Lamar County, Texas

Annual Financial Report

For the Year Ended
September 30, 2022

Malnory, McNeal & Company, PC
Certified Public Accountants

LAMAR COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED SEPTEMBER 30, 2022

Lamar County, Texas
Annual Financial Report
For The Year Ended September 30, 2022

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Financial Section

Malnory, McNeal & Company, PC
Certified Public Accountants

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American Institute of Certified Public Accountants
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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, 2022, 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, 2022, 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, 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 inquires, 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*, 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 May 8, 2023, 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.

Malnory, McNeal & Company PC

Certified Public Accountants

May 8, 2023
Paris, Texas

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, 2022. Please read it in conjunction with the County's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

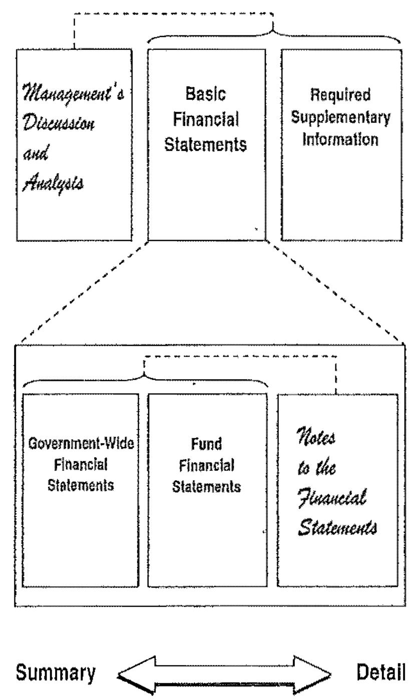
- The County's total combined Net Position was $38,433,983 at September 30, 2022.
- During the year, the County's expenses were $3,417,077 less than the $27,368,271 generated in taxes and other revenues for governmental activities.
- The total cost of the County's programs was 0.47% higher than last year.
- The unassigned fund balance of the general fund was $10,393,130 or 61% of total general fund expenditures, which is higher 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 Annual Financial Report



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.

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

Type of Statements	Government-wide	Fund Statements: Governmental Funds	Fund Statements: Proprietary Funds	Fund Statements: 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 • Statement of activities	• Balance sheet • Statement of revenues, expenditures & changes in fund balances	• Statement of net assets • Statement of revenues, expenses and changes in fund net assets • Statement of cash flows	• Statement of fiduciary net assets • 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

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.

The two government-wide statements report the County's net position and how they have changed. Net position—The difference between the County's assets and liabilities—is one way to measure the County's financial health or *position*.

- 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.

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 $38,433,983 at September 30, 2022. (See Table A-1).

Table A-1

County's Net Position

	Governmental	
	2022	2021
Assets:		
Cash and cash equivalents	$7,622,448	$13,894,092
Investments	23,149,840	13,541,576
Receivables (net of allowances for uncollectible):		
Interest	4,358	7,651
Taxes	1,510,877	1,472,299
Accounts	2,272,506	2,229,479
Due from other funds	939,525	60,189
Due from other governments	1,009,426	918,230
Inventories	331,896	125,987
Prepaid Expense	294,797	107,027
Capital assets (net, where applicable, of accumulated depreciation)	26,576,745	25,988,431
Net Pension Asset	2,495,626	-
Total Assets and Other Debits	66,208,044	58,344,961
Deferred Outflows of Resources	2,847,502	3,610,154
Liabilities:		
Accounts payable and Accrued expenditures	926,962	1,335,900
Due to other funds	894,386	10,441
Unearned Revenue	8,411,194	4,798,975
Due to Other Agencies	-	5,691

Noncurrent Liabilities:		
Due Within One Year	705,618	647,319
Due in More than One Year	5,573,922	6,279,440
Compensated Absences Payable	701,276	546,752
Unamortized Premium on Bonds	435,668	494,288
Net Pension Liability	-	4,788,198
Total OPEB Liability	4,135,476	4,844,724
Total Liabilities	21,784,502	23,751,728
Deferred Inflows of Resources	8,837,061	3,186,481
Net Position:		
Invested in Capital Assets, Net of Related Debt	21,880,153	21,411,946
Restricted For:		
Federal and State Programs	249,492	1,047,194
Debt Service	30,642	28,293
Capital Projects	3,112,951	4,277,666
Indigent Care	1,643,300	1,039,330
Records Management	1,819,279	1,617,353
Judicial	274,074	265,580
Road and Bridge	3,498,935	1,745,711
Other Purposes	946,228	881,105
Unrestricted	4,978,929	2,702,728
Total Net Position	$38,433,983	$35,016,906

Approximately 0.26% 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 $4,978,929 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 $27,368,271. A significant portion, 57.3%, of the County's revenue comes from property taxes. (See Figure A-3) 10.9% came from charges for services, 17.2% came from sales tax, and 3.2% from operating grants and contributions.

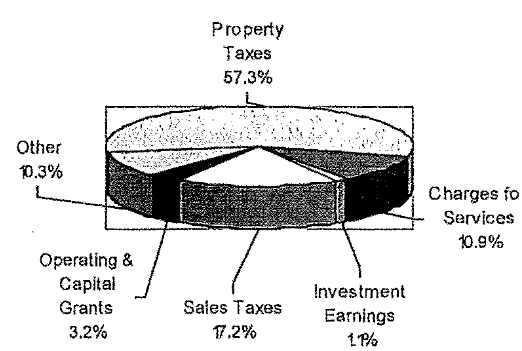
The total cost of all programs and services was $23,951,194; 28.8% of these costs are for law enforcement services.

Governmental Activities

- Property tax rates decreased 6% from the same as in the prior year and valuations increased 17.1%. The increase in values created an increase in tax revenues to $15,682,038.

- The County sold capital bonds of $2,500,000 in 2003. These bonds were authorized for use in the courthouse 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

Figure A-3 County Sources of Revenue for Fiscal Year 2020-2021



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	
	2022	2021
Revenues :		
Program Revenues :		
Charges for Services	$2,994,325	$2,992,704
Operating Grants and Contributions	872,954	2,195,607
General Revenues:		
Taxes	20,379,382	19,696,207
Grants and Contributions Not Restricted to Specific	1,463,293	502,867
Unrestricted Investment Earnings	305,747	138,431
Gain (Loss) on Sale of Capitalized Assets	(11,954)	54,917
Miscellaneous	1,393,460	895,452
Transfer	(28,936)	-
Total Revenues	27,368,271	26,476,185
Program Expenses:		
General Administration	3,890,624	3,712,512
Financial Administration	1,249,767	1,358,377
Judicial	1,779,280	1,894,470
Legal	818,482	891,046
Election	291,215	459,673
Public Safety	6,903,787	6,920,388
Emergency Mgt.	228,172	291,307
Public Welfare	1,899,427	1,899,695
Public Transportation	4,990,322	5,250,457
Conservation and Agriculture	122,456	118,598
Public Facilities	1,671,128	981,055
Interest on Long-Term Debt	106,533	24,570
Total Expenses	23,951,193	23,802,147
Change in Net Position	3,417,077	2,674,038
Net Position, October 1	35,016,906	32,463,708
Prior Period Adjustment	-	(120,840)
Adjusted Net Position	35,016,906	32,342,868
Net Position, September 30	$38,433,983	$35,016,906

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 $23,951,194.
- However, the amount that our taxpayers paid for these activities through property taxes was only $15,682,038.
- Some of the cost was paid by those who directly benefited from the programs $2,994,325, or
- By grants and contributions of $2,336,247.

Table A-3
Net Cost of Selected County Functions

	Total Cost of Services		Net Change	
	2022	2021	2022	2021
General administration	3,890,624	3,712,512	(3,161,314)	(1,879,973)
Public safety	6,903,787	6,920,388	(6,590,927)	(6,732,264)
Public welfare	1,899,427	1,899,695	(1,827,627)	(1,814,918)
Public transportation	4,990,322	5,250.457	(3,914,360)	(3,883,073)

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 $489,970. The increase was due to adopting a tax rate greater than the no new revenue rate. Sales tax revenues increased slightly and intergovernmental revenues decreased while fees and fines remained mostly unchanged. Miscellaneous revenue increased and interest revenue increased due to a 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 $112,996 (0.5%) from prior year totals. The primary areas of increased expenditures were in 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 $8,947,499, while the total fund balance decreased to $14,385,546. 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 55% of total general fund expenditures and the total fund balance represents 90% 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 decreased by $146,066 during the current fiscal year. One reason for this decrease is the transfer that was made from general fund's fund balance to the road and bridge fund.

Road and Bridge Fund. The Road and Bridge fund balance totaled $2,411,508, an increase of $665,797. The main factor in this increase is the transfer that was made from the general fund's fund balance to the road and bridge fund.

Debt Service Fund. The debt service fund had a fund balance of $30,642 as of September 30, 2022.

General Fund Budgetary Highlights

Over the course of the year, the County revised its budget thirty-four 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 $915,683 increase in appropriations, and were primarily the following:

- Appropriations for public safety
- Appropriations for public facilities
- Appropriations for general administration

Even with these adjustments, actual expenditures were $2,015,421 below the final budget amounts. The most significant positive variance resulted from operating costs in public safety, public welfare, and public facilities. Public safety savings came mainly from personnel costs remaining down in both the Sheriff's Department and criminal detention due to the high turnover rate, along with supply chain issues causing the inability to acquire budgeted vehicles during the fiscal year. Electricity utility savings as well as fewer building repairs expenses than budgeted for the year resulted in a large portion of the positive variance in the public facilities category.

On the other hand, resources available were $2,233,133 above the final budgeted amount. Due mostly to the following:

- Sales tax revenues increased above budgeted amounts due to increased collections during the COVID-19 pandemic and the conservative approach the County uses to estimate revenue.
- Property tax collections were greater than the estimated collectible amounts.
- Fees of office, miscellaneous revenues, and interest revenues also contributed to this increase over the budgeted revenue amount.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of 2022, the County had invested $62,981,755 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 $2,170,714 or 3 % from last year. This was mainly due to the replacement of older equipment with new equipment and the addition of building improvements.

Table A-4

County's Capital Assets

		Governmental Activities 2022	Governmental Activities 2021
Land	$	732,602	$ 732,602
Construction in Progress		340,201	--
Infrastructure		21,168,487	21,116,805
Vehicles and equipment		16,268,370	14,834,000
Buildings and improvements		24,472,095	23,789,832
Totals at historical cost		62,981,755	60,473,239
Total accumulated depreciation		(36,405,010)	(34,484,808)
Net capital assets	$	26,576,745	$ 25,988,431

The County's fiscal year 2021-22 capital budget projects included spending an estimated $3,100,000 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 $6,200,061 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

		2022		2021
Bonds and Notes Payable	$	6,200,061	$	6,822,947
Capital Lease		79,479		103,812
Compensated Absences		701,176		546,752
OPEB Obligation		4,135,476		4,844,724
Total long-term debt	$	11,116,192	$	12,318,235

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- Appraised value used for the 2022-23 budget preparation is up $446,104,339, or 10.5%.
- General operating fund spending increases in the 2022-23 budget from $17,916,842 to $19,395,282. This is an 8.3% increase.

These indicators were taken into account when adopting the general fund budget for 2022-23. During the current fiscal year, the unassigned fund balance in the general fund increased to $10,393,130. Lamar County appropriated $2,950,574 of this amount for spending in the 2022-23 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 8.3% to $19,395,282. The increase is primarily due to increased operating costs and equipment. The majority of law employees received a 7% pay raise for the 2022-23 fiscal year, while most other employees received a $3,000 pay raise.

If these estimates are realized, the County's budgetary general fund balance is expected to see a decrease by the close of 2023.

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, 2022

	Governmental Activities
ASSETS	
Assets:	
Cash and cash equivalents	$ 7,622,448
Investments	23,149,840
Receivables (net of allowances for uncollectibles):	
Interest	4,358
Taxes	1,510,877
Accounts	2,272,506
Due From Other Funds	939,525
Due from other governments	1,009,426
Inventories	331,896
Prepaid Insurance	294,797
Capital assets (net, where applicable, of accumulated depreciation)	
Land	732,602
Construction in progress	340,201
Buildings	11,477,840
Equipment	7,558,563
Infrastructure - Roads and Bridges	6,467,539
Net Pension Asset	2,495,626
Total Assets	66,208,044
Deferred Outflows of Resources:	
Deferred Outflows of Resources--Pension	2,563,199
Deferred Outflows of Resources--OPEB	284,303
Total Deferred Outflows of Resources	2,847,502
LIABILITIES	
Liabilities:	
Accounts payable & Accrued expenditures	926,962
Due To Other Funds	894,386
Unearned Revenue	8,411,194
Noncurrent Liabilities:	
Due Within One Year	705,618
Due in More than One Year	5,573,922
Compensated Absences Payable	701,276
Unamortized Premium on Bonds	435,668
Total OPEB Liability	4,135,476
Total Liabilities	21,784,502
Deferred Inflows of Resources:	
Deferred Inflows of Resources--Pension	7,077,732
Deferred Inflows of Resources--OPEB	1,759,329
Total Deferred Inflows of Resources	8,837,061
NET POSITION:	
Net Investment in Capital Assets	21,880,153
Restricted For:	
State and Federal Programs	249,492
Debt Service	30,642
Capital Projects	3,112,951
Indigent Care	1,643,300
Records Management	1,819,279
Judicial	274,074
Other Purposes	946,228
Road and Bridger	3,498,935
Unrestricted	4,978,929
Total Net Position	$ 38,433,983

The accompanying notes are an integral part of this statement.

LAMAR COUNTY, TEXAS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2022

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities
Functions/Program Activities				
Governmental Activities:				
General Administration	$ 3,890,624	$ 632,115	$ 97,195	$ (3,161,314)
Financial Administration	1,249,767	908,629	--	(341,138)
Judicial	1,779,280	221,686	101,748	(1,455,846)
Legal	818,482	29,944	119,582	(668,956)
Elections	291,215	--	262,822	(28,393)
Public Safety	6,903,787	225,373	87,487	(6,590,927)
Emergency Management	228,172	--	32,936	(195,236)
Public Welfare	1,899,427	--	71,800	(1,827,627)
Public Transportation	4,990,322	976,578	99,384	(3,914,360)
Conservation and Agriculture	122,456	--	--	(122,456)
Public Facilities	1,671,128	--	--	(1,671,128)
Interest on Long-Term Debt	106,533	--	--	(106,533)
Total Primary Government	$ 23,951,193	$ 2,994,325	$ 872,954	(20,083,914)

General Revenues:	
Taxes	
Property Taxes	15,682,038
Sales Taxes	4,697,344
Grants and Contributions Not Restricted to Specific Programs	1,463,293
Unrestricted Investment Earnings	305,746
Gain (Loss) on Sale of Non-Capitalized Equipment	(11,954)
Miscellaneous	1,393,460
Transfers	(28,936)
Total General Revenues and Transfers	23,500,991
Change in Net Assets	3,417,077
Net Position - Beginning	35,016,906
Net Assets - Ending	$ 38,433,983

The accompanying notes are an integral part of this statement.

LAMAR COUNTY, TEXAS

BALANCE SHEET - GOVERNMENTAL FUNDS
SEPTEMBER 30, 2022

	General Fund	Road & Bridge Fund
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
Assets:		
Cash and cash equivalents	$ 12,956	$ 288,008
Investments	14,605,101	1,004,474
Receivables (net of allowances for uncollectibles):		
Interest	4,239	119
Taxes	1,025,536	286,011
Accounts	1,555,227	717,279
Due from other funds	45	880,000
Due from other governments	909,938	--
Inventories	--	323,044
Prepaid Expenses	294,797	--
Total Assets	18,407,839	3,498,935
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES		
Liabilities:		
Accounts Payable & Accrued Expenditures	$ 568,735	$ 91,062
Deferred Revenue	--	--
Due to Other Funds	894,341	--
Total Liabilities	1,463,076	91,062
Deferred Inflows of Resources:		
Deferred Inflows of Resources--Fines	1,533,696	710,354
Deferred Inflows of Resources--Property Taxes	1,025,536	286,011
Total Deferred Inflows of Resources	2,559,232	996,365
Fund Balances:		
Nonspendable Fund Balances:		
Inventories	--	323,044
Prepaid Expenses	294,797	--
Restricted Fund Balances:		
Federal/State Funds Grant Restrictions	--	--
Other Restrictions of Fund Balance	3,148	2,088,464
Committed Fund Balances:		
SURRMA	181,845	--
Other Committed Fund Balance	607,037	--
Assigned	2,905,574	
Unassigned	10,393,130	--
Total Fund Balances	14,385,531	2,411,508
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 18,407,854	$ 3,498,935

Coronavirus State and Local Fiscal Recovery Fund	Other Governmental Funds	Total Governmental Funds
$ 874,172	$ 6,447,310	$ 7,622,446
7,537,022	3,243	23,149,840
--	--	4,358
--	199,330	1,510,877
--	--	2,272,506
--	59,480	939,525
--	99,488	1,009,426
--	8,852	331,896
--	--	294,797
8,411,194	6,817,703	37,135,671
$ --	$ 177,913	$ 837,710
8,411,194	--	8,411,194
--	45	894,386
8,411,194	177,958	10,143,290
--	--	2,244,050
--	199,329	1,510,876
--	199,329	3,754,926
--	8,852	331,896
--	--	294,797
--	81,527	81,527
--	6,311,777	8,403,389
--	--	181,845
--	38,415	645,452
		2,905,574
--	--	10,393,130
--	6,440,571	23,237,455
$ 8,411,194	$ 6,817,703	$ 37,135,671

LAMAR COUNTY, TEXAS

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2022

Total fund balances - governmental funds balance sheet	$	23,237,455
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.		26,576,745
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.		1,510,877
Payables for bond principal which are not due in the current period are not reported in the funds.		(6,140,000)
Payable for notes which are not due in the current period are not reported in the funds.		(60,061)
Payables for purchase leases which are not due in the current period are not reported in the funds.		(79,479)
Payables for debt interest which are not due in the current period are not reported in the funds.		(89,251)
Payables for compensated absences which are not due in the current period are not reported in the funds.		(701,276)
Court fines receivable unavailable to pay for current period expenditures are deferred in the funds.		2,244,050
Recognition of the County's proportionate share of the net pension asset is not reported in the funds.		2,495,626
Deferred Resource Inflows related to the pension plan are not reported in the funds.		(7,077,732)
Deferred Resource Outflows related to the pension plan are not reported in the funds.		2,563,199
Bond premiums are amortized in the SNA but not in the funds.		(435,668)
Recognition of the County's proportionate share of the net OPEB liability is not reported in the funds.		(4,135,476)
Deferred Resource Inflows related to the OPEB plan are not reported in the funds.		(1,759,329)
Deferred Resource Outflows related to the OPEB plan are not reported in the funds.		284,303
Net position of governmental activities - Statement of Net Position	$	38,433,983

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, 2022

	General Fund	Road & Bridge Fund
Revenue:		
Property Taxes	$ 10,629,104	$ 2,974,644
Other Taxes	4,697,344	--
Intergovernmental Receipts	315,375	99,384
Fees of Office	1,446,498	867,224
Fines	86,325	109,354
Interest	194,831	6,488
Miscellaneous	1,144,661	37,976
Total revenues	18,514,138	4,095,070
Expenditures:		
Current:		
General Administration	2,660,324	--
Financial Administration	1,362,660	--
Judicial	1,948,299	--
Legal	773,473	--
Elections	241,099	--
Public Safety	6,836,957	--
Public Welfare	1,270,638	--
Public Transportation	--	3,678,813
Conservation and Agriculture	129,972	--
Public Facilities	1,399,230	--
Emergency Management	119,777	--
Capital outlay	175,502	540,364
Principal	--	82,377
Interest and fees	--	8,427
Total expenditures	16,917,931	4,309,981
Excess (deficiency) of revenues (under) expenditures	1,596,207	(214,911)
Other financing sources (uses):		
Transfers in	--	880,000
Transfers out	(1,778,339)	--
Proceeds from Sales of Capital Assets	--	708
Total other financing sources (uses)	(1,778,339)	880,708
Net change in fund balances	(182,132)	665,797
Fund balances/equity, October 1	14,567,663	1,745,711
Fund balances/equity, September 30	$ 14,385,531	$ 2,411,508

The accompanying notes are an integral part of this statement.

Coronavirus State and Local Fiscal Recovery Fund	Other Governmental Funds	Total Governmental Funds
$ --	$ 2,039,712	$ 15,643,460
--	--	4,697,344
1,230,043	691,446	2,336,248
--	355,846	2,669,568
--	--	195,679
79,807	24,636	305,762
--	292,104	1,474,741
1,309,850	3,403,744	27,322,802
530,481	442,298	3,633,103
--	--	1,362,660
--	51,424	1,999,723
--	135,529	909,002
--	23,212	264,311
--	476,608	7,313,565
--	646,049	1,916,687
--	389,920	4,068,733
--	--	129,972
--	--	1,399,230
--	--	119,777
779,521	1,165,770	2,661,157
--	565,000	647,377
--	213,904	222,331
1,310,002	4,109,714	26,647,628
(152)	(705,970)	675,174
152	879,879	1,760,031
--	(10,628)	(1,788,967)
--	--	708
152	869,251	(28,228)
--	163,281	646,946
--	6,277,135	22,590,509
$ --	$ 6,440,416	$ 23,237,455

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, 2022

Net change in fund balances - total governmental funds	$	646,946
Amounts reported for governmental activities in the Statement of Activities ("SOA") are different because:		
Capital outlays are not reported as expenses in the SOA.		2,667,661
The depreciation of capital assets used in governmental activities is not reported in the funds.		(2,068,911)
The gain or loss on the sale of capital assets is not reported in the funds.		2,226
All proceeds from the sale of capital assets are reported in the funds but not in the SOA.		(12,662)
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.		38,578
Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA.		565,000
Repaymnet of loan principal is an expenditure in the funds but is not an expense in the SOA.		57,886
Repaymnet of lease purchase principal is an expenditure in the funds but is not an expense in the SOA.		24,500
(Increase) Decrease in accrued interest from beginning of period to the end.		(33,640)
The accretion of interest on capital appreciation bonds is not reported in the funds.		58,620
Compensated absences are reported as the amount earned in the SOA but as the amount paid in the funds.		(154,524)
Revenues in the SOA for court fines not providing current financial resources are not reported in the funds.		45,556
The County's share of the unrecognized deferred inflows and outflows for the pension plan was amortized.		1,257,109
OPEB expense relating to GASB 75 is recorded in the SOA but not in the funds.		322,732
Change in net position of governmental activities - Statement of Activities	$	3,417,077

The accompanying notes are an integral part of this statement.

LAMAR COUNTY, TEXAS
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
SEPTEMBER 30, 2022

	Custodial Funds
ASSETS	
Cash and cash equivalents	$ 2,460,615
Accounts receivable	45
Total Assets	2,460,660
LIABILITIES	
Accounts payable & accrued expenditures	$ 62,110
Due to other governmental agencies	998,736
Due to other funds	45,139
Total Liabilities	1,105,985
NET POSITION	
Restricted for:	
Individuals, organizations, and other governments	1,354,675
Total Net Assets	$ 1,354,675

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, 2022

	Custodial Funds
ADDITIONS:	
Fees collected for other governments	$ 252,203
Fines collected for other governments	4,445
Tax collected for other governments	16,240,878
Inmate deposits	349,969
Seizures by law enforcement	69,215
Held for others	837,351
Interest earnings	610
Total Additions	17,754,671
DEDUCTIONS:	
Payments to state	16,495,441
Payments due under judicial order/statue	81,092
Payments to individuals	551,722
Payments on behalf of inmates	350,628
Total Deductions	17,478,883
Excess (deficiency) of additions over deductions	275,788
Transfer In	28,936
Change in Fiduciary Net Position	304,724
Net Position-Beginning of the Year	1,049,951
Net Position-End of the Year	$ 1,354,675

A. <u>Summary of Significant Accounting Policies</u>

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	

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.

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 Court 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.

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:

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

d. Receivable and Payable Balances

The County reports the following receivables.

	General Fund	Road and Bridge Fund	Other Governmental	Total
Interest Receivable	$ 4,239	$ 119	$ --	$ 4,358
Delinquent Tax Receivable	1,079,512	301,064	209,821	1,590,397
Less: Allowance for Uncollectible	(53,976)	(15,053)	(10,491)	(79,520)
Net Delinquent Tax Receivable	1,025,536	286,011	199,330	1,510,877
Accounts Receivable	2,935,974	1,697,509	--	4,633,483
Less: Allowance for Uncollectible	(1,380,747)	(980,230)	--	(2,360,977)
Net Fines Receivable	1,555,227	717,279	--	2,272,506
Total Net Receivables	$ 2,585,002	$ 1,003,409	$ 199,330	$ 3,787,741

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 TCDRS's Fiduciary Net Position have been determined on the same basis as they are reported by TCDRS. 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, 2022, the County reported the following:

Net Pension Asset	$	2,495,626
Net OPEB Liability	$	4,135,476

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.

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	$	249,492
Restricted for Indigent Care		1,643,300
Restricted for Capital Projects		3,112,951
Restricted for Records Management		1,819,279
Restricted for Judicial		274,074
Restricted for Debt Service		30,642
Road and Bridge		3,498,935
Restricted for Other Purposes		946,228
Total	$	11,574,901

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. At the year ended September 30, 2022, the County reports and Other Committed Fund Balance of $607,037. These funds were set aside for the County's portion of the retiree's EB expense.

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, 2022, the County reported $2,905,574 in Assigned Fund Balance. This amount is set aside for the deficient budget for the upcoming fiscal year 2022-2023.

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.

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.

l. 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 $8,411,194 in unearned revenue at the year ended September 30, 2022. 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. The County received the second payment of $4.8 million in June 2022. In fiscal your 2021 and 2022 the County expended $50,000 and $1.3 million respectively, for a total of $1.4 million.

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. 87 - *Leases*

The object of this statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This statement increases the usefulness of governments' financial statements by requiring recognition of certain leases assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financing of the right to use an underlying asset. Under this Statement, a lease is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow or resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*

GASB No. 89 requires that interest costs incurred during a construction period be recognized as an expense for business-type activity. The management of the District does not expect implementation of this standard to have a material effect on the financial statements of the District. The requirements of this statement are effect for reporting periods beginning after December 15, 2020.

GASB Statement No. 91, *Conduit Debt Obligations*

This statement requires issuers of Conduit Debt Obligations to disclose general information organized by type of commitment, including aggregate outstanding principal amount of the issuers' debt obligations and a description of each type of commitment. Issuers that recognize liabilities related to supporting debt service of conduit debt obligations also should disclose information about the amount recognized and how the liabilities changed during the reporting period.

GASB Statement No. 93, *Replacement of Interbank Offered Rates*

Some governments have entered into agreements in which variable payments made or received depend on an interbank offered rate (IBOR) – most notable, the London Interbank Offered Rate (LIBOR). As a result of global reference rate reform, LIBOR is expected to cease to exist in is current form at the end of 2021, prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates, by either changing the reference rate or adding or changing fallback provisions relates to the reference rate.

Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments,* as amended, requires a government to terminate hedge accounting when it renegotiates or amends a critical term of a hedging derivative instrument, such as the reference rate of a hedging derivative instrument's variable payment. In addition, in accordance with Statement No. 87, Leases, as amended, replacement of the rate on which variable payments depend in a lease contract would require a government to apply the provisions for lease modifications, including remeasurement of the lease liability or lease receivable.

The removal of LIBOR as an appropriate benchmark interest rate is effective for reporting periods ending after December 31, 2021. All other requirements of the Statement are effective for reporting periods beginning after June 15, 2020.

GASB Statement No. 98, *The Annual Comprehensive Financial Report*

This statement was issued in October 2021 and establishes the term Annual Comprehensive Financial Report and its acronym, ACFR. This new term and acronym replace instances of Comprehensive Annual Financial Report and its acronym in generally accepted accounting principles for state and local governments. The District implemented this statement in fiscal year 2021.

GASB Statement No 99, Omnibus 2022

The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The practice issues addressed by this Statement are as follows:

Classification and reporting of derivative instruments that do not meet the definition of either and investment or a hedge

Guidance clarification for short-term leases when there is a modification of terms

Consideration for public-private partnerships (PPP) terminology as well as recognizing installment payments and transferring underlying PPP assets.

Clarification of subscription-based information technology arrangement (SBITA) terms, and liability measurement and recognition

Disclosures related to nonmonetary transactions

Certain provisions of GASB Statement No. 34

Pledges of future revenues when resources are not received by the pledging government

Terminology updates related to deferred inflows and outflows of resources and net position

Resource flows statements terminology related to GASB Statement No. 53

Accounting for SNAP distributions

Requirements related to the extension of the use of LIBOR

The requirements of GASB Statement No. 99 that relate to the extension of the use of LIBOR, accounting for SNAP distributions, disclosures for nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement 34, and terminology updates took effect upon issuance. The requirements related to leases, PPP, and SBITAs are effective for fiscal years beginning after June 15, 2022 and all reporting periods thereafter.

6. Future Implementation of New Standards

GASB Statement No. 94, *Public – Private and Public – Public Partnerships and Availability Payment Arrangements*

The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement.

This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. The District has not yet determined the impact of this Statement.

GASB Statement No 96, *Subscription-Based Information Technology Arrangements*

This statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines as SBITA; (2) establishes that a SBITA results in a right-to-use subscription assets – an intangible asset – and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than a subscription payment, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. The District has not yet determined the impact of this Statement.

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:

Violation	Action Taken
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:

Fund Name	Deficit Amount	Remarks
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, 2022, the carrying amount of the County's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was $31,403,348 and the bank balance was $32,423,342. The County's cash deposits at September 30, 2022, and during the year ended September 30, 2022, were entirely covered by FDIC insurance or by pledged collateral held by the County's agent bank in the County's name.

In addition, the following is disclosed regarding coverage of combined balances on the date of the highest deposit:

a. Depository: Farmer's Bank and Trust
b. The market value of securities pledged as of the date of the highest combined balance on deposit was $26,200,000.
c. The highest combined balances of cash, savings, and time deposit accounts amounted to $36,159,571. and occurred during the month of February.
d. Total amount of FDIC coverage at the time of the largest combined balance was $13,750,000.

The County entered into a depository contract with Farmer's Bank June 1, 2021. At September 30, 2022 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 $59,485.

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.

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, 2022, are shown below.

Investment or Investment Type	Maturity		Fair Value
Tex Pool	N/A	$	39,017
Certificate of Deposits	Varying 12 months		23,807,895
Total Investments		$	23,846,912

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, 2022, 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.

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

The County invests in the Texas Local Government Investment Pool (TexPool), which is a local government investment pool that was established in conformity with the Interlocal Cooperation Act, Chapter 791 of the Texas *Government* Code, and operates under the Public Funds Investment Act, Chapter 2256 of the Texas Government Code. The State Comptroller of Public Accounts oversees TexPool. Federated Investors, Inc. is the administrator and investment manager of TexPool under a contract with the State Comptroller. In accordance with the Public Funds Investment Act, the State Comptroller has appointed the TexPool Investment Advisory Board to advise with respect to TexPool. The board is composed equally of participants in TexPool Portfolios and other persons who do not have a business relationship with TexPool Portfolios and are qualified to advise with respect to TexPool Portfolios. The Advisory Board members review the investment policy and management fee structure. TexPool is rated AAAm by Standard & Poor's and operates in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. All investments are stated at amortized cost, which usually approximates the market value of the securities. The stated objective of TexPool is to maintain a stable average of $1.00 per unit net asset value; however, the $1.00 net asset value is not guaranteed or insured. The financial statements can be obtained from the Texas Trust Safekeeping Trust Company website at www.ttstc.org.

D. Capital Assets

Capital asset activity for the year ended September 30, 2022, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental Activities:				
Capital assets not being depreciated:				
Land	$ 732,602	$ --	$ --	$ 732,602
Construction in Progress	--	340,201		340,201
Total capital assets not being depreciated	732,602	340,201	--	1,072,803
Capital assets being depreciated:				
Road Network	21,116,805	51,682	--	21,168,487
Building and Improvements	23,789,831	682,264	--	24,472,095
Equipment	14,834,002	1,593,514	(159,146)	16,268,370
Total capital assets being depreciated	59,740,638	2,327,460	(159,146)	62,227,244
Less accumulated depreciation for:				
Road Network	(14,235,761)	(465,187)	--	(14,700,948)
Buildings and Improvements	(12,531,006)	(463,250)	--	(12,994,256)
Equipment	(7,718,041)	(1,140,474)	148,709	(8,709,806)
Total accumulated depreciation	(34,484,808)	(2,068,911)	148,709	(36,405,010)
Total capital assets being depreciated, net	25,255,830	258,549	(10,437)	25,503,942
Governmental activities capital assets, net	$ 25,988,432	$ 598,750	$ (10,437)	$26,576,745

Depreciation was charged to functions as follows:

General Government	$	263,674
Judicial		1,848
Legal		8,363
Election		42,674
Finance		7,243
Facilities		306,593
Safety		421,144
Transportation		1,017,372
	$	2,068,911

E. Interfund Balances and Activity

Transfers To and From Other Funds

Transfers From	Transfers To	Amount	Reason
General Fund	Unclaimed Money	$ 18,308	Supplement other funds sources
General Fund	Permanent Improvement	782,115	Supplement other funds sources
General Fund	Lamar County Child Welfare	57,000	Supplement other funds sources
General Fund	Auto Theft Task Force	26,423	Supplement other funds sources
General Fund	American Rescue Plan	152	Supplement other funds sources
General Fund	Road and Bridge	880,000	Supplement other funds sources
General Fund	Victim's Coordinator Grant	14,341	Supplement other funds sources
Estray and Jury	Unclaimed Money	10,628	Supplement other funds sources
	Total	$1,788,967	

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, 2022, are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental Activities:					
2012 Tax Refunding Bonds	$ 85,000	$ --	$ --	$ 85,000	$ 85,000
2017 Certificate of Obligation	2,500,000	--	10,000	2,490,000	250,000
2021 Certificate of Obligation	4,120,000	--	555,000	3,565,000	285,000
Government Capital Note 2020	30,552	--	14,993	15,559	15,559
Government Capital Note 2019	87,395	--	42,893	44,502	44,502
Total	6,822,947	--	622,886	6,200,061	680,061
Premium 2021 Certificate of Obligation	471,313	--	47,131	424,182	--
Premium 2012 Refunding Bonds	22,975	--	11,489	11,489	--
Total	494,288	--	58,620	435,668	--
Amount Payable Under:					
Purchase Lease	103,812	--	24,333	79,479	25,557
Compensated Absences *	546,752	154,524	--	701,176	--
OPEB Obligations	4,844,724	--	709,248	4,135,476	--
Total	5,495,288	154,424	733,581	4,916,131	25,557
Total Governmental Activities	$12,812,522	$154,424	$ 1,415,087	$ 11,551,860	$705,618

2. Debt Service Requirements

Debt service requirements on long-term debt at September 30, 2022, are as follows:

	Governmental Activities			
	Bonds		Notes from Direct Borrowing	
Year ending September 30,	Principal	Interest	Principal	Interest
2023	$ 620,000	$ 161,519	$ 60,061	$ 2,254
2024	640,000	146,794	--	--
2025	655,000	129,970	--	--
2026	670,000	112,687	--	--
2027	690,000	94,998		
2028-2031	2,865,000	148,900	--	--
	$ 6,140,000	$ 794,868	$ 60,061	$ 2,254

3. Capital Leases

Commitments under capitalized lease agreements for facilities and equipment for minimum future rental payments as of September 30, 2022.

Year Ending September 30,	Principal	Interest	Total
2023	25,391	3,098	28,489
2024	26,386	2,103	28,489
2025	27,702	787	28,489
Total	$ 79,479	$ 5,988	85,467

H. <u>Risk Management</u>

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.

   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 2022 and 2021 are as follows:

Contribution Rates	2022	2021
Employee	7%	7%
Employer	13.56%	13.56%
Fiscal year contributions:		
Employer	$ 1,297,077	$ 1,220,267

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

Membership Information

At the December 31, 2021, valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	145
Inactive employees entitled to but not yet receiving benefits	167
Active Employees	203
Total covered employees	515

4. Net Pension Liability

The County's Net Pension Liability (NPL) was measured as of December 31, 2021, 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
Asset Valuation Method	
Smoothing Period	5 Years
Recognition Method	Non-asymptotic
Corridor	None
Inflation	2.50%
Salary Increases	3.00%
Investment Rate of Return	7.60 % (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.
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 is 61.
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 following requirements:

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.

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 2022 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.

Asset Class	Target Allocation	Geometric Real Rate of Return
U.S. Equities	11.50%	3.80%
Private Equity	25.00%	6.80%
Global Equities	2.50%	4.10%
International Equities – Developed Markets	5.00%	3.80%
International Equities – Emerging Markets	6.00%	4.30%
Investment - Grade Bonds	3.00%	-0.85%
Strategic Credit	9.00%	1.77%
Direct Lending	16.00%	6.25%
Distressed Debt	4.00%	4.50%
REIT Equities	2.00%	3.10%
Master Limited Partnerships	2.00%	3.85%
Private Real Estate Partnerships	6.00%	5.10%
Hedge Funds	6.00%	1.55%
Cash Equivalents	2.00%	-1.05%

	Increase (Decrease)		
Changes in Net Pension Liability / (Asset)	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at 12/31/2020	$ 53,192,621	$ 48,404,423	$ 4,788,198
Changes for the year			
Service cost	1,312,547	--	1,312,547
Interest	4,041,304	--	4,041,304
Effect of plan changes	230,380	--	230,380
Economic/Demographic gains/losses	(440,667)	--	(440,667)
Changes of assumptions	(30,902)	--	(30,902)
Contributions - employer	--	1,252,268	(1,252,268)
Contributions - employee	--	646,455	(646,455)
Net investment income	--	10,538,842	(10,538,842)
Benefit payments	(2,485,743)	(2,485,743)	--
Refund of contributions	(224,109)	(224,109)	--
Administrative expense	--	(31,428)	31,428
Other changes	--	(9,651)	9,651
Net changes	$ 2,402,810	$ 9,686,635	$ (7,283,824)
Balance at 12/31/2021	$ 55,595,431	$ 58,091,057	$ (2,495,626)

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
Total pension liability	$	62,797,606	$	55,595,431	$	49,549,308
Fiduciary net position	$	58,091,057	$	58,091,057	$	58,091,057
County's net pension liability	$	4,706,549	$	(2,495,626)	$	(8,541,749)

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

For the year ended September 30, 2022, the County recognized pension expense of $56,568.

At September 30, 2022, 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	$	57,222	$	432,874
Changes in actuarial assumptions		1,492,128		20,601
Difference between projected and actual investment earnings		--		6,624,257
Contributions subsequent to the measurement date		1,013,849		N/A
Total	$	2,563,199	$	7,077,732

The $1,013,849 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, 2022. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended Dec. 31:		
2023	$	(860,564)
2024		(1,708,854)
2025		(1,580,583)
2026		(1,378,381)
2027		--
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 2021-2022 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	$ 646	$ 37	$ 742	$ 37
Retiree and Spouse	742	750	742	485
Retiree and Children	742	514	742	349
Retiree and Family	742	1,424	742	874

Employees covered by benefit terms, at September 30, 2022, based on data provided by the client.

Membership*	
Number of:	
Retirees and Beneficiaries	22
Inactive, Nonretired Members	--
Active Members	176
Total	198

* Adjusted for terminations during the fiscal year ending September 30, 2022. Excludes employees and retirees 65 or older.

Actuarial Assumptions and Other Inputs:

Actuarial Assumptions:

Valuation Date:	September 30, 2022
Measurement Date of the Total OPEB Liability	September 30, 2022

Methods and Assumptions:

Actuarial Cost Method	Entry Age based on a level percentage of projected salary
Discount Rate	4.77%

Inflation	2.50%
Salary Increases	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 4.77%.

Changes in the Total OPEB Liability

Total OPEB liability		
Service Cost	$	317,329
Interest on the total OPEB liability		112,541
Difference between expected and actual experience		112,352
Changes of assumptions		(901,505)
Benefit payments		(349,965)
Net change in total OPEB liability		(709,248)
Total OPEB liability--beginning		4,844,724
Total OPEB liability--ending	$	4,135,476

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
3.77%	4.77%	5.77%
$ 4,495,928	$ 4,135,476	$ 3,810,055

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
3.50%	4.50%	5.50%
$ 3,706,748	$ 4,135,476	$ 4,647,553

Deferred outflows and Deferred Inflows Related to OPEB

	Deferred Outflows Of Resources	Deferred Inflows Of Resources
Differences between expected and actual experience	$ 104,361	$ (761,389)
Changes in assumptions	179,942	(997,940)
Contributions subsequent to the measurement date	--	--
Total	$ 284,303	$ (1,759,329)

Year Ending September 30	Net Deferred Outflows/Inflows
2023	$ (510,790)
2024	(510,790)
2025	(205,897)
2026	(122,676)
2027	(124,873)
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 $822 per month per employee and dependents to the Plan. The County paid up to $1,335 for retirees and their dependents. A total of $2,057,414 was the County's portion of cost of the health insurance for the fiscal year September 30, 2022. Employees at their option, authorized payroll with holdings 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.

L. Subsequent Events

Management has evaluated subsequent events through May 8, 2023, the date the financials were available to be distributed and noted the following events. In November 2022, the County paid $179,662.50 for the first payment of a new contract totaling $310,856.00 with CIS for CAD services for the Sheriff's Department from their Coronavirus State and Local Fiscal Recover Funds established through the American Rescue Plan Act of 2021. The County has also paid $739,400 out of a total approved amount of $1,081,809 as of the date of this audit to North Texas Fab for Phase 1 of the chiller and generator relocation project from those same funds. In total the County spent $1,161,401 of these funds subsequent to year end.

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.

Years of Stated Maturity	Principal Amounts ($)	Interest Amounts ($)	Interest Rates (%)
2023	94,141	6,692	3.68%
2024	87,704	3,228	3.68%
	181,845	9,920	

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, 2022, the County abated property taxes totaling $2,685,653 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 local company for the construction of a solar farm. The abatement amounted to $605,991.

*A 100 percent property tax abatement for a local company for the construction of a solar farm. The abatement amounted to $706,840.

*A 100 percent property tax abatement for a local company for the construction of a solar farm. The abatement amounted to $327,560.

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

EXHIBIT B-1

GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
Revenue:				
Property Taxes	$ 10,293,193	$ 10,440,600	$ 10,629,104	$ 188,504
Other Taxes	3,250,000	3,250,000	4,697,344	1,447,344
Intergovernmental Receipts	276,700	314,062	315,375	1,313
Fees of Office	1,159,750	1,159,750	1,446,498	286,748
Fines	150,000	150,000	86,325	(63,675)
Interest	70,000	70,000	194,831	124,831
Miscellaneous	110,000	896,593	1,144,661	248,068
Total revenues	15,309,643	16,281,005	18,514,138	2,233,133
Expenditures:				
Current:				
General Administration	2,591,588	2,784,157	2,660,324	123,833
Financial Administration	1,461,889	1,478,094	1,362,660	115,434
Judicial	2,032,048	2,040,418	1,948,299	92,119
Legal	806,905	807,014	773,473	33,541
Elections	273,136	273,162	241,099	32,063
Public Safety	7,411,116	7,458,915	6,836,957	621,958
Public Welfare	1,614,452	1,614,490	1,270,638	343,852
Conservation and Agriculture	137,109	139,143	129,972	9,171
Public Facilities	1,050,285	1,714,792	1,399,230	315,562
Emergency Management	131,462	131,488	119,777	11,711
Capital outlay	507,679	491,679	175,502	316,177
Total expenditures	18,017,669	18,933,352	16,917,931	2,015,421
Excess (deficiency) of revenues (under) expenditures	(2,708,026)	(2,652,347)	1,596,207	4,248,554
Other financing sources (uses):				
Transfers out	(1,927,879)	(1,927,879)	(1,778,339)	(149,540)
Total other financing sources (uses)	(1,927,879)	(1,927,879)	(1,778,339)	(149,540)
Net change in fund balances	(4,635,905)	(4,580,226)	(182,132)	4,398,094
Fund balances/equity, October 1	14,517,492	14,517,492	14,567,663	50,171
Fund balances/equity, September 30	$ 9,881,587	$ 9,937,266	$ 14,385,531	$ 4,448,265

LAMAR COUNTY, TEXAS

EXHIBIT B-2

ROAD & BRIDGE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
Revenue:				
Property Taxes	$ 2,855,820	$ 2,896,913	$ 2,974,644	$ 77,731
Intergovernmental Receipts	--	--	99,384	99,384
Fees of Office	832,000	832,000	867,224	35,224
Fines	100,000	102,000	109,354	7,354
Interest	12,000	12,000	6,488	(5,512)
Miscellaneous	--	35,778	37,976	2,198
Total revenues	3,799,820	3,878,691	4,095,070	216,379
Expenditures:				
Current:				
Public Transportation	5,040,319	5,117,839	3,678,813	1,439,026
Capital outlay	550,000	550,000	540,364	9,636
Principal	81,462	82,377	82,377	--
Interest and fees	9,345	8,430	8,427	3
Total expenditures	5,681,126	5,758,646	4,309,981	1,448,665
Excess (deficiency) of revenues (under) expenditures	(1,881,306)	(1,879,955)	(214,911)	1,665,044
Other financing sources (uses):				
Transfers in	880,000	880,000	880,000	--
Proceeds from Sales of Capital Assets	--	--	708	708
Total other financing sources (uses)	880,000	880,000	880,708	(708)
Net change in fund balances	(1,001,306)	(999,955)	665,797	1,665,752
Fund balances/equity, October 1	1,745,711	1,745,711	1,745,711	--
Fund balances/equity, September 30	$ 744,405	$ 745,756	$ 2,411,508	$ 1,665,752

LAMAR COUNTY, TEXAS
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Plan Year Ended December 31,							
	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability								
Service cost	$ 1,312,547	$ 1,189,653	$ 1,126,083	$ 1,100,424	$ 1,140,140	$ 1,170,681	$ 1,062,160	$ 1,027,821
Interest (on the total pension liability)	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	230,380	-	-	-	-	-	(198,814)	-
Difference between expected and actual experience	(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	(2,709,852)	(2,361,406)	(2,270,447)	(2,087,137)	(2,004,258)	(1,807,060)	(1,615,856)	(1,430,157)
Net Change in Total Pension Liability	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	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)	$ 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	$ 1,252,268	$ 1,220,267	$ 1,112,874	$ 1,067,907	$ 100,311	$ 972,762	$ 954,993	$ 902,188
Contributions - employee	646,455	629,932	616,795	588,614	568,363	560,589	540,420	511,356
Net investment income	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	(2,709,852)	(2,361,406)	(2,270,447)	(2,087,137)	(2,004,258)	(1,807,060)	(1,615,856)	(1,430,157)
Administrative expense	(31,428)	(35,418)	(33,818)	(31,021)	(26,495)	(26,560)	(23,928)	(24,985)
Other	(9,650)	(10,698)	(12,333)	(8,827)	(6,087)	8,375	(109,588)	4,777
Net Change in Plan Fiduciary Net Position	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	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)	$ 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)	$ (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	104.49%	91.00%	92.87%	85.73%	91.80%	87.76%	87.13%	93.14%
Covered Payroll	$ 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	-27.02%	53.21%	38.66%	76.46%	42.84%	61.58%	63.21%	33.75%

EXHIBIT B-4

LAMAR COUNTY, TEXAS
SCHEDULE OF PENSION CONTRIBUTIONS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Fiscal Year Ended September 30,							
	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	$ 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	(1,297,077)	(1,288,032)	(1,188,698)	(1,093,776)	(1,052,307)	(983,377)	(969,753)	(905,629)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 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	14.25%	13.56%	13.31%	12.65%	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, 2022

	Plan Year Ended December 31,				
	2021	2020	2019	2018	2017
Total OPEB Liability					
Service cost	$ 317,329	$ 317,329	$ 337,130	$ 337,130	$ 337,130
Interest (on the total OPEB liability)	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	(349,965)	(284,662)	(284,662)	(270,322)	(301,400)
Net Change in Total OPEB Liability	(709,248)	150,027	(220,216)	(1,639,010)	543,909
Total OPEB Liability - Beginning	4,844,724	4,694,697	4,914,913	6,553,923	6,010,014
Total OPEB Liability - Ending	$ 4,135,476	$ 4,844,724	$ 4,694,697	$ 4,914,913	$ 6,553,923
Covered Payroll	$ 7,897,815	$ 7,442,832	$ 7,442,832	$ 7,333,173	$ 7,765,303
Total OPEB Liability as a Percentage of Covered Payroll	52.36%	65.09%	63.08%	67.02%	84.40%

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

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, 2022

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
Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	0.0 years (based on contribution rate calculated in 12/31/2019 valuation)
Asset Valuation Method	5-yr smoothed market
Inflation	2.75%
Salary Increases	Varies by age and service. 4.9% average over career including inflation.
Investment Rate of Return	8.0%, 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	130% of the RP-2014 Healthy Annuitant Mortality Table for males and 110% of the RP-2014 Healthy Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014.
Other Information:	There were no benefit changes during the year.

LAMAR COUNTY, TEXAS
NOTES TO SCHEDULE OF OPEB CONTRIBUTIONS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

Valuation Date:	September 30, 2020 rollforward using a measurement date of September 30, 2021

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry age
Amortization Method	Straight-line amortization of expected working life
Asset Valuation Method	NA
Inflation	2.50%
Salary Increases	3.50%
Investment Rate of Return	4.77%, based on Municipal Bond 20 Year High Grade Rate Index.
Retirement Age	The average age at service retirement for recent retirees is 61.
Mortality	RPH-2014 Total Table with Projection MP-2019
Other Information:	There were no benefit changes during the year.

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.

Malnory, McNeal & Company, PC

Certified Public Accountants

Members of
American Institute of Certified Public Accountants
Texas Society of Certified Public Accountants
AICPA Governmental Audit Quality Center

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, 2022, and the related notes to the financial statements, which collectively comprise Lamar County, Texas' basic financial statements, and have issued our report thereon dated May 8, 2023.

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. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2022-001 that we consider to be significant deficiencies.

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.*

Lamar County's Response to Findings

Government Auditing Standards require the auditor to perform limited procedures on Lamar County's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. Lamar County's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the

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.

Malnory, McNeal & Company PC

Certified Public Accountants

May 8, 2023
Paris, Texas

Malnory, McNeal & Company, PC

Certified Public Accountants

Members of
American Institute of Certified Public Accountants
Texas Society of Certified Public Accountants
AICPA Governmental Audit Quality Center

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, 2022. 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, 2022.

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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to its 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.

Malnory, McNeal & Company PC
Certified Public Accountants

May 8, 2023
Paris, Texas

LAMAR COUNTY, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

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?	X	Yes	___	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:	April 2022			
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:

Assistance Listing Number(s)	Name of Federal Program or Cluster
21.027	Coronavirus 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

LAMAR COUNTY, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

B. Financial Statement Findings

Finding: 2022-001

Criteria:

All funds for which the the County is responsible should be recorded to the general ledger, reconciled on a regular basis and the activity verified for reasonableness. Internal control over these funds should be designed, implemented and tested. These steps are required to prepare accurate financial statements as as well to prevent, detect and correct errors in the finanical reporting. The County Auditor's Office is to perform periodic (at least twice per fiscal year) internal audits of all County Offices to assure compliance with internal controls as designed.

Condition:

The County Auditor's Office did not complete timely procedures related to the onsite internal visits or monitor of the Jail Commissary or the Forfeiture Accounts.

Cause:

Insufficient time allotment of the resources of the County Auditor's Office.

Effect:

Internal controls to prevent, detect or deter errors or irregularities were not subjected to testing during the year to determine effectiveness of those controls.

Recommendation:

The County Auditor's Office should conduct an internal audit of the Jail Commissary and the forfeiture accounts twice per fiscal year and report those findings at Commissioners Court meetings.

C. Federal Award Findings and Questioned Costs

NONE

Kayla Hall
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COUNTY AUDITOR
OF
LAMAR COUNTY

Summary Schedule of Prior Audit Findings

As a result of the material weaknesses in internal control which were identified during our previous external audit for the year ended September 30, 2021, the following corrective actions have implemented by Lamar County.

Finding: 2021-001
The September 30, 2021, audit disclosed a material weakness in internal control procedures and segregation of duties related to financial processes as well as month end and year end financial statement closing procedures.

Finding: 2021-001

1. **Month end and year end processes and procedures (corrected)**
   Recommendations: All cash, checks and money orders should be deposited weekly. The County Auditor should conduct an internal audit of each office twice per year and report findings at the Commissioner's Court meetings. All grant reporting should be reconciled monthly to the appropriate fund or general ledger account. Segregation of duties, secondary review and approval process should be designed and implemented for all financial transactions and reports.
   Action Taken: During the fiscal year, the Auditor's Office added a Second Assistant Auditor position to their staff adding an additional layer for review of grant and other fiscal transactions. This position is involved in grant reporting and in internal reviews of County Offices and reporting those reviews to the Commissioner's Court. The Auditor's Office has developed a timeline to adequately perform internal audits of County Offices, however audits of both the Forfeiture Accounts nor the Jail Commissary were completed during the fiscal year.

Kayla Hall
Lamar County Auditor

Kayla Hall
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Paris,Texas 75460

COUNTY AUDITOR
OF
LAMAR COUNTY

Lamar County
Corrective Action Plan
For the Year End September 30, 2022

As a result of the significant deficiency in internal control which was identified during our most recent external audit for the year ended September 30, 2022, the following corrective actions will be taken by Lamar County henceforth.

Finding 2022-001

Jail Commissary Internal Audit Procedures

Recommendations: It has been recommended that the auditor's office conduct internal audit procedures for the Jail Commissary and Inmate Trust accounts at least twice per year as well as timely preparing the annual audit report for asset forfeitures.
Action Taken or Planned: The auditor's office has completed the annual jail commissary audit and will be reporting to the court shortly. Additionally, the auditor's office plans to do period internal control tests at the jail moving forward. The asset forfeiture audit for 2022 has also been completed and reported to the Commissioners Court.
Responsible Party: Kayla Hall, County Auditor
Anticipated Completion Date: July 31, 2023

Kayla Hall
Lamar County Auditor

LAMAR COUNTY, TEXAS

EXHIBIT D-1

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal ALN Number	Pass-Through Entity Identifying Number		Federal Expenditures
OTHER PROGRAMS:				
U. S. Department of the Treasury				
Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	$	1,310,002
Total U. S. Department of the Treasury				1,310,002
U. S. Department of the Interior				
Payments in Lieu of Taxes	15.226	N/A		56,601
Passed through the Office of Fish and Wildlife Services:				
National Wildlife Refuge Fund	15.659	N/A		220
Total U. S. Department of the Interior				56,821
U. S. DEPARTMENT OF HOMELAND SECURITY				
Passed Through Texas Office of the Governor - Homeland Security Grants Division:				
Homeland Security Grant Program	97.067	4311501		24,990
Homeland Security Grant Program	97.067	4311501		44,799
Total U. S. DEPARTMENT OF HOMELAND SECURITY				69,789
U. S. Department of Health and Human Services				
Passed Through Texas Department of Protective and Regulatory Services:				
Foster Care Maintenance Title IV-5 - ARRA	93.658	27100		4,413
Total U. S. Department of Health and Human Services				4,413
TOTAL EXPENDITURES OF FEDERAL AWARDS			$	1,441,025

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, 2022

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, 2022.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.