

Lamar County, Texas

Annual Financial Report

*For the Year Ended
September 30, 2024*

Malnory, McNeal & Company, PC

Certified Public Accountants

Lamar County, Texas
Annual Financial Report
For The Year Ended September 30, 2024

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Financial Section



Malnory, McNeal & COMPANY, PC

ACCOUNTING • ADVISORY • ASSURANCE

Independent Auditor's Report

Honorable County Judge of Lamar County, and Honorable Members of Lamar County
Commissioners Court
Lamar County, Texas

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Lamar County, Texas ("the County"), as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the County as of September 30, 2024, and the respective changes in financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the County and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards *and Government Auditing Standards*, issued by the Comptroller General of the United States, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 County's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, and budgetary comparison information, and schedule of the County's proportionate share of the net pension liability and schedule of County pension contributions, and schedule of the County's proportionate share of the net OPEB liability and schedule of the County OPEB contributions identified as Required Supplementary Information in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's response to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements as a whole. The schedule of Expenditures of Federal Awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, as is presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information 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. The 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. In our opinion, the Schedule of Expenditures of Federal Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Report on Other Legal and Regulatory Requirements

In accordance with *Government Auditing Standards*, we have also issued our report dated April 28, 2025, on our consideration of the County's internal control over financial reporting and on our test of its compliance with certain provisions of laws, regulations, contracts, 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 and compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering In the County's internal control over financial reporting and compliance.

April 28, 2025
Paris, Texas

Malnery, McNeal & Company PC

Certified Public Accountants

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of Lamar County's annual financial report presents our discussion and analysis of the County's financial performance during the fiscal year ended September 30, 2024. Please read it in conjunction with the County's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

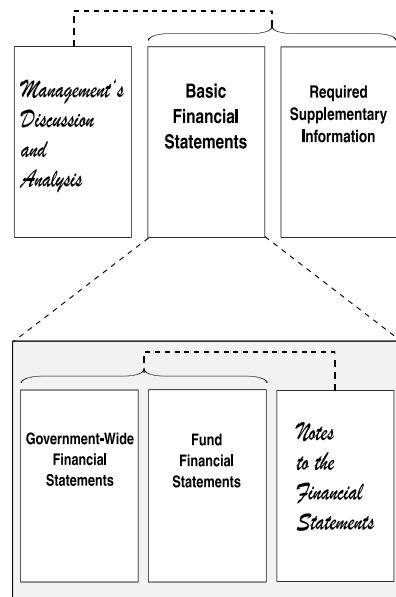
- The County's total combined Net Position was \$44,437,764 at September 30, 2024.
- During the year, the County's expenses were \$2,064,505 less than the \$31,042,575 generated in taxes and other revenues for governmental activities.
- The total cost of the County's programs was 7% higher than last year.
- The unassigned fund balance of the general fund was \$12,979,791 or 66% of total general fund expenditures, which is a lower percentage than last year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts—*management's discussion and analysis* (this section), the *basic financial statements*, and *required supplementary information*. The basic financial statements include two kinds of statements that present different views of the County:

- The first two statements are *government-wide financial statements* that provide both *long-term* and *short-term* information about the County's overall financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the government, reporting the County's operations in more detail than the government-wide statements.
- The *governmental funds* statements tell how *general government* services were financed in the *short term* as well as what remains for future spending.
- *Fiduciary fund* statements provide information about the financial relationships in which the County acts solely as a *trustee or agent* for the benefit of others, to whom the resources in question belong.

Figure A-1F, Required Components of the County's



The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that further explains and supports the information in the financial statements. Figure A-1 shows how the required parts of this annual report are arranged and related to one another.

Figure A-2 summarizes the major features of the County's financial statements, including the portion of the County government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

Government-wide Statements

The government-wide statements report information about the County as a whole using accounting methods similar to those used by private-sector companies. The statement of the net position includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

- Over time, increases or decreases in the County's net position are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the County, one needs to consider additional nonfinancial factors such as changes in the County's tax base.

The government-wide financial statements of the County include the *Governmental activities*. Most of the County's basic services are included here, such as general government, public safety, legal, public transportation, culture and recreation, and interest on long-term debt. Property taxes and grants finance most of these activities.

Fund Financial Statements

The fund financial statements provide more detailed information about the County's most significant *funds*—not the County as a whole. Funds are accounting devices that the County uses to keep track of specific sources of funding and spending for particular purposes.

- Some funds are required by State law and by bond covenants.
- The Commissioners Court establishes other funds to control and manage money for particular purposes or to show that it is properly using certain taxes and grants.

Figure A-2. Major Features of the County's Government-wide and Fund Financial Statements

Type of Statements	Fund Statements			
	Government-wide	Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire Agency's government (except fiduciary funds) and the Agency's component units	The activities of the county that are not proprietary or fiduciary	Activities the county operates similar to private businesses: self insurance	Instances in which the county is the trustee or agent for someone else's resources
Required financial statements	• Statement of net assets	• Balance sheet	• Statement of net assets	• Statement of fiduciary net assets
	• Statement of activities	• Statement of revenues, expenditures & changes in fund balances	• Statement of revenues, expenses and changes in fund net assets • Statement of cash flows	• Statement of changes in fiduciary net assets
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; the Agency's funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid	All revenues and expenses during year, regardless of when cash is received or paid

The County has the following kinds of funds:

- **Governmental funds**—Most of the County's basic services are included in governmental funds, which focus on (1) how *cash and other financial assets* that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statement, or on the subsequent page, that explains the relationship (or differences) between them.
- **Fiduciary funds**—The County is the trustee, or *fiduciary*, for certain funds. It is also responsible for other assets that—because of a trust arrangement—can be used only for the trust beneficiaries. The County is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the County's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. We exclude these activities from the County's government-wide financial statements because the County cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE

Net Position: The County's combined net position was \$44,437,764 at September 30, 2024. (See Table A-1).

Table A-1
County's Net Position

	Governmental	
	<u>2024</u>	<u>2023</u>
Assets:		
Cash and cash equivalents	\$7,572,382	\$7,062,534
Investments	21,145,798	22,001,035
Receivables (net of allowances for uncollectible):		
Interest	49,072	17,784
Taxes	1,744,209	1,610,105
Accounts	2,273,842	2,320,539
Due from other funds	150,175	91,463
Due from other governments	957,479	1,028,772
Inventories	278,912	329,573
Prepaid Expense	169,731	286,861
Capital assets (net, where applicable, of accumulated depreciation)	29,340,899	29,289,329
Total Assets and Other Debits	63,682,499	64,037,995
Deferred Outflows of Resources	2,589,848	3,562,752

Liabilities:

Accounts payable and Accrued expenditures	439,882	803,010
Due to other funds	-	-
Unearned Revenue	5,658,467	6,577,162
Due to Other Agencies	14,014	255
Noncurrent Liabilities:		
Due Within One Year	976,519	896,054
Due in More than One Year	4,895,755	5,409,389
Compensated Absences Payable	835,825	763,408
Unamortized Premium on Bonds	329,920	377,048
Net Pension Liability	3,411,276	4,864,254
Total OPEB Liability	4,712,168	4,205,264
Total Liabilities	21,273,826	23,895,844

Deferred Inflows of Resources

560,757	1,331,644
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Net Position:

Invested in Capital Assets, Net of Related Debt	28,659,927	23,245,910
Restricted For:		
Federal and State Programs	104,228	102,503
Debt Service	45,060	48,663
Capital Projects	502,038	551,880
Indigent Care	1,426,933	1,640,046
Records Management	637,678	1,229,147
Judicial	312,413	301,011
Road and Bridge	1,933,524	2,511,952
Other Purposes	1,773,637	811,052
Unrestricted	9,042,326	11,931,095
Total Net Position	\$44,437,764	\$42,373,259

Approximately 0.67% of the County's restricted net position represents debt service funds. These funds, when spent, are restricted for the payment of the County's outstanding certificates of obligation. The \$9,042,326 of unrestricted assets set represents resources available to fund the programs of the County next year.

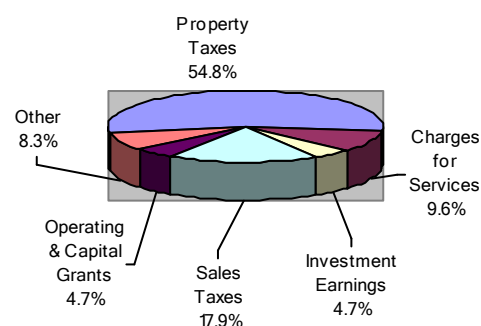
Changes in Net Position. The County's total revenues were \$31,042,575. A significant portion, 54.8%, of the County's revenue comes from property taxes. (See Figure A-3) 9.6% came from charges for services, 17.9% came from sales tax, and 4.7% from operating grants and contributions.

The total cost of all programs and services was \$28,978,070; 33.5% of these costs are for law enforcement services.

Governmental Activities

- Property tax rates decreased 11.7% from the same as in the prior year and valuations increased 18.3%. The increase in values created an increase in tax revenues to \$17,006,304.
- The County sold capital bonds of \$2,500,000 in 2003. These bonds were authorized for use in the courthouse

Figure A-3 County Sources of Revenue for Fiscal Year 2022-2023



restoration project. They were refunded in 2012 and gave the county a total interest savings of \$174,302. This project was completed during the fiscal year 2006. Bonds were also issued in 2011 for \$2,000,000 towards capital projects performed on several county buildings. These bonds were paid off in 2021. In 2017 bonds were issued for \$2,550,000 towards capital projects and capital assets and in 2021 the county issued certificates of obligation in the amount of \$4,500,000 to be used for capital projects, capital assets, and road improvements.

Table A-2
Changes in County's Net Position

	Activities	
	<u>2024</u>	<u>2023</u>
Revenues :		
Program Revenues :		
Charges for Services	\$2,991,913	\$2,871,894
Operating Grants and Contributions	1,454,045	957,809
General Revenues:		
Taxes	22,574,352	22,259,194
Grants and Contributions Not Restricted to Specific	1,762,634	2,650,101
Unrestricted Investment Earnings	1,452,359	1,045,592
Gain (Loss) on Sale of Capitalized Assets	24,877	35,030
Miscellaneous	782,395	1,064,134
Contribution of Capital	-	85,362
Transfer	-	13,829
Total Revenues	<u>31,042,575</u>	<u>30,982,945</u>
Program Expenses:		
General Administration	3,878,520	5,148,638
Financial Administration	1,525,185	1,432,063
Judicial	2,250,964	2,052,922
Legal	1,257,980	856,642
Election	360,525	337,733
Public Safety	9,700,929	8,264,280
Emergency Mgt.	360,381	257,259
Public Welfare	1,779,553	1,983,143
Public Transportation	6,250,686	5,471,641
Conservation and Agriculture	154,332	125,985
Public Facilities	1,368,312	1,063,699
Interest on Long-Term Debt	85,703	49,664
Total Expenses	<u>28,978,070</u>	<u>27,043,669</u>
Change in Net Position	2,064,505	3,939,276
Net Position, October 1	42,373,259	38,433,983
Net Position, September 30	<u>\$44,437,764</u>	<u>\$42,373,259</u>

The Table A-3 presents the cost of each of the County's largest functions as well as each function's net cost (total cost less fees generated by the activities and intergovernmental aid). The net cost reflects what was funded by state revenues as well as local tax dollars.

- The cost of all *governmental* activities this year was \$28,978,070.
- However, the amount that our taxpayers paid for these activities through property taxes was only \$17,006,304.
- Some of the cost was paid by those who directly benefited from the programs \$2,991,913, or
- By grants and contributions of \$3,216,679.

Table A-3
Net Cost of Selected County Functions

	Total Cost of Services		Net Change	
	<u>2024</u>	<u>2023</u>	<u>2023</u>	<u>2023</u>
General administration	3,878,520	5,148,638	(3,391,188)	(4,511,456)
Public safety	9,700,929	8,264,280	(8,801,472)	(7,956,510)
Public welfare	1,779,553	1,983,143	(1,733,014)	(1,891,933)
Public transportation	6,250,686	5,471,641	(5,171,016)	(4,417,958)

FINANCIAL ANALYSIS OF GOVERNMENTAL FUNDS

Lamar County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The general governmental funds are reported in the General, Special Revenue, Debt Service, and Capital Project funds. The focus of Lamar County's governmental funds is to provide information on a near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing Lamar County's annual financing and budgeting requirements. In particular, unassigned fund balances may serve as a useful measure of the County's net resources available for spending at the end of the fiscal year.

Key factors that enable the County to maintain a stable level of fund balance are as follows:

- Total revenues from property taxes, increased over prior year amounts by \$147,703. The increase was due to adopting a tax rate greater than the no new revenue rate. Sales tax revenues increased and fees and fines increased while intergovernmental revenues decreased. Miscellaneous revenue also decreased and interest revenue increased due to an increase in CD interest rates. Overall, these changes lead total revenues this year to be higher than that of the prior year.
- Expenditures in governmental funds increased \$1,934,401 (7%) from prior year totals. The primary areas of increased expenditures were in legal, public safety, public welfare, and public facilities.

General Fund. The general fund is the chief operating fund of Lamar County. At the end of the current fiscal year, the unassigned fund balance of the general fund was \$12,979,791, while the total fund balance increased to \$17,471,852. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 45% of total general fund expenditures and the total fund balance represents 60% of the same amount. The County has adopted a policy of maintaining a minimum fund balance to be used for unanticipated needs. A Fund Balance Policy adopted by the Commissioner's Court in 2011 states that the minimum level shall be approximately 25% of budgeted expenditures. The County considers a balance of less than 20% as a cause of concern and an unassigned fund balance of more

than 35% as surplus for one-time expenditures that are nonrecurring in nature, capital projects, and/or to reduce the tax levy requirements.

The fund balance of Lamar County's general fund has increased by \$1,222,023 during the current fiscal year. One reason for this is the county's continued trend of spending well below what is budget for expenditures.

Road and Bridge Fund. The Road and Bridge fund balance totaled \$1,933,524, a decrease of \$578,428. The main factor in this decrease is the increase in expenditures this year by the road and bridge fund.

Debt Service Fund. The debt service fund had a fund balance of \$45,060 as of September 30, 2024.

General Fund Budgetary Highlights

Over the course of the year, the County revised its budget forty-two times due to the receipt of unexpected revenues. Differences between the original budget and the final amended budget in the general fund for expenses were a \$72,943 increase in appropriations, and were primarily the following:

- Appropriations for capital outlay
- Appropriations for public safety

Even with these adjustments, actual expenditures were \$2,238,372 below the final budget amounts. The most significant positive variance resulted from operating costs in public safety, public welfare, and general administration. Public safety savings came mainly from savings in salaries and fringe benefits due to being understaffed in combination with other normal expense categories that just added up over all categories. Fewer expenses for contract services, and the purchase of fewer purchases of capital assets than budgeted for the year, as well as employee turnover resulting in less spending than planned in salaries and fringe benefits resulted in a large portion of the other positive variances.

On the other hand, resources available were \$3,406,036 above the final budgeted amount. Due mostly to the following:

- Sales tax revenues increased above budgeted amounts due to increased collections and the conservative approach the County uses to estimate revenue.
- Interest revenue remained higher this year due to continued higher interest rates.
- Fees of office, intergovernmental receipts, and miscellaneous revenues also contributed to this increase over the budgeted revenue amount.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of 2024, the County had invested \$66,918,883 in a broad range of capital assets, including land, equipment, buildings, vehicles, and infrastructure (see Table A-4). This amount represents a net increase (including additions and deductions) of \$1,368,501 or 2% from last year. This was mainly due to the replacement of older equipment with new equipment.

Table A-4
County's Capital Assets

		Governmental Activities	
		2024	2023
Land	\$	732,602	\$ 732,602
Construction in Progress		2,699,212	1,704,140
Infrastructure		21,222,575	21,180,787
Vehicles and Equipment		19,057,563	17,954,357
Buildings and Improvements		25,474,550	25,464,339
Right-To-Use Subscription Assets		1,165,195	951,899
Totals at historical cost		70,351,697	65,551,382
Total accumulated depreciation		(41,010,798)	(38,398,795)
Net capital assets	\$	29,340,899	\$ 29,289,329

The County's fiscal year 2023-24 capital budget projects included spending an estimated \$9,100,000 for improvements and equipment, principally to do upgrades and large-scale repair on county buildings, along with the purchase of additional equipment. More detailed information about the County's capital assets is presented in Note D of the notes to the financial statements.

Long Term Debt

At year-end, the County had \$4,880,000 in bonds and notes outstanding as shown in Table A-5. More detailed information about the County's debt is presented in Note G in the notes to the financial statements.

Table A-5
County's Long-Term Debt

		2024	2023
Bonds and Notes Payable	\$	4,880,000	\$ 5,520,000
Capital Lease		298,495	54,035
Compensated Absences		835,825	763,408
Subscription Liability		693,778	731,408
OPEB Obligation		4,712,168	4,205,264
Total long-term debt	\$	11,420,266	\$ 11,274,115

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- Appraised value used for the 2024-25 budget preparation is up \$366,323,568, or 6.6%.
- General operating fund spending increases in the 2024-25 budget from \$21,764,979 to \$23,195,782. This is an 6.6% increase.

These indicators were taken into account when adopting the general fund budget for 2024-25. During the current fiscal year, the unassigned fund balance in the general fund increased to \$12,979,791. Lamar County appropriated \$4,492,061 of this amount for spending in the 2024-25 fiscal year budget. The County will use this balance to fund the rising costs in the general fund.

In the general fund, expenditures are budgeted to rise 6.6% to \$23,195,782. The increase is primarily due to increased operating costs and equipment. Pay raises for the upcoming budget were as follows: law enforcement elected officials 7%, all other elected officials 4%, law enforcement employees 9%, dispatch and jail employees 6%, all other employees 4%.

If these estimates are realized, the County's budgetary general fund balance is expected to see a decrease by the close of 2025.

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. If you have questions about this report or need additional financial information, contact the Lamar County Auditor's Office.

Basic Financial Statements

LAMAR COUNTY, TEXAS

STATEMENT OF NET POSITION
SEPTEMBER 30, 2024

	Governmental Activities
ASSETS	
Assets:	
Cash and cash equivalents	\$ 7,572,382
Investments	21,145,798
Receivables (net of allowances for uncollectibles):	
Interest	49,072
Taxes	1,744,209
Accounts	2,273,842
Due From Other Funds	150,175
Due from other governments	957,479
Inventories	278,912
Prepaid Expense	169,731
Capital assets (net, where applicable, of accumulated depreciation)	
Land	732,602
Construction in progress	2,699,212
Buildings	11,471,157
Equipment	8,165,786
Infrastructure - Roads and Bridges	5,591,170
Right to Use Subscription Asset	680,972
Total Assets	<u>63,682,499</u>
Deferred Outflows of Resources:	
Deferred Outflows of Resources--Pension	2,122,352
Deferred Outflows of Resources--OPEB	467,496
Total Deferred Outflows of Resources	<u>2,589,848</u>
LIABILITIES	
Liabilities:	
Accounts payable & Accrued expenditures	439,882
Unearned Revenue	5,658,467
Due to Other Agencies	14,014
Noncurrent Liabilities:	
Due Within One Year	976,519
Due in More than One Year	4,895,755
Compensated Absences Payable	835,825
Unamortized Premium on Bonds	329,920
Net Pension Liability	3,411,276
Total OPEB Liability	4,712,168
Total Liabilities	<u>21,273,826</u>
Deferred Inflows of Resources:	
Deferred Inflows of Resources--OPEB	560,757
Total Deferred Inflows of Resources	<u>560,757</u>
NET POSITION:	
Net Investment in Capital Assets	28,659,927
Restricted For:	
State and Federal Programs	104,228
Debt Service	45,060
Capital Projects	502,038
Indigent Care	1,426,933
Records Management	637,678
Judicial	312,413
Road and Bridge	1,933,524
Other Purposes	1,773,637
Unrestricted	9,042,326
Total Net Position	<u>\$ 44,437,764</u>

The accompanying notes are an integral part of this statement.

LAMAR COUNTY, TEXAS**STATEMENT OF ACTIVITIES**

FOR THE YEAR ENDED SEPTEMBER 30, 2024

Functions/Programs	Expenses	Program Revenues		Net (Expense)
		Charges for Services	Operating Grants and Contributions	Revenue and Changes in Net Position
Functions/Program Activities				
Governmental Activities:				
General Administration	\$ 3,878,520	\$ 454,523	\$ 32,809	\$ (3,391,188)
Financial Administration	1,525,185	896,593	--	(628,592)
Judicial	2,250,964	365,564	128,962	(1,756,438)
Legal	1,257,980	27,909	110,419	(1,119,652)
Elections	360,525	--	368,162	7,637
Public Safety	9,700,929	291,715	607,742	(8,801,472)
Emergency Management	365,381	--	35,351	(330,030)
Public Welfare	1,779,553	--	46,539	(1,733,014)
Public Transportation	6,250,686	955,609	124,061	(5,171,016)
Conservation and Agriculture	154,332	--	--	(154,332)
Public Facilities	1,368,312	--	--	(1,368,312)
Interest on Long-Term Debt	85,703	--	--	(85,703)
Total Primary Government	<u>\$ 28,978,070</u>	<u>\$ 2,991,913</u>	<u>\$ 1,454,045</u>	<u>(24,532,112)</u>
General Revenues:				
Taxes				
Property Taxes				17,006,304
Sales Taxes				5,568,048
Grants and Contributions Not Restricted to Specific Program				1,762,634
Unrestricted Investment Earnings				1,452,359
Gain (Loss) on Sale of Capital Assets				24,877
Miscellaneous				782,395
Total General Revenues				<u>26,596,617</u>
Change in Net Assets				2,064,505
Net Position - Beginning				42,373,259
Net Assets - Ending				<u>\$ 44,437,764</u>

The accompanying notes are an integral part of this statement.

LAMAR COUNTY, TEXAS**BALANCE SHEET - GOVERNMENTAL FUNDS****SEPTEMBER 30, 2024**

	General Fund	Road & Bridge Fund
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
Assets:		
<i>Cash and cash equivalents</i>	\$ 1,766,600	\$ 640,693
<i>Investments</i>	14,942,409	1,042,245
Receivables (net of allowances for uncollectibles):		
<i>Interest</i>	24,430	1,087
<i>Taxes</i>	1,240,707	348,842
<i>Accounts</i>	1,529,191	744,651
<i>Due from other funds</i>	--	--
<i>Due from other governments</i>	893,940	--
<i>Inventories</i>	--	270,773
<i>Prepaid Expenses</i>	169,731	--
Total Assets	<u>20,567,008</u>	<u>3,048,291</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES		
Liabilities:		
<i>Accounts Payable & Accrued Expenditures</i>	\$ 344,008	\$ 28,232
<i>Deferred Revenue</i>	3,903	--
<i>Due to Other Agencies</i>	--	--
Total Liabilities	<u>347,911</u>	<u>28,232</u>
Deferred Inflows of Resources:		
<i>Deferred Inflows of Resources--Fines</i>	1,506,538	737,694
<i>Deferred Inflows of Resources--Property Taxes</i>	1,240,707	348,841
Total Deferred Inflows of Resources	<u>2,747,245</u>	<u>1,086,535</u>
Fund Balances:		
Nonspendable Fund Balances:		
<i>Inventories</i>	--	270,773
<i>Prepaid Expenses</i>	169,731	--
Restricted Fund Balances:		
<i>Federal/State Funds Grant Restrictions</i>	--	--
<i>Other Restrictions of Fund Balance</i>	--	1,662,751
Committed Fund Balances:		
<i>Other Committed Fund Balance</i>	--	--
Assigned Fund Balances:		
<i>Other Assigned Fund Balance</i>	4,492,061	--
Unassigned	12,810,060	--
Total Fund Balances	<u>17,471,852</u>	<u>1,933,524</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 20,567,008</u>	<u>\$ 3,048,291</u>

Coronavirus State and Local Fiscal Recovery Fund	Other Governmental Funds	Total Governmental Funds
\$ 487,952	\$ 4,677,135	\$ 7,572,380
5,157,564	3,580	21,145,798
22,887	668	49,072
--	154,660	1,744,209
--	--	2,273,842
--	150,175	150,175
--	63,539	957,479
--	8,139	278,912
--	--	169,731
<u>5,668,403</u>	<u>5,057,896</u>	<u>34,341,598</u>
\$ 13,839	\$ 40,628	\$ 426,707
5,654,564	--	5,658,467
--	14,014	14,014
<u>5,668,403</u>	<u>54,642</u>	<u>6,099,188</u>
--	--	2,244,232
--	154,658	1,744,206
<u>--</u>	<u>154,658</u>	<u>3,988,438</u>
--	8,139	278,912
--	--	169,731
--	104,228	104,228
--	4,697,814	6,360,565
--	38,415	38,415
--	--	4,492,061
--	--	12,810,060
<u>--</u>	<u>4,848,596</u>	<u>24,253,972</u>
\$ <u>5,668,403</u>	\$ <u>5,057,896</u>	\$ <u>34,341,598</u>

LAMAR COUNTY, TEXAS

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2024

Total fund balances - governmental funds balance sheet	\$ 24,253,972
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.	29,340,899
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.	1,744,207
Payables for bond principal which are not due in the current period are not reported in the funds.	(4,880,000)
Payables for purchase leases which are not due in the current period are not reported in the funds.	(298,495)
Payables for right-to-use subscription liability which are not reported in the funds.	(693,779)
Payables for debt interest which are not due in the current period are not reported in the funds.	(13,174)
Payables for compensated absences which are not due in the current period are not reported in the funds.	(835,825)
Court fines receivable unavailable to pay for current period expenditures are deferred in the funds.	2,244,232
Recognition of the County's proportionate share of the net pension liability is not reported in the funds.	(3,411,276)
Deferred Resource Outflows related to the pension plan are not reported in the funds.	2,122,352
Bond premiums are amortized in the SNA but not in the funds.	(329,920)
Recognition of the County's proportionate share of the net OPEB liability is not reported in the funds.	(4,712,168)
Deferred Resource Inflows related to the OPEB plan are not reported in the funds.	(560,757)
Deferred Resource Outflows related to the OPEB plan are not reported in the funds.	467,496
Net position of governmental activities - Statement of Net Position	\$ <u>44,437,764</u>

The accompanying notes are an integral part of this statement.

LAMAR COUNTY, TEXAS

*STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2024*

	General Fund	Road & Bridge Fund
Revenue:		
<i>Property Taxes</i>	\$ 12,475,072	\$ 3,383,851
<i>Other Taxes</i>	5,568,048	--
<i>Intergovernmental Receipts</i>	350,320	124,061
<i>Fees of Office</i>	1,402,972	856,156
<i>Fines</i>	153,472	99,453
<i>Interest</i>	1,344,680	54,384
<i>Miscellaneous</i>	301,750	198,626
Total revenues	<u>21,596,314</u>	<u>4,716,531</u>
Expenditures:		
Current:		
<i>General Administration</i>	2,801,884	--
<i>Financial Administration</i>	1,587,642	--
<i>Judicial</i>	2,264,737	--
<i>Legal</i>	889,467	--
<i>Elections</i>	304,982	--
<i>Public Safety</i>	8,610,567	--
<i>Public Welfare</i>	1,356,444	--
<i>Public Transportation</i>	--	5,114,705
<i>Conservation and Agriculture</i>	157,738	--
<i>Public Facilities</i>	1,064,473	--
<i>Emergency Management</i>	229,036	--
<i>Capital outlay</i>	425,675	251,125
<i>Principal</i>	--	26,370
<i>Interest and fees</i>	--	2,119
Total expenditures	<u>19,692,645</u>	<u>5,394,319</u>
Excess (deficiency) of revenues (under) expenditures	1,903,669	(677,788)
Other financing sources (uses):		
<i>Transfers in</i>	--	--
<i>Transfers out</i>	(814,685)	--
Total other financing sources (uses)	<u>(681,645)</u>	<u>99,360</u>
Net change in fund balances	1,222,024	(578,428)
Fund balances/equity, October 1	16,249,828	2,511,952
Fund balances/equity, September 30	<u>\$ 17,471,852</u>	<u>\$ 1,933,524</u>

The accompanying notes are an integral part of this statement.

Coronavirus State and Local Fiscal Recovery Fund	Other Governmental Funds	Total Governmental Funds
\$ --	\$ 1,013,282	\$ 16,872,205
--	--	5,568,048
1,253,269	1,489,029	3,216,679
--	341,149	2,600,277
--	--	252,925
--	53,295	1,452,359
--	470,982	971,358
<u>1,253,269</u>	<u>3,367,737</u>	<u>30,933,851</u>
356,107	444,450	3,602,441
--	--	1,587,642
--	80,682	2,345,419
--	416,080	1,305,547
--	22,463	327,445
--	807,864	9,418,431
--	429,974	1,786,418
--	126,790	5,241,495
--	--	157,738
--	--	1,064,473
--	8,512	237,548
897,162	1,079,192	2,653,154
--	640,000	666,370
--	147,194	149,313
<u>1,253,269</u>	<u>4,203,201</u>	<u>30,543,434</u>
--	(835,464)	390,417
--	1,094,502	1,094,502
--	(279,817)	(1,094,502)
<u>--</u>	<u>952,475</u>	<u>370,190</u>
--	117,011	760,607
--	4,731,585	23,493,365
<u>\$ --</u>	<u>\$ 4,848,596</u>	<u>\$ 24,253,972</u>

LAMAR COUNTY, TEXAS

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2024

Net change in fund balances - total governmental funds	\$ 760,607
Amounts reported for governmental activities in the Statement of Activities ("SOA") are different because:	
Capital outlays are not reported as expenses in the SOA.	2,653,154
The depreciation of capital assets used in governmental activities is not reported in the funds.	(2,476,966)
The amortization of right-to-use SBITAs used in governmental activities is not reported in the funds.	(263,431)
The gain or loss on the sale of capital assets is not reported in the funds.	24,877
All proceeds from the sale of capital assets are reported in the funds but not in the SOA.	(99,360)
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.	134,100
Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA.	640,000
Proceeds of notes do not provide revenue in the SOA, but are reported as current resources in the funds.	(270,830)
Repayment of lease purchase principal is an expenditure in the funds but is not an expense in the SOA.	26,370
Repayment of SBITA principal is an expenditure in the funds but is not an expense in the SOA.	250,926
(Increase) Decrease in accrued interest from beginning of period to the end.	16,460
The accretion of interest on capital appreciation bonds is not reported in the funds.	47,131
Compensated absences are reported as the amount earned in the SOA but as the amount paid in the funds.	(72,418)
Revenues in the SOA for court fines not providing current financial resources are not reported in the funds.	(50,252)
The County's share of the unrecognized deferred inflows and outflows for the pension plan was amortized.	435,202
OPEB expense relating to GASB 75 is recorded in the SOA but not in the funds.	308,935
Change in net position of governmental activities - Statement of Activities	\$ <u>2,064,505</u>

The accompanying notes are an integral part of this statement.

LAMAR COUNTY, TEXAS

STATEMENT OF FIDUCIARY NET POSITION

FIDUCIARY FUNDS

SEPTEMBER 30, 2024

	Custodial Funds
ASSETS	
Cash and cash equivalents	\$ 2,284,398
Investments	806,526
Total Assets	<u>3,090,924</u>
LIABILITIES	
Accounts payable & accrued expenditures	\$ 55,105
Due to other governmental agencies	865,806
Due to other funds	150,175
Total Liabilities	<u>1,071,086</u>
NET POSITION	
Restricted for:	
Individuals, organizations, and other governments	2,019,838
Total Net Assets	<u>\$ 2,019,838</u>

The accompanying notes are an integral part of this statement.

LAMAR COUNTY, TEXAS

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

FIDUCIARY FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Custodial Funds
ADDITIONS:	
Fees collected for other governments	\$ 266,627
Fines collected for other governments	1,270
Tax collected for other governments	16,111,768
Inmate deposits	438,171
Seizures by law enforcement	173,984
Held for others	1,098,982
Interest earnings	3,106
Total Additions	<u>18,093,908</u>
DEDUCTIONS:	
Payments to state	16,291,900
Payments due under judicial order/statue	166,626
Payments to individuals	658,282
Payments on behalf of inmates	383,293
Total Deductions	<u>17,500,101</u>
Excess (deficiency) of additions over deductions	593,807
Transfer In	3,185
Transfer Out	(3,185)
Change in Fiduciary Net Position	593,807
Net Position-Beginning of the Year	1,426,031
Net Position-End of the Year	<u>\$ 2,019,838</u>

The accompanying notes are an integral part of this statement.

LAMAR COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

A. Summary of Significant Accounting Policies

The combined financial statements of Lamar County, Texas (the "County") have been prepared in conformity with accounting principles applicable to governmental units which are generally accepted in the United States of America. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

1. Reporting Entity

The County's basic financial statements include the accounts of all its operations. The County evaluated whether any other entity should be included in these financial statements. The criteria for including organizations as component units within the County's reporting entity, as set forth in GASB Statement No. 14, "The Financial Reporting Entity," include whether:

- The organization is legally separate (can sue and be sued in its name)
- The County holds the corporate powers of the organization.
- The County appoints a voting majority of the organization's board.
- The County is able to impose its will on the organization.
- The organization has the potential to impose a financial benefit/burden on the County.
- There is fiscal dependency by the organization on the County.
- The exclusion of the organization would result in misleading or incomplete financial statements.
- The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the County.
- The County or the component unit is entitled to or has the ability to otherwise access, a majority of the economic resources received or held by the component unit.
- The economic resources received or held by the component unit are significant to the County.

The County also evaluated each legally separate, tax-exempt organization whose resources are used principally to provide support to the County to determine if its omission from the reporting entity would result in financial statements which are misleading or incomplete. GASB Statement No. 14 requires the inclusion of such an organization as a component unit when: 1) The economic resources received or held by the organization are entirely or almost entirely for the direct benefit of the County, its component units, or its constituents; and 2) The County or its component units is entitled to or has the ability to otherwise access, a majority of the economic resources received or held by the organization; and 3) Such economic resources are significant to the County.

Based on these criteria, the County has one component unit, Lamar County Child Welfare Board (LCCWB). The LCCWB is reported in the operations and activities of the County as a blended component unit.

Certain significant governmental and other entities providing services within the County are administered by separate boards or commissioners, are not financially accountable to the Commissioners' Court, and are responsible for their own fiscal matters. Consequently, financial information for the following entities is not included within the scope of these financial statements:

Paris Junior College	City of Paris, Texas
Paris Independent School District	City of Deport, Texas
Prairiland Independent School District	City of Reno, Texas
City of Roxton, Texas	City of Blossom, Texas
North Lamar Independent School District	Lamar County Appraisal District
Chisum Independent School District	

LAMAR COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

2. Basis of Presentation, Basis of Accounting

a. Basis of Presentation

Government-wide Statements: The statement of net position and the statement of activities include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions.

The statement of activities presents a comparison between direct 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. The County does not allocate indirect expenses in the statement of activities. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs 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.

Fund Financial Statements: The fund financial statements provide information about the County's funds, with separate statements presented for each fund category. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds. The County reports the following governmental funds:

General Fund-- This is the County's primary operating fund. It accounts for all financial resources of the County except those required to be accounted for in another fund.

Special Revenue Funds-- to account for the proceeds of specific revenue sources (other than trusts for individual, private organizations, or other governments or major capital projects) that are legally restricted to expenditure for specified purposes.

Capital Projects Funds-- to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds or in trust funds for individuals other than governments).

Debt Service Funds-- to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

The County reports the following major governmental funds:

General Fund-- This is the County's primary operating fund. It accounts for all financial resources of the County except those required to be accounted for in another fund.

Road and Bridge Fund-- This fund is used to account for monies designated for use in road and bridge work of the County. Primary sources of revenues for these special revenue funds included ad valorem taxes, automobile registration fees, County and District court fines, and state allotments of road funds. Revenues are used for public transportation maintenance and construction purposes.

Coronavirus State and Local Fiscal Recovery Fund – This fund is used to account for the monies received as allocation from the American Rescue Plan Act 2021.

LAMAR COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

In addition, the County reports the following fund types:

Fiduciary Funds: The county uses fiduciary funds to account for assets held in a trustee or custodial capacity. Fiduciary funds are not reflected in the government-wide financial statements because the resources of these funds are not available to support the County's own programs. Fiduciary funds are accounted for using the economic resources measurement focus and the accrual basis of accounting.

The fiduciary funds of the County consist only of custodial funds.

Custodial Funds-- The County acts in a custodial capacity for individuals, firms, and state and local governments. In its custodial capacity, custodial funds have been created and include monies placed into the registry of the county and district courts on behalf of minors or other parties involved in litigation. Also, included are child support, restitution, forfeiture accounts, court costs, and auto registration fees collected on behalf of the state and local governments.

b. Measurement Focus, Basis of Accounting

Government-wide and Fiduciary Fund Financial Statements: These financial statements are reported using the economic resources measurement focus. They are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the County gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The County does not consider revenues collected after its year-end to be available in the current period. Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the State are recognized under the susceptible-to-accrual concept. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned since they are both measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

When the County incurs an expenditure or expense for which both restricted and unrestricted resources may be used, it is the County's policy to use restricted resources first, then unrestricted resources.

LAMAR COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

3. Financial Statement Amounts

a. Property Taxes

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property 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 the 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. Property tax revenues are considered available when they become due or past due and receivable within the current period.

Allowances for uncollectible tax receivables within the General and Debt Service Funds are based upon historical experience in collecting property taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the County is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature.

b. Inventories and Prepaid Items

Inventories on the balance sheet are stated at cost using the first in/ first out (FIFO) method. Inventory items are recorded as expenditures when they are consumed. The County records the purchase of supplies as expenditures, utilizing the purchases method of accounting for inventory.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

c. Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated fixed assets are recorded at their estimated fair value at the date of the donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets' lives are not capitalized. A capitalization threshold of \$5,000 is used.

Capital assets are being depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Infrastructure	30
Buildings	50
Building Improvements	20
Vehicles	2-15
Office Equipment	3-15
Computer Equipment	3-15

LAMAR COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

d. Receivable and Payable Balances

The County reports the following receivables.

	General Fund	Road and Bridge Fund	Other Governmental	Total
Interest Receivable	\$ 24,430	\$ 1,087	\$ 23,555	\$ 49,072
Delinquent Tax Receivable	1,306,007	367,202	162,800	1,836,009
Less: Allowance for Uncollectible	(65,300)	(18,360)	(8,140)	(91,800)
Net Delinquent Tax Receivable	1,240,707	348,842	154,660	1,744,209
Accounts Receivable	2,926,435	1,765,008	--	4,691,443
Less: Allowance for Uncollectible	(1,397,244)	(1,020,357)	--	(2,417,601)
Net Fines Receivable	1,529,191	744,651	--	2,273,842
Total Net Receivables	\$2,794,328	\$1,094,580	\$178,215	\$4,067,123

There are no significant receivables which are not scheduled for collection within one year of year end.

e. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the Fiduciary Net Position of the Texas County District Retirement System (TCDRS) and additions to or deductions from TCERS's Fiduciary Net Position have been determined on the same basis as they are reported by TCERS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

At September 30, 2024, the County reported the following:

Net Pension Liability	\$ 3,411,276
Net OPEB Liability	\$ 4,712,168

f. Interfund Activity

Interfund activity results from loans, services provided, reimbursements, or transfers between funds. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures or expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund, and reduces its related cost as a reimbursement. All other inter-fund transactions are treated as transfers. Transfers In and Transfers Out are netted and presented as a single "Transfers" line on the government-wide statement of activities. Similarly, interfund receivables and payables are netted and presented as a single "Internal Balances" line of the government-wide statement of net position.

LAMAR COUNTY, TEXAS
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g. Fund Balances - Governmental Funds

Fund balances of the governmental funds are classified as follows:

Nonspendable Fund Balance - represents amounts that cannot be spent because they are either not in spendable form (such as inventory or prepaid insurance) or legally required to remain intact (such as notes receivable or principal of a permanent fund).

Restricted Fund Balance - represents amounts that are constrained by external parties, constitutional provisions, or enabling legislation.

Restricted for Federal and State Programs	\$	104,228
Restricted for Indigent Care		1,426,933
Restricted for Capital Projects		502,038
Restricted for Records Management		637,638
Restricted for Judicial		312,413
Restricted for Debt Service		45,060
Road and Bridge		1,933,524
Restricted for Other Purposes		1,773,637
Total	\$	<u>6,735,471</u>

Committed Fund Balance - represents amounts that can only be used for a specific purpose because of formal action by the County's Commissioners. Committed amounts cannot be used for any other purpose unless the Commissioners remove those constraints by taking the same type of formal action. Committed fund balance amounts may be used for other purposes with appropriate due process by the Commissioners. Commitments are typically done through the adoption and amendment of the budget. Committed fund balance amounts differ from restricted balances in that the constraints on their use do not come from outside parties, constitutional provisions, or enabling legislation.

Assigned Fund Balance - represents amounts which the County intends to use for a specific purpose, but that do not meet the criteria to be classified as restricted or committed. Intent may be stipulated by the Commissioners or by an official or body to which the Commissioners delegate the authority. Specific amounts that are not restricted or committed in a special revenue, capital projects, debt service, or permanent fund are assigned for purposes in accordance with the nature of their fund type or the fund's primary purpose. Assignments within the general fund convey that the intended use of those amounts is for a specific purpose that is narrower than the general purposes of the County itself. At the year ended September 30, 2024, the County reported \$4,492,061 in Assigned Fund Balance. This amount is set aside for the deficient budget for the upcoming fiscal year 2024-2025.

Unassigned Fund Balance - represents amounts which are unconstrained in that they may be spent for any purpose. Only the general fund reports a positive unassigned fund balance. Other governmental funds might report a negative balance in this classification because of overspending for specific purposes for which amounts had been restricted, committed, or assigned.

When an expenditure is incurred for a purpose for which both restricted and unrestricted fund balance is available, the County considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the County considers amounts to having been spent first out of committed funds, then assigned funds, and finally unassigned funds.

LAMAR COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
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Minimum Fund Balance: Lamar County generally aims to maintain the following minimum fund balances:

General fund's unassigned fund balance of approximately twenty-five percent (25%) of budgeted expenditures for the fiscal year, is to be used for unanticipated needs. The County considers a balance of less than twenty percent (20%) to be a cause of concern, barring unusual or deliberated circumstances. An unassigned fund balance of more than thirty-five percent (35%) will be considered a surplus for one-time expenditures that are nonrecurring in nature, capital projects, and to reduce the tax levy requirements.

Road and Bridge Fund: A fund balance between five (5%) to ten percent (10%) of budgeted expenditures to meet sufficient cash flow needs.

Debt Service Fund: A fund balance of no more than ten percent (10%) of the current period payments.

Replenishment of Minimum Fund Balance: At the completion of any fiscal year in which the fund balance is less than the minimum established by the fund balance policy, the Commissioners' Court will establish a plan to restore this balance to the target level within a specified period of time. When developing this plan, the following items should be considered in establishing the appropriate time horizon:

- * The budgetary reasons behind the fund balance targets
- * Recovery from an extreme event
- * Financial planning time horizon
- * Long-term forecasts and economic conditions
- * Milestones for gradual replacement
- * External financing options

Implementation and Review: Upon adoption of this policy the Commissioner Court authorizes the County Auditor to establish standards and procedures which may be necessary for its implementation. The County Auditor shall review this policy at least annually and make any recommendations for change to the Commissioners Court.

h. Compensated Absences

General leave for the County includes both vacation and sick pay. General leave is based on an employee's length of employment and is earned ratably during the span of employment. Upon termination, employees are paid full value for any accrued general leave earned not to exceed forty hours of vacation or forty hours of sick leave converted as set forth by personnel policy.

j. Use of Estimates

The preparation of financial statements in conformity with GAAP requires the use of management's estimates.

k. Debt Related Intangibles

Premiums and discounts are amortized over the life of the related bond using the interest method or the straight-line method if the straight-line method does not materially differ from the interest method.

LAMAR COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

I. Deferred Outflows and Inflows of Resources

In addition to assets, the statements of financial position (the government-wide Statement of Net Position and governmental funds balance sheet) will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position and/or fund balance that applies to one or more future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statements of financial position 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 one or more future periods and so will not be recognized as an inflow of resources (revenue) until that time.

m. Unearned Revenue

The County reports \$5,654,564 in unearned revenue at the year ended September 30, 2024. The funds are from a \$9.6 million allocation awarded through the Coronavirus State and Local Fiscal Recovery Funds established through the American Rescue Plan Act of 2021. In fiscal year 2021, 2022 and 2023 the County expended \$50,000, \$1.3 million and \$2.2 million respectively, for a total of \$3.6 million. In 2024 the County expended an additional \$1.3 million.

n. Subscription-Based Information Technology Arrangements (SBITA)

The County contracts with SBITA vendors for right-to-use information technology software, alone or in combination with tangible capital assets. The County recognizes subscription liabilities, reported with long-term debt, and right-to-use subscription assets, reported with the other capital assets, in the government-wide financial statements.

At implementation of GASB Statement No. 96 and the commencement of SBITAs beginning after October 1, 2022, the County initially measured the subscription liabilities at the present value of payments expected to be made during the subscription term. Subsequently, the subscription liabilities are reduced by the principal portion of the SBITA payments made. The right-to-use subscription assets are initially measured as the initial amount of the subscription liabilities, adjusted for SBITA payments made at or before the SBITA commencement date, plus certain initial implementation costs. Subsequently, the subscription assets are amortized on a straight-line basis over the shorter of the subscription term or the useful life of the underlying asset.

Key estimates and judgements related to SBITAs include how the County determines (1) the discount rate it uses to discount the expected subscription payments to present value, (2) subscription term and (3) subscription payments.

- The County uses the interest rate charged by the SBITA vendor as the discount rate.
- The subscription term includes the noncancellable period of the SBITA.
- Subscription payments included in the measurement of the subscription liabilities are composed of fixed payments, variable payments fixed in substance or that depend on an index or a rate, termination penalties if the City is reasonably certain to exercise such options, subscription contract incentives receivable for the SBITA vendor and any other payments that are reasonably certain of being required based on an assessment of all relevant factors.

LAMAR COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
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The County monitors changes in circumstances that would require a measurement of its SBITAs and will remeasure the subscription assets and liabilities if certain changes occur that are expected to significantly affect the amount of the subscription liabilities.

4. Encumbrance Accounting

Encumbrances for goods or purchased services are documented by purchase orders or contracts. Under Texas law, appropriations lapse at September 30, and encumbrances outstanding at that time are to be either canceled or appropriately provided for in the subsequent year's budget.

The County had no outstanding end-of-year encumbrances.

5. Implementation of New Standards

In the current fiscal year, the County implemented the following new standards. The applicable provisions of the new standards are summarized below. Implementation is reflected in the financial statements and the notes to the financial statements.

GASB Statement No. 99, *Omnibus*

GASB 99 is an Omnibus statement that addresses a variety of practice issues identified during the implementation an application of certain GASB statements and accounting and financial reporting for financial guarantees. It reiterates some of the specific guidance for variable payments and the updating of variable payments. The statement aims to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues.

The requirement related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

GASB Statement No. 100, *Accounting Changes and Error Corrections – an Amendment of GASB Statement No. 62*

The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error correction to provide more understandable, reliable, relevant, consistent, and comparable information for making decision or assessing accountability.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter. The District implemented this Statement during the current year.

6. Future Implementation of New Standards

GASB Statement No. 101, *Compensated Absences*

The objective of this Statement is to better meet the information needs of financial statement users by update the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a modified model and by amending certain previously required disclosures.

The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter.

LAMAR COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
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B. Compliance and Accountability

1. Finance-Related Legal and Contractual Provisions

In accordance with GASB Statement No. 38, "Certain Financial Statement Note Disclosures," violations of finance-related legal and contractual provisions, if any, are reported below, along with actions taken to address such violations:

<u>Violation</u>	<u>Action Taken</u>
None reported	Not applicable

2. Deficit Fund Balance or Fund Net Position of Individual Funds

Following are funds having deficit fund balances or fund net position at year end, if any, along with remarks which address such deficits:

<u>Fund Name</u>	<u>Deficit Amount</u>	<u>Remarks</u>
None reported	Not applicable	Not applicable

C. Deposits and Investments

The County's funds are required to be deposited and invested under the terms of a depository contract. The depository bank deposits for safekeeping and trust with the County's agent bank-approved pledged securities 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.

Cash Deposits:

At September 30, 2024, the carrying amount of the County's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$31,809,104 and the bank balance was \$32,450,797. The County's cash deposits at September 30, 2024, and during the year ended September 30, 2024, were entirely covered by FDIC insurance or by pledged collateral held by the County's agent bank in the County's name.

The County entered into a depository contract with Farmer's Bank June 1, 2021. At September 30, 2024 the County had some remaining funds at Guaranty Bond Bank. Those funds were fully insured at year end and at the date of the highest cash balance. At year end those funds totaled \$181,096 in certificate of deposits. As these funds mature, they are being moved to Farmer's Bank.

Investments:

The County is required by Government Code Chapter 2256, The Public Funds Investment Act, to adopt, implement, and publicize an investment policy. That policy must be written; primarily emphasize the safety of principal and liquidity; address investment diversification, yield, and maturity and the quality and capability of investment management; and include a list of the types of authorized investments in which the investing entity's funds may be invested; and the maximum allowable stated maturity of any individual investment owned by the entity.

The Public Funds Investment Act ("Act") requires an annual audit of investment practices. Audit procedures in this area conducted as a part of the audit of the general-purpose financial statements disclosed that in the areas of investment practices, management reports, and establishment of appropriate policies, the County adhered to the requirements of the Act. Additionally, the investment practices of the County were in accordance with local policies.

LAMAR COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
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The Act determines the types of investments which are allowable for the County. These include, with certain restrictions, (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas, (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) bankers acceptances, (7) mutual funds, (8) investment pools, (9) guaranteed investment contracts, and (10) common trust funds.

The County's investments at September 30, 2024, are shown below.

Investment or Investment Type	Maturity		Fair Value
Tex Pool	N/A	\$	43,060
Certificate of Deposits	Varying 12 months		21,909,264
Total Investments		\$	<u>21,952,324</u>

Analysis of Specific Deposit and Investment Risks:

GASB Statement No. 40 requires a determination as to whether the County was exposed to the following specific investment risks at year end and if so, the reporting of certain related disclosures:

a. Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized rating agencies are designed to give an indication of credit risk. At year end, the County was not significantly exposed to credit risk.

At September 30, 2024, the County's investments, other than those which are obligations of or guaranteed by the U. S. Government, are rated as to credit quality as follows: Aa2.

b. Custodial Credit Risk

Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the County's name.

Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by either the counterparty or the counterparty's trust department or agent but not in the County's name.

At year end, the County was not exposed to custodial credit risk.

c. Concentration of Credit Risk

This risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. At year end, the County was not exposed to a concentration of credit risk.

d. Interest Rate Risk

This is the risk that changes in interest rates will adversely affect the fair value of an investment. At year end, the County was not exposed to interest rate risk.

e. Foreign Currency Risk

This is the risk that exchange rates will adversely affect the fair value of an investment. At year end, the County was not exposed to foreign currency risk.

LAMAR COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

Investment Accounting Policy

The County's general policy is to report money market investments and short-term participating interest-earning investment contracts at amortized cost and to report nonparticipating interest-earning investment contracts using a cost-based measure. However, if the fair value of an investment is significantly affected by the impairment of the credit standing of the issuer or by other factors, it is reported at fair value. All other investments are reported at fair value unless a legal contract exists which guarantees a higher value. The term "short-term" refers to investments which have a remaining term of one year or less at the time of purchase. The term "nonparticipating" means that the investment's value does not vary with market interest rate changes. Nonnegotiable certificates of deposit are examples of nonparticipating interest-earning investment contracts.

Public Funds Investment Pools

Public funds investment pools in Texas ("Pools") are established under the authority of the Interlocal Cooperation Act, Chapter 79 of the Texas Government Code, and are subject to the provisions of the Public Funds Investment Act (the "Act"), Chapter 2256 of the Texas *Government* Code. In addition to other provisions of the Act designed to promote liquidity and safety of principal, the Act requires Pools to 1) have an advisory board composed of participants in the pool and other persons who do not have a business relationship with the pool and are qualified to advise the pool; 2) maintain a continuous rating of no lower than AAA or AAA-m or an equivalent rating by at least one nationally recognized rating service; and 3) maintain the market value of its underlying investment portfolio within one half of one percent of the value of its shares.

The County's investments in Pools are reported at an amount determined by the fair value per share of the pool's underlying portfolio unless the pool is 2a7-like, in which case they are reported at share value. A 2a7-like pool is one which is not registered with the Securities and Exchange Commission ("SEC") as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940.

TexPool

TexPool is a public funds investment pool created by the Texas Treasury Safekeeping Trust Company (Trust Company) to provide a safe environment for the placement of local government funds in authorized short-term, fully collateralized investments, including direct obligations of, or obligations guaranteed by, the United States or State of Texas or their agencies; federally insured certificates of deposit issued by Texas banks or savings and loans; and fully collateralized direct repurchase agreements secured by United States Government agency securities and placed through a primary government securities dealer.

The Trust Company was incorporated by the State Treasurer by authority of the Texas Legislature as a special purpose trust company with direct access to the services of the Federal Reserve Bank to manage, disburse, transfer, safe keep, and invest public funds and securities more efficiently and economically. The State Comptroller of Public Accounts exercises oversight responsibility over TexPool. Oversight includes the ability to significantly influence operations, designation of management, and accountability for fiscal matters. TexPool uses amortized cost rather than fair value to report net position to compute share prices. The fair value of the position in TexPool is the same as the value of TexPool shares. Accordingly, the District's investments in TexPool are stated at amortized cost, which approximates fair value. TexPool is currently rated AAAM by Standard and Poor's. This rating indicates excellent safety and a superior capacity to maintain principal value and limit exposure to loss.

LAMAR COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
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D. Capital Assets

Capital asset activity for the year ended September 30, 2024, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 732,602	\$ --	\$ --	\$ 732,602
Construction in Progress	1,704,140	995,072	--	2,699,212
Total capital assets not being depreciated	2,436,742	995,072	--	3,431,814
Capital assets being depreciated:				
Road Network	21,180,787	41,788	--	21,222,575
Building and Improvements	25,464,339	10,211	--	25,474,550
Equipment	17,954,357	1,606,083	502,877	19,057,563
Right-To-Use Subscription Assets	951,899	213,296	--	1,165,195
Total capital assets being depreciated	65,551,382	1,871,378	502,877	66,918,883
Less accumulated depreciation and amortization for:				
Road Network	(15,166,049)	(465,356)	--	(15,631,405)
Buildings and Improvements	(13,485,538)	(517,855)	--	(14,003,393)
Equipment	(9,826,416)	(1,493,755)	428,394	(10,891,777)
Right-To-Use Subscription Assets	(220,792)	(263,451)	--	(484,243)
Total accumulated depreciation	(38,698,795)	(2,740,397)	428,394	(41,010,798)
Total capital assets being depreciated and amortized, net	26,852,587	(869,019)	74,483	25,909,085
Governmental activities capital assets, net	\$ 29,289,329	\$ 126,053	\$ 74,483	\$29,340,899

Depreciation was charged to functions as follows:

General Government	\$ 324,668
Judicial	1,754
Legal	519
Election	40,657
Finance	169,515
Facilities	324,973
Safety	779,831
Transportation	1,098,480
	<u>\$ 2,740,397</u>

LAMAR COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

E. Interfund Balances and Activity

Transfers To and From Other Funds

Transfers From	Transfers To	Amount	Reason
General Fund	Permanent Improvement	704,490	Reimburse capital expenditures
General Fund	Victims Coordinator	21,746	Reimburse expenditures not covered by grant.
General Fund	Sheriff Post Forfeiture		Auction proceeds
General Fund	Lamar County Child Welfare	57,000	Reimburse expenditures related to salaries
General Fund	Auto Theft Task Force	31,449	Reimburse expenditures not covered by grant
SB22 Rual Prosecutor Assistant Grant	SB22 Rual Prosecutor Assistant Grant Payroll	279,817	Funds to be sent to the state
	Total	<u>\$1,094,502</u>	

F. Short-Term Debt Activity

The County accounts for short-term debts for maintenance purposes through the General Fund. The proceeds from loans are shown in the financial statements as Other Resources. There were no short-term loans.

G. Long-Term Obligations

The County has entered into a continuing disclosure undertaking to provide Annual Reports and Material Event Notices to the State Information Depository of Texas, which is the Municipal Advisory Council. This information is required under SEC Rule 15c2-12 to enable investors to analyze the financial condition and operations of the County.

1. Long-term Obligation Activity

Long-term obligations include debt and other long-term liabilities. Changes in long-term obligations for the year ended September 30, 2024, are as follows:

	Beginning			Ending	Due
	Balance	Increases	Decreases	Balance	Within One Year
Governmental Activities:					
2017 Certificate of Obligation	\$ 2,240,000	\$ --	\$ 540,000	\$ 1,700,000	\$ 550,000
2021 Certificate of Obligation	3,280,000	--	100,000	3,180,000	100,000
Total	<u>5,520,000</u>	<u>--</u>	<u>640,000</u>	<u>4,880,000</u>	<u>650,000</u>
Amount Payable Under:					
Purchase Lease					
2019 John Deere 6110M	54,035	--	26,370	27,665	27,665
2023 Dodge Durango	--	44,556	--	44,556	7,859
2023 Ram 1500 SSV	--	43,135	--	43,135	7,609
2023 Ford F150 Supercab	--	50,099	--	50,099	8,837
2023 Ram 150 SSV	--	44,328	--	44,328	7,819
2023 Dodge Durango	--	44,356	--	44,356	7,824
2023 Dodge Durango	--	44,356	--	44,356	7,824
Subscription Liability	731,408	213,296	250,926	693,778	246,082
Total	<u>785,443</u>	<u>484,126</u>	<u>277,296</u>	<u>992,273</u>	<u>321,519</u>

LAMAR COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
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Unamortized Premium Series 2021	<u>377,051</u>	<u>--</u>	<u>47,131</u>	<u>329,920</u>	<u>--</u>
General Obligation Debt	<u>6,682,494</u>	<u>484,126</u>	<u>964,427</u>	<u>6,202,193</u>	<u>971,519</u>
Compensated Absences *	763,408	72,417	--	835,825	--
OPEB Obligations	<u>4,205,264</u>	<u>506,904</u>	<u>--</u>	<u>4,712,168</u>	<u>--</u>
Total Governmental Activities	<u>\$11,651,166</u>	<u>\$1,063,447</u>	<u>\$ 964,427</u>	<u>\$11,750,186</u>	<u>\$ 976,519</u>

2. Debt Service Requirements

Debt service requirements on long-term debt at September 30, 2024, are as follows:

Year ending September 30,	Governmental Activities			
	Bonds		Notes from Direct Borrowing	
	Principal	Interest	Principal	Interest
2025	\$ 655,000	\$ 129,970	\$ --	\$ --
2026	670,000	112,687	--	--
2027	690,000	94,998	--	--
2028	685,000	68,225	--	--
2029	705,000	47,375	--	--
2030-2031	<u>1,475,000</u>	<u>33,300</u>	<u>--</u>	<u>--</u>
	<u>\$ 4,880,000</u>	<u>\$ 486,555</u>	<u>\$ --</u>	<u>\$ --</u>

3. Capital Leases

Commitments under capitalized lease agreements for facilities and equipment for minimum future rental payments as of September 30, 2024.

Year Ending September 30,	Principal	Interest	Total
2025	75,437	17,797	93,234
2026	50,804	13,941	64,745
2027	53,979	10,766	64,745
2028	57,353	7,392	64,745
2029	60,922	3,823	64,745
Total	<u>\$ 298,495</u>	<u>\$ 53,719</u>	<u>352,214</u>

4. Subscription-Based Information Technology Arrangement (SBITA)

The County has entered into multiple SBITAs that allow the right-to-use the SBITA vendor's information technology software over the subscription term. The County is required to make scheduled payments at its incremental borrowing rate, or the interest rate stated or implied within the SBITAs.

The SBITA rate, term and ending subscription liability are as follows:

	Interest Rate	Lease Terms in Months	Ending Balance
Governmental activities: Subscription-based information technology agreements	2.33% to 3.23%	32 to 59	693,778

LAMAR COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

Year Ended September 30	Governmental Activities		
	Principal	Interest	Total
2025	\$ 246,081	\$ 17,870	\$ 263,951
2026	218,347	11,018	229,365
2027	180,213	4,382	184,595
2028	49,137	1,145	50,282
Total	<u>\$ 693,778</u>	<u>\$ 34,415</u>	<u>\$ 728,193</u>

H. Risk Management

The County is exposed to various risks of loss related to torts, theft, damage or destruction of assets, errors and omissions, injuries to employees, and natural disasters. During fiscal year 2019, the County obtained general liability coverage at a cost that is considered to be economically justifiable by joining together with other governmental entities in the State as a member of the Texas Municipal League Intergovernmental Risk Pool ("TML"). TML is a self-funded pool operating as a common risk management and insurance program. The County pays an annual premium to TML for its above insurance coverage. The agreement for the formation of TML provides that TML will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of acceptable risk levels; however, each category of coverage has its own level of reinsurance. The County continues to carry commercial insurance for other risks of loss. There were no significant reductions in commercial insurance coverage in the past fiscal year and settled claims resulting from these risks have not exceeded coverage in any of the past three fiscal years.

Pension Plan

1. Plan Description: The District provides pension, disability, and death benefits for all of its full-time employees through a statewide, agent multiple-employer, public-employee retirement system through the Texas County District Retirement System (the "TCDRS"). The system serves 738 actively participating counties and districts throughout Texas. Each employer has its own defined benefit plan that functions similarly to a cash balance plan. The assets of the plans are pooled for investment purposes, but each employer's plan assets may be used only for the payment of benefits to the members of that employer's plan. In accordance with Texas law, it is intended that the pension plan be construed and administered in a manner that the retirement system will be considered qualified under Section 401 (a) of the Internal Revenue Code. All employees (except temporary staff) of a participating employer must be enrolled in the plan. The TCDRS issues a comprehensive annual financial report (CAFR) on a calendar year basis. The CAFR is available upon written request from the TCDRS Board of Trustees at P.O. Box 2034, Austin, Texas 78768-2034.
2. Benefits Terms
 - a. All full and part-time non-temporary employees participate in the plan, regardless of the number of hours they work in a year. Employees in temporary positions are not eligible for membership.
 - b. The plan provides retirement, disability, and survivor benefits.
 - c. TCDRS is a savings-based plan. For the county's plan, 7% of each employee's pay is deposited into his or her TCDRS account. By law, employee accounts earn 7% interest on beginning of year balances annually. At retirement, the account is matched at an employer set percentage (current match is 220%) and is then converted to an annuity.
 - d. There are no automatic COLAs. Each year, the county may elect an ad hoc COLA for its retirees (if any). There are two COLA types, each limited by actual inflation.

LAMAR COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

- e. Benefit terms are established under the TCDRS Act. They may be amended as of January 1 each year but must remain in conformity with the Act.

3. Contributions

The County's contribution rate is calculated annually on an actuarial basis, although the employer may elect to contribute at a higher rate. The Lamar County contribution rate is based on the TCDRS funding policy adopted by the TCDRS Board of Trustees and must conform with the TCDRS Act. The employee contribution rates are set by the county and are currently 7%. Contributions to the pension plan from the county for 2023 and 2022 are as follows:

Contribution Rates	2023	2022
Employee	7%	7%
Employer	14.45%	14.45%
Fiscal year contributions:		
Employer	\$ 1,615,716	\$ 1,435,266

The most recent comprehensive annual financial report for TCDRS can be found at the following link, www.tcdrs.org/Employer.

Membership Information

At the December 31, 2023, valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	155
Inactive employees entitled to but not yet receiving benefits	179
Active Employees	205
Total covered employees	539

4. Net Pension Liability

The County's Net Pension Liability (NPL) was measured as of December 31, 2023, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. The following are the key assumptions and methods used in this GASB analysis.

Actuarial assumptions:

Valuation Timing Actuarially determined contribution rates are calculated on a calendar year basis as of December 31, two years prior to the end of the fiscal year in which the contributions are reported.

Actuarial Cost Method Entry Age (level percentage of pay)⁽¹⁾

Amortization Method

Recognition of economic/demographic gains or losses Straight-Line amortization over Expected Working Life

Recognition of assumptions changes or inputs Straight-Line amortization over Expected Working Life

LAMAR COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
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Asset Valuation Method	5-year smoothed market
Inflation	2.50%
Salary Increases	Varies by age and service. 4.7% average over career including inflation.
Investment Rate of Return	7.50 % (Gross of administrative expenses)
Cost-of-Living Adjustments	Cost-of-Living Adjustments for Lamar County are not considered to be substantively automatic under GASB 68. Therefore, no assumption for future cost-of-living adjustments is included in the GASB calculations. No assumption for future cost-of-living adjustments is included in the funding valuation.
Mortality	
Depositing members	135% Pub-2010 General Employees Amount-Weighted Mortality Table for males and 120% Pub-2010 General Employees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.
Service retirees, beneficiaries, and non-depositing members	135% of Pub-2010 General Retirees Amount-Weighted Mortality table for males and 120% Pub-2010 General Retirees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.
Disabled retirees	160% of Pub-2010 General Disabled Retirees Amount-Weighted Mortality Table for makes and 125% Pub-2010 General Disabled Retirees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.

Discount Rate

The discount rate used to measure the total pension liability was 7.60%. The discount rate was determined using an alternative method of determining the sufficiency of the fiduciary net position in all future years. The alternative method reflects the funding requirements under the employer's funding policy and the legal requirements under the TCDRS Act.

- a. TCDRS has a funding policy where the Unfunded Actuarial Accrued Liability (UAAL) shall be amortized as a level percent of pay over 20-year closed layered periods.
- b. Under the TCDRS Act, the County is legally required to make the contribution specified in the funding policy.
- c. The County's assets are projected to exceed its accrued liabilities in 20 years or less. When this point is reached, the County is still required to contribute at least the normal cost.
- d. Any increased cost due to the adoption of a COLA is required to be funded over a period of 15 years, if applicable.

LAMAR COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

Based on the above, the projected fiduciary net position is determined to be sufficient compared to projected benefit payments. Based on the expected level of cash flows and investment returns to the system, the fiduciary net position as a percentage of total pension liability is projected to increase from its current level in the future year.

Since the projected fiduciary net position is projected to be sufficient to pay projected benefits in all future years, the discount rate for purposes of calculating the total pension liability and net pension liability is equal to the long-term assumed rate of return on investments. This long-term assumed rate should be net of investment expenses, but gross of administrative expenses for GASB 68 purposes. Therefore, we have used a discount rate of 7.60%. This rate reflects the long-term assumed rate of return on assets for funding purposes of 7.50%, net of all expenses, increased by 0.10% to be gross of administrative expenses.

The long-term expected rate of return on TCDRS assets is determined by adding expected inflation to expected long-term returns and reflecting expected volatility and correlation. The capital market assumptions and information shown below are provided by TCDRS' investment consultant, Cliffwater LLC. The numbers shown are based on January 2024 information for a 10-year time horizon.

Note that the valuation assumption for long-term expected return is re-assessed at a minimum of every four years and is set based on long-term horizon. The TCDRS Board of Trustees adopted the current assumption at their March 2021 meeting. The assumption for the long-term expected return is reviewed annually for continued compliance with the relevant actuarial standards of practice. Milliman relies on the expertise of Cliffwater in the assessment.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Geometric Real Rate of Return</u>
U.S. Equities	11.50%	4.75%
Global Equities	2.50%	4.75%
International Equities – Developed Markets	5.00%	4.75%
International Equities – Emerging Markets	6.00%	4.75%
Investment - Grade Bonds	3.00%	2.35%
Strategic Credit	9.00%	3.65%
Direct Lending	16.00%	7.25%
Distressed Debt	4.00%	6.90%
REIT Equities	2.00%	4.10%
Master Limited Partnerships	2.00%	5.20%
Private Real Estate Partnerships	6.00%	5.70%
Private Equity	25.00%	7.75%
Hedge Funds	6.00%	3.25%
Cash Equivalents	2.00%	0.60%

LAMAR COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

Changes in Net Pension Liability / (Asset)	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at 12/31/2022	\$ 58,887,744	\$ 54,023,490	\$ 4,864,254
Changes for the year			
Service cost	1,398,428		1,398,428
Interest	4,471,887		4,471,887
Effect of plan changes	546,479		546,479
Effect of economic/demographic gains or losses	423,779		423,779
Effect of assumptions changes or inputs	--	--	--
Contributions - employer		1,615,716	(1,615,716)
Contributions - employee		782,702	(782,702)
Net investment income		5,931,830	(5,931,830)
Benefit payments	(2,794,455)	(2,794,455)	--
Refund of contributions	(150,571)	(150,571)	--
Administrative expense	--	(31,002)	(31,002)
Other changes	--	(5,694)	5,694
Balance at 12/31/2023	\$ 62,783,291	\$ 59,372,016	\$ 3,411,275

Sensitivity Analysis

The following presents the net pension liability of the County, calculated using the discount rate 7.60%, as well as what the County's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.60%) or 1-percentage-point higher (8.60%) than the current rate.

	1% Decrease in Discount Rate	Discount Rate	1 % Increase in Discount Rate
County's net pension liability	\$ 70,791,060	\$ 62,783,292	\$ 56,054,105
Fiduciary net position	59,372,015	59,372,014	59,372,015
Net pension liability / (asset)	\$ 11,419,045	\$ 3,411,276	\$ (3,317,910)

5. Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended September 30, 2024, the County recognized pension expense of \$1,330,069.

At September 30, 2024, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 547,961	\$ --
Changes in actuarial assumptions	--	--
Difference between projected and actual investment earnings	206,007	--
Contributions subsequent to the measurement date	1,368,384	N/A
Total	\$ 2,122,352	\$ --

LAMAR COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

The \$1,368,384 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2025. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending September 30,	
2025	\$ (128,423)
2026	73,776
2027	1,178,176
2028	(369,561)
2029	--
Thereafter	--

I. Other Postemployment Benefits

Plan Description: The County sponsors and administers Lamar County Retiree Health Care Plan. It is a single employer defined benefit health care plan. The County Commissioners have the authority to establish and amend benefit provisions of the Plan. The Plan does not issue a separate, publicly available report. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

Benefits Provided

The Plan pays a portion of the health care insurance premiums for eligible retired employees. Retirement eligibility is determined based on the Texas County and District Retirement System (TCDRS) definition. Employees are eligible to retire at age 60 and above with 8 years of service in TCDRS, with 30 years' service in TCDRS at any age, or when the sum of his or her age and years of service in TCDRS equals 75. Spouses and dependents are eligible for coverage. Coverage ceases upon reaching Medicare eligibility. There are no automatic post-employment benefit changes, including automatic COLAs.

Contributions

Employees and dependents continue to pay the employee or dependent share of the premiums charged to active members. Spouses/dependents are eligible for coverage. Any spouse already covered on the plan when the retiree reaches the age of 65 or surviving spouses of retirees may continue coverage by continuing to pay the retiree and spouse premium less the amount for the retiree. Only dependents covered by the employee on the county's insurance plan at the time of retirement are eligible. Members who retired before October 1, 2016, can receive coverage for their spouse by paying half the dependent premium.

The premium rates for the health care insurance for 2023-2024 fiscal year for retirees is as follows:

	Monthly Health Care Plan Premium Rates			
	Base Plan 1500		Buy UP Plan 1200	
	Employer	Retiree	Employer	Retiree
Retiree	\$ 714	\$ 37	\$ 822	\$ 37
Retiree and Spouse	822	823	822	1,066
Retiree and Children	822	562	822	766
Retiree and Family	822	1,566	822	1,924

LAMAR COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

Employees covered by benefit terms, at September 30, 2024, based on data provided by the client.

Membership*	
Number of:	
Retirees and Beneficiaries	23
Inactive, Nonretired Members	--
Active Members	<u>179</u>
Total	<u>202</u>

* Adjusted for terminations during the fiscal year ending September 30, 2024. Excludes employees and retirees 65 or older.

Actuarial Assumptions and Other Inputs:

Actuarial Assumptions:

Valuation Date:	September 30, 2024
Measurement Date of the Total OPEB Liability	September 30, 2024

Methods and Assumptions:

Actuarial Cost Method	Individual Entry Age Normal Cost Method – Level Percentage of Projected Salary
Discount Rate	4.06% (1.56% real rate of return plus 2.50% inflation)
Inflation	2.50%
Salary Scale	3.50%
Demographic Assumptions	Based on data provided by the County as of January 2023. Appropriate adjustments in this data were made for the actuarial valuation. There is no assumption for future hires.
Mortality	RPH-2014 Total Table with Projection MP-2021
Health Care Trend Rates	Level 4.50% for medical and level 1.50% for dental/vision.
Participation Rates	100% of retirees assumed to choose to receive retiree health care benefits through the County.

Discount Rate

The GASB statement requires that the discount rate used to determine the plan liabilities for retiree healthcare benefits is based on the earnings rate of the plan assets if the projected assets are sufficient to cover the projected benefit payments. If the projected assets are not sufficient then a municipal bond index rate must be used for discounting benefits not covered by the projected assets. Since there are no plan assets held in trust the S&P Municipal Bond 20 Year High Grade Rate Index is used for determining the discount rate of 4.06%.

LAMAR COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

Changes in the Total OPEB Liability

Total OPEB liability	
Service Cost	\$ 220,328
Interest on the total OPEB liability	202,843
Difference between expected and actual experience	155,100
Changes of assumptions	274,888
Benefit payments	<u>(346,255)</u>
Net change in total OPEB liability	506,904
Total OPEB liability--beginning	4,205,264
Total OPEB liability--ending	<u>\$ 4,712,168</u>

The mortality assumption for this valuation was updated using the RPH-2014 Total table with Projection MP-2021. The discount rate was raised from 2.41% to 4.77% to conform with the discount selection requirements of GASB 75.

No changes in benefit terms from previous actuarial valuation.

Sensitivity of Total OPEB Liability to the Discount Rate Assumption

Regarding the sensitivity of the total OPEB liability to changes in the discount rate, the following presents the plan's total OPEB liability, calculated using a discount rate of 4.77%, as well as what the plan's total OPEB liability would be if it were calculated using a discount rate that is one percent lower or one percent higher:

1 % Decrease	Current Discount Rate Assumption	1 % Increase
<u>3.77%</u>	<u>4.77%</u>	<u>5.77%</u>
\$ 3,874,351	\$ 4,205,264	\$ 4,571,799

Sensitivity of Total OPEB Liability to the Healthcare Cost Trend Rate Assumption

Regarding the sensitivity of the total OPEB liability to changes in the healthcare cost trend rates, the following presents the plan's total OPEB liability, calculated using the assumed trend rates as well as what the plan's OPEB liability would be if it were calculated using a trend rate that is one percent lower or one percent higher:

Current Healthcare Cost		
1% Decrease	Trend Rate Assumption	1% Increase
<u>3.50%</u>	<u>4.50%</u>	<u>5.50%</u>
\$ 3,769,301	\$ 4,205,264	\$ 4,725,983

LAMAR COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

Deferred outflows and Deferred Inflows Related to OPEB

	Deferred Outflows Of Resources	Deferred Inflows Of Resources
Differences between expected and actual experience	\$ 82,363	\$ (394,458)
Changes in assumptions	113,444	(710,449)
Contributions subsequent to the measurement date	--	--
Total	\$ <u>195,807</u>	\$ <u>(1,104,907)</u>

Year Ending September 30	Net Deferred Outflows/Inflows
2024	\$ (484,281)
2025	(179,388)
2026	(120,558)
2027	(124,873)
2028	--
Thereafter	--

J. Health Care Coverage

Beginning October 1, 2013, the County has health care coverage with Blue Cross Blue Shield of Texas. The Lamar County Employee Health Plan participants are fully insured. The County contributed up to \$887 per month per employee and dependents to the Plan. The County paid up to \$1,272 for retirees and their dependents. A total of \$2,337,445 was the County's portion of cost of the health insurance for the fiscal year September 30, 2024. Employees at their option, authorized payroll withholdings for contributions for dependents. All contributions were paid to the administrator of the Plan. The contract between the County and the Plan is renewable November 1st, of each year, and the annual financial statements have been filed with the Texas State Board of Insurance. The Plan was authorized by Article 3.51-2, Texas Insurance Code and was documented by Contractual agreement.

K. Commitments and Contingencies

1. Contingencies

The County participates in grant programs which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the County has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable may be impaired. In the opinion of the County, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying basic financial statements for such contingencies.

2. Litigation

From time to time, the County is involved in litigation that arises in the ordinary course of business. At this time, the outcome of the outstanding litigations is unknown. The County plans to vigorously defend itself against any litigation.

LAMAR COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

L. Subsequent Events

Management has evaluated subsequent events through April 28, 2025, the date the financials were available to be distributed and noted the following events. Between October 1, 2024 and the date of the audit report, the County made the following material payments: payments for planning and designing of the Lamar County Emergency Services building with a cost of \$755,811, and payments for the repair and replacement work on the courthouse roof, \$621,023. In addition, purchase of a Belly dump trailer for Road and Bridge Precinct 3, payments for HVAC upgrades to county buildings, purchase of Flock cameras under the Auto Theft Task Force grant, purchase of a padfoot drum roller for Road and Bridge, purchase of vehicles for the Sheriff's Office, and purchase of a new pickup truck for Emergency Services totaling \$772,178.

M. Sulphur River Region Mobility Interlocal Cooperative Agreement

Lamar County, Texas entered into an Interlocal Cooperative Agreement with the Sulphur River Region Mobility Authority ("SURRMA") effective October 10, 2012, and with other governmental entities in the area for upgrading and widening State Highway 24. The SURRMA has secured a State Infrastructure Bank Loan (SIB) for the project with Lamar County's share of the local participation being \$1,426,813. The County's payment obligations pursuant to the SIB Loans shall become due and payable not later than March 29 each year in accordance with the schedule below at a rate of 3.68% per annum. Agreement such as this are not reported as debt in the financials but appropriately disclosed in the notes to the financial statements in accordance with Governmental Accounting Standards at September 30, 2024 the County had completed all of their financial obligations of the Agreement.

N. Tax Abatements

The County enters into property tax abatement agreements with local businesses under the Property Redevelopment and Tax Abatement Act, Chapter 312, Texas Tax Code. Under the Act, localities may grant property tax abatements of up to 100 percent of a business' property tax bill for the purpose of attracting or retaining businesses within their jurisdictions. The abatements may be granted to any business located within or promising to relocate to the County.

For the fiscal year ended September 30, 2024, the County abated property taxes totaling \$3,514,270 under this program, including the following tax abatement agreements that each exceeded 10 percent of the total amount abated:

*A 100 percent property tax abatement for a company for the construction of a solar farm. The abatement amounted to \$409,634.

*A 100 percent property tax abatement for a company for the construction of a solar farm. The abatement amounted to \$471,590.

*A 100 percent property tax abatement for a company for the construction of a solar farm. The abatement amounted to \$605,423.

*A 100 percent property tax abatement for a company for the construction of a solar farm. The abatement amounted to \$540,661.

Required Supplementary Information

Required supplementary information includes financial information and disclosures required by the Governmental Accounting Standards Board but not considered a part of the basic financial statements.

LAMAR COUNTY, TEXAS

GENERAL FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED SEPTEMBER 30, 2024

EXHIBIT B-1

	1	2	3	Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
Revenue:				
Property Taxes	\$ 12,765,385	\$ 12,765,385	\$ 12,475,072	\$ (290,313)
Other Taxes	3,500,000	3,500,000	5,568,048	2,068,048
Intergovernmental Receipts	264,200	264,200	350,320	86,120
Fees of Office	1,152,250	1,152,250	1,402,972	250,722
Fines	80,000	80,000	153,472	73,472
Interest	225,000	225,000	1,344,680	1,119,680
Miscellaneous	130,500	203,443	301,750	98,307
Total revenues	18,117,335	18,190,278	21,596,314	3,406,036
Expenditures:				
Current:				
General Administration	3,111,783	3,114,556	2,801,884	322,752
Financial Administration	1,746,547	1,746,547	1,587,642	155,905
Judicial	2,397,278	2,397,278	2,264,737	132,541
Legal	944,652	946,089	889,467	56,622
Elections	338,575	338,575	304,982	33,593
Public Safety	9,455,062	9,504,850	8,610,567	594,283
Public Welfare	1,733,850	1,738,850	1,356,444	382,406
Conservation and Agriculture	160,869	160,869	157,738	3,131
Public Facilities	1,203,249	1,203,249	1,064,473	138,776
Emergency Management	213,543	250,543	229,036	21,507
Capital outlay	546,666	529,611	425,675	103,936
Total expenditures	21,852,074	21,931,017	19,692,645	2,238,372
Excess (deficiency) of revenues (under) expenditures	(3,734,739)	(3,740,739)	1,903,669	5,644,408
Other financing sources (uses):				
Transfers out	(1,546,455)	(1,545,455)	(814,685)	(730,770)
Total other financing sources (uses)	(1,546,455)	(1,545,455)	(681,645)	(863,810)
Net change in fund balances	(5,281,194)	(5,286,194)	1,222,024	6,508,218
Fund balances/equity, October 1	16,249,828	16,249,828	16,249,828	--
Fund balances/equity, September 30	\$ 10,968,634	\$ 10,963,634	\$ 17,471,852	\$ 6,508,218

LAMAR COUNTY, TEXAS
ROAD & BRIDGE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2024

EXHIBIT B-2

	1	2	3	Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
Revenue:				
<i>Property Taxes</i>	\$ 3,440,340	\$ 3,440,340	\$ 3,383,851	\$ (56,489)
<i>Intergovernmental Receipts</i>	--	--	124,061	124,061
<i>Fees of Office</i>	832,000	832,000	856,156	24,156
<i>Fines</i>	100,000	100,000	99,453	(547)
<i>Interest</i>	20,000	20,000	54,384	34,384
<i>Miscellaneous</i>	--	295,726	198,626	(97,100)
Total revenues	<u>4,392,340</u>	<u>4,688,066</u>	<u>4,716,531</u>	<u>28,465</u>
Expenditures:				
Current:				
<i>Public Transportation</i>	5,434,781	5,696,006	5,114,705	581,301
<i>Capital outlay</i>	705,000	739,500	251,125	488,375
<i>Principal</i>	25,445	26,370	26,370	--
<i>Interest and fees</i>	3,055	2,130	2,119	11
Total expenditures	<u>6,168,281</u>	<u>6,464,006</u>	<u>5,394,319</u>	<u>1,069,687</u>
Excess (deficiency) of revenues (under) expenditures	(1,775,941)	(1,775,940)	(677,788)	1,098,152
Other financing sources (uses):				
<i>Proceeds from Sales of Capital Assets</i>	--	--	99,360	99,360
Total other financing sources (uses)	<u>--</u>	<u>--</u>	<u>99,360</u>	<u>99,360</u>
Net change in fund balances	(1,775,941)	(1,775,940)	(578,428)	1,197,512
Fund balances/equity, October 1	2,511,952	2,511,952	2,511,952	--
Fund balances/equity, September 30	<u>\$ 736,011</u>	<u>\$ 736,012</u>	<u>\$ 1,933,524</u>	<u>\$ 1,197,512</u>

LAMAR COUNTY, TEXAS

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability										
Service cost	\$ 1,398,428	\$ 1,313,716	\$ 1,312,547	\$ 1,189,653	\$ 1,125,083	\$ 1,100,424	\$ 1,140,140	\$ 1,170,681	\$ 1,062,160	\$ 1,027,821
Interest (on the total pension liability)	4,471,887	4,221,617	4,041,304	3,873,182	3,650,137	3,442,075	3,259,731	3,045,080	2,896,381	2,706,809
Changes of benefit terms	546,479	-	230,380	-	-	-	-	-	(198,814)	-
Difference between expected and actual experience	423,779	530,886	(440,667)	(278,194)	228,894	178,518	(188,689)	(228,202)	(560,951)	19,162
Change of assumptions	-	-	(30,901)	2,984,258	-	-	124,585	-	384,372	-
Benefit payments, including refunds of employee contributions	(2,945,026)	(2,773,907)	(2,709,852)	(2,361,406)	(2,270,447)	(2,087,137)	(2,004,256)	(1,807,060)	(1,615,856)	(1,430,157)
Net Change in Total Pension Liability	3,895,547	3,292,312	2,402,811	5,407,493	2,733,667	2,633,880	2,331,511	2,180,499	1,967,292	2,323,635
Total Pension Liability - Beginning	58,887,744	55,595,432	53,192,621	47,785,128	45,051,461	42,417,581	40,086,070	37,905,571	35,938,279	33,614,644
Total Pension Liability - Ending (a)	\$ 62,783,291	\$ 58,887,744	\$ 55,595,432	\$ 53,192,621	\$ 47,785,128	\$ 45,051,461	\$ 42,417,581	\$ 40,086,070	\$ 37,905,571	\$ 35,938,279
Plan Fiduciary Net Position										
Contributions - employer	\$ 1,615,716	\$ 1,435,266	\$ 1,252,268	\$ 1,220,267	\$ 1,112,874	\$ 1,067,907	\$ 100,311	\$ 972,762	\$ 954,993	\$ 902,168
Contributions - employee	782,702	695,287	646,455	629,932	616,795	588,614	568,363	560,589	540,420	511,356
Net investment income	5,931,830	(3,350,522)	10,538,842	4,583,524	6,343,066	(747,013)	5,128,005	2,446,067	(193,371)	2,132,136
Benefit payments, including refunds of employee contributions	(2,945,026)	(2,773,907)	(2,709,852)	(2,361,406)	(2,270,447)	(2,087,137)	(2,004,256)	(1,807,060)	(1,615,856)	(1,430,157)
Administrative expense	(31,002)	(31,659)	(31,428)	(35,418)	(33,818)	(31,021)	(26,495)	(26,560)	(23,928)	(24,985)
Other	(5,695)	(42,033)	(9,650)	(10,698)	(12,333)	(8,827)	(6,087)	8,375	(109,588)	4,777
Net Change in Plan Fiduciary Net Position	5,348,525	(4,067,568)	9,686,635	4,026,201	5,756,137	(1,217,477)	3,759,841	2,154,173	(447,330)	2,095,295
Plan Fiduciary Net Position - Beginning	54,023,490	58,091,058	48,404,423	44,378,222	38,622,085	39,839,563	35,179,721	33,025,548	33,472,878	31,377,582
Plan Fiduciary Net Position - Ending (b)	\$ 59,372,015	\$ 54,023,490	\$ 58,091,058	\$ 48,404,423	\$ 44,378,222	\$ 38,622,086	\$ 38,939,562	\$ 35,179,721	\$ 33,025,548	\$ 33,472,877
Net Pension Liability - Ending (a) - (b)	\$ 3,411,279	\$ 4,864,254	\$ (2,495,626)	\$ 4,788,198	\$ 3,406,906	\$ 6,429,375	\$ 3,478,019	\$ 4,906,349	\$ 4,880,023	\$ 2,465,402
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	94.75%	91.74%	104.49%	91.00%	92.87%	85.73%	91.80%	87.76%	87.13%	93.14%
Covered Payroll	\$ 11,181,463	\$ 9,932,667	\$ 9,235,067	\$ 8,999,034	\$ 8,811,354	\$ 8,408,765	\$ 8,119,472	\$ 7,966,912	\$ 7,720,291	\$ 7,305,090
Net Pension Liability as a Percentage of Covered Payroll	30.51%	48.97%	-27.02%	53.21%	38.66%	76.46%	42.84%	61.58%	63.21%	33.75%

LAMAR COUNTY, TEXAS
SCHEDULE OF PENSION CONTRIBUTIONS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ 1,765,191	\$ 1,584,587	\$ 1,297,077	\$ 1,288,032	\$ 1,188,698	\$ 1,093,776	\$ 1,052,307	\$ 983,377	\$ 969,753	\$ 905,629
Contributions in relation to actuarially determined contribution	(1,765,191)	(1,584,587)	(1,297,077)	(1,288,032)	(1,188,698)	(1,073,776)	(1,052,307)	(983,377)	(969,753)	(905,629)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 12,212,847	\$ 10,965,996	\$ (9,104,956)	\$ 9,498,769	\$ 8,931,309	\$ 8,647,402	\$ 8,352,998	\$ 8,050,965	\$ 7,914,579	\$ 7,323,963
Contributions as a percentage of covered payroll	14.45%	14.45%	-14.25%	13.56%	13.31%	12.42%	12.60%	12.21%	12.25%	12.37%

LAMAR COUNTY, TEXAS

**SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

	Plan Year Ended December 31,						
	2024	2023	2022	2021	2020	2019	2018
Total OPEB Liability							
Service cost	\$ 220,328	\$ 220,328	\$ 317,329	\$ 317,329	\$ 337,130	\$ 337,130	\$ 337,130
Interest (on the total OPEB liability)	202,843	199,425	112,541	117,360	131,246	212,461	229,662
Changes of benefit terms	-	-	-	-	-	-	-
Difference between expected and actual experience	-	-	112,352	-	(75,140)	(2,141,614)	26,352
Change of assumptions	-	-	(901,505)	-	(328,790)	223,335	252,165
Benefit payments, including refunds of employee contributions	(346,255)	(349,965)	(349,965)	(284,662)	(284,662)	(270,322)	(301,400)
Net Change in Total OPEB Liability	76,916	69,788	(709,248)	150,027	(220,216)	(1,639,010)	543,909
Total OPEB Liability - Beginning	4,205,264	4,135,476	4,844,724	4,694,697	4,914,913	6,553,923	6,010,014
Total OPEB Liability - Ending	<u>\$ 4,282,180</u>	<u>\$ 4,205,264</u>	<u>\$ 4,135,476</u>	<u>\$ 4,844,724</u>	<u>\$ 4,694,697</u>	<u>\$ 4,914,913</u>	<u>\$ 6,553,923</u>
 Covered Payroll	 \$ 9,351,109	 \$ 7,897,815	 \$ 7,897,815	 \$ 7,442,832	 \$ 7,442,832	 \$ 7,333,173	 \$ 7,765,303
 Total OPEB Liability as a Percentage of Covered Payroll	 50.39%	 53.25%	 52.36%	 65.09%	 63.08%	 67.02%	 84.40%

LAMAR COUNTY, TEXAS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (Budget) FOR THE YEAR ENDED SEPTEMBER 30, 2024

Budgetary Data

The official budget was prepared for adoption for the General Fund and the Road and Bridge Fund, which is included within the Special Revenue Funds. The following procedures are followed in establishing the budgetary data reflected in financial statements.

a. Prior to beginning of the fiscal year, the County prepares a budget for the next succeeding fiscal year beginning. The operating budget includes proposed expenditures and the means of financing them. b. A meeting of the Commissioners' Court is then called for the purpose of adopting the proposed budget. At least ten days public notice of the meeting must have been given.

c. Prior to the start of the fiscal year, the budget is legally enacted through passage of a resolution by the Commissioner's Court.

Once a budget is approved, it can be amended only by approval of a majority of the Commissioners' Court. Amendments are presented to the Commissioners' Court at its regular meetings. Each amendment must have the Commissioners' Court approval. As required by law, such amendments are made before the fact, are reflected in the official minutes of the Commissioners' Court and are not made after fiscal year end. During the year, the budget was amended as necessary. There were no significant amendments passed during the fiscal year. The budget is prepared on the modified accrual basis.

The legal *level* of budgetary control (*level* at which the governing body must approve any over expenditure) is at the category *level*. Categories are defined as: Personal Services, Supplies & Materials, Other Services & Charges, and Capital Outlay. Budget to actual comparisons are presented in the financial statements at the function *level*; however, a budget to actual comparison by category is available from the Lamar County Auditor's office at 119 North Main Street, Room 202, Paris, Texas 75462.

Excess of Expenditures Over Appropriations in Major Governmental Funds: The County expenditures did not exceed appropriations.

The following funds had legally adopted budgets:

General	Alternative Dispute Resolution
Road and Bridge	District Clerk Records Management
Estray and Jury	Victims Coordinator Grant
State Aid Grant	State Homeland Security Grant
Lateral Road	Juvenile Probation Title IV
Law Library	Justice Court Technology and Assistance
County Clerk Records Management	Community Programs Grant
Indigent Health Care	Juvenile Delinquency Prevention
Court House Security	Permanent Improvement
County Records Management	Commitment Reduction Grant
County Clerk Records Archive	Certificates of Obligation 2021
District Clerk Records Technology	Judicial District Fund
Court Records Preservation	County and District Court Technology
Mental Health Services Grant	Certificates of Obligation 2011
TXDOT TAP Lamar Chaparral Trail Fund	Certificates of Obligation 2016
TDEM Coronavirus Relief Grant	Regionalization Grant
Help America Vote Act Grant	Certificate of Obligations – Debt Service Fund
Justice Assistance Grant	BJA Cares Supplemental Grant
American Rescue Plan Grant	Texas SAVNS Grant
Auto Theft Task Force	

Budgets for the funds listed *above* are adopted on a basis consistent with generally accepted accounting principles (GAAP) on the modified accrual basis of accounting.

LAMAR COUNTY, TEXAS

NOTES TO SCHEDULE OF PENSION CONTRIBUTIONS FOR THE YEAR ENDED SEPTEMBER 30, 2024

Valuation Date: Actuarially determined contribution rates are calculated as of December 31, two years prior to the end of the fiscal year in which contributions are reported.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry age (level percentage of pay)
Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	13.0 years (based on contribution rate calculated in 12/31/2022 valuation)
Asset Valuation Method	5-yr smoothed market
Inflation	2.50%
Salary Increases	Varies by age and service. 4.7% average over career including inflation.
Investment Rate of Return	7.5%, net of investment expenses, including inflation.
Retirement Age	Members who are eligible for service retirement are assumed to commence receiving benefit payments based on age. The average age at service retirement for recent retirees is 61.
Mortality	135% of the Pub-2010 General Retirees Table for males and 120% of the Pub-2010 General Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.
Changes in Assumptions and Methods Reflected in the Schedule of Employer Contributions*	2015: New inflation, mortality and other assumptions were reflected. 2017: New mortality assumptions were reflected. 2019: New inflation, mortality and other assumptions were reflected. 2022: New investment return and inflation assumptions were reflected.
Changes in Plan Provisions Reflected in the Schedule of Employer Contributions*	2015: No changes in plan provisions were reflected in the Schedule. 2016: No changes in plan provisions were reflected in the Schedule. 2017: New Annuity Purchase Rates were reflected for benefits earned after 2017. 2018: No changes in plan provisions were reflected in the Schedule. 2019: No changes in plan provisions were reflected in the Schedule. 2020: No changes in plan provisions were reflected in the Schedule. 2021: No changes in plan provisions were reflected in the Schedule. 2022: Employer contributions reflect that a 1% flat COLA was adopted. 2023: No changes in plan provisions were reflected in the Schedule.

**Only changes that affect the benefit amount and that are effective 2015 and later are shown in the Notes to Schedule.*

LAMAR COUNTY, TEXAS
NOTES TO SCHEDULE OF OPEB CONTRIBUTIONS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method:	Individual Entry Age Normal Cost Method - Level Percentage of Projected Salary
Service Cost:	Determined for each employee as the Actuarial Present Value of Benefits allocated to the valuation year. The benefit attributed to the valuation year is that incremental portion of the total projected benefit earned during the year in accordance with the plan's benefit formula. This allocation is based on each participant's service between date of hire and date of expected termination.
Total OPEB Liability:	The Actuarial Present Value of Benefits allocated to all periods prior to the valuation year.
Discount Rate:	4.06% (1.56% real rate of return plus 2.50% inflation)
Healthcare Cost Trend:	Level 4.50% for medical and level 1.50% for dental/vision.
Mortality:	RPH-2014 Total Table with Projection MP-2021.
Turnover:	Rates vary based on gender, age, and select and ultimate at 15 years. Rates based on the TCDRS actuarial assumptions from the 2017 retirement plan valuation report.
Disability:	None assumed
Salary Scale:	3.50%

Data Assumptions:

Coverage:	100% of all who currently have healthcare coverage will continue with the same coverage for life.
	100% of all actives who currently have healthcare coverage will continue with individual coverage upon termination.

Valuation Method and Terminology:

	GASB accounting methodology was used to determine the postretirement medical benefit obligations.
Valuation Date:	September 30, 2024
Measurement Date:	September 30, 2024

Other Supplementary Information

This section includes financial information and disclosures not required by the Governmental Accounting Standards Board and not considered a part of the basic financial statements. It may, however, include information which is required by other entities.



**Independent Auditor's 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***

Honorable County Judge of Lamar County, and Honorable Members of the Lamar County
Commissioners Court
Lamar 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 Lamar County, Texas, as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise Lamar County, Texas' basic financial statements, and have issued our report thereon dated April 28, 2025.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Lamar 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 Lamar County, Texas' internal control. Accordingly, we do not express an opinion on the effectiveness of Lamar 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 that we considered to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Lamar 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.

Maloney, McNeal & Company PC

April 28, 2025
Paris, Texas

Certified Public Accountants



Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance

Honorable County Judge of Lamar County, and Honorable Members of the Lamar County Commissioners Court
Lamar County Texas

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Lamar County, Texas ("the County") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended September 30, 2024. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the County 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 federal programs for the year ended September 30, 2024.

Basis for Opinion of Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (Government Auditing Standards); and the audit requirements of title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the County and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a legal determination of the County's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to and for the design, implantation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the County's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error and express an opinion on the County's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, Government Auditing Standards, and the Uniform Guidance will always detect material noncompliance

when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually, or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the County's compliance with requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the County's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the County's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a 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 federal 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 federal 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.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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 Uniform Guidance. Accordingly, this report is not suitable for any purpose.

Malnary, McNeal & Company PC

Certified Public Accountants

April 28, 2025
Paris, Texas

LAMAR COUNTY, TEXAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED SEPTEMBER 30, 2024

A. Summary of Auditor's Results

1. Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

One or more material weaknesses identified? Yes X No

One or more 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. Federal Awards

Internal control over major programs:

One or more material weaknesses identified? Yes X No

One or more significant deficiencies identified that are not considered to be material weaknesses? Yes X None Reported

Type of auditor's report issued on compliance for major programs: Unmodified

Version of compliance supplement used in audit: May 2024

Any audit findings disclosed that are required to be reported in accordance with Title 2 U.S. Code of Federal Regulations (CFR) Part 200, para. 200.516(a)? Yes X No

Identification of major programs:

<u>Assistance Listing Number(s)</u>	<u>Name of Federal Program or Cluster</u>
21.027	State and Local Fiscal Recovery Funds

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? Yes X No

B. Financial Statement Findings

NONE

C. Federal Award Findings and Questioned Costs

NONE

LAMAR COUNTY, TEXAS***SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED SEPTEMBER 30, 2024***

<u>Finding/Recommendation</u>	<u>Current Status</u>	<u>Management's Explanation If Not Implemented</u>
None		

LAMAR COUNTY, TEXAS**EXHIBIT D-1****SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal ALN Number	Pass- Through Entity Identifying Number	Federal Expenditures
OTHER PROGRAMS:			
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>			
Passed Through Texas Department of Housing and Community Affairs			
Community Development Block Grant	14.228	CDV21-0488	12,500
Home Housing Rehabilitation Assistance	14.239	RSP 2018-0037	7,609
Total U.S. Department of Housing and Urban Development			<u>20,109</u>
<u>U. S. DEPARTMENT OF JUSTICE</u>			
Passed Through the Bureau of Justice Assistance			
State Criminal Alien Assistance Program	16.606	15PBJA21RR05019SCAA	\$ 5,129
Total U.S. Department of Justice			<u>5,129</u>
<u>U. S. Department of the Interior</u>			
Payments in Lieu of Taxes	15.226	N/A	64,500
Passed through the Office of Fish and Wildlife Services:			
National Wildlife Refuge Fund	15.659	N/A	230
Total U. S. Department of the Interior			<u>64,730</u>
<u>U. S. Department of the Treasury</u>			
American Rescue Plan Coronavirus			
State and Local Recovery Funds	21.027	N/A	1,253,269
Total U. S. Department of the Treasury			<u>1,253,269</u>
<u>U. S. Department of Health and Human Services</u>			
Passed Through Texas Department of Protective and Regulatory Services:			
Foster Care Maintenance Title IV-5 - ARRA	93.658	27100	19,045
Total U. S. Department of Health and Human Services			<u>19,045</u>
<u>U. S. DEPARTMENT OF HOMELAND SECURITY</u>			
Passed Through Texas Office of the Governor - Homeland Security Grants Division:			
Hazard Mitigation Grant	97.039	DR-4416	11,215
Total U. S. DEPARTMENT OF HOMELAND SECURITY			<u>11,215</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u><u>\$ 1,373,497</u></u>

The accompanying notes are an integral part of this schedule.

Lamar County
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2024

Note 1: Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Lamar County, Texas (the "County"), under programs of the federal government for the year ended September 30, 2024. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the County, it is not intended to and does not present the financial position, changes in net assets of the County.

Note 2: Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the full accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

Note 3: Indirect Cost Rate

The County has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

Note 4: Program Costs/Matching Contributions

The amounts shown as current year expenses represent only the federal grant portion of the program costs. Entire program costs, including the County's portion, may be more than shown.