reports the following classifications:

*Nonspendable Fund Balance* – Nonspendable fund balances are amounts that cannot be spent because they are either (a) not in spendable form – such as inventory or prepaid insurance or (b) legally or contractually required to be maintained intact – such as a trust that must be retained in perpetuity.

*Restricted Fund Balance* – Restricted fund balances are restricted when constraints placed on the use of resources are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.

Restrictions are placed on fund balances when legally enforceable legislation establishes the County's right to assess, levy, or charge fees to be used for a specific purpose – such as the County's property tax revenue for debt service requirements, which must be used to repay debt. Legal enforceability means that the County can be compelled by an external party to use resources created by enabling legislation only for the purposes specified by the legislation.

*Committed Fund Balance* – Committed fund balances are amounts that can only be used for specific purposes as a result of constraints imposed by the Commissioners' Court. Committed amounts cannot be used for any other purposes unless the Commissioners' Court removes those constraints by taking the same type of actions (legislation, resolution, and ordinance). Committed fund balances include non-liquidated encumbrances at year end that are carried forward to the next fiscal year. Amounts in the committed fund balance classification may be used for other purposes with appropriate due process by the Commissioners' Court. Committed fund balances differ from restricted balances because the constraints on their use do not come from outside parties, constitutional provisions, or enabling legislation.

*Assigned Fund Balance* – Assigned fund balances are amounts that are constrained by the County's intent to be used for specific purposes, but are neither restricted nor committed. Intent is expressed by (a) the County Treasurer or (b) an appointed body or official to which the Commissioners' Court has delegated the authority to assign, modify, or rescind amounts to be used for specific purposes.

Assigned fund balance includes (a) all remaining amounts that are reported in governmental funds (other than the General Fund) that are not classified as nonspendable, restricted, or committed, and (b) amounts in the General Fund that are intended to be used for a specific purpose. Specific amounts that are not restricted or committed in a special revenue, capital projects, debt service, or permanent fund, are

**NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020**

assigned for purposes in accordance with the nature of their fund type. Assignment with the General Fund conveys that the intended use of those amounts is for specific purposes that are narrower than the general purposes of the County itself.

*Unassigned Fund Balance* – Unassigned fund balance is the residual classification for the General Fund. This classification represents the General Fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund.

The accounts of the County are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues, and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. County funds do not include funds held by County offices, which are not yet remitted to the County Treasurer. County funds are amounts which have been received by the County Treasurer and which are subject to control by the Commissioners' Court. These various County funds, which are reported as Governmental Funds in the financial statements of this report, are grouped into four fund types: General Fund, Capital Projects, Special Revenue, and Debt Service. The remaining funds held by other County offices are reported as Fiduciary Funds and are not subject to control by the Commissioners' Court.

The County maintains the following funds:

Major Governmental Funds:

General Fund – This fund is used to account for all financial resources except those required to be accounted for in another fund. The General Fund balance is available for any purpose, provided it is expended or transferred in accordance with the legally adopted budget of the County.

Courthouse Restoration Fund – This capital project fund is used to account for proceeds of specific revenue sources that are reserved for expenditures for the courthouse restoration project.

Road and Bridge Fund – This special revenue fund is used to account for proceeds of specific revenue sources that are legally reserved for expenditures for maintaining county roads and bridges.

Non-Major Governmental Funds:

Special Revenue Funds – Account for revenues that are “restricted use” when received, and the outlays that are permitted with the restrictions.

Fiduciary Funds:

Fiduciary Funds, which include funds held by County offices, also are used to account for assets held by the County in a trustee capacity or as an agent for individuals, private organizations, other government, and/or other funds. These include Agency Funds. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Formal budgetary accounting is not required for Fiduciary Funds.

**NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020**

**E. OTHER ACCOUNTING POLICIES**

1. Capital assets include land, buildings, furniture and equipment and are reported in the applicable governmental activities columns in the government-wide financial statements. Capital assets are defined by the County as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects when constructed.

Buildings, vehicles, furniture and equipment, and infrastructure of the County are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and Improvements	50-100
Machinery and Equipment	5-10
Furniture and Fixtures	15

2. Prepaid Expenses are deferred and amortized over the service period of the agreement.

**F. DEFERRED INFLOWS OF RESOURCES**

1. In addition to assets, the statement of net position and governmental funds balance sheet – modified cash basis – will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (expense/expenditure) until then. Currently, the County has no items that qualify for reporting in this category.

**II. PROPERTY TAX**

Property taxes are levied by October 1 in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following year in which imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed.

Legislation was passed in 1979 and amended in 1981 by the Texas Legislature that affects the methods of property assessment and tax collection in the County. This legislation, with certain exceptions, exempts intangible personal property, household goods and family-owned automobiles from taxation. In addition, this legislation creates a “Property Tax Code” and provides, among other things, for the establishment of county wide Appraisal Districts and for the State Property Tax Board which commenced operation in January 1980.

**NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020**

Lynn County Appraisal District appraises property values in the County. The Lynn County Tax Assessor - Collector assesses and collects the County's property taxes. The County is required under the Property Tax Code to assess all property within the Appraisal District on the basis of 100% of its appraised value and is prohibited from applying any assessment ratios. As of January 1, 1984, the value of property within the Appraisal District must be reappraised every three years. The County may challenge appraised values established by the Appraisal District through various appeals and, if necessary, legal action. Under this legislation, the County continues to set tax rates on County property. However, if the effective tax rates for bonds and other contractual obligations and adjustments for new improvements, exceeds the rate for the previous year by more than eight percent, qualified voters of the County may petition for an election to determine whether to limit the tax rate to no more than eight percent above the effective tax rate of the previous year.

The County's taxes on real property are a lien against such property until paid. The County may foreclose real property upon which it has a lien for unpaid taxes. Although the County makes little effort to collect delinquent taxes through foreclosure proceedings, delinquent taxes on property not otherwise collected are generally paid when there is a sale or transfer of the title on property.

**III. DETAILED NOTES**

**A. DEPOSITS**

Legal and Contractual Provisions Governing Deposits

The funds of the County must be deposited and invested under the terms of a contract, contents of which are set out in the Depository Contract Law. The depository bank places approved pledged securities for safekeeping and trust with the County's agent bank 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 dollar amount of Federal Deposit Insurance Corporation (FDIC) insurance.

At September 30, 2020, the carrying amount of the County's cash and cash equivalents was \$5,267,413 and the bank balance was \$5,370,637. All county funds were covered by pledged securities or FDIC insurance at year end.

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LYNN COUNTY, TEXAS

**NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020**

**B. CAPITAL ASSETS**

Capital asset activity for the County for the year ended September 30, 2020 was as follows:

	Balance October 1, 2019	Additions	Retirements	Balance September 30, 2020
Governmental Activities				
Land	\$ 242,832	\$	\$	\$ 242,832
Buildings and Improvements	11,082,716	(346,671)		10,736,045
Machinery and Equipment	1,193,866	31,791		1,225,657
Furniture and Fixtures	199,936	864,541		1,064,477
Construction Work in Progress	0			0
Totals at Historic Cost	<u>\$ 12,719,350</u>	<u>\$ 549,661</u>	<u>\$ 0</u>	<u>\$ 13,269,011</u>
Less: Accumulated Depreciation				
Buildings and Improvements	\$ 1,315,979	\$ 222,739	\$	\$ 1,538,718
Machinery and Equipment	479,353	107,939		587,292
Furniture and Fixtures	113,951	119,916		233,867
Total Accumulated Depreciation	<u>\$ 1,909,283</u>	<u>\$ 450,594</u>	<u>\$ 0</u>	<u>\$ 2,359,877</u>
Net Investment in Capital Assets	<u>\$ 10,810,067</u>	<u>\$ 99,067</u>	<u>\$ 0</u>	<u>\$ 10,909,134</u>

**C. LONG-TERM DEBT**

The County had the following Notes Payable at year end:

Date of Issue	Original Issue	Interest Rates	Fund/ Precinct	Outstanding
7/1/2019	\$ 67,000	4.25%	Pct. 1	\$ 51,300
8/18/2017	72,090	2.90%	Pct. 1	18,332
5/13/2019	82,500	4.25%	Pct. 2	65,874
8/1/2016	90,000	2.90%	Pct. 2	19,080
2/20/2019	95,000	4.25%	Pct. 3	76,759
8/16/2018	48,369	3.10%	Pct. 4	29,916
5/2/2019	38,000	4.25%	Pct. 4	29,096
6/24/2019	50,000	4.00%	General	50,000
3/23/2017	30,000	4.25%	General	12,510
	<u>\$ 572,959</u>			<u>\$ 352,867</u>

The County issued Certificates of Obligation, Series 2017, on January 23, 2017, in the amount of \$1,750,000, for the purpose of renovating and improving the Lynn County Courthouse. The certificates are due at various time through the year 2035 and carry interest rates from 2.00% to 3.00%.

LYNN COUNTY, TEXAS

NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

The County had the following long-term debt activity during the year.

	Balance October 1, 2019	Issuances	Payments	Balance September 30, 2020
Governmental Activities:				
Notes Payable	\$ 464,065	\$	\$ 111,198	\$ 352,867
Series 2017, C.O.	1,620,000	0	80,000	1,540,000
	<u>\$ 2,084,065</u>	<u>\$ 0</u>	<u>\$ 191,198</u>	<u>\$ 1,892,867</u>

Debt service requirements on the long-term debt at September 30, 2020, are as follows:

	Governmental Activities		
	Principal	Interest	Total
Year Ending September 30,			
2021	\$ 201,404	\$ 59,354	\$ 260,758
2022	172,613	52,155	224,768
2023	174,626	45,908	220,534
2024	138,321	39,695	178,016
2025	105,903	34,865	140,768
2026-2030	510,000	127,800	637,800
2031-2035	590,000	45,300	635,300
Totals	<u>\$ 1,892,867</u>	<u>\$ 405,077</u>	<u>\$ 2,297,944</u>

**D. TAX ABATEMENTS**

The County has entered into several ten year agreements allowed for under Texas State Law for the 100% abatement of property taxes related to the installation of wind farms with in the County's jurisdiction. The County has abated taxes in the amount of \$492,228,630 on taxable values of \$3,691,715, for the 2019 tax year. The wind farms are also annually required to make payments to the County in Lieu of Taxes at the rate of \$1,000 per megawatt capacity placed into service in the County's jurisdiction during the agreement.

**E. LITIGATION**

There is no pending litigation against the County at September 30, 2020, that would have a material effect on the financial statements.



**REQUIRED SUPPLEMENTARY INFORMATION**

LYNN COUNTY, TEXAS

Exhibit B-1

**BUDGETARY COMPARISON - GENERAL FUND  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020**

	(Unaudited) Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive or (Negative)
	Original	Final		
Revenue:				
Taxes:				
Property Taxes	\$ 3,311,865	\$ 2,873,265	\$ 2,873,244	\$ (21)
Other Taxes	200,000	573,135	604,980	31,845
Sales Taxes	5,000	7,065	7,065	
License and Permits	15,000	16,645	17,905	1,260
Intergovernmental Revenue and Grants	225,317	252,486	167,765	(84,721)
Fines and Fees	198,375	221,020	246,808	25,788
Investment Earnings	35,000	54,720	60,812	6,092
Miscellaneous Revenue	15,250	15,250	60,548	45,298
Total Revenues	<u>\$ 4,005,807</u>	<u>\$ 4,013,586</u>	<u>\$ 4,039,127</u>	<u>\$ 25,541</u>
Expenditures:				
Current:				
County Treasurer	\$ 126,519	\$ 126,519	\$ 120,581	\$ 5,938
Tax Assessor and Collector	118,498	118,498	105,288	13,210
Internal Auditor	39,003	39,003	37,266	1,737
District Court	146,489	146,489	140,110	6,379
District Clerk	153,370	153,370	141,273	12,097
Justice of the Peace - Tahoka	112,669	112,669	105,641	7,028
Justice of the Peace - O'Donnell	42,289	42,289	39,551	2,738
County Attorney	131,158	133,492	128,629	4,863
County Court	800	800	0	800
Emergency Management	38,416	93,693	89,905	3,788
County Buildings	237,123	237,123	215,642	21,481
County Judge	136,784	136,784	126,298	10,486
County Clerk	154,052	154,052	150,451	3,601
Library	52,783	52,783	9,899	42,884
Social Services - Public Welfare	58,500	75,765	62,142	13,623
Social Services - Health	3,750	3,750	3,750	
Sheriff's Office	567,453	601,883	557,538	44,345
Communications	216,368	217,633	217,715	(82)
Jail	749,928	784,428	737,749	46,679
SCAP	1,000	1,750	1,748	2
OPS - Corrections	6,000	6,350	6,217	133
Fire	30,000	30,000	30,000	
Animal Control	0	535	215	320
Extension Office	90,225	90,225	50,883	39,342
Other	232,990	286,530	222,204	64,326
Debt Service:				
Principal	0	0	5,873	(5,873)
Interest and Fiscal Charges	0	0	958	(958)
Total Expenditures	<u>\$ 3,446,167</u>	<u>\$ 3,646,413</u>	<u>\$ 3,307,526</u>	<u>\$ 338,887</u>
Excess of Revenues Over Expenditures	<u>\$ 559,640</u>	<u>\$ 367,173</u>	<u>\$ 731,601</u>	<u>\$ 364,428</u>
Other Financing Uses:				
Debt Proceeds	\$ 0	\$ 0	\$ 0	\$
Transfers Out	<u>\$ (78,703)</u>	<u>\$ (78,703)</u>	<u>\$ (30,000)</u>	<u>\$ 48,703</u>
Total Other Financing Uses:	<u>\$ (78,703)</u>	<u>\$ (78,703)</u>	<u>\$ (30,000)</u>	<u>\$ 48,703</u>
Net Change in Fund Balances	<u>\$ 480,937</u>	<u>\$ 288,470</u>	<u>\$ 701,601</u>	<u>\$ 413,131</u>
Fund Balances - Beginning	<u>2,584,053</u>	<u>2,584,053</u>	<u>2,584,053</u>	
Fund Balances - Ending	<u>\$ 3,064,990</u>	<u>\$ 2,872,523</u>	<u>\$ 3,285,654</u>	

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LYNN COUNTY, TEXAS

Exhibit B-2

**BUDGETARY COMPARISON - COURTHOUSE RESTORATION FUND  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020**

	(Unaudited) Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive or (Negative)
	Original	Final		
Revenue:				
Taxes:				
Property Taxes	\$ 41,163	\$ 86,403	\$ 86,407	\$ 4
Sales Taxes	150,000	174,860	174,860	
Intergovernmental Revenue and Grants	175,000	781,410	781,411	1
Fines and Fees	7,000	9,700	9,748	48
Investment Earnings	2,000	6,020	6,588	568
Total Revenues	<u>\$ 375,163</u>	<u>\$ 1,058,393</u>	<u>\$ 1,059,014</u>	<u>\$ 621</u>
Expenditures:				
Current:				
Courthouse Restoration	\$	\$ 475,190	\$ 475,185	\$ 5
Debt Service:				
Principal	80,000	80,000	80,000	
Interest and Fiscal Charges	47,400	47,400	47,400	
Total Expenditures	<u>\$ 127,400</u>	<u>\$ 602,590</u>	<u>\$ 602,585</u>	<u>\$ 5</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 247,763</u>	<u>\$ 455,803</u>	<u>\$ 456,429</u>	<u>\$ 626</u>
Net Change in Fund Balances	\$ 247,763	\$ 455,803	\$ 456,429	<u>\$ 626</u>
Fund Balances - Beginning	<u>186,239</u>	<u>186,239</u>	<u>186,239</u>	
Fund Balances - Ending	<u>\$ 434,002</u>	<u>\$ 642,042</u>	<u>\$ 642,668</u>	

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LYNN COUNTY, TEXAS

Exhibit B-3

**BUDGETARY COMPARISON - ROAD AND BRIDGE FUND  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020**

	(Unaudited) Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive or (Negative)
	Original	Final		
Revenue:				
Taxes:				
Property Taxes	\$ 616,226	\$ 649,486	\$ 649,486	\$
License and Permits	45,000	49,140	52,810	3,670
Intergovernmental Revenue and Grants	44,000	45,663	45,663	
Total Revenues	<u>\$ 705,226</u>	<u>\$ 744,289</u>	<u>\$ 747,959</u>	<u>\$ 3,670</u>
Expenditures:				
Current:				
Road and Bridge	\$ 154,214	\$ 154,214	\$ 141,805	\$ 12,409
Total Expenditures	<u>\$ 154,214</u>	<u>\$ 154,214</u>	<u>\$ 141,805</u>	<u>\$ 12,409</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 551,012</u>	<u>\$ 590,075</u>	<u>\$ 606,154</u>	<u>\$ 16,079</u>
Other Financing Sources (Uses):				
Transfers In (Out)	\$ (551,000)	\$ (551,000)	\$ (551,000)	\$
Total Other Financing Sources (Uses):	<u>\$ (551,000)</u>	<u>\$ (551,000)</u>	<u>\$ (551,000)</u>	<u>\$ 0</u>
Net Change in Fund Balances	\$ 12	\$ 39,075	\$ 55,154	<u>\$ 16,079</u>
Fund Balances - Beginning	<u>54,273</u>	<u>54,273</u>	<u>54,273</u>	
Fund Balances - Ending	<u>\$ 54,285</u>	<u>\$ 93,348</u>	<u>\$ 109,427</u>	

**NOTES TO BUDGETARY COMPARISON INFORMATION  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020**

**A. BUDGETARY DATA**

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

1. The County Judge, as budget officer, prepares a budget to cover all proposed expenditures and the means of financing them, for the succeeding year and delivers the proposed budget to Commissioners' Court.
2. Commissioners' Court holds budget sessions with each department head.
3. Commissioners' Court holds budget hearings for the public at which all interested persons' comments concerning the budget are heard.
4. Commissioners' Court formally adopts the budget in the open court meeting.
5. The adopted budget becomes the authorization for all legal expenditures for the County for the fiscal year. Appropriations lapse at the end of the fiscal year.
6. The formally adopted budget may legally be amended by Commissioners' in accordance with article 689A-11 or 689A-20 of Vernon's Annotated Civil Statutes.

An appropriate resolution (the appropriated budget) to control the level of expenditures must be legally enacted on or about September 1. The County maintains its legal level of budgetary control at the department level. Amendments to the 2019-2020 budget were approved by the Commissioners' Court as provided by law.

**OTHER INFORMATION**

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LYNN COUNTY, TEXAS

Exhibit C-1

**COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2020  
MODIFIED CASH BASIS**

	Special Revenue Funds					
	Crime Victim Assistance Fund	Juvenile Probation Department	Unclaimed Property Fund	NFC and MRP Fund	Other Special Revenue Funds (See Exh C-3)	Total Nonmajor Governmental Funds (See Exh A-3)
<b>ASSETS:</b>						
Cash and Cash Equivalents	\$ 8,501	\$ 19,693	\$ 12,586	\$ 5,836	\$ 1,218,607	\$ 1,265,223
Due from Employees				7,411		7,411
Prepaid Expenditures	887				11,320	12,207
Due (To) From Other Funds				(13,247)		(13,247)
Total Assets	\$ 9,388	\$ 19,693	\$ 12,586	\$ 0	\$ 1,229,927	\$ 1,271,594
<b>LIABILITIES:</b>						
Other Liabilities	\$ 277	\$ 1,158	\$ 0	\$ 0	\$ 2,487	\$ 3,922
Total Liabilities	\$ 277	\$ 1,158	\$ 0	\$ 0	\$ 2,487	\$ 3,922
<b>FUND BALANCES:</b>						
Nonspendable:						
Prepaid Items	\$ 887	\$	\$	\$	\$ 11,320	\$ 12,207
Restricted for:						
Road and Bridge					1,109,644	1,109,644
Archiving					2,541	2,541
Preservation					3,133	3,133
Security					38,239	38,239
Technology					50,172	50,172
Enabling Legislation	8,224	18,535	12,586		12,391	51,736
Total Fund Balances	\$ 9,111	\$ 18,535	\$ 12,586	\$ 0	\$ 1,227,440	\$ 1,267,672

LYNN COUNTY, TEXAS

Exhibit C-2

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS FOR THE YEAR ENDED SEPTEMBER 30, 2020 MODIFIED CASH BASIS

	Special Revenue Funds				Total Nonmajor Governmental Funds (See Exh A-5)
	Crime Victim Assistance Fund	Juvenile Probation Department	Unclaimed Property Fund	Other Special Revenue Funds (See Exh C-4)	
Revenue:					
License and Permits	\$	\$	\$	\$ 279,398	\$ 279,398
Intergovernmental Revenue and Grants	47,892	306,180		70,868	424,940
Fines and Fees				15,256	15,256
Investment Earnings		1,471		14,358	15,829
Miscellaneous Revenue		7,403		1,062	8,465
Total Revenues	<u>\$ 47,892</u>	<u>\$ 315,054</u>	<u>\$ 0</u>	<u>\$ 380,942</u>	<u>\$ 743,888</u>
Expenditures:					
Current:					
Justice of the Peace - Tahoka	\$	\$	\$	\$ 1,403	\$ 1,403
Justice of the Peace - O'Donnell				200	200
Road and Bridge				721,513	721,513
Juvenile Probation		335,541		0	335,541
Other	63,382			8,541	71,923
Debt Service:					
Principal				105,325	105,325
Interest and Fiscal Charges				12,669	12,669
Total Expenditures	<u>\$ 63,382</u>	<u>\$ 335,541</u>	<u>\$ 0</u>	<u>\$ 849,651</u>	<u>\$ 1,248,574</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ (15,490)</u>	<u>\$ (20,487)</u>	<u>\$ 0</u>	<u>\$ (468,709)</u>	<u>\$ (504,686)</u>
Other Financing Sources:					
Transfers In / (Out)	\$	\$	\$	\$ 581,000	\$ 581,000
Total Other Financing Sources	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 581,000</u>	<u>\$ 581,000</u>
Net Change in Fund Balances	\$ (15,490)	\$ (20,487)	\$ 0	\$ 112,291	\$ 76,314
Fund Balances - Beginning	<u>24,601</u>	<u>39,022</u>	<u>12,586</u>	<u>1,115,149</u>	<u>1,191,358</u>
Fund Balances - Ending	<u>\$ 9,111</u>	<u>\$ 18,535</u>	<u>\$ 12,586</u>	<u>\$ 1,227,440</u>	<u>\$ 1,267,672</u>



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LYNN COUNTY, TEXAS

Exhibit C-3

**COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2020  
MODIFIED CASH BASIS**

	Special Revenue Funds						Total	
	Transaction O'Donnell JP Fund	Transaction Tahoka JP Fund	Courthouse Security Fund	JP - O'Donnell Technology Fund	JP - Tahoka Technology Fund	Clerk Technology Fund	Other Special Revenue Funds (See Exh C-5)	Total Nonmajor Special Revenue Funds (See Exh C-1)
<b>ASSETS:</b>								
Cash and Cash Equivalents	\$ 2,704	\$ 6,492	\$ 38,239	\$ 1,906	\$ 23,718	\$ 12,863	\$ 1,132,685	\$ 1,218,607
Prepaid Expenditures				200	1,399	1,654	8,067	11,320
Total Assets	<u>\$ 2,704</u>	<u>\$ 6,492</u>	<u>\$ 38,239</u>	<u>\$ 2,106</u>	<u>\$ 25,117</u>	<u>\$ 14,517</u>	<u>\$ 1,140,752</u>	<u>\$ 1,229,927</u>
<b>LIABILITIES:</b>								
Other Liabilities	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,487	\$ 2,487
Total Liabilities	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 2,487</u>	<u>\$ 2,487</u>
<b>FUND BALANCES:</b>								
Nonspendable:								
Prepaid Items	\$	\$	\$	\$ 200	\$ 1,399	\$ 1,654	\$ 8,067	\$ 11,320
Restricted for:								
Road and Bridge							1,109,644	1,109,644
Archiving							2,541	2,541
Preservation							3,133	3,133
Security			38,239					38,239
Technology				1,906	23,718	12,863	11,685	50,172
Enabling Legislation	2,704	6,492					3,195	12,391
Total Fund Balances	<u>\$ 2,704</u>	<u>\$ 6,492</u>	<u>\$ 38,239</u>	<u>\$ 2,106</u>	<u>\$ 25,117</u>	<u>\$ 14,517</u>	<u>\$ 1,138,265</u>	<u>\$ 1,227,440</u>

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2020  
MODIFIED CASH BASIS**

	Special Revenue Funds						Other Special Revenue Funds (See Exh C-6)	Total Nonmajor Special Revenue Funds (See Exh C-2)
	Transaction O'Donnell JP Fund	Transaction Tahoka JP Fund	Courthouse Security Fund	JP - O'Donnell Technology Fund	JP - Tahoka Technology Fund	Clerk Technology Fund		
<b>Revenue:</b>								
License and Permits	\$	\$	\$	\$	\$	\$	279,398	\$ 279,398
Intergovernmental Revenue and Grants							70,868	70,868
Fines and Fees		2,462	6,370	500	3,452		2,472	15,256
Investment Earnings			111			422	13,825	14,358
Miscellaneous Revenue							1,062	1,062
<b>Total Revenues</b>	<u>\$ 0</u>	<u>\$ 2,462</u>	<u>\$ 6,481</u>	<u>\$ 500</u>	<u>\$ 3,452</u>	<u>\$ 422</u>	<u>\$ 367,625</u>	<u>\$ 380,942</u>
<b>Expenditures:</b>								
<b>Current:</b>								
Justice of the Peace - Tahoka	\$	\$	\$	\$	1,403	\$	0	\$ 1,403
Justice of the Peace - O'Donnell				200			0	200
Road and Bridge							721,513	721,513
Other					6,882	1,659	0	8,541
<b>Debt Service:</b>								
Principal							105,325	105,325
Interest and Fiscal Charges							12,669	12,669
<b>Total Expenditures</b>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 200</u>	<u>\$ 8,285</u>	<u>\$ 1,659</u>	<u>\$ 839,507</u>	<u>\$ 849,651</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>\$ 0</u>	<u>\$ 2,462</u>	<u>\$ 6,481</u>	<u>\$ 300</u>	<u>\$ (4,833)</u>	<u>\$ (1,237)</u>	<u>\$ (471,882)</u>	<u>\$ (468,709)</u>
<b>Other Financing Sources:</b>								
Loan Proceeds	\$	\$	\$	\$	\$	\$	0	\$ 0
Transfers In / (Out)							581,000	581,000
<b>Total Other Financing Sources</b>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 581,000</u>	<u>\$ 581,000</u>
<b>Net Change in Fund Balances</b>	<u>\$ 0</u>	<u>\$ 2,462</u>	<u>\$ 6,481</u>	<u>\$ 300</u>	<u>\$ (4,833)</u>	<u>\$ (1,237)</u>	<u>\$ 109,118</u>	<u>\$ 112,291</u>
<b>Fund Balances - Beginning</b>	<u>2,704</u>	<u>4,030</u>	<u>31,758</u>	<u>1,806</u>	<u>29,950</u>	<u>15,754</u>	<u>1,029,147</u>	<u>1,115,149</u>
<b>Fund Balances - Ending</b>	<u>\$ 2,704</u>	<u>\$ 6,492</u>	<u>\$ 38,239</u>	<u>\$ 2,106</u>	<u>\$ 25,117</u>	<u>\$ 14,517</u>	<u>\$ 1,138,265</u>	<u>\$ 1,227,440</u>

LYNN COUNTY, TEXAS

Exhibit C-5

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2020  
MODIFIED CASH BASIS

	Special Revenue Funds					Total
	FCS Fund	Payroll Clearing Fund	Pre-Trial Diversion Fund	Records Management Fund	Other Special Revenue Funds (See Exh C-7)	Nonmajor Special Revenue Funds (See Exh C-3)
<b>ASSETS:</b>						
Cash and Cash Equivalents	\$ 807	\$ 1,274	\$ 19	\$ 11,309	\$ 1,119,276	\$ 1,132,685
Prepaid Expenditures					8,067	8,067
Total Assets	<u>\$ 807</u>	<u>\$ 1,274</u>	<u>\$ 19</u>	<u>\$ 11,309</u>	<u>\$ 1,127,343</u>	<u>\$ 1,140,752</u>
<b>LIABILITIES:</b>						
Other Liabilities	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,487	\$ 2,487
Total Liabilities	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 2,487</u>	<u>\$ 2,487</u>
<b>FUND BALANCES:</b>						
Nonspendable:						
Prepaid Items	\$	\$	\$	\$	\$ 8,067	\$ 8,067
Restricted for:						
Road and Bridge					1,109,644	1,109,644
Archiving					2,541	2,541
Preservation					3,133	3,133
Technology				11,309	376	11,685
Enabling Legislation	807	1,274	19		1,095	3,195
Total Fund Balances	<u>\$ 807</u>	<u>\$ 1,274</u>	<u>\$ 19</u>	<u>\$ 11,309</u>	<u>\$ 1,124,856</u>	<u>\$ 1,138,265</u>

LYNN COUNTY, TEXAS

Exhibit C-6

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS FOR THE YEAR ENDED SEPTEMBER 30, 2020 MODIFIED CASH BASIS

	Special Revenue Funds					Total Nonmajor Special Revenue Funds (See Exh C-4)
	FCS Fund	Payroll Clearing Fund	Pre-Trial Diversion Fund	Records Management Fund	Other Special Revenue Funds (See Exh C-8)	
Revenue:						
License and Permits	\$	\$	\$	\$	\$ 279,398	\$ 279,398
Intergovernmental Revenue and Grants					70,868	70,868
Fines and Fees				573	1,899	2,472
Investment Earnings					13,825	13,825
Miscellaneous Revenue					1,062	1,062
Total Revenues	\$ 0	\$ 0	\$ 0	\$ 573	\$ 367,052	\$ 367,625
Expenditures:						
Current:						
Road and Bridge	\$	\$	\$	\$	\$ 721,513	\$ 721,513
Debt Service:						
Principal					105,325	105,325
Interest and Fiscal Charges					12,669	12,669
Total Expenditures	\$ 0	\$ 0	\$ 0	\$ 0	\$ 839,507	\$ 839,507
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ 0	\$ 0	\$ 0	\$ 573	\$ (472,455)	\$ (471,882)
Other Financing Sources:						
Transfers In / (Out)	\$	\$	\$	\$	\$ 581,000	\$ 581,000
Total Other Financing Sources	\$ 0	\$ 0	\$ 0	\$ 0	\$ 581,000	\$ 581,000
Net Change in Fund Balances	\$ 0	\$ 0	\$ 0	\$ 573	\$ 108,545	\$ 109,118
Fund Balances - Beginning	807	1,274	19	10,736	1,016,311	1,029,147
Fund Balances - Ending	\$ 807	\$ 1,274	\$ 19	\$ 11,309	\$ 1,124,856	\$ 1,138,265

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LYNN COUNTY, TEXAS

Exhibit C-7

**COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2020  
MODIFIED CASH BASIS**

	Special Revenue Funds				Total
	Precinct 1 Fund	Precinct 2 Fund	Other Special Revenue Funds (See Exh C-9)		Nonmajor Special Revenue Funds (See Exh C-5)
<b>ASSETS:</b>					
Cash and Cash Equivalents	\$ 225,519	\$ 281,618	\$ 612,139		\$ 1,119,276
Prepaid Expenditures	1,331	2,145	4,591		8,067
Total Assets	\$ 226,850	\$ 283,763	\$ 616,730		\$ 1,127,343
<b>LIABILITIES:</b>					
Other Liabilities	\$ 312	\$ 396	\$ 1,779		\$ 2,487
Total Liabilities	\$ 312	\$ 396	\$ 1,779		\$ 2,487
<b>FUND BALANCES:</b>					
Nonspendable:					
Prepaid Items	\$ 1,331	\$ 2,145	\$ 4,591		\$ 8,067
Restricted for:					
Road and Bridge	225,207	281,222	603,215		1,109,644
Archiving			2,541		2,541
Preservation			3,133		3,133
Technology			376		376
Enabling Legislation			1,095		1,095
Total Fund Balances	\$ 226,538	\$ 283,367	\$ 614,951		\$ 1,124,856

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2020  
MODIFIED CASH BASIS**

	Special Revenue Funds						Other Special Revenue Funds (See Exh C-10)	Total Nonmajor Special Revenue Funds (See Exh C-6)
	Lateral Road #1 Fund	Lateral Road #2 Fund	Lateral Road #3 Fund	Lateral Road #4 Fund	Precinct 1 Fund	Precinct 2 Fund		
Revenue:								
License and Permits	\$	\$	\$	\$	\$ 69,850	\$ 69,850	\$ 139,698	\$ 279,398
Intergovernmental Revenue and Grants	6,303	6,303	6,303	6,303	11,414	11,414	22,828	70,868
Fines and Fees							1,899	1,899
Investment Earnings					2,883	3,757	7,185	13,825
Miscellaneous Revenue					9	814	239	1,062
Total Revenues	<u>\$ 6,303</u>	<u>\$ 6,303</u>	<u>\$ 6,303</u>	<u>\$ 6,303</u>	<u>\$ 84,156</u>	<u>\$ 85,835</u>	<u>\$ 171,849</u>	<u>\$ 367,052</u>
Expenditures:								
Current:								
Road and Bridge	\$ 6,303	\$ 6,303	\$ 6,303	\$ 6,303	\$ 134,646	\$ 161,735	\$ 399,920	\$ 721,513
Debt Service:								
Principal					33,583	35,229	36,513	105,325
Interest and Fiscal Charges					3,960	2,767	5,942	12,669
Total Expenditures	<u>\$ 6,303</u>	<u>\$ 6,303</u>	<u>\$ 6,303</u>	<u>\$ 6,303</u>	<u>\$ 172,189</u>	<u>\$ 199,731</u>	<u>\$ 442,375</u>	<u>\$ 839,507</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (88,033)</u>	<u>\$ (113,896)</u>	<u>\$ (270,526)</u>	<u>\$ (472,455)</u>
Other Financing Sources:								
Transfers In / (Out)	\$	\$	\$	\$	\$ 137,750	\$ 137,750	\$ 305,500	\$ 581,000
Total Other Financing Sources	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 137,750</u>	<u>\$ 137,750</u>	<u>\$ 305,500</u>	<u>\$ 581,000</u>
Net Change in Fund Balances	\$ 0	\$ 0	\$ 0	\$ 0	\$ 49,717	\$ 23,854	\$ 34,974	\$ 108,545
Fund Balances - Beginning	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>176,821</u>	<u>259,513</u>	<u>579,977</u>	<u>1,016,311</u>
Fund Balances - Ending	<u><u>0</u></u>	<u><u>0</u></u>	<u><u>0</u></u>	<u><u>0</u></u>	<u><u>226,538</u></u>	<u><u>283,367</u></u>	<u><u>614,951</u></u>	<u><u>1,124,856</u></u>

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LYNN COUNTY, TEXAS

Exhibit C-9

**COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2020  
MODIFIED CASH BASIS**

	Special Revenue Funds						Total Nonmajor Special Revenue Funds (See Exh C-7)
	Precinct 3 Fund	Precinct 4 Fund	District Clerk Technology Fund	District Clerk Preservation Fund	District Clerk Archive Fund	Video Fee Fund	
<b>ASSETS:</b>							
Cash and Cash Equivalents	\$ 345,796	\$ 259,198	\$ 376	\$ 3,133	\$ 2,541	\$ 1,095	\$ 612,139
Prepaid Expenditures	2,483	2,108					4,591
Total Assets	<u>\$ 348,279</u>	<u>\$ 261,306</u>	<u>\$ 376</u>	<u>\$ 3,133</u>	<u>\$ 2,541</u>	<u>\$ 1,095</u>	<u>\$ 616,730</u>
<b>LIABILITIES:</b>							
Other Liabilities	\$ 469	\$ 1,310	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,779
Total Liabilities	<u>\$ 469</u>	<u>\$ 1,310</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,779</u>
<b>FUND BALANCES:</b>							
Nonspendable:							
Prepaid Items	\$ 2,483	\$ 2,108	\$	\$	\$	\$	\$ 4,591
Restricted for:							
Road and Bridge	345,327	257,888					603,215
Archiving					2,541		2,541
Preservation				3,133			3,133
Technology			376				376
Enabling Legislation						1,095	1,095
Total Fund Balances	<u>\$ 347,810</u>	<u>\$ 259,996</u>	<u>\$ 376</u>	<u>\$ 3,133</u>	<u>\$ 2,541</u>	<u>\$ 1,095</u>	<u>\$ 614,951</u>

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2020  
MODIFIED CASH BASIS**

	Special Revenue Funds						Total Nonmajor Special Revenue Funds (See Exh C-8)
	Precinct 3 Fund	Precinct 4 Fund	District Clerk Technology Fund	District Clerk Preservation Fund	District Clerk Archive Fund	Video Fee Fund	
<b>Revenue:</b>							
License and Permits	\$ 69,849	\$ 69,849	\$	\$	\$	\$	\$ 139,698
Intergovernmental Revenue and Grants	11,414	11,414					22,828
Fines and Fees			18	825	981	75	1,899
Investment Earnings	3,954	3,231					7,185
Miscellaneous Revenue	8	231					239
<b>Total Revenues</b>	<b>\$ 85,225</b>	<b>\$ 84,725</b>	<b>\$ 18</b>	<b>\$ 825</b>	<b>\$ 981</b>	<b>\$ 75</b>	<b>\$ 171,849</b>
<b>Expenditures:</b>							
<b>Current:</b>							
Road and Bridge	\$ 199,241	\$ 200,679	\$	\$	\$	\$	\$ 399,920
<b>Debt Service:</b>							
Principal	18,241	18,272					36,513
Interest and Fiscal Charges	3,062	2,880					5,942
<b>Total Expenditures</b>	<b>\$ 220,544</b>	<b>\$ 221,831</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 442,375</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (135,319)	\$ (137,106)	\$ 18	\$ 825	\$ 981	\$ 75	\$ (270,526)
<b>Other Financing Sources:</b>							
Transfers In / (Out)	\$ 137,750	\$ 167,750	\$	\$	\$	\$	\$ 305,500
<b>Total Other Financing Sources</b>	<b>\$ 137,750</b>	<b>\$ 167,750</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 305,500</b>
<b>Net Change in Fund Balances</b>	<b>\$ 2,431</b>	<b>\$ 30,644</b>	<b>\$ 18</b>	<b>\$ 825</b>	<b>\$ 981</b>	<b>\$ 75</b>	<b>\$ 34,974</b>
Fund Balances - Beginning	345,379	229,352	358	2,308	1,560	1,020	579,977
<b>Fund Balances - Ending</b>	<b>\$ 347,810</b>	<b>\$ 259,996</b>	<b>\$ 376</b>	<b>\$ 3,133</b>	<b>\$ 2,541</b>	<b>\$ 1,095</b>	<b>\$ 614,951</b>



**SCHEDULE OF CHANGES IN NET PENSION  
ASSET AND RELATED RATIOS  
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

	12/31/2014	12/31/2015	12/31/2016	12/31/2017	12/31/2018	12/31/2019
<b>TOTAL PENSION LIABILITY</b>						
Service Cost	\$ 129,181	\$ 128,646	\$ 137,250	\$ 139,115	\$ 135,475	\$ 138,419
Interest Cost	240,648	259,557	275,095	302,741	327,979	348,387
Effect of Plan Changes		(15,187)				
Effect of Economic/Demographic Losses	8,367	(56,871)	24,955	1,474	23,119	(222,980)
Effect of Assumptions Changes or Inputs		40,018		48,194		
Benefit Payments/Refunds of Contributions	<u>(166,006)</u>	<u>(146,944)</u>	<u>(166,196)</u>	<u>(169,488)</u>	<u>(183,390)</u>	<u>(293,904)</u>
Net Change in Total Pension Liability	\$ 212,190	\$ 209,219	\$ 271,104	\$ 322,036	\$ 303,183	\$ (30,078)
Total Pension Liability, Beginning	<u>2,989,012</u>	<u>3,201,202</u>	<u>3,410,421</u>	<u>3,681,525</u>	<u>4,003,561</u>	<u>4,306,744</u>
Total Pension Liability, Ending	\$ <u>3,201,202</u>	\$ <u>3,410,421</u>	\$ <u>3,681,525</u>	\$ <u>4,003,561</u>	\$ <u>4,306,744</u>	\$ <u>4,276,666</u>
<b>FIDUCIARY NET POSITION</b>						
Employer Contributions	\$ 49,176	\$ 50,953	\$ 52,656	\$ 54,337	\$ 55,497	\$ 59,226
Member Contributions	81,959	84,921	87,760	90,563	92,495	98,707
Investment Income, Net of Expenses	243,293	(14,261)	282,610	598,166	(87,412)	746,319
Benefit Payments/Refunds of Contributions	(166,006)	(146,944)	(166,196)	(169,488)	(183,390)	(293,904)
Administrative Expenses	(2,863)	(2,755)	(3,081)	(3,106)	(3,650)	(3,922)
Other	<u>15,957</u>	<u>46,670</u>	<u>1,633</u>	<u>(359)</u>	<u>(586)</u>	<u>(3,938)</u>
Net Change in Fiduciary Net Position	\$ 221,516	\$ 18,584	\$ 255,382	\$ 570,113	\$ (127,046)	\$ 602,488
Fiduciary Net Position, Beginning	<u>3,605,237</u>	<u>3,826,753</u>	<u>3,845,337</u>	<u>4,100,719</u>	<u>4,670,832</u>	<u>4,543,786</u>
Fiduciary Net Position, Ending	\$ <u>3,826,753</u>	\$ <u>3,845,337</u>	\$ <u>4,100,719</u>	\$ <u>4,670,832</u>	\$ <u>4,543,786</u>	\$ <u>5,146,274</u>
<b>NET PENSION ASSET</b>	\$ <u>(625,551)</u>	\$ <u>(434,916)</u>	\$ <u>(419,194)</u>	\$ <u>(667,271)</u>	\$ <u>(237,042)</u>	\$ <u>(869,608)</u>
Fiduciary Net Position as a % of Total Pension Liability	<u>119.54%</u>	<u>112.75%</u>	<u>111.39%</u>	<u>116.67%</u>	<u>105.50%</u>	<u>120.33%</u>
County's Covered-Employee Payroll	\$ 1,639,185	\$ 1,698,421	\$ 1,755,201	\$ 1,811,255	\$ 1,849,898	\$ 1,974,136
Net Pension Asset as a % of Covered Payroll	<u>-38.16%</u>	<u>-25.61%</u>	<u>-23.88%</u>	<u>-36.84%</u>	<u>-12.81%</u>	<u>-44.05%</u>

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LYNN COUNTY, TEXAS

**Exhibit D-2**

**SCHEDULE OF EMPLOYER CONTRIBUTIONS  
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

Year Ending September 30,	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Pensionable Covered Payroll (1)	Actual Contribution as a % of Covered Payroll
2015	\$ 49,176	\$ 49,176	\$ 0	\$ 1,639,185	3.00%
2016	53,948	53,948	0	1,798,246	3.00%
2017	54,366	54,366	0	1,812,231	3.00%
2018	54,898	54,898	0	1,832,968	3.00%
2019	57,693	57,693	0	1,923,100	3.00%

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LYNN COUNTY, TEXAS

Exhibit D-3

**SCHEDULE OF CAPITAL LEASES  
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

Description	Loan #	Lender/Financing	Interest	Original Issuance	As of October 1, 2019	Payments	Issuances	As of September 30, 2020	Interest Paid
2018 SSV Dodge Truck	2543C	American National Leasing	4.74%	\$ 27,449	\$ 21,582	\$ 6,142	\$ -	\$ 15,440	\$ 1,026
2018 SSV Dodge Truck	2547C	American National Leasing	4.74%	28,992	22,635	6,656	-	15,979	1,076
2018 SSV Dodge Truck	2545C	American National Leasing	4.74%	28,992	22,635	6,656	-	15,979	1,076
2018 SSV Dodge Truck	2544C	American National Leasing	4.74%	28,992	22,635	6,656	-	15,979	1,076
2018 SSV Dodge Truck	2548C	American National Leasing	4.74%	28,992	22,634	6,656	-	15,978	1,076
2018 SSV Dodge Truck	2546C	American National Leasing	4.74%	28,992	22,634	6,656	-	15,978	1,076
2019 John Deere 672G Motor Grader	FNBL: 67089	First National Bank Leasing	3.99%	200,250	200,250	20,695	-	179,555	3,305
					<u>\$ 335,005</u>	<u>\$ 60,117</u>	<u>\$ -</u>	<u>\$ 274,888</u>	<u>\$ 9,711</u>

  

Fiscal Year Ending,	Lease Service Payments	
	Principal	Interest
2021	\$ 112,100	\$ 11,686
2022	17,505	6,495
2023	18,203	5,797
2024	18,930	5,070
2025	<u>108,150</u>	<u>2,506</u>
	<u>\$ 274,888</u>	<u>\$ 31,554</u>

**COMPLIANCE AND INTERNAL CONTROL SECTION**

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

**CERTIFIED PUBLIC ACCOUNTANTS**

**PHONE: (806) 747-3806**

**FAX: (806) 747-3815**

**8215 NASHVILLE AVENUE**

**LUBBOCK, TEXAS 79423-1954**

**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***

**Independent Auditor's Report**

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

We have audited, in accordance with the 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, 2020, and the related notes to the financial statements, which collectively comprise Lynn County, Texas' basic financial statements, and have issued our report thereon dated November 20, 2020.

**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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. 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 from 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 this 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.

*Bolinger, Segars, Gilbert & Moss LLP*

Certified Public Accountants

Lubbock, Texas

November 20, 2020