

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

December 18, 2017

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

We have audited the financial statements of Lynn County, Texas (the County) for the fiscal year ended September 30, 2017, and have issued our report thereon dated December 18, 2017. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under U.S. Generally Accepted Auditing Standards and *Government Auditing Standards*

As stated in our engagement letter dated May 8, 2017, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with modified cash basis financial statements as disclosed in Note C of the financial statements. Our responsibility is to plan and perform the audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement.

As part of our audit, we will consider the internal control of the County. Such considerations are solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will also perform tests of the County's compliance with certain provisions of laws, regulations, contracts, and grants. However, providing an opinion on compliance with those provisions is not an objective of our audit.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our engagement letter and meetings about planning matters.

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, 2017. We noted no transactions entered into by the City during the year for which there is a lack of authoritative

guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

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. The misstatements detected 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 December 18, 2017.

Honorable Judge and
Members of the Commissioners Court
December 18, 2017
Page 3

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.

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: **2017 Lynn County**
 Period Ending: **9/30/2017**
 Trial Balance: **017 - GASB Fund Trial Balance**
 Workpaper: **017 W - Combined Journal Entries Report**
 Fund Level: **All**
 Index: **All**

Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries				
Adjusting Journal Entries JE # 1				
To adjust prepaid expenses for 2017.				
100-000-1500	Prepaid Expenses		5,242.13	
100-544-5305	Appraisal District		471.75	
100-585-5700	Property Insurance		105.46	
210-500-5700	Property Insurance		867.54	
220-500-5700	Property Insurance		1,127.65	
230-500-5700	Property Insurance		808.44	
240-500-5700	Property Insurance		796.79	
400-500-5700	Property Insurance		72.07	
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			5,815.56
100-542-5702	Computer Maintenance/Support			3.78
210-000-1500	Prepaid Expenses			867.54
220-000-1500	Prepaid Expenses			1,127.65
230-000-1500	Prepaid Expenses			808.44
240-000-1500	Prepaid Expenses			796.79
400-000-1500	Prepaid Expenses			72.07
600-000-1500	Prepaid Expenses			1,654.09
601-000-1500	Prepaid Expenses			1,399.23
602-000-1500	Prepaid Expenses			199.89
Total			12,745.04	12,745.04
Adjusting Journal Entries JE # 2				
To adjust deferred supplements for 2017.				
100-000-2200	Deferred Revenue Grants		5,000.00	
100-441-4202	State Revenue-Supplement Pay			5,000.00
Total			5,000.00	5,000.00

Adjusting Journal Entries JE # 3

To correct the transfer of remaining cash balance from Jail I&S to Restoration Fund.

401-400-4902	Transfers (In) Out	209,250.94	
404-400-4601	Miscellaneous Income	209,250.94	
401-500-5980	MISC Expense		209,250.94
404-400-4902	Transfers (In) Out		209,250.94
Total		<u>418,501.88</u>	<u>418,501.88</u>

Adjusting Journal Entries JE # 4

To adjust pooled cash for activity completed in 2018 that was posted to 2017.

100-000-1001	Cash - General Fund	73,939.01	
100-000-2314	NFC Payable		26,037.51
100-511-5140.00	Medicare Tax		44.14
100-511-5150.00	Social Security		188.73
100-511-5160.00	Health Insurance		844.90
100-511-5170.00	Retirement		224.91
100-512-5140.00	Medicare Tax		42.24
100-512-5150.00	Social Security		180.61
100-512-5160.00	Health Insurance		1,683.16
100-512-5170.00	Retirement		205.38
100-513-5140.00	Medicare Tax		13.53
100-513-5150.00	Social Security		57.87
100-513-5160.00	Health Insurance		841.58
100-513-5170.00	Retirement		73.02
100-522-5140.00	Medicare Tax		76.95
100-522-5150.00	Social Security		328.98
100-522-5160.00	Health Insurance		1,683.16
100-522-5170.00	Retirement		276.84
100-523-5140.00	Medicare Tax		42.66
100-523-5150.00	Social Security		182.44
100-523-5160.00	Health Insurance		841.58
100-523-5170.00	Retirement		217.89
100-524-5140.00	Medicare Tax		24.48
100-524-5150.00	Social Security		104.66
100-524-5160.00	Health Insurance		839.53
100-524-5170.00	Retirement		99.72
100-525-5140.00	Medicare Tax		70.38
100-525-5150.00	Social Security		300.94
100-525-5160.00	Health Insurance		1,683.16
100-525-5170.00	Retirement		334.42
100-530-5140.00	Medicare Tax		43.61
100-530-5150.00	Social Security		186.49
100-530-5160.00	Health Insurance		1,683.16
100-530-5170.00	Retirement		200.40

100-541-5140.00	Medicare Tax		70.30
100-541-5150.00	Social Security		300.56
100-541-5160.00	Health Insurance		841.58
100-541-5170.00	Retirement		353.85
100-542-5140.00	Medicare Tax		85.49
100-542-5150.00	Social Security		365.56
100-542-5160.00	Health Insurance		1,686.48
100-542-5170.00	Retirement		374.64
100-544-5985	Note Interest		676.45
100-544-5986	Note Principal		5,988.16
100-571-5140.00	Medicare Tax		241.44
100-571-5150.00	Social Security		1,032.36
100-571-5160.00	Health Insurance		5,891.06
100-571-5170.00	Retirement		1,067.42
100-572-5140.00	Medicare Tax		101.53
100-572-5150.00	Social Security		434.11
100-572-5160.00	Health Insurance		2,524.74
100-572-5170.00	Retirement		545.77
100-576-5140.00	Medicare Tax		192.28
100-576-5150.00	Social Security		822.16
100-576-5160.00	Health Insurance		8,279.47
100-576-5170.00	Retirement		1,127.35
100-585-5140.00	Medicare Tax		25.18
100-585-5150.00	Social Security		107.66
100-585-5160.00	Health Insurance		937.71
100-585-5170.00	Retirement		98.83
100-586-5140.00	Medicare Tax		19.93
100-586-5150.00	Social Security		85.20
100-586-5170.00	Retirement		2.71
Total		73,939.01	73,939.01

Adjusting Journal Entries JE # 5

To adjust pooled cash for activity completed in 2018 that was posted to 2017. - Cont'd.

210-000-1001	Cash - Precinct 1	4,139.56	
210-000-2314	NFC Payable		1,664.73
210-500-5140.00	Medicare Tax		58.14
210-500-5150.00	Social Security		248.59
210-500-5160.00	Health Insurance		1,864.61
210-500-5170.00	Retirement		303.49
Total		4,139.56	4,139.56

Adjusting Journal Entries JE # 6

To adjust pooled cash for activity completed in 2018 that was posted to 2017. - Cont'd.

220-000-1001	Cash - Precinct 2	2,611.10	
220-000-2314	NFC Payable		1,118.62
220-500-5140.00	Medicare Tax		51.15
220-500-5150.00	Social Security		218.75
220-500-5160.00	Health Insurance		1,025.02
220-500-5170.00	Retirement		197.56
Total		2,611.10	2,611.10

Adjusting Journal Entries JE # 7

To adjust pooled cash for activity completed in 2018 that was posted to 2017. - Cont'd.

230-000-1001	Cash - Precinct 3	4,046.69	
230-000-2313	TCDRS Payable		1,634.17
230-500-5140.00	Medicare Tax		55.12
230-500-5150.00	Social Security		235.66
230-500-5160.00	Health Insurance		1,866.35
230-500-5170.00	Retirement		255.39
Total		4,046.69	4,046.69

Adjusting Journal Entries JE # 8

To adjust pooled cash for activity completed in 2018 that was posted to 2017. - Cont'd.

240-000-1001	Cash - Precinct 4	3,628.98	
240-000-2317	TAC-HEBP Payable		1,632.07
240-500-5140.00	Medicare Tax		18.88
240-500-5150.00	Social Security		80.71
240-500-5160.00	Health Insurance		1,683.78
240-500-5170.00	Retirement		213.54
Total		3,628.98	3,628.98

Adjusting Journal Entries JE # 9

To adjust pooled cash for activity completed in 2018 that was posted to 2017. - Cont'd.

400-000-1001	Cash - Road & Bridge	4,009.66	
400-000-2317	TAC-HEBP Payable		1,335.90
400-500-5140.00	Medicare Tax		66.25
400-500-5150.00	Social Security		283.27
400-500-5160.00	Health Insurance		1,976.21
400-500-5170.00	Retirement		348.03
Total		4,009.66	4,009.66

Adjusting Journal Entries JE # 10

To adjust pooled cash for activity completed in 2018 that was posted to 2017. - Cont'd.

651-000-1001	Cash - Local Match	2,652.33	
651-000-2313	TCDRS Payable		1,101.41
651-500-5140.00	A. 1a. Medicare Tax		72.04
651-500-5150.00	A. 1a. Social Security		308.05
651-500-5160.00	A. 1a. Health Insurance		841.58
651-500-5170.00	A. 1a. Retirement		329.25
Total		<u>2,652.33</u>	<u>2,652.33</u>

Adjusting Journal Entries JE # 11

To adjust pooled cash for activity completed in 2018 that was posted to 2017. - Cont'd.

652-000-1001	Cash - A Grant	1,183.02	
652-000-2313	TCDRS Payable		1,183.02
Total		<u>1,183.02</u>	<u>1,183.02</u>

Adjusting Journal Entries JE # 12

To adjust pooled cash for activity completed in 2018 that was posted to 2017. - Cont'd.

800-000-1001	Cash - CVA	1,760.44	
800-000-2314	NFC Payable		444.58
800-500-5140.00	Medicare Tax		16.73
800-500-5150.00	Social Security		71.54
800-500-5160.00	Health Insurance		841.58
800-500-5170.00	Retirement		103.86
800-500-5600	Travel & Education		282.15
Total		<u>1,760.44</u>	<u>1,760.44</u>

Adjusting Journal Entries JE # 13

To clear negative cash.

100-400-4900	Other Souces/Uses	855.00	
800-000-1001	Cash - CVA	855.00	
100-000-1001	Cash - General Fund		855.00
800-400-4902	Transfer To/From Other Funds		855.00
Total		<u>1,710.00</u>	<u>1,710.00</u>