

CITY OF LAMESA, TEXAS

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED SEPTEMBER 30, 2021

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

CERTIFIED PUBLIC ACCOUNTANTS

LUBBOCK, TEXAS

CITY OF LAMESA, TEXAS

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED SEPTEMBER 30, 2021

CITY OF LAMESA, TEXAS
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2021

TABLE OF CONTENTS (Continued)

	<u>Statement Identification</u>	<u>Page No.</u>
FINANCIAL SECTION		
Independent Auditor’s Report		1
<u>Basic Financial Statements</u>		
Government-Wide Financial Statements		
Statement of Net Position	Exhibit A-1	4
Statement of Activities	Exhibit A-2	5
Fund Financial Statements		
Balance Sheet – Governmental Funds	Exhibit A-3	6
Reconciliation of the Governmental Funds		
Balance Sheet to the Statement of Net Position	Exhibit A-4	7
Statement of Revenues, Expenditures, and		
Changes in Fund Balances – Governmental Funds	Exhibit A-5	8
Reconciliation of the Statement of Revenues, Expenditures, and		
Changes in Fund Balances of Governmental Funds to the		
Statement of Activities	Exhibit A-6	9
Statement of Net Position – Proprietary Funds	Exhibit A-7	10
Statement of Revenues, Expenses, and Changes in Fund		
Net Position – Proprietary Funds	Exhibit A-8	11
Statement of Cash Flows – Proprietary Funds	Exhibit A-9	12
Notes to Financial Statements (an Integral Part of the Basic Financial Statements)		13
REQUIRED SUPPLEMENTARY INFORMATION		
Schedule of Changes in the Plan’s Net Pension		
Liability and Related Ratios - TMRS	Exhibit B-1	36
Schedule of Employer Contributions - TMRS	Exhibit B-2	37
Notes to the Required Supplementary Information - TMRS		38
Budgetary Comparison Schedule – General Fund	Exhibit B-3	39
Notes to the Required Supplementary Information		40

CITY OF LAMESA, TEXAS
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2021

TABLE OF CONTENTS (Concluded)

	<u>Statement Identification</u>	<u>Page No.</u>
COMBINING STATEMENTS		
Combining Balance Sheet – Nonmajor Governmental Funds	Exhibit C-1	41
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds	Exhibit C-2	42
HUD FINANCIAL DATA SCHEDULES		
Supplementary Financial Data Schedule – Balance Sheet	Exhibit C-3	43
Supplementary Financial Data Schedule – Revenue and Expense	Exhibit C-4	44
OVERALL COMPLIANCE AND INTERNAL CONTROL SECTION		
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>		45

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

CERTIFIED PUBLIC ACCOUNTANTS

PHONE: (806) 747-3806

FAX: (806) 747-3815

8215 NASHVILLE AVENUE

LUBBOCK, TEXAS 79423-1954

Independent Auditor's Report

City Council
City of Lamesa, Texas
Lamesa, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of City of Lamesa, Texas (the City), as of and for the fiscal year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Lamesa, Texas, as of September 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, the schedule of changes in the plan's net pension asset/liability and related ratios for TMRS the schedule of employer contributions for TMRS, and budgetary comparison information as listed in the table of contents be presented to supplement the basic financial statements. Such information, 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 responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, 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. Our opinions on the basic financial statements are not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining statements and HUD financial data schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining statements and HUD financial data schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the additional schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report August 24, 2022, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Bolinger, Segars, Gilbert & Moss LLP

Certified Public Accountants

Lubbock, Texas

August 24, 2022

BASIC FINANCIAL STATEMENTS

-4-
CITY OF LAMESA, TEXAS

EXHIBIT A-1

**STATEMENT OF NET POSITION
SEPTEMBER 30, 2021**

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Lamesa EDC	Lamesa EAP
ASSETS:					
Cash and Cash Equivalents	\$ 6,944,152	\$ 6,520,340	\$ 13,464,492	\$ 1,328,873	\$ 1,012,725
Receivables, Net of Allowances	745,252	697,262	1,442,514		
Intergovernmental Receivables	5,626		5,626		
Due From City				65,372	65,372
Internal Balances	97,268	(97,268)			
Inventory - Supplies		276,419	276,419		
Inventory - Land				259,835	67,200
Restricted Cash and Cash Equivalents		664,026	664,026		
Incentive Receivable					145,000
Notes Receivable					37,954
Net Pension Asset	846,521	514,881	1,361,402	22,418	
Capital Assets, Net of Accumulated Depreciation and Amortization					
Nondepreciable	14,988	1,426,177	1,441,165		
Depreciable	4,583,357	11,146,098	15,729,455	85,657	
Water Rights		2,008,487	2,008,487		
Total Assets	<u>\$ 13,237,164</u>	<u>\$ 23,156,422</u>	<u>\$ 36,393,586</u>	<u>\$ 1,762,155</u>	<u>\$ 1,328,251</u>
DEFERRED OUTFLOWS OF RESOURCES:					
Pension Plan - TMRS	\$ 473,188	\$ 49,767	\$ 522,955	\$ 15,958	\$
Deferred Charges on Refunding		100,883	100,883		
Total Deferred Outflows of Resources	<u>\$ 473,188</u>	<u>\$ 150,650</u>	<u>\$ 623,838</u>	<u>\$ 15,958</u>	<u>\$ 0</u>
LIABILITIES:					
Accounts Payable and Due to State	\$ 644,862	\$ 3,504	\$ 648,366	\$ 5,561	\$ 785
Due to EDC's	130,743		130,743		
Accrued Interest Payable		44,495	44,495		
Accrued Wages	38,281	21,054	59,335	1,617	
Customer Deposits	13,381	295,750	309,131		
Refunds Payable		22,988	22,988		
Unavailable Revenue- Grants	1,133,249		1,133,249		
Noncurrent Liabilities					
Long-Term Debt Due within One Year	145,984	897,533	1,043,517	634	
Long-Term Debt Due in More Than One Year	283,978	8,850,394	9,134,372	2,303	
Closure/Postclosure Landfill Obligation		634,776	634,776		
Total Liabilities	<u>\$ 2,390,478</u>	<u>\$ 10,770,494</u>	<u>\$ 13,160,972</u>	<u>\$ 10,115</u>	<u>\$ 785</u>
DEFERRED INFLOWS OF RESOURCES					
Pension Plan - TMRS	\$ 855,022	\$ 282,012	\$ 1,137,034	\$ 27,107	\$
Total Deferred Inflows of Resources	<u>\$ 855,022</u>	<u>\$ 282,012</u>	<u>\$ 1,137,034</u>	<u>\$ 27,107</u>	<u>\$ 0</u>
NET POSITION:					
Net Investment in Capital Assets	\$ 4,598,345	\$ 5,589,016	\$ 10,187,361	\$ 85,657	\$
Restricted For:					
Enabling Legislation	888,477		888,477		
Closure and Postclosure Care		29,250	29,250		
HUD Programs		57,777	57,777		
Unrestricted	<u>4,978,030</u>	<u>6,578,523</u>	<u>11,556,553</u>	<u>1,655,234</u>	<u>1,327,466</u>
Total Net Position	<u>\$ 10,464,852</u>	<u>\$ 12,254,566</u>	<u>\$ 22,719,418</u>	<u>\$ 1,740,891</u>	<u>\$ 1,327,466</u>

The accompanying notes are an integral part of this statement.

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2021

Functions/Programs	Net (Expense) Revenue and Changes in Net Position								
	Expenses	Program Revenues			Primary Government			Component Units	
		Fines, Fees, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total	Lamesa EDC	Lamesa EAP
PRIMARY GOVERNMENT:									
Governmental Activities									
Administration	\$ 550,325	\$ 87,500	\$	\$	\$ (462,825)	\$	\$ (462,825)	\$	\$
General Government	443,423	69,884	553,956		180,417		180,417		
Tourism	111,515				(111,515)		(111,515)		
Fire	436,054		8,024		(428,030)		(428,030)		
Streets	421,011			112,900	(308,111)		(308,111)		
Vehicle Services	58,433				(58,433)		(58,433)		
Police	1,703,421				(1,703,421)		(1,703,421)		
Parks and Recreation	963,176	6,500			(956,676)		(956,676)		
Airport	59,753		60,579		826		826		
Interest Expense and Related Fees	17,983				(17,983)		(17,983)		
Total Governmental Activities	<u>\$ 4,765,094</u>	<u>\$ 163,884</u>	<u>\$ 622,559</u>	<u>\$ 112,900</u>	<u>\$ (3,865,751)</u>	<u>\$ 0</u>	<u>\$ (3,865,751)</u>	<u>\$ 0</u>	<u>\$ 0</u>
Business-Type Activities:									
Water	\$ 3,162,606	\$ 4,199,225	\$	\$	\$	\$ 1,036,619	\$ 1,036,619	\$	\$
Wastewater	523,693	1,517,655			993,962		993,962		
Solid Waste	1,829,753	1,878,416	484,978		533,641		533,641		
Municipal Golf Course	265,365	194,486			(70,879)		(70,879)		
Housing Program	430,271	456,947			26,676		26,676		
Interest Expense and Related Fees	387,443				(387,443)		(387,443)		
Total Business-Type Activities	<u>\$ 6,599,131</u>	<u>\$ 8,246,729</u>	<u>\$ 484,978</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 2,132,576</u>	<u>\$ 2,132,576</u>	<u>\$ 0</u>	<u>\$ 0</u>
Total Primary Government	<u>\$ 11,364,225</u>	<u>\$ 8,410,613</u>	<u>\$ 1,107,537</u>	<u>\$ 112,900</u>	<u>\$ (3,865,751)</u>	<u>\$ 2,132,576</u>	<u>\$ (1,733,175)</u>	<u>\$ 0</u>	<u>\$ 0</u>
Component Units:									
Lamesa Economic Development Corporation	\$ 438,970	\$	\$	\$			\$ (438,970)	\$	\$
Lamesa Economic Alliance Project	78,094			67,200				(10,894)	
Total Component Units	<u>\$ 517,064</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 67,200</u>			<u>\$ (438,970)</u>	<u>\$ (10,894)</u>	
General Revenues:									
Property Taxes					\$ 2,340,357	\$	\$ 2,340,357	\$	\$
Sales Taxes					1,313,899		1,313,899	326,826	326,826
Gross Receipts Taxes					521,213		521,213		
Motel Occupancy Taxes					136,344		136,344		
Rents and Royalties					15,640		15,640		
Investment Earnings					41,018	33,435	74,453	14,603	10,158
Gain (Loss) on Retirement of Assets					(17,481)	2,723	(14,758)	(20,000)	
Other					331,339	551,507	882,846	51,007	
Transfers					203,668	(203,668)			
Total General Revenue and Transfers					<u>\$ 4,885,997</u>	<u>\$ 383,997</u>	<u>\$ 5,269,994</u>	<u>\$ 372,436</u>	<u>\$ 336,984</u>
Change in Net Position					\$ 1,020,246	\$ 2,516,573	\$ 3,536,819	\$ (66,534)	\$ 326,090
Net Position - Beginning					9,444,606	9,737,993	19,182,599	1,807,425	1,001,376
Net Position - Ending					<u>\$ 10,464,852</u>	<u>\$ 12,254,566</u>	<u>\$ 22,719,418</u>	<u>\$ 1,740,891</u>	<u>\$ 1,327,466</u>

The accompanying notes are an integral part of this statement.

-6-
CITY OF LAMESA, TEXAS

EXHIBIT A-3

**BALANCE SHEET - GOVERNMENTAL FUNDS
SEPTEMBER 30, 2021**

	General Fund	Special Revenue Grants Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS:				
Cash and Cash Equivalents	\$ 3,710,182	\$ 1,587,021	\$ 426,699	\$ 5,723,902
Receivables, Net of Allowances	720,192		25,060	745,252
Intergovernmental Receivables	5,626			5,626
Due from Other Funds	644			644
Total Assets	\$ 4,436,644	\$ 1,587,021	\$ 451,759	\$ 6,475,424
LIABILITIES:				
Accounts Payable	\$ 627,806	\$	\$ 17,054	\$ 644,860
Accrued Payroll Liabilities	38,281			38,281
Due to EDC's	130,743			130,743
Community Building Deposits	13,381			13,381
Total Liabilities	\$ 810,211	\$ 0	\$ 17,054	\$ 827,265
DEFERRED INFLOWS OF RESOURCES:				
Unavailable Revenue	\$ 206,828	\$	\$	\$ 206,828
Unavailable Revenue - Grants		1,133,249		1,133,249
Total Deferred Inflows of Resources	\$ 206,828	\$ 1,133,249	\$ 0	\$ 1,340,077
FUND BALANCES:				
Restricted for Enabling Legislation	\$	\$ 453,772	\$ 434,705	\$ 888,477
Unassigned	3,419,605			3,419,605
Total Fund Balances	\$ 3,419,605	\$ 453,772	\$ 434,705	\$ 4,308,082
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 4,436,644	\$ 1,587,021	\$ 451,759	\$ 6,475,424

The accompanying notes are an integral part of this statement.

-7-
CITY OF LAMESA, TEXAS

EXHIBIT A-4

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2021**

Total Fund Balances - Governmental Funds Balance Sheet	\$ 4,308,082
Amounts reported for governmental activities in the Statement of Net Position (SNP) are different because:	
Net Capital assets used in governmental activities are not reported in the funds.	4,598,345
Property taxes receivable and court fines and fees unavailable to pay for current period expenditures are deferred in the funds.	206,828
Payables for debt principal which are not due in the current period are not reported in the funds.	(346,933)
Payables for compensated absences which are not due in the current period are not reported in the funds.	(83,029)
The assets and liabilities of internal service funds are included in governmental activities in the SNP.	1,316,874
Net Pension Asset and Related Deferred Inflows and Outflows are not reported in the funds - TMRS.	<u>464,685</u>
Net Position of Governmental Activities - Statement of Net Position	<u>\$ 10,464,852</u>

The accompanying notes are an integral part of this statement.

-8-
CITY OF LAMESA, TEXAS

EXHIBIT A-5

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

	General Fund	Special Revenue Grants Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenue:				
Taxes:				
General Property Taxes	\$ 2,346,308	\$	\$	\$ 2,346,308
Sales Taxes	1,313,899			1,313,899
Gross Receipts Business Taxes	518,838		2,375	521,213
Motel Occupancy Taxes			136,344	136,344
Licenses and Permits	82,934			82,934
Charges for Services	6,500			6,500
Fines, Fees, and Forfeits	69,884		4,566	74,450
Investment Earnings	40,226	47	745	41,018
Intergovernmental	159,677	462,882	112,900	735,459
Rents and Royalties	15,640			15,640
Miscellaneous	326,339		5,000	331,339
Total Revenues	\$ 4,880,245	\$ 462,929	\$ 261,930	\$ 5,605,104
Expenditures:				
Current:				
Administration	\$ 586,413	\$	\$	\$ 586,413
General Government	328,761	72,355	53,833	454,949
Tourism			102,820	102,820
Fire	666,358	3,186		669,544
Streets	768,489			768,489
Vehicle Services	15,856			15,856
Police	1,912,565		9,876	1,922,441
Cemetery				0
Parks and Recreation	855,042	8,024		863,066
Libraries				0
Airport		59,753		59,753
Capitol Outlay				
Debt Service:				
Principal	157,038			157,038
Interest and Fiscal Charges	17,983			17,983
Total Expenditures	\$ 5,308,505	\$ 143,318	\$ 166,529	\$ 5,618,352
Revenues Over (Under) Expenditures	\$ (428,260)	\$ 319,611	\$ 95,401	\$ (13,248)
Other Financing Sources:				
Transfers In (Out)	\$ 203,668	\$	\$	\$ 203,668
Proceeds from the Sale of Capital Assets	2,574			2,574
Total Other Financing Sources	\$ 206,242	\$ 0	\$ 0	\$ 206,242
Net Change in Fund Balances	\$ (222,018)	\$ 319,611	\$ 95,401	\$ 192,994
Fund Balances - Beginning	3,641,623	134,161	339,304	4,115,088
Fund Balances - Ending	\$ 3,419,605	\$ 453,772	\$ 434,705	\$ 4,308,082

The accompanying notes are an integral part of this statement.

CITY OF LAMESA, TEXAS

EXHIBIT A-6

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2021

Net Change in Fund Balances - Total Governmental Funds	\$	192,994
Amounts reported for governmental activities in the Statement of Activities (SOA) are different because:		
Capital assets are not reported as expenses in the SOA.		556,799
The depreciation of capital assets used in governmental activities is not reported in the funds.		(581,168)
Losses on dispositions of capital assets are not recorded in the funds.		(20,055)
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.		(5,951)
Repayment of debt principal is an expenditure in the funds but is not an expense in the SOA.		157,038
The net revenue or expense of internal service funds is reported with governmental activities.		215,649
Pension Expense is not accrued in the funds related to the Net Pension Liability, Deferred Outflow, and Deferred Inflows - TMRS.		262,067
Pension Expense is not accrued in the funds related to the Net Pension Liability, Deferred Outflow, and Deferred Inflows - TESRS.		252,518
Compensated absences are reported as the amount earned in the SOA but as the amount paid in the funds.		<u>(9,645)</u>
Change in Net Position of Governmental Activities - Statement of Activities	\$	<u><u>1,020,246</u></u>

The accompanying notes are an integral part of this statement.

**STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2021**

	Business-Type Activities - Major Enterprise Funds						Governmental Activities- Internal Service Funds
	Water	Wastewater	Solid Waste	Municipal Golf Course	Housing Program	Totals	
ASSETS:							
Cash and Cash Equivalents	\$ 3,890,660	\$ 1,414,853	\$ 1,156,406	\$	\$ 58,421	\$ 6,520,340	\$ 1,220,250
Receivables, Net of Allowances	390,705	138,129	167,510	918		697,262	
Due from Other Funds	59,424		75,000			134,424	96,624
Inventory	276,419					276,419	
Restricted Assets							
Cash and Cash Equivalents			664,026			664,026	
Total Current Assets	\$ 4,617,208	\$ 1,552,982	\$ 2,062,942	\$ 918	\$ 58,421	\$ 8,292,471	\$ 1,316,874
Noncurrent Assets							
Net Pension Asset	\$ 236,588	\$ 66,111	\$ 170,683	\$ 41,499	\$	\$ 514,881	\$
Capital Assets, Net of Accumulated Depreciation and Amortization							
Land	50,378	95,541	143,957	79,362		369,238	
Buildings	122,920		296,252	20,678		439,850	
Improvements other than Buildings	4,004,985					4,004,985	
Machinery and Equipment	490,864		1,464,101	45,506		2,000,471	
Infrastructure	4,700,792					4,700,792	
Construction in Progress	381,630	675,309				1,056,939	
Water Rights	2,008,487					2,008,487	
Total Noncurrent Assets	\$ 11,996,644	\$ 836,961	\$ 2,074,993	\$ 187,045	\$ 0	\$ 15,095,643	\$ 0
Total Assets	\$ 16,613,852	\$ 2,389,943	\$ 4,137,935	\$ 187,963	\$ 58,421	\$ 23,388,114	\$ 1,316,874
DEFERRED OUTFLOWS OF RESOURCES:							
Pension Plan - Employer Contributions	\$ 22,868	\$ 6,390	\$ 16,498	\$ 4,011	\$	\$ 49,767	\$
Deferred Charges on Refundings	24,399	76,484				100,883	
Total Deferred Outflows of Resources	\$ 47,267	\$ 82,874	\$ 16,498	\$ 4,011	\$ 0	\$ 150,650	\$ 0
LIABILITIES:							
Accounts Payable and Due to State	\$ 3,504	\$	\$	\$	\$	\$ 3,504	\$
Due to Other Funds	75,000			156,048	644	231,692	
Refunds Payable	22,988					22,988	
Accrued Payroll Liabilities	8,278	1,995	8,579	2,202		21,054	
Accrued Interest Payable		44,495				44,495	
Customer Deposits	295,750					295,750	
Current Portion of Long-Term Liabilities							
Compensated Absences	6,900	3,575	5,395	3,470		19,340	
Notes and Bonds Payable	325,513	100,000				425,513	
Leases Payable	165,089		244,503	43,088		452,680	
Total Current Liabilities	\$ 903,022	\$ 150,065	\$ 258,477	\$ 204,808	\$ 644	\$ 1,517,016	\$ 0
Noncurrent Liabilities							
Compensated Absences	\$ 20,701	\$ 10,725	\$ 16,186	\$ 10,410	\$	\$ 58,022	\$
Notes and Bonds Payable	1,857,445	4,405,222	381,125			6,643,792	
Premium on Notes Payable	45,680	330,440				376,120	
Leases Payable	1,125,511		646,949			1,772,460	
Landfill Closure and Postclosure			634,776			634,776	
Total Noncurrent Liabilities	\$ 3,049,337	\$ 4,746,387	\$ 1,679,036	\$ 10,410	\$ 0	\$ 9,485,170	\$ 0
Total Liabilities	\$ 3,952,359	\$ 4,896,452	\$ 1,937,513	\$ 215,218	\$ 644	\$ 11,002,186	\$ 0
DEFERRED INFLOWS OF RESOURCES:							
Pension Plan - Experience Differences	\$ 46,884	\$ 13,101	\$ 33,824	\$ 8,224	\$	\$ 102,033	\$
Pension Plan - Assumptions	891	249	643	156		1,939	
Pension Plan - Investment Differences	81,810	22,860	59,020	14,350		178,040	
Total Deferred Inflows of Resources	\$ 129,585	\$ 36,210	\$ 93,487	\$ 22,730	\$ 0	\$ 282,012	\$ 0
NET POSITION:							
Net Investment in Capital Assets	\$ 8,523,086	\$ (3,668,261)	\$ 631,733	\$ 102,458	\$	\$ 5,589,016	\$
Restricted For:							
Closure and Postclosure Care			29,250			29,250	
HUD Programs					57,777	57,777	
Unrestricted	4,056,089	1,208,416	1,462,450	(148,432)		6,578,523	1,316,874
Total Net Position	\$ 12,579,175	\$ (2,459,845)	\$ 2,123,433	\$ (45,974)	\$ 57,777	\$ 12,254,566	\$ 1,316,874

The accompanying notes are an integral part of this statement.

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN FUND NET POSITION - PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

	Business-Type Activities - Enterprise Funds						Governmental Activities- Internal Service Funds
	Water	Wastewater	Solid Waste	Municipal Golf Course	Housing Program	Totals	
OPERATING REVENUES:							
Water Revenue	\$ 4,199,225	\$	\$	\$	\$	\$ 4,199,225	\$
Wastewater Revenue		1,517,655				1,517,655	
Sanitation Charges			1,878,416			1,878,416	
Municipal Golf Course Fees				194,486		194,486	
Commercial Rentals and Fees					456,947	456,947	
Interdepartmental Billings							901,141
Total Operating Revenues	\$ 4,199,225	\$ 1,517,655	\$ 1,878,416	\$ 194,486	\$ 456,947	\$ 8,246,729	\$ 901,141
OPERATING EXPENSES:							
Housing Assistance Payments	\$	\$	\$	\$	\$ 376,952	\$ 376,952	\$
Personnel Services	764,364	167,583	605,913	143,120		1,680,980	687,527
Supplies	112,520	25,905	114,776	26,782		279,983	
Maintenance	611,022	55,597	189,311	39,092		895,022	
Noncapitalized Equipment			61,631			61,631	
Depreciation and Amortization	893,491		508,418	30,829		1,432,738	
Other Operating	781,209	274,608	349,704	25,542	53,319	1,484,382	
Total Operating Expenses	\$ 3,162,606	\$ 523,693	\$ 1,829,753	\$ 265,365	\$ 430,271	\$ 6,211,688	\$ 687,527
Operating Income (Loss)	\$ 1,036,619	\$ 993,962	\$ 48,663	\$ (70,879)	\$ 26,676	\$ 2,035,041	\$ 213,614
NON-OPERATING REVENUES (EXPENSES):							
Interest Revenue	\$ 19,490	\$ 3,228	\$ 10,202	\$	\$ 515	\$ 33,435	\$ 2,035
Gain (Loss) on Sale of Assets	2,723					2,723	
Intergovernmental Revenue	347,071		52,755	85,152		484,978	
Miscellaneous Income (Expense)	495,591	46,994	7,843	1,079		551,507	
Interest Expense and Related Fees	(148,131)	(184,825)	(49,156)	(5,331)		(387,443)	
Total Non-Operating Revenue (Expense)	\$ 716,744	\$ (134,603)	\$ 21,644	\$ 80,900	\$ 515	\$ 685,200	\$ 2,035
Income (Loss) Before Transfers	\$ 1,753,363	\$ 859,359	\$ 70,307	\$ 10,021	\$ 27,191	\$ 2,720,241	\$ 215,649
Transfers In (Out)	(101,834)		(101,834)			(203,668)	
Change in Net Position	\$ 1,651,529	\$ 859,359	\$ (31,527)	\$ 10,021	\$ 27,191	\$ 2,516,573	\$ 215,649
Total Net Position - Beginning	10,927,646	(3,319,204)	2,154,960	(55,995)	30,586	9,737,993	1,101,225
Total Net Position - Ending	\$ 12,579,175	\$ (2,459,845)	\$ 2,123,433	\$ (45,974)	\$ 57,777	\$ 12,254,566	\$ 1,316,874

The accompanying notes are an integral part of this statement.

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

	Business-Type Activities - Enterprise Funds						Governmental Activities- Internal Service Funds
	Water	Waste Water	Solid Waste	Municipal Golf Course	Housing Program	Total	
Cash Flows from Operating Activities:							
Cash Received from Customers	\$ 4,188,914	\$ 1,519,790	\$ 1,875,491	\$ 193,996	\$ 456,947	\$ 8,235,138	\$ 901,141
Cash Payments for Insurance Policies and Settlements							(659,153)
Cash Payments to Employees for Services	(811,611)	(189,496)	(653,692)	(161,286)	0	(1,816,085)	
Cash Payments for Housing Subsidies					(376,952)	(376,952)	
Cash Payments to Other Suppliers for Goods and Services	(1,532,972)	(356,110)	(715,422)	(91,416)	(53,319)	(2,749,239)	
Net Cash from Operating Activities	\$ 1,844,331	\$ 974,184	\$ 506,377	\$ (58,706)	\$ 26,676	\$ 3,292,862	\$ 241,988
Cash Flows from Non-Capital Financing Activities:							
Cash Received from Intergovernmental Contributions	\$ 347,071	\$	\$ 52,755	\$ 85,152	\$	\$ 484,978	\$
Miscellaneous Income	495,591	46,994	7,843	1,079		551,507	
Transfers From (To) Other Funds	(103,433)		(101,834)	1,599	(16,595)	(220,263)	(31,821)
Net Cash from Non-Capital Financing Activities	\$ 739,229	\$ 46,994	\$ (41,236)	\$ 87,830	\$ (16,595)	\$ 816,222	\$ (31,821)
Cash Flows from Capital and Related Financing Activities:							
Principal and Interest Paid	\$ (795,750)	\$ (248,207)	\$ (411,663)	\$ (29,124)	\$	\$ (1,484,744)	\$
Proceeds from the Issuance of Bonds and Notes	125,000					125,000	
Proceeds from Sale of Assets	2,723					2,723	
Acquisition or Construction of Capital Assets	(496,890)	(521,059)	(54,855)			(1,072,804)	
Net Cash from Capital and Related Financing Activities	\$ (1,164,917)	\$ (769,266)	\$ (466,518)	\$ (29,124)	\$ 0	\$ (2,429,825)	\$ 0
Cash Flows from Investing Activities:							
Interest and Dividends on Investments	\$ 19,490	\$ 3,228	\$ 10,202	\$	\$ 515	\$ 33,435	\$ 2,035
Net Cash from Investing Activities	\$ 19,490	\$ 3,228	\$ 10,202	\$ 0	\$ 515	\$ 33,435	\$ 2,035
Change in Cash and Cash Equivalents	\$ 1,438,133	\$ 255,140	\$ 8,825	\$ 0	\$ 10,596	\$ 1,712,694	\$ 212,202
Cash and Cash Equivalents - Beginning of Year	2,452,527	1,159,713	1,811,607		47,825	5,471,672	1,008,048
Cash and Cash Equivalents - End of Year	\$ 3,890,660	\$ 1,414,853	\$ 1,820,432	\$ 0	\$ 58,421	\$ 7,184,366	\$ 1,220,250
Reconciliation of Operating Income (Loss) to Net Cash from Operating Activities:							
Operating Income (Loss)	\$ 1,036,619	\$ 993,962	\$ 48,663	\$ (70,879)	\$ 26,676	\$ 2,035,041	\$ 213,614
Adjustments to Reconcile Operating Income (Loss) to Net Cash from Operating Activities							
Depreciation and Amortization	\$ 893,491	\$	\$ 508,418	\$ 30,829	\$	\$ 1,432,738	\$
Change in Assets and Liabilities:							
Decrease (Increase) in Receivables	(23,330)	2,135	(2,925)	(490)		(24,610)	
Decrease (Increase) in Inventory	(28,346)					(28,346)	
Decrease (Increase) in Prepaid Expenses							28,700
Decrease (Increase) in Net Pension Asset	(66,653)	(66,111)	(78,867)	(19,438)		(231,069)	
Decrease (Increase) in Deferred Outflows	6,672	(6,390)	(537)	(176)		(431)	
Increase (Decrease) in Accounts Payable and Due to State	125				0	125	(326)
Increase (Decrease) in Refunds Payable	1,169					1,169	
Increase (Decrease) in Customer Deposits	11,850					11,850	
Increase (Decrease) in Accrued Expenses	7,386	14,378	5,263	(5,152)		21,875	
Increase (Decrease) in Deferred Inflows	5,348	36,210	26,362	6,600		74,520	
Total Adjustments	\$ 807,712	\$ (19,778)	\$ 457,714	\$ 12,173	\$ 0	\$ 1,257,821	\$ 28,374
Net Cash from Operating Activities	\$ 1,844,331	\$ 974,184	\$ 506,377	\$ (58,706)	\$ 26,676	\$ 3,292,862	\$ 241,988

The accompanying notes are an integral part of this statement.

CITY OF LAMESA, TEXAS

NOTES TO FINANCIAL STATEMENTS

A. Summary of Significant Accounting Policies

The City of Lamesa, Texas' (the City) financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established in GAAP and used by the City are discussed below.

1. Reporting Entity

The City is a municipal corporation governed by a Council - City Manager form of government. The City incorporated in 1917. The City provides a range of services, including tourism, general and administrative, airport, police and fire protection, maintenance of streets and other infrastructure, and recreational activities. The City also provides utilities for water, sewer, and solid waste, as well as operating the municipal golf course and providing housing assistance to local residents.

The City is empowered to levy a property tax on both real and personal properties located within its boundaries. It also is empowered by state statute to extend its corporate limits by annexation, which occurs when deemed appropriate by the City Council. The City Council (the Council) is elected by the public and has the authority to make decisions, appoint administrators and managers, and significantly influence operations. The Council also has the primary accountability for fiscal matters. Therefore, the City is a financial reporting entity as defined by the GASB in its Statement No. 61, *The Financial Reporting Entity*.

GASB Statement No. 61 identifies criteria for determining if other entities are potential component units that should be reported within the City's basic financial statements. The application of these criteria provides for identification of any entities for which the City is financially accountable and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's basic financial statements to be misleading. Based on the application of these criteria, two component units, Lamesa Economic Development Corporation (LEDC) and Lamesa Economic Alliance Project (LEAP), are included within the reporting City. The City is financially accountable for the Corporation, establishes the sales tax that is the principal source of revenue for the Corporation, and appoints the Board of Directors. This component unit has been discretely presented in the accompanying financial statements. Complete financial statements for the component units can be obtained from their office at 123 Main Avenue, Lamesa, Texas 79331.

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. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the governmental and business-type activities of the City. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

CITY OF LAMESA, TEXAS

NOTES TO FINANCIAL STATEMENTS

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the City and for each function of the City'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 City 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 City's funds, with separate statements presented for each fund category. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

The City reports the following major governmental funds:

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

The City also reports nonmajor governmental fund types:

Special Revenue: The City accounts for funds received or charged that are restricted by third parties in these accounts.

The City reports the following major enterprise funds:

Water and Wastewater Funds: These funds account for the revenues and expenses associated with providing water and sewer service to the citizens of the City.

Solid Waste Fund: This fund accounts for the revenues and expenses associated with providing solid waste service to the citizens of the City.

Municipal Golf Course: This fund accounts for the revenues and expenses associated operating the municipal golf course as a service to the citizens of the City.

Housing Program: This fund accounts for the revenues and expenses associated with the City operated housing assistance program.

CITY OF LAMESA, TEXAS

NOTES TO FINANCIAL STATEMENTS

Additionally, the City reports an Internal Service Fund which is used to account for workers' compensation insurance, property insurance, and health insurance provided to the departments of the city.

Fund Balances

The City reports fund balances under GASB Statement No. 54, which redefined how fund balances of the governmental funds are presented in the financial statements. Fund balances are classified as follows:

Non-spendable fund balance—includes the portion of net resources that cannot be spent because of their form (i.e. inventory, long-term loans, or prepaids) or because they must remain in-tact such as the principal of an endowment.

Restricted fund balance—includes the portion of net resources on which limitations are imposed by creditors, grantors, contributors, or by laws or regulations of other governments (i.e. externally imposed limitations). Amounts can be spent only for the specific purposes stipulated by external resource providers or as allowed by law through constitutional provisions or enabling legislation. Examples include grant awards and bond proceeds.

Committed fund balance—includes the portion of net resources upon which the City Council has imposed limitations on use. These are amounts that can be used only for the specific purposes determined by a *formal action* of the Council. Commitments may be changed or lifted only by the Council taking the same *formal action* that originally imposed the constraint. The *formal action* must be approved before the end of the fiscal year in which the commitment will be reflected on the financial statements.

Assigned fund balance—includes the portion of net resources for which an intended use has been established by the City Council or the City Official authorized to do so by the Council. Assignments of fund balances are much less formal than commitments and do not require formal action for their imposition or removal. In governmental funds other than the general fund, assigned fund balance represents the amount that is not restricted or committed which indicates that resources are, at a minimum, intended to be used for the purpose of that fund.

Unassigned fund balance—includes the amounts in the general fund in excess of what can properly be classified in one of the other four categories of fund balance. It is the residual classification of the general fund and includes all amounts not contained in other classifications. Unassigned amounts are technically available for any purpose. Negative residual amounts for all other governmental funds are reported in this classification.

CITY OF LAMESA, TEXAS

NOTES TO FINANCIAL STATEMENTS

Fund Balance Policy

Committed Fund Balance—The City Council is the City's highest level of decision-making authority and the formal action that is required to be taken to establish, modify, or rescind a fund balance commitment is a resolution approved by the Council at the City's Council meeting. The resolution must either be approved or rescinded, as applicable, prior to the last day of the fiscal year for which the commitment is made. The amount subject to the constraint may be determined in the subsequent period (i.e. the Council may approve the calculation or formula for determining the amount to be committed).

Assigned Fund Balance—The City Council authorizes the City Manager as the City Official responsible for the assignment of fund balance to a specific purpose as approved by this fund balance policy.

Order of Expenditure of Funds

When multiple categories of fund balances are available for expenditure (for example, a construction project is being funded partly by a grant, funds set aside by the City Council, and unassigned fund balance), the City will first spend the most restricted funds before moving down to the next most restrictive category with available funds, but also reserves the right to deviate from this general strategy when appropriate.

b. Measurement Focus, Basis of Accounting

Government-wide and Proprietary Fund Financial Statements: These financial statements are reported using the economic resources measurement focus. The government-wide and proprietary fund financial statements 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 City 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 are 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 City considers all revenues reported in the governmental funds to be available if the revenues are collected within 45 days after year-end. Revenues from local sources consist primarily of property taxes, franchise taxes, and gross receipts 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.

CITY OF LAMESA, TEXAS

NOTES TO FINANCIAL STATEMENTS

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise funds are charges to customers for sales and services. The City also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

3. Financial Statement Amounts

a. Cash and Cash Equivalents

For purposes of the statement of cash flows, cash in bank, restricted cash, and certificates of deposit are considered to be cash equivalents.

Restricted Cash and Cash Equivalents consisted of funds restricted for closure and post closure obligations related to the City's landfill operations recorded in the Solid Waste Fund. As of September 30, 2021, the restricted balance was \$664,026.

b. 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 Fund are based upon historical experience in collecting property taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the City is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature.

c. Prepaid Items

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

d. Inventory – Supplies

Inventory is valued at the lower of FIFO cost (first in, first out) or market. Inventory in the Water and Wastewater Fund consists of supplies held for future use.

CITY OF LAMESA, TEXAS

NOTES TO FINANCIAL STATEMENTS

e. Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital 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 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 Classes	Estimated Useful Lives (Years)
Buildings	20-50
Improvements Other than Buildings	20
Machinery and Equipment	5-10
Infrastructure	20-50

f. Receivable Balances

Receivables as of year-end for the City's individual major funds and non-major, internal service, and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	Governmental Activities	Business-Type Activities	Total
Receivables:			
Customer Accounts	\$	\$ 399,383	\$ 399,383
Unbilled Revenue		452,050	452,050
Property Taxes	643,537		643,537
Franchise Fees	107,188		107,188
Hotel Occupancy Taxes	25,060		25,060
Sales Tax	392,230		392,230
Paving Liens	226,932		226,932
Other	17,303		17,303
Gross Receivables	\$ 1,412,250	\$ 851,433	\$ 2,263,683
Less: Allowance for Uncollectibles	(666,998)	(154,171)	(821,169)
Net Total Receivables	\$ 745,252	\$ 697,262	\$ 1,442,514

CITY OF LAMESA, TEXAS

NOTES TO FINANCIAL STATEMENTS

g. Deferred Inflows of Resources Reported in the Governmental Funds

In addition to liabilities, the balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of fund balance that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The City has only one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes and grants. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. As of September 30, 2021, the City reported unavailable revenue from property taxes in the amount of \$206,828 and unavailable revenue in the amount of \$1,133,249 from grants.

h. Deferred Inflows and Outflows of Resources in the Statement of Net Position

In addition to assets and liabilities, the statements of net position will sometimes report a separate sections for deferred inflows and outflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The amounts reported by the City in this section of the government-wide statement of net position all related to pension plans reported by the county, except for deferred charges on refunding as recognized by the City in prior periods. The deferred charge is related to a bond refunding on Canadian River Municipal Water Authority (CRMWA) and is being amortized to interest expense over the life of the new bond issuance. As of September 30, 2021, the City reported \$100,883 as unamortized deferred charges on refunding. For more information on the pension related deferred inflows and outflows of resources, see their respective notes.

i. Compensated Absences

Compensated absences (general leave) for the City 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 for any accrued general leave earned as set forth by personnel policy.

Vested or accumulated general leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Amounts of vested or accumulated general leave that are not expected to be liquidated with expendable available financial resources are maintained separately and represents a reconciling item between the fund and government-wide presentations. Vested or accumulated general leave of proprietary funds is recorded as an expense and liability of those funds as the benefits accrue to employees.

CITY OF LAMESA, TEXAS

NOTES TO FINANCIAL STATEMENTS

j. Revenues

Property taxes are billed and collected within the same period in which the taxes are levied. Subsidies and grants to proprietary funds, which finance either capital or current operations, are reported as non-operating revenue. The City also recognizes liabilities and expenses and the recipient recognizes receivables and revenue when the applicable eligibility requirements related to grants, including time requirements, are met. The City records revenue earned but unbilled related to water and wastewater and solid waste utilities, this amount is reported as accounts receivable in the financial statements with the details disclosed in the notes. Resources transmitted before the eligibility requirements are met are reported as cash paid in advance by the provider and deferred inflows of resources by the City.

k. Expenditures

Expenditures are recognized when the related fund liability is incurred. In accordance with GASB 63 and 65, any loss on bond refunding is recognized as a deferred outflow of resources on the statement of net position and amortized over the life of the refunding bonds. In addition, bond issue costs are immediately expensed.

l. 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 interfund 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.

Transfers and Interfund Payables and Receivables are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and to move unrestricted revenue collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

m. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses/expenditures during the reporting period. Actual results could differ from those estimates.

CITY OF LAMESA, TEXAS

NOTES TO FINANCIAL STATEMENTS

n. Encumbrances

The City does not utilize an encumbrance accounting system. At year-end, the City reviews commitments to determine amounts encumbered. At September 30, 2021, there were no material commitments to be indicated by a reserve in the general fund balance.

B. Deposits and Investments

The City'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 City's agent bank approved pledged securities in an amount sufficient to protect City 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.

1. Cash and Cash Equivalents

At September 30, 2021, the carrying amount of the City's cash and cash equivalents (including restricted) was \$14,128,518. The balances includes cash in bank of \$8,182,812, \$100,703 invested in Texpool, \$5,180,977 invested in certificate of deposits, and \$664,026 of restricted certificates of deposit. The City's cash and cash equivalents at September 30, 2021, and during the year then ended were entirely covered by FDIC insurance or by pledged collateral held by the City's agent bank in the City's name.

2. Investments

The City is required by Government Code Chapter 2256, The Public Funds Investment Act, to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, and (9) bid solicitation preferences for certificates of deposit.

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

3. Analysis of Specific Deposit and Investment Risks

Standards require a determination as to whether the City 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. At year end, the City's investments were not exposed to credit risk.

CITY OF LAMESA, TEXAS

NOTES TO FINANCIAL STATEMENTS

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 City'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 City's name. At year end, the City 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 City's only investments were certificates of deposit which were fully covered by pledge collateral at year end.

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 City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

e. Foreign Currency Risk

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

C. Due to EDC's and Due from City

The City recorded a liability to the component units in the amount of \$130,743 for sales taxes not passed through as of September 30, 2021.

D. Water Rights and Related Debt with CRMWA

The City, along with several West Texas municipalities, entered into various contracts with the Canadian River Municipal Water Authority, to participate in the construction and maintenance of water gathering, holding, treatment, and transmission facilities. Under the agreements, CRMWA agreed to issue revenue bonds to finance construction and maintenance of the facilities and the City agreed to pay back their share of the total annual debt service requirements.

CITY OF LAMESA, TEXAS

NOTES TO FINANCIAL STATEMENTS

The following schedules comprise the debt outstanding related to the CRMWA contracts as September 30, 2021:

Water Facilities Debt	Balance 10/1/2020	Additions	Principal Payments	Balance 9/30/2021
Series 2012, Refunding, BUREC	\$ 740,748	\$	\$ 153,906	\$ 586,842
Series 2017, Refunding CUP	210,019		22,698	187,321
Series 2011, Refunding, CUP	1,170,434	(170,369)	80,005	920,060
Series 2014, Refunding, CUP	420,655		57,120	363,535
	<u>\$ 2,541,856</u>	<u>\$ (170,369)</u>	<u>\$ 313,729</u>	<u>\$ 2,057,758</u>

Water Facilities Debt	Maturity	Interest Rates
Revenue Refunding Bonds, Conjunctive Use Groundwater Supply Project, Series 2017	2029	3.0%-5.0%
Revenue Refunding Bonds, Conjunctive Use Groundwater Supply Project, Series 2011	2031	3.0%-5.0%
Revenue Refunding Bonds, Conjunctive Use Groundwater Supply Project, Series 2012	2025	2.6%
Revenue Refunding Bonds, Conjunctive Use Groundwater Supply Project, Series 2014	2027	2.0%-5.0%

The City paid \$100,668 in interest related to this debt for the year ended September 30, 2021.

Debt service requirements on all long-term debt outstanding at September 30, 2021, are as follows:

Year Ending September 30,	CMRWA		
	Principal	Interest	Total
2022	\$ 325,513	\$ 99,866	\$ 425,379
2023	341,537	84,085	425,622
2024	358,914	67,088	426,002
2025	265,230	49,141	314,371
2026	198,417	35,880	234,297
2027-2031	568,147	65,427	633,574
Totals	<u>\$ 2,057,758</u>	<u>\$ 401,487</u>	<u>\$ 2,459,245</u>

Investment in water facilities at cost as of September 30, 2021 is as follows:

Cost:	Beginning	Additions	Deletions/Other	Ending
CRMWA - Water Rights	\$ 6,680,247	\$	\$	\$ 6,680,247
Accumulated Amortization:				
CRMWA - Water Rights	(4,402,047)	(269,713)		(4,671,760)
Net Investment in Water Facilities	<u>\$ 2,278,200</u>	<u>\$ (269,713)</u>	<u>\$ 0</u>	<u>\$ 2,008,487</u>
Total Related Debt:				<u>\$ 2,057,758</u>
Excess Debt over Related Water Rights				<u>\$ (49,271)</u>

CITY OF LAMESA, TEXAS

NOTES TO FINANCIAL STATEMENTS

E. Capital Assets

Capital asset activity for the year ended September 30, 2021, was as follows:

Governmental Activities:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Governmental Activities:				
Capital Assets Not Being Depreciated				
Land and Improvements	\$ 14,988	\$	\$	\$ 14,988
Total Capital Assets Not Being Depreciated	<u>\$ 14,988</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 14,988</u>
Depreciable Assets				
Buildings	\$ 2,679,458	\$	\$	\$ 2,679,458
Improvements Other than Buildings	2,197,982	407,254		2,605,236
Machinery and Equipment	<u>4,845,539</u>	<u>149,545</u>	<u>135,403</u>	<u>4,859,681</u>
Total Capital Assets Being Depreciated	<u>\$ 9,722,979</u>	<u>\$ 556,799</u>	<u>\$ 135,403</u>	<u>\$ 10,144,375</u>
Less Accumulated Depreciation for:				
Buildings	\$ 781,354	\$ 98,832	\$	\$ 880,186
Improvements Other than Buildings	895,032	120,677		1,015,709
Machinery and Equipment	<u>3,418,812</u>	<u>361,659</u>	<u>115,348</u>	<u>3,665,123</u>
Total Accumulated Depreciation	<u>\$ 5,095,198</u>	<u>\$ 581,168</u>	<u>\$ 115,348</u>	<u>\$ 5,561,018</u>
Total Capital Assets Being Depreciated, Net	<u>\$ 4,627,781</u>	<u>\$ (24,369)</u>	<u>\$ 20,055</u>	<u>\$ 4,583,357</u>
Governmental Activities Capital Assets, Net	<u><u>\$ 4,642,769</u></u>	<u><u>\$ (24,369)</u></u>	<u><u>\$ 20,055</u></u>	<u><u>\$ 4,598,345</u></u>

Depreciation was charged to the governmental activities as follows:

Administration	\$ 11,119
General Government	29,927
Tourism	12,814
Fire	91,780
Streets	93,355
Vehicle Services	47,639
Police	108,257
Parks and Recreation	<u>186,277</u>
Total Depreciation	<u><u>\$ 581,168</u></u>

CITY OF LAMESA, TEXAS

NOTES TO FINANCIAL STATEMENTS

Business-Type Activities:

	<u>Beginning</u> <u>Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending</u> <u>Balances</u>
Business-Type Activities:				
Capital Assets Not Being Depreciated				
Land	\$ 369,238	\$	\$	\$ 369,238
Construction in Progress	167,088	889,851		1,056,939
Total Capital Assets Not Being Depreciated	<u>\$ 536,326</u>	<u>\$ 889,851</u>	<u>\$ 0</u>	<u>\$ 1,426,177</u>
Depreciable Assets				
Buildings	\$ 2,599,635	\$ 54,000	\$	\$ 2,653,635
Improvements other than Buildings	10,549,583	78,661		10,628,244
Machinery and Equipment	9,574,827	50,291		9,625,118
Infrastructure	<u>6,816,493</u>			<u>6,816,493</u>
Total Capital Assets Being Depreciated	<u>\$ 29,540,538</u>	<u>\$ 182,952</u>	<u>\$ 0</u>	<u>\$ 29,723,490</u>
Less Accumulated Depreciation for:				
Buildings	\$ 2,109,886	\$ 103,899	\$	\$ 2,213,785
Improvements other than Buildings	6,291,672	331,587		6,623,259
Machinery and Equipment	7,096,611	528,036		7,624,647
Infrastructure	<u>1,945,287</u>	<u>170,414</u>		<u>2,115,701</u>
Total Accumulated Depreciation	<u>\$ 17,443,456</u>	<u>\$ 1,133,936</u>	<u>\$ 0</u>	<u>\$ 18,577,392</u>
Total Capital Assets Being Depreciated, Net	<u>\$ 12,097,082</u>	<u>\$ (950,984)</u>	<u>\$ 0</u>	<u>\$ 11,146,098</u>
Business-Type Activities Capital Assets, Net	<u>\$ 12,633,408</u>	<u>\$ (61,133)</u>	<u>\$ 0</u>	<u>\$ 12,572,275</u>

CITY OF LAMESA, TEXAS

NOTES TO FINANCIAL STATEMENTS

F. Noncurrent Liabilities

1. Noncurrent Liabilities Activity

Noncurrent liabilities include debt, net pension liability, and accrued compensated absences. Changes in long-term obligations for the year ended September 30, 2021, are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental Activities:					
Notes Payable	\$ 127,844	\$	\$ 17,923	\$ 109,921	\$
Capital Leases	376,127		139,115	237,012	125,227
Compensated Absences	73,384	9,645		83,029	20,757
Total Governmental Activities	\$ 577,355	\$ 9,645	\$ 157,038	\$ 429,962	\$ 145,984
Business-Type Activities:					
Notes Payable	\$ 5,189,157	\$ 125,000	\$ 302,810	\$ 5,011,347	\$ 100,000
CRMWA Bonds Payable	2,541,856	(170,369)	313,729	2,057,758	325,513
Bond Issuance Premiums	398,474		22,354	376,120	
Capital Leases	2,565,815		340,675	2,225,140	452,680
Compensated Absences	62,986	14,576		77,562	19,340
Total Business-Type Activities	\$ 10,758,288	\$ (30,793)	\$ 979,568	\$ 9,747,927	\$ 897,533

The City also amortized \$7,938 of deferred charges on refunding to interest expense during the year ended September 30, 2021.

The funds typically used to liquidate other long-term liabilities in the past are as follows:

Liability	Activity Type	Fund
Compensated Absences	Governmental	General
Compensated Absences	Business-Type	Proprietary
Closure and Post Closure Costs	Governmental	Proprietary
Net Pension Liability	Governmental	General
Net Pension Liability	Business-Type	Proprietary

CITY OF LAMESA, TEXAS

NOTES TO FINANCIAL STATEMENTS

The issues dates, maturity dates, and interest rates applicable for notes payable and capital leases are as follows:

	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Interest Rates</u>	<u>Maturity Date</u>	<u>Outstanding</u>
Governmental Activities:					
Notes Payable:					
Tax Note 2019	10/1/2019	\$ 147,775	1.94%	10/15/2026	\$ 109,922
Capital Leases:					
2017 Dump Truck	7/10/2017	94,676	3.10%	2/28/2022	19,914
2017 Toro Mower	5/5/2017	35,096	0.00%	5/5/2022	1,844
2018 Fire Truck	6/1/2018	125,000	4.75%	2/15/2023	52,740
3 Kubota Mowers	10/1/2018	54,199	3.33%	10/1/2022	15,397
2 2019 Tahoe Police Cruisers	1/31/2019	128,000	4.24%	1/31/2023	66,655
Chevrolet Silverado	1/14/2019	28,063	5.26%	1/14/2023	15,039
2 Chevrolet Silverardos	1/14/2019	32,635	5.26%	1/14/2023	17,198
2 Chevrolet Silverardos	1/14/2019	63,328	5.26%	1/14/2023	33,429
2 Chevrolet Silverardos	1/14/2019	28,490	5.26%	1/14/2023	14,795
		<u>\$ 758,262</u>			<u>\$ 346,933</u>

	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Interest Rates</u>	<u>Maturity Date</u>	<u>Outstanding</u>
Business-Type Activities:					
Notes Payable:					
Series 2019 - G.O. Refunding Bonds	11/21/2006	\$ 3,925,000	4.25%	12/1/2014	\$ 3,825,000
Tax Note 2019	10/1/2019	1,461,225	1.94%	10/15/2026	1,061,347
Series 2021 - Tax and Revenue C.O.'s	2/23/2021	7,035,000	3.13%	2/23/2061	125,000
Capital Leases:					
AAIG Water Meter Lease	4/28/2017	1,790,371	3.37%	5/1/2029	1,248,998
924K Caterpillar Wheel Loader	5/6/2015	145,110	2.75%	5/31/2022	77,629
2017 CAT Backhoe Loader	3/1/2017	87,490	3.20%	2/1/2022	18,643
2017 Golf Carts	4/13/2017	85,680	3.49%	4/22/2017	36,998
2017 Toro Mower	6/5/2017	61,080	0.00%	6/5/2022	6,290
2018 Refuse Truck with Sideloader	10/1/2017	215,526	5.26%	3/30/2022	45,402
Caterpillar Compactor	3/5/2020	758,915	3.35%	3/5/2027	588,007
2 Chevrolet Silverardos	1/14/2019	32,635	5.26%	1/14/2023	17,196
2 Chevrolet Silverardos	1/14/2019	42,734	5.26%	1/14/2023	22,959
Skid Steer	3/1/2019	42,970	5.23%	12/1/2021	20,035
Motor Grader 2019	2/4/2019	188,228	5.05%	9/1/2023	142,983
		<u>\$ 16,289,358</u>			<u>\$ 7,236,487</u>

CITY OF LAMESA, TEXAS

NOTES TO FINANCIAL STATEMENTS

2. Debt Service Requirements

Debt service requirements on notes payable as of September 30, 2021, are as follows:

Year Ending September 30,	Governmental Activities		
	Principal	Interest	Total
2022	\$	\$ 1,066	\$ 1,066
2023	21,121	1,928	23,049
2024	21,590	1,513	23,103
2025	21,966	1,091	23,057
2026	22,435	660	23,095
2027	22,809	221	23,030
Totals	\$ 109,921	\$ 6,479	\$ 116,400

Year Ending September 30,	Business-Type Activities		
	Principal	Interest	Total
2022	\$ 100,000	\$ 142,283	\$ 242,283
2023	428,931	147,600	576,531
2024	313,463	140,524	453,987
2025	322,088	133,220	455,308
2026	331,620	125,686	457,306
2027-2031	830,245	454,724	1,284,969
2032-2036	730,000	419,338	1,149,338
2037-2041	895,000	258,169	1,153,169
2042-2046	1,060,000	88,238	1,148,238
Totals	\$ 5,011,347	\$ 1,909,782	\$ 6,921,129

3. Capital Leases

The assets acquired through capital leases are as follows:

	Governmental Activities	Business-Type Activities
Small Equipment	\$ 89,295	\$ 1,589,064
Vehicles	491,764	75,369
Heavy Equipment	94,676	1,413,907
Less: Accumulated Depreciation	(384,584)	(2,251,374)
Totals	\$ 291,151	\$ 826,966

During the year ended September 30, 2021, capital lease assets accounted for \$119,621 and \$268,377 of depreciation expense for governmental and business-type activities, respectively.

CITY OF LAMESA, TEXAS

NOTES TO FINANCIAL STATEMENTS

Commitments under capitalized lease agreements for facilities and equipment provide for minimum future lease payments as of September 30, 2021, as follows:

Year Ending September 30,	Governmental Activities		
	Principal	Interest	Total
2022	\$ 125,227	\$ 10,612	\$ 135,839
2023	94,790	4,857	99,647
2024	16,995	3,953	20,948
Total Minimum Rentals	\$ 237,012	\$ 19,422	\$ 256,434

Year Ending September 30,	Business-Type Activities		
	Principal	Interest	Total
2022	\$ 452,680	\$ 76,071	\$ 528,751
2023	257,100	61,665	318,765
2024	343,083	49,077	392,160
2025	236,283	40,224	276,507
2026	243,905	32,602	276,507
2027-2030	692,089	49,558	741,647
Total Minimum Rentals	\$ 2,225,140	\$ 309,197	\$ 2,534,337

G. Pension Plans

Texas Municipal Retirement System (TMRS)

Plan Description

The City participates as one of 895 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401(a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.tmr.com.

All eligible employees of the city are required to participate in TMRS.

Benefits Provided

TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the city, within the options available in the state statutes governing TMRS.

CITY OF LAMESA, TEXAS

NOTES TO FINANCIAL STATEMENTS

At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the city-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven payments options. Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75.00% of the member's deposits and interest.

Currently the City has adopted the following provisions related to the pension plan:

	<u>December 31, 2020</u>
Employee Deposit Rate	7.00%
Matching Ratio (City to Employee)	1.5 to 1
Years Required for Vesting	5
Service Requirement Eligibility (Expressed as Age / Years of Service)	60/5,0/25
Updated Service Credit	100% Repeating, Transfers
Annuity Increase (to Retirees)	0% of CPI

Employees Covered by Benefit Terms

At the December 31, 2020 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefits	61
Inactive Employees Entitled to but not Yet Receiving Benefits	87
Active Employees	<u>82</u>
Total Plan Employees	<u><u>230</u></u>

Contributions

The contribution rates for employees in TMRS are either 5.00%, 6.00%, or 7.00% of employee gross earnings, and the City matching percentages are either 100.00%, 150.00%, or 200.00%, both as adopted by the governing body of the City. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Employees for the City were required to contribute 7.00% of their annual gross earnings during the fiscal year. The required contribution rate for the City was 4.76% and 4.64% in calendar years 2020 and 2021, respectively. The City's contributions to TMRS for the year ended September 30, 2021, were \$172,488, and were equal to the required contributions.

CITY OF LAMESA, TEXAS

NOTES TO FINANCIAL STATEMENTS

Net Pension Liability

The City's Net Pension Asset (NPA) was measured as of December 31, 2020, and the Total Pension Liability (TPL) used to calculate the NPA was determined by an actuarial valuation as of that date.

Actuarial Assumptions

Inflation	2.50% per year
Overall Payroll Growth	2.75% per year
Investment Rate of Return	6.75%, net of pension plan investment expense, including inflation
Amortization Period	N/A

Salary increases are based on a service-related table. Mortality rates for active members are based on the PUB(10) mortality tables with the Public Safety table used for males and the General Employee table used for females. Mortality rates for healthy retirees and beneficiaries are based on the Gender-distinct 2019 Municipal Retirees of Texas mortality tables. The rates for actives, healthy retirees and beneficiaries are projected on a fully generational basis by Scale UMP to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees is used with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3.0% minimum mortality rate is applied, for males and females respectively, to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2014 to December 31, 2018. They were adopted in 2019 and first used in the December 31, 2019 actuarial valuation. The postretirement mortality assumption for Annuity Purchase Rates (APRs) is based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive).

CITY OF LAMESA, TEXAS

NOTES TO FINANCIAL STATEMENTS

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return (Arithmetic)</u>
Domestic Equity	30.00%	5.30%
Core Fixed Income	10.00%	1.25%
Non-Core Fixed Income	20.00%	4.14%
Real Return	10.00%	3.85%
Real Estate	10.00%	4.00%
Absolute Return	10.00%	3.48%
Private Equity	10.00%	7.75%

Discount Rate

The discount rate used to measure the Total Pension Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

Changes in Net Pension Asset/Liability

	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net Pension (Liability)/Asset</u>
Balance 12/31/2019	\$ 16,159,019	\$ 16,900,465	\$ 741,446
Service Cost	425,699		(425,699)
Interest (on the Total Pension Liability)	1,054,966		(1,054,966)
Changes in Proportionate Share	(2,267)		2,267
Difference Between Expected and Actual Experience	(415,139)		415,139
Contributions - Employee		168,961	168,961
Contributions - Employer		251,731	251,731
Net Investment Income		1,271,092	1,271,092
Benefit Payments	(1,262,151)	(1,262,151)	
Administrative Expense		(8,247)	(8,247)
Other		(322)	(322)
Balance 12/31/2020	<u>\$ 15,960,127</u>	<u>\$ 17,321,529</u>	<u>\$ 1,361,402</u>

CITY OF LAMESA, TEXAS

NOTES TO FINANCIAL STATEMENTS

Sensitivity of the Net Pension Asset/(Liability) to Changes in the Discount Rate

The following presents the net pension asset/(liability) of the City, calculated using the discount rate of 6.75%, as well as what the City’s net pension asset/(liability) would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

<u>1% Decrease</u>	<u>Current Rate Assumption</u>	<u>1% Increase</u>
\$ (418,950) \$	1,361,402 \$	2,852,063

Pension Plan Fiduciary Net Position

Detailed information about the pension plan’s Fiduciary Net Position is available in a separately-issued TMRS financial report. That report may be obtained on the Internet at www.tmr.com.

Pension Expense, Deferred Outflows, and Deferred Inflows Related to Pensions

For the year ended September 30, 2021, the City recognized pension income of \$245,381 and calculated as shown below:

Total Service Cost	\$ 425,699
Interest on the Total Pension Liability	1,054,966
Employee Contributions (Reduction of Expense)	(250,412)
Projected Earnings on Plan Investments (Reduction of Expense)	(1,133,398)
Administrative Expense	8,247
Other Changes in Fiduciary Net Position	322
Recognition of Current Year Outflow (Inflow) of Resources-Liabilities	(167,287)
Recognition of Current Year Outflow (Inflow) of Resources-Assets	<u>(183,518)</u>
Total Pension Expense	<u>\$ (245,381)</u>

At September 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Deferred Outflows and Inflows of Resources - Pension Plan</u>	<u>Plan Year</u>	<u>Amount</u>	<u>Amortization Period</u>
Employer Contribution Deferrals	2020	\$ 131,589	1.000
Differences Between Projected and Actual Investment Earnings	2017	(208,506)	1.000
Differences Between Projected and Actual Investment Earnings	2018	628,250	2.000
Differences Between Projected and Actual Investment Earnings	2019	(780,348)	3.000
Differences Between Projected and Actual Investment Earnings	2020	(110,156)	4.000
Differences Between Expected and Actual Economic Experience	2018	1,158	0.180
Differences Between Expected and Actual Economic Experience	2019	(8,523)	1.030
Differences Between Expected and Actual Economic Experience	2020	(262,514)	1.720
Changes in Assumptions	2019	<u>(5,029)</u>	1.030
Total Deferred Outflows and Inflows of Resources		<u>\$ (614,079)</u>	

CITY OF LAMESA, TEXAS

NOTES TO FINANCIAL STATEMENTS

Amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Plan Year	Amortization of Deferred Outflows
2021	\$ (215,168)
2022	(83,715)
2023	(287,656)
2024	(27,540)
	<u>\$ (614,079)</u>

H. Closure and Post Closure Care Cost

State and federal laws and regulations require the City to place a final cover on its Sanitary Landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. Although closure and post-closure care costs will be paid only near or after the date that the landfill stops accepting waste, the City reports a portion of these closure and post closure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date.

The \$634,776 reported as landfill closure and post closure care liability at September 30, 2021, represents the cumulative amount reported to date based on the use of 43.33% of the estimated capacity of the landfill. The City will recognize the remaining estimated cost of closure and post closure care of \$830,260 as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and post closure care at September 30, 2021. Actual costs in the future may be higher due to inflation, changes in technology, or changes in regulations. The City has restricted cash equivalents in the amount of \$664,026 to cover the landfill closure and post closure care liability at September 30, 2021.

I. Transfers and Internal Balances

Transfers for the year ended September 30, 2021 were as follows:

Transfers Out	Transfers In	Amount Transferred In/Out	Reason
Water and Wastewater	General	\$ 203,668	Payments in Lieu of Taxes

CITY OF LAMESA, TEXAS

NOTES TO FINANCIAL STATEMENTS

Internal balances for the year ended September 30, 2021 were as follows:

<u>Payable</u>	<u>Receivable</u>	<u>Amount Payable/ Receivable</u>	<u>Reason</u>
Golf Course	Intneral Service	\$ (96,624)	Short Term Loans
Housing	General Fund	(644)	Unreimbursed year end accruals
		<u>\$ (97,268)</u>	

J. Commitments, Contingencies, Litigation, and Subsequent Events

1. Contingencies

The City 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 City 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 City, 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

There is no pending litigation against the City as of September 30, 2021, that would have material effect on the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

**SCHEDULE OF CHANGES IN THE PLAN'S NET PENSION LIABILITY AND RELATED RATIOS
DEFINED BENEFIT RETIREMENT PLAN - TMRS
SEPTEMBER 30, 2021**

REQUIRED SUPPLEMENTARY INFORMATION

	<u>12/31/2014</u>	<u>12/31/2015</u>	<u>12/31/2016</u>	<u>12/31/2017</u>	<u>12/31/2018</u>	<u>12/31/2019</u>	<u>12/31/2020</u>
	<u>Total Pension Liability</u>	<u>Total Pension Liability</u>	<u>Total Pension Liability</u>	<u>Total Pension Liability</u>	<u>Total Pension Liability</u>	<u>Total Pension Liability</u>	<u>Total Pension Liability</u>
Service Cost	\$ 282,891	\$ 347,047	\$ 385,200	\$ 378,238	\$ 402,028	\$ 417,905	\$ 425,699
Interest	942,356	952,107	957,835	979,170	1,000,983	1,031,274	1,054,966
Benefit Payments	(936,288)	(838,328)	(863,787)	(1,034,312)	(1,035,570)	(960,081)	(1,262,151)
Differences Between Expected and Actual Experience	(58,046)	(210,717)	(41,952)	(91,907)	20,450	(24,788)	(415,139)
Changes in Assumptions		378,081				(15,085)	
Changes in Proportionate Share		12,187	107	(339)	(5,220)	(1,346)	(2,267)
Net Change	\$ 230,913	\$ 640,377	\$ 437,403	\$ 230,850	\$ 382,671	\$ 447,879	\$ (198,892)
Beginning Balance	13,788,926	14,019,839	14,660,216	15,097,619	15,328,469	15,711,140	16,159,019
Ending Balance	\$ 14,019,839	\$ 14,660,216	\$ 15,097,619	\$ 15,328,469	\$ 15,711,140	\$ 16,159,019	\$ 15,960,127
	<u>Fiduciary Net Position</u>	<u>Fiduciary Net Position</u>	<u>Fiduciary Net Position</u>	<u>Fiduciary Net Position</u>	<u>Fiduciary Net Position</u>	<u>Fiduciary Net Position</u>	<u>Fiduciary Net Position</u>
Employee Contributions	\$ 111,570	\$ 123,611	\$ 115,147	\$ 129,241	\$ 157,272	\$ 153,599	\$ 170,280
Employer Contributions	206,611	230,866	223,767	220,642	233,737	241,618	250,412
Net Investment Income	845,908	21,871	965,856	2,034,774	(482,183)	2,313,286	1,271,092
Benefit Payments	(936,288)	(838,328)	(863,787)	(1,034,312)	(1,035,570)	(960,081)	(1,262,151)
Administration Expenses	(8,834)	(13,323)	(10,921)	(10,558)	(9,335)	(13,105)	(8,247)
Other	(727)	(658)	(588)	(535)	(493)	(393)	(322)
Net Change	\$ 218,240	\$ (475,961)	\$ 429,474	\$ 1,339,252	\$ (1,136,572)	\$ 1,734,924	\$ 421,064
Beginning Balance	14,791,108	15,009,348	14,533,387	14,962,861	16,302,113	15,165,541	16,900,465
Ending Balance	\$ 15,009,348	\$ 14,533,387	\$ 14,962,861	\$ 16,302,113	\$ 15,165,541	\$ 16,900,465	\$ 17,321,529
Net Pension Liability (Asset)	\$ (989,509)	\$ 126,829	\$ 134,758	\$ (973,644)	\$ 545,599	\$ (741,446)	\$ (1,361,402)
Fiduciary Net Position as a Percentage of Total Pension Liability	107.06%	99.13%	99.11%	106.35%	96.53%	104.59%	108.53%
Covered Payroll	\$ 2,951,577	\$ 3,018,839	\$ 3,196,675	\$ 3,152,025	\$ 3,339,101	\$ 3,451,681	\$ 3,596,108
Net Pension Liability as a Percentage of Covered Payroll	-33.52%	4.20%	4.22%	-30.89%	16.34%	-21.48%	-37.86%

Note: Only seven years of GASB 68 data available as of 12/31/2020. The remaining three years of data will be built on a go forward basis.

**SCHEDULE OF EMPLOYER CONTRIBUTIONS
DEFINED BENEFIT RETIREMENT PLAN - TMRS
SEPTEMBER 30, 2021**

REQUIRED SUPPLEMENTARY INFORMATION

	<u>9/30/2015</u>	<u>9/30/2016</u>	<u>9/30/2017</u>	<u>9/30/2018</u>	<u>9/30/2019</u>	<u>9/30/2020</u>	<u>9/30/2021</u>
Actuarially Determined Contribution	\$ 108,392	\$ 115,527	\$ 126,561	\$ 151,708	\$ 160,475	\$ 165,273	\$ 172,488
Actual Contributions	<u>108,392</u>	<u>131,856</u>	<u>126,561</u>	<u>151,708</u>	<u>160,475</u>	<u>165,273</u>	<u>172,488</u>
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ (16,329)</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Cover Payroll	\$ 2,951,577	\$ 3,173,266	\$ 3,117,705	\$ 3,408,655	\$ 3,552,511	\$ 3,525,362	\$ 3,695,186
Contributions as a Percentage of Covered Employee Payroll	3.67%	4.16%	4.06%	4.45%	4.52%	4.69%	4.67%

Note: Only seven years of GASB 68 data available as of 09/30/2021. The remaining three years of data will be built on a go forward basis.

CITY OF LAMESA, TEXAS

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
TEXAS MUNICIPAL RETIREMENT SYSTEM PENSION PLAN
SEPTEMBER 30, 2021

Valuation Date:

Notes Actuarially determined contribution rates are calculated as of December 31 and become effective in January, 13 months later.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	N/A
Asset Valuation Method	10 Year Smoothed Market; 15% Soft Corridor
Inflation	2.50%
Salary Increases	3.50% to 10.50% Including Inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2019 valuation pursuant to an experience study of the period 2014 - 2018.
Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP. Pre-retirement: PUB(10) mortality tables, with the Public Safety table used for males and the General Employee table used for females. The rates are projected on a fully generational basis with scale UMP.

Other Information:

Notes There were no changes in benefits or assumptions during the year.

CITY OF LAMESA, TEXAS

EXHIBIT B-3

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Budgeted Amounts		Actual GAAP Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenue:				
Taxes:				
General Property and Sales Taxes	\$ 2,336,095	\$ 2,336,095	\$ 2,346,308	\$ 10,213
General Sales Taxes	1,146,500	1,146,500	1,313,899	167,399
Gross Receipts Business Taxes	498,500	478,500	518,838	40,338
Licenses and Permits	31,300	32,400	82,934	50,534
Charges for Services			6,500	6,500
Fines and Fees	50,900	52,500	69,884	17,384
Investment Earnings	38,500	37,500	40,226	2,726
Intergovernmental	264,116	264,116	159,677	(104,439)
Use of Money and Property	18,200	18,200	15,640	(2,560)
Miscellaneous	340,235	238,548	326,339	87,791
Total Revenues	<u>\$ 4,724,346</u>	<u>\$ 4,604,359</u>	<u>\$ 4,880,245</u>	<u>\$ 275,886</u>
Expenditures:				
Current:				
Administration	\$ 633,361	\$ 713,825	\$ 586,413	\$ 127,412
General Government	350,375	351,266	328,761	22,505
Fire	838,410	838,412	666,358	172,054
Streets	639,939	544,938	768,489	(223,551)
Vehicle Services	35,129	36,486	15,856	20,630
Police	1,910,236	2,053,979	1,912,565	141,414
Parks and Recreation	700,380	735,987	855,042	(119,055)
Debt Service:				
Principal			157,038	(157,038)
Interest and Fiscal Charges			17,983	(17,983)
Total Expenditures	<u>\$ 5,107,830</u>	<u>\$ 5,274,893</u>	<u>\$ 5,308,505</u>	<u>\$ (33,612)</u>
Revenues Under Expenditures	<u>\$ (383,484)</u>	<u>\$ (670,534)</u>	<u>\$ (428,260)</u>	<u>\$ 242,274</u>
Other Financing Sources (Uses):				
Transfers In	\$	\$	\$ 203,668	\$ 203,668
Sale of Real and Personal Property			2,574	2,574
Total Other Financing Sources	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 206,242</u>	<u>\$ 206,242</u>
Net Change in Fund Balances	<u>\$ (383,484)</u>	<u>\$ (670,534)</u>	<u>\$ (222,018)</u>	<u>\$ 448,516</u>
Fund Balances - Beginning	<u>3,641,623</u>	<u>3,641,623</u>	<u>3,641,623</u>	
Fund Balances - Ending	<u>\$ 3,258,139</u>	<u>\$ 2,971,089</u>	<u>\$ 3,419,605</u>	

CITY OF LAMESA, TEXAS

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY DATA
SEPTEMBER 30, 2021**

BUDGETARY DATA

The following procedures are followed in establishing the budgetary data reflected in the basic financial statements:

- a. Prior to the beginning of the fiscal year, the City prepares a budget for the next succeeding fiscal year. The operating budget includes proposed expenditures and the means of financing them.
- b. A meeting of the Council 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 Council.

Once a budget is approved, it can be amended only by approval of a majority of the members of the Council. As required by law, such amendments are made before the fact, are reflected in the official minutes of the Council and are not made after fiscal year end. The legal level of control is at the function level. All budget appropriations lapse at year end.

The budget is presented on a basis consistent with accounting principles generally accepted in the United States of America (GAAP).

Annual budgets were adopted for all governmental funds.

COMBINING STATEMENTS AND HUD FINANCIAL DATA SCHEDULES

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2021**

	Special Revenue						Total Nonmajor Governmental Funds (See Exhibit A-3)	
	Forfeited Property Fund	Hotel/Motel Occupancy Tax	State Agency Fund	Criminal Justice Fund	Community Development Block Grant	Other Restricted Funds	Downtown Revitalization Grants	
ASSETS:								
Cash and Cash Equivalents	\$ 594	\$ 287,711	\$ 17,054	\$ 3,897	\$ 2,821	\$ 50,505	\$ 64,117	\$ 426,699
Receivables, Net of Allowances		25,060						25,060
Total Assets	<u>\$ 594</u>	<u>\$ 312,771</u>	<u>\$ 17,054</u>	<u>\$ 3,897</u>	<u>\$ 2,821</u>	<u>\$ 50,505</u>	<u>\$ 64,117</u>	<u>\$ 451,759</u>
LIABILITIES:								
Accounts Payable			\$ 17,054					\$ 17,054
Total Liabilities	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 17,054</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 17,054</u>
FUND BALANCES:								
Restricted for Enabling Legislation	\$ 594	\$ 312,771		\$ 3,897	\$ 2,821	\$ 50,505	\$ 64,117	\$ 434,705
Total Fund Balances	<u>\$ 594</u>	<u>\$ 312,771</u>	<u>\$ 0</u>	<u>\$ 3,897</u>	<u>\$ 2,821</u>	<u>\$ 50,505</u>	<u>\$ 64,117</u>	<u>\$ 434,705</u>
Total Liabilities and Fund Balances	<u>\$ 594</u>	<u>\$ 312,771</u>	<u>\$ 17,054</u>	<u>\$ 3,897</u>	<u>\$ 2,821</u>	<u>\$ 50,505</u>	<u>\$ 64,117</u>	<u>\$ 451,759</u>

**COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2021**

	Special Revenue						Total Nonmajor Governmental Funds (See Exhibit A-5)
	Forfeited Property Fund	Hotel/Motel Occupancy Tax	State Agency Fund	Criminal Justice Fund	Community Development Block Grant	Other Restricted Funds	
Revenue:							
Taxes							
Gross Receipts Business Taxes	\$	\$	\$	\$	\$	\$ 2,375	\$ 2,375
Motel Occupancy Taxes		136,344					136,344
Fines, Fees and Forfeits						4,566	4,566
Investment Earnings		695					745
Intergovernmental					37,900		112,900
Miscellaneous					5,000		5,000
Total Revenue	\$ 0	\$ 137,039	\$ 0	\$ 0	\$ 42,900	\$ 6,941	\$ 261,930
Expenditures:							
Current							
General Government	\$	\$	\$	\$	\$ 42,900	\$	\$ 53,833
Tourism		102,820				10,933	102,820
Police	9,876						9,876
Total Expenditures	\$ 9,876	\$ 102,820	\$ 0	\$ 0	\$ 42,900	\$ 0	\$ 166,529
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (9,876)	\$ 34,219	\$ 0	\$ 0	\$ 0	\$ 6,941	\$ 95,401
Fund Balances - Beginning	\$ 10,470	\$ 278,552	\$ 0	\$ 3,897	\$ 2,821	\$ 43,564	\$ 339,304
Fund Balances - Ending	\$ 594	\$ 312,771	\$ 0	\$ 3,897	\$ 2,821	\$ 50,505	\$ 434,705

CITY OF LAMESA, TEXAS

EXHIBIT C-3

HOUSING ASSISTANCE PROGRAM
PHA CODE: TX535
PHA NAME: LAMESA HOUSING AUTHORITY
SUPPLEMENTARY FINANCIAL DATA SCHEDULE
BALANCE SHEET
SEPTEMBER 30, 2021

<u>Line Item</u>		<u>HAP Fund</u>
	ASSETS:	
111	Cash and Cash Equivalents	\$ <u>58,421</u>
110	Total Cash	\$ <u>58,421</u>
150	Total Current Assets	\$ <u>58,421</u>
	Noncurrent Assets:	
	Fixed Assets:	
164	Furniture, Equipment and Machinery	\$ 21,359
166	Accumulated Depreciation	<u>(21,359)</u>
160	Total Fixed Assets, Net	\$ <u>0</u>
190	Total Assets	\$ <u><u>58,421</u></u>
	LIABILITIES:	
333	Accounts Payable	\$ <u>644</u>
	Total Liabilities	\$ <u>644</u>
	NET POSITION:	
511.1	Restricted Net Position	\$
512.1	Unrestricted Net Position	<u>57,777</u>
	Total Net Position	\$ <u>57,777</u>
600	Total Liabilities and Net Position	\$ <u><u>58,421</u></u>

CITY OF LAMESA, TEXAS

EXHIBIT C-4

HOUSING ASSISTANCE PROGRAM
PHA CODE: TX535
PHA NAME: LAMESA HOUSING AUTHORITY
SUPPLEMENTARY FINANCIAL DATA SCHEDULE
REVENUE AND EXPENSE
SEPTEMBER 30, 2021

<u>Line Item</u>		<u>HAP Fund</u>
	Operating Revenue:	
706	HUD PHA Operating Grants	\$ 456,947
711	Investment Income	515
700	Total Operating Revenue:	<u>\$ 457,462</u>
	Operating Expenses:	
911	Administrative Salaries	\$ 38,166
916	Other General Expenses	12,753
912	Accounting and Audit Fees	2,400
969	Total Operating Expenses:	<u>\$ 53,319</u>
	Excess (Deficiency) of Revenues	
970	Over (Under) Expenses	<u>\$ 404,143</u>
	Other Expenses:	
973	Housing Assistance Payments	\$ 376,952
900	Total Other Expenses:	<u>\$ 376,952</u>
	Deficiency of Expenses over Revenue	<u>\$ 27,191</u>

OVERALL COMPLIANCE AND INTERNAL CONTROL SECTION

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

CERTIFIED PUBLIC ACCOUNTANTS

PHONE: (806) 747-3806

FAX: (806) 747-3815

8215 NASHVILLE AVENUE

LUBBOCK, TEXAS 79423-1954

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Independent Auditor's Report

City Council
City of Lamesa, Texas
Lamesa, 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, the business-type activities, each major fund, and the aggregate remaining fund information of City of Lamesa, Texas, as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise City of Lamesa, Texas' basic financial statements and have issued our report thereon dated August 24, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered City of Lamesa, Texas' internal control over financial reporting (internal control) as a basis for designing 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 the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Lamesa, 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 financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Bolinger, Segars, Gilbert & Moss LLP

Certified Public Accountants

Lubbock, Texas

August 24, 2022