

**LYNN COUNTY, TEXAS**

**ANNUAL FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021**

**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, 2021**

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**ANNUAL FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021**

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**LYNN COUNTY, TEXAS**

**COUNTY OFFICIALS  
SEPTEMBER 30, 2021**

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**

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

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

**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, 2021, 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, 2021, 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**

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 January 12, 2022, 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

January 12, 2022

**BASIC FINANCIAL STATEMENTS**



LYNN COUNTY, TEXAS

Exhibit A-1

STATEMENT OF NET POSITION  
SEPTEMBER 30, 2021  
MODIFIED CASH BASIS

	<u>Primary Government Governmental Activities</u>
<b>ASSETS:</b>	
Cash and Cash Equivalents	\$ 6,720,978
Due from Employees	6,821
Prepaid Expenses	75,398
Capital Assets (Net of Accumulated Depreciation):	
Land	242,832
Buildings and Improvements	8,990,249
Machinery and Equipment	931,993
Furniture & Fixtures	710,694
Total Assets	<u>\$ 17,678,965</u>
<b>LIABILITIES:</b>	
Other Liabilities	\$ 42,561
Deferred Grant Revenue	603,622
Noncurrent Liabilities:	
Current Portion of Long-Term Debt	156,630
Noncurrent Portion of Long-Term Debt	1,487,570
Total Liabilities	<u>\$ 2,290,383</u>
<b>NET POSITION:</b>	
Net Investment in Capital Assets	\$ 9,231,568
Restricted For:	
Road and Bridge	1,188,315
Archiving	3,414
Preservation	3,903
Security	38,601
Technology	41,053
Enabling Legislation	126,469
Courthouse Restoration	1,098,010
Unrestricted	<u>3,657,249</u>
Total Net Position	<u>\$ 15,388,582</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, 2021
MODIFIED CASH BASIS

Table with columns: Departments/Programs, Expenses, Program Revenues (Fines, Fees & Charges for Services, Operating Grants and Contributions, Capital Grants and Contributions), and Net (Expense) and Changes in Net Position (Primary Gov. Governmental Activities). Rows include Governmental Activities (County Treasurer, Tax Assessor and Collector, etc.) and General Revenues (Property Taxes, Other Taxes, etc.).

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, 2021  
MODIFIED CASH BASIS**

	Major Funds			Nonmajor			
	Debt Service			Special Revenue			Governmental Funds (See Exhibit C-1)
	General Fund	Courthouse Restoration Debt Service Fund		Road and Bridge Fund	Total Governmental Funds		
<b>ASSETS:</b>							
Cash and Cash Equivalents	\$ 4,212,866	\$ 1,098,010	\$ 161,342	\$ 1,248,760	\$ 6,720,978		
Due from Employees				6,821	6,821		
Prepaid Expenditures	67,255			8,143	75,398		
Due (To) From Other Funds	13,247			(13,247)			
<b>Total Assets</b>	<b>\$ 4,293,368</b>	<b>\$ 1,098,010</b>	<b>\$ 161,342</b>	<b>\$ 1,250,477</b>	<b>\$ 6,803,197</b>		
<b>LIABILITIES:</b>							
Other Liabilities	\$ 40,640	\$	\$ 78	\$ 1,843	\$ 42,561		
Deferred Grant Revenue	603,622				603,622		
<b>Total Liabilities</b>	<b>\$ 644,262</b>	<b>\$ 0</b>	<b>\$ 78</b>	<b>\$ 1,843</b>	<b>\$ 646,183</b>		
<b>FUND BALANCES:</b>							
Nonspendable:							
Prepaid Items	\$ 67,255	\$	\$	\$ 8,143	\$ 75,398		
Restricted for:							
Road and Bridge			161,264	1,027,051	1,188,315		
Archiving				3,414	3,414		
Preservation				3,903	3,903		
Security				38,601	38,601		
Technology				41,053	41,053		
Enabling Legislation				126,469	126,469		
Debt Service		1,098,010			1,098,010		
Unassigned	3,581,851				3,581,851		
<b>Total Fund Balances</b>	<b>\$ 3,649,106</b>	<b>\$ 1,098,010</b>	<b>\$ 161,264</b>	<b>\$ 1,248,634</b>	<b>\$ 6,157,014</b>		
<b>Total Liabilities and Fund Balances</b>	<b>\$ 4,293,368</b>	<b>\$ 1,098,010</b>	<b>\$ 161,342</b>	<b>\$ 1,250,477</b>	<b>\$ 6,803,197</b>		

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, 2021  
MODIFIED CASH BASIS

Total Fund Balances - Governmental Funds Balance Sheet	\$	6,157,014
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.		10,875,768
Payables for notes payable which are not due in the current period are not reported in the funds.		<u>(1,644,200)</u>
Net Position of Governmental Activities - Statement of Net Position	\$	<u>15,388,582</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, 2021  
MODIFIED CASH BASIS**

	Major Funds		Nonmajor Governmental Funds (See Exhibit C-2)	Total Governmental Funds
	Capital Project	Special Revenue		
	General Fund	Courthouse Restoration Fund	Road and Bridge Fund	
<b>Revenue:</b>				
<b>Taxes:</b>				
Property Taxes	\$ 2,989,485	\$ 102	\$ 676,700	\$ 3,666,287
Other Taxes	761,055			761,055
Sales Taxes		166,004		166,004
License and Permits	18,421		51,250	341,535
Intergovernmental Revenue and Grants	636,314	405,589	36,923	1,299,027
Fines and Fees	219,169	10,312		245,679
Investment Earnings	56,606	8,635		75,917
Miscellaneous Revenue	151,555			166,887
Total Revenues	\$ 4,832,605	\$ 590,642	\$ 764,873	\$ 534,271
<b>Expenditures:</b>				
<b>Current:</b>				
County Treasurer	\$ 123,628			\$ 123,628
Tax Assessor and Collector	120,758			120,758
Internal Auditor	37,097			37,097
District Court	144,194			144,194
District Clerk	144,179			144,179
Justice of the Peace - Tahoka	110,164			111,562
Justice of the Peace - O'Donnell	40,990			41,190
County Attorney	128,363			128,363
Emergency Management	280,718			280,718
County Buildings	242,342			242,342
County Judge	137,227			137,227
County Clerk	150,309			150,309
Library	54,063			54,063
Social Services - Public Welfare	47,726			47,726
Social Services - Health	3,750			3,750
Sheriff's Office	672,788			672,788
Communications	231,860			231,860
Jail	856,041			856,041
OPS - Corrections	3,231			3,231
Fire	30,000			30,000
Animal Control	1,584			1,584
Extension Office	81,395			81,395
Road and Bridge			148,036	1,036,963
Juvenile Probation	165,979			283,060
Courthouse Restoration		10,000		10,000
Other	489,447			587,206
<b>Debt Service:</b>				
Principal	62,511	80,000		106,156
Interest and Fiscal Charges	4,046	45,300		11,551
Total Expenditures	\$ 4,364,390	\$ 135,300	\$ 148,036	\$ 1,223,072
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ 468,215	\$ 455,342	\$ 616,837	\$ (688,801)
<b>Other Financing Sources:</b>				
Transfers In (Out)	\$ (104,763)		\$ (565,000)	\$ 669,763
Total Other Financing Sources	\$ (104,763)	\$ 0	\$ (565,000)	\$ 669,763
Net Change in Fund Balances	\$ 363,452	\$ 455,342	\$ 51,837	\$ (19,038)
Fund Balances - Beginning	3,285,654	642,668	109,427	1,267,672
Fund Balances - Ending	\$ 3,649,106	\$ 1,098,010	\$ 161,264	\$ 1,248,634

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, 2021  
MODIFIED CASH BASIS

Net Change in Fund Balances - Total Governmental Funds	\$	851,593
Amounts reported for governmental activities in the Statement of Activities (SOA) are different because:		
Capital assets are not reported as expenses in the SOA.		452,281
The depreciation of capital assets used in governmental activities is not reported in the funds.		(485,647)
Payments on Notes Payables are not expenses in the SOA, but are reported as a reduction of long-term in the SNP.		<u>248,667</u>
Change in Net Position of Governmental Activities - Statement of Activities	\$	<u><u>1,066,894</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, 2021  
MODIFIED CASH BASIS

	<u>Agency Fund</u>
ASSETS:	
Current Assets	
Cash and Cash Equivalents	\$ 472,253
Total Current Assets	<u>\$ 472,253</u>
LIABILITIES:	
Current Liabilities	
Due to Others	\$ 472,253
Total Current Liabilities	<u>\$ 472,253</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, 2021**

**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, 2021**

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 are 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.

**NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021**

**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, 2021**

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 Debt Service Fund – This capital project fund is used to account for proceeds of specific revenue sources that are reserved for servicing the debt on 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 governments, 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, 2021**

**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, 2021**

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, 2021, the carrying amount of the County's cash and cash equivalents was \$6,270,978, and the bank balance was \$6,746,003. 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, 2021**

**B. CAPITAL ASSETS**

Capital asset activity for the County for the year ended September 30, 2021 was as follows:

	Balance October 1, 2020	Additions	Retirements	Balance September 30, 2021
Governmental Activities				
Land	\$ 242,832	\$	\$	\$ 242,832
Buildings and Improvements	10,736,045	10,000		10,746,045
Machinery and Equipment	1,225,657	442,281		1,667,938
Furniture and Fixtures	1,064,477			1,064,477
Totals at Historic Cost	<u>\$ 13,269,011</u>	<u>\$ 452,281</u>	<u>\$ 0</u>	<u>\$ 13,721,292</u>
Less: Accumulated Depreciation				
Buildings and Improvements	\$ 1,538,718	\$ 217,079	\$	\$ 1,755,797
Machinery and Equipment	587,292	148,652		735,944
Furniture and Fixtures	233,867	119,916		353,783
Total Accumulated Depreciation	<u>\$ 2,359,877</u>	<u>\$ 485,647</u>	<u>\$ 0</u>	<u>\$ 2,845,524</u>
Net Investment in Capital Assets	<u>\$ 10,909,134</u>	<u>\$ (33,366)</u>	<u>\$ 0</u>	<u>\$ 10,875,768</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	\$ 34,957
5/13/2019	82,500	4.25%	Pct. 2	50,433
2/20/2019	95,000	4.25%	Pct. 3	58,759
8/16/2018	48,369	3.10%	Pct. 4	20,251
5/2/2019	38,000	4.25%	Pct. 4	19,800
	<u>\$ 572,959</u>			<u>\$ 184,200</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, 2021

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

	Balance October 1, 2020	Issuances	Payments	Balance September 30, 2021
Governmental Activities:				
Notes Payable	\$ 352,867	\$	\$ 168,667	\$ 184,200
Series 2017, C.O.	1,540,000		80,000	1,460,000
	<u>\$ 1,892,867</u>	<u>\$ 0</u>	<u>\$ 248,667</u>	<u>\$ 1,644,200</u>

Debt service requirements on the long-term debt at September 30, 2021 are as follows:

Year Ending September 30,	Governmental Activities		
	Principal	Interest	Total
2022	\$ 156,630	\$ 50,226	\$ 206,856
2023	164,640	44,643	209,283
2024	127,930	38,834	166,764
2025	95,000	34,425	129,425
2026	95,000	31,575	126,575
2027-2031	525,000	112,275	637,275
2032-2035	480,000	29,250	509,250
Totals	<u>\$ 1,644,200</u>	<u>\$ 341,228</u>	<u>\$ 1,985,428</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 within the County’s jurisdiction. The County has abated taxes in the amount of \$4,768,552 on taxable values of \$635,806,990 for the 2020 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, 2021, 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, 2021

	(Unaudited) Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive or (Negative)
	Original	Final		
Revenue:				
Taxes:				
Property Taxes	\$ 3,276,117	\$ 2,948,617	\$ 2,989,485	\$ 40,868
Other Taxes	517,050	761,055	761,055	
Sales Taxes	7,000			
License and Permits	15,000	15,000	18,421	3,421
Intergovernmental Revenue and Grants	309,098	624,186	636,314	12,128
Fines and Fees	213,375	203,375	219,169	15,794
Investment Earnings	40,000	40,000	56,606	16,606
Miscellaneous Revenue		76,310	151,555	75,245
Total Revenues	<u>\$ 4,377,640</u>	<u>\$ 4,668,543</u>	<u>\$ 4,832,605</u>	<u>\$ 164,062</u>
Expenditures:				
Current:				
County Treasurer	\$ 129,829	\$ 129,829	\$ 123,628	\$ 6,201
Tax Assessor and Collector	127,949	127,949	120,758	7,191
Internal Auditor	40,071	40,071	37,097	2,974
District Court	146,489	146,489	144,194	2,295
District Clerk	164,099	164,099	144,179	19,920
Justice of the Peace - Tahoka	116,124	116,124	110,164	5,960
Justice of the Peace - O'Donnell	43,480	43,480	40,990	2,490
County Attorney	136,996	136,996	128,363	8,633
County Court	800	800	0	800
Emergency Management	94,931	358,419	280,718	77,701
County Buildings	214,782	514,782	242,342	272,440
County Judge	140,389	140,389	137,227	3,162
County Clerk	159,321	159,321	150,309	9,012
Library	55,164	55,164	54,063	1,101
Social Services - Public Welfare	58,500	58,500	47,726	10,774
Social Services - Health	3,750	3,750	3,750	
Sheriff's Office	599,707	674,222	672,788	1,434
Communications	227,767	237,767	231,860	5,907
Jail	760,512	882,712	856,041	26,671
SCAP	1,000	1,000	0	1,000
OPS - Corrections	4,500	4,500	3,231	1,269
Fire	30,000	30,000	30,000	
Animal Control	4,000	4,000	1,584	2,416
Extension Office	91,653	91,653	81,395	10,258
Juvenile Probation	190,033	183,533	165,979	17,554
Other	266,236	614,936	489,447	125,489
Total Expenditures	<u>\$ 3,808,082</u>	<u>\$ 4,920,485</u>	<u>\$ 4,364,390</u>	<u>\$ 556,095</u>
Excess of Revenues Over Expenditures	<u>\$ 569,558</u>	<u>\$ (251,942)</u>	<u>\$ 468,215</u>	<u>\$ 720,157</u>
Other Financing Uses:				
Transfers Out	<u>\$ (85,845)</u>	<u>\$ (85,845)</u>	<u>\$ (104,763)</u>	<u>\$ (18,918)</u>
Total Other Financing Uses:	<u>\$ (85,845)</u>	<u>\$ (85,845)</u>	<u>\$ (104,763)</u>	<u>\$ (18,918)</u>
Net Change in Fund Balances	<u>\$ 483,713</u>	<u>\$ (337,787)</u>	<u>\$ 363,452</u>	<u>\$ 701,239</u>
Fund Balances - Beginning	<u>2,584,053</u>	<u>2,584,053</u>	<u>3,285,654</u>	
Fund Balances - Ending	<u>\$ 3,067,766</u>	<u>\$ 2,246,266</u>	<u>\$ 3,649,106</u>	

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LYNN COUNTY, TEXAS

Exhibit B-2

**BUDGETARY COMPARISON - COURTHOUSE RESTORATION DEBT SERVICE FUND  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021**

	(Unaudited) Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive or (Negative)
	Original	Final		
Revenue:				
Taxes:				
Property Taxes	\$ 40,951	\$ 40,951	\$ 102	\$ (40,849)
Sales Taxes	170,000	170,000	166,004	(3,996)
Intergovernmental Revenue and Grants	25,000	394,000	405,589	11,589
Fines and Fees	9,500	9,500	10,312	812
Investment Earnings	5,000	5,000	8,635	3,635
Total Revenues	<u>\$ 250,451</u>	<u>\$ 619,451</u>	<u>\$ 590,642</u>	<u>\$ (28,809)</u>
Expenditures:				
Current:				
Courthouse Restoration	\$	\$ 10,000	\$ 10,000	\$ 0
Debt Service:				
Principal	80,000	80,000	80,000	
Interest and Fiscal Charges	45,000	45,000	45,300	(300)
Total Expenditures	<u>\$ 125,000</u>	<u>\$ 135,000</u>	<u>\$ 135,300</u>	<u>\$ (300)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 125,451</u>	<u>\$ 484,451</u>	<u>\$ 455,342</u>	<u>\$ (29,109)</u>
Net Change in Fund Balances	\$ 125,451	\$ 484,451	\$ 455,342	<u>\$ (29,109)</u>
Fund Balances - Beginning	<u>642,668</u>	<u>642,668</u>	<u>642,668</u>	
Fund Balances - Ending	<u>\$ 768,119</u>	<u>\$ 1,127,119</u>	<u>\$ 1,098,010</u>	

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LYNN COUNTY, TEXAS

Exhibit B-3

**BUDGETARY COMPARISON - ROAD AND BRIDGE FUND  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021**

	(Unaudited) Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive or (Negative)
	Original	Final		
Revenue:				
Taxes:				
Property Taxes	\$ 629,857	\$ 629,857	\$ 676,700	\$ 46,843
License and Permits	45,000	45,000	51,250	6,250
Intergovernmental Revenue and Grants	44,000	44,000	36,923	(7,077)
Total Revenues	<u>\$ 718,857</u>	<u>\$ 718,857</u>	<u>\$ 764,873</u>	<u>\$ 46,016</u>
Expenditures:				
Current:				
Road and Bridge	\$ 159,034	\$ 159,034	\$ 148,036	\$ 10,998
Total Expenditures	<u>\$ 159,034</u>	<u>\$ 159,034</u>	<u>\$ 148,036</u>	<u>\$ 10,998</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 559,823</u>	<u>\$ 559,823</u>	<u>\$ 616,837</u>	<u>\$ 57,014</u>
Other Financing Sources (Uses):				
Transfers In (Out)	\$ (565,000)	\$ (565,000)	\$ (565,000)	\$
Total Other Financing Sources (Uses):	<u>\$ (565,000)</u>	<u>\$ (565,000)</u>	<u>\$ (565,000)</u>	<u>\$ 0</u>
Net Change in Fund Balances	\$ (5,177)	\$ (5,177)	\$ 51,837	<u>\$ 57,014</u>
Fund Balances - Beginning	<u>109,427</u>	<u>109,427</u>	<u>109,427</u>	
Fund Balances - Ending	<u>\$ 104,250</u>	<u>\$ 104,250</u>	<u>\$ 161,264</u>	

**NOTES TO BUDGETARY COMPARISON INFORMATION  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021**

**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 2020-2021 budget were approved by the Commissioners' Court as provided by law.

**OTHER INFORMATION**

LYNN COUNTY, TEXAS

Exhibit C-1

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2021  
MODIFIED CASH BASIS

	Special Revenue Funds					Total Nonmajor Governmental Funds (See Exh A-3)
	Crime Victim Assistance Fund	Juvenile Probation Department	Unclaimed Property Fund	NFC and MRP Fund	Other Special Revenue Funds (See Exh C-3)	
<b>ASSETS:</b>						
Cash and Cash Equivalents	\$ 9,256	\$ 90,811	\$ 12,586	\$ 6,426	\$ 1,129,681	\$ 1,248,760
Due from Employees				6,821		6,821
Prepaid Expenditures					8,143	8,143
Due (To) From Other Funds				(13,247)		(13,247)
Total Assets	\$ 9,256	\$ 90,811	\$ 12,586	\$ 0	\$ 1,137,824	\$ 1,250,477
<b>LIABILITIES:</b>						
Other Liabilities	\$ 115	\$ 475	\$ 0	\$ 0	\$ 1,253	\$ 1,843
Total Liabilities	\$ 115	\$ 475	\$ 0	\$ 0	\$ 1,253	\$ 1,843
<b>FUND BALANCES:</b>						
Nonspendable:						
Prepaid Items						
Restricted for:						
Road and Bridge						
Archiving					1,027,051	1,027,051
Preservation					3,414	3,414
Security					3,903	3,903
Technology					38,601	38,601
Enabling Legislation					41,053	41,053
Total Fund Balances	\$ 9,141	\$ 90,336	\$ 12,586	\$ 0	\$ 14,406	\$ 126,469
	\$ 9,141	\$ 90,336	\$ 12,586	\$ 0	\$ 1,136,571	\$ 1,248,634
Total Liabilities and Fund Balances	\$ 9,256	\$ 90,811	\$ 12,586	\$ 0	\$ 1,137,824	\$ 1,250,477

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2021  
MODIFIED CASH BASIS**

	Special Revenue Funds					Total
	Crime Victim Assistance Fund	Juvenile Probation Department	Unclaimed Property Fund	Other Special Revenue Funds (See Exh C-4)	Nonmajor Governmental Funds (See Exh A-5)	
Revenue:						
License and Permits	\$			\$ 271,864	\$	271,864
Intergovernmental Revenue and Grants	64,696	93,137		62,368		220,201
Fines and Fees				16,198		16,198
Investment Earnings		982		9,694		10,676
Miscellaneous Revenue				15,332		15,332
Total Revenues	<u>\$ 64,696</u>	<u>\$ 94,119</u>	<u>\$ 0</u>	<u>\$ 375,456</u>	<u>\$</u>	<u>\$ 534,271</u>
Expenditures:						
Current:						
Justice of the Peace - Tahoka				1,398		1,398
Justice of the Peace - O'Donnell				200		200
Road and Bridge				888,927		888,927
Juvenile Probation		117,081		0		117,081
Other				23,093		23,093
Debt Service:						
Principal				106,156		106,156
Interest and Fiscal Charges				11,551		11,551
Total Expenditures	<u>\$ 74,666</u>	<u>\$ 117,081</u>	<u>\$ 0</u>	<u>\$ 1,031,325</u>	<u>\$</u>	<u>\$ 1,223,072</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ (9,970)</u>	<u>\$ (22,962)</u>	<u>\$ 0</u>	<u>\$ (655,869)</u>	<u>\$</u>	<u>\$ (688,801)</u>
Other Financing Sources:						
Transfers In / (Out)	\$ 10,000	\$ 94,763		\$ 565,000		\$ 669,763
Total Other Financing Sources	<u>\$ 10,000</u>	<u>\$ 94,763</u>	<u>\$ 0</u>	<u>\$ 565,000</u>	<u>\$</u>	<u>\$ 669,763</u>
Net Change in Fund Balances	\$ 30	\$ 71,801	\$ 0	\$ (90,869)		\$ (19,038)
Fund Balances - Beginning	9,111	18,535	12,586	1,227,440		1,267,672
Fund Balances - Ending	<u>\$ 9,141</u>	<u>\$ 90,336</u>	<u>\$ 12,586</u>	<u>\$ 1,136,571</u>	<u>\$</u>	<u>\$ 1,248,634</u>



LYNN COUNTY, TEXAS

Exhibit C-3

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2021  
MODIFIED CASH BASIS

	Special Revenue Funds							Total Nonmajor Special Revenue Funds (See Exh C-1)
	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)	
ASSETS:								
Cash and Cash Equivalents	\$ 2,704	\$ 8,492	\$ 38,601	\$ 2,626	\$ 12,711	\$ 13,004	\$ 1,051,543	\$ 1,129,681
Prepaid Expenditures							8,143	8,143
Total Assets	<u>\$ 2,704</u>	<u>\$ 8,492</u>	<u>\$ 38,601</u>	<u>\$ 2,626</u>	<u>\$ 12,711</u>	<u>\$ 13,004</u>	<u>\$ 1,059,686</u>	<u>\$ 1,137,824</u>
LIABILITIES:								
Other Liabilities	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	1,253	1,253
Total Liabilities	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,253</u>	<u>\$ 1,253</u>
FUND BALANCES:								
Nonspendable:								
Prepaid Items							8,143	8,143
Restricted for:								
Road and Bridge								
Archiving							1,027,051	1,027,051
Preservation							3,414	3,414
Security			38,601				3,903	38,601
Technology				2,626	12,711	13,004	12,712	41,053
Enabling Legislation	2,704	8,492					3,210	14,406
Total Fund Balances	<u>\$ 2,704</u>	<u>\$ 8,492</u>	<u>\$ 38,601</u>	<u>\$ 2,626</u>	<u>\$ 12,711</u>	<u>\$ 13,004</u>	<u>\$ 1,058,433</u>	<u>\$ 1,136,571</u>
Total Liabilities and Fund Balances	<u>\$ 2,704</u>	<u>\$ 8,492</u>	<u>\$ 38,601</u>	<u>\$ 2,626</u>	<u>\$ 12,711</u>	<u>\$ 13,004</u>	<u>\$ 1,059,686</u>	<u>\$ 1,137,824</u>

LYNN COUNTY, TEXAS

Exhibit C-4

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2021  
 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-6)	
Revenue:								
License and Permits	\$ 0	\$ 2,000	\$ 7,443	\$ 720	\$ 3,350	\$ 141	\$ 361,802	\$ 271,864
Intergovernmental Revenue and Grants								\$ 62,368
Fines and Fees		2,000	7,443	720	3,350	141		16,198
Investment Earnings								9,694
Miscellaneous Revenue								15,332
Total Revenues	\$ 0	\$ 2,000	\$ 7,443	\$ 720	\$ 3,350	\$ 141	\$ 361,802	\$ 375,456
Expenditures:								
Current:								
Justice of the Peace - Tahoka	\$ 0	\$ 0	\$ 0	\$ 200	\$ 1,398	\$ 0	\$ 0	\$ 1,398
Justice of the Peace - O'Donnell								200
Road and Bridge							888,927	888,927
Other			7,081		14,358	1,654	0	23,093
Debt Service:								
Principal								106,156
Interest and Fiscal Charges								11,551
Total Expenditures	\$ 0	\$ 0	\$ 7,081	\$ 200	\$ 15,756	\$ 1,654	\$ 1,006,634	\$ 1,031,325
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ 0	\$ 2,000	\$ 362	\$ 520	\$ (12,406)	\$ (1,513)	\$ (644,832)	\$ (655,869)
Other Financing Sources:								
Transfers In / (Out)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 565,000	\$ 565,000
Total Other Financing Sources	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 565,000	\$ 565,000
Net Change in Fund Balances	\$ 0	\$ 2,000	\$ 362	\$ 520	\$ (12,406)	\$ (1,513)	\$ (79,832)	\$ (90,869)
Fund Balances - Beginning	2,704	6,492	38,239	2,106	25,117	14,517	1,138,265	1,227,440
Fund Balances - Ending	\$ 2,704	\$ 8,492	\$ 38,601	\$ 2,626	\$ 12,711	\$ 13,004	\$ 1,058,433	\$ 1,136,571

LYNN COUNTY, TEXAS

Exhibit C-5

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2021  
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	\$ 12,261	\$ 1,037,182	\$ 1,051,543	
Prepaid Expenditures					8,143	8,143	
Total Assets	<u>\$ 807</u>	<u>\$ 1,274</u>	<u>\$ 19</u>	<u>\$ 12,261</u>	<u>\$ 1,045,325</u>	<u>\$ 1,059,686</u>	
<b>LIABILITIES:</b>							
Other Liabilities	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,253	\$ 1,253	
Total Liabilities	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,253</u>	<u>\$ 1,253</u>	
<b>FUND BALANCES:</b>							
Nonspendable:							
Prepaid Items					\$ 8,143	\$ 8,143	
Restricted for:							
Road and Bridge							
Archiving					1,027,051	1,027,051	
Preservation					3,414	3,414	
Technology					3,903	3,903	
Enabling Legislation				12,261	451	12,712	
Total Fund Balances	<u>\$ 807</u>	<u>\$ 1,274</u>	<u>\$ 19</u>	<u>\$ 12,261</u>	<u>\$ 1,044,072</u>	<u>\$ 1,058,433</u>	
Total Liabilities and Fund Balances	<u>\$ 807</u>	<u>\$ 1,274</u>	<u>\$ 19</u>	<u>\$ 12,261</u>	<u>\$ 1,045,325</u>	<u>\$ 1,059,686</u>	

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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, 2021  
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-8)	Nonmajor Special Revenue Funds (See Exh C-4)	
Revenue:							
License and Permits	\$	\$	\$	\$	\$ 271,864	\$ 271,864	
Intergovernmental Revenue and Grants					62,368	62,368	
Fines and Fees				952	1,733	2,685	
Investment Earnings					9,553	9,553	
Miscellaneous Revenue					15,332	15,332	
Total Revenues	\$ 0	\$ 0	\$ 0	\$ 952	\$ 360,850	\$ 361,802	
Expenditures:							
Current:							
Road and Bridge	\$	\$	\$	\$	\$ 888,927	\$ 888,927	
Other					0	0	
Debt Service:							
Principal					106,156	106,156	
Interest and Fiscal Charges					11,551	11,551	
Total Expenditures	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,006,634	\$ 1,006,634	
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ 0	\$ 0	\$ 0	\$ 952	\$ (645,784)	\$ (644,832)	
Other Financing Sources:							
Transfers In / (Out)	\$	\$	\$	\$	\$ 565,000	\$ 565,000	
Total Other Financing Sources	\$ 0	\$ 0	\$ 0	\$ 0	\$ 565,000	\$ 565,000	
Net Change in Fund Balances	\$ 0	\$ 0	\$ 0	\$ 952	\$ (80,784)	\$ (79,832)	
Fund Balances - Beginning	807	1,274	19	11,309	1,124,856	1,138,265	
Fund Balances - Ending	\$ 807	\$ 1,274	\$ 19	\$ 12,261	\$ 1,044,072	\$ 1,058,433	

LYNN COUNTY, TEXAS

Exhibit C-7

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2021  
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	\$ 189,462	\$ 253,354	\$ 594,366	\$ 1,037,182
Prepaid Expenditures	1,393	2,303	4,447	8,143
Total Assets	<u>\$ 190,855</u>	<u>\$ 255,657</u>	<u>\$ 598,813</u>	<u>\$ 1,045,325</u>
<b>LIABILITIES:</b>				
Other Liabilities	\$ 47	15	1,191	\$ 1,253
Total Liabilities	<u>\$ 47</u>	<u>\$ 15</u>	<u>\$ 1,191</u>	<u>\$ 1,253</u>
<b>FUND BALANCES:</b>				
Nonspendable:				
Prepaid Items	\$ 1,393	2,303	4,447	\$ 8,143
Restricted for:				
Road and Bridge	189,415	253,339	584,297	1,027,051
Archiving			3,414	3,414
Preservation			3,903	3,903
Technology			451	451
Enabling Legislation			1,110	1,110
Total Fund Balances	<u>\$ 190,808</u>	<u>\$ 255,642</u>	<u>\$ 597,622</u>	<u>\$ 1,044,072</u>
Total Liabilities and Fund Balances	<u>\$ 190,855</u>	<u>\$ 255,657</u>	<u>\$ 598,813</u>	<u>\$ 1,045,325</u>

LYNN COUNTY, TEXAS

Exhibit C-8

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2021  
 MODIFIED CASH BASIS

	Special Revenue Funds							Total
	Lateral Road #1 Fund	Lateral Road #2 Fund	Lateral Road #3 Fund	Lateral Road #4 Fund	Precinct 1 Fund	Precinct 2 Fund	Other Special Revenue Funds (See Exh C-10)	Nonmajor Special Revenue Funds (See Exh C-6)
Revenue:								
License and Permits	\$ 6,361	\$ 6,361	\$ 6,361	\$ 6,361	\$ 67,966	\$ 67,966	\$ 135,932	\$ 271,864
Intergovernmental Revenue and Grants					9,231	9,231	18,462	62,368
Fines and Fees					2,813	1,614	1,733	1,733
Investment Earnings							5,126	9,553
Miscellaneous Revenue							15,332	15,332
Total Revenues	\$ 6,361	\$ 6,361	\$ 6,361	\$ 6,361	\$ 80,010	\$ 78,811	\$ 176,585	\$ 360,850
Expenditures:								
Current:								
Road and Bridge	\$ 6,361	\$ 6,361	\$ 6,361	\$ 6,361	\$ 219,526	\$ 210,054	\$ 433,903	\$ 888,927
Debt Service:								
Principal					34,675	34,520	36,961	106,156
Interest and Fiscal Charges					2,789	3,212	5,550	11,551
Total Expenditures	\$ 6,361	\$ 6,361	\$ 6,361	\$ 6,361	\$ 256,990	\$ 247,786	\$ 476,414	\$ 1,006,634
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ 0	\$ 0	\$ 0	\$ 0	\$ (176,980)	\$ (168,975)	\$ (299,829)	\$ (645,784)
Other Financing Sources:								
Transfers In / (Out)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 141,250	\$ 141,250	\$ 282,500	\$ 565,000
Total Other Financing Sources	\$ 0	\$ 0	\$ 0	\$ 0	\$ 141,250	\$ 141,250	\$ 282,500	\$ 565,000
Net Change in Fund Balances	\$ 0	\$ 0	\$ 0	\$ 0	\$ (35,730)	\$ (27,725)	\$ (17,329)	\$ (80,784)
Fund Balances - Beginning	0	0	0	0	226,538	283,367	614,951	1,124,856
Fund Balances - Ending	0	0	0	0	190,808	255,642	597,622	1,044,072

LYNN COUNTY, TEXAS

Exhibit C-9

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2021  
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	\$ 358,425	\$ 227,063	\$ 451	\$ 3,903	\$ 3,414	\$ 1,110	\$ 594,366
Prepaid Expenditures	2,203	2,244					4,447
Total Assets	<u>\$ 360,628</u>	<u>\$ 229,307</u>	<u>\$ 451</u>	<u>\$ 3,903</u>	<u>\$ 3,414</u>	<u>\$ 1,110</u>	<u>\$ 598,813</u>
<b>LIABILITIES:</b>							
Other Liabilities	\$ 137	\$ 1,054	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,191
Total Liabilities	<u>\$ 137</u>	<u>\$ 1,054</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,191</u>
<b>FUND BALANCES:</b>							
Nonspendable:							
Prepaid Items	\$ 2,203	\$ 2,244	\$	\$	\$	\$	\$ 4,447
Restricted for:							
Road and Bridge	358,288	226,009					584,297
Archiving					3414		3,414
Preservation				3,903			3,903
Technology							451
Enabling Legislation			451			1,110	1,110
Total Fund Balances	<u>\$ 360,491</u>	<u>\$ 228,253</u>	<u>\$ 451</u>	<u>\$ 3,903</u>	<u>\$ 3,414</u>	<u>\$ 1,110</u>	<u>\$ 597,622</u>
Total Liabilities and Fund Balances	<u>\$ 360,628</u>	<u>\$ 229,307</u>	<u>\$ 451</u>	<u>\$ 3,903</u>	<u>\$ 3,414</u>	<u>\$ 1,110</u>	<u>\$ 598,813</u>

LYNN COUNTY, TEXAS

Exhibit C-10

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2021  
MODIFIED CASH BASIS

	Special Revenue Funds							Total
	Precinct 3 Fund	Precinct 4 Fund	District Clerk Technology Fund	District Clerk Preservation Fund	District Clerk Archive Fund	Video Fee Fund	Nonmajor Special Revenue Funds (See Exh C-8)	
Revenue:								
License and Permits	\$ 67,966	\$ 67,966	\$	\$	\$	\$	\$ 135,932	
Intergovernmental Revenue and Grants	9,231	9,231					18,462	
Fines and Fees			75	770	873	15	1,733	
Investment Earnings	2,677	2,449					5,126	
Miscellaneous Revenue	4,933	10,399					15,332	
Total Revenues	\$ 84,807	\$ 90,045	\$ 75	\$ 770	\$ 873	\$ 15	\$ 176,585	
Expenditures:								
Current:								
Road and Bridge	\$ 192,016	\$ 241,887	\$	\$	\$	\$	\$ 433,903	
Debt Service:								
Principal	18,000	18,961					36,961	
Interest and Fiscal Charges	3,360	2,190					5,550	
Total Expenditures	\$ 213,376	\$ 263,038	\$ 0	\$ 0	\$ 0	\$ 0	\$ 476,414	
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (128,569)	\$ (172,993)	\$ 75	\$ 770	\$ 873	\$ 15	\$ (299,829)	
Other Financing Sources:								
Transfers In / (Out)	\$ 141,250	\$ 141,250	\$	\$	\$	\$	\$ 282,500	
Total Other Financing Sources	\$ 141,250	\$ 141,250	\$ 0	\$ 0	\$ 0	\$ 0	\$ 282,500	
Net Change in Fund Balances	\$ 12,681	\$ (31,743)	\$ 75	\$ 770	\$ 873	\$ 15	\$ (17,329)	
Fund Balances - Beginning	347,810	259,996	376	3,133	2,541	1,095	614,951	
Fund Balances - Ending	\$ 360,491	\$ 228,253	\$ 451	\$ 3,903	\$ 3,414	\$ 1,110	\$ 597,622	



LYNN COUNTY, TEXAS

Exhibit D-1

SCHEDULE OF CHANGES IN NET PENSION  
ASSET AND RELATED RATIOS  
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	12/31/2014	12/31/2015	12/31/2016	12/31/2017	12/31/2018	12/31/2019	12/31/2020
<b>TOTAL PENSION LIABILITY</b>							
Service Cost	\$ 129,181	\$ 128,646	\$ 137,250	\$ 139,115	\$ 135,475	\$ 138,419	\$ 144,846
Interest Cost	240,648	259,557	275,095	302,741	327,979	348,387	349,659
Effect of Plan Changes	8,367	(15,187)					
Effect of Economic/Demographic Losses		(56,871)	24,955	1,474	23,119	(222,980)	(24,484)
Effect of Assumptions Changes or Inputs		40,018		48,194			234,701
Benefit Payments/Refunds of Contributions	(166,006)	(146,944)	(166,196)	(169,488)	(183,390)	(293,904)	(213,621)
Net Change in Total Pension Liability	\$ 212,190	\$ 209,219	\$ 271,104	\$ 322,036	\$ 303,183	\$ (30,078)	\$ 491,101
Total Pension Liability, Beginning	2,989,012	3,201,202	3,410,421	3,681,525	4,003,561	4,306,744	4,276,666
Total Pension Liability, Ending	\$ 3,201,202	\$ 3,410,421	\$ 3,681,525	\$ 4,003,561	\$ 4,306,744	\$ 4,276,666	\$ 4,767,767
<b>FIDUCIARY NET POSITION</b>							
Employer Contributions	\$ 49,176	\$ 50,953	\$ 52,656	\$ 54,337	\$ 55,497	\$ 59,226	\$ 64,503
Member Contributions	81,959	84,921	87,760	90,563	92,495	98,707	107,502
Investment Income, Net of Expenses	243,293	(14,261)	282,610	598,166	(87,412)	746,319	531,560
Benefit Payments/Refunds of Contributions	(166,006)	(146,944)	(166,196)	(169,488)	(183,390)	(293,904)	(213,621)
Administrative Expenses	(2,863)	(2,755)	(3,081)	(3,106)	(3,650)	(3,922)	(4,121)
Other	15,957	46,670	1,633	(359)	(586)	(3,938)	(721)
Net Change in Fiduciary Net Position	\$ 221,516	\$ 18,584	\$ 255,382	\$ 570,113	\$ (127,046)	\$ 602,488	\$ 485,102
Fiduciary Net Position, Beginning	3,605,237	3,826,753	3,845,337	4,100,719	4,670,832	4,543,786	5,146,274
Fiduciary Net Position, Ending	\$ 3,826,753	\$ 3,845,337	\$ 4,100,719	\$ 4,670,832	\$ 4,543,786	\$ 5,146,274	\$ 5,631,376
<b>NET PENSION ASSET</b>	\$ (625,551)	\$ (434,916)	\$ (419,194)	\$ (667,271)	\$ (237,042)	\$ (869,608)	\$ (863,609)
Fiduciary Net Position as a % of Total Pension Liability	119.54%	112.75%	111.39%	116.67%	105.50%	120.33%	118.11%
County's Covered-Employee Payroll	\$ 1,639,185	\$ 1,698,421	\$ 1,755,201	\$ 1,811,255	\$ 1,849,898	\$ 1,974,136	\$ 2,150,036
Net Pension Asset as a % of Covered Payroll	-38.16%	-25.61%	-23.88%	-36.84%	-12.81%	-44.05%	-40.17%

LYNN COUNTY, TEXAS

Exhibit D-2

SCHEDULE OF EMPLOYER CONTRIBUTIONS  
FOR THE YEAR ENDED SEPTEMBER 30, 2021

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%

LYNN COUNTY, TEXAS

Exhibit D-3

SCHEDULE OF CAPITAL LEASES  
FOR THE YEAR ENDED SEPTEMBER 30, 2021

Description	Loan #	Lender/Financing	Interest	Original Issuance	As of October 1,		Issuances	As of September 30,		Interest Paid
					2020	2021		2021	2021	
2018 SSV Dodge Truck	2543C	American National Leasing	4.74%	27,449	\$ 15,440	\$ 6,440	\$ 9,000	\$ 9,000	\$ 1,026	
2018 SSV Dodge Truck	2547C	American National Leasing	4.74%	28,992	15,979	6,979	9,000	9,000	1,076	
2018 SSV Dodge Truck	2545C	American National Leasing	4.74%	28,992	15,979	6,979	9,000	9,000	1,076	
2018 SSV Dodge Truck	2544C	American National Leasing	4.74%	28,992	15,979	6,979	9,000	9,000	1,076	
2018 SSV Dodge Truck	2548C	American National Leasing	4.74%	28,992	15,978	6,978	9,000	9,000	1,076	
2018 SSV Dodge Truck	2546C	American National Leasing	4.74%	28,992	15,978	6,978	9,000	9,000	1,076	
2019 John Deere 672G Motor Grader	FNBL- 67089	First National Bank Leasing	3.99%	200,250	179,555	16,768	162,787	162,787	3,305	
				\$ 274,888	\$ 158,101	\$ 58,101	\$ 216,787	\$ 216,787	\$ 9,711	

  

Fiscal Year Ending,	Lease Service Payments	
	Principal	Interest
2022	\$ 71,505	\$ 6,495
2023	18,203	5,797
2024	18,929	5,071
2025	108,150	2,506
2026		
	\$ 216,787	\$ 19,869

**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, 2021, and the related notes to the financial statements, which collectively comprise Lynn County, Texas' basic financial statements, and have issued our report thereon dated January 12, 2022.

**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) as a basis for designing 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 financial statements. 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

January 12, 2022