



CITY OF
LOCKHART, TEXAS

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2023

**ANNUAL
COMPREHENSIVE
FINANCIAL
REPORT**

FOR FISCAL YEAR ENDED
SEPTEMBER 30, 2023





*ANNUAL COMPREHENSIVE
FINANCIAL REPORT*

of the

City of Lockhart, Texas

**For the Year Ended
September 30, 2023**

Prepared by

Finance Department



City of Lockhart, Texas

TABLE OF CONTENTS

September 30, 2023

	<u>Page</u>
INTRODUCTORY SECTION	
Letter of Transmittal	1
GFOA Certificate of Achievement	7
Organizational Chart	8
List of Elected and Principal Officials	9
FINANCIAL SECTION	
Independent Auditor's Report	13
Management's Discussion and Analysis	17
Basic Financial Statements:	
Government-wide Financial Statements	
Statement of Net Position	30
Statement of Activities	34
Fund Financial Statements:	
Balance Sheet - Governmental Funds	36
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	37
Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds	38
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances Governmental Funds to the Statement of Activities	39
Statement of Net Position - Proprietary Funds	40
Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Funds	44
Statement of Cash Flows - Proprietary Funds	46
Fiduciary Funds Financial Statements	
Statement of Fiduciary Net Position	50
Statement of Changes in Fiduciary Net Position	52
Notes to the Financial Statements	53
Required Supplementary Information:	
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget (GAAP Basis) and Actual - General Fund	104
Schedule of Changes in Net Pension Liability and Related Ratios	106
Schedule of Employer Contributions to Pension Plan	108
Schedule of Changes in OPEB Liability and Related Ratios-SDBF	110
Schedule of Changes in OPEB Liability and Related Ratios-Retiree Healthcare	112
Combining and Individual Fund Financial Statements and Schedules:	
Combining Balance Sheet - Nonmajor Governmental Funds	116
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds	117

Combining Balance Sheet - Nonmajor Special Revenue Funds	118
Combining Statement of Revenues, Expenditures and Changes in Fund Balance - Nonmajor Special Revenue Funds	122
Combining Balance Sheet - Nonmajor Capital Projects Funds	126
Combining Statement of Revenues, Expenditures and Changes in Fund Balance - Nonmajor Capital Projects Funds	128
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	
Radio Tower Equipment Replacement	131
Forfeited Property	132
Hotel/Motel Tax Fund	133
Road Impact Fees #1	134
Road Impact Fees #2	135
Court Technology	136
Radio System Maintenance	137
Court Security	138
Child Safety	139
Court Efficiency	140
Juvenile Case Manager	141
Truancy Court	142
Cable Education	143
Transportation	144
Drainage	145
LEOSE	146
Clearfork Section 1 Sidewalk	147
Maple 2201 Trail Project	148
2015 Certificates of Obligation	149
Combining and Nonmajor Enterprise Funds	
Combining Schedule of Net Position - Nonmajor Enterprise Funds	152
Combining Schedule of Revenues, Expenses, and Changes in Net Position - Nonmajor Enterprise Funds	156
Combining Schedule of Cash Flows - Nonmajor Enterprise Funds	158
Combining Statement of Fiduciary Net Position	
Private-Purpose Trusts	164
Combining Statement of Changes in Fiduciary Net Position	
Private-Purpose Trusts	165
Combining Statement of Fiduciary Net Position	
Custodial Funds	166
Combining Statement of Changes in Fiduciary Net Position	
Custodial Funds	167

STATISTICAL SECTION

Financial Trends:

Net Position by Component	170
Changes in Net Position	172
Fund Balances of Governmental Funds	176
Changes in Fund Balances of Governmental Funds	178

Revenue Capacity:

Tax Revenues by Source - Governmental Funds	181
Assessed Value and Estimated Actual Value of Taxable Property	182
Direct and Overlapping Property Tax Rates	184
Principal Property Taxpayers	185
Property Tax Levies and Collections	186
Electricity Purchased and Consumed	189
Electric Rates	190
Largest Electric Customers	193
Water Produced and Consumed and Wastewater Treated	194
Largest Water Customers	197
Water and Sewer Rates	198

Debt Capacity:

Ratios of Outstanding Debt by Type	200
Ratios of Net General Bonded Debt Outstanding	202
Direct and Overlapping Governmental Activities Debt	204

Demographic and Economic Information:

Demographic and Economic Statistics	205
Principal Employers	207

Operating Information:

Full-Time Equivalent City Government Employees by Function	208
Operating Indicators by Function	210
Capital Asset Statistics by Function	212



INTRODUCTORY SECTION



March 15, 2024

Citizens of the City of Lockhart, Texas
Honorable Mayor and City Council

The Texas Local Government Code states that a municipality shall have its records and accounts audited annually and shall have annual financial statements prepared based on the audit. The Code also states that the annual financial statements, including the auditor's opinion on the statements, shall be filed in the office of the municipal city secretary or clerk within 180 days after the last day of the municipality's fiscal year. The Annual Comprehensive Financial Report of the City of Lockhart, Texas (the City) for the year ended September 30, 2023, is hereby submitted to fulfill that requirement.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that is established for this purpose. Because the cost of internal control should not exceed the anticipated benefits of providing the control, the objective is to provide sufficient, rather than absolute, assurance that the financial statements are free of any material misstatements.

BrooksWatson & Company, PLLC has issued an **unmodified ("clean")** opinion on the City of Lockhart financial statements for the year ended September 30, 2023. The independent auditors' report is located at the front of the financial section of this report.

Management's Discussion and Analysis ("MD&A") immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this Letter of Transmittal and should be read in conjunction with it. We are pleased to report that the financial position of the City of Lockhart and its component units are strong.

Profile of the Government

The City of Lockhart was founded in 1826 and officially incorporated as a city in 1852. Located in central Texas, Lockhart is 30 miles south of downtown Austin on U.S. Highway 183. It is 70 miles northeast of San Antonio and 156 miles west of Houston. According to the most recent U.S. Census Bureau reporting, the estimated population of the City of Lockhart is 14,985, and serves as the county seat of Caldwell County, Texas. Lockhart is a Home Rule Charter City and operates under the Council-Manager form of government. Lockhart is served by a seven-person city council. The elected body is made up of the mayor and two council members that are elected at large. The remaining four council members are elected from single-member districts. The length of office for all Council members and the Mayor are three-year terms. The City Council appoints the City Manager, the City Attorney, and the Municipal Court Judge. All other staff members work either directly or indirectly under the direction of the City Manager.

The Combined Financial Statements of the City include all governmental and business-type activities, organizations, and functions, for which the City exercises significant oversight responsibility. The criteria considered in determining governmental activities to be reported within the City's combined financial statements are based upon and consistent with those set forth in GASB Statement No. 61, "The Financial Reporting Entity." Based on this criterion, the Lockhart Economic Development Corporation is included in this report.

The City provides a full range of municipal government services to more than 14,985 residents and numerous visitors annually. Municipal services provided include police and fire protection; crime prevention, enforcement, and adjudication; electric services; water production and distribution; wastewater collection and treatment; solid waste collection, curbside recycling and disposal; city code enforcement and building inspection; maintenance of streets; maintenance of park land and recreational facilities; library services; cemetery; airport; and economic development.

The annual budget of the City of Lockhart serves as the foundation for its financial plan and control. The budget is proposed by the City Manager and adopted by the City Council in accordance with policies and procedures established by the City Charter, ordinances, and state law. The budget process begins each year with the development of priority issues established by Council during a Strategic Goals Workshop. Departments submit their annual departmental budget requests to the City Manager for review. A proposed budget is prepared for presentation to the City Council. The City Council reviews the budget in subsequent work sessions and a formal budget is prepared and made available to the public for review. Prior to official adoption of the budget by Council, any required public hearings on the proposed budget are held to allow for public input and any required notices are published in the City's newspaper of record.

The Council is required to adopt a final budget by no later than ten days before the close of the fiscal year. This annual budget serves as a foundation for the City's financial planning and control. The budget is prepared by fund, department, and category (e.g., salary and benefits). Department managers may transfer resources within their department as they see fit. Transfers between departments, however, need special approval from the City Manager and the Finance department. City Council approval is needed for transfers between funds or between capital projects.

FACTORS AFFECTING FINANCIAL CONDITION

Local Economy

The City of Lockhart is the county seat for Caldwell County. With this designation comes commercial growth not typically seen for populations of approximately 14,985 residents. Major industries located within the government's boundaries, or close proximately, include small and advanced manufacturing industries, information technology industries, retail and service industries, and agriculture. The school district has significant economic presence, employing in total more than 731 teachers, professionals, and support staff.

In 2020, the COVID-19 pandemic created an unprecedented situation for the City of Lockhart and for every municipality across the United States, but with it brought the passage of the Coronavirus Aid, Relief and Economic Security (CARES) Act and the Coronavirus Response and Relief Supplemental Appropriations Act of 2021 and the American Rescue Plan Act (ARPA) of 2022. Through these federal programs, states received money to distribute to local governments.

The City of Lockhart received an allotment from CARES of \$763,895. After the final draw from the CARES Relief Program in 2021, the City of Lockhart was awarded federal grant money from the American Rescue Plan Act (ARPA). The total award was for \$3,501,959.00 to be used for further economic relief from the COVID-19 pandemic. The broad eligible uses for ARPA funds include COVID-related expenses (directly or indirectly), premium pay for essential workers, government service programs under certain circumstances, necessary improvements in water, sewer, or broadband infrastructure (whether related or not to COVID-19), and revenue replacement. The City Council approved the spending of ARPA funds in Fiscal Year 2022 for the much needed improvements to water and sewer infrastructure and revenue replacement. Revenue replacement funds have been

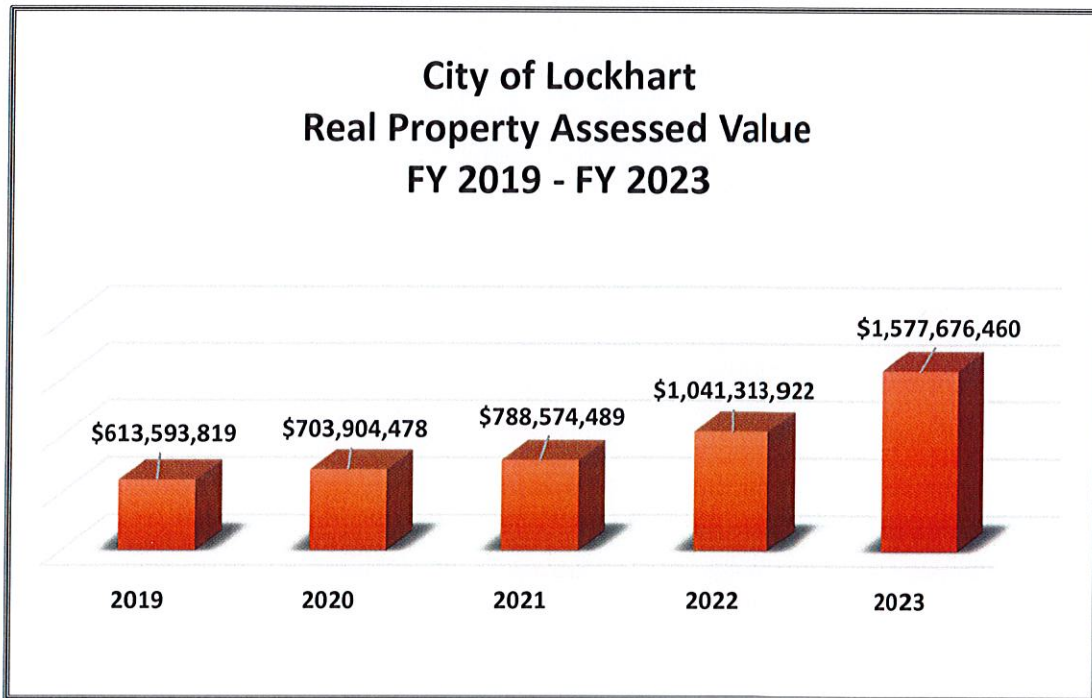
allocated towards multiple park improvements. These projects and improvements continued through Fiscal Year 2023.

Due to the healthy economy, the City of Lockhart has a credit rating of AA- from Standard and Poor's as of March 2016. Over the past 10 years, the City has experienced significant economic growth and investment. The City is growing at a steady rate, increasing more than 9% over ten years. The growth of Austin and San Antonio metro areas is spreading toward Lockhart but at a slower pace than neighboring counties.

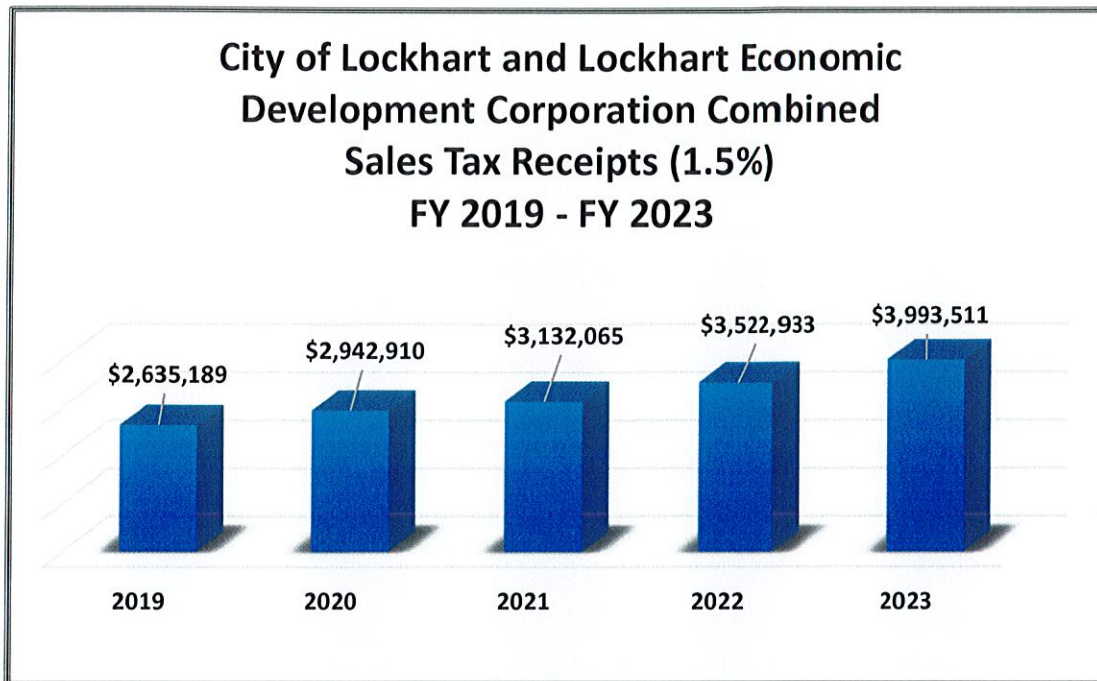
In 2023, the Lockhart Economic Development Corporation (LEDC) completed a refresh of their Strategic Target Industries Plan to assist in attracting businesses in alignment with the future commercial and industrial needs of the community. In addition, LEDC made significant progress with the following projects:

- Ziegenfelder Company broke ground at its future facility at Lockhart Industrial Park III.
- McCoy Building Supply broke ground at its future retail facility along U.S. 183.
- Titan Development broke ground and constructed its first industrial warehouse at Lockhart Industrial Park III.
- Facilitated the RealCold Storage move to Lockhart.

The City experienced consistent growth in real property assessment values from Fiscal Year 2019 through 2023 (see chart below). The City anticipates this positive trend to continue due to the construction of multiple subdivisions and the increase in assessed values of current properties; both are attributable to an increase in local population and growth pressures of Central Texas on the regional housing market.



The last five years the City of Lockhart has seen a significant increase in collections of the total 1.5% tax rate on retail sales within the city due to new businesses and a healthy area economy. The 1.5% rate is comprised of 1% allocated to the City's General Fund and 0.5% allocated to the Lockhart Economic Development Corporation. Sales tax collections for 2023 were at an all-time high according to the City's revenue history.



Long-term Financial Planning

The City Council approved a budget that maintained fund balance at 30% for Fiscal Year 2023. This is above the 25% minimum reserve required by the Fund Balance – Stabilization and Excess of Reserves Policy. The City of Lockhart’s sound financial position is apparent because of its conservative budgeting practices, as evident from its strong fund balances.

The overriding goal of the Fund Balance – Stabilization and Excess of Reserves Policy is to enable the City to achieve a long-term stable and positive financial condition. In order to accomplish this, procedures such as accounting, auditing, financial reporting, internal controls, operating and capital budgeting, revenue management, cash management, expenditure control, and debt management are practiced.

The City recognizes that debt is usually a more expensive financing method. Alternative financing resources will be explored before debt is issued. When debt is issued, it will be used to acquire major assets with expected lives that equal or exceed the average life of the debt issue. Debt payments are structured to provide that capital assets funded by debt have a longer life than the debt associated with those assets. Regarding general obligation debt, the City has followed a policy of structuring new debt issue payment schedules to maintain declining debt payment structures to keep tax increases at a minimum and maintain a constant interest & sinking tax rate.

Relevant Financial Policies

The City of Lockhart practices a comprehensive set of financial policies and procedures. Annually or as needed, the City Council approves its financial policies, and an extensive review and revisions are provided to the City Council and the City Manager from the Finance Department. Each year the City Council approves the Investment Policy, which is intended to protect City assets by identifying investment objectives, addressing the issues of investment risks versus rewards, and providing the framework for the establishment of controls, limitations, and responsibilities of City employees in the performance of their fiduciary responsibilities.

Upon completion of the FY 2021 audit, the City's external auditor, BrooksWatson & Company, made two recommended additions to the City's Financial Policy. The first concerned uncollectible debt and the second addressed the GASB 87 statement regarding capital leasing. In Fiscal Year 2023, a revised financial policy was approved to include these recommendations.

These policy amendments reaffirm the City of Lockhart's commitment to strengthen our financial policies in alignment with current best practices in governmental accounting and incorporate recommendations from our annual audit review process.

Major Initiatives

The City of Lockhart issued debt in 2022 by a Limited Tax Note Series for \$4,050,000. The purpose of the debt was 1) improvement to wastewater system lines, 2) acquiring and equipping a bucket truck, 3) public safety improvement including acquisition of a fire truck, and 4) street and sidewalk improvements. The City approved the requisition of the bucket truck and fire truck in Fiscal Year 2023. In addition, the improvements to wastewater system lines and street and sidewalk improvements also continued through the fiscal year.

In alignment with the Strategic Goals Plan approved by City Council, the City 1) hired an Assistant City Manager, 2) procured a consulting firm to update the Parks and Open Space Master Plan, 3) and approved the historic downtown revitalization design and construction plans in Fiscal Year 2023.

Financial Procedures and Internal Controls

The City's accounting records for all governmental funds are maintained on the modified accrual basis of accounting. This method recognizes revenue when it is measurable and available and expenditures when goods and services are received. All proprietary funds are accounted for using the accrual basis of accounting; revenue is recognized when it is earned, and expenses are recognized when they are incurred. Management of the City is responsible for establishing and maintaining an internal control structure. This structure is designed to provide reasonable, but not absolute, assurance that: (1) City assets are protected from loss, theft or misuse; and (2) City financial records and data are accurate and reliable. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived from it, and that the evaluation of cost and benefits requires estimates and judgements by management.

Budgetary Controls

Each year, on or before September 30th, the City Council adopts an annual operating budget for the ensuing fiscal year. The operating budget includes anticipated revenues and expenditures for the General Fund, Proprietary Funds, Special Revenue Funds, Debt Service Fund, Airport Fund, EMS Fund, and Lockhart Economic Development. The budget is a planning device that defines the type, quality, and quantity of City goods and services that will be provided to our citizens. The budget is also a control device that serves as a system of "checks" and "balances" between levels of City government. The budgetary system is designed to ensure that individual departments contain their expenditures within limitations set by the City management, and that City management contains expenditures for the entire City within limitations set by the City Council. After adoption, change to a department budget may be made using a line-item transfer, initiated by a department manager, and approved by the City Manager and Finance Director. Any changes to the budget outside of an individual department can only be made by City Council.

Awards for Excellence in Financial Reporting

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Lockhart for its annual comprehensive financial report for the fiscal year ended September 30, 2022. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current annual comprehensive financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgements

We would like to express our sincere appreciation to the City's employees for their dedication and commitment to the City, especially those responsible for the maintenance of records upon which this report is based. The preparation of this report would also not have been possible without the skill, effort, and dedication of the entire staff of the Finance and Administration Departments. Acknowledgement is given to representatives of BrooksWatson & Company, PLLC for their assistance in producing the final product.

Finally, appreciation is given to the Mayor and the Council for their unfailing support for maintaining the highest standards of professionalism in the management of the City of Lockhart's finances.

Respectfully Submitted,



Steve Lewis, City Manager



Keeli Michna, Finance Director



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Lockhart
Texas**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2022

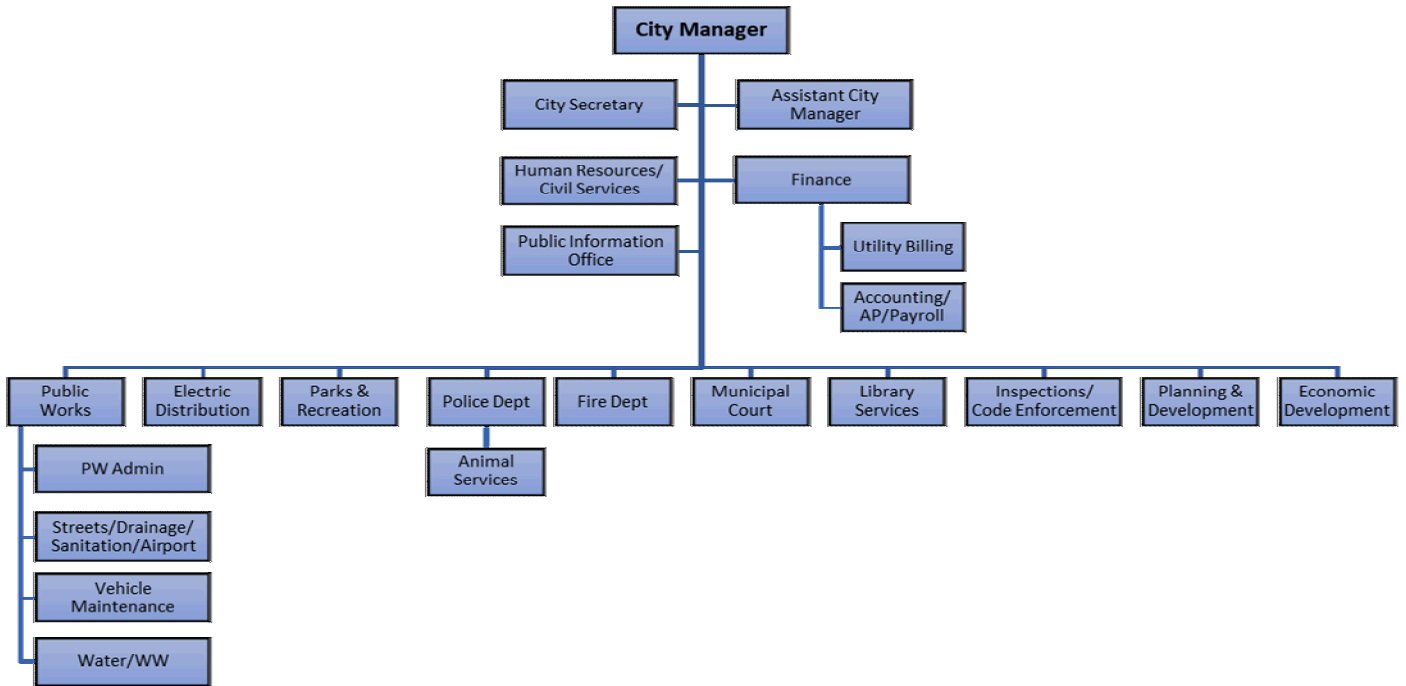
Christopher P. Morill

Executive Director/CEO

City of Lockhart, Texas

ORGANIZATIONAL CHART

For the Year Ended September 30, 2023



City of Lockhart, Texas
ELECTED AND PRINCIPAL OFFICIALS
September 30, 2023

City Council

Lew White	Mayor
Angie Gonzales-Sanchez	At-Large
Brad Westmoreland	At-Large
Juan Mendoza	District 1
John Castillo	District 2
Kara McGregor	District 3
Jeffrey Michelson	District 4

Principal Officials

Steve Lewis	City Manager
Joseph Resendez	Assistant City Manager
Pam Larison	Finance Director
Julie Bowermon	City Secretary/Human Resources Director
Gary Williamson	Police Chief
Randy Jenkins	Fire Chief
Sean Kelley	Director of Public Works



FINANCIAL SECTION





INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and
Members of the City Council
City of Lockhart, Texas:

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Lockhart, Texas (the "City") as of and for the year ended September 30, 2023, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Lockhart, Texas, as of September 30, 2023, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of City of Lockhart, Texas and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

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

Emphasis of Matter

As discussed in Note V.G. to the financial statements, due to the implementation of GASB Statement No. 96, Subscription-Based Information Technology Arrangements, the governmental activities restated capital assets and long-term liabilities. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of changes in net pension liability and related ratios, schedule of employer contributions to pension plan, schedules of changes in other postemployment benefits liability and related ratios, and budgetary comparison information for the general fund 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.

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 and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

This accompanying supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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 accompanying supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 15, 2024 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 solely to describe the scope of our testing of internal control over

financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Brooks Watson & Co.

Brooks Watson & Co.
Certified Public Accountants
Houston, Texas
March 15, 2024

City of Lockhart, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS

September 30, 2023

As management of the City of Lockhart, Texas (the "City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2023. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 1-6 of this report.

Financial Highlights

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources (net position) at September 30, 2023 by \$63,698,048. Of this amount, \$15,213,483 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's total net position increased by \$16,583,834. The majority of the City's net position is invested in capital assets and restricted for specific purposes.
- The City's governmental funds reported combined ending fund balances of \$18,971,875 at September 30, 2023, an increase of \$921,663 from the prior fiscal year; this includes an increase of \$1,527,455 in the general fund and a decrease of \$605,792 in the nonmajor governmental funds.
- At the end of the fiscal year, unassigned fund balance for the general fund was \$9,138,171 or 65% of total general fund expenditures.

Overview of the Financial Statements

The discussion and analysis provided here are intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) the notes to financial statements. This report also includes supplementary information intended to furnish additional detail to support the basic financial statements themselves.

Government-Wide Statements

The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the City's assets and liabilities. The difference between the two is reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. Other non-financial factors, such as the City's property tax base and the condition of the City's infrastructure, need to be considered in order to assess the overall health of the City.

City of Lockhart, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS, *Continued*

September 30, 2023

The *statement of activities* presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, culture and recreation, community development, public safety, and public works. The business-type activities of the City include electric, water, wastewater, sanitation, airport, and EMS operations.

The government-wide financial statements include not only the City itself (known as the *primary government*), but also the legally separate component unit, the Lockhart Economic Development Corporation, which the City is financially accountable. Financial information for this component unit is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 30-35 of this report.

FUND FINANCIAL STATEMENTS

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in assessing a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

City of Lockhart, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS, *Continued*

September 30, 2023

The City maintains twenty-five individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balance for the general fund which is considered to be a major fund. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in a separate section of the report.

The City adopts an annual appropriated budget for its general, debt service, three capital projects, and various special revenue funds. A budgetary comparison statement has been provided for each governmental fund with an adopted budget to demonstrate compliance with their respective budget.

The basic governmental fund financial statements can be found on pages 36-39 of this report.

Proprietary Funds

The City's proprietary funds are all enterprise funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses an enterprise fund to account for its electric, water and wastewater utilities, sanitation, EMS, and airport operations. All activities associated with providing such services are accounted for in these funds, including administration, operation, maintenance, debt service, capital improvements, meter maintenance, billing and collection. The City's intent is that costs of providing the services to the general public on a continuing basis is financed through user charges in a manner similar to a private enterprise.

Proprietary financial statements provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the electric, water, and wastewater funds, all of which are considered to be major funds of the City.

The basic proprietary fund financial statements can be found on pages 40-49 of this report.

Component Units

The City maintains the accounting and financial statements for one component unit. The Lockhart Economic Development Corporation is a discretely presented component unit, which is displayed on the government-wide financial statements.

Notes to Financial Statements

The notes provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements.

The notes to the financial statements can be found on pages 53-102 of this report.

City of Lockhart, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS, *Continued*

September 30, 2023

Other Information

In addition to the basic financial statements, MD&A, and accompanying notes, this report also presents certain Required Supplementary Information (RSI). The required RSI includes a budgetary comparison schedule for the general fund, schedule of changes in the net pension liability and related ratios and schedule of employer contributions for the Texas Municipal Retirement System and schedule of changes in the OPEB liabilities. RSI can be found after the basic financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted previously, net position may serve over time as a useful indicator of the City's financial position. For the City of Lockhart, Texas, assets and deferred outflows exceeded liabilities and deferred inflows by \$63,698,048 as of September 30, 2023, in the primary government.

The largest portion of the City's net position, \$37,229,132 reflects its investments in capital assets (e.g., land, buildings, improvements other than buildings, machinery and equipment, construction in progress), less any debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City of Lockhart, Texas's net position of \$11,255,433 represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$15,213,483 is unrestricted and may be used to meet the government's ongoing obligations to its citizens and creditors.

At the end of the current fiscal year, the City of Lockhart, Texas is able to report positive balances in all reported categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

City of Lockhart, Texas
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
September 30, 2023

Statement of Net Position:

The following table reflects the condensed Statement of Net Position:

	2023			2022		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Current and other assets	\$ 20,677,927	\$ 23,862,061	\$ 44,539,988	\$ 19,516,345	\$ 18,990,527	\$ 38,506,872
Capital assets, net	27,569,271	66,681,875	94,251,146	20,594,127	67,193,926	87,788,053
Total Assets	48,247,198	90,543,936	138,791,134	40,110,472	86,184,453	126,294,925
Deferred Outflows of Resources	2,693,454	734,684	3,428,138	1,284,768	418,436	1,703,204
Other liabilities	3,056,731	5,871,618	8,928,349	2,965,820	4,086,685	7,052,505
Long-term liabilities	16,370,605	53,063,786	69,434,391	14,208,500	57,292,569	71,501,069
Total Liabilities	19,427,336	58,935,404	78,362,740	17,174,320	61,379,254	78,553,574
Deferred Inflows of Resources	126,582	31,902	158,484	1,848,364	481,977	2,330,341
Net Position:						
Net investment in capital assets	17,776,524	19,452,608	37,229,132	11,546,567	15,404,957	26,951,524
Restricted	6,072,719	5,182,714	11,255,433	5,667,375	2,626,781	8,294,156
Unrestricted	7,537,491	7,675,992	15,213,483	5,158,614	6,709,920	11,868,534
Total Net Position	\$ 31,386,734	\$ 32,311,314	\$ 63,698,048	\$ 22,372,556	\$ 24,741,658	\$ 47,114,214

Current and other assets of the primary government increased by \$6,033,116 or 16% due to greater cash on hand resulting from current year operating surpluses and receivables as of yearend. Other liabilities of the primary government increased \$1,875,844 or 27% primarily as a result of an increase in the current portion of long-term debt obligations. Long-term liabilities for governmental activities increased by \$2,162,105 due an increase in the City's net pension liability. Capital assets in business-type activities decreased by \$512,051 or 1% primarily due to depreciation, as well as a reduction in the of the Carrizo water supply project associated with the Guadalupe-Blanco River Authority, due to the entrance of new participants. Governmental activities capital assets increased \$6,975,144 due to continued investment in the City's infrastructure as well as developer contributions totaling \$6,211,919 during the year.

City of Lockhart, Texas
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
September 30, 2023

Statement of Activities:

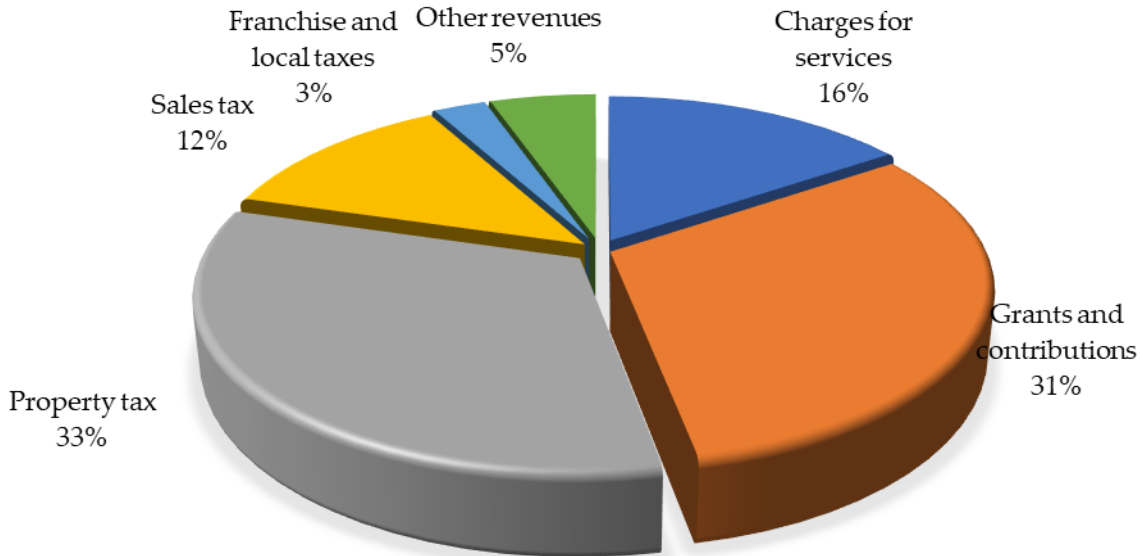
The following table provides a summary of the City's changes in net position:

	For the Year Ended September 30, 2022			For the Year Ended September 30, 2021		
	Governmental Activities	Business-Type Activities	Total Primary Government	Governmental Activities	Business-Type Activities	Total Primary Government
Revenues						
Program revenues:						
Charges for services	\$ 3,398,491	\$ 26,603,844	\$ 30,002,335	\$ 1,976,561	\$ 23,034,726	\$ 25,011,287
Operating grants	472,563	-	472,563	2,205,060	-	2,205,060
Capital contributions	6,386,889	5,653,224	12,040,113	211,854	196,038	407,892
General revenues:						
Property tax	7,114,477	-	7,114,477	5,801,092	-	5,801,092
Sales tax	2,712,526	-	2,712,526	2,392,769	-	2,392,769
Franchise & local taxes	582,849	-	582,849	585,018	-	585,018
Investment income	893,878	841,201	1,735,079	125,718	114,001	239,719
Other revenues	283,470	39,302	322,772	213,151	149,689	362,840
Total Revenues	21,845,143	33,137,571	54,982,714	13,511,223	23,494,454	37,005,677
Expenses						
General government	2,165,947	-	2,165,947	1,967,143	-	1,967,143
Public safety	6,937,475	-	6,937,475	6,168,414	-	6,168,414
Public works	2,930,612	-	2,930,612	2,684,964	-	2,684,964
Health and welfare	18,264	-	18,264	23,439	-	23,439
Culture and recreation	1,481,117	-	1,481,117	1,215,110	-	1,215,110
Comm. development	2,003,675	-	2,003,675	905,103	-	905,103
Interest & fiscal chrgs.	396,858	1,554,702	1,951,560	390,198	1,544,855	1,935,053
Electric	-	10,861,958	10,861,958	-	9,953,109	9,953,109
Water	-	4,913,046	4,913,046	-	4,063,290	4,063,290
Wastewater	-	1,546,526	1,546,526	-	1,789,326	1,789,326
Nonmajor enterprise	-	3,588,700	3,588,700	-	3,133,049	3,133,049
Total Expenses	15,933,948	22,464,932	38,398,880	13,354,371	20,483,629	33,838,000
Change in Net Position						
Before Transfers	5,911,195	10,672,639	16,583,834	156,852	3,010,825	3,167,677
Transfers	3,102,983	(3,102,983)	-	2,885,430	(2,885,430)	-
Total	3,102,983	(3,102,983)	-	2,885,430	(2,885,430)	-
Change in Net Position	9,014,178	7,569,656	16,583,834	3,042,282	125,395	3,167,677
	22,372,556	24,741,658	47,114,214	19,330,274	24,616,263	43,946,537
Beginning Net Position						
Ending Net Position	\$ 31,386,734	\$ 32,311,314	\$ 63,698,048	\$ 22,372,556	\$ 24,741,658	\$ 47,114,214

City of Lockhart, Texas
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
September 30, 2023

Graphic presentations of selected data from the summary tables are displayed below to assist in the analysis of the City's activities.

Governmental Activities - Revenues

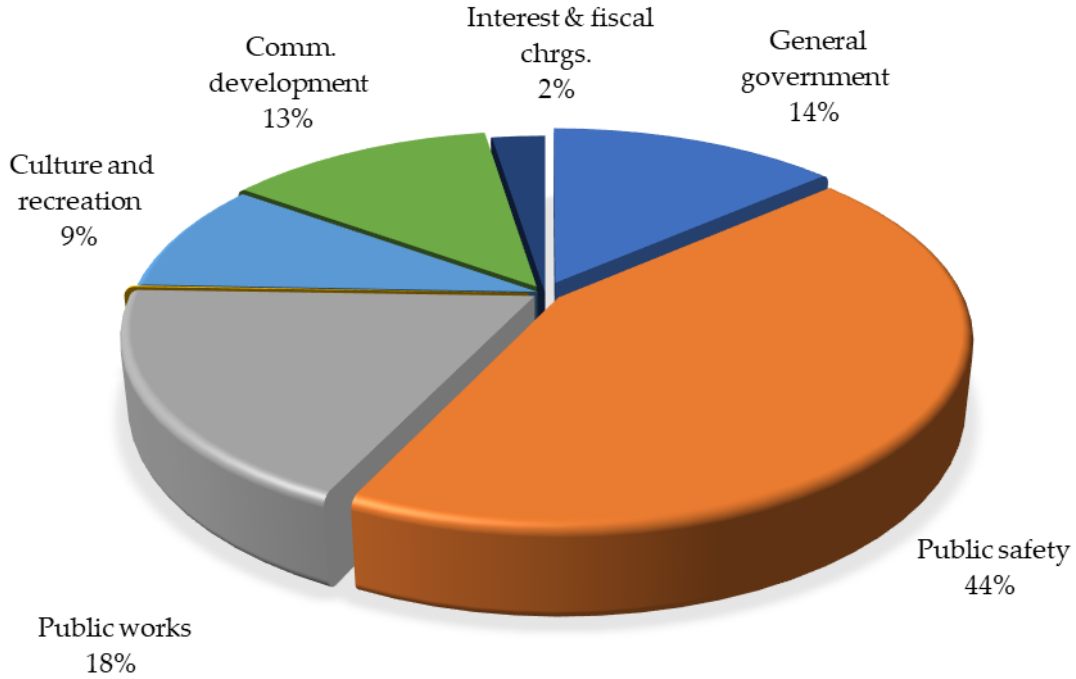


For the year ended September 30, 2023, revenues from governmental activities totaled \$21,845,143. Property tax, grants/contributions, charges for services, and sales tax are the City's largest general revenue sources. Overall revenue increased \$8,333,920 or 62% from the prior year. Charges for services increased by \$1,421,930 or 72% due to greater building permit revenue and park dedication fees in the current year. Property taxes increased by \$1,313,385 or 23% primarily due to greater appraised values and growth within the City. Capital grants and contributions increased by \$6,175,035 due to neighborhood developer contributions of public infrastructure totaling \$6,211,919, during the year. Sales taxes a taxes increased by \$319,757 or 13% due to economic growth fueled by local purchases. Investment income increased by \$768,160 primarily as a result of higher interest rates and greater interest-bearing accounts in the current year. All other revenues remained relatively stable when compared to the previous year.

City of Lockhart, Texas
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
September 30, 2023

This graph shows the governmental function expenses of the City:

Governmental Activities - Expenses

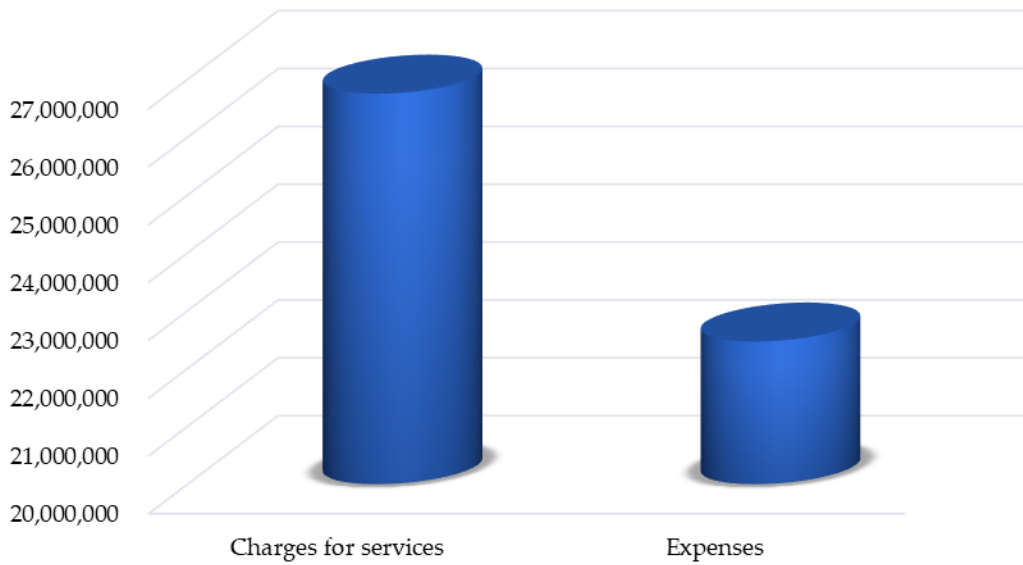


For the year ended September 30, 2023, expenses for governmental activities totaled \$15,933,948. This represents an increase of \$2,579,577 from the prior year. The City's largest functional expense is public safety totaling \$6,937,475, which increased \$769,061 or 12%. This increase is due to higher wage and related labor costs as well as an increase in the City's pension liability. Public works expenses increased by \$245,648 or 9% primarily due to nonrecurring street maintenance and repairs in the current year. Community development increased by \$1,098,572 or 121% due to greater personnel costs and contract services resulting from increased building permit activity in the current year. All other governmental activities expenses remained relatively consistent with the prior year.

City of Lockhart, Texas
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
September 30, 2023

Business-type activities are shown comparing operating costs to revenues generated by related services.

Business-Type Activities - Revenues and Expenses



For the year ended September 30, 2023, charges for services by business-type activities totaled \$26,603,844. This represents an increase of \$3,569,118 or 15% from the previous year, which is a direct result of greater service rates in the current year and a growing customer base. Capital contributions increased by \$5,457,186 as a result of nonrecurring developer contributions and impact fees received in the current year.

Total business-type activity expenses increased by \$1,981,303 or 10% to a total of \$22,464,932. Electric expenses totaled \$10,884,211, while water and wastewater operations totaled \$6,401,698 and \$1,589,668, respectively. There was an increase electric expenses of \$908,849, due to growing demand and electric cost wholesale purchases. The water fund also had an increase of \$849,756 or 21% due to higher consumption and related GBRA costs.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As noted earlier, fund accounting is used to demonstrate and ensure compliance with finance-related legal requirements.

Governmental Funds - The focus of the City's governmental funds is to provide information of near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the City's net resources available for spending at the end of the year.

City of Lockhart, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS, *Continued*

September 30, 2023

At September 30, 2023, the City's governmental funds reported combined fund balances of \$18,971,875, an increase of \$921,663 in comparison with the prior year. Approximately 48% of this amount, \$9,111,205, constitutes *unassigned fund balance*, which is available for spending at the government's discretion. The remainder of the fund balance is either *nonspendable, committed or restricted* to indicate that it is 1) not in spendable form \$1,320,719 2) committed for particular purposes \$330,202 or 3) restricted for particular purposes \$8,209,749.

As of the end of the year the general fund reflected a total fund balance of \$12,406,970. Of this, \$1,640,694 is considered not in spendable form and committed. Restricted fund balance totaled \$1,628,105 and \$9,138,171 is unassigned. General fund balance increased by \$1,527,455 during the current year as compared to a final budgeted decrease of \$532,239. The increase in fund balance was primarily a result of higher than expected investment income and charges for services revenue.

As a measure of the general fund's liquidity, it may be useful to compare total unassigned fund balance to total fund expenditures. The unassigned (the amount available for spending) fund balance of the general fund of \$9,138,171 is 65% of total general fund expenditures. Overall revenue in the general fund increased by \$2,038,534 when compared to the prior year. Property tax and charges for services showed the largest increase due to a growing local economy and new City development. General fund expenditures increase \$2,151,569 when compared to the prior year. The largest increase was in public works of \$868,254 which was primarily due to greater road improvement costs and new equipment purchases in the current year.

Proprietary Funds - The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Unrestricted net position at the close of the fiscal year for all proprietary funds amounted to \$7,675,992, an increase of \$966,072 from the previous year. Total investment in capital assets, net of related debt was \$19,452,608, and capital assets, net of depreciation totaled \$66,681,875.

GENERAL FUND BUDGETARY HIGHLIGHTS

Total budgeted revenues of \$8,881,257 were less than actual revenues of \$11,280,207, resulting in a total positive revenue variance of \$2,398,950. All actual revenues were greater than the budgeted amounts, with the exception of intergovernmental and license and permits. Total budgeted expenditures of \$17,563,487, were more than actual expenditures of \$14,078,191, resulting in a total positive expenditure variance of \$3,485,296. No significant budget amendments were made during the year.

CAPITAL ASSETS

As of the end of the year, the City's governmental activities funds had invested \$27,569,271 in a variety of capital assets and infrastructure, net of accumulated depreciation. The City's business-type activities funds had invested \$66,681,875 in a variety of capital assets and infrastructure, net of accumulated depreciation. This investment in capital assets includes land, buildings, vehicles, equipment, park improvements, and infrastructure.

City of Lockhart, Texas
MANAGEMENT'S DISCUSSION AND ANALYSIS, *Continued*
September 30, 2023

Major capital asset additions during the current year include the following:

- Lafleur Splash Park for \$327,653.
- Street improvements of \$469,856.
- Downtown revitalization project for \$661,613.
- Water treatment plan pump station expansion for \$566,300.
- Sidewalk improvements of \$206,943.
- Project 16 LK30 for \$283,533.
- New Ford F-450 ambulance unit for \$203,376.
- EDC additions to the Lockhart industrial park, section III for \$1,990,847.
- Contributed streets, drainage, electric, water and sewer infrastructure totaling \$10,921,740, from developers of multiple residential developments.

More detailed information about the City's capital assets is presented in note IV. C to the financial statements.

LONG-TERM DEBT

The City's outstanding bonds, tax notes, lease liabilities and certificates of obligation payable, net of all premiums, decreased by \$5,787,903 from the prior year. The total bonds, leases and certificates of obligation payable at the close of the fiscal year was \$65,881,343, net of all premiums.

There is no direct limit on debt in the City Charter. Statutes of the State of Texas do not provide any limitations on the dollar amount of debt cities issue, however, however, Article XI, Section 5 of the Texas Constitution, applicable to cities with a population of more than 5,000, limits the ad valorem tax rate to \$2.50 per \$100 assessed valuation. The City's current tax rate is well below the maximum allowable tax rate and poses no impact on financing of planned facilities or services.

More detailed information about the City's long-term liabilities is presented in note IV.E to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The City of Lockhart has seen a steady growth in tax revenue over the last five years. Sales tax revenue has increased by 52% since 2019 and property tax valuation has increased by 53.2%. Even with the 52% increase, the City continues to forecast sales tax in a conservative position. The total sales tax payments received in 2023 fiscal year equaled \$2,712,526. The City anticipates continued increase for 2024.

Property valuations have increased due to new additions and property on the tax roll, along with the appraisal district reassessing valuations in 2022. The certified assessed taxable property valuations for the 2024 fiscal year (2023 tax roll) total \$1,244,400,168 with a tax rate of \$0.4136 per \$100 valuation for maintenance and operations and \$0.1212 per \$100 valuation for the interest and sinking fund. The total tax rate of \$0.5348.

City of Lockhart, Texas
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
September 30, 2023

The City's capital plan for 2023-2024 continues to focus on infrastructure upgrades and improvements to streets, the electric distribution system and water and wastewater lines.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City of Lockhart, Texas, Finance Department, 308 W. San Antonio Street, Lockhart, Texas 78644. This information can also be accessed on the City's website at www.lockhart-tx.org.

BASIC FINANCIAL STATEMENTS

City of Lockhart, Texas
STATEMENT OF NET POSITION (Page 1 of 2)
September 30, 2023

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<u>Assets</u>			
Current assets:			
Cash and cash equivalents	\$ 17,962,289	\$ 18,360,262	\$ 36,322,551
Receivables, net	1,279,048	4,893,092	6,172,140
Internal balances	115,871	(115,871)	-
Inventories	24,887	701,846	726,733
Prepaid and other assets	1,295,832	22,732	1,318,564
Total Current Assets	20,677,927	23,862,061	44,539,988
Noncurrent assets:			
Capital assets:			
Non-depreciable	3,111,148	931,161	4,042,309
Net depreciable capital assets	24,458,123	65,750,714	90,208,837
Total Noncurrent Assets	27,569,271	66,681,875	94,251,146
Total Assets	48,247,198	90,543,936	138,791,134
<u>Deferred Outflows of Resources</u>			
Pension outflows-TMRS	2,528,895	629,802	3,158,697
OPEB outflows-TMRS	6,278	1,563	7,841
OPEB outflows-retiree healthcare	17,629	4,632	22,261
Deferred charge on refunding	140,652	98,687	239,339
Total Deferred Outflows of Resources	2,693,454	734,684	3,428,138

Component
Unit
Lockhart EDC

\$	7,008,802
	243,209
	-
	-
	-
	7,252,011

	985,328
	4,299,092
	5,284,420
	12,536,431

	333,393
	-
	-
	-
	333,393

City of Lockhart, Texas

STATEMENT OF NET POSITION (Page 2 of 2)

September 30, 2023

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<u>Liabilities</u>			
Accounts payable	664,832	1,964,383	2,629,215
Accrued liabilities	425,743	244,565	670,308
Due to other governments	22,360	-	22,360
Customer deposits	-	653,706	653,706
Compensated absences, current	415,359	67,638	482,997
Accrued interest payable	71,955	716,344	788,299
Long-term debt due in one year	1,456,482	2,224,982	3,681,464
Total Current Liabilities	3,056,731	5,871,618	8,928,349
Noncurrent liabilities:			
Net pension liability	5,110,392	1,272,706	6,383,098
OPEB liability-TMRS	332,100	82,710	414,810
OPEB liability-Retiree healthcare	303,265	79,673	382,938
Compensated absences	46,151	7,515	53,666
Long-term debt due in more than one year	10,578,697	51,621,182	62,199,879
Total Noncurrent Liabilities	16,370,605	53,063,786	69,434,391
Total Liabilities	19,427,336	58,935,404	78,362,740
<u>Deferred Inflows of Resources</u>			
OPEB inflows-TMRS	99,147	24,694	123,841
OPEB inflows-Retiree Healthcare	27,435	7,208	34,643
Total Deferred Inflows of Resources	126,582	31,902	158,484
<u>Net Position</u>			
Net investment in capital assets	17,776,524	19,452,608	37,229,132
Restricted for:			
General government	648,991	-	648,991
Public safety	23,351	-	23,351
Municipal court	135,713	-	135,713
Tourism	172,985	-	172,985
Capital projects	4,793,204	5,182,714	9,975,918
Debt service	298,475	-	298,475
Economic development	-	-	-
Unrestricted	7,537,491	7,675,992	15,213,483
Total Net Position	\$ 31,386,734	\$ 32,311,314	\$ 63,698,048

See Notes to Financial Statements.

Component
Unit
Lockhart
EDC

104,455
-
-
-
-
8,708
140,123
<u>253,286</u>

673,720
-
-
-
1,321,590
<u>1,995,310</u>
<u>2,248,596</u>

-
-
-

3,623,622
-
-
-
-
-
-
-
6,997,606
-
<u>\$ 10,621,228</u>

City of Lockhart, Texas

STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2023

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental Activities				
General government	\$ 2,165,947	\$ -	\$ 72,481	\$ -
Public safety	6,937,475	248,067	400,082	174,970
Public works	2,930,612	688,987	-	6,211,919
Health and welfare	18,264	-	-	-
Culture and recreation	1,481,117	163,321	-	-
Community development	2,003,675	2,298,116	-	-
Interest and fiscal charges	396,858	-	-	-
Total Governmental Activities	15,933,948	3,398,491	472,563	6,386,889
Business-Type Activities				
Electric	10,884,211	13,153,265	662,000	1,712,960
Water	6,401,698	5,672,000	-	791,850
Wastewater	1,589,668	3,951,370	465,830	2,010,141
* Nonmajor enterprise	3,589,355	3,827,209	6,153	4,290
Total Business-Type Activities	22,464,932	26,603,844	1,133,983	4,519,241
Total Primary Government	\$ 38,398,880	\$ 30,002,335	\$ 1,606,546	\$ 10,906,130
Component Units				
Lockhart EDC	1,056,285	-	-	201,521
Total Component Units	\$ 1,056,285	\$ -	\$ -	\$ 201,521

General Revenues:

- Taxes
 - Property taxes
 - Sales taxes
 - Franchise and local taxes
- Investment income
- Gain on sale of capital assets
- Other revenues
- Transfers

Total General Revenues and Transfers

Change in Net Position

Beginning Net Position

Ending Net Position

See Notes to Financial Statements.

* Includes sanitation, airport, and EMS activities

Net (Expense) Revenue and Changes in Net Position

Primary Government			
Governmental Activities	Business-Type Activities	Total	Lockhart EDC
\$ (2,093,466)	\$ -	\$ (2,093,466)	\$ -
(6,114,356)	-	(6,114,356)	-
3,970,294	-	3,970,294	-
(18,264)	-	(18,264)	-
(1,317,796)	-	(1,317,796)	-
294,441	-	294,441	-
(396,858)	-	(396,858)	-
<u>(5,676,005)</u>	<u>-</u>	<u>(5,676,005)</u>	<u>-</u>
-	4,644,014	4,644,014	-
-	62,152	62,152	-
-	4,837,673	4,837,673	-
-	248,297	248,297	-
<u>-</u>	<u>9,792,136</u>	<u>9,792,136</u>	<u>-</u>
<u>(5,676,005)</u>	<u>9,792,136</u>	<u>4,116,131</u>	<u>-</u>
			(854,764)
			<u>(854,764)</u>
7,114,477	-	7,114,477	-
2,712,526	-	2,712,526	1,356,262
582,849	-	582,849	-
893,878	841,201	1,735,079	116,777
34,000	-	34,000	4,319,370
249,470	39,302	288,772	105,445
3,102,983	(3,102,983)	-	-
<u>14,690,183</u>	<u>(2,222,480)</u>	<u>12,467,703</u>	<u>5,897,854</u>
9,014,178	7,569,656	16,583,834	5,043,090
22,372,556	24,741,658	47,114,214	5,578,138
<u>\$ 31,386,734</u>	<u>\$ 32,311,314</u>	<u>\$ 63,698,048</u>	<u>\$ 10,621,228</u>

City of Lockhart, Texas

BALANCE SHEET GOVERNMENTAL FUNDS

September 30, 2023

	General	Nonmajor Governmental Funds	Total Governmental Funds
<u>Assets</u>			
Cash and cash equivalents	\$ 11,258,984	\$ 6,703,305	\$ 17,962,289
Accounts receivable, net	1,024,994	254,054	1,279,048
Due from other funds	160,182	-	160,182
Inventories	24,887	-	24,887
Prepays	1,285,605	10,227	1,295,832
Total Assets	\$ 13,754,652	\$ 6,967,586	\$ 20,722,238
<u>Liabilities</u>			
Accounts payable	\$ 412,086	\$ 252,746	\$ 664,832
Accrued liabilities	425,743	-	425,743
Due to other governments	22,360	-	22,360
Due to other funds	-	44,311	44,311
Total Liabilities	860,189	297,057	1,157,246
<u>Deferred Inflows of Resources</u>			
Unavailable revenue - property taxes	409,288	97,145	506,433
Unavailable revenue-fines	54,440	8,479	62,919
Unavailable revenue - notes receivable	23,765	-	23,765
Total Deferred Inflows of Resources	487,493	105,624	593,117
<u>Fund Balances</u>			
Nonspendable:			
Inventories	24,887	-	24,887
Prepaid items	1,285,605	10,227	1,295,832
Committed for:			
Sidewalks	56,191	-	56,191
Industrial park	274,011	-	274,011
Restricted for:			
Debt service	-	298,475	298,475
General government	564,439	84,552	648,991
Public safety	-	23,351	23,351
Municipal court	-	135,713	135,713
Tourism	-	172,985	172,985
Capital projects	1,063,666	5,866,568	6,930,234
Unassigned	9,138,171	(26,966)	9,111,205
Total Fund Balances	12,406,970	6,564,905	18,971,875
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 13,754,652	\$ 6,967,586	\$ 20,722,238

See Notes to Financial Statements.

City of Lockhart, Texas

RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION GOVERNMENTAL FUNDS

September 30, 2023

Fund Balances - Total Governmental Funds \$ 18,971,875

Adjustments for the Statement of Net Position:

Capital assets used in governmental activities are not current financial resources and, therefore, not reported in the governmental funds.

Capital assets - non-depreciable	3,111,148
Capital assets - net depreciable	24,458,123

Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the governmental funds.

Property tax	506,433
Fines and fees	62,919
Other receivables	23,765

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 (revenues) until that time

OPEB inflows-TMRS	(99,147)
OPEB inflows-Retiree Healthcare	(27,435)

Deferred outflows of resources, represent a consumption of net position that applies to a future period(s) and is not recognized as an outflow of resources (expense/ expenditures) until then

Pension outflows	2,528,895
OPEB outflows-TMRS	6,278
OPEB outflows-Retiree Healthcare	17,629
Deferred charge on refunding	140,652

Some liabilities, including bonds payable and deferred charges, are not reported as liabilities in the governmental funds.

Accrued interest	(71,955)
Deferred charges:	
Bond premium	(405,227)
Net pension liability	(5,110,392)
OPEB liability-TMRS	(332,100)
OPEB liability-Retiree healthcare	(303,265)
Compensated absences	(461,510)
Non-current liabilities due in one year	(1,456,482)
Non-current liabilities due in more than one year	(10,173,470)

Net Position of Governmental Activities	\$ 31,386,734
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See Notes to Financial Statements.

City of Lockhart, Texas

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE GOVERNMENTAL FUNDS

For the Year Ended September 30, 2023

	General	Nonmajor Governmental Funds	Total Governmental Funds
<u>Revenues</u>			
Property tax	\$ 5,269,471	\$ 1,740,778	\$ 7,010,249
Sales tax	2,712,526	-	2,712,526
Franchise and local taxes	404,247	178,602	582,849
Fines and forfeitures	219,121	17,776	236,897
License and permits	1,218,468	1,079,648	2,298,116
Charges for services	163,321	688,987	852,308
Intergovernmental	444,063	203,470	647,533
Investment income	599,520	294,358	893,878
Other revenue	249,470	-	249,470
Total Revenues	11,280,207	4,203,619	15,483,826
<u>Expenditures</u>			
Current:			
General government	1,753,222	145,800	1,899,022
Public safety	6,270,986	259,423	6,530,409
Public works	2,124,476	789,815	2,914,291
Health and welfare	9,086	-	9,086
Culture and recreation	1,803,531	-	1,803,531
Community development	1,933,286	-	1,933,286
Debt Service:			
Principal	164,023	1,252,586	1,416,609
Interest and fiscal charges	19,581	415,347	434,928
Capital outlay	-	757,984	757,984
Total Expenditures	14,078,191	3,620,955	17,699,146
Revenues Over (Under) Expenditures	(2,797,984)	582,664	(2,215,320)
<u>Other Financing Sources (Uses)</u>			
Sale of capital assets	34,000	-	34,000
Transfers in	4,362,999	331,560	4,694,559
Transfers (out)	(71,560)	(1,520,016)	(1,591,576)
Total Other Financing Sources (Uses)	4,325,439	(1,188,456)	3,136,983
Net Change in Fund Balances	1,527,455	(605,792)	921,663
Beginning fund balances	10,879,515	7,170,697	18,050,212
Ending Fund Balances	\$ 12,406,970	\$ 6,564,905	\$ 18,971,875

See Notes to Financial Statements.

City of Lockhart, Texas

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2023

Amounts reported for governmental activities in the statement of activities are different because:

Net changes in fund balances - total governmental funds	\$	921,663
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.</p>		
Capital outlay		2,859,473
Capital contributions		6,211,919
Depreciation expense		(2,210,555)
Adjustment for capital asset disposals		(37,681)
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
Property tax		104,228
Fines and fees		11,170
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.</p>		
Compensated absences		94,337
Pension expense		(376,064)
OPEB expense-TMRS		(12,902)
OPEB expense-retiree healthcare		(6,089)
<p>The issuance of long-term debt (e.g., bonds, leases, certificates of obligation) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when they are first issued; whereas, these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.</p>		
Amortization of deferred charge on refunding		(23,441)
Amortization of premium		61,511
Principal payments		1,416,609
Change in Net Position of Governmental Activities	\$	9,014,178

See Notes to Financial Statements.

City of Lockhart, Texas
STATEMENT OF NET POSITION
PROPRIETARY FUNDS (Page 1 of 2)
September 30, 2023

	Business-Type Activities		
	Electric	Water	Wastewater
<u>Assets</u>			
<u>Current Assets</u>			
Cash and cash equivalents	\$ 3,357,688	\$ 7,284,525	\$ 6,444,292
Accounts receivable, net	2,555,540	826,814	422,901
Inventories	701,846	-	-
Prepaid items	22,732	-	-
Total Current Assets	6,637,806	8,111,339	6,867,193
<u>Noncurrent Assets</u>			
Capital assets:			
Non-depreciable	339,058	258,705	140,828
Net depreciable capital assets	5,195,157	51,477,206	7,293,729
Total Noncurrent Assets	5,534,215	51,735,911	7,434,557
Total Assets	12,172,021	59,847,250	14,301,750
<u>Deferred Outflows of Resources</u>			
Pension outflows-TMRS	406,160	103,725	61,857
OPEB outflows-TMRS	1,008	258	153
OPEB outflows-retiree healthcare	2,987	763	455
Deferred loss on refunding	-	85,552	13,135
Total Deferred Outflows of Resources	410,155	190,298	75,600

See Notes to Financial Statements.

Business-Type Activities

Nonmajor		
Funds		Total
\$ 1,273,757	\$	18,360,262
1,087,837		4,893,092
-		701,846
-		22,732
<u>2,361,594</u>		<u>23,977,932</u>
192,570		931,161
1,784,622		65,750,714
<u>1,977,192</u>		<u>66,681,875</u>
<u>4,338,786</u>		<u>90,659,807</u>
58,060		629,802
144		1,563
427		4,632
-		98,687
<u>58,631</u>		<u>734,684</u>

City of Lockhart, Texas
STATEMENT OF NET POSITION
PROPRIETARY FUNDS (Page 2 of 2)
September 30, 2023

	Business-Type Activities		
	Electric	Water	Wastewater
<u>Liabilities</u>			
<u>Current Liabilities</u>			
Accounts payable	\$ 1,111,908	\$ 327,877	\$ 210,234
Accrued liabilities	238,864	-	-
Customer deposits	507,923	140,783	-
Compensated absences, current	45,038	11,238	7,562
Lease liabilities, current	20,369	15,234	15,428
Long-term debt, current	110,885	1,738,350	300,761
Due to other funds	-	115,871	-
Accrued interest	6,399	695,918	14,027
Total Current Liabilities	2,041,386	3,045,271	548,012
<u>Noncurrent Liabilities</u>			
Compensated absences, noncurrent	5,004	1,249	840
Lease liabilities, noncurrent	9,142	6,836	6,925
Long-term debt, noncurrent	867,404	48,498,485	2,229,444
Net pension liability	820,769	209,608	125,001
OPEB liability-TMRS	53,338	13,621	8,123
OPEB liability-retiree healthcare	51,382	13,122	7,824
Total Noncurrent Liabilities	1,807,039	48,742,921	2,378,157
Total Liabilities	3,848,425	51,788,192	2,926,169
<u>Deferred Inflows of Resources</u>			
OPEB inflows-TMRS	15,924	4,067	2,425
OPEB inflows-retiree healthcare	4,648	1,187	708
Total Deferred Inflows of Resources	20,572	5,254	3,133
<u>Net Position</u>			
Net investment in capital assets	4,926,416	6,150,509	6,425,392
Restricted for:			
Capital projects	167,997	2,696,575	2,318,142
Unrestricted	3,618,766	(602,982)	2,704,514
Total Net Position	\$ 8,713,179	\$ 8,244,102	\$ 11,448,048

See Notes to Financial Statements.

Business-Type Activities

Nonmajor Funds	Total
\$ 314,364	\$ 1,964,383
5,701	244,565
5,000	653,706
3,800	67,638
23,955	74,986
-	2,149,996
-	115,871
-	716,344
<u>352,820</u>	<u>5,987,489</u>
422	7,515
2,946	25,849
-	51,595,333
117,328	1,272,706
7,628	82,710
7,345	79,673
<u>135,669</u>	<u>53,063,786</u>
<u>488,489</u>	<u>59,051,275</u>
2,278	24,694
665	7,208
<u>2,943</u>	<u>31,902</u>
1,950,291	19,452,608
-	5,182,714
1,955,694	7,675,992
<u>\$ 3,905,985</u>	<u>\$ 32,311,314</u>

City of Lockhart, Texas

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION PROPRIETARY FUNDS

For the Year Ended September 30, 2023

	Business-Type Activities		
	Electric	Water	Wastewater
<u>Operating Revenues</u>			
Charges for services	\$ 13,153,265	\$ 5,672,000	\$ 3,951,370
Other revenue	1,185	175	-
Total Operating Revenues	13,154,450	5,672,175	3,951,370
<u>Operating Expenses</u>			
Personnel services	1,412,462	383,247	190,007
Supplies	33,413	38,184	167,353
Maintenance and repairs	278,053	197,876	163,621
Contractual services	335,274	1,268,038	38,250
Power, water, and water treatment	7,984,814	1,004,688	637,398
Non-departmental	-	-	72,727
Miscellaneous	394,567	8,650	-
Depreciation and amortization	423,375	2,012,363	277,170
Total Operating Expenses	10,861,958	4,913,046	1,546,526
Operating Income (Loss)	2,292,492	759,129	2,404,844
<u>Nonoperating Revenues (Expenses)</u>			
Insurance recoveries	10,251	-	-
Intergovernmental	662,000	-	465,830
Investment earnings	143,289	375,948	249,877
Interest expense	(22,253)	(1,488,652)	(43,142)
Total Nonoperating Revenues (Expenses)	793,287	(1,112,704)	672,565
Income (Loss) Before Capital Contributions and Transfers			
Transfers	3,085,779	(353,575)	3,077,409
<u>Capital Contributions and Transfers</u>			
Capital contributions	1,712,960	787,635	2,010,141
Capital grants	-	4,215	-
Transfers in	-	1,292,787	-
Transfers (out)	(2,318,922)	(297,393)	(1,458,094)
Total Capital Contributions and Transfers	(605,962)	1,787,244	552,047
Change in Net Position	2,479,817	1,433,669	3,629,456
Beginning net position	6,233,362	6,810,433	7,818,592
Ending Net Position	\$ 8,713,179	\$ 8,244,102	\$ 11,448,048

See Notes to Financial Statements.

Business-Type Activities

Nonmajor	
Funds	Total
\$ 3,827,209	\$ 26,603,844
27,691	29,051
<u>3,854,900</u>	<u>26,632,895</u>
220,274	2,205,990
1,406,892	1,645,842
1,567,615	2,207,165
223,461	1,865,023
-	9,626,900
-	72,727
-	403,217
170,458	2,883,366
<u>3,588,700</u>	<u>20,910,230</u>
266,200	5,722,665
-	10,251
6,153	1,133,983
72,087	841,201
(655)	(1,554,702)
<u>77,585</u>	<u>430,733</u>
343,785	6,153,398
-	4,510,736
4,290	8,505
-	1,292,787
(321,361)	(4,395,770)
<u>(317,071)</u>	<u>1,416,258</u>
26,714	7,569,656
3,879,271	24,741,658
<u>\$ 3,905,985</u>	<u>\$ 32,311,314</u>

City of Lockhart, Texas
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS (Page 1 of 2)
For the Year Ended September 30, 2023

	Business-Type Activities		
	Electric	Water	Wastewater
<u>Cash Flows from Operating Activities</u>			
Payments to employees	\$ (1,371,276)	\$ (358,640)	\$ (214,399)
Payments to suppliers	(8,769,934)	(2,739,620)	(963,150)
Receipts from customers	12,873,351	5,472,860	3,926,365
Net Cash Provided (Used) by Operating Activities	2,732,141	2,374,600	2,748,816
<u>Cash Flows from Noncapital Financing Activities</u>			
Transfers in	-	1,292,787	-
Transfers (out)	(2,318,922)	(297,393)	(1,458,094)
Intergovernmental	662,000	-	465,830
Net Cash Provided (Used) by Noncapital Financing	(1,656,922)	995,394	(992,264)
<u>Cash Flows from Capital and Related Financing Activities</u>			
Acquisition and construction of capital assets	(355,844)	(17,392)	-
Capital grants	-	4,215	-
Insurance recoveries	10,251	-	-
Principal paid on capital debt	(123,592)	(1,010,529)	(314,890)
Interest paid on capital debt	(22,009)	(1,372,346)	(41,671)
Net Cash Provided (Used) by Capital and Related Financing Activities	(491,194)	(2,396,052)	(356,561)
<u>Cash Flows from Investing Activities</u>			
Interest on investments	143,289	375,948	249,877
Net Cash Provided by Investing Activities	143,289	375,948	249,877
Net Increase (Decrease) in Cash and Cash Equivalents	727,314	1,349,890	1,649,868
Beginning cash and cash equivalents	2,630,374	5,934,635	4,794,424
Ending Cash and Cash Equivalents	\$ 3,357,688	\$ 7,284,525	\$ 6,444,292

See Notes to Financial Statements.

Business-Type Activities

Nonmajor	
Funds	Total
\$ (222,747)	\$ (2,167,062)
(3,004,460)	(15,477,164)
3,785,457	26,058,033
<u>558,250</u>	<u>8,413,807</u>
-	1,292,787
(321,361)	(4,395,770)
6,153	1,133,983
<u>(315,208)</u>	<u>(1,969,000)</u>
(292,343)	(665,579)
4,290	8,505
-	10,251
(23,532)	(1,472,543)
<u>(655)</u>	<u>(1,436,681)</u>
<u>(312,240)</u>	<u>(3,556,047)</u>
72,087	841,201
<u>72,087</u>	<u>841,201</u>
2,889	3,729,961
<u>1,270,868</u>	<u>14,630,301</u>
<u>\$ 1,273,757</u>	<u>\$ 18,360,262</u>

City of Lockhart, Texas
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS (Page 2 of 2)
For the Year Ended September 30, 2023

	Business-Type Activities		
	Electric	Water	Wastewater
<u>Reconciliation of Operating Income (Loss)</u>			
<u>to Net Cash Provided (Used) by Operating Activities</u>			
Operating Income (Loss)	\$ 2,292,492	\$ 759,129	\$ 2,404,844
Adjustments to reconcile operating income (loss) to net cash provided (used):			
Depreciation	423,375	2,012,363	277,170
Changes in Operating Assets and Liabilities:			
(Increase) Decrease in:			
Accounts receivable	(375,670)	(197,490)	(25,005)
Inventory	(89,650)	-	-
Prepaid items	(19,472)	647	647
Deferred outflows:			
Pension	(233,228)	(64,774)	(23,687)
OPEB	13,937	3,496	2,906
Increase (Decrease) in:			
Accounts payable and accrued liabilities	365,309	144,281	115,552
Customer deposits	94,571	(1,825)	-
Compensated absences	(3,442)	1,045	(900)
Due to other funds	-	(367,112)	-
Deferred inflows:			
Pension	(297,227)	(66,947)	(65,606)
OPEB	13,694	3,455	1,755
Net pension liability	576,631	154,619	71,114
OPEB Liability	(29,179)	(6,287)	(9,974)
Net Cash Provided (Used) by Operating Activities	\$ 2,732,141	\$ 2,374,600	\$ 2,748,816

Schedule of Non-Cash Capital and Related Financing Activities

Developer contributions	\$ 1,712,960	\$ 787,635	\$ 2,010,141
GBRA debt and intangible asset	\$ -	\$ 2,805,000	\$ -

See Notes to Financial Statements.

Business-Type Activities

Nonmajor			
Funds		Total	
\$ 266,200		\$ 5,722,665	
	170,458		2,883,366
	(69,393)		(667,558)
	-		(89,650)
	925		(17,253)
	(34,344)		(356,033)
	2,997		23,336
	192,583		817,725
	(50)		92,696
	(4,211)		(7,508)
	-		(367,112)
	(40,762)		(470,542)
	1,563		20,467
	83,847		886,211
	(11,563)		(57,003)
<u>\$ 558,250</u>		<u>\$ 8,413,807</u>	

\$ - \$ 4,510,736
 \$ - \$ 2,805,000

City of Lockhart, Texas
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
September 30, 2023

	Private Purpose Trusts	Custodial Funds
<u>Assets</u>		
Cash and cash equivalents	\$ 589	\$ 50,821
Prepays	-	1,211
Total Assets	\$ 589	\$ 52,032
<u>Liabilities</u>		
Due to others	-	29,553
Total Liabilities	-	29,553
<u>Net Position</u>		
Restricted for various purposes:	\$ 589	\$ 22,479
Total Net Position	\$ 589	\$ 22,479

See Notes to Financial Statements.

City of Lockhart, Texas
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
For the Year Ended September 30, 2023

	Private Purpose Trusts	Custodial Funds
<u>Additions</u>		
Investment income	\$ 32	\$ 1,969
Other revenue	-	15,597
Total Additions	32	17,566
Net Change in Net Position	32	17,566
Beginning Net Position	557	4,913
Ending Net Position	\$ 589	\$ 22,479

See Notes to Financial Statements.

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City of Lockhart, Texas
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2023

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Lockhart, Texas (the “City”) is a municipal corporation operating under a home rule charter as authorized in Article XI, Section 5 of the Constitution of the State of Texas. The City operates under a Council-Manager form of government in which all powers of the City are vested in an elective council. The City Council consists of the mayor and six council members. The mayor and two council members are elected at large with the remaining council members elected by district. The City provides services related to the following: public safety, public works, sanitation, health and welfare, culture and recreation, economic development, planning and zoning, and general administrative services.

The accounting policies of the City conform to generally accepted accounting principles (GAAP) applicable to government units. The following is a summary of the more significant accounting policies.

A. Description of Government-Wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. All fiduciary activities are reported only in the fund financial statements. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

B. Reporting Entity

For financial reporting purposes, management has considered all potential component units. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GAAP. The criteria used are as follows:

Financial Accountability – The primary government is deemed to be financially accountable if it appoints a voting majority of the organization’s governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits or impose specific financial burdens on the primary government. Additionally, the primary government may be financially accountable if an organization is fiscally dependent on the primary government and there is a potential for the organization to provide specific financial benefits or impose specific financial burdens on the primary government regardless of whether the organization has a separately elected governing board, a governing board appointed by a higher level of government or a jointly appointed board.

City of Lockhart, Texas
NOTES TO THE FINANCIAL STATEMENTS, Continued
September 30, 2023

Discretely Presented Component Unit

Lockhart Economic Development Corporation (“LEDC”)

The LEDC is a nonprofit corporation that was incorporated under the Development Corporation Act of 1979, Texas Revised Civil Statutes Annotated, Article 5190.6 Section (a), to receive and account for the proceeds of a designated sales tax levied to benefit the economic development of Lockhart. Under the Act, the Board of Directors consists of seven members appointed by and who serve at the pleasure of the City Council of the City for two-year terms.

LEDC may enter into any project authorized by the Act including, but not limited to, such projects as promotion and development of new and expanded business enterprises, job training centers, infrastructure improvements, public safety, municipal buildings, civic centers, recreation facilities, and other related facilities.

The LEDC meets the criteria of a discretely presented component unit and is presented as a governmental fund type. Complete financial statements for the Lockhart Economic Development Corporation may be obtained at City Hall. No other organizations met the necessary criteria for inclusion as component units for the year ended September 30, 2023.

This component unit is discretely presented in the financial statements. Complete financial statements of the individual component unit can be obtained from Keelie Michna, Finance Director, at 308 W. San Antonio St. Lockhart, TX 78644.

C. Basis of Presentation - Government-Wide and Fund Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds while business-type activities incorporate data from the government’s enterprise funds. Separate financial statements are provided for governmental funds and the proprietary funds.

As discussed earlier, the government has one discretely presented component unit which is shown in a separate column in the government-wide financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

The fund financial statements provide information about the government’s funds, including its fiduciary funds and blended component units. Separate statements for each fund category;

City of Lockhart, Texas

NOTES TO THE FINANCIAL STATEMENTS, *Continued*

September 30, 2023

governmental and proprietary are presented. 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. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

The government reports the following major governmental funds:

General Fund

The general fund is used to account for all financial transactions not properly includable in other funds. The principal sources of revenues include local property taxes, sales and franchise taxes, licenses and permits, fines and forfeitures, and charges for services. Expenditures include general government, public safety, public works, health and welfare, culture and recreation, and community development.

The government reports the following major enterprise funds:

Electric Fund

The electric fund accounts for the activities of the City related to its provision of electricity. Activities of the fund include administration, operation and maintenance of the electric system, and billing and collection activities. The fund also accounts for the accumulation of resources for, and the payment of, long-term debt principal and interest for electric debt. All costs are financed through charges to utility customers with rates reviewed regularly and adjusted if necessary to ensure the integrity of the funds.

Water Fund

The water fund is used to account for the establishment and maintenance of water facilities within the municipal boundaries of the City. Activities of the fund include administration, operation and maintenance of the water system, and billing and collection activities. The fund also accounts for the accumulation of resources for, and the payment of, long-term debt principal and interest for water debt. All costs are financed through charges to utility customers with rates reviewed regularly and adjusted if necessary to ensure the integrity of the funds.

Wastewater Fund

The wastewater fund is used to account for the establishment and maintenance of sewage and drainage facilities within the municipal boundaries of the City. Activities of the fund include administration, operation and maintenance of the wastewater system, and billing and collection activities. The fund also accounts for the accumulation of resources for, and the payment of,

City of Lockhart, Texas

NOTES TO THE FINANCIAL STATEMENTS, *Continued*

September 30, 2023

long-term debt principal and interest for wastewater debt. All costs are financed through charges to utility customers with rates reviewed regularly and adjusted if necessary to ensure the integrity of the funds.

Additionally, the government reports the following fund types:

Debt Service Funds

The City accounts for the accumulation of financial resources for the payments of principal, interest and related costs on general long-term debt paid primarily from taxes levied by the City. The fund balance is restricted exclusively for debt service expenditures.

Capital Project Funds

The capital project funds account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

Special Revenue Funds

The City accounts for resources restricted to, or designated for, specific purposes in a special revenue fund. As of September 30, 2023, the City is maintaining eighteen special revenue funds.

Fiduciary Funds

Private Purpose Trust Funds - These funds are used to account for resources legally held in trust for use by organizations that are separate from the City. All resources of these funds, including any earnings on invested resources, may be used to support the organizations' activities. There is no requirement that any portion of these resources be preserved as capital. These funds include the Glosserman Trust and Brock Cabin Trust fund.

Custodial Funds are custodial in nature and are used to account for the receipt, temporary investment, and remittance of resources to third parties. Custodial funds use the economic resources measurement focus. The custodial funds include the confiscated property, unclaimed property, and bicycle helmet funds.

During the course of operations the government has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in

City of Lockhart, Texas

NOTES TO THE FINANCIAL STATEMENTS, *Continued*

September 30, 2023

business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

D. Measurement focus and basis of accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under leases are reported as other financing sources.

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or

City of Lockhart, Texas

NOTES TO THE FINANCIAL STATEMENTS, *Continued*

September 30, 2023

within the availability period for this revenue source (within 60 days of year end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). All other revenue items are considered to be measurable and available only when cash is received by the government.

Proprietary, pension, custodial and other postemployment benefit trust funds are reported using the *economic resources measurement focus* and the *accrual basis of accounting*.

E. Assets, Liabilities, Deferred Outflows/Inflows, and Fund Equity or Net Position

1. Deposits and Investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short term investments with original maturities of three months or less from the date of acquisition. For the purpose of the statement of cash flows, the proprietary fund types consider temporary investments with maturity of three months or less when purchased to be cash equivalents.

In accordance with GASB Statement No. 31, *Accounting and Reporting for Certain Investments and External Investment Pools*, the City reports all investments at fair value, except for "money market investments" and "2a7-like pools." Money market investments, which are short-term highly liquid debt instruments that may include U.S. Treasury and agency obligations, are reported at amortized costs. Investment positions in external investment pools that are operated in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940, such as TexPool, are reported using the pools' share price.

The City has adopted a written investment policy regarding the investment of its funds as defined in the Public Funds Investment Act, Chapter 2256, of the Texas Governmental Code.

In summary, the City is authorized to invest in the following:

- Direct obligations of the U.S. Government
- Fully collateralized certificates of deposit and money market accounts
- Statewide investment pools
- SEC registered, no load money market mutual funds

City of Lockhart, Texas

NOTES TO THE FINANCIAL STATEMENTS, *Continued*

September 30, 2023

2. Fair Value

The City has applied Governmental Accounting Standards Board (“GASB”) Statement No. 72, Fair Value Measurement and Application. GASB Statement No. 72 provides guidance for determining a fair value measurement for reporting purposes and applying fair value to certain investments and disclosures related to all fair value measurements.

3. Receivables and Interfund Transactions

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the year are referred to as either “interfund receivables/payables” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as “due to/from other funds” in the fund financial statements. If the transactions are between the primary government and its component unit, these receivables and payables are classified as “due to/from component unit/primary government.” Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

Advances between funds are offset by a nonspendable fund balance account in the applicable governmental fund to indicate they are not available for appropriation and are not expendable available financial resources.

All trade receivables are shown net of any allowance for uncollectible amounts.

4. Inventories and Prepaid Items

Inventory of the general fund and the electric fund consists of supplies held for the City's use and are carried at cost. Certain payments to vendors reflect costs applicable to future accounting periods (prepaid expenditures) are recognized as expenditures when utilized.

5. Restricted Assets

Certain proceeds of re classified as restricted assets on the statement of net position because their use is limited by applicable bond covenants or other restrictions.

6. Capital Assets

Capital assets, are tangible and intangible assets which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), and rights to water access are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government, as assets

City of Lockhart, Texas

NOTES TO THE FINANCIAL STATEMENTS, *Continued*

September 30, 2023

with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets, donated works of art, and capital items received in a service concession arrangement are reported at acquisition value. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest costs incurred in connection with construction of enterprise fund capital assets are capitalized when the effects of capitalization materially impact the financial statements.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Property, plant, and equipment of the primary government, as well as the component units, are depreciated using the straight-line method over the following estimated useful years.

Asset Description	Estimated Useful Life
Building and improvements	10 to 50 years
Machinery and equipment	5 to 10 years
Public domain infrastructure	10 to 40 years
Utility system infrastructure	30 to 50 years
Intangible assets	5 to 40 years

7. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows / inflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net assets that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/ expenditure) until then. The government only has three items that qualify for reporting in this category. One example is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of financial position will sometimes report a separate section for *deferred inflows of resources*. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government 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, fines and forfeitures and ambulance fees. These amounts are deferred and

City of Lockhart, Texas
NOTES TO THE FINANCIAL STATEMENTS, Continued
September 30, 2023

recognized as an inflow of resources in the period that the amounts become available. Deferred inflows of resources can also occur at the government wide level due to differences between investment gains and losses realized on pension investments compared to assumption used within the pension actuarial valuation model.

8. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. The long-term debt consists primarily of bonds payable, pension and OPEB liabilities and accrued compensated absences.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements until due. The debt proceeds are reported as other financing sources, net of the applicable premium or discount and payments of principal and interest reported as expenditures. In the governmental fund types, issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures. However, claims and judgments paid from governmental funds are reported as a liability in the fund financial statements only for the portion expected to be financed from expendable available financial resources.

Long-term debt and other obligations, financed by proprietary funds, are reported as liabilities in the appropriate funds. For proprietary fund types, bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method, if material. Bonds payable are reported net of the applicable bond premium or discount. Issuance costs are expensed when incurred.

The net pension liability is included within long term debt. This liability is valued using an actuarial model and represents the difference between the plan fiduciary net position and the net pension liability consistent with GASB statement no. 68. The portion of this liability presented as a current liability is based on actuarial calculations for estimated future payments of benefits and refunds over the twelve months following yearend.

Assets acquired under the terms of leases are recorded as liabilities and capitalized in the government-wide financial statements at the present value of net minimum lease payments at inception of the lease. In the year of acquisition, lease transactions are recorded as other financing sources and as capital outlay expenditures in the general fund. Lease payments representing both principal and interest are recorded as expenditures in the general fund upon payment with an appropriate reduction of principal recorded in the government-wide financial statements.

City of Lockhart, Texas

NOTES TO THE FINANCIAL STATEMENTS, *Continued*

September 30, 2023

9. Pensions

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

10. Other Postemployment Benefits ("OPEB")

The City has implemented GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. This statement applies to the individual employers (TMRS cities) in the TMRS Supplemental Death Benefits (SDB) plan, with retiree coverage. The TMRS SDBF covers both active and retiree benefits with no segregation of assets, and therefore doesn't meet the definition of a trust under GASB No. 75 (i.e., no assets are accumulated for OPEB) and as such the SDBF is considered to be an unfunded OPEB plan. For purposes of reporting under GASB 75, the retiree portion of the SDBF is not considered a cost sharing plan and is instead considered a single employer, defined benefit OPEB plan. The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary, calculated based on the employee's actual earnings on which TMRS deposits are made, for the 12-month period preceding the month of death. The death benefit amount for retirees is \$7,500. GASB No. 75 requires the liability of employers and nonemployer contributing entities to employees for defined benefit OPEB (net OPEB liability) to be measured as the portion of the present value of projected benefit payments to be provided to current active and inactive employees that is attributed to those employees' past periods of service (total OPEB liability), less the amount of the OPEB plan's fiduciary net position.

In addition to providing pension benefits, the City provides medical benefits to eligible retirees and dependents with postemployment health care benefits through a single-employer postemployment healthcare plan (the "plan") administered by Texas Municipal League Multistate Intergovernmental Employee Benefits Pool. A separate audited financial report is not issued on the plan. In order for a City employee to be eligible for this benefit, he or she needs 20 years of service and/or attained the age of 60 with five years of service. Medical benefits are available with four coverage tiers depending on dependent status and continue until Medicare eligible. A Medicare supplement policy is available to Medicare eligible retirees with the retiree paying the full premium.

City of Lockhart, Texas

NOTES TO THE FINANCIAL STATEMENTS, *Continued*

September 30, 2023

11. Leases

Lessee: The City and LEDC are lessees for noncancellable leases of building and equipment. The City and LEDC recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the full-accrual financial statements. The City and LEDC recognizes lease liabilities with an initial, individual value of \$5,000 or more.

At the commencement of a lease, the City and LEDC initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The leased asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the City and LEDC determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The City and LEDC uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City and LEDC uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the City and LEDC is reasonably certain to exercise.

The City and LEDC monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

12. Subscription Based Information Technology Arrangements ("SBITA")

The City has adopted the provision of Governmental Accounting Standard Board (GASB) Statement No. 96, entitled Subscription-Based Information Technology Arrangements ("SBITA"). The City has noncancellable contracts with SBITA vendors for the right to use information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets). The City recognizes a subscription liability, reported with long-term debt, and a right-to-use subscription asset (an intangible asset), reported with other capital assets, in the government-wide financial statements. The City recognizes subscription liabilities with an initial, individual value of \$5,000 or more.

City of Lockhart, Texas

NOTES TO THE FINANCIAL STATEMENTS, *Continued*

September 30, 2023

At the commencement of an SBITA, the City initially measures the subscription liability at the present value of payments expected to be made during the subscription term. Subsequently, the subscription liability is reduced by the principal portion of SBITA payments made. The subscription asset is initially measured as the initial amount of the subscription liability, adjusted for SBITA payments made at or before the SBITA commencement date, plus certain initial implementation costs. Subsequently, the subscription asset is amortized on a straight-line basis over the shorter of the subscription term or the useful life of the underlying IT assets.

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

- The City uses the interest rate charged by the SBITA vendor as the discount rate. When the interest rate charged by the SBITA vendor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for SBITAs.
- The subscription term includes the noncancellable period of the SBITA.
- Subscription payments included in the measurement of the subscription liability are composed of fixed payments, variable payments fixed in substance or that depend on an index or a rate, termination penalties if the City is reasonably certain to exercise such options, subscription contract incentives receivable from the SBITA vendor, and any other payments that are reasonably certain of being required based on an assessment of all relevant factors.

The City monitors changes in circumstances that would require a remeasurement of its SBITAs and will remeasure the subscription asset and liability if certain changes occur that are expected to significantly affect the amount of the subscription liability.

13. Net Position Flow Assumption

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

14. Fund Balance Flow Assumptions

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about

City of Lockhart, Texas

NOTES TO THE FINANCIAL STATEMENTS, *Continued*

September 30, 2023

the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

15. Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The City will maintain a minimum unassigned fund balance in its General Fund of 25 percent of the subsequent year's budgeted expenditures and outgoing transfers. This minimum fund balance is to protect against cash flow shortfalls related to timing of projected revenue receipts and to maintain a budget stabilization commitment. When fund balance falls below the 25 percent range, the City will replenish shortages/deficiencies. Should unassigned fund balance of the General Fund ever exceed the maximum 25 percent range, the City will consider such fund balance surpluses for one-time expenditures that are nonrecurring in nature and which will not require additional future expense outlays for maintenance, additional staffing or other recurring expenditures.

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The governing council is the highest level of decision-making authority for the government that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The governing body (Council) has by resolution authorized the finance director to assign fund balance. The council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

City of Lockhart, Texas

NOTES TO THE FINANCIAL STATEMENTS, *Continued*

September 30, 2023

16. Estimates

The preparation of financial statements, in conformity with generally accepted accounting principles, 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 the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

F. Revenues and Expenditures/Expenses

1. Program Revenues

Amounts reported as program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

2. 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. Under state law, property taxes levied on real property constitute a lien on the real property which cannot be forgiven without specific approval of the State Legislature. The lien expires at the end of twenty years. Taxes levied on personal property can be deemed uncollectible by the City.

Property taxes at the fund level are recorded as receivables and deferred revenues at the time the taxes are assessed. Revenues are recognized as the related ad valorem taxes are collected. Additional amounts estimated to be collectible in time to be a resource for payment of obligations incurred during the fiscal year and therefore susceptible to accrual in accordance with Generally Accepted Accounting Principles have been recognized as revenue.

3. Compensated Absences

Vested or accumulated vacation and sick pay that is expected to be liquidated with expendable available resources is reported as an expenditure and fund liability of the governmental fund that will pay for it. Amounts of vested or accumulated vacation and sick pay that are not expected to be liquidated with expendable available financial resources are reported in the government wide financial statements. Vested or accumulated vacation and sick pay of the enterprise funds are

City of Lockhart, Texas

NOTES TO THE FINANCIAL STATEMENTS, *Continued*

September 30, 2023

recorded as an expense and liability of that fund as the benefits accrue to employees. The General Fund is the governmental fund that has typically been used in prior years to liquidate the liability for compensated absences.

4. Proprietary Funds Operating and Nonoperating Revenues and Expenses

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* 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 utility fund, golf course fund, and storm water utility funds are charges to customers for sales and services. The utility fund 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 nonoperating revenues and expenses.

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position.

The governmental fund balance sheet includes reconciliation between *fund balance-total governmental funds* and *net position-governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that long-term liabilities, including bonds, are not due and payable in the current period and, therefore, are not reported in the funds.

B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities.

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds and changes in net position of governmental states that, “the issuance of long-term debt (e.g., bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.”

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) for the general, debt service, three capital projects, various special revenue funds, and

City of Lockhart, Texas

NOTES TO THE FINANCIAL STATEMENTS, *Continued*

September 30, 2023

the enterprise funds. A budget was not adopted for the local municipal jury, the CARES Relief Act, or the Maple Street park improvements funds. The original budget is adopted by the City Council prior to the beginning of the year. The legal level of control as defined by the City Charter is the fund level. No funds can be transferred or added which affect the total fund expenditures without City Council approval. Appropriations lapse at the end of the year. One supplemental budget amendment was made during the year. All governmental funds with a legally adopted budget have been presented. The following funds exceeded appropriations at the level of control:

Hotel/Motel Tax	\$ 45,163
Radio System Maintenance	\$ 24,135
Court Security	\$ 971

No other fund expenditures exceeded appropriations at the legal level of control.

A. Restricted Fund Balance

The City records restricted fund balance on amounts with externally imposed restrictions (e.g., through debt covenants or by grantors) or restrictions imposed by law through constitutional provisions or enabling legislation. Total restricted fund balance for governmental funds was \$8,209,749, of which, \$159,064 is restricted by enabling legislation.

B. Deficit Fund Equity

As of September 30, 2023, two nonmajor governmental funds, court technology and radio system maintenance, reported deficit fund balances of \$1,721 and \$15,018, respectively. The deficits will be replenished through interfund transfers and future operating surpluses.

C. Public Funds Investment & Collateral Acts

State statutes require that all deposits in financial institutions be insured or fully collateralized by U.S. government obligations or its agencies and instrumentalities or direct obligations of Texas or its agencies and instrumentalities that have a market value of not less than the principal amount of the deposits. As of September 30, 2023, the market values of pledged securities and FDIC exceeded bank balances. In addition, the City is required to adopt certain standards as it relates to the investment and maintenance of public funds. The City was in compliance with the requirement Public Funds Investment Act and the Public Funds Collateral Act.

City of Lockhart, Texas
NOTES TO THE FINANCIAL STATEMENTS, Continued
September 30, 2023

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Deposits - The City's funds are required to be deposited and invested under the terms of a depository contract pursuant to the Texas Public Funds Investment Act. The depository bank pledges securities which comply with state law and these securities are held for safekeeping and trust with the City's and the depository bank's agent bank. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of FDIC insurance. The City's deposits, as well as those of the City's component unit were fully insured or collateralized as required by the state statutes at September 30, 2023.

As of September 30, 2023, the primary government had the following investments:

Investment Type	Value	Weighted Average Maturity (Years)
External investment pools	\$ 36,002,468	0.11
Total value	\$ 36,002,468	
Portfolio weighted average maturity		0.11

As of September 30, 2023, the component unit had the following investments:

Investment Type	Value	Weighted Average Maturity (Years)
External investment pools	\$ 5,449,454	0.08
Total value	\$ 5,449,454	
Portfolio weighted average maturity		0.08

Following the criteria for GASB Statement No. 79, Certain External Investment Pools and Pool Participants, TexPool and TexStar use amortized cost and Texas CLASS uses the fair value method to value portfolio assets. The pools operate in a manner consistent with the Securities and Exchange Commission's (SEC) Rule 2(a)(7) of the Investment Company Act of 1940 but is not registered with the SEC as an investment company. Instead, the regulatory oversight for the pool is the State of Texas. Investments in the pools are classified as cash and cash equivalents for reporting purposes.

Interest rate risk: In accordance with the City's investment policy, the City manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio for investments in nonoperating funds to less than five years from the time of purchase. The

City of Lockhart, Texas

NOTES TO THE FINANCIAL STATEMENTS, *Continued*

September 30, 2023

weighted average maturity of investments of the City's operating funds cannot exceed one year from the time of purchase. The weighted average maturities of the investment pools did not exceed 60 days.

Credit risk: The City's investment policy requires that the investment portfolio shall be diversified in terms of investment instruments, maturity scheduling, and financial institutions to reduce the risk of loss resulting from over concentration of assets in a specific class of investments, specific maturity, or specific user. At year-end, the City was not exposed to concentration of credit risk. It is LEDC policy to limit its investment to those that are authorized under the Texas Public Funds Investment Act. Additionally, any money market mutual funds or local government investment pools must be rated no lower than AAA by at least one nationally recognized rating service. As of September 30, 2023, the investment pools were rated AAAM by Standard and Poor's.

Custodial credit risk – deposits: In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City's and LEDC's investment policy requires that deposits at financial institutions be insured by the FDIC and/or collateralized by securities pledged to the City by the depository in an amount equal to at least 102% of the carrying value of deposits held. During the fiscal year and at year-end, all deposits held in the depository bank were fully collateralized. The City's deposits are therefore not subject to custodial credit risk at September 30, 2023.

Custodial credit risk – investments: For an investment, this is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City's investment policy requires that it will seek to safekeeping securities at financial institutions, avoiding physical possession. Further, all trades, where applicable, are executed by delivery versus payment to ensure that securities are deposited in the City's safekeeping account prior to the release of funds.

TexPool

TexPool was established as a trust company with the Treasurer of the State of Texas as trustee, segregated from all other trustees, investments, and activities of the trust company. The State Comptroller of Public Accounts exercises oversight responsibility over TexPool. Oversight includes the ability to significantly influence operations, designation of management, and accountability for fiscal matters. Additionally, the State Comptroller has established an advisory board composed of both participants in TexPool and other persons who do not have a business relationship with TexPool. The advisory board members review the investment policy and management fee structure. Finally, Standard & Poor's rate TexPool AAAM. As a requirement to maintain the rating, weekly portfolio information must be submitted to Standard & Poor's, as well as to the office of the Comptroller of Public Accounts for review. At September 30, 2023, the fair value of the portion in TexPool approximates fair value of the shares. There were no limitations or restrictions on withdrawals.

City of Lockhart, Texas
NOTES TO THE FINANCIAL STATEMENTS, Continued
September 30, 2023

TexSTAR

TexSTAR has been established for governmental entities pursuant to the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and the Public Funds Investment Act, Chapter 2256 of the Texas Government Code and operates in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. TexSTAR's governing body is a five-member Board consisting of three representatives of participants and one member designated by each of the co-administrators. The Board holds legal title to all money, investments, and assets and has the authority to employ personnel, contract for services, and engage in other administrative activities necessary or convenient to accomplish the objectives of TexSTAR. Board oversight of TexSTAR is maintained through daily, weekly, and monthly reporting requirements. TexSTAR is rated AAAM by Standard & Poor's. The City's fair value position is stated at the value of the position upon withdrawal. There were no limitations or restrictions on withdrawals.

Texas CLASS

MBIA is a participant of the Texas CLASS program. Texas CLASS has been established for governmental entities pursuant to the Public Funds Investment Act, Chapter 2256 of the Texas Government Code and operates in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. Texas CLASS is supervised by a Board of Trustees who are elected by the Participants. The Board of Trustees supervises the Trust and its affairs and acts as the liaison between the Participants, the Custodian and the Program Administrator. The Board administers the affairs of the Trust and enters into contracts and agreements on behalf of the Trust in order to effectuate the terms of the Trust Agreement. It also selects consultants for Texas CLASS, including the Program Administrator and the Custodian. MBIA's Texas CLASS is rated AAA by Fitch. There were no limitations or restrictions on withdrawals.

City of Lockhart, Texas
NOTES TO THE FINANCIAL STATEMENTS, Continued
September 30, 2023

B. Receivables

The following comprise receivable balances of the primary government at year end:

	Governmental Activities		
	General	Nonmajor Governmental	Total
	Property taxes	\$ 472,391	\$ 97,144
Sales tax	486,418	-	486,418
Other taxes	49,857	30,584	80,441
Fines and fees	405,578	92,739	498,317
Accounts	-	33,587	33,587
Other	212,561	-	212,561
Allowance	(601,811)	-	(601,811)
	\$ 1,024,994	\$ 254,054	\$ 1,279,048

	Business-Type Activities				Total
	Electric	Water	Wastewater	Nonmajor	
Accounts	\$ 2,731,921	\$ 869,314	\$ 452,587	\$ 329,476	\$ 4,383,298
EMS	-	-	-	5,765,838	5,765,838
Allowance	(176,381)	(42,500)	(29,686)	(5,007,477)	(5,256,044)
	\$ 2,555,540	\$ 826,814	\$ 422,901	\$ 1,087,837	\$ 4,893,092

The component unit receivables balance consisted entirely of sales tax.

City of Lockhart, Texas
NOTES TO THE FINANCIAL STATEMENTS, Continued
September 30, 2023

C. Capital Assets

A summary of changes in governmental activities capital assets for the year end was as follows:

	<u>Beginning Balances</u>	<u>Additions</u>	<u>Retirements/ Reclassifications</u>	<u>Ending Balances</u>
Capital assets, not being depreciated:				
Land	\$ 1,587,394	\$ -	\$ -	\$ 1,587,394
Construction in progress	271,223	1,290,212	(37,681)	1,523,754
Total capital assets not being depreciated	<u>1,858,617</u>	<u>1,290,212</u>	<u>(37,681)</u>	<u>3,111,148</u>
Capital assets, being depreciated:				
Machinery and equipment	8,250,478	292,919	(96,180)	8,447,217
Buildings and improvements	13,274,552	157,815	-	13,432,367
Infrastructure	78,941,978	7,330,446	-	86,272,424
Right to use assets-leases	754,368	-	-	754,368
Right to use assets-SBITA	151,988	-	-	151,988
Total capital assets being depreciated	<u>101,373,364</u>	<u>7,781,180</u>	<u>(96,180)</u>	<u>109,058,364</u>
Less accumulated depreciation				
Machinery and equipment	6,410,243	416,600	(96,180)	6,730,663
Buildings and improvements	5,578,418	326,112	-	5,904,530
Infrastructure	70,279,538	1,304,490	-	71,584,028
Right to use assets-leases	217,667	148,154	-	365,821
Right to use assets-SBITA	-	15,199	-	15,199
Total accumulated depreciation	<u>82,485,866</u>	<u>2,210,555</u>	<u>(96,180)</u>	<u>84,600,241</u>
Net capital assets being depreciated	<u>18,887,498</u>	<u>5,570,625</u>	<u>-</u>	<u>24,458,123</u>
Total Capital Assets	<u>\$ 20,746,115</u>	<u>\$ 6,860,837</u>	<u>\$ (37,681)</u>	<u>\$ 27,569,271</u>

Depreciation was charged to governmental functions as follows:

General government	\$ 231,193
Public safety	392,046
Public works	1,359,381
Health and welfare	9,178
Culture and recreation	218,757
Total Governmental Activities Depreciation Expense	<u>\$ 2,210,555</u>

City of Lockhart, Texas
NOTES TO THE FINANCIAL STATEMENTS, Continued
September 30, 2023

A summary of changes in business-type activities capital assets for the year end was as follows:

	<u>Beginning Balances</u>	<u>Additions</u>	<u>Retirements/ Reclassifications</u>	<u>Ending Balances</u>
Capital assets, not being depreciated:				
Land	\$ 574,710	\$ -	\$ -	\$ 574,710
Construction in progress	8,894	347,557	-	356,451
Total capital assets not being depreciated	<u>583,604</u>	<u>347,557</u>	<u>-</u>	<u>931,161</u>
Capital assets, being depreciated:				
Machinery and equipment	7,976,340	318,022	(114,278)	8,180,084
Buildings and improvements	4,151,722	-	-	4,151,722
Infrastructure	46,020,066	4,510,736	-	50,530,802
Right to use assets-leases	348,816	-	-	348,816
Intangibles	47,260,000	-	(2,805,000)	44,455,000
Total capital assets being depreciated	<u>105,756,944</u>	<u>4,828,758</u>	<u>(2,919,278)</u>	<u>107,666,424</u>
Less accumulated depreciation				
Machinery and equipment	6,400,894	249,460	(114,278)	6,536,076
Buildings and improvements	3,246,031	41,684	-	3,287,715
Infrastructure	23,661,845	1,029,198	-	24,691,043
Right to use assets-leases	156,720	62,806	-	219,526
Intangibles	5,681,132	1,500,218	-	7,181,350
Total accumulated depreciation	<u>39,146,622</u>	<u>2,883,366</u>	<u>(114,278)</u>	<u>41,915,710</u>
Net capital assets being depreciated	66,610,322	1,945,392	(2,805,000)	65,750,714
Total Capital Assets	<u><u>\$ 67,193,926</u></u>	<u><u>\$ 2,292,949</u></u>	<u><u>\$ (2,805,000)</u></u>	<u><u>\$ 66,681,875</u></u>

Depreciation and amortization was charged to business-type activities as follows:

Electric	\$ 423,375
Water	2,012,363
Wastewater	277,170
EMS	22,363
Sanitation	55,831
Airport	92,264
Total Business-type Activities Depreciation Expense	<u><u>\$ 2,883,366</u></u>

City of Lockhart, Texas
NOTES TO THE FINANCIAL STATEMENTS, Continued
September 30, 2023

A summary of changes in component unit (LEDC) capital assets for the year end was as follows:

	Beginning Balances	Additions	Retirements/ Reclassifications	Ending Balances
Capital assets, not being depreciated:				
Land	\$ 2,821,404	\$ -	\$ (1,999,516)	\$ 821,888
Construction in progress	-	163,442	-	163,442
Total capital assets not being depreciated	<u>2,821,404</u>	<u>163,442</u>	<u>(1,999,516)</u>	<u>985,330</u>
Capital assets, being depreciated:				
Buildings	2,250,261	2,227,611	-	4,477,872
Right to use assets	56,020	-	-	56,020
Total capital assets being depreciated	<u>2,306,281</u>	<u>2,227,611</u>	<u>-</u>	<u>4,533,892</u>
Less accumulated depreciation				
Buildings	151,023	51,767	-	202,790
Right to use assets	16,006	16,006	-	32,012
Total accumulated depreciation	<u>167,029</u>	<u>67,773</u>	<u>-</u>	<u>234,802</u>
Net capital assets being depreciated	<u>2,139,252</u>	<u>2,159,838</u>	<u>-</u>	<u>4,299,090</u>
Total Capital Assets	<u><u>\$ 4,960,656</u></u>	<u><u>\$ 2,323,280</u></u>	<u><u>\$ (1,999,516)</u></u>	<u><u>\$ 5,284,420</u></u>

Depreciation was charged to the following activities as follows:

Lockhart EDC	\$ 67,773
Total Depreciation Expense	<u><u>\$ 67,773</u></u>

City of Lockhart, Texas

NOTES TO THE FINANCIAL STATEMENTS, *Continued*

September 30, 2023

D. Long-term Debt

The following is a summary of changes in the City's total long-term liabilities for the year ended September 30, 2023. In general, the City uses the general fund to liquidate governmental long-term liabilities.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retired</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Governmental Activities:					
Bonds, notes and other payables:					
General Obligation Bonds	\$ 3,685,870	\$ -	\$ (565,042)	\$ 3,120,828	\$ 572,526
Certificates of Obligation	6,327,225	-	(382,630)	5,944,595	396,460
Tax notes	2,330,000	-	(304,914)	2,025,086	316,420
Less deferred amounts:					
For premiums	466,738	-	(61,511)	405,227	-
Total Bonds Payable	<u>12,809,833</u>	<u>-</u>	<u>(1,314,097)</u>	<u>11,495,736</u>	<u>1,285,406</u>
SBITA liabilities	151,988	-	(11,846)	140,142	12,939
Lease liabilities	551,478	-	(152,177)	399,301	158,137
Total Governmental Activities	<u>\$ 13,513,299</u>	<u>\$ -</u>	<u>\$ (1,478,120)</u>	<u>\$ 12,035,179</u>	<u>\$ 1,456,482</u>
			Long-term liabilities due in more than one year	<u>\$ 10,578,697</u>	
Business-Type Activities:					
General Obligation Bonds	\$ 1,239,126	\$ -	\$ (189,958)	\$ 1,049,168	\$ 192,474
Certificates of Obligation	7,397,775	-	(447,368)	6,950,407	463,540
Tax Notes	1,720,000	-	(225,086)	1,494,914	233,580
Less deferred amounts:					
For premiums	306,988	-	(32,260)	274,728	-
Total Bonds Payable	<u>10,663,889</u>	<u>-</u>	<u>(894,672)</u>	<u>9,769,217</u>	<u>889,594</u>
Lease liabilities	174,964	-	(74,129)	100,835	74,986
Notes payable	2,197,114	-	(176,002)	2,021,112	180,402
GBRA Obligations	45,120,000	-	(3,165,000)	41,955,000	1,080,000
Total Business-Type Activities	<u>\$ 58,155,967</u>	<u>\$ -</u>	<u>\$ (4,309,803)</u>	<u>\$ 53,846,164</u>	<u>\$ 2,224,982</u>
			Long-term liabilities due in more than one year	<u>\$ 51,621,182</u>	
Component Unit Activities (LEDC):					
Notes payable	\$ 108,430	\$ -	\$ (22,311)	\$ 86,119	\$ 23,283
Lease liabilities	41,350	-	(15,756)	25,594	16,840
Revenue bonds	1,445,000	-	(95,000)	1,350,000	100,000
County obligation	1,500,000	-	(1,500,000)	-	-
Total Component Unit Activities	<u>\$ 3,094,780</u>	<u>\$ -</u>	<u>\$ (1,633,067)</u>	<u>\$ 1,461,713</u>	<u>\$ 140,123</u>
			Long-term liabilities due in more than one year	<u>\$ 1,321,590</u>	

City of Lockhart, Texas

NOTES TO THE FINANCIAL STATEMENTS, *Continued*

September 30, 2023

Long-term debt applicable to the City's governmental activities are not due and payable in the current period and accordingly, are not reported as fund liabilities in the governmental funds. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. The City intends to retire all of its general long-term liabilities, plus accrued interest, from property taxes and other current revenues from the debt service fund as has been done in prior years. The proprietary fund type long-term debt will be repaid, plus accrued interest, from operating revenues of the respective fund. The general fund has typically been used to liquidate the liability for compensated absences for governmental activities. Leases are secured by the underlying asset. In the event of default, the lender may demand immediate payment or take possession of the asset.

Lockhart-Luling Water Delivery System

The Guadalupe-Blanco River Authority (GBRA) contracted with the City in 2002 to provide a reliable quantity of treated water through the Luling Water Treatment Plant. For the mutual benefit of the parties, GBRA, the City of Luling, and the City of Lockhart, Texas entered into an agreement that enabled GBRA to pump treated water from the Luling Water Treatment Plant to the Lockhart Treatment Plant ground storage reservoir through the water delivery system.

GBRA issued \$4,950,000 in Contract Revenue Refunding Bonds in fiscal year 2014 for the water delivery system. As of September 30, 2023, there was \$2,500,000 bonds outstanding.

Carrizo Groundwater Supply Project

The Guadalupe-Blanco River Authority (GBRA) has contracted with the City to assist with the financing for the development of the Carrizo Groundwater Supply Project. This groundwater development project will generate 15,000 acre-feet per year of groundwater which will be distributed to three customers that have contracts with GBRA – New Braunfels Utilities, City of Lockhart, and Goforth Special Utility District. The City is responsible for its proportional share of the contract revenue and board participation loans associated with the financing of the project. As of September 30, 2023, there was \$39,455,000 of obligations outstanding. During the year, the project had new entity participation which restructured the overall allocation of debt. This restructuring resulted in a \$2,805,000 reduction in Lockhart's proportional share of the bonds.

City of Lockhart, Texas
NOTES TO THE FINANCIAL STATEMENTS, Continued
September 30, 2023

Primary government long-term debt at year end was comprised of the following debt issues:

	Governmental Activities	Business - Type Activities	Total
General Obligation Bonds:			
\$6,530,000 General Obligation Refunding Bond, Series 2016, due in annual installments through August 2028, interest at 3.6%	\$ 3,120,828	\$ 1,049,168	\$ 4,169,996
Total General Obligation Bonds	\$ 3,120,828	\$ 1,049,168	\$ 4,169,996
Certificates of Obligation:			
\$16,685,000 Certificates of Obligation, Series 2015, due in annual installments through August 2035 interest at 3.39%	\$ 5,944,595	\$ 6,950,407	\$ 12,895,002
Total Certificates of Obligation	\$ 5,944,595	\$ 6,950,407	\$ 12,895,002
Notes Payable:			
\$3,600,000 2013 State Infrastructure Bank Loan due in annual installments through June 2033, interest at 2.50%	\$ -	\$ 2,021,112	\$ 2,021,112
Total Notes Payable	\$ -	\$ 2,021,112	\$ 2,021,112
Tax Notes:			
\$4,050,000 Limited Tax Note, Series 2022, due in annual installments through 2029, interest at 2.61%	\$ 2,025,086	\$ 1,494,914	\$ 3,520,000
Total Tax Notes	\$ 2,025,086	\$ 1,494,914	\$ 3,520,000
GBRA Obligations:			
\$4,950,000 GBRA Revenue Bond, Series 2014, due in installments through 2030, interest at 3.45%	\$ -	\$ 2,500,000	\$ 2,500,000
\$7,095,000 2018 Board Participation Loan due in installments through 2053, interest at 4.24%	-	7,095,000	7,095,000
\$2,405,000 Contract Revenue Bond, Series 2018A, due in installments through 2048, interest at 3.96%	-	2,405,000	2,405,000
\$2,095,000 Contract Revenue Bond, Series 2018B, due in installments through 2048, interest at 3.23%	-	1,830,000	1,830,000
\$6,260,000 2019 Board Participation Loan due in installments through 2054, interest at 3.39%	-	6,260,000	6,260,000
\$1,720,000 Contract Revenue Bond, Series 2019, due in installments through 2049, interest at 2.47%	-	1,560,000	1,560,000
\$8,250,000 Contract Revenue Bond, Series 2020, due in installments through 2050, interest at 2.08%	-	7,370,000	7,370,000
\$14,485,000 Contract Revenue Bond, Series 2021, due in installments through 2050, interest at 2.75%	-	12,935,000	12,935,000
Total GBRA Obligations	\$ -	\$ 41,955,000	\$ 41,955,000

City of Lockhart, Texas
NOTES TO THE FINANCIAL STATEMENTS, Continued
September 30, 2023

	Governmental Activities	Business - Type Activities	Total
Lease Liabilities:			
\$121,741 lease payable to Stryker Sales Corporation, due in annual installments of \$17,392 through 2024, interest at 3.5%	\$ -	\$ 17,391	\$ 17,391
\$322,861 lease payable for building, due in monthly installments of \$5,315 to \$6,218 through 2027, interest at 2.61%	257,364	-	257,364
\$610,998 lease payable to Enterprise Fleet, due in monthly installments of \$13,106 through 2025, interest at 1.5%	141,937	83,444	225,381
Total Lease Liabilities	\$ 399,301	\$ 100,835	\$ 500,136
SBITA Liabilities:			
\$64,352 SBITA payable to Eforce Records Management, due in annual installments of \$6,862 through 2031, interest at 4.5%	\$ 53,009	\$ -	\$ 53,009
\$105,777 SBITA payable to Eforce Records License, due in annual installments of \$11,966-\$14,717 through 2031, interest at 4.5%	87,133	-	87,133
Total SBITA Liabilities	\$ 140,142	\$ -	\$ 140,142
Premiums	405,227	274,728	679,955
Total Debt	\$ 12,035,179	\$ 53,846,164	\$ 65,881,343

The component unit long-term debt at year end was comprised of the following debt issues:

	Lockhart EDC
Sales Tax Revenue Bonds:	
\$1,645,000 Sales Tax Revenue Bond, Series 2020, due in semi-annual installments through August 2035, interest at 2.47%	\$ 1,350,000
Total Sales Tax Revenue Bonds	\$ 1,350,000
Notes Payable:	
\$425,000 207 Economic Development Note Payable due in quarterly installments through 2027 interest at 4.25%	\$ 86,119
Total Notes Payable	\$ 86,119
Lease liabilities:	
\$76,144 lease payable for building, due in monthly installments of \$1,245-\$1,470 through March 2025, interest at 2.61%	\$ 25,594
Total Lease Liabilities	\$ 25,594
Total Debt	\$ 1,461,713

City of Lockhart, Texas
NOTES TO THE FINANCIAL STATEMENTS, Continued
September 30, 2023

The annual requirements to amortize the City's governmental long-term activities debt issues outstanding at year end were as follows:

Year ending September 30,	2015 Tax & Rev CO		2016 GO Refunding		2022 Tax Note	
	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 396,460	\$ 201,082	\$ 572,526	\$ 119,108	\$ 316,420	\$ 48,725
2025	412,595	185,224	594,978	101,932	325,049	40,354
2026	433,340	164,594	624,914	78,133	333,679	31,758
2027	447,170	151,594	647,366	53,136	339,432	22,974
2028	461,000	138,179	681,044	27,242	350,938	13,964
2029	493,270	124,349	-	-	359,568	4,692
2030	507,100	109,551	-	-	-	-
2031	523,235	93,704	-	-	-	-
2032	539,370	76,699	-	-	-	-
2033	557,810	59,169	-	-	-	-
2034	576,250	40,343	-	-	-	-
2035	596,995	20,895	-	-	-	-
	<u>\$ 5,944,595</u>	<u>\$ 1,365,384</u>	<u>\$ 3,120,828</u>	<u>\$ 379,551</u>	<u>\$ 2,025,086</u>	<u>\$ 162,468</u>

Year ending September 30,	Leases	
	Principal	Interest
2024	\$ 158,137	\$ 7,460
2025	109,653	4,544
2026	69,611	2,609
2027	61,900	747
	<u>\$ 399,301</u>	<u>\$ 15,361</u>

Year ending September 30,	SBITA		
	Principal	Interest	Total
2024	\$ 12,939	\$ 6,306	\$ 19,246
2025	14,099	5,724	19,823
2026	15,328	5,090	20,418
2027	16,630	4,400	21,030
2028	18,010	3,652	21,661
2029	19,470	2,841	22,311
2030	21,015	1,965	22,980
2031	22,651	1,019	23,670
Total	<u>\$ 140,142</u>	<u>\$ 25,172</u>	<u>\$ 102,178</u>

City of Lockhart, Texas

NOTES TO THE FINANCIAL STATEMENTS, *Continued*

September 30, 2023

The City entered into leases to finance the use of building and equipment. The property is classified as right to use asset with a total carrying value as of yearend for governmental activities of \$388,546.

The City entered into IT based subscription agreements for records management. The present value of the subscription payments is classified as right to use asset with a total carrying value as of yearend for governmental activities of \$136,789.

The annual requirements to amortize the City's business-type long-term activities debt issues outstanding at year end were as follows:

Business-Type Activities:

Year ending September 30,	2015 Tax & Rev CO		2016 GO Refunding		2022 Tax Note	
	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 463,540	\$ 235,105	\$ 192,474	\$ 40,042	\$ 233,580	\$ 35,969
2025	482,405	216,563	200,022	34,268	239,951	29,789
2026	506,660	192,443	210,086	26,267	246,321	23,444
2027	522,830	177,243	217,634	17,864	250,568	16,959
2028	539,000	161,559	228,952	9,158	259,062	10,309
2029	576,730	145,389	-	-	265,432	3,464
2030	592,900	128,087	-	-	-	-
2031	611,765	109,558	-	-	-	-
2032	630,630	89,676	-	-	-	-
2033	652,190	69,181	-	-	-	-
2034	673,750	47,169	-	-	-	-
2035	698,007	24,430	-	-	-	-
	<u>\$ 6,950,407</u>	<u>\$ 1,596,403</u>	<u>\$ 1,049,168</u>	<u>127,599</u>	<u>\$ 1,494,914</u>	<u>119,934</u>

City of Lockhart, Texas
NOTES TO THE FINANCIAL STATEMENTS, Continued
September 30, 2023

Year ending September 30,	State Infrastructure Loan		Leases	
	Principal	Interest	Principal	Interest
2024	\$ 180,402	\$ 50,528	\$ 74,986	\$ 857
2025	184,912	46,018	25,849	105
2026	189,535	41,395	-	-
2027	194,273	36,657	-	-
2028	199,130	31,800	-	-
2029	204,108	26,821	-	-
2030	209,211	21,719	-	-
2031	214,441	16,489	-	-
2032	219,802	11,127	-	-
2033	225,298	5,632	-	-
	<u>\$ 2,021,112</u>	<u>288,185</u>	<u>\$ 100,835</u>	<u>961</u>

The City entered into leases to finance the use of equipment. The property is classified as right to use asset with a total carrying value as of yearend for business-type activities of \$129,290.

City of Lockhart, Texas
NOTES TO THE FINANCIAL STATEMENTS, Continued
September 30, 2023

<u>Year ending September 30,</u>	<u>Guadelupa-Blanco River Authority</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 1,080,000	\$ 1,165,833	\$ 1,677,851
2025	1,105,000	1,138,773	1,676,666
2026	1,125,000	1,121,587	1,680,790
2027	1,140,000	1,102,995	1,678,995
2028	1,165,000	1,082,839	1,681,122
2029	1,185,000	1,061,242	1,682,354
2030	1,205,000	1,038,043	1,677,396
2031	820,000	1,020,423	1,273,454
2032	840,000	1,008,120	1,280,093
2033	850,000	993,529	1,275,529
2034	880,000	977,135	1,280,100
2035	890,000	959,252	1,278,927
2036	910,000	940,183	1,282,095
2037	930,000	919,872	1,279,556
2038	960,000	898,438	1,281,466
2039	1,330,000	875,897	1,632,534
2040	1,695,000	839,254	1,959,419
2041	1,740,000	790,294	1,959,348
2042	1,795,000	738,370	1,966,460
2043	1,845,000	682,755	1,961,920
2044	1,900,000	625,486	1,955,983
2045	1,965,000	564,318	1,961,500
2046	2,030,000	501,803	1,959,674
2047	2,090,000	434,729	1,955,515
2048	2,160,000	365,144	1,959,560
2049	1,970,000	293,067	1,686,389
2050	1,950,000	228,890	1,596,882
2051	1,650,000	164,019	1,187,244
2052	1,085,000	106,130	1,191,130
2053	1,135,000	63,234	1,198,234
2054	530,000	18,338	548,338
	<u>\$ 41,955,000</u>	<u>\$ 22,719,988</u>	<u>\$ 48,666,518</u>

City of Lockhart, Texas
NOTES TO THE FINANCIAL STATEMENTS, Continued
September 30, 2023

The annual requirements to amortize the City's component unit long-term activities debt issues outstanding at year end were as follows:

Lockhart Economic Development Corporation

Year ending September 30,	Leases		First National Bank	
	Principal	Interest	Principal	Interest
2024	\$ 16,840	\$ 470	\$ 23,283	\$ 3,262
2025	8,753	67	24,315	2,230
2026	-	-	25,384	1,161
2027	-	-	13,138	166
	<u>\$ 25,594</u>	<u>536</u>	<u>\$ 86,119</u>	<u>6,819</u>

The LEDC entered into a lease to finance the use of a building. The property is classified as right to use asset with a total carrying value as of yearend for component unit activities of \$24,009.

Year ending September 30,	2020 Sales Tax and Revenue Bonds	
	Principal	Interest
2024	\$ 100,000	\$ 33,345
2025	100,000	30,875
2026	100,000	28,405
2027	105,000	25,935
2028	110,000	23,342
2029	110,000	20,625
2030	115,000	17,908
2031	115,000	15,067
2032	120,000	12,227
2033	120,000	9,263
2034	125,000	6,299
2035	130,000	3,211
	<u>\$ 1,350,000</u>	<u>226,499</u>

City of Lockhart, Texas
NOTES TO THE FINANCIAL STATEMENTS, Continued
September 30, 2023

G. Other Long-term Liabilities

The following is a summary of changes in the City's other long-term liabilities for the year ended. In general, the City uses the general fund and utility fund to liquidate compensated absences.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due within One Year</u>
Governmental Activities:					
Compensated absences	\$ 555,847	\$ 389,770	\$ (484,107)	\$ 461,510	\$ 415,359
Total Governmental Activities	<u>\$ 555,847</u>	<u>\$ 389,770</u>	<u>\$ (484,107)</u>	<u>\$ 461,510</u>	<u>\$ 415,359</u>
Other long-term liabilities due in more than one year				<u>\$ 46,151</u>	
Business-Type Activities:					
Compensated absences	\$ 82,661	\$ 76,740	\$ (84,248)	\$ 75,153	\$ 67,638
Total Business-Type Activities	<u>\$ 82,661</u>	<u>\$ 76,740</u>	<u>\$ (84,248)</u>	<u>\$ 75,153</u>	<u>\$ 67,638</u>
Other long-term liabilities due in more than one year				<u>\$ 7,515</u>	

H. Deferred Charges on Refunding

Deferred charges resulting from the issuance of series 2016 GO revenue refunding bonds have been recorded as deferred outflows of resources and are being amortized to interest expense over the shorter of either the remaining term of the refunded debt or the refunding certificates of obligation. Current year balances for governmental and business-type activities totaled \$140,652 and \$98,687, respectively. Current year amortization expense for governmental and business-type activities totaled \$23,442 and \$16,447, respectively.

City of Lockhart, Texas
NOTES TO THE FINANCIAL STATEMENTS, Continued
September 30, 2023

I. Interfund Transactions

The compositions of interfund advances to/from balances as of the year ended September 30, 2023 were as follows:

	Due from:	
Due to:	General Fund	Total
Water Fund	\$ 115,871	115,871
Nonmajor govt.	44,311	44,311
Total	\$ 160,182	\$ 160,182

Interfund receivables and payables relate to various amounts used to cover operational and capital expenditures. All balances are expected to be resolved in the subsequent year.

Transfers between the primary government during the 2023 year were as follows:

	Transfers Out:						
Transfers In:	General	Electric	Water	Wastewater	Nonmajor governmental	Nonmajor enterprise	Total
General	\$ -	\$ 2,318,922	\$ 297,393	\$ 755,307	\$ 670,016	\$ 321,361	\$ 4,362,999
Nonmajor govt	71,560	-	-	160,000	100,000	-	331,560
Water	-	-	-	542,787	750,000	-	1,292,787
Total	\$ 71,560	\$ 2,318,922	\$ 297,393	\$ 1,458,094	\$ 1,520,016	\$ 321,361	\$ 5,987,346

The LEDC transferred \$63,979 to the general fund during the year. Transfers between funds were primarily to support debt service requirements and operation of funds.

V. OTHER INFORMATION

A. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; injuries to employees; employee health benefits; and other claims of various natures. The City participates in the Texas Municipal League Intergovernmental Risk Pool (Pool) which provides protection for risks of loss. Premiums are paid to the Pool that retains the risk of loss beyond the City's policy deductibles. Any losses reported but unsettled or incurred and not reported, are believed to be insignificant to the City's basic financial statements. For the last three years, there have been no significant reductions of insurance coverage or insurance settlements in excess of insurance coverage.

City of Lockhart, Texas

NOTES TO THE FINANCIAL STATEMENTS, *Continued*

September 30, 2023

B. Contingent Liabilities

The City is involved in lawsuits with other parties from time to time. While the ultimate result of these matters cannot be predicted with certainty, the City does not expect them to have a materially adverse effect on the basic financial statements.

Amounts received or receivable from granting agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amounts of expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

C. Commitments

Water Purchase Commitment

The City has entered into an agreement with the Guadalupe-Blanco River Authority (GBRA) that obligates the City to purchase its water from GBRA through December 31, 2027.

D. Pension Plans

Texas Municipal Retirement Systems

Plan Description

The City of Lockhart, Texas participates as one of 919 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 annual comprehensive financial report (ACFR) that can be obtained at www.tmrs.com.

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

City of Lockhart, Texas

NOTES TO THE FINANCIAL STATEMENTS, *Continued*

September 30, 2023

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.

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% of the member's deposits and interest.

The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS.

Plan provisions for the City were as follows:

	<u>Plan Year 2021</u>	<u>Plan Year 2022</u>
Employee deposit rate	6%	6%
Matching ratio (city to employee)	2 to 1	2 to 1
Years required for vesting	5	5
Service retirement eligibility (expressed as age / years of service)	60/5, 0/20	60/5, 0/20
Updated service credit	100% Repeating Transfers	100% Repeating Transfers
Annuity increase (to retirees)	70% of CPI repeating	70% of CPI repeating

Employees covered by benefit terms

At the December 31, 2022 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	101
Inactive employees entitled to but not yet receiving benefits	140
Active employees	136
Total	377

City of Lockhart, Texas

NOTES TO THE FINANCIAL STATEMENTS, *Continued*

September 30, 2023

Contributions

The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the city matching percentages are either 100%, 150%, or 200%, 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 of Lockhart, Texas were required to contribute 6% of their annual gross earnings during the fiscal year. The contribution rates for the City of Lockhart, Texas were 12.63% and 12.47% in calendar years 2022 and 2023, respectively. The City's contributions to TMRS for the year ended September 30, 2023, were \$944,606, and were equal to the required contributions.

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2022, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial assumptions:

The Total Pension Liability in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	2.75% per year
Investment Rate of Return	6.75%, net of pension plan investment expense, including inflation

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 16 mortality rate is applied, for males and females respectively, to reflect the impairment for

City of Lockhart, Texas

NOTES TO THE FINANCIAL STATEMENTS, *Continued*

September 30, 2023

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 post-retirement 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). The target allocation and best estimates of real rates of return for each major asset class in fiscal year 2023 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Global Public Equity	35.0%	7.70%
Core Fixed Income	6.0%	4.90%
Non-Core Fixed Income	20.0%	8.70%
Other Public/Private Markets	12.0%	8.10%
Real Estate	12.0%	5.80%
Hedge Funds	5.0%	6.90%
Private Equity	10.0%	11.80%
Total	100.0%	

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

City of Lockhart, Texas

NOTES TO THE FINANCIAL STATEMENTS, *Continued*

September 30, 2023

expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability. Of the total pension liability, \$6,383,098 is related to the primary government, and \$673,720 is attributable to discretely presented component unit.

Changes in the Net Pension Liability:

	<u>Total Pension Liability (a)</u>	<u>Plan Fiduciary Net</u>	<u>Total Net Pension</u>	<u>Primary Government</u>	<u>Component Units</u>
Balance at 12/31/21	\$ 40,554,638	\$ 38,669,420	\$ 1,885,218	\$ 1,847,891	\$ 37,327
Changes for the year:					
Service cost	1,019,640	-	1,019,640	922,294	97,346
Interest	2,695,766	-	2,695,766	2,438,399	257,367
Change in benefit terms	-	-	-	-	-
Difference between expected and actual experience	57,152	-	57,152	51,696	5,456
Changes of assumptions	-	-	-	-	-
Contributions – employer	-	953,882	(953,882)	(862,814)	(91,068)
Contributions – employee	-	464,176	(464,176)	(419,861)	(44,315)
Net investment income(loss)	-	(2,821,822)	2,821,822	2,552,420	269,402
Benefit payments, including refunds of emp. contributions	(2,254,366)	(2,254,366)	-	-	-
Administrative expense	-	(24,426)	24,426	22,094	2,332
Other changes	-	29,148	(29,148)	(169,022)	139,874
Net changes	1,518,192	(3,653,408)	5,171,600	4,535,207	636,393
Balance at 12/31/22	<u>\$ 42,072,830</u>	<u>\$ 35,016,012</u>	<u>\$ 7,056,818</u>	<u>\$ 6,383,098</u>	<u>\$ 673,720</u>

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

City of Lockhart, Texas
NOTES TO THE FINANCIAL STATEMENTS, Continued
September 30, 2023

The following presents the net pension liability of the City, calculated using the discount rate of 6.75%, as well as what the City's net pension 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:

Primary Government

1% Decrease 5.75%	Current Single Rate Assumption 6.75%	1% Increase 7.75%
\$ 11,762,142	\$ 6,383,098	\$ 2,011,760

Component Unit

1% Decrease 5.75%	Current Single Rate Assumption 6.75%	1% Increase 7.75%
\$ 1,241,465	\$ 673,720	\$ 212,336

Total

1% Decrease 5.75%	Current Single Rate Assumption 6.75%	1% Increase 7.75%
\$ 13,003,607	\$ 7,056,818	\$ 2,224,096

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 and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions:

For the year ended September 30, 2023, the City recognized pension expense of \$1,664,319. Of this amount, \$1,505,425 is related to the primary government and \$158,984 is attributable to the discretely presented component unit.

City of Lockhart, Texas
NOTES TO THE FINANCIAL STATEMENTS, Continued
September 30, 2023

At September 30, 2023, the City reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred (Inflows) of Resources
Primary Government:		
Difference between projected and actual investment earnings	\$ 2,224,248	\$ -
Differences between expected and actual economic experience	337,240	-
Contributions subsequent to the measurement date	597,209	-
Component Units:		
Difference between projected and actual investment earnings	234,764	-
Differences between expected and actual economic experience	35,595	-
Contributions subsequent to the measurement date	63,034	-
Total	\$ 3,492,090	\$ -

The primary government and component units reported \$597,209 and \$63,034, respectively, as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability for the year ending September 30, 2024.

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

	Primary Government	Discretely Presented Component Units	Total
Year ended December 31:			
2023	\$ 375,491	\$ 39,632	\$ 415,123
2024	607,978	64,171	672,149
2025	595,339	62,836	658,175
2026	982,681	103,719	1,086,400
2027	-	-	-
Thereafter	-	-	-
	\$ 2,561,488	\$ 270,359	\$ 2,831,847

City of Lockhart, Texas
NOTES TO THE FINANCIAL STATEMENTS, Continued
 September 30, 2023

E. Other Postemployment Benefits

Supplemental Death Benefits Fund

The City also participates in a defined benefit group-term life insurance plan operated by the Texas Municipal Retirement System (TMRS) known as the Supplemental Death Benefits Fund (SDBF). This is a voluntary program in which participating member cities may elect, by ordinance, to provide group-term life insurance coverage for their active members, including or not including retirees. The City elected, by ordinance, to provide group-term life insurance coverage to both current and retired employees. The City may terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1.

The death benefit for active employees provides a lump-sum payment approximately equal to the employee’s annual salary (calculated based on the employee’s actual earnings, for the 12-month period preceding the month of death); retired employees are insured for \$7,500; this coverage is an “other postemployment benefit,” or OPEB. The SDBF covers both active and retiree benefits with no segregation of assets and, therefore, doesn’t meet the definition of a trust under GASB No. 75, paragraph 4b, (i.e., no assets are accumulated for OPEB). As such, the SDBF is considered to be a single-employer unfunded OPEB plan (and not a cost sharing plan) with benefit payments treated as being equal to the employer’s yearly contributions for retirees.

The City contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year; the intent is not to pre-fund retiree term life insurance during employees’ entire careers.

Employees covered by benefit terms

At the December 31, 2022 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	70
Inactive employees entitled to but not yet receiving benefits	24
Active employees	136
Total	230

The City’s contributions to the TMRS SDBF for the years ended 2023, 2022, and 2021 were \$10,839, \$10,386 and \$9,355, respectively, which equaled the required contributions each year.

City of Lockhart, Texas
NOTES TO THE FINANCIAL STATEMENTS, Continued
September 30, 2023

Schedule of Contribution Rates
(RETIREE-only portion of the rate)

Plan/ Calendar Year	Annual Required Contribution (Rate)	Actual Contribution Made (Rate)	Percentage of ARC Contributed
2021	0.15%	0.15%	100.0%
2022	0.13%	0.13%	100.0%
2023	0.15%	0.15%	100.0%

Total OPEB Liability

The City's Postemployment Benefits Other Than Pensions Liability (OPEB) was measured as of December 31, 2022, and the Total OPEB Liability was determined by an actuarial valuation as of that date.

Actuarial assumptions:

The Total OPEB Liability in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	3.5% to 11.5%, including inflation per year
Discount rate	4.05%
Retirees' share of benefit-related costs	\$0
Administrative expenses	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment, with male rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment are used with males rates multiplied by 109% and female rates multiplied by 103% with a 3-year set-forward for both males and females. In addition, a 3% minimum mortality rate is applied to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements subject to the 3% floor.

City of Lockhart, Texas
NOTES TO THE FINANCIAL STATEMENTS, Continued
September 30, 2023

Discount Rate:

The discount rate used to measure the Total OPEB Liability was 4.05%. The discount rate was based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2022.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the City, calculated using the discount rate of 1.84%, as well as what the City's total OPEB liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (0.84%) or 1-percentage-point higher (2.84%) than the current rate:

1% Decrease (3.05%)	Current Single Rate Assumption 4.05%	1% Increase (5.05%)
\$ 490,316	\$ 414,810	\$ 355,531

Changes in the Total OPEB Liability:

	Total OPEB Liability
Balance at 12/31/21	\$ 572,624
Changes for the year:	
Service Cost	29,398
Interest	10,714
Difference between expected and actual experience	7,532
Changes of assumptions	(195,401)
Benefit payments	(10,057)
Net changes	(157,814)
Balance at 12/31/22	\$ 414,810

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended September 30, 2023, the City recognized OPEB expense for the SDBF of \$15,045. Total aggregate OPEB expense was \$39,612 including the healthcare benefit OPEB discussed in the subsequent section.

City of Lockhart, Texas
NOTES TO THE FINANCIAL STATEMENTS, Continued
September 30, 2023

At September 30, 2023, the City reported deferred outflows of resources related to the OPEB liability from the following sources:

	Deferred Outflows of Resources	Deferred (Inflows) of Resources
Difference between expected and actual experience	\$ -	\$ (21,407)
Changes in assumptions and other inputs	-	(102,434)
Contributions subsequent to measurement date	7,841	-
Total	\$ 7,841	\$ (123,841)

The City reported \$7,841 as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date that will be recognized as a reduction of the OPEB liability for the year ending September 30, 2024.

Other amounts reported as deferred outflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended December 31:	
2023	\$ (19,253)
2024	(26,571)
2025	(35,612)
2026	(36,231)
2027	(6,174)
Thereafter	-
	\$ (123,841)

Retiree Health Benefit Plan

In addition to providing pension benefits, the City provides medical benefits to eligible retirees and dependents with postemployment health care benefits through a single-employer postemployment healthcare plan (the "plan") administered by Texas Municipal League Multistate Intergovernmental Employee Benefits Pool. A separate audited financial report is not issued on the plan. In order for a City employee to be eligible for this benefit, he or she needs 20 years of service and/or attained the age of 60 with five years of service. Medical benefits are available with four coverage tiers depending on dependent status and continue until Medicare eligible. A Medicare supplement policy is available to Medicare eligible retirees with the retiree paying the full premium.

City of Lockhart, Texas

NOTES TO THE FINANCIAL STATEMENTS, *Continued*

September 30, 2023

Eligible retirees pay the full contribution rate for pre-65 medical coverage. The amount of the contribution depends on years of service with the City at retirement. The plan was changed effective June 1, 2015 to provide payment of higher retiree contribution rates for future retirees. Employees hired on or after this date will pay the full retiree contribution rate equal to 195% of the active employee contribution rate. Retirees hired prior to this date will pay the active employee contribution rate for either 2, 5 or 10 years (or to age 65, if earlier) depending on the years of service retirement. All retirees on the effective date will continue to pay the active employee contribution rate.

Funding Status and Funding Progress

Actuarial valuations of an ongoing program involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the Program and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of Program, assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits. The current valuation dated September 30, 2022 and measured as of September 30, 2023 uses the mortality table: RPH 2014 Total Table with Projection MP-2021 and turnover: rates varying based on genera, age, and select and ultimate at 9 years. Rates based on the TMRS actuarial assumptions from the 2017 retirement plan valuation report.

Actuarial Methods and Assumptions

There have been no substantive changes in the retiree plan since the last full valuation. Therefore, the interim-year projection study is based on the census information, benefit schedules and costs for the fiscal year 2022 actuarial valuation for the development of the GASB 75 disclosures related to OPEB benefits for the year ended September 30, 2023.

Projections of benefits for financial reporting purposes are based on the substantive program (the program as understood by the employer and the Program members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and Program members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

City of Lockhart, Texas
NOTES TO THE FINANCIAL STATEMENTS, Continued
September 30, 2023

The following is a summary of the actuarial assumptions:

Actuarial Cost Method	Entry Age Normal Cost
Amortization Method	Level Percent-of-Payroll
Asset Valuation Method	N/A
Discount Rate	4.77%
Inflation Rate	2.5%
Salary Growth	3.5%
Healthcare Cost Trend Rate (Initial/Ultimate)	4.5% for medical

At the September 30, 2022 valuation, the following represents the active employees and retirees that are eligible to participate in the plan:

Employees covered by benefit terms

At the September 30, 2022 valuation date, the following employees were covered by the benefit terms:

<u>Status</u>	<u>Employee</u>	<u>Employee & Spouse</u>
Inactive employees or beneficiaries currently receiving benefits	5	0
Active employees	44	10
Total	49	10

Discount Rate

The discount rate used to measure the Total OPEB Liability was 4.77%. The discount rate was based on the Bond Buyer GO Bond 20 Year Index rate as of September 30, 2022, date of the actuarial valuation.

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

The following presents the net OPEB liability of the City, calculated using the discount rate of 4.77%, as well as what the City's net OPEB liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (3.77%) or 1-percentage-point higher (5.77%) than the current rate:

<u>1% Decrease (3.77%)</u>	<u>Current Single Rate Assumption 4.77%</u>	<u>1% Increase (5.77%)</u>
\$ 413,305	\$ 382,938	\$ 355,388

City of Lockhart, Texas
NOTES TO THE FINANCIAL STATEMENTS, Continued
September 30, 2023

Healthcare Cost Trend

1% Decrease (3.5%)	Current Healthcare Cost Trend (4.5%)	1% Increase (5.5%)
\$ 351,151	\$ 382,938	\$ 419,471

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at 9/30/2022	\$ 382,159
Changes for the year:	
Service Cost	6,779
Interest	17,980
Difference between expected and actual experience	-
Changes of assumptions	-
Benefit payments	(23,980)
Net changes	779
Balance at 9/30/2022	\$ 382,938

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended September 30, 2023, the City recognized OPEB expense for the health benefit plan of \$24,567.

At September 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to the OPEB liability from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 22,261	\$ -
Change in assumptions	-	(34,643)
Total	\$ 22,261	\$ (34,643)

City of Lockhart, Texas
NOTES TO THE FINANCIAL STATEMENTS, Continued
September 30, 2023

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

Year ended September 30:	
2024	\$ (192)
2025	(192)
2026	(2,781)
2027	(6,833)
2028	(2,384)
Thereafter	-
	<u>\$ (12,382)</u>

F. Tax Abatement Disclosures

The City of Lockhart enters into tax abatement and rebate agreements with local businesses under the state local government code, title 12, subtitle A, chapter 380. Under the code, the governing body of a municipality may establish and provide for the administration of one or more programs, including programs for making loans or grants of public money and providing personnel and services of the municipality, to promote state or local economic development and to stimulate business and commercial activity in the municipality. The City has tax abatement/rebate agreements with three entities as of September 30, 2023:

\$8,696 of real property and personal property taxes was rebated to a manufacturing company that commercializes fiber reactor technology to enhance and improve manufacturing environments by increasing the efficiency of existing refining operations utilizing two-phase chemistry.

The City has not made any commitments as part of the agreements other than to reduce taxes. The City is not subject to any tax abatement agreements entered into by other governmental entities. The City has chosen to disclose information about its tax abatement agreements individually. It established a quantitative threshold of 100% percent of the total dollar amount of taxes abated during the year.

City of Lockhart, Texas
NOTES TO THE FINANCIAL STATEMENTS, Continued
September 30, 2023

G. Restatement

Due to the implementation of GASB Statement No. 96, Subscription-Based Information Technology Arrangements (“SBITA”), the governmental activities restated capital assets and long-term liabilities for as follows:

	Governmental Activities
Prior year ending net position, as reported	\$ 22,372,556
Adoption of GASB 96 (SBITA) - right-to-use assets	151,988
Adoption of GASB 96 (SBITA) - subscription liabilities	(151,988)
Restated beginning net position	\$ 22,372,556

H. New Accounting Pronouncements

The City has adopted the provision of Governmental Accounting Standard Board (GASB) Statement No. 96, entitled Subscription-Based Information Technology Arrangements (“SBITA”). When implementing GASB 96, the City records right to use assets and subscription liabilities based on the present value of the payments for the related arrangements. The assets will be included within capital assets, and amortized straight-line over the term of the arrangement. The liabilities will accrue interest at the implied rate estimated by the City, and are relieved with payments over the term of the arrangements.

I. Subsequent Events

On October 1, 2023, the City’s contract for third party EMS activities ended. The City will subsequently operate emergency medical services and emergency ambulance services as a department of the City.

There were other no other subsequent events through March 15, 2024, the date the financial statements were issued.

REQUIRED SUPPLEMENTARY INFORMATION

City of Lockhart, Texas

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL GENERAL FUND (Page 1 of 2)

For the Year Ended September 30, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Property tax	\$ 4,920,300	\$ 4,920,300	\$ 5,269,471	\$ 349,171
Sales tax	2,310,850	2,310,850	2,712,526	401,676
Franchise and local taxes	369,600	369,600	404,247	34,647
License and permits	366,500	366,500	219,121	(147,379)
Charges for services	91,800	91,800	1,218,468	1,126,668
Intergovernmental	443,059	443,059	163,321	(279,738)
Fines and forfeitures	291,500	291,500	444,063	152,563
Investment income	11,000	11,000	599,520	588,520
Other revenue	76,648	76,648	249,470	172,822
Total Revenues	8,881,257	8,881,257	11,280,207	2,398,950
Expenditures				
Current:				
General government	1,992,122	2,021,640	1,753,222	268,418
Public safety	7,741,939	7,741,939	6,270,986	1,470,953
Public works	3,824,412	3,824,836	2,124,476	1,700,360
Health and welfare	60,960	60,960	9,086	51,874
Culture and recreation	2,445,528	2,445,528	1,803,531	641,997
Community development	1,284,980	1,284,980	1,933,286	(648,306)
Debt Service:				
Principal	164,023	164,023	164,023	-
Interest and fiscal charges	19,581	19,581	19,581	-
Total Expenditures	17,533,545	17,563,487	14,078,191	3,485,296
Revenues Over (Under) Expenditures	(8,652,288)	(8,682,230)	(2,797,984)	5,884,246

City of Lockhart, Texas
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND (Page 2 of 2)
For the Year Ended September 30, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<u>Other Financing Sources (Uses)</u>				
Sale of assets	\$ 25,000	\$ 25,000	\$ 34,000	\$ 9,000
Transfers in	8,189,991	8,189,991	4,362,999	(3,826,992)
Transfers (out)	(65,000)	(65,000)	(71,560)	(6,560)
Total Other Financing Sources (Uses)	<u>8,149,991</u>	<u>8,149,991</u>	<u>4,325,439</u>	<u>(3,824,552)</u>
Net Change in Fund Balance	<u>\$ (502,297)</u>	<u>\$ (532,239)</u>	1,527,455	<u>\$ 2,059,694</u>
Beginning fund balance			<u>10,879,515</u>	
Ending Fund Balance			<u>\$ 12,406,970</u>	

Notes to Required Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles.

City of Lockhart, Texas

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

Years Ended:

	<u>12/31/2022</u>	<u>12/31/2021</u>	<u>12/31/2020</u>
Total pension liability			
Service cost	\$ 1,019,640	\$ 1,005,010	\$ 961,008
Interest	2,695,766	2,527,075	2,392,058
Differences between expected and actual experience	57,152	850,154	193,047
Changes of assumptions	-	-	-
Benefit payments, including refunds of participant contributions	<u>(2,254,366)</u>	<u>(1,526,480)</u>	<u>(1,609,242)</u>
Net change in total pension liability	<u>1,518,192</u>	<u>2,855,759</u>	<u>1,936,871</u>
Total pension liability - beginning	<u>40,554,638</u>	<u>37,698,879</u>	<u>35,762,008</u>
Total pension liability - ending (a)	<u>42,072,830</u>	<u>40,554,638</u>	<u>37,698,879</u>
Plan fiduciary net position			
Contributions - employer	\$ 953,882	\$ 950,147	\$ 933,321
Contributions - members	464,176	457,169	437,153
Net investment income	(2,821,822)	4,474,872	2,439,599
Benefit payments, including refunds of participant contributions	(2,254,366)	(1,526,480)	(1,609,242)
Administrative expenses	(24,426)	(20,710)	(15,791)
Other	<u>29,148</u>	<u>142</u>	<u>(616)</u>
Net change in plan fiduciary net position	<u>(3,653,408)</u>	<u>4,335,140</u>	<u>2,184,424</u>
Plan fiduciary net position - beginning	<u>38,669,420</u>	<u>34,334,280</u>	<u>32,149,856</u>
Plan fiduciary net position - ending (b)	<u>\$ 35,016,012</u>	<u>\$ 38,669,420</u>	<u>\$ 34,334,280</u>
Fund's net pension liability - ending (a) - (b)	<u>\$ 7,056,818</u>	<u>\$ 1,885,218</u>	<u>\$ 3,364,599</u>
 Plan fiduciary net position as a percentage of the total pension liability	 83.23%	 95.35%	 91.08%
Covered payroll	\$ 7,736,270	\$ 7,619,481	\$ 7,285,883
Fund's pension liability as a percentage of covered payroll	91.22%	24.74%	46.18%

Notes to schedule:

1) This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, only available information is shown.

	<u>12/31/2019</u>	<u>12/31/2018</u>	<u>12/31/2017</u>	<u>12/31/2016</u>	<u>12/31/2015</u>	<u>12/31/2014</u> ¹
\$	908,475	\$ 861,176	\$ 803,650	\$ 809,909	\$ 755,292	\$ 659,622
	2,267,377	2,158,275	2,050,665	1,924,544	1,840,606	1,759,695
	(28,525)	(144,312)	(95,374)	213,804	541,546	(275,265)
	94,975	-	-	-	143,888	-
	<u>(1,233,643)</u>	<u>(1,331,302)</u>	<u>(1,055,658)</u>	<u>(1,097,681)</u>	<u>(1,084,811)</u>	<u>(987,219)</u>
	2,008,659	1,543,837	1,703,283	1,850,576	2,196,521	1,156,833
	<u>33,753,349</u>	<u>32,209,512</u>	<u>30,506,229</u>	<u>28,655,653</u>	<u>26,459,132</u>	<u>25,302,299</u>
	<u>35,762,008</u>	<u>33,753,349</u>	<u>32,209,512</u>	<u>30,506,229</u>	<u>28,655,653</u>	<u>26,459,132</u>
\$	884,655	\$ 848,460	\$ 779,767	\$ 708,591	\$ 721,903	\$ 662,456
	408,304	385,314	358,239	358,731	352,824	321,581
	4,299,655	(862,453)	3,497,425	1,599,743	34,935	1,282,369
	(1,233,643)	(1,331,302)	(1,055,658)	(1,097,681)	(1,084,811)	(987,219)
	(24,299)	(16,669)	(18,124)	(18,076)	(21,283)	(13,388)
	(730)	(872)	(918)	(974)	(1,051)	(1,101)
	<u>4,333,942</u>	<u>(977,522)</u>	<u>3,560,731</u>	<u>1,550,334</u>	<u>2,517</u>	<u>1,264,698</u>
	27,815,914	28,793,436	25,232,705	23,682,371	23,679,854	22,415,156
\$	<u>32,149,856</u>	<u>\$ 27,815,914</u>	<u>\$ 28,793,436</u>	<u>\$ 25,232,705</u>	<u>\$ 23,682,371</u>	<u>\$ 23,679,854</u>
\$	<u>3,612,152</u>	<u>\$ 5,937,435</u>	<u>\$ 3,416,076</u>	<u>\$ 5,273,524</u>	<u>\$ 4,973,282</u>	<u>\$ 2,779,278</u>
	89.90%	82.41%	89.39%	82.71%	82.64%	89.50%
\$	6,805,058	\$ 6,421,896	\$ 5,970,653	\$ 5,937,749	\$ 5,730,595	\$ 5,359,686
	53.08%	92.46%	57.21%	88.81%	86.78%	51.86%

City of Lockhart, Texas

SCHEDULE OF EMPLOYER CONTRIBUTIONS TO PENSION PLAN

Years Ended:

	9/30/2023	9/30/2022	9/30/2021
Actuarially determined employer contributions	\$ 944,606	\$ 946,174	\$ 941,155
Contributions in relation to the actuarially determined contribution	\$ 944,606	\$ 946,174	\$ 941,155
Contribution deficiency (excess)	\$ -	\$ -	\$ -
Annual covered payroll	\$ 7,533,848	\$ 7,648,561	\$ 7,490,384
Employer contributions as a percentage of covered payroll	12.54%	12.37%	12.56%

1) This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, only available information is shown.

NOTES TO SCHEDULE OF EMPLOYER CONTRIBUTIONS TO PENSION PLAN

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	23 years
Asset Valuation Method	10 Year smoothed fair value; 12% soft corridor
Inflation	2.5%
Salary Increases	3.50% to 11.5%, 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 benefit changes during the year.

<u>9/30/2020</u>	<u>9/30/2019</u>	<u>9/30/2018</u>	<u>9/30/2017</u>	<u>9/30/2016</u>	<u>9/30/2015</u> ¹
\$ 896,545	\$ 872,807	\$ 829,948	\$ 754,327	\$ 734,637	\$ 692,664
<u>\$ 896,545</u>	<u>\$ 872,807</u>	<u>\$ 829,948</u>	<u>\$ 754,327</u>	<u>\$ 734,637</u>	<u>\$ 692,664</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 6,972,445	\$ 6,687,118	\$ 6,300,160	\$ 5,911,532	\$ 6,129,529	\$ 5,617,224
12.86%	13.05%	13.17%	12.76%	11.99%	12.33%

City of Lockhart, Texas

SCHEDULE OF CHANGES IN POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (OPEB) LIABILITY AND RELATED RATIOS TEXAS MUNICIPAL RETIREMENT SYSTEM SUPPLEMENTAL DEATH BENEFITS PLAN

Years Ended:

	¹ 12/31/2022	12/31/2021	12/31/2020	12/31/2019
Total OPEB liability				
Service cost	\$ 29,398	\$ 28,954	\$ 23,315	\$ 17,693
Interest	10,714	10,983	13,308	14,621
Differences between expected and actual experience	7,532	(13,022)	(36,363)	(18,892)
Changes of assumptions	(195,401)	16,765	70,035	77,468
Benefit payments	(10,057)	(11,429)	(4,372)	(3,403)
Net changes	<u>(157,814)</u>	<u>32,251</u>	<u>65,923</u>	<u>87,487</u>
Total OPEB liability - beginning	<u>572,624</u>	<u>540,373</u>	<u>474,450</u>	<u>386,963</u>
Total OPEB liability - ending	² <u>\$ 414,810</u>	<u>\$ 572,624</u>	<u>\$ 540,373</u>	<u>\$ 474,450</u>
 Covered employee payroll	 \$ 7,736,270	 \$ 7,619,481	 \$ 7,285,883	 \$ 6,805,058
Fund's net position as a percentage of covered employee payroll	5.36%	7.52%	7.42%	6.97%

Notes to schedule:

¹ This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, only available information is shown.

² No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB statement No. 75 to pay related benefits.

<u>12/31/2018</u>	<u>12/31/2017</u>
\$ 19,266	\$ 15,524
13,571	13,276
(17,158)	-
(27,464)	31,482
(3,211)	(3,582)
(14,996)	56,700
401,959	345,259
\$ 386,963	\$ 401,959
\$ 6,421,896	\$ 5,970,653
6.03%	6.73%

City of Lockhart, Texas

SCHEDULE OF CHANGES IN POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (OPEB) LIABILITY AND RELATED RATIOS RETIREE HEALTHCARE

Years Ended:

	¹	9/30/2023	9/30/2022	9/30/2021
Total OPEB liability				
Service cost	\$	6,779	\$ 13,045	\$ 13,045
Interest		17,980	9,628	9,754
Differences between expected and actual experience		-	38,165.0	-
Changes of assumptions		-	(81,547.0)	-
Benefit payments		(23,980)	(23,980)	(32,804)
Net changes		779	(44,689)	(10,005)
Total OPEB liability - beginning		382,159	426,848	436,853
Total OPEB liability - ending	² \$	382,938	\$ 382,159	\$ 426,848
 Covered employee payroll	 \$	 3,307,156	 \$ 3,307,156	 \$ 3,307,156
Fund's net position as a percentage of covered employee payroll		11.58%	11.56%	12.91%

Notes to schedule:

¹ This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, only available information is shown.

² No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB statement No. 75 to pay related benefits.

<u>9/30/2020</u>	<u>9/30/2019</u>	<u>9/30/2018</u>
\$ 11,786	\$ 11,786	\$ 11,326
15,971	15,460	15,641
(9,846)	-	-
53,744	-	-
(32,804)	(20,086)	(20,086)
<u>38,851</u>	<u>7,160</u>	<u>6,881</u>
<u>398,002</u>	<u>390,842</u>	<u>383,961</u>
<u>\$ 436,853</u> ²	<u>\$ 398,002</u> ²	<u>\$ 390,842</u>
\$ 3,307,156	\$ 3,778,438	\$ 3,778,438
13.21%	10.53%	10.34%

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***COMBINING AND INDIVIDUAL FUND FINANCIAL
STATEMENTS AND SCHEDULES***

City of Lockhart, Texas
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
September 30, 2023

	Debt Service Fund	Special Revenue Funds	Capital Project Funds	Total
<u>Assets</u>				
Cash and cash equivalents	\$ 298,476	\$ 5,261,973	\$ 1,142,856	\$ 6,703,305
Accounts receivable	97,144	156,910	-	254,054
Total Assets	\$ 395,620	\$ 5,429,110	\$ 1,142,856	\$ 6,967,586
<u>Liabilities</u>				
Accounts payable	\$ -	\$ 252,746	\$ -	\$ 252,746
Due to other funds	-	44,311	-	44,311
Total Liabilities	-	297,057	-	297,057
<u>Deferred Inflows/Outflows</u>				
Unavailable revenue-tax	97,145	-	-	97,145
Unavailable revenue-fines	-	8,479	-	8,479
Total Deferred Inflows	97,145	8,479	-	105,624
<u>Fund Balances</u>				
Nonspendable:				
Prepays	-	10,227	-	10,227
Restricted for:				
Debt service	298,475	-	-	298,475
General government	-	84,552	-	84,552
Public safety	-	23,351	-	23,351
Municipal court	-	135,713	-	135,713
Tourism	-	172,985	-	172,985
Capital projects	-	4,723,712	1,142,856	5,866,568
Unassigned	-	(26,966)	-	(26,966)
Total Fund Balances	298,475	5,123,574	1,142,856	6,564,905
Total Liabilities, Deferred Inflows and Fund Balances	\$ 395,620	\$ 5,429,110	\$ 1,142,856	\$ 6,967,586

See Notes to Financial Statements.

City of Lockhart, Texas

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS

For the Year Ended September 30, 2023

	Debt Service Fund	Special Revenue Funds	Capital Project Funds	Total
Revenues				
Property tax	\$ 1,740,778	\$ -	\$ -	\$ 1,740,778
Hotel occupancy tax	-	178,602	-	178,602
Fines and forfeitures	-	17,776	-	17,776
License and permits	-	1,079,648	-	1,079,648
Charges for services	-	688,987	-	688,987
Intergovernmental	23,600	179,870	-	203,470
Investment income	46,507	166,763	81,088	294,358
Total Revenues	1,810,885	2,311,646	81,088	4,203,619
Expenditures				
General government	-	145,800	-	145,800
Public safety	-	259,423	-	259,423
Public works	-	789,815	-	789,815
Debt service:				
Principal	1,252,586	-	-	1,252,586
Interest	415,347	-	-	415,347
Capital outlay	-	-	757,984	757,984
Total Expenditures	1,667,933	1,195,038	757,984	3,620,955
Revenues Over (Under) Expenditures	142,952	1,116,608	(676,896)	582,664
Other Financing Sources (Uses)				
Transfers in	260,000	71,560	-	331,560
Transfers (out)	-	(1,520,016)	-	(1,520,016)
Total Other Financing Sources (Uses)	260,000	(1,448,456)	-	(1,188,456)
Net Change in Fund Balances	402,952	(331,848)	(676,896)	(605,792)
Beginning fund balances	(104,477)	5,455,422	1,819,752	7,170,697
Ending Fund Balances	\$ 298,475	\$ 5,123,574	\$ 1,142,856	\$ 6,564,905

See Notes to Financial Statements.

City of Lockhart, Texas
COMBINING BALANCE SHEET (Page 1 of 2)
NONMAJOR SPECIAL REVENUE FUNDS
September 30, 2023

	Radio Tower Equipment Replacement	Forfeited Property	Hotel/ Motel Tax	LEOSE Fund
<u>Assets</u>				
Cash and cash equivalents	\$ 4,123	\$ 9,930	\$ 159,980	\$ 13,421
Accounts receivable	-	-	30,584	-
Prepaid	-	-	-	-
Total Assets	\$ 4,123	\$ 9,930	\$ 190,564	\$ 13,421
<u>Liabilities</u>				
Accounts payable and accrued liab.	\$ -	\$ -	\$ 10,000	\$ -
Due to other funds	-	-	7,579	-
Total Liabilities	-	-	17,579	-
<u>Deferred Inflows</u>				
Unavailable revenue-fines and fees	-	-	-	-
Total Deferred Inflows	-	-	-	-
<u>Fund Balances</u>				
Nonspendable:				
Prepays	-	-	-	-
Restricted for:				
General government	-	-	-	-
Public safety	-	9,930	-	13,421
Municipal court	-	-	-	-
Tourism	-	-	172,985	-
Capital projects	4,123	-	-	-
Unassigned	-	-	-	-
Total Fund Balances	4,123	9,930	172,985	13,421
Total Liabilities, Deferred Inflows, and Fund Balances	\$ 4,123	\$ 9,930	\$ 190,564	\$ 13,421

See Notes to Financial Statements.

<u>Road Impact Fees #1</u>	<u>Road Impact Fees #2</u>	<u>Court Technology</u>	<u>Radio System Maintenance</u>	<u>Court Security</u>
\$ 1,725,078	\$ 1,132,808	\$ -	\$ -	\$ 4,871
-	-	1,708	-	1,947
-	-	10,227	-	-
<u>\$ 1,725,078</u>	<u>\$ 1,132,808</u>	<u>\$ 11,935</u>	<u>\$ -</u>	<u>\$ 6,818</u>
\$ 944	\$ 945	\$ 85	\$ 1,052	\$ -
-	-	11,863	13,966	-
<u>944</u>	<u>945</u>	<u>11,948</u>	<u>15,018</u>	<u>-</u>
-	-	1,708	-	1,947
-	-	1,708	-	1,947
-	-	10,227	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	4,871
-	-	-	-	-
1,724,134	1,131,863	-	-	-
-	-	(11,948)	(15,018)	-
<u>1,724,134</u>	<u>1,131,863</u>	<u>(1,721)</u>	<u>(15,018)</u>	<u>4,871</u>
<u>\$ 1,725,078</u>	<u>\$ 1,132,808</u>	<u>\$ 11,935</u>	<u>\$ -</u>	<u>\$ 6,818</u>

City of Lockhart, Texas
COMBINING BALANCE SHEET (Page 2 of 2)
NONMAJOR SPECIAL REVENUE FUNDS
September 30, 2023

	<u>Child Safety</u>	<u>Court Efficiency</u>	<u>Juvenile Case Manager</u>	<u>Truancy Court</u>
<u>Assets</u>				
Cash and cash equivalents	\$ 47,139	\$ 13,580	\$ 60,070	\$ 9,681
Accounts receivable	810	1,726	2,132	121
Prepaid	-	-	-	-
Total Assets	\$ 47,949	\$ 15,306	\$ 62,202	\$ 9,802
<u>Liabilities</u>				
Accounts payable and accrued liab.	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-
Total Liabilities	-	-	-	-
<u>Deferred Inflows</u>				
Unavailable revenue-fines and fees	810	1,726	2,132	121
Total Deferred Inflows	810	1,726	2,132	121
<u>Fund Balances</u>				
Nonspendable:				
Prepays	-	-	-	-
Restricted for:				
General government	-	-	-	-
Public safety	-	-	-	-
Municipal court	47,139	13,580	60,070	9,681
Tourism	-	-	-	-
Capital projects	-	-	-	-
Unassigned	-	-	-	-
Total Fund Balances	47,139	13,580	60,070	9,681
Total Liabilities, Deferred Inflows, and Fund Balances	\$ 47,949	\$ 15,306	\$ 62,202	\$ 9,802

See Notes to Financial Statements.

Local Municipal Jury	Cable Education	Transportation	Drainage	CARES Relief Act	Total Special Revenue Funds
\$ 372	\$ 79,230	\$ 281,762	\$ 14,333	\$ 1,705,595	\$ 5,261,973
35	6,678	77,582	33,587	-	156,910
-	-	-	-	-	10,227
<u>\$ 407</u>	<u>\$ 85,908</u>	<u>\$ 359,344</u>	<u>\$ 47,920</u>	<u>\$ 1,705,595</u>	<u>\$ 5,429,110</u>
\$ -	\$ 1,356	\$ -	\$ -	\$ 238,364	\$ 252,746
-	-	-	10,903	-	44,311
-	<u>1,356</u>	-	<u>10,903</u>	<u>238,364</u>	<u>297,057</u>
35	-	-	-	-	8,479
<u>35</u>	-	-	-	-	<u>8,479</u>
-	-	-	-	-	10,227
-	84,552	-	-	-	84,552
-	-	-	-	-	23,351
372	-	-	-	-	135,713
-	-	-	-	-	172,985
-	-	359,344	37,017	1,467,231	4,723,712
-	-	-	-	-	(26,966)
<u>372</u>	<u>84,552</u>	<u>359,344</u>	<u>37,017</u>	<u>1,467,231</u>	<u>5,123,574</u>
<u>\$ 407</u>	<u>\$ 85,908</u>	<u>\$ 359,344</u>	<u>\$ 47,920</u>	<u>\$ 1,705,595</u>	<u>\$ 5,429,110</u>

City of Lockhart, Texas
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES (Page 1 of 2)
NONMAJOR SPECIAL REVENUE FUNDS
For the Year Ended September 30, 2023

	Radio Tower Equipment Replacement	Forfeited Property	Hotel/ Motel Tax	LEOSE Fund
<u>Revenues</u>				
Hotel occupancy tax	\$ -	\$ -	\$ 157,865	\$ -
Fines and forfeitures	-	-	-	-
License and permits	-	-	-	-
Charges for services	-	-	-	-
Intergovernmental	-	-	-	1,743
Investment income	229	250	7,542	709
Total Revenues	229	250	165,407	2,452
<u>Expenditures</u>				
General government	-	-	122,613	-
Public safety	27	-	-	-
Public works	-	-	-	-
Total Expenditures	27	-	122,613	-
Revenues Over (Under) Expenditures	202	250	42,794	2,452
<u>Other Financing Sources (Uses)</u>				
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	202	250	42,794	2,452
Beginning fund balances	3,921	9,680	130,191	10,969
Ending Fund Balances	\$ 4,123	\$ 9,930	\$ 172,985	\$ 13,421

See Notes to Financial Statements.

<u>Road Impact Fees #1</u>	<u>Road Impact Fees #2</u>	<u>Court Technology</u>	<u>Radio System Maintenance</u>	<u>Court Security</u>
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	3,784	-	3,871
762,088	317,560	-	-	-
-	-	-	-	-
-	-	-	174,970	-
78,851	53,508	-	-	467
<u>840,939</u>	<u>371,068</u>	<u>3,784</u>	<u>174,970</u>	<u>4,338</u>
-	-	1,080	-	12,364
13,788	13,788	-	231,707	-
-	-	-	-	-
<u>13,788</u>	<u>13,788</u>	<u>1,080</u>	<u>231,707</u>	<u>12,364</u>
<u>827,151</u>	<u>357,280</u>	<u>2,704</u>	<u>(56,737)</u>	<u>(8,026)</u>
-	-	-	71,560	-
-	-	-	-	-
-	-	-	71,560	-
827,151	357,280	2,704	14,823	(8,026)
896,983	774,583	(4,425)	(29,841)	12,897
<u>\$ 1,724,134</u>	<u>\$ 1,131,863</u>	<u>\$ (1,721)</u>	<u>\$ (15,018)</u>	<u>\$ 4,871</u>

City of Lockhart, Texas

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (Page 2 of 2) NONMAJOR SPECIAL REVENUE FUNDS For the Year Ended September 30, 2023

	Child Safety	Court Efficiency	Juvenile Case Manager	Truancy Court
<u>Revenues</u>				
Franchise and local taxes	\$ -	\$ -	\$ -	\$ -
Fines and forfeitures	1,087	2,847	4,732	1,371
License and permits	-	-	-	-
Charges for services	-	-	-	-
Intergovernmental	-	-	-	-
Investment income	2,576	678	3,192	491
Total Revenues	3,663	3,525	7,924	1,862
<u>Expenditures</u>				
General government	-	-	-	-
Public safety	-	-	113	-
Public works	-	-	-	-
Total Expenditures	-	-	113	-
Revenues Over (Under) Expenditures	3,663	3,525	7,811	1,862
<u>Other Financing Sources (Uses)</u>				
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	3,663	3,525	7,811	1,862
Beginning fund balances	43,476	10,055	52,259	7,819
Ending Fund Balances	\$ 47,139	\$ 13,580	\$ 60,070	\$ 9,681

See Notes to Financial Statements.

Local Municipal Jury	Cable Education	Transportation	Drainage	CARES Relief Act	Total Special Revenue Funds
\$ -	\$ 20,737	\$ -	\$ -	\$ -	\$ 178,602
84	-	-	-	-	17,776
-	-	-	-	-	1,079,648
-	-	477,441	211,546	-	688,987
-	-	-	-	3,157	179,870
-	4,105	12,813	1,352	-	166,763
<u>84</u>	<u>24,842</u>	<u>490,254</u>	<u>212,898</u>	<u>3,157</u>	<u>2,311,646</u>
-	9,743	-	-	-	145,800
-	-	-	-	-	259,423
-	-	-	2,686	787,129	789,815
<u>-</u>	<u>9,743</u>	<u>-</u>	<u>2,686</u>	<u>787,129</u>	<u>1,195,038</u>
84	15,099	490,254	210,212	(783,972)	1,116,608
-	-	-	-	-	71,560
<u>-</u>	<u>-</u>	<u>(400,000)</u>	<u>(250,000)</u>	<u>(870,016)</u>	<u>(1,520,016)</u>
-	-	(400,000)	(250,000)	(870,016)	(1,448,456)
84	15,099	90,254	(39,788)	(1,653,988)	(331,848)
288	69,453	269,090	76,805	3,121,219	5,455,422
<u>\$ 372</u>	<u>\$ 84,552</u>	<u>\$ 359,344</u>	<u>\$ 37,017</u>	<u>\$ 1,467,231</u>	<u>\$ 5,123,574</u>

City of Lockhart, Texas
COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECT FUNDS
September 30, 2023

	Clearfork Section 1 Sidewalk	Maple 2201 Trail Project	2015 Certificates of Obligation
<u>Assets</u>			
Cash and cash equivalents	\$ 34,491	\$ 15,000	\$ 1,073,365
Total Assets	\$ 34,491	\$ 15,000	\$ 1,073,365
 <u>Fund Balances</u>			
Restricted for:			
Capital projects	34,491	15,000	1,073,365
Total Fund Balances	34,491	15,000	1,073,365
Total Liabilities and Fund Balances	\$ 34,491	\$ 15,000	\$ 1,073,365

See Notes to Financial Statements.

Maple Street Park	
Improvements	Total
\$ 20,000	\$ 1,142,856
\$ 20,000	\$ 1,142,856
20,000	1,142,856
20,000	1,142,856
\$ 20,000	\$ 1,142,856

City of Lockhart, Texas

*COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECT FUNDS
For the Year Ended September 30, 2023*

	Clearfork Section 1 Sidewalk	Maple 2201 Trail Project	2015 Certificates of Obligation
<u>Revenues</u>			
Investment income	\$ 868	\$ -	\$ 80,220
Total Revenues	868	-	80,220
<u>Expenditures</u>			
Capital outlay	-	-	757,984
Total Expenditures	-	-	757,984
Net Change in Fund Balances	868	-	(677,764)
Beginning fund balances	33,623	15,000	1,751,129
Ending Fund Balances	\$ 34,491	\$ 15,000	\$ 1,073,365

See Notes to Financial Statements.

Maple Street Park	
Improvements	Total
\$ -	\$ 81,088
-	81,088
-	757,984
-	757,984
-	(676,896)
20,000	1,819,752
<u>\$ 20,000</u>	<u>\$ 1,142,856</u>

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City of Lockhart, Texas
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
RADIO TOWER EQUIPMENT REPLACEMENT
For the Year Ended September 30, 2023

	<u>Original & Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<u>Revenues</u>			
Investment income	\$ 120	\$ 229	\$ 109
Total Revenues	<u>120</u>	<u>229</u>	<u>109</u>
<u>Expenditures</u>			
Public safety	9,885	27	9,858
Total Expenditures	<u>9,885</u>	<u>27</u>	<u>9,858</u>
Net Change in Fund Balances	<u>\$ (9,765)</u>	202	<u>\$ 9,967</u>
Beginning fund balances		3,921	
Ending Fund Balances		<u>\$ 4,123</u>	

Notes to Other Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles.

See Notes to Financial Statements.

City of Lockhart, Texas
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FORFEITED PROPERTY
For the Year Ended September 30, 2023

	Original & Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues</u>			
Fines and forfeitures	\$ 70	\$ -	\$ (70)
Investment income	-	250	250
Total Revenues	70	250	180
 <u>Expenditures</u>			
General government	10,807	-	10,807
Total Expenditures	10,807	-	10,807
Revenues Over (Under) Expenditures	(10,737)	250	10,987
Net Change in Fund Balances	\$ (10,737)	250	\$ 10,987
Beginning fund balances		9,680	
Ending Fund Balances		\$ 9,930	

Notes to Other Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles.

See Notes to Financial Statements.

City of Lockhart, Texas
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
HOTEL/MOTEL TAX
For the Year Ended September 30, 2023

	<u>Original & Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<u>Revenues</u>			
Hotel occupancy tax	\$ 126,420	\$ 157,865	\$ 31,445
Investment income	-	7,542	7,542
Total Revenues	<u>126,420</u>	<u>165,407</u>	<u>38,987</u>
<u>Expenditures</u>			
General government	77,450	122,613	(45,163)
Total Expenditures	<u>77,450</u>	<u>122,613</u>	<u>(45,163) *</u>
Net Change in Fund Balances	<u>\$ 48,970</u>	42,794	<u>\$ (6,176)</u>
Beginning fund balances		130,191	
Ending Fund Balances		<u>\$ 172,985</u>	

Notes to Other Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles.

* Expenditures exceeded appropriations at the legal level of control.

See Notes to Financial Statements.

City of Lockhart, Texas
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
ROAD IMPACT FEES #1
For the Year Ended September 30, 2023

	Original & Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues</u>			
License and permits	\$ 24,000	\$ 762,088	\$ 738,088
Investment income	-	78,851	78,851
Total Revenues	24,000	840,939	816,939
<u>Expenditures</u>			
General government	-	13,788	(13,788)
Capital outlay	666,532	-	666,532
Total Expenditures	666,532	13,788	652,744
Revenues Over (Under) Expenditures	(642,532)	827,151	1,469,683
Net Change in Fund Balances	\$ (642,532)	827,151	\$ 1,469,683
Beginning fund balances		896,983	
Ending Fund Balances		\$ 1,724,134	

Notes to Other Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles.

See Notes to Financial Statements.

City of Lockhart, Texas
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
ROAD IMPACT FEES #2
For the Year Ended September 30, 2023

	<u>Original & Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<u>Revenues</u>			
License and permits	\$ 35,000	\$ 317,560	\$ 282,560
Investment income	-	53,508	53,508
Total Revenues	<u>35,000</u>	<u>371,068</u>	<u>336,068</u>
<u>Expenditures</u>			
Public safety	-	13,788	(13,788)
Capital outlay	285,977	-	285,977
Total Expenditures	<u>285,977</u>	<u>13,788</u>	<u>272,189</u>
Revenues Over (Under) Expenditures	<u>(250,977)</u>	<u>357,280</u>	<u>608,257</u>
Net Change in Fund Balances	<u>\$ (250,977)</u>	<u>357,280</u>	<u>\$ 608,257</u>
Beginning fund balances		774,583	
Ending Fund Balances		<u>\$ 1,131,863</u>	

Notes to Other Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles.

See Notes to Financial Statements.

City of Lockhart, Texas
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
COURT TECHNOLOGY
For the Year Ended September 30, 2023

	Original & Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues</u>			
Fines and forfeitures	\$ 3,200	\$ 3,784	\$ 584
Total Revenues	3,200	3,784	584
<u>Expenditures</u>			
General government	11,389	1,080	10,309
Total Expenditures	11,389	1,080	10,309
Revenues Over (Under) Expenditures	(8,189)	2,704	10,893
Net Change in Fund Balances	\$ (8,189)	2,704	\$ 10,893
Beginning fund balances		(4,425)	
Ending Fund Balances		\$ (1,721)	

Notes to Other Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles.

See Notes to Financial Statements.

City of Lockhart, Texas
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
RADIO SYSTEM MAINTENANCE
For the Year Ended September 30, 2023

	Original & Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues</u>			
Intergovernmental	\$ 185,440	\$ 174,970	\$ (10,470)
Total Revenues	185,440	174,970	(10,470)
<u>Expenditures</u>			
Public safety	207,572	231,707	(24,135)
Total Expenditures	207,572	231,707	(24,135) *
Revenues Over (Under) Expenditures	(22,132)	(56,737)	(34,605)
<u>Other Financing Sources (Uses)</u>			
Transfers in	-	71,560	71,560
Total Other Financing Sources (Uses)	-	71,560	71,560
Net Change in Fund Balances	\$ (22,132)	14,823	\$ 36,955
Beginning fund balances		(29,841)	
Ending Fund Balances		\$ (15,018)	

Notes to Other Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles.

* Expenditures exceeded appropriations at the legal level of control.

See Notes to Financial Statements.

City of Lockhart, Texas
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
COURT SECURITY
For the Year Ended September 30, 2023

	<u>Original & Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<u>Revenues</u>			
Fines and forfeitures	\$ 100	\$ 3,871	\$ 3,771
Investment income	-	467	467
Total Revenues	<u>100</u>	<u>4,338</u>	<u>4,238</u>
<u>Expenditures</u>			
General government	11,393	12,364	(971) *
Total Expenditures	<u>11,393</u>	<u>12,364</u>	<u>(971)</u>
Revenues Over (Under) Expenditures	<u>(11,293)</u>	<u>(8,026)</u>	<u>3,267</u>
Net Change in Fund Balances	<u>\$ (11,293)</u>	<u>(8,026)</u>	<u>\$ 3,267</u>
Beginning fund balances		<u>12,897</u>	
Ending Fund Balances		<u>\$ 4,871</u>	

Notes to Other Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles.

* Expenditures exceeded appropriations at the legal level of control.

See Notes to Financial Statements.

City of Lockhart, Texas
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
CHILD SAFETY
For the Year Ended September 30, 2023

	Original & Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues</u>			
Fines and forfeitures	\$ 320	\$ 1,087	\$ 767
Investment income	-	2,576	2,576
Total Revenues	320	3,663	3,343
 <u>Expenditures</u>			
General government	30,523	-	30,523
Total Expenditures	30,523	-	30,523
Revenues Over (Under) Expenditures	(30,203)	3,663	33,866
Net Change in Fund Balances	\$ (30,203)	3,663	\$ 33,866
Beginning fund balances		43,476	
Ending Fund Balances		\$ 47,139	

Notes to Other Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles.

See Notes to Financial Statements.

City of Lockhart, Texas
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
COURT EFFICIENCY
For the Year Ended September 30, 2023

	Original & Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues</u>			
Fines and forfeitures	\$ 200	\$ 2,847	\$ 2,647
Investment income	-	678	678
Total Revenues	200	3,525	3,325
 <u>Expenditures</u>			
Capital outlay	16,178	-	16,178
Total Expenditures	16,178	-	16,178
Revenues Over (Under) Expenditures	(15,978)	3,525	19,503
Net Change in Fund Balances	\$ (15,978)	3,525	\$ 19,503
Beginning fund balances		10,055	
Ending Fund Balances		\$ 13,580	

Notes to Other Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles.

See Notes to Financial Statements.

City of Lockhart, Texas
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
JUVENILE CASE MANAGER
For the Year Ended September 30, 2023

	<u>Original & Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<u>Revenues</u>			
Fines and forfeitures	\$ 1,200	\$ 4,732	\$ 3,532
Investment income	-	3,192	3,192
Total Revenues	<u>1,200</u>	<u>7,924</u>	<u>6,724</u>
<u>Expenditures</u>			
General government	39,620	-	39,620
Public safety	-	113	(113)
Total Expenditures	<u>39,620</u>	<u>113</u>	<u>39,507</u>
Net Change in Fund Balances	<u>\$ (38,420)</u>	7,811	<u>\$ 46,231</u>
Beginning fund balances		<u>52,259</u>	
Ending Fund Balances		<u>\$ 60,070</u>	

Notes to Other Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles.

See Notes to Financial Statements.

City of Lockhart, Texas
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
TRUANCY COURT
For the Year Ended September 30, 2023

	Original & Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues</u>			
Fines and forfeitures	\$ 325	\$ 1,371	\$ 1,046
Investment income	-	491	491
Total Revenues	325	1,862	1,537
 <u>Expenditures</u>			
General government	7,283	-	7,283
Total Expenditures	7,283	-	7,283
Net Change in Fund Balances	\$ (6,958)	1,862	\$ 8,820
Beginning fund balances		7,819	
Ending Fund Balances		\$ 9,681	

Notes to Other Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles.

See Notes to Financial Statements.

City of Lockhart, Texas
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
CABLE EDUCATION
For the Year Ended September 30, 2023

	Original & Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues</u>			
Hotel occupancy tax	\$ 1,600	\$ 20,737	\$ 19,137
Investment income	-	4,105	4,105
Total Revenues	1,600	24,842	23,242
 <u>Expenditures</u>			
General government	61,373	9,743	51,630
Total Expenditures	61,373	9,743	51,630
Revenues Over (Under) Expenditures	(59,773)	15,099	74,872
Net Change in Fund Balances	\$ (59,773)	15,099	\$ 74,872
Beginning fund balances		69,453	
Ending Fund Balances		\$ 84,552	

Notes to Other Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles.

See Notes to Financial Statements.

City of Lockhart, Texas
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
TRANSPORTATION
For the Year Ended September 30, 2023

	Original & Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues</u>			
Charges for services	\$ 360,000	\$ 477,441	\$ 117,441
Investment income	-	12,813	12,813
Total Revenues	360,000	490,254	130,254
<u>Expenditures</u>			
Public works	130,333	-	130,333
Total Expenditures	130,333	-	130,333
Revenues Over (Under) Expenditures	229,667	490,254	260,587
<u>Other Financing Sources (Uses)</u>			
Transfers (out)	(400,000)	(400,000)	-
Total Other Financing Sources (Uses)	(400,000)	(400,000)	-
Net Change in Fund Balances	\$ (170,333)	90,254	\$ 260,587
Beginning fund balances		269,090	
Ending Fund Balances		\$ 359,344	

Notes to Other Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles.

See Notes to Financial Statements.

City of Lockhart, Texas
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
DRAINAGE
For the Year Ended September 30, 2023

	Original & Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues</u>			
Charges for services	\$ 180,000	\$ 211,546	\$ 31,546
Investment income	-	1,352	1,352
Total Revenues	180,000	212,898	32,898
 <u>Expenditures</u>			
Public works	10,220	2,686	7,534
Total Expenditures	10,220	2,686	7,534
Revenues Over (Under) Expenditures	169,780	210,212	40,432
 <u>Other Financing Sources (Uses)</u>			
Transfers (out)	(250,000)	(250,000)	-
Total Other Financing Sources (Uses)	(250,000)	(250,000)	-
Net Change in Fund Balances	\$ (80,220)	(39,788)	\$ 40,432
Beginning fund balances		76,805	
Ending Fund Balances		\$ 37,017	

Notes to Other Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles.

See Notes to Financial Statements.

City of Lockhart, Texas
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
LEOSE
For the Year Ended September 30, 2023

	<u>Original & Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<u>Revenues</u>			
Intergovernmental	\$ 1,000	\$ 1,743	\$ 743
Investment income	-	709	709
Total Revenues	<u>1,000</u>	<u>2,452</u>	<u>1,452</u>
<u>Expenditures</u>			
Public safety	11,512	-	11,512
Total Expenditures	<u>11,512</u>	<u>-</u>	<u>11,512</u>
Revenues Over (Under) Expenditures	<u>(10,512)</u>	<u>2,452</u>	<u>12,964</u>
Net Change in Fund Balances	<u>\$ (10,512)</u>	<u>2,452</u>	<u>\$ 12,964</u>
Beginning fund balances		<u>10,969</u>	
Ending Fund Balances		<u>\$ 13,421</u>	

Notes to Other Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles.

See Notes to Financial Statements.

City of Lockhart, Texas
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
CLEARFORK SECTION 1 SIDEWALK
For the Year Ended September 30, 2023

	<u>Original & Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<u>Revenues</u>			
Investment income	\$ 120	\$ 868	\$ 748
Total Revenues	<u>120</u>	<u>868</u>	<u>748</u>
<u>Expenditures</u>			
Capital outlay	33,326	-	33,326
Total Expenditures	<u>33,326</u>	<u>-</u>	<u>33,326</u>
Net Change in Fund Balances	<u>\$ (33,206)</u>	868	<u>\$ 34,074</u>
Beginning fund balances		33,623	
Ending Fund Balances		<u>\$ 34,491</u>	

Notes to Other Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles.

See Notes to Financial Statements.

City of Lockhart, Texas
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
MAPLE 2201 TRAIL PROJECT
For the Year Ended September 30, 2023

	Original & Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Expenditures</u>			
Capital outlay	15,000	-	15,000
Total Expenditures	15,000	-	15,000
Net Change in Fund Balances	\$ (15,000)	-	\$ 15,000
Beginning fund balances		15,000	
Ending Fund Balances		\$ 15,000	

Notes to Other Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles.

See Notes to Financial Statements.

City of Lockhart, Texas
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
2015 CERTIFICATES OF OBLIGATION
For the Year Ended September 30, 2023

	<u>Original & Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<u>Revenues</u>			
Investment income	\$ 8,000	\$ 80,220	\$ 72,220
Total Revenues	<u>8,000</u>	<u>80,220</u>	<u>72,220</u>
<u>Expenditures</u>			
Capital outlay	2,603,679	757,984	1,845,695
Total Expenditures	<u>2,603,679</u>	<u>757,984</u>	<u>1,845,695</u>
Net Change in Fund Balances	<u>\$ (2,595,679)</u>	<u>(677,764)</u>	<u>\$ 1,917,915</u>
Beginning fund balances		1,751,129	
Ending Fund Balances		<u>\$ 1,073,365</u>	

Notes to Other Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles.

See Notes to Financial Statements.

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***COMBINING NONMAJOR
ENTERPRISE FUNDS***

City of Lockhart, Texas
COMBINING STATEMENT OF NET POSITION
NONMAJOR ENTERPRISE FUNDS (Page 1 of 2)
September 30, 2023

	Business-Type Activities		
	Sanitation	Airport	EMS
<u>Assets</u>			
<u>Current Assets</u>			
Cash and cash equivalents	\$ 712,358	\$ 237,928	\$ 323,471
Accounts receivable, net	303,830	500	783,507
Total Current Assets	1,016,188	238,428	1,106,978
<u>Noncurrent Assets</u>			
Capital assets:			
Non-depreciable	120,409	72,161	-
Net depreciable capital assets	84,346	1,164,659	535,617
Total Noncurrent Assets	204,755	1,236,820	535,617
Total Assets	1,220,943	1,475,248	1,642,595
<u>Deferred Outflows of Resources</u>			
Pension outflows-TMRS	58,060	-	-
OPEB outflows-TMRS	144	-	-
OPEB outflows-retiree healthcare	427	-	-
Total Deferred Outflows of Resources	58,631	-	-

See Notes to Financial Statements.

**Business-Type
Activities**

Total

\$ 1,273,757
1,087,837

2,361,594

192,570
1,784,622

1,977,192

4,338,786

58,060
144
427

58,631

City of Lockhart, Texas

COMBINING STATEMENT OF NET POSITION NONMAJOR ENTERPRISE FUNDS (Page 2 of 2)

September 30, 2023

	Business-Type Activities		
	Sanitation	Airport	EMS
<u>Liabilities</u>			
<u>Current Liabilities</u>			
Accounts payable	\$ 153,371	\$ 2,954	\$ 158,039
Accrued liabilities	5,206	495	-
Customer deposits	50	4,950	-
Compensated absences, current	3,225	575	-
Lease payable, current	6,564	-	17,391
Total Current Liabilities	168,416	8,974	175,430
<u>Noncurrent Liabilities</u>			
Compensated absences, noncurrent	358	64	-
Leases payable, noncurrent	2,946	-	-
Net pension liability	117,328	-	-
OPEB liability-TMRS	7,628	-	-
OPEB liability-Retiree healthcare	7,345	-	-
Total Noncurrent Liabilities	135,605	64	-
Total Liabilities	304,021	9,038	175,430
<u>Deferred Inflows of Resources</u>			
OPEB inflows-TMRS	2,278	-	-
OPEB inflows-retiree healthcare	665	-	-
Total Deferred Inflows of Resources	2,943	-	-
<u>Net Position</u>			
Net investment in capital assets	195,245	1,236,820	518,226
Unrestricted	777,365	229,390	948,939
Total Net Position	\$ 972,610	\$ 1,466,210	\$ 1,467,165

See Notes to Financial Statements.

**Business-Type
Activities**
Total

\$	314,364
	5,701
	5,000
	3,800
	23,955
	<u>352,820</u>
	422
	2,946
	117,328
	7,628
	7,345
	<u>135,669</u>
	<u>488,489</u>
	2,278
	665
	<u>2,943</u>
	1,950,291
	1,955,694
\$	<u><u>3,905,985</u></u>

City of Lockhart, Texas

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION PROPRIETARY FUNDS

For the Year Ended September 30, 2023

	Business-Type Activities		
	Sanitation	Airport	EMS
<u>Operating Revenues</u>			
Charges for services	\$ 1,944,417	\$ 102,387	\$ 1,780,405
Other revenue	27,691	-	-
Total Operating Revenues	1,972,108	102,387	1,780,405
<u>Operating Expenses</u>			
Personnel services	205,872	10,941	3,461
Supplies	3,878	-	1,403,014
Maintenance and repairs	1,552,742	14,436	437
Contractual services	12,354	202,295	8,812
Depreciation	22,363	55,831	92,264
Total Operating Expenses	1,797,209	283,503	1,507,988
Operating Income (Loss)	174,899	(181,116)	272,417
<u>Nonoperating Revenues (Expenses)</u>			
Intergovernmental	-	-	6,153
Investment earnings	42,124	15,649	14,314
Interest expense	(655)	-	-
Total Nonoperating Revenues (Expenses)	41,469	15,649	20,467
Income (Loss) Before Capital Contributions and Transfers	216,368	(165,467)	292,884
<u>Capital Contributions and Transfers</u>			
Capital grants	-	4,290	-
Transfers (out)	(321,361)	-	-
Total Capital Contributions and Transfers	(321,361)	4,290	-
Change in Net Position	(104,993)	(161,177)	292,884
Beginning net position	1,077,603	1,627,387	1,174,281
Ending Net Position	\$ 972,610	\$ 1,466,210	\$ 1,467,165

See Notes to Financial Statements.

**Business-Type
Activities**

Total

\$	3,827,209
	27,691
	<hr/>
	3,854,900

	220,274
	1,406,892
	1,567,615
	223,461
	170,458
	<hr/>
	3,588,700

	266,200
--	---------

	6,153
	72,087
	(655)
	<hr/>
	77,585

	343,785
--	---------

	4,290
	(321,361)
	<hr/>
	(317,071)

	26,714
--	--------

	3,879,271
--	-----------

\$	3,905,985
----	-----------

City of Lockhart, Texas
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS (Page 1 of 2)
For the Year Ended September 30, 2023

	Business-Type Activities		
	Sanitation	Airport	EMS
<u>Cash Flows from Operating Activities</u>			
Payments to employees	\$ (207,920)	\$ (11,366)	\$ (3,461)
Payments to suppliers	(1,535,411)	(214,320)	(1,254,729)
Receipts from customers	1,955,433	102,387	1,727,637
Net Cash Provided (Used) by Operating Activities	212,102	(123,299)	469,447
<u>Cash Flows from Noncapital Financing Activities</u>			
Intergovernmental	-	-	6,153
Transfers (out)	(321,361)	-	-
Net Cash Provided (Used) by Noncapital Financing	(321,361)	-	6,153
<u>Cash Flows from Capital and Related Financing Activities</u>			
Acquisition and construction of capital assets	(28,067)	-	(264,276)
Capital contributions	-	4,290	-
Principal paid on capital debt	(6,140)	-	(17,392)
Interest paid on capital debt	(655)	-	-
Net Cash Provided (Used) by Capital and Related Financing Activities	(34,862)	4,290	(281,668)
<u>Cash Flows from Investing Activities</u>			
Interest on investments	42,124	15,649	14,314
Net Cash Provided by Investing Activities	42,124	15,649	14,314
Net Increase (Decrease) in Cash and Cash	(101,997)	(103,360)	208,246
Beginning cash and cash equivalents	814,355	341,288	115,225
Ending Cash and Cash Equivalents	\$ 712,358	\$ 237,928	\$ 323,471

See Notes to Financial Statements.

**Business-Type
Activities**

Total

\$ (222,747)
(3,004,460)
3,785,457
558,250

6,153
(321,361)
(315,208)

(292,343)
4,290
(23,532)
(655)

(312,240)

72,087
72,087

2,889
1,270,868

\$ 1,273,757

City of Lockhart, Texas
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS (Page 2 of 2)
For the Year Ended September 30, 2023

	Business-Type Activities		
	Sanitation	Airport	EMS
<u>Reconciliation of Operating Income (Loss)</u>			
<u>to Net Cash Provided (Used) by Operating Activities</u>			
Operating Income (Loss)	\$ 174,899	\$ (181,116)	\$ 272,417
Adjustments to reconcile operating income (loss) to net cash provided (used):			
Depreciation	22,363	55,831	92,264
Changes in Operating Assets and Liabilities:			
(Increase) Decrease in:			
Accounts receivable	(16,625)	-	(52,768)
Prepaid items	925	-	-
Deferred outflows:			
Pension	(34,344)	-	-
OPEB	2,997	-	-
Increase (Decrease) in:			
Accounts payable and accrued liabilities	32,638	2,411	157,534
Customer deposits	(50)	-	-
Compensated absences	(3,786)	(425)	-
Deferred inflows:			
Pension	(40,762)	-	-
OPEB	1,563	-	-
Net pension liability	83,847	-	-
OPEB liability	(11,563)	-	-
Net Cash Provided (Used) by Operating Activities	\$ 212,102	\$ (123,299)	\$ 469,447

See Notes to Financial Statements.

**Business-Type
Activities**

Total

\$ 266,200

170,458

(69,393)

925

(34,344)

2,997

192,583

(50)

(4,211)

(40,762)

1,563

83,847

(11,563)

\$ 558,250

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***COMBINING STATEMENTS
FIDUCIARY FUNDS***

City of Lockhart, Texas
COMBINING STATEMENT OF FIDUCIARY NET POSITION
PRIVATE-PURPOSE TRUSTS
September 30, 2023

	Glosserman Trust	Brock Cabin Trust	Total
<u>Assets</u>			
Cash and cash equivalents	\$ 577	\$ 12	\$ 589
Total Assets	\$ 577	\$ 12	\$ 589
 <u>Net Position</u>			
Restricted for:			
Various purposes	577	12	589
Total Net Position	\$ 577	\$ 12	\$ 589

See Notes to Financial Statements.

City of Lockhart, Texas
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
PRIVATE-PURPOSE TRUSTS
For the Year Ended September 30, 2023

	Glosserman Trust	Brock Cabin Trust	Total
<u>Additions</u>			
Investment income	\$ 32	\$ -	\$ 32
Total Additions	32	-	32
Net Change in Net Position	32	-	32
Beginning Net Position	545	12	557
Ending Net Position	\$ 577	\$ 12	\$ 589

See Notes to Financial Statements.

City of Lockhart, Texas
COMBINING STATEMENT OF FIDUCIARY NET POSITION
CUSTODIAL FUNDS
September 30, 2023

	<u>Confiscated Property</u>	<u>Unclaimed Property</u>	<u>Bicycle Helmet</u>	<u>Total</u>
<u>Assets</u>				
Cash and cash equivalents	\$ 38,705	\$ 10,637	\$ 1,479	\$ 50,821
Prepays	-	1,211	-	1,211
Total Assets	<u>\$ 38,705</u>	<u>\$ 11,848</u>	<u>\$ 1,479</u>	<u>\$ 52,032</u>
<u>Liabilities</u>				
Due to other funds	17,447	10,989	1,117	29,553
Total Liabilities	<u>17,447</u>	<u>10,989</u>	<u>1,117</u>	<u>29,553</u>
<u>Net Position</u>				
Restricted for:				
Various purposes	21,258	859	362	22,479
Total Net Position	<u>\$ 21,258</u>	<u>\$ 859</u>	<u>\$ 362</u>	<u>\$ 22,479</u>

See Notes to Financial Statements.

City of Lockhart, Texas
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
CUSTODIAL FUNDS
For the Year Ended September 30, 2023

	<u>Confiscated Property</u>	<u>Unclaimed Property</u>	<u>Bicycle Helmet</u>	<u>Total</u>
<u>Additions</u>				
Investment income	\$ 1,889	\$ -	\$ 80	\$ 1,969
Other revenue	14,669	658	270	15,597
Total Additions	<u>16,558</u>	<u>658</u>	<u>350</u>	<u>17,566</u>
Net Change in Net Position	16,558	658	350	17,566
Beginning Net Position	4,700	201	12	4,913
Ending Net Position	<u>\$ 21,258</u>	<u>\$ 859</u>	<u>\$ 362</u>	<u>\$ 22,479</u>

See Notes to Financial Statements.

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STATISTICAL SECTION

This part of the City's annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

Contents	Page
Financial Trends	170
<i>These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.</i>	
Revenue Capacity	181
<i>These schedules contain information to help the reader assess the City's most significant local revenue source, property tax.</i>	
Debt Capacity	200
<i>These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.</i>	
Demographic and Economic Information	205
<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.</i>	
Operating Information	208
<i>These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.</i>	

City of Lockhart, Texas

NET POSITION BY COMPONENT

Last Ten Fiscal Years (Unaudited)

(accrual basis of accounting)

	2014	2015	2016	2017
Governmental activities				
Net investment in capital assets	\$ 16,591,140	\$ 16,376,825	\$ 15,001,030	\$ 14,162,688
Restricted	2,123,629	1,211,989	1,093,907	1,141,195
Unrestricted	2,859,520	1,328,814	2,137,425	1,886,148
Total governmental activities net position	\$ 21,574,289	\$ 18,917,628	\$ 18,232,362	\$ 17,190,031
 Business-type activities				
Net investment in capital assets	\$ 10,193,932	\$ 15,283,769	\$ 15,074,665	\$ 16,507,663
Restricted	2,924,473	1,023,082	1,071,089	1,163,687
Unrestricted	8,125,881	5,315,836	7,979,875	7,489,601
Total business-type activities net position	\$ 21,244,286	\$ 21,622,687	\$ 24,125,629	\$ 25,160,951
 Primary government				
Net investment in capital assets	\$ 26,785,072	\$ 31,660,594	\$ 30,075,695	\$ 30,670,351
Restricted	5,048,102	2,235,071	2,164,996	2,304,882
Unrestricted	10,985,401	6,644,650	10,117,300	9,375,749
	\$ 42,818,575	\$ 40,540,315	\$ 42,357,991	\$ 42,350,982

(1) Accrual basis of accounting

NOTES:

The City implemented GASB Statement No. 68 "Accounting and Financial Reporting for Pensions" in fiscal year 2015. The amounts for all prior fiscal years have not been restated for the effects of this standard.

The City implemented GASB Statement No. 75 "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions" in fiscal year 2018. The amounts for all prior fiscal years have not been restated for the effects of this new standard.

<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
\$ 13,774,228	\$ 12,648,711	\$ 12,104,249	\$ 11,816,033	\$ 11,546,567	\$ 17,776,524
1,396,101	1,571,133	1,603,237	3,598,451	3,362,595	6,072,719
<u>1,823,314</u>	<u>1,972,882</u>	<u>3,557,222</u>	<u>3,915,790</u>	<u>7,463,394</u>	<u>7,537,491</u>
<u>\$ 16,993,643</u>	<u>\$ 16,192,726</u>	<u>\$ 17,264,708</u>	<u>\$ 19,330,274</u>	<u>\$ 22,372,556</u>	<u>\$ 31,386,734</u>
\$ 16,961,238	\$ 17,492,757	\$ 16,579,735	\$ 15,721,677	\$ 15,404,957	\$ 19,452,608
1,421,535	1,661,480	2,034,582	2,008,737	2,626,781	5,182,714
<u>8,791,362</u>	<u>9,434,557</u>	<u>8,506,993</u>	<u>6,885,849</u>	<u>6,709,920</u>	<u>7,675,992</u>
<u>\$ 27,174,135</u>	<u>\$ 28,588,794</u>	<u>\$ 27,121,310</u>	<u>\$ 24,616,263</u>	<u>\$ 24,741,658</u>	<u>\$ 32,311,314</u>
\$ 30,735,466	\$ 30,141,468	\$ 28,683,984	\$ 27,537,710	\$ 26,951,524	\$ 37,229,132
2,817,636	3,232,613	3,637,819	5,607,188	5,989,376	11,255,433
<u>10,614,676</u>	<u>11,407,439</u>	<u>12,064,215</u>	<u>10,801,639</u>	<u>14,173,314</u>	<u>15,213,483</u>
<u>\$ 44,167,778</u>	<u>\$ 44,781,520</u>	<u>\$ 44,386,018</u>	<u>\$ 43,946,537</u>	<u>\$ 47,114,214</u>	<u>\$ 63,698,048</u>

City of Lockhart, Texas

CHANGES IN NET POSITION

Last Ten Fiscal Years (Unaudited)

(accrual basis of accounting)

	2014	2015	2016	2017
Governmental activities				
Expenses				
General government	\$ 2,096,530	\$ 2,476,203	\$ 1,879,383	\$ 2,083,166
Public safety	5,584,295	5,626,336	5,230,470	5,086,371
Public works	2,507,776	2,448,572	2,586,206	2,644,292
Health and welfare	6,091	13,489	17,068	22,137
Culture and recreation	771,470	964,757	933,135	1,006,038
Community development	-	-	-	-
Interest on long-term debt	383,683	612,529	621,121	459,629
Total governmental activities expenses	<u>11,349,845</u>	<u>12,141,886</u>	<u>11,267,383</u>	<u>11,301,633</u>
Program revenues				
Charges for services				
General government	608,232	1,131,977	191,100	181,313
Public safety	1,362,136	1,531,653	330,826	334,769
Public works	-	-	723,832	549,097
Health and welfare	-	-	-	-
Culture and recreation	27,773	28,878	33,926	32,699
Community development	-	-	-	-
Operating grants and contributions	432,581	391,200	615,542	202,393
Capital grants and contributions	103,808	-	-	-
Total program revenues	<u>2,534,530</u>	<u>3,083,708</u>	<u>1,895,226</u>	<u>1,300,271</u>
Total governmental activities net program expense	<u>\$ (8,815,315)</u>	<u>\$ (9,058,178)</u>	<u>\$ (9,372,157)</u>	<u>\$ (10,001,362)</u>
General Revenues and Other Changes in Net Position				
Taxes				
Property taxes, general	2,933,089	2,975,409	3,016,649	3,217,538
Property taxes, debt service	555,028	561,588	687,845	692,161
Sales taxes	1,381,748	1,484,020	1,478,065	1,549,695
Franchise taxes	319,982	325,911	316,353	312,433
Other taxes	93,825	106,712	132,234	96,529
Unrestricted investment earnings	18,355	23,881	59,851	99,353
Gain on sale of capital assets	-	-	-	-
Other revenue	505,461	493,852	239,590	289,291
Transfers	2,595,561	2,356,889	2,448,575	2,896,410
Total general revenues and other changes net position	<u>8,403,049</u>	<u>8,328,262</u>	<u>8,379,162</u>	<u>9,153,410</u>
Total governmental activities change in net position	<u>\$ (412,266)</u>	<u>\$ (729,916)</u>	<u>\$ (992,995)</u>	<u>\$ (847,952)</u>

<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
\$ 2,045,364	\$ 2,232,343	\$ 2,455,580	\$ 1,931,497	\$ 1,967,143	\$ 2,165,947
5,401,024	5,799,256	5,703,143	6,202,140	6,168,414	6,937,475
3,084,192	3,552,691	3,153,763	2,970,230	2,684,964	2,930,612
16,326	18,250	144,615	26,352	23,439	18,264
1,077,697	1,041,842	1,052,444	683,483	1,215,110	1,481,117
-	-	-	1,189,072	905,103	2,003,675
441,769	415,242	391,300	371,174	390,198	396,858
<u>12,066,372</u>	<u>13,059,624</u>	<u>12,900,845</u>	<u>13,373,948</u>	<u>13,354,371</u>	<u>15,933,948</u>
223,254	601,870	730,384	-	-	-
1,005,749	295,192	355,773	366,887	208,287	248,067
423,575	291,604	358,837	649,986	664,402	688,987
-	-	-	-	-	-
37,991	29,589	8,943	88,883	251,869	163,321
-	-	-	650,521	852,003	2,298,116
566,039	579,539	1,037,366	2,485,671	2,205,060	472,563
278,000	96,263	257,055	177,865	211,854	6,386,889
<u>2,534,608</u>	<u>1,894,057</u>	<u>2,748,358</u>	<u>4,419,813</u>	<u>4,393,475</u>	<u>10,257,943</u>
<u>\$ (9,531,764)</u>	<u>\$ (11,165,567)</u>	<u>\$ (10,152,487)</u>	<u>\$ (8,954,135)</u>	<u>\$ (8,960,896)</u>	<u>\$ (5,676,005)</u>
3,620,758	3,914,885	4,276,918	4,555,926	4,848,005	5,373,699
704,442	697,336	714,253	694,121	953,087	1,740,778
1,650,931	1,767,048	1,992,939	2,143,239	2,392,769	2,712,526
357,278	360,589	349,849	398,205	395,527	352,616
106,756	111,841	102,063	113,504	189,491	230,233
190,320	283,700	119,746	20,739	125,718	893,878
-	-	-	2,110	-	34,000
192,281	184,509	233,319	100,720	213,151	249,470
3,094,654	3,044,742	3,145,528	2,991,137	2,885,430	3,102,983
<u>9,917,420</u>	<u>10,364,650</u>	<u>10,934,615</u>	<u>11,019,701</u>	<u>12,003,178</u>	<u>14,690,183</u>
<u>\$ 385,656</u>	<u>\$ (800,917)</u>	<u>\$ 782,128</u>	<u>\$ 2,065,566</u>	<u>\$ 3,042,282</u>	<u>\$ 9,014,178</u>

City of Lockhart, Texas

CHANGES IN NET POSITION

Last Ten Fiscal Years (Unaudited)

(accrual basis of accounting)

	2014	2015	2016	2017
Business-type activities				
Expenses				
Electric	\$ 9,725,877	\$ 9,753,464	\$ 8,664,234	\$ 8,722,211
Water	2,685,091	3,258,446	3,257,979	3,545,084
Wastewater	1,936,142	1,849,338	2,089,407	1,824,111
Sanitation	1,077,505	1,166,275	1,215,636	1,345,466
Airport	79,443	82,646	69,911	76,438
EMS	-	-	1,230,254	1,289,014
Total business-type expenses	<u>15,504,058</u>	<u>16,110,169</u>	<u>16,527,421</u>	<u>16,802,324</u>
Program revenues				
Charges for services				
Electric	11,521,734	12,039,498	10,974,720	11,444,388
Water	3,100,358	3,090,312	3,100,239	3,287,603
Wastewater	2,188,454	2,195,102	2,265,298	2,578,386
Sanitation	1,332,323	1,402,428	1,464,121	1,593,359
Airport	69,035	68,520	68,927	71,489
EMS	-	-	2,007,847	1,354,810
Operating grants and contributions	-	11,821	-	7,016
Capital grants and contributions	37,035	-	1,042,796	195,261
Total business-type program revenues	<u>18,248,939</u>	<u>18,807,681</u>	<u>20,923,948</u>	<u>20,532,312</u>
Total business-type activities net program expense	<u>\$ 2,744,881</u>	<u>\$ 2,697,512</u>	<u>\$ 4,396,527</u>	<u>\$ 3,729,988</u>
General revenues and other changes in net position				
Impact fees	218,458	255,462	263,817	83,585
Unrestricted investment earnings	14,881	21,733	61,357	118,159
Other revenue	-	6,858	-	-
Transfers	(2,595,561)	(2,356,889)	(2,448,575)	(2,896,410)
Total general revenues and other changes in net position	<u>(2,362,222)</u>	<u>(2,072,836)</u>	<u>(2,123,401)</u>	<u>(2,694,666)</u>
Total business-type activities change in net position	<u>\$ 382,659</u>	<u>\$ 624,676</u>	<u>\$ 2,273,126</u>	<u>\$ 1,035,322</u>
Total primary government change in net position	<u>\$ (29,607)</u>	<u>\$ (105,240)</u>	<u>\$ 1,280,131</u>	<u>\$ 187,370</u>

<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
\$ 9,132,038	\$ 9,242,068	\$ 8,564,816	\$ 11,350,044	\$ 9,978,485	\$ 10,884,211
3,428,101	3,224,639	3,908,621	5,066,674	5,565,359	6,401,698
1,281,066	1,370,942	1,444,482	1,635,537	1,805,990	1,589,668
1,461,111	1,553,603	1,592,412	1,690,298	1,615,564	1,797,864
100,130	78,258	80,607	76,546	93,143	283,503
1,334,506	1,383,128	1,407,549	1,408,385	1,425,088	1,507,988
<u>16,736,952</u>	<u>16,852,638</u>	<u>16,998,487</u>	<u>21,227,484</u>	<u>20,483,629</u>	<u>22,464,932</u>
12,238,369	12,193,929	11,039,153	11,560,085	12,608,272	13,153,265
3,336,689	3,267,558	3,555,391	3,758,322	4,132,398	5,672,000
2,339,875	2,278,003	2,277,346	2,478,077	2,880,275	3,951,370
1,708,812	1,872,719	1,981,863	2,040,494	1,906,522	1,944,417
71,433	89,059	82,809	85,953	92,532	102,387
1,438,174	978,097	1,071,931	1,136,903	1,414,727	1,780,405
24,925	68,272	44,680	-	-	1,133,983
-	-	23,750	432,657	196,038	4,519,241
<u>21,158,277</u>	<u>20,747,637</u>	<u>20,076,923</u>	<u>21,492,491</u>	<u>23,230,764</u>	<u>32,257,068</u>
\$ 4,421,325	\$ 3,894,999	\$ 3,078,436	\$ 265,007	\$ 2,747,135	\$ 9,792,136
244,561	195,808	296,093	-	-	-
236,101	368,594	164,183	21,947	114,001	841,201
23,598	-	8,552	199,136	149,689	39,302
<u>(3,094,654)</u>	<u>(3,044,742)</u>	<u>(3,145,528)</u>	<u>(2,991,137)</u>	<u>(2,885,430)</u>	<u>(3,102,983)</u>
<u>(2,590,394)</u>	<u>(2,480,340)</u>	<u>(2,676,700)</u>	<u>(2,770,054)</u>	<u>(2,621,740)</u>	<u>(2,222,480)</u>
<u>\$ 1,830,931</u>	<u>\$ 1,414,659</u>	<u>\$ 401,736</u>	<u>\$ (2,505,047)</u>	<u>\$ 125,395</u>	<u>\$ 7,569,656</u>
<u>\$ 2,216,587</u>	<u>\$ 613,742</u>	<u>\$ 1,183,864</u>	<u>\$ (439,481)</u>	<u>\$ 3,167,677</u>	<u>\$ 16,583,834</u>

City of Lockhart, Texas

FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years (Unaudited)
(modified accrual basis of accounting)

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
General Fund				
Nonspendable				
Prepaid items	\$ 19,116	\$ 23,103	\$ 15,728	\$ 23,642
Inventory	19,327	14,578	13,699	11,272
Restricted	166,141	91,955	-	-
Committed	742,680	602,435	604,252	609,054
Unassigned	2,655,076	3,196,967	3,423,228	3,897,547
Total general fund	<u>\$ 3,602,340</u>	<u>\$ 3,929,038</u>	<u>\$ 4,056,907</u>	<u>\$ 4,541,515</u>
All Other Governmental Funds				
Nonspendable				
Prepaid items	\$ 10,373	\$ 2,673	\$ 4,512	\$ 680
Restricted				
Debt service	429,226	362,919	278,089	285,621
Special revenue funds	690,237	757,115	-	-
General government	-	-	627,417	664,319
Public safety	-	-	180,153	206,068
Municipal court	-	-	-	-
Tourism	-	-	8,248	8,485
Public works	-	-	-	-
Various capital projects	838,025	8,386,106	6,792,536	5,160,201
Unassigned	-	-	-	-
Total all other governmental funds	<u>\$ 1,967,861</u>	<u>\$ 9,508,813</u>	<u>\$ 7,890,955</u>	<u>\$ 6,325,374</u>

<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
\$ 37,870	\$ 30,627	\$ 27,327	\$ 610,955	\$ 31,193	\$ 24,887
11,563	13,572	9,350	17,718	26,240	1,285,605
-	-	-	234,613	2,671,686	1,628,105
553,877	574,446	308,539	309,050	311,949	330,202
4,451,131	5,103,853	6,673,086	6,506,302	7,838,447	9,138,171
<u>\$ 5,054,441</u>	<u>\$ 5,722,498</u>	<u>\$ 7,018,302</u>	<u>\$ 7,678,638</u>	<u>\$ 10,879,515</u>	<u>\$ 12,406,970</u>
\$ 2,765	\$ -	\$ -	\$ -	\$ -	\$ 10,227
240,674	203,016	115,835	-	-	298,475
-	-	-	-	-	-
35,067	46,502	59,773	63,160	69,453	84,552
227,044	206,600	179,496	18,994	20,649	23,351
-	-	-	118,506	126,794	135,713
2,721	6,637	64,016	98,198	130,191	172,985
903,976	1,073,692	1,063,841	-	-	-
4,531,457	3,437,195	2,914,631	5,857,283	6,962,353	5,866,568
-	(3,523)	(323,955)	(87,431)	(138,743)	(26,966)
<u>\$ 5,943,704</u>	<u>\$ 4,970,119</u>	<u>\$ 4,073,637</u>	<u>\$ 6,068,710</u>	<u>\$ 7,170,697</u>	<u>\$ 6,564,905</u>

City of Lockhart, Texas

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years (Unaudited)
(modified accrual basis of accounting)

	2014	2015	2016	2017
Revenues				
Property taxes	\$ 3,488,117	\$ 3,531,590	\$ 3,757,254	\$ 3,971,301
Sales and other taxes	1,795,555	1,916,643	1,921,425	1,990,221
Franchise and local taxes				
Fines, fees and forfeitures	824,213	1,021,043	1,115,233	927,273
Licenses and permits	147,923	288,438	173,641	125,761
Charges for services	1,103,401	1,383,027	-	-
Intergovernmental and grants	381,406	391,200	184,438	202,393
Investment	18,355	23,881	59,851	99,353
Other revenue	502,274	493,852	550,390	288,003
Total revenues	8,261,244	9,049,674	7,762,232	7,604,305
Expenditures				
Current				
General government	1,955,191	1,946,091	1,853,485	1,847,858
Public safety	5,639,925	5,767,328	4,680,022	4,751,069
Public works	1,006,216	930,794	1,069,441	1,168,180
Health and welfare	5,739	11,970	12,138	17,207
Culture and recreation	737,113	880,443	834,815	890,047
Community development	-	-	-	-
Debt service				
Principal retirement	795,796	358,092	855,322	587,160
Interest and fiscal charges	388,222	825,385	566,342	500,948
Paying agent and issue costs	400	132,458	151,889	1,200
Capital outlay	1,334,223	665,475	1,589,287	1,818,019
Total expenditures	11,862,825	11,518,036	11,612,741	11,581,688
Excess (deficiency) of revenues over expenditures	(3,601,581)	(2,468,362)	(3,850,509)	(3,977,383)
Other financing sources (uses)				
Debt issued	-	7,700,735	4,887,402	-
Premium on issuance of bonds	-	278,388	593,157	-
Payment to escrow	-	-	(5,455,484)	-
Gain on sale of capital assets	-	-	-	-
Transfers in	3,143,246	2,958,448	3,451,810	3,440,098
Transfers out	(547,685)	(601,559)	(1,003,235)	(543,688)
Total other financing sources (uses)	2,595,561	10,336,012	2,473,650	2,896,410
Change in fund balances	\$ (1,006,020)	\$ 7,867,650	\$ (1,376,859)	\$ (1,080,973)
Debt service as a percentage of noncapital expenditures				
	11.90%	10.91%	14.68%	11.64%

<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2022</u>
\$ 4,352,825	\$ 4,676,453	\$ 5,028,375	\$ 5,274,506	\$ 5,748,229	\$ 7,010,249
2,114,965	2,239,478	2,444,852	2,143,239	2,392,769	2,712,526
			511,709	585,018	582,849
1,227,557	1,127,998	1,190,406	414,578	275,647	236,897
192,622	142,721	243,196	650,521	852,003	2,298,116
-	2,200	2,200	738,869	916,271	852,308
458,624	554,354	866,355	3,061,756	2,379,234	647,533
190,320	283,700	119,746	20,739	125,718	893,878
323,296	275,443	223,199	186,781	235,092	249,470
<u>8,860,209</u>	<u>9,302,347</u>	<u>10,118,329</u>	<u>13,002,698</u>	<u>13,509,981</u>	<u>15,483,826</u>
1,933,687	2,107,937	2,333,952	1,777,924	2,121,509	1,899,022
5,212,519	5,631,506	5,579,302	6,052,616	6,066,612	6,530,409
1,727,405	1,601,001	1,948,586	1,571,151	913,011	2,914,291
11,396	13,320	139,685	20,539	35,312	9,086
949,731	912,739	1,150,716	1,022,863	1,038,803	1,803,531
-	-	-	707,075	955,377	1,933,286
601,470	690,799	727,163	797,305	1,006,761	1,416,609
483,207	456,409	432,504	413,447	393,470	434,928
1,000	800	800	-	25,220	-
828,872	1,238,106	551,827	1,442,886	2,189,333	757,984
<u>11,749,287</u>	<u>12,652,617</u>	<u>12,864,535</u>	<u>13,805,806</u>	<u>14,745,408</u>	<u>17,699,146</u>
<u>(2,889,078)</u>	<u>(3,350,270)</u>	<u>(2,746,206)</u>	<u>(803,108)</u>	<u>(1,235,427)</u>	<u>(2,215,320)</u>
-	-	-	383,923	2,652,861	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	251,942	-	34,000
3,688,600	3,796,267	4,360,894	3,793,615	3,644,993	4,694,559
(593,946)	(751,525)	(1,215,366)	(802,478)	(759,563)	(1,591,576)
<u>3,094,654</u>	<u>3,044,742</u>	<u>3,145,528</u>	<u>3,627,002</u>	<u>5,538,291</u>	<u>3,136,983</u>
<u>\$ 205,576</u>	<u>\$ (305,528)</u>	<u>\$ 399,322</u>	<u>\$ 2,823,894</u>	<u>\$ 4,302,864</u>	<u>\$ 921,663</u>

10.42%

10.23%

10.14%

9.79%

11.15%

12.48%

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City of Lockhart, Texas
TAX REVENUES BY SOURCE, GOVERNMENTAL FUNDS
Last Ten fiscal years

Fiscal Year	Ad Valorem	Penalty and Interest	Sales	Franchise	Hotel/Motel	Other	Total
2014	\$ 3,441,616	\$ 46,232	\$ 1,381,748	\$ 319,982	\$ 83,831	\$ 10,263	\$ 5,283,672
2015	3,487,044	44,546	1,479,056	325,911	100,522	11,154	5,448,233
2016	3,704,494	43,744	1,478,065	339,459	90,542	22,375	5,678,679
2017	3,909,699	58,868	1,549,695	336,068	87,766	19,426	5,961,522
2018	4,304,798	48,027	1,650,931	357,278	82,180	24,576	6,467,790
2019	4,620,916	55,537	1,767,048	360,589	87,078	24,763	6,915,931
2020	4,959,883	68,493	1,992,939	349,849	78,696	23,367	7,473,227
2021	5,214,552	59,954	2,143,239	335,952	101,455	34,957	7,890,109
2022	5,702,530	45,699	2,392,769	379,331	160,799	44,888	8,726,016
2023	6,965,985	44,264	2,712,526	352,616	157,865	72,368	10,305,624

City of Lockhart, Texas

ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE

Last Ten fiscal years

Fiscal Year	Tax Roll	<u>Real Property</u>				Minerals	Less: Tax Exempt Real Property	Total Taxable Assessed Value Before Freeze
		Residential Property	Non-Residential Property	Personal Property				
2014	2013	\$ 427,236,194	\$ 131,330,390	\$ 53,978,110	\$ 14,400	\$ 118,025,207	\$ 494,533,887	
2015	2014	449,920,448	132,450,610	53,836,070	5,040	139,636,140	496,576,028	
2016	2015	469,313,930	135,525,093	55,579,530	7,091	141,581,487	518,844,157	
2017	2016	482,454,757	141,155,970	53,621,290	7,091	144,119,120	533,119,988	
2018	2017	544,551,915	189,973,297	54,203,240	11,626	178,676,169	610,063,909	
2019	2018	574,119,621	214,527,344	57,249,280	10,524	175,188,050	670,718,719	
2020	2019	553,623,275	326,454,397	58,419,990	10,732	206,639,213	731,869,181	
2021	2020	500,446,323	515,158,254	59,064,726	21,096	227,088,388	847,602,011	
2022	2021	511,111,983	616,467,277	65,657,280	17,930	245,069,989	948,184,481	
2023	2022	561,413,032	801,995,634	70,548,270	40,048	208,291,212	1,225,705,772	

NOTE: Property in the City is reassessed annually. The City assesses property at 100% of actual taxable value for all types of real and personal property. Tax rates are per \$100 of assessed value.

SOURCE: Caldwell County Appraisal District

Total Freeze Taxable	Freeze Adjusted Taxable	Total Direct Tax Rate	Estimated Tax Levy Before Freeze Ceiling	Freeze Ceiling	Estimated Tax Levy Including Freeze Ceiling	Assessed Value as a Percentage of Actual Value
\$ (68,854,298)	\$ 425,679,589	\$ 0.7227	\$ 3,076,386	\$ 431,018	\$ 3,507,404	100.00%
(74,867,624)	421,708,404	0.7227	3,047,687	480,236	3,527,923	100.00%
(73,449,458)	445,394,699	0.7333	3,266,079	466,371	3,732,450	100.00%
(82,590,348)	450,529,640	0.7333	3,303,734	536,304	3,840,038	100.00%
(99,921,193)	510,142,716	0.7260	3,703,636	604,104	4,307,740	100.00%
(102,926,905)	567,791,814	0.7107	4,035,296	593,298	4,628,594	100.00%
(118,099,443)	613,769,738	0.6842	4,199,413	839,333	5,038,746	100.00%
(141,846,213)	705,755,798	0.63540	4,484,372	700,459	5,184,831	100.00%
(160,899,077)	787,285,404	0.63540	5,002,411	763,355	5,765,766	100.00%
(183,911,400)	1,041,794,372	0.6006	6,257,017	813,637	7,070,654	100.00%

City of Lockhart, Texas
DIRECT AND OVERLAPPING PROPERTY TAX RATES
PER \$100 OF ASSESSED VALUE
Last Ten tax years

City Direct Rates				Overlapping Rates					
Tax Year	Debt Service	General Fund	Total	Lockhart ISD	Plum Creek Underground Water	Plum Creek Conservation District	Caldwell County	Farm to Market Rd	Total
2014	\$ 0.115	\$ 0.608	\$ 0.723	\$ 1.187	\$ 0.021	\$ 0.021	\$ 0.691	\$ 0.000	\$ 1.920
2015	0.1150	0.6077	0.7227	1.1795	0.0220	0.0220	0.6906	0.0001	1.9142
2016	0.1150	0.6077	0.7227	1.4291	0.0220	0.0220	0.6905	0.0001	2.1637
2017	0.1366	0.5967	0.7333	1.3305	0.0215	0.0225	0.7174	0.0001	2.0920
2018	0.1300	0.6033	0.7333	1.3324	0.0215	0.0230	0.7752	0.0001	2.1522
2019	0.1183	0.6077	0.7260	1.3324	0.0214	0.0232	0.7752	0.0001	2.1523
2020	0.1076	0.6031	0.7107	1.3324	0.0214	0.0232	0.7752	0.0001	2.1523
2021	0.0980	0.5862	0.6842	1.2624	0.0207	0.0225	0.7430	0.0001	2.0487
2022	0.0833	0.5521	0.6354	1.1297	0.0208	0.0205	0.6718	0.0001	1.8429
2023	0.1212	0.4136	0.5348	0.9569	0.0149	0.0145	0.4691	0.0001	1.4555

SOURCE: Caldwell County Tax Office

City of Lockhart, Texas
PRINCIPAL PROPERTY TAXPAYERS
Current Year and Nine Years Ago (Unaudited)

2023		
Taxpayer	Taxable Assessed Valuation	Percentage of Total City Taxable Assessed Valuation
Wal-Mart Stores Texas	\$ 15,695,010	1.28%
Economy Realty, LTD	11,267,250	0.92%
Iron Ox	11,124,110	0.91%
Stanton XT VRH Holdings	10,865,682	0.89%
Lennar Homes of Texas	9,357,150	0.76%
PHX15 LLC	8,782,319	0.72%
Lockhart DMA Housing LLC	7,400,000	0.60%
Lockhart Village Partners	7,387,406	0.60%
Green Acres Housing LLC	6,646,312	0.54%
Wal-Mart Properties, Inc.	4,934,300	0.40%
	\$ 93,459,539	7.62%

2014		
Taxpayer	Taxable Assessed Valuation	Percentage of Total City Taxable Assessed Valuation
Wal-Mart Properties, Inc.	\$ 7,514,940	1.52%
Wal-Mart Stores Texas	7,265,600	1.47%
Economy Realty, LTD	7,127,630	1.44%
Dormae Products, Inc	4,547,450	0.92%
Lockhart DMA Housing LLC	4,439,630	0.90%
Pegasus Schools Inc	3,031,370	0.61%
Tri-State Facilities Lockhart, LLC	2,431,050	0.49%
Echostar Broadcasting Corp	2,339,120	0.47%
H E Butt Grocery	2,302,980	0.47%
Henderson Controls, Inc.	1,865,140	0.38%
	\$ 42,864,910	8.67%

SOURCE: Municipal Advisory Council (MAC)

City of Lockhart, Texas
PROPERTY TAX LEVIES AND COLLECTIONS
Last Ten fiscal years

Fiscal Year	Taxes Levied for the Fiscal Year			Total Adjusted Levy	Collections within the Fiscal Year of the Levy	
	(Original Levy)	Adjustments			Amount	Percentage of Levy
2014	\$ 3,441,841	\$ (11,181)	\$ 3,430,660	\$ 3,350,075	97.65%	
2015	3,511,080	(3,381)	3,507,699	3,412,941	97.30%	
2016	3,712,656	(4,330)	3,708,326	3,620,368	97.63%	
2017	3,896,845	(18,278)	3,878,567	3,798,713	97.94%	
2018	4,295,180	38,534	4,333,714	4,226,010	97.51%	
2019	4,608,371	(7,833)	4,600,538	4,515,714	98.16%	
2020	5,013,498	(10,968)	5,002,530	4,881,568	97.58%	
2021	5,196,719	7,716	5,204,435	5,094,484	97.89%	
2022	5,752,038	(4,250)	5,747,788	5,620,206	97.78%	
2023	7,059,211	(20,258)	7,038,953	6,850,466	97.32%	

NOTES: Collections do not include penalty and interest.

The information above is presented to illustrate the City's ability to collect the amount it levies for a fiscal year, rather than provide a detailed breakdown of the revenue recognized in a fiscal year.

SOURCE: Caldwell County Tax Office

Collections in Subsequent Years	Total Collections to Date		Uncollected Balance
	Amount	Percentage of Levy	
\$ 70,326	\$ 3,420,401	99.70%	\$ 10,259
82,348	3,495,289	99.65%	12,410
75,218	3,695,586	99.66%	12,740
63,598	3,862,311	99.58%	16,256
89,527	4,315,537	99.58%	18,177
62,224	4,577,938	99.51%	22,600
87,811	4,969,379	99.34%	33,151
67,418	5,161,902	99.18%	42,533
44,610	5,664,816	98.56%	82,972
-	6,850,466	97.32%	188,487

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City of Lockhart, Texas
ELECTRIC PURCHASED AND CONSUMED
 Last Ten fiscal years

Fiscal Year	KWH Electric Purchased	KWH Electric Consumed	KWH Electric Unbilled	Average Percent Unbilled	Total Direct Rate Electric	
					Base Rate	Usage Rate
2013	\$ 108,361,349	\$ 98,539,092	\$ 9,822,257	9%	10.82	0.0202
2014	111,416,750	103,167,845	8,248,905	7%	10.82	0.0202
2015	113,918,033	104,171,535	9,746,498	9%	10.82	0.0202
2016	112,447,919	101,868,831	10,579,088	9%	11.32	0.0190
2017	114,910,305	104,995,443	9,914,862	9%	22.20	0.0190
2018	122,944,319	114,446,577	8,497,742	7%	22.60	0.0216
2019	122,837,459	114,115,638	8,721,821	7%	23.10	0.0216
2020	120,845,231	112,276,873	8,568,358	7%	23.10	0.0216
2021	115,850,641	107,243,944	8,606,697	7%	23.10	0.0216
2022	124,320,000	111,940,848	12,379,152	10%	23.10	0.0216
2023	126,656,586	117,417,620	9,238,966	7%	23.10	0.0216

NOTE: Full detail of rate information can be found on schedule titled "Electric Rates".

City of Lockhart, Texas

ELECTRIC RATES

Last Ten fiscal years

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Electric Rates (per KWH)					
Base Rate	\$ 10.82	\$ 10.82	\$ 11.32	\$ 22.20	\$ 22.60
Electric Usage Rate					
0 - 1,200 kwh	0.02020	0.02020	0.01896	0.01896	0.02156
1,201 +	0.02910	0.02910	0.03250	0.03250	0.03510
+ all kwh	-	-	0.00225	0.00225	0.00225

NOTE: Increases in electric rates are approved by the City Council.

<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
\$ 23.10	\$ 23.10	\$ 23.10	\$ 23.10	\$ 23.10
0.02156	0.02156	0.02156	0.02156	0.02156
0.03510	0.03510	0.03510	0.03510	0.03510
0.00225	0.00225	0.00225	0.00225	0.00225

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City of Lockhart, Texas
TEN LARGEST ELECTRIC CUSTOMERS
Current Year and Nine Years Ago

2023

Customer	Type of Business	12-Month Electric Consumption per kWh	Percent of Total Billed
MTC/Lockhart Correctional Facility	Service	3,537,680	3.01%
H.E.B. Stores	Retail	2,570,400	2.19%
Lockhart High School	Public School	2,463,000	2.10%
Pure Castings	Manufacturing	2,221,500	1.89%
Arco Murray Construction	Construction	1,695,750	1.44%
G.B.R.A.	Service	1,203,120	1.02%
Bluebonnet Elementary	Public School	994,500	0.85%
Livingood Feeds	Retail	863,700	0.74%
Caldwell County	Government	660,300	0.56%
Dormae/Serta Products	Manufacturing	651,200	0.55%

2014

Customer	Type of Business	12-Month Electric Consumption per kWh	Percent of Total Billed
The GEO Group	Service	4,175,760	4.08%
H.E.B. Stores	Retail	2,701,200	2.64%
Dormae/Serta Products	Production	1,431,000	1.40%
Caldwell County Annex	Government	1,320,900	1.29%
Livingood Feeds	Retail	1,210,200	1.18%
Lockhart High School	Public School	1,036,400	1.01%
G.B.R.A.	Service	1,004,040	0.98%
Pinnacle Health	Healthcare	827,760	0.81%
Bluebonnet Elementary	Public School	633,000	0.62%
DGG Group	Wholesale	579,560	0.57%

Source: City records.

City of Lockhart, Texas

WATER PRODUCED AND CONSUMED AND WASTEWATER TREATED

Last Ten fiscal years

<u>Fiscal Year</u>	<u>Gallons of Water Produced</u>	<u>Gallons of Water Consumed</u>	<u>Gallons of Water Unbilled</u>	<u>Average Percent Unbilled</u>	<u>Gallons of Wastewater Treated</u>
2014	534	478	56	11%	414
2015	522	476	46	9%	482
2016	545	461	84	15%	487
2017	544	466	77	14%	451
2018	575	481	95	16%	399
2019	526	460	66	13%	367
2020	553	452	101	18%	373
2021	473	449	24	5%	412
2022	520	506	14	3%	381
2023	585	550	35	6%	388

NOTES: Water and sewer usage rates shown are for 2,001-6,000 gallon usage range.
Gallons produced and consumed are represented in million gallons.
Full detail of rate information can be found on schedule titled "Water and Sewer Rates".

Total Direct Rate

Water		Sewer	
Base Rate	Usage Rate	Base Rate	Usage Rate
22.10	3.90	15.51	4.67
22.10	3.90	15.51	4.67
22.10	3.90	15.51	4.67
22.10	3.90	15.51	4.67
22.60	4.50	15.51	4.67
23.10	4.80	15.51	4.67
23.60	4.80	15.51	4.67
23.60	4.80	15.51	4.67
23.60	4.80	15.51	4.67
27.45	4.86	19.18	5.77

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City of Lockhart, Texas
TEN LARGEST WATER CUSTOMERS
Current Year and Nine Years Ago (Unaudited)

2023

Customer	Type of Business	12-Month Water Consumption	Percent of Total Billed
MTC/Lockhart Correctional Facility	Private Public Safety	38,857	8.17%
City of Lockhart Airport	Government	7,194	1.51%
Lockhart Nursing & Rehab	Healthcare	6,822	1.43%
Vintage Springs Residential Community	Housing	5,080	1.07%
Brite & Shiny Carwash	Retail	4,805	1.01%
Federal Housing - The Landing	Government	4,066	0.85%
Caldwell County Annex	Government	4,036	0.85%
Wal-Mart Store	Retail	4,023	0.85%
Watkins Construction	Construction	3,681	0.77%
Tx Lo Silent MHP	Housing	3,638	0.76%

2014

Customer	Type of Business	12-Month Water Consumption	Percent of Total Billed
The GEO Group	Service	61,583	13.14%
Caldwell County Annex	Government	9,698	2.07%
Zachry Construction Company	Construction	9,254	1.98%
Wal-Mart Store	Retail	5,887	1.26%
Pinnacle Health Facility	Healthcare	4,998	1.07%
Federal Housing - The Landing	Government	3,917	0.84%
Lockhart High School Track	Public School	3,845	0.82%
Fairway Properties	Housing	2,668	0.57%
Plum Creek Inn	Hospitality	2,236	0.48%
Lockhart ISD	Public School	2,205	0.47%

City of Lockhart, Texas

WATER AND SEWER RATES

Last Ten Fiscal Years

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Water Rates (per 2,000 gallons)					
Base Rate	\$ 22.10	\$ 22.10	\$ 22.10	\$ 22.10	\$ 22.60
Water Usage Rate					
2,001-6,000	3.90	3.90	3.90	3.90	4.50
6,001-8,000	4.15	4.15	4.15	4.15	4.75
8,001-10,000	4.40	4.40	4.40	4.40	5.00
>10,001	5.15	5.15	5.15	5.15	5.75
Sewer Rates (per 2,000 gallons)					
Base Rate	15.51	15.51	15.51	15.51	15.51
Sewer Usage Rate					
>2,000	4.67	4.67	4.67	4.67	4.67

NOTES: Increases in water and sewer are approved by the City Council.

Sewer consumption rates for residential customers are based on the average of the last three-month period of December, January, and February that preceded the billing date.

<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
\$ 23.10	\$ 23.60	23.60	23.60	25.89
4.80	4.80	4.80	4.80	4.58
5.05	5.05	5.05	5.05	5.73
5.30	5.30	5.30	5.30	6.64
6.05	6.05	6.05	6.05	7.33
15.51	15.51	15.51	15.51	17.92
4.67	4.67	4.67	4.67	5.40

City of Lockhart, Texas
RATIOS OF OUTSTANDING DEBT BY TYPE
Last Ten Fiscal Years

Fiscal Year	Governmental Activities					Business-type Activities	
	Certificates of Obligation	General Obligation Bonds	Tax Notes	Lease/SBITA Liabilities	Plus: Issuance Premiums	Certificates of Obligation	General Obligation Bonds
2014	\$ 7,539,595	\$ 936,771	\$ -	\$ -	\$ -	\$ 180,404	\$ 3,253,229
2015	14,875,686	476,031	-	-	278,388	9,089,313	2,553,969
2016	9,381,395	4,887,402	-	-	835,806	9,073,608	1,877,593
2017	8,794,235	4,887,052	-	-	774,293	8,850,765	1,762,948
2018	8,192,765	4,887,052	-	-	712,782	8,607,235	1,642,948
2019	7,707,775	4,681,243	-	-	651,271	8,352,225	1,573,757
2020	7,208,875	4,452,980	-	-	589,760	8,091,125	1,497,018
2021	6,691,415	4,224,718	-	332,340	528,249	7,823,585	1,420,278
2022	6,327,225	3,685,870	2,330,000	551,478	466,738	7,397,775	1,239,126
2023	5,944,595	3,120,828	2,025,086	539,443	405,227	6,950,407	1,049,168

NOTE: Details regarding the City's outstanding debt can be found in the notes to financial statements.

Business-type Activities

Lease Liabilities	State Infrastructure Loan	Contractual Obligations	Tax Notes	Plus: Issuance Premiums	Total Primary Government	Percentage of Personal Income	Per Capita
\$ 1,420,920	\$ 3,459,070	\$ 3,400,000	\$ -	\$ 1,018	\$ 20,191,007	5.1%	1,591
1,045,473	3,314,617	3,400,000	-	324,792	35,358,269	8.9%	2,787
643,534	3,166,553	3,400,000	-	500,572	33,766,463	8.4%	2,661
219,939	3,014,787	3,400,000	-	468,308	32,172,327	7.7%	2,535
104,350	2,859,227	3,400,000	-	436,047	30,842,406	6.7%	2,215
86,958	2,699,779	14,995,000	-	403,786	41,151,794	9.0%	2,955
69,566	2,536,344	22,975,000	-	371,510	47,792,178	16.3%	3,432
248,249	2,368,823	30,935,000	-	339,249	54,911,906	15.2%	3,819
174,964	2,197,114	45,120,000	1,720,000	306,988	71,517,278	18.3%	4,974
100,835	2,021,112	41,955,000	1,494,914	274,728	65,881,343	15.8%	4,396

City of Lockhart, Texas
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
Last Ten Fiscal Years

Fiscal Year	General Bonded Debt Outstanding				Debt Service Monies Available	Net Bonded Debt	
	Certificates of Obligation	General Obligation Bonds	Tax Notes	Plus: Issuance Premiums			Total
2014	\$ 7,539,595	\$ 936,771	\$ -	\$ -	\$ 8,476,366	\$ 429,226	\$ 8,047,140
2015	14,875,686	476,031	-	-	15,351,717	362,919	14,988,798
2016	9,381,395	4,887,402	-	-	14,268,797	278,089	13,990,708
2017	8,794,235	4,887,052	-	-	13,681,287	285,621	13,395,666
2018	8,192,765	4,887,052	-	-	13,079,817	240,674	12,839,143
2019	7,707,775	4,681,243	-	-	12,389,018	203,016	12,186,002
2020	7,208,875	4,452,980	-	-	11,661,855	115,835	11,546,020
2021	6,691,415	4,224,718	-	332,340	11,248,473	-	11,248,473
2022	6,327,225	3,685,870	2,330,000	551,478	10,564,573	-	10,564,573
2023	5,944,595	3,120,828	2,025,086	405,227	9,470,650	-	9,470,650

NOTE: Details regarding the City's outstanding debt can be found in the notes to financial statements.

Percentage of Actual Taxable Value of Property	Per Capita
1.62%	634
2.89%	1,181
2.62%	1,103
2.20%	1,056
2.10%	922
1.82%	875
1.58%	829
1.33%	782
1.11%	735
0.77%	632

City of Lockhart, Texas

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

September 30, 2022 (Unaudited)

	Gross Debt Outstanding		Percentage Applicable to City	Amount Applicable to City
	Date	Amount		
Direct Debt:				
City of Lockhart	9/30/2023	\$ 12,035,179	100.00%	\$ 12,035,179
Overlapping Debt:				
Caldwell County	9/30/2023	15,270,000	30.08%	4,593,216
Lockhart Independent School District	6/30/2023	128,439,961	45.25%	58,119,082
Total Overlapping Debt		143,709,961		62,712,298
Total		\$ 155,745,140		\$ 74,747,477

NOTES: There is no legal debt limit for the City. Texas municipalities are not bound by any direct constitutional or statutory maximums as to the amount of obligation bonds which may be issued; however, all local bonds must be submitted to and approved by the State Attorney General. It is the established practice of the Attorney General not to approve a prospective bond issue if it will result in a tax levy for general bonded debt of over \$1.00 for cities under 5,000 population, or \$1.50 for cities over 5,000 population.

The percentage of overlapping debt applicable is estimated using taxable property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable value that is within the City's boundaries and dividing it by each government's total taxable value.

SOURCE: <https://emma.msrb.org>

City of Lockhart, Texas
DEMOGRAPHIC AND ECONOMIC STATISTICS
Last Ten Fiscal Years (Unaudited)

Fiscal Year	(1) Population	Personal Income	(2) Per Capita Personal Income	(3) School Enrollment	(4) Unemployment Rate
2014	12,689	398,637,624	31,416	5,366	4.2%
2015	12,689	398,637,624	31,416	5,393	4.0%
2016	12,689	404,131,961	31,849	5,699	4.0%
2017	12,689	417,328,521	32,889	5,910	3.4%
2018	13,924	457,946,436	32,889	6,120	3.4%
2019	13,924	457,946,436	32,889	6,160	3.2%
2020	13,924	292,974,884	21,041	6,160	3.2%
2021	14,379	360,711,594	25,086	6,167	6.0%
2022	14,379	391,137,558	27,202	6,465	6.5%
2023	14,985	415,968,615	27,759	6,619	3.5%

NOTES: The unemployment rates are a twelve month average from October through September for Caldwell County.

Decrease in personal income in fiscal year 2020 is due to the coronavirus pandemic.

- SOURCES: (1) Population based on U.S. Census Bureau
(2) U.S. Department of Commerce, Bureau of Economic Analysis (for Caldwell County)
(3) Lockhart Independent School District
(4) U.S. Department of Labor - Bureau of Labor (for Caldwell County)

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City of Lockhart, Texas

PRINCIPAL EMPLOYERS

Current Year and Nine Years Ago

2023

Employer	Employees	Percentage of Total City Employment
Lockhart ISD	731	3.84%
Walmart	225	1.17%
Serta/Dormae Products	180	0.94%
MTC (Lockhart Correctional)	175	0.92%
H.E.B Food Store	170	0.89%
Pegasus School, Inc	149	0.78%
City of Lockhart	145	0.76%
Iron Ox	100	0.52%
Student Transportation Specialist & Rehabilitation Center	85	0.45%
	80	0.42%
	<u>2,040</u>	<u>10.71%</u>

2014

Employer	Employees	Percentage of Total City Employment
Lockhart ISD	655	3.30%
Walmart	266	1.34%
H E Butt Grocery	180	0.91%
Serta/Dormae Products	177	0.89%
MTC (Lockhart Correctional)	168	0.85%
City of Lockhart	132	0.67%
Pegasus Schools	130	0.66%
Chisolm Trail Nursing	75	0.38%
Parkview Nursing	64	0.32%
Student Transportation	64	0.32%
	<u>1,911</u>	<u>9.63%</u>

SOURCE: Municipal Advisory Council of Texas

City of Lockhart, Texas

FULL-TIME-EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM

Last Ten Fiscal Years

Function/Program	2014	2015	2016	2017	2018
General government					
City manager	3.0	3.0	4.0	4.0	5.0
City secretary	1.0	1.0	1.0	1.0	1.0
Finance	5.0	5.0	5.0	5.0	4.0
Municipal court	5.0	5.0	5.0	4.0	4.0
Library	9.0	9.0	10.0	9.0	9.0
Parks and recreation	6.0	7.0	7.0	7.0	7.0
Code enforcement	2.0	2.0	3.0	3.0	3.0
Planning and development	4.0	4.0	4.0	4.0	4.0
Public safety					
Police	25.0	25.0	25.0	28.0	30.0
Communications	10.0	8.0	9.0	9.0	10.0
Fire	19.0	16.0	18.0	15.0	14.0
Public works					
Public works	3.0	3.0	3.0	3.0	2.0
Animal control	6.0	5.0	8.0	8.0	8.0
Garage	3.0	3.0	3.0	3.0	3.0
Streets	10.0	14.0	13.0	12.0	12.0
Electric					
Utility billing	6.0	6.0	6.0	5.0	6.0
Utility distribution	7.0	9.0	9.0	9.0	8.0
Water/wastewater					
Water operations	6.0	5.0	5.0	5.0	5.0
Sewer operations	2.0	2.0	3.0	3.0	4.0
Sanitation					
Operations	1.0	1.0	2.0	2.0	2.0
Recycle					
Economic Development	1.0	2.0	1.0	2.0	2.0
Total	134	135	144	141	143

<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
5.0	5.0	4.0	4.0	4.0
1.0	1.0	1.0	1.0	1.0
5.0	5.0	5.0	5.0	5.0
4.0	4.0	4.0	3.0	3.0
9.0	9.0	6.0	6.0	6.0
8.0	8.0	8.0	9.0	5.0
3.0	3.0	3.0	3.0	3.0
4.0	4.0	4.0	4.0	4.0
29.0	27.0	29.0	31.0	22.0
9.0	9.0	10.0	10.0	7.0
14.0	13.0	13.0	15.0	14.0
2.0	2.0	2.0	2.0	2.0
7.0	6.0	6.0	7.0	6.0
3.0	3.0	4.0	4.0	4.0
12.0	12.0	12.0	12.0	10.0
6.0	6.0	6.0	6.0	6.0
9.0	9.0	9.0	10.0	8.0
6.0	6.0	6.0	5.0	5.0
3.0	3.0	4.0	4.0	2.0
2.0	2.0	2.0	2.0	1.0
		1.0	1.0	1.0
2.0	2.0	2.0	2.0	0.0
<u>143</u>	<u>139</u>	<u>141</u>	<u>146</u>	<u>119</u>

City of Lockhart, Texas
OPERATING INDICATORS BY FUNCTION/PROGRAM
Last Ten Fiscal Years

Function/Program	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
General government				
Building permits issued	681	604	647	495
Building inspections conducted	2,433	1,784	1,613	1,716
Public safety				
Police				
Physical arrests	417	398	628	596
Traffic violations	3,372	1,701	2,149	3,251
Fire				
Fire calls	2,111	1,564	1,386	1,501
Public works				
Streets (miles)	65	65	65	65
Culture and recreation				
Parks and recreation				
Park rental	106	75	91	107
Swimming pool				
Single admissions	5,304	7,529	8,554	8,289
Party rentals	47	35	50	34
Electric				
New connections	18	7	9	11
Average daily consumption (kwh)	282,652	285,401	279,093	287,659
Water and wastewater				
Water				
New connections/taps	149	62	139	56
Average daily consumption	1.31 mgd	1.30 mgd	1.26 mgd	1.18 mgd
Peak daily consumption	2.360 mgd	2.192 mgd	2.075 mgd	2.118 mgd
Wastewater				
Average daily sewage treatment	1.13 mgd	1.32 mgd	1.34 mgd	1.24 mgd
EMS				
Ambulance loads	2,772	2,867	2,989	3,106

NOTES: * EMS Ambulance loads not available 2011-2012; EMS was operated by Seton Health Care

Increase in building permits issued in 2020 due to new subdivisions and apartments.

<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
444	542	839	1,339	2,296	4,197
2,179	2,282	1,703	2,845	4,959	15,597
934	862	451	469	455	408
5,708	6,281	4,041	4,480	4,091	3,711
1,356	1,406	1,361	1,388	1,652	1,717
65	66	100	124.5	124.5	124.5
73	85	32	58	85	109
6,883	6,596	-	8,279	8,973	4,822
32	33	-	30	46	20
18	23	49	125	616	805
313,552	312,646	307,607	297,326	306,687	321,692
78	61	50	111	144	502
1.32 mgd	1.26 mgd	1.305 mgd	1.296 mgd	1.425 mgd	1.604 mgd
2.263 mgd	2.160 mgd	2.200 mgd	2.500 mgd	2.100 mgd	2.895 mgd
1.09 mgd	1.00 mgd	1.02 mgd	1.13 mgd	1.04 mgd	1.06 mgd
3,207	3,199	3,188	3,479	3,350	3,605

City of Lockhart, Texas
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
Last Ten Fiscal Years

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Function/Program				
Public safety				
Police				
Stations	1	1	1	1
Patrol units	22	22	22	26
Fire stations	1	1	1	1
Highways and streets				
Streets (miles)	64.7	64.7	64.7	65.2
Streetlights	1,824	1,825	1,838	1,838
School zone flashers	2	2	2	2
Culture and recreation				
Acreage	115	115	115	115
Parks	10	10	10	10
Baseball/softball diamonds	6	6	6	6
Soccer fields	8	8	8	8
Swimming pools	1	1	1	1
Electric				
Electric lines (miles)	77	77	77	77
Number of distribution stations	1	2	2	2
Capacity sold (MwH)	103,168	104,172	101,869	104,995
Water and wastewater				
Water				
Water mains (miles)	87.4	87.4	87.4	92.1
Fire hydrants	650	660	675	685
Storage capacity	1.05 mgd	1.05 mgd	1.05 mgd	1.05 mgd
Wastewater				
Sanitary sewers (miles)	76	76	76	76
Storm sewers (miles)	0	0	0	0
Treatment capacity	2.6 mgd	2.6 mgd	2.6 mgd	2.6 mgd

2018	2019	2020	2021	2022	2023
1	1	1	1	1	1
28	29	26	31	31	31
1	2	2	2	2	2
65.2	65.9	100.0	124.5	124.5	124.5
1,844	1,856	1,856	1,856	1,872	1,872
2	2	2	2	2	2
115	115	115	115	115	115
10	10	10	10	10	10
6	6	6	6	6	6
8	8	8	8	8	8
1	1	1	1	1	1
80	80	80	82	82	82
2	2	2	2	2	2
114,447	114,116	112,276	107,243	111,941	117,418
92.1	93.7	100.0	100.5	100.5	105.8
700	729	721	721	721	877
1.05 mgd	1.05 mgd	1.05 mgd	1.55 mgd	1.55 mgd	1.55 mgd
78	79	80.6	80.8	80.8	85.8
0	0	0	0	0	0
2.6 mgd	2.6 mgd	2.6 mgd	2.6 mgd	2.6 mgd	2.6 mgd