

LYNN COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

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, 2019

LYNN COUNTY, TEXAS
ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

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LYNN COUNTY, TEXAS

**COUNTY OFFICIALS
SEPTEMBER 30, 2019**

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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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, 2019, 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, 2019, 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 19-34, 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.

The schedule of expenditures of state awards, as required by the State of Texas Single Audit Circular is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the report of the other auditors, the schedule of expenditures of state awards, as required by the State of Texas Single Audit Circular is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report October 31, 2019, 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

October 31, 2019

BASIC FINANCIAL STATEMENTS

LYNN COUNTY, TEXAS

Exhibit A-1

STATEMENT OF NET POSITION
SEPTEMBER 30, 2019
MODIFIED CASH BASIS

	<u>Primary Governmental Activities</u>
ASSETS:	
Cash and Cash Equivalents	\$ 4,068,645
Due from Employees	8,024
Prepaid Expenses	73,676
Capital Assets (Net of Accumulated Depreciation):	
Land	242,832
Buildings and Improvements	9,766,738
Machinery and Equipment	714,513
Furniture & Fixtures	85,984
Total Assets	<u>\$ 14,960,412</u>
LIABILITIES:	
Other Liabilities	\$ 47,556
Noncurrent Liabilities	
Current Portion of Long-Term Debt	200,606
Noncurrent Portion of Long-Term Debt	1,883,459
Total Liabilities	<u>\$ 2,131,621</u>
DEFERRED INFLOWS OF RESOURCES:	
Supplements Paid in Advance	\$ 25,666
Unearned Revenue - PILOT Received in Advance	61,200
Total Deferred Inflows of Resources	<u>\$ 86,866</u>
NET POSITION:	
Net Investment in Capital Assets	\$ 8,726,002
Restricted For:	
Road and Bridge	1,058,080
Archiving	1,560
Preservation	2,308
Security	31,758
Technology	52,089
Enabling Legislation	86,063
Courthouse Restoration	186,239
Unrestricted	<u>2,597,826</u>
Total Net Position	<u><u>\$ 12,741,925</u></u>

The accompanying notes are an integral part of this statement.

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LYNN COUNTY, TEXAS

Exhibit A-2

**STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019
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
PRIMARY GOVERNMENT:					
Governmental Activities					
County Treasurer	\$ 126,653	\$	\$	\$	\$ (126,653)
Tax Assessor and Collector	110,899	15,437			(95,462)
Internal Auditor	34,847				(34,847)
District Court	147,045				(147,045)
District Clerk	143,597	18,387			(125,210)
Justice of the Peace - Tahoka	101,381	84,375			(17,006)
Justice of the Peace - O'Donnell	39,294	14,950			(24,344)
County Attorney	126,391	140	23,333		(102,918)
Emergency Management	15,408			27,000	11,592
County Buildings	221,714	6,575			(215,139)
County Judge	123,541	23,729	25,347		(74,465)
County Clerk	144,791	71,267			(73,524)
Library	51,683				(51,683)
Social Services - Public Welfare	49,196				(49,196)
Social Services - Health	3,910				(3,910)
Sheriff's Office	540,091		12,041		(528,050)
Communications	196,397				(196,397)
Jail	670,379	339,700			(330,679)
SCAP	1,361	1,361			0
OPS - Corrections	2,770				(2,770)
Fire	30,000				(30,000)
Animal Control	473				(473)
Extension Office	67,056				(67,056)
Road and Bridge	845,093	330,080	112,841		(402,172)
Juvenile Probation	233,006		189,815		(43,191)
Courthouse Restoration	1,018	9,558		1,577,326	1,585,866
Other	306,172	1,222	72,635		(232,315)
Depreciation	208,308				(208,308)
Interest on Long-Term Debt	56,296				(56,296)
Total Governmental Activities	\$ 4,598,770	\$ 916,781	\$ 436,012	\$ 1,604,326	\$ (1,641,651)
General Revenues:					
Property Taxes					\$ 3,419,558
Other Taxes					245,780
Sales Taxes					170,534
Investment Earnings					78,829
Loss on Disposition of Capital Assets					(148,795)
Miscellaneous Revenue					52,884
Total General Revenues					\$ 3,818,790
Change in Net Position					\$ 2,177,139
Net Position - Beginning					10,564,786
Net Position - Ending					\$ 12,741,925

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, 2019
MODIFIED CASH BASIS**

	Major Funds			Total Governmental Funds
	General Fund	Capital Projects Courthouse Restoration Fund	Nonmajor Governmental Funds (See Exhibit C-1)	
ASSETS:				
Cash and Cash Equivalents	\$ 2,640,362	\$ 186,239	\$ 1,242,044	\$ 4,068,645
Due from Employees			8,024	8,024
Prepaid Expenditures	59,903		13,773	73,676
Due (To) From Other Funds	13,247		(13,247)	
Total Assets	\$ 2,713,512	\$ 186,239	\$ 1,250,594	\$ 4,150,345
LIABILITIES:				
Other Liabilities	\$ 42,593		\$ 4,963	\$ 47,556
Total Liabilities	\$ 42,593	\$ 0	\$ 4,963	\$ 47,556
DEFERRED INFLOWS OF RESOURCES:				
Supplements Paid in Advance	\$ 25,666			\$ 25,666
Unearned Revenue - PILOT Received in Advance	61,200			61,200
Total Deferred Inflows of Resources	\$ 86,866	\$ 0	\$ 0	\$ 86,866
FUND BALANCES:				
Nonspendable:				
Prepaid Items	\$ 59,903		\$ 13,773	\$ 73,676
Restricted for:				
Road and Bridge			1,058,080	1,058,080
Archiving			1,560	1,560
Preservation			2,308	2,308
Security			31,758	31,758
Technology			52,089	52,089
Enabling Legislation			86,063	86,063
Courthouse Restoration		186,239		186,239
Unassigned	2,524,150			2,524,150
Total Fund Balances	\$ 2,584,053	\$ 186,239	\$ 1,245,631	\$ 4,015,923

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, 2019
MODIFIED CASH BASIS

Total Fund Balances - Governmental Funds Balance Sheet	\$	4,015,923
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.		10,810,067
Payables for notes payable which are not due in the current period are not reported in the funds.		<u>(2,084,065)</u>
Net Position of Governmental Activities - Statement of Net Position	\$	<u>12,741,925</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, 2019
MODIFIED CASH BASIS**

	Major Funds		Nonmajor Governmental Funds (See Exhibit C-2)	Total Governmental Funds
	General Fund	Capital Project Courthouse Restoration Fund		
Revenue:				
Taxes:				
Property Taxes	\$ 2,786,800	\$ 38,978	\$ 593,780	\$ 3,419,558
Other Taxes	245,780			245,780
Sales Taxes	4,485	166,049		170,534
License and Permits	18,376		311,703	330,079
Intergovernmental Revenue and Grants	248,053	1,756,694	375,293	2,380,040
Fines and Fees	221,698	9,558	15,744	247,000
Investment Earnings	54,070	10,793	13,966	78,829
Miscellaneous Revenue	43,459		9,425	52,884
Total Revenues	<u>\$ 3,622,721</u>	<u>\$ 1,982,072</u>	<u>\$ 1,319,911</u>	<u>\$ 6,924,704</u>
Expenditures:				
Current:				
County Treasurer	\$ 126,653			\$ 126,653
Tax Assessor and Collector	110,899			110,899
Internal Auditor	34,847			34,847
District Court	147,045			147,045
District Clerk	143,597			143,597
Justice of the Peace - Tahoka	99,906		1,475	101,381
Justice of the Peace - O'Donnell	39,094		200	39,294
County Attorney	126,391			126,391
Emergency Management	42,408			42,408
County Buildings	221,714			221,714
County Judge	123,541			123,541
County Clerk	144,791			144,791
Library	51,683			51,683
Social Services - Public Welfare	49,196			49,196
Social Services - Health	3,856		54	3,910
Sheriff's Office	540,091			540,091
Communications	196,397			196,397
Jail	699,425			699,425
SCAP	1,361			1,361
OPS - Corrections	2,770			2,770
Fire	30,000			30,000
Animal Control	473			473
Extension Office	67,056			67,056
Road and Bridge			1,246,351	1,246,351
Juvenile Probation			241,364	241,364
Courthouse Restoration		2,996,128		2,996,128
Other	285,407		112,580	397,987
Debt Service:				
Principal	5,630	80,000	117,103	202,733
Interest and Fiscal Charges	1,035	49,700	5,561	56,296
Total Expenditures	<u>\$ 3,295,266</u>	<u>\$ 3,125,828</u>	<u>\$ 1,724,688</u>	<u>\$ 8,145,782</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 327,455</u>	<u>\$ (1,143,756)</u>	<u>\$ (404,777)</u>	<u>\$ (1,221,078)</u>
Other Financing Sources:				
Loan Proceeds	\$ 50,000		\$ 282,500	\$ 332,500
Transfers In (Out)	(55,223)		55,223	0
Total Other Financing Sources	<u>\$ (5,223)</u>	<u>\$ 0</u>	<u>\$ 337,723</u>	<u>\$ 332,500</u>
Net Change in Fund Balances	\$ 322,232	\$ (1,143,756)	\$ (67,054)	\$ (888,578)
Fund Balances - Beginning	2,261,821	1,329,995	1,312,685	4,904,501
Fund Balances - Ending	<u>\$ 2,584,053</u>	<u>\$ 186,239</u>	<u>\$ 1,245,631</u>	<u>\$ 4,015,923</u>

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, 2019
MODIFIED CASH BASIS

Net Change in Fund Balances - Total Governmental Funds	\$ (888,578)
Amounts reported for governmental activities in the Statement of Activities (SOA) are different because:	
Capital assets are not reported as expenses in the SOA.	3,552,587
The depreciation of capital assets used in governmental activities is not reported in the funds.	(208,308)
The loss from the disposition of a capital asset is not recorded in the funds.	(148,795)
Debt proceeds are not recorded as revenue in the SOA.	(332,500)
Payments on Notes Payables are not expenses in the SOA, but are reported as a reduction of long-term in the SNP.	<u>202,733</u>
Change in Net Position of Governmental Activities - Statement of Activities	\$ <u><u>2,177,139</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, 2019
MODIFIED CASH BASIS

	<u>Agency Fund</u>
ASSETS:	
Current Assets	
Cash and Cash Equivalents	\$ 501,901
Total Current Assets	<u>\$ 501,901</u>
LIABILITIES:	
Current Liabilities	
Due to Others	\$ 501,901
Total Current Liabilities	<u>\$ 501,901</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, 2019**

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, 2019**

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.

**NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019**

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, 2019**

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.

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, 2019**

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 two items that qualify for reporting in this category, and they relate to supplement funds and payments in lieu of taxes that have met all criteria for recognition except the period of use.

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.

**NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019**

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.

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, 2019, the carrying amount of the County's cash and cash equivalents was \$4,068,645 and the bank balance was \$4,142,272. 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, 2019**

B. CAPITAL ASSETS

Capital asset activity for the County for the year ended September 30, 2019 was as follows:

	Balance October 1, 2018	Additions	Retirements	Balance September 30, 2019
Governmental Activities				
Land	\$ 235,832	\$ 7,000	\$	\$ 242,832
Buildings and Improvements	2,973,864	8,108,852		11,082,716
Machinery and Equipment	1,118,129	436,616	360,879	1,193,866
Furniture and Fixtures	170,890	29,046		199,936
Construction Work in Progress	5,028,927	(5,028,927)		0
Totals at Historic Cost	<u>\$ 9,527,642</u>	<u>\$ 3,552,587</u>	<u>\$ 360,879</u>	<u>\$ 12,719,350</u>
Less: Accumulated Depreciation				
Buildings and Improvements	\$ 1,261,607	\$ 54,372	\$	\$ 1,315,979
Machinery and Equipment	551,990	139,447	212,084	479,353
Furniture and Fixtures	99,462	14,489		113,951
Total Accumulated Depreciation	<u>\$ 1,913,059</u>	<u>\$ 208,308</u>	<u>\$ 212,084</u>	<u>\$ 1,909,283</u>
Net Investment in Capital Assets	<u>\$ 7,614,583</u>	<u>\$ 3,344,279</u>	<u>\$ 148,795</u>	<u>\$ 10,810,067</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	\$ 67,000
8/18/2017	72,090	2.90%	Pct. 1	36,215
5/13/2019	82,500	4.25%	Pct. 2	82,500
8/1/2016	90,000	2.90%	Pct. 2	37,683
2/20/2019	95,000	4.25%	Pct. 3	95,000
8/16/2018	48,369	3.10%	Pct. 4	39,284
5/2/2019	38,000	4.25%	Pct. 4	38,000
6/24/2019	50,000	4.00%	General	50,000
3/23/2017	30,000	4.25%	General	18,383
	<u>\$ 572,959</u>			<u>\$ 464,065</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%.

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LYNN COUNTY, TEXAS

**NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019**

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

	Balance October 1, 2018	Issuances	Payments	Balance September 30, 2019
Governmental Activities:				
Notes Payable	\$ 254,298	\$ 332,500	\$ 122,733	\$ 464,065
Series 2017, C.O.	1,700,000		80,000	1,620,000
	<u>\$ 1,954,298</u>	<u>\$ 332,500</u>	<u>\$ 202,733</u>	<u>\$ 2,084,065</u>

Debt service requirements on the long-term debt at September 30, 2019, are as follows:

Year Ending September 30,	Governmental Activities		
	Principal	Interest	Total
2020	\$ 200,606	\$ 62,703	\$ 263,309
2021	202,091	58,673	260,764
2022	173,142	51,626	224,768
2023	174,852	45,404	220,256
2024	138,374	39,229	177,603
2025-2029	495,000	142,875	637,875
2030-2034	575,000	62,775	637,775
2035	125,000	1,875	126,875
Totals	<u>\$ 2,084,065</u>	<u>\$ 465,160</u>	<u>\$ 2,549,225</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 \$1,819,206 on taxable values of \$236,168,520, for the 2018 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 AND SUBSEQUENT EVENTS

There is no pending litigation against the County at September 30, 2019, that would have a material effect on the financial statements.

Management has evaluated subsequent events through October 31, 2019 the date which the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

LYNN COUNTY, TEXAS

Exhibit B-1

**BUDGETARY COMPARISON - GENERAL FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019**

	(Unaudited) Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive or (Negative)
	Original	Final		
Revenue:				
Taxes:				
Property Taxes	\$ 3,139,227	\$ 2,812,277	\$ 2,786,800	\$ (25,477)
Other Taxes	245,780	245,780	245,780	
Sales Taxes	5,000	4,500	4,485	(15)
License and Permits	15,000	18,375	18,376	1
Intergovernmental Revenue and Grants	173,826	208,833	248,053	39,220
Fines and Fees	208,875	222,026	221,698	(328)
Investment Earnings	35,000	47,370	54,070	6,700
Miscellaneous Revenue	21,520	39,580	43,459	3,879
Total Revenues	<u>\$ 3,844,228</u>	<u>\$ 3,598,741</u>	<u>\$ 3,622,721</u>	<u>\$ 23,980</u>
Expenditures:				
Current:				
County Treasurer	\$ 131,861	\$ 131,861	\$ 126,653	\$ 5,208
Tax Assessor and Collector	119,766	119,766	110,899	8,867
Internal Auditor	37,609	37,609	34,847	2,762
District Court	139,195	152,325	147,045	5,280
District Clerk	150,625	150,625	143,597	7,028
Justice of the Peace - Tahoka	100,251	100,251	99,906	345
Justice of the Peace - O'Donnell	40,807	40,807	39,094	1,713
County Attorney	127,616	127,616	126,391	1,225
County Court	800	800	0	800
Emergency Management	19,170	19,170	42,408	(23,238)
County Buildings	245,593	245,593	221,714	23,879
County Judge	133,270	133,270	123,541	9,729
County Clerk	153,005	153,005	144,791	8,214
Library	52,783	52,783	51,683	1,100
Social Services - Public Welfare	58,500	58,500	49,196	9,304
Social Services - Health	3,750	3,860	3,856	4
Sheriff's Office	545,208	555,708	540,091	15,617
Communications	209,833	209,833	196,397	13,436
Jail	742,400	742,400	699,425	42,975
SCAP	500	1,361	1,361	
OPS - Corrections	3,500	3,500	2,770	730
Fire	30,000	30,000	30,000	
Animal Control			473	(473)
Extension Office	86,006	86,006	67,056	18,950
Other	225,500	286,500	285,407	1,093
Debt Service:				
Principal	5,635	5,660	5,630	30
Interest and Fiscal Charges	1,035	1,510	1,035	475
Total Expenditures	<u>\$ 3,364,218</u>	<u>\$ 3,450,319</u>	<u>\$ 3,295,266</u>	<u>\$ 155,053</u>
Excess of Revenues Over Expenditures	<u>\$ 480,010</u>	<u>\$ 148,422</u>	<u>\$ 327,455</u>	<u>\$ 179,033</u>
Other Financing Uses:				
Debt Proceeds	\$	\$ 50,000	\$ 50,000	\$
Transfers Out	\$ (86,788)	\$ (86,788)	\$ (55,223)	\$ 31,565
Total Other Financing Uses:	<u>\$ (86,788)</u>	<u>\$ (36,788)</u>	<u>\$ (5,223)</u>	<u>\$ 31,565</u>
Net Change in Fund Balances	\$ 393,222	\$ 111,634	\$ 322,232	\$ 210,598
Fund Balances - Beginning	<u>2,261,821</u>	<u>2,261,821</u>	<u>2,261,821</u>	
Fund Balances - Ending	<u>\$ 2,655,043</u>	<u>\$ 2,373,455</u>	<u>\$ 2,584,053</u>	

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LYNN COUNTY, TEXAS

Exhibit B-2

**BUDGETARY COMPARISON - COURTHOUSE RESTORATION FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019**

	(Unaudited) Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive or (Negative)
	Original	Final		
Revenue:				
Taxes:				
Property Taxes	\$ 38,978	\$ 38,978	\$ 38,978	\$ 0
Sales Taxes	100,000	166,000	166,049	49
Intergovernmental Revenue and Grants	2,175,000	1,756,695	1,756,694	(1)
Fines and Fees	8,500	9,560	9,558	(2)
Investment Earnings	5,000	10,245	10,793	548
Total Revenues	<u>\$ 2,327,478</u>	<u>\$ 1,981,478</u>	<u>\$ 1,982,072</u>	<u>\$ 594</u>
Expenditures:				
Current:				
Courthouse Restoration	\$ 4,000,000	\$ 2,996,200	\$ 2,996,128	\$ 72
Debt Service:				
Principal	80,000	80,000	80,000	
Interest and Fiscal Charges	49,400	49,700	49,700	
Total Expenditures	<u>\$ 4,129,400</u>	<u>\$ 3,125,900</u>	<u>\$ 3,125,828</u>	<u>\$ 72</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ (1,801,922)</u>	<u>\$ (1,144,422)</u>	<u>\$ (1,143,756)</u>	<u>\$ 666</u>
Other Financing Sources:				
Transfers In	\$ (500,000)	\$ (1,000,000)	\$ 0	\$ 1,000,000
Total Other Financing Sources	<u>\$ (500,000)</u>	<u>\$ (1,000,000)</u>	<u>\$ 0</u>	<u>\$ 1,000,000</u>
Net Change in Fund Balances	\$ (2,301,922)	\$ (2,144,422)	\$ (1,143,756)	<u>\$ 1,000,666</u>
Fund Balances - Beginning	<u>1,329,995</u>	<u>1,329,995</u>	<u>1,329,995</u>	
Fund Balances - Ending	<u>\$ (971,927)</u>	<u>\$ (814,427)</u>	<u>\$ 186,239</u>	

**NOTES TO BUDGETARY COMPARISON INFORMATION
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018**

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 2017-2018 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, 2019
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	Road and Bridge Fund	Other Special Revenue Funds (See Exh C-3)	
ASSETS:							
Cash and Cash Equivalents	\$ 24,876	\$ 40,458	\$ 12,586	\$ 5,223	\$ 54,792	\$ 1,104,109	\$ 1,242,044
Due from Employees				8,024			8,024
Prepaid Expenditures						13,773	13,773
Due (To) From Other Funds				(13,247)			(13,247)
Total Assets	\$ 24,876	\$ 40,458	\$ 12,586	\$ 0	\$ 54,792	\$ 1,117,882	\$ 1,250,594
LIABILITIES:							
Other Liabilities	\$ 275	\$ 1,436	\$ 0	\$ 0	\$ 519	\$ 2,733	\$ 4,963
Total Liabilities	\$ 275	\$ 1,436	\$ 0	\$ 0	\$ 519	\$ 2,733	\$ 4,963
FUND BALANCES:							
Nonspendable:							
Prepaid Items	\$	\$	\$	\$	\$	13,773	13,773
Restricted for:							
Road and Bridge					54,273	1,003,807	1,058,080
Archiving						1,560	1,560
Preservation						2,308	2,308
Security						31,758	31,758
Technology						52,089	52,089
Enabling Legislation	24,601	39,022	12,586			9,854	86,063
Total Fund Balances	\$ 24,601	\$ 39,022	\$ 12,586	\$ 0	\$ 54,273	\$ 1,115,149	\$ 1,245,631

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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, 2019
MODIFIED CASH BASIS**

	Special Revenue Funds					Total Nonmajor Governmental Funds (See Exh A-5)
	Crime Victim Assistance Fund	Juvenile Probation Department	Unclaimed Property Fund	Road and Bridge Fund	Other Special Revenue Funds (See Exh C-4)	
Revenue:						
Taxes:						
Property Taxes	\$	\$	\$	\$ 593,780	\$ 0	\$ 593,780
License and Permits				50,120	261,583	311,703
Intergovernmental Revenue and Grants	72,636	189,815		43,802	69,040	375,293
Fines and Fees					15,744	15,744
Investment Earnings		966			13,000	13,966
Miscellaneous Revenue		5,893	213		3,319	9,425
Total Revenues	\$ 72,636	\$ 196,674	\$ 213	\$ 687,702	\$ 362,686	\$ 1,319,911
Expenditures:						
Current:						
Social Services - Health	\$	\$	\$	\$	\$ 54	\$ 54
Justice of the Peace - Tahoka					1,475	1,475
Justice of the Peace - O'Donnell					200	200
Road and Bridge				136,446	1,109,905	1,246,351
Juvenile Probation		230,451			10,913	241,364
Other	58,035	3,989	212		50,344	112,580
Debt Service:						
Principal					117,103	117,103
Interest and Fiscal Charges					5,561	5,561
Total Expenditures	\$ 58,035	\$ 234,440	\$ 212	\$ 136,446	\$ 1,295,555	\$ 1,724,688
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ 14,601	\$ (37,766)	\$ 1	\$ 551,256	\$ (932,869)	\$ (404,777)
Other Financing Sources:						
Loan Proceeds	\$	\$	\$	\$	\$ 282,500	\$ 282,500
Transfers In / (Out)	10,000	76,788		(531,565)	500,000	55,223
Total Other Financing Sources	\$ 10,000	\$ 76,788	\$ 0	\$ (531,565)	\$ 782,500	\$ 337,723
Net Change in Fund Balances	\$ 24,601	\$ 39,022	\$ 1	\$ 19,691	\$ (150,369)	\$ (67,054)
Fund Balances - Beginning	0	0	12,585	34,582	1,265,518	1,312,685
Fund Balances - Ending	\$ 24,601	\$ 39,022	\$ 12,586	\$ 54,273	\$ 1,115,149	\$ 1,245,631

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LYNN COUNTY, TEXAS

Exhibit C-3

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2019
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)	Nonmajor Special Revenue Funds (See Exh C-1)
ASSETS:								
Cash and Cash Equivalents	\$ 2,704	\$ 4,030	\$ 31,758	\$ 1,406	\$ 7,148	\$ 32,441	\$ 1,024,622	\$ 1,104,109
Prepaid Expenditures				400	2,802	3,313	7,258	13,773
Total Assets	<u>\$ 2,704</u>	<u>\$ 4,030</u>	<u>\$ 31,758</u>	<u>\$ 1,806</u>	<u>\$ 9,950</u>	<u>\$ 35,754</u>	<u>\$ 1,031,880</u>	<u>\$ 1,117,882</u>
LIABILITIES:								
Other Liabilities	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,733	\$ 2,733
Total Liabilities	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 2,733</u>	<u>\$ 2,733</u>
FUND BALANCES:								
Nonspendable:								
Prepaid Items	\$	\$	\$	\$ 400	\$ 2,802	\$ 3,313	\$ 7,258	\$ 13,773
Restricted for:								
Road and Bridge							1,003,807	1,003,807
Archiving							1,560	1,560
Preservation							2,308	2,308
Security			31,758					31,758
Technology				1,406	7,148	32,441	11,094	52,089
Enabling Legislation	2,704	4,030					3,120	9,854
Total Fund Balances	<u>\$ 2,704</u>	<u>\$ 4,030</u>	<u>\$ 31,758</u>	<u>\$ 1,806</u>	<u>\$ 9,950</u>	<u>\$ 35,754</u>	<u>\$ 1,029,147</u>	<u>\$ 1,115,149</u>

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2019
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		
Revenue:								
License and Permits	\$	\$	\$	\$	\$	\$	261,583	\$ 261,583
Intergovernmental Revenue and Grants							69,040	69,040
Fines and Fees		2,814	6,577	601	3,365		2,387	15,744
Investment Earnings			419			433	12,148	13,000
Miscellaneous Revenue							3,319	3,319
Total Revenues	<u>\$ 0</u>	<u>\$ 2,814</u>	<u>\$ 6,996</u>	<u>\$ 601</u>	<u>\$ 3,365</u>	<u>\$ 433</u>	<u>\$ 348,477</u>	<u>\$ 362,686</u>
Expenditures:								
Current:								
Social Services - Health	\$	\$	\$	\$	\$	\$	54	\$ 54
Justice of the Peace - Tahoka					1,475		0	1,475
Justice of the Peace - O'Donnell				200			0	200
Road and Bridge							1,109,905	1,109,905
Juvenile Probation							10,913	10,913
Other	2,573	7,587	24,595		1,957	1,653	11,979	50,344
Debt Service:								
Principal							117,103	117,103
Interest and Fiscal Charges							5,561	5,561
Total Expenditures	<u>\$ 2,573</u>	<u>\$ 7,587</u>	<u>\$ 24,595</u>	<u>\$ 200</u>	<u>\$ 3,432</u>	<u>\$ 1,653</u>	<u>\$ 1,255,515</u>	<u>\$ 1,295,555</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ (2,573)</u>	<u>\$ (4,773)</u>	<u>\$ (17,599)</u>	<u>\$ 401</u>	<u>\$ (67)</u>	<u>\$ (1,220)</u>	<u>\$ (907,038)</u>	<u>\$ (932,869)</u>
Other Financing Sources:								
Loan Proceeds	\$	\$	\$	\$	\$	\$	282,500	\$ 282,500
Transfers In / (Out)							500,000	500,000
Total Other Financing Sources	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 782,500</u>	<u>\$ 782,500</u>
Net Change in Fund Balances	<u>\$ (2,573)</u>	<u>\$ (4,773)</u>	<u>\$ (17,599)</u>	<u>\$ 401</u>	<u>\$ (67)</u>	<u>\$ (1,220)</u>	<u>\$ (124,538)</u>	<u>\$ (150,369)</u>
Fund Balances - Beginning	<u>5,277</u>	<u>8,803</u>	<u>49,357</u>	<u>1,405</u>	<u>10,017</u>	<u>36,974</u>	<u>1,153,685</u>	<u>1,265,518</u>
Fund Balances - Ending	<u>\$ 2,704</u>	<u>\$ 4,030</u>	<u>\$ 31,758</u>	<u>\$ 1,806</u>	<u>\$ 9,950</u>	<u>\$ 35,754</u>	<u>\$ 1,029,147</u>	<u>\$ 1,115,149</u>

LYNN COUNTY, TEXAS

Exhibit C-5

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2019
MODIFIED CASH BASIS

	Special Revenue Funds					Total Nonmajor Special Revenue Funds (See Exh C-3)
	FCS Fund	Payroll Clearing Fund	Pre-Trial Diversion Fund	Records Management Fund	Other Special Revenue Funds (See Exh C-7)	
ASSETS:						
Cash and Cash Equivalents	\$ 807	\$ 1,274	\$ 19	\$ 10,736	\$ 1,011,786	\$ 1,024,622
Prepaid Expenditures					7,258	7,258
Total Assets	<u>\$ 807</u>	<u>\$ 1,274</u>	<u>\$ 19</u>	<u>\$ 10,736</u>	<u>\$ 1,019,044</u>	<u>\$ 1,031,880</u>
LIABILITIES:						
Other Liabilities	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,733	\$ 2,733
Total Liabilities	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 2,733</u>	<u>\$ 2,733</u>
FUND BALANCES:						
Nonspendable:						
Prepaid Items	\$	\$	\$	\$	\$ 7,258	\$ 7,258
Restricted for:						
Road and Bridge					1,003,807	1,003,807
Archiving					1,560	1,560
Preservation					2,308	2,308
Technology				10,736	358	11,094
Enabling Legislation	807	1,274	19		1,020	3,120
Total Fund Balances	<u>\$ 807</u>	<u>\$ 1,274</u>	<u>\$ 19</u>	<u>\$ 10,736</u>	<u>\$ 1,016,311</u>	<u>\$ 1,029,147</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, 2019 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	\$	\$	\$	\$	\$ 261,583	\$ 261,583
Intergovernmental Revenue and Grants					69,040	69,040
Fines and Fees				678	1,709	2,387
Investment Earnings					12,148	12,148
Miscellaneous Revenue	(2)	391			2,930	3,319
Total Revenues	<u>\$ (2)</u>	<u>\$ 391</u>	<u>\$ 0</u>	<u>\$ 678</u>	<u>\$ 347,410</u>	<u>\$ 348,477</u>
Expenditures:						
Current:						
Social Services - Health	\$ 54	\$	\$	\$	\$	\$ 54
Road and Bridge					1,109,905	1,109,905
Juvenile Probation			10,913			10,913
Other					11,979	11,979
Debt Service:						
Principal					117,103	117,103
Interest and Fiscal Charges					5,561	5,561
Total Expenditures	<u>\$ 54</u>	<u>\$ 0</u>	<u>\$ 10,913</u>	<u>\$ 0</u>	<u>\$ 1,244,548</u>	<u>\$ 1,255,515</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ (56)</u>	<u>\$ 391</u>	<u>\$ (10,913)</u>	<u>\$ 678</u>	<u>\$ (897,138)</u>	<u>\$ (907,038)</u>
Other Financing Sources:						
Loan Proceeds	\$	\$	\$	\$	\$ 282,500	\$ 282,500
Transfers In / (Out)					500,000	500,000
Total Other Financing Sources	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 782,500</u>	<u>\$ 782,500</u>
Net Change in Fund Balances	\$ (56)	\$ 391	\$ (10,913)	\$ 678	\$ (114,638)	\$ (124,538)
Fund Balances - Beginning	<u>863</u>	<u>883</u>	<u>10,932</u>	<u>10,058</u>	<u>1,130,949</u>	<u>1,153,685</u>
Fund Balances - Ending	<u><u>\$ 807</u></u>	<u><u>\$ 1,274</u></u>	<u><u>\$ 19</u></u>	<u><u>\$ 10,736</u></u>	<u><u>\$ 1,016,311</u></u>	<u><u>\$ 1,029,147</u></u>

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LYNN COUNTY, TEXAS

Exhibit C-7

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2019
MODIFIED CASH BASIS**

	Special Revenue Funds			Total Nonmajor Special Revenue Funds (See Exh C-5)
	Precinct 1 Fund	Precinct 2 Fund	Other Special Revenue Funds (See Exh C-9)	
ASSETS:				
Cash and Cash Equivalents	\$ 175,857	\$ 257,999	\$ 577,930	\$ 1,011,786
Prepaid Expenditures	1,307	1,909	4,042	7,258
Total Assets	\$ 177,164	\$ 259,908	\$ 581,972	\$ 1,019,044
LIABILITIES:				
Other Liabilities	\$ 343	\$ 395	\$ 1,995	\$ 2,733
Total Liabilities	\$ 343	\$ 395	\$ 1,995	\$ 2,733
FUND BALANCES:				
Nonspendable:				
Prepaid Items	\$ 1,307	\$ 1,909	\$ 4,042	\$ 7,258
Restricted for:				
Road and Bridge	175,514	257,604	570,689	1,003,807
Archiving			1,560	1,560
Preservation			2,308	2,308
Technology			358	358
Enabling Legislation			1,020	1,020
Total Fund Balances	\$ 176,821	\$ 259,513	\$ 579,977	\$ 1,016,311

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2019
MODIFIED CASH BASIS**

	Special Revenue Funds							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	Other Special Revenue Funds (See Exh C-10)	
Revenue:								
License and Permits	\$	\$	\$	\$	\$ 65,397	\$ 65,396	\$ 130,790	\$ 261,583
Intergovernmental Revenue and Grants	6,310	6,310	6,310	6,310	10,950	10,950	21,900	69,040
Fines and Fees							1,709	1,709
Investment Earnings					2,414	3,146	6,588	12,148
Miscellaneous Revenue							2,930	2,930
Total Revenues	<u>\$ 6,310</u>	<u>\$ 6,310</u>	<u>\$ 6,310</u>	<u>\$ 6,310</u>	<u>\$ 78,761</u>	<u>\$ 79,492</u>	<u>\$ 163,917</u>	<u>\$ 347,410</u>
Expenditures:								
Current:								
Road and Bridge	\$ 6,310	\$ 6,310	\$ 6,310	\$ 6,310	\$ 232,087	\$ 292,871	\$ 559,707	\$ 1,109,905
Other							11,979	11,979
Debt Service:								
Principal					34,203	54,035	28,865	117,103
Interest and Fiscal Charges					636	2,836	2,089	5,561
Total Expenditures	<u>\$ 6,310</u>	<u>\$ 6,310</u>	<u>\$ 6,310</u>	<u>\$ 6,310</u>	<u>\$ 266,926</u>	<u>\$ 349,742</u>	<u>\$ 602,640</u>	<u>\$ 1,244,548</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (188,165)</u>	<u>\$ (270,250)</u>	<u>\$ (438,723)</u>	<u>\$ (897,138)</u>
Other Financing Sources:								
Loan Proceeds	\$	\$	\$	\$	\$ 67,000	\$ 82,500	\$ 133,000	\$ 282,500
Transfers In / (Out)					125,000	125,000	250,000	500,000
Total Other Financing Sources	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 192,000</u>	<u>\$ 207,500</u>	<u>\$ 383,000</u>	<u>\$ 782,500</u>
Net Change in Fund Balances	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 3,835</u>	<u>\$ (62,750)</u>	<u>\$ (55,723)</u>	<u>\$ (114,638)</u>
Fund Balances - Beginning	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>172,986</u>	<u>322,263</u>	<u>635,700</u>	<u>1,130,949</u>
Fund Balances - Ending	<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>

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LYNN COUNTY, TEXAS

Exhibit C-9

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2019
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-7)
ASSETS:							
Cash and Cash Equivalents	\$ 343,780	\$ 228,904	\$ 358	\$ 2,308	\$ 1,560	\$ 1,020	\$ 577,930
Prepaid Expenditures	2,280	1,762					4,042
Total Assets	\$ 346,060	\$ 230,666	\$ 358	\$ 2,308	\$ 1,560	\$ 1,020	\$ 581,972
LIABILITIES:							
Other Liabilities	\$ 681	\$ 1,314	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,995
Total Liabilities	\$ 681	\$ 1,314	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,995
FUND BALANCES:							
Nonspendable:							
Prepaid Items	\$ 2,280	\$ 1,762	\$	\$	\$	\$	\$ 4,042
Restricted for:							
Road and Bridge	343,099	227,590					570,689
Archiving					1,560		1,560
Preservation				2,308			2,308
Technology			358				358
Enabling Legislation						1,020	1,020
Total Fund Balances	\$ 345,379	\$ 229,352	\$ 358	\$ 2,308	\$ 1,560	\$ 1,020	\$ 579,977

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2019
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	
Revenue:							
License and Permits	\$ 65,395	\$ 65,395	\$	\$	\$	\$	\$ 130,790
Intergovernmental Revenue and Grants	10,950	10,950					21,900
Fines and Fees			34	720	910	45	1,709
Investment Earnings	3,311	3,277					6,588
Miscellaneous Revenue	2,930						2,930
Total Revenues	\$ 82,586	\$ 79,622	\$ 34	\$ 720	\$ 910	\$ 45	\$ 163,917
Expenditures:							
Current:							
Road and Bridge	\$ 285,068	\$ 274,639	\$	\$	\$	\$	\$ 559,707
Other	3,321			3,658	5,000		11,979
Debt Service:							
Principal	19,780	9,085					28,865
Interest and Fiscal Charges	569	1,520					2,089
Total Expenditures	\$ 308,738	\$ 285,244	\$ 0	\$ 3,658	\$ 5,000	\$ 0	\$ 602,640
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (226,152)	\$ (205,622)	\$ 34	\$ (2,938)	\$ (4,090)	\$ 45	\$ (438,723)
Other Financing Sources:							
Loan Proceeds	\$ 95,000	\$ 38,000	\$	\$	\$	\$	\$ 133,000
Transfers In / (Out)	125,000	125,000					250,000
Total Other Financing Sources	\$ 220,000	\$ 163,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 383,000
Net Change in Fund Balances	\$ (6,152)	\$ (42,622)	\$ 34	\$ (2,938)	\$ (4,090)	\$ 45	\$ (55,723)
Fund Balances - Beginning	351,531	271,974	324	5,246	5,650	975	635,700
Fund Balances - Ending	\$ 345,379	\$ 229,352	\$ 358	\$ 2,308	\$ 1,560	\$ 1,020	\$ 579,977

**SCHEDULE OF CHANGES IN NET PENSION
ASSET AND RELATED RATIOS
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

	<u>12/31/2014</u>	<u>12/31/2015</u>	<u>12/31/2016</u>	<u>12/31/2017</u>	<u>12/31/2018</u>
TOTAL PENSION LIABILITY					
Service Cost	\$ 129,181	\$ 128,646	\$ 137,250	\$ 139,115	\$ 135,475
Interest Cost	240,648	259,557	275,095	302,741	327,979
Effect of Plan Changes		(15,187)			
Effect of Economic/Demographic Losses	8,367	(56,871)	24,955	1,474	23,119
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>
Net Change in Total Pension Liability	\$ 212,190	\$ 209,219	\$ 271,104	\$ 322,036	\$ 303,183
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>
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>
FIDUCIARY NET POSITION					
Employer Contributions	\$ 49,176	\$ 50,953	\$ 52,656	\$ 54,337	\$ 55,497
Member Contributions	81,959	84,921	87,760	90,563	92,495
Investment Income, Net of Expenses	243,293	(14,261)	282,610	598,166	(87,412)
Benefit Payments/Refunds of Contributions	(166,006)	(146,944)	(166,196)	(169,488)	(183,390)
Administrative Expenses	(2,863)	(2,755)	(3,081)	(3,106)	(3,650)
Other	<u>15,957</u>	<u>46,670</u>	<u>1,633</u>	<u>(359)</u>	<u>(586)</u>
Net Change in Fiduciary Net Position	\$ 221,516	\$ 18,584	\$ 255,382	\$ 570,113	\$ (127,046)
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>
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>
NET PENSION ASSET	\$ <u>(625,551)</u>	\$ <u>(434,916)</u>	\$ <u>(419,194)</u>	\$ <u>(667,271)</u>	\$ <u>(237,042)</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>
County's Covered-Employee Payroll	\$ <u>1,639,185</u>	\$ <u>1,698,421</u>	\$ <u>1,755,201</u>	\$ <u>1,811,255</u>	\$ <u>1,849,898</u>
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>

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LYNN COUNTY, TEXAS

Exhibit D-2

**SCHEDULE OF EMPLOYER CONTRIBUTIONS
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

<u>Year Ending September 30,</u>	<u>Actuarially Determined Contribution</u>	<u>Actual Employer Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Pensionable Covered Payroll (1)</u>	<u>Actual Contribution as a % of Covered Payroll</u>
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 E-1

**SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

Grantor/Program Title	State Contract Number	Total Expenditures
STATE AWARDS		
<u>Texas Historical Commission</u>		
Texas Historical Courthouse Preservation Program	CTH-LYNN-09-2016	\$ <u>1,577,326</u>
Total Texas Historical Commission		\$ <u>1,577,326</u>
<u>Texas Office Of Court Administration</u>		
Indigent Defense Formula Grant		\$ <u>7,827</u>
Total Texas Office Of Court Administration		\$ <u>7,827</u>
<u>Texas Office Of The Governor, Criminal Justice Division</u>		
BC-Body-Worn Camera (BWC) Program	3611001	\$ 4,665
Rifle-Resistant Body Armor	3459601	\$ <u>7,376</u>
Total Texas Office Of The Governor, Criminal Justice Division		\$ <u>12,041</u>
Total State Awards		\$ <u><u>1,597,194</u></u>

NOTES TO SESA

1. BASIS OF PRESENTATION:

The above schedule of expenditures of state awards includes the state grant activity of Lynn County, Texas under programs of state governments for the year ended September 30, 2019. The information in this exhibit is presented in accordance with the requirements of the *State of Texas Single Audit Circular*. Because the exhibit presents only a selected portion of the operations of Lynn County, Texas, it is not intended to and does not present the net position or changes in net position of Lynn County, Texas.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Expenditures reported on the exhibit are reported on the modified cash basis of accounting. Such expenditures are recognized following the cost principles contained in the *State of Texas Single Audit Circular*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

COMPLIANCE AND INTERNAL CONTROL SECTION

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

CERTIFIED PUBLIC ACCOUNTANTS

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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, 2019, and the related notes to the financial statements, which collectively comprise Lynn County, Texas' basic financial statements, and have issued our report thereon dated October 31, 2019.

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

October 31, 2019

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

CERTIFIED PUBLIC ACCOUNTANTS

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**REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE STATE OF
TEXAS SINGLE AUDIT CIRCULAR**

Independent Auditor's Report

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

Report on Compliance for Each Major Federal and State Program

We have audited Lynn County, Texas' compliance with the types of compliance requirements described in the State of Texas *Single Audit Circular* that could have a direct and material effect on each of Lynn County, Texas' major state programs for the year ended September 30, 2019. Lynn County, Texas' major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Lynn County, Texas' major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, and by the State of Texas *Single Audit Circular*. Those standards, and the State of Texas *Single Audit Circular* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about Lynn County, Texas' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major state program. However, our audit does not provide a legal determination of Lynn County, Texas' compliance.

Opinion on Each Major State Program

In our opinion, Lynn County, Texas complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended September 30, 2019.

Report on Internal Control Over Compliance

Management of Lynn County, Texas is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Lynn County, Texas' internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with the State of Texas *Single Audit Circular*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Lynn County, Texas' internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the State of Texas *Single Audit Circular*. Accordingly, this report is not suitable for any other purpose.

Bolinger, Segars, Gilbert & Moss L.L.P.

Certified Public Accountants

Lubbock, Texas

October 31, 2019

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

A. Section I - Summary of Auditor's Results

1. Financial Statements

Type of auditor's report issued Unmodified

Internal control over financial reporting

Material weakness(es) identified? _____ yes x no

Significant deficiencies identified that are not considered to be material weaknesses? _____ yes x none reported

Noncompliance material to financial statements noted? _____ yes x no

2. State Awards

Internal control over major programs:

Material weakness(es) identified? _____ yes x no

Any audit findings disclosed that are required to be reported in accordance with State of Texas *Single Audit Circular*? _____ yes x no

Identification of major state programs:

Name of State Program or Cluster

Texas Historical Courthouse Preservation Program

Dollar threshold used to distinguish between type A and type B programs: \$ 300,000

Auditee qualified as low-risk auditee - State? x yes _____ no

B. Section II - Findings Related to the Financial Statements

The audit disclosed no findings required to be reported

C. Section III - Findings and Questioned Costs Related to State Awards

The audit disclosed no findings required to be reported