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CERTIFIED PUBLIC ACCOUNTANTS

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October 31, 2019

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

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Lynn County, Texas (the County) for the year ended September 30, 2019. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter to you dated May 1, 2019. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the County are described in the notes to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the fiscal year ending September 30, 2019. We noted no transactions entered into by the County during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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

Management's estimate for the useful lives of capital assets is based on industry practice. We evaluated the key factors and assumptions used to develop the estimate in determining that it is reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

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

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. All entries made as a result of audit procedures were corrected by management and are attached to this letter.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated October 31, 2019.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the County's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the County's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We were not engaged to report on budgetary comparison schedules, combining schedules, pension schedules, or the schedule of capital leases, which accompany the financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

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October 31, 2019
Page 3

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

Restriction on Use

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

Very truly yours,

Balinger, Segars, Gilbert & Moss LLP

Certified Public Accountants

Client: **48460 - Lynn County, Texas**
Engagement: **2019 Lynn County**
Period Ending: **9/30/2019**
Trial Balance: **017 - GASB Fund Trial Balance**
Workpaper: **Adjusting Journal Entries Report**
Fund Level: **All**
Index: **All**

Account	Description	Debit	Credit
Adjusting Journal Entries			
Adjusting Journal Entries JE # 1			
To match our records with proposed entry that was booked in the prior year by the client.			
100-000-3100	Fund Balance	21,037.05	
230-000-3100	Fund Balance	39.52	
800-000-3100	Fund Balance	234.26	
100-000-1001	Cash - General Fund		21,037.05
230-000-1001	Cash - Precinct 3		39.52
800-000-1001	Cash - CVA		234.26
Total		21,310.83	21,310.83
Adjusting Journal Entries JE # 2			
To record topside entry for negative cash and fund balances in juvenile and cva funds in the prior year.			
100-000-3100	Fund Balance	51,338.87	
800-000-1001	Cash - CVA	5,934.72	
100-000-1001	Cash - General Fund		51,338.87
800-000-3100	Fund Balance		5,934.72
Total		57,273.59	57,273.59
Adjusting Journal Entries JE # 3			
Reclass debt proceeds to correct account.			
230-500-5990	Capital Outlay	94,981.40	
230-400-4901	Loan Proceeds		94,981.40
Total		94,981.40	94,981.40
Adjusting Journal Entries JE # 4			
To reclass tax abatements to their own line item for audit report.			
100-400-4601	Miscellaneous Income	245,780.00	
100-400-4103	PILOT Revenues		245,780.00
Total		245,780.00	245,780.00
Adjusting Journal Entries JE # 5			
To reclass various grants to misc income from expense.			
100-400-4601	Miscellaneous Income	7,376.16	
100-527-5990	EMC Capital Outlay	27,000.00	
100-571-5214	Deputy Supplies	4,665.00	
100-400-4700	Grant Income		4,665.00
100-400-4700	Grant Income		27,000.00
100-400-4700	Grant Income		7,376.16
Total		39,041.16	39,041.16
Adjusting Journal Entries JE # 6			
To adjust deferred revenues for 2019.			
100-425-4202	State Revenue-Supplement Pay	2,333.00	
100-000-2200	Deferred Revenue Grants		2,333.00
Total		2,333.00	2,333.00
Adjusting Journal Entries JE # 7			
To record unclaimed capital credits that were not recorded by County.			
100-544-5980	Miscellaneous	11,256.94	
100-400-4601	Miscellaneous Income		11,256.94
Total		11,256.94	11,256.94
Adjusting Journal Entries JE # 8			
To balance interfund activity for 2019.			
625-000-2305	Claims Payable	4,000.00	
625-000-1400	DUE FROM NFC		4,000.00
Total		4,000.00	4,000.00

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Account	Description	Debit	Credit
Adjusting Journal Entries JE # 9			
To correct cd purchase by Juvenile dept.			
650-400-4500	Interest Earned	17,150.00	
651-000-1001	Cash - Local Match	17,150.00	
650-000-1001	Cash - Juvenile 4-E Grant		17,150.00
651-500-5884	Governor's Office Grant		17,150.00
Total		34,300.00	34,300.00
Adjusting Journal Entries JE # 10			
To correct allocation of property taxes between funds.			
100-400-4101	Current Taxes	25,425.52	
400-000-1001	Cash - Road & Bridge	25,425.52	
100-000-1001	Cash - General Fund		25,425.52
400-400-4101	Current Taxes		25,425.52
Total		50,851.04	50,851.04
Adjusting Journal Entries JE # 11			
To adjust prepaid expenses for 2019.			
100-000-1500	Prepaid Expenses	6,143.59	
100-585-5700	Property Insurance	473.25	
210-000-1500	Prepaid Expenses	56.48	
220-000-1500	Prepaid Expenses	85.04	
230-000-1500	Prepaid Expenses	810.81	
240-000-1500	Prepaid Expenses	28.12	
600-500-5980	Miscellaneous	1,654.09	
601-500-5980	Miscellaneous	1,399.23	
602-500-5980	Miscellaneous	199.89	
100-530-5700	Property Insurance		3,184.03
100-544-5305	Appraisal District		3,432.81
210-500-5700	Property Insurance		56.48
220-500-5700	Property Insurance		85.04
230-500-5700	Property Insurance		810.81
240-500-5700	Property Insurance		28.12
600-000-1500	Prepaid Expenses		1,654.09
601-000-1500	Prepaid Expenses		1,399.23
602-000-1500	Prepaid Expenses		199.89
Total		10,850.50	10,850.50
Total Adjusting Journal Entries		571,978.46	571,978.46
Total All Journal Entries		571,978.46	571,978.46