

Comprehensive Annual Financial Report

City of Lockhart, Texas

Fiscal Year Ended September 30, 2020



  
**Lockhart**  
The BBQ Capital of Texas

**CITY OF LOCKHART, TEXAS**  
*COMPREHENSIVE ANNUAL FINANCIAL REPORT*  
*For the fiscal year ended September 30, 2020*

Issued By:  
Finance Department

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## **INTRODUCTORY SECTION**



March 16, 2021

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 Comprehensive Annual Financial Report of the City of Lockhart, Texas (the City) for the year ended September 30, 2020, 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.

Harrison, Waldrop, and Uherek, L.L.P. has issued an unmodified ("clean") opinion on the City of Lockhart financial statements for the year ended September 30, 2020. 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 is 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 U.S. Census Bureau, the estimated population of the City of Lockhart is 13,925 as of July 1, 2017, 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 13,900 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 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 Goal 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 population of approximately 14,000 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.

The onset of the COVID-19 pandemic created an unprecedented situation for the City of Lockhart and for every municipality in the United States. While the pandemic presented challenges for local residents and businesses, it also brought with it the passage of the Coronavirus Aid, Relief and Economic Security (CARES) Act and the Coronavirus Response and Relief Supplemental Appropriations Act of 2021. Through these federal programs, states received money to distribute to local governments.

The City of Lockhart received an allotment of \$763,895. Using this funding, Lockhart apportioned \$235,000 for COVID relief grants and loans for businesses and utilized \$25,000 for COVID relief for utilities customers. Major capital purchases paid for using the allotment included a generator for the fire station (which doubles as the city's office of emergency management), air conditioning units for the police department, utilities payment kiosks at City Hall and the Municipal Court, and IT hardware and software for teleworking across all departments. The allotment also helped pay for public safety personnel costs.

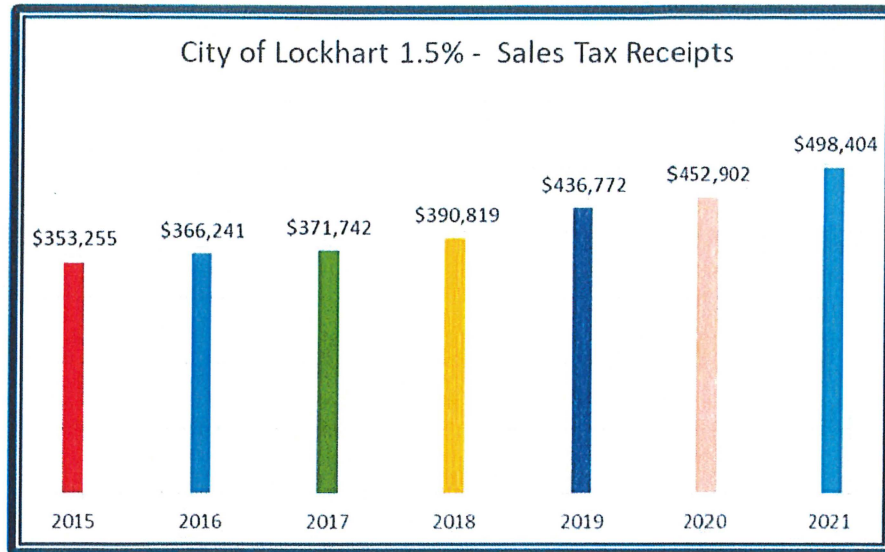


The City of Lockhart continues to experience unemployment rates consistently lower than the State of Texas average. The unemployment rate for the City of Lockhart is 3.8% compared to 4.2% for the State of Texas and slightly higher than the 3.7% nationally.

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. Commercial development in 2010 saw an influx of medical facilities such as Jacob Family Eye Care, Pinnacle Health, and additional Seton Health clinics and physician offices. In 2011 and 2012, the City of Lockhart began to see an increase in housing opportunities with Springfield Villas and an assisted care living facility with Golden Age Home. Lockhart had two new banking options by way of Randolph-Brooks Credit Union and Austin Telco Credit Union. Plum Creek Plaza Shopping Center saw a boost in retail stores such as Factory Connection and Hibbett's in 2013-2015. The City of Lockhart's major manufacturing industry witnessed new companies, Fashion Glass and Mirror, Pure Castings, and Hill Country Foodworks: all incentive projects of the Lockhart Economic Development Corporation. AT&T and Verizon vied for locations within the City between 2015-2017. Chain restaurants such as Taco Bell, Kentucky Fried Chicken, Little Caesar's, and Domino's Pizza filled up State Highway 183 and the Woodland Properties and Lockhart Retail Center. The downtown did not go unnoticed; small retail shops and specialty restaurants filled up the courthouse square. In 2019, the City of Lockhart enticed members of the technology industries with the likes of PromoGo, a promotional marketing and branding company and Visionary Fiber Technologies, the global leader in fiber reactor separation technology. In 2020, the Lockhart Economic Development Corporation completed a Strategic Plan to assist in attracting businesses; helped Iron Ox, a robotic farming company to expand operations in Lockhart; established a new economic development office downtown; created the BIG Grant Program to improve downtown businesses and buildings and purchased property for a new 75-acre industrial/distribution park near SH 130.

The City of Lockhart's sound financial position is apparent because of its conservative budgeting practices, as evident from its healthy fund balances. The City experienced growth in assessed valuation of property taxes and collection of 1.5% sales taxes from Fiscal Year 2015 through 2020 and continues to grow. (see charts below). Valuation of property continues to increase at a steady rate. This increase could be attributable to the build out of Meadows at Clearfork Subdivision Phase 2 & 3 and Windridge Subdivision, along with the increase in assessed values of current properties including new commercial growth over the past several years. The last five years the City has seen a significant increase in sales tax revenues due to new businesses and a healthy area economy.





### **Long-term Financial Planning**

The City Council approved a budget that maintained fund balance at 33% for Fiscal Year 2020. This is above the 25% minimum reserve required by the Fund Balance – Stabilization and Excess of Reserves Policy. The budget funded \$1,125,500 in one-time capital projects that were needed to improve the services provided by the City.

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. In Fiscal Year 2020, a revised purchasing policy was approved to maintain a cost-effective purchasing system conforming to good management practice. The establishment and maintenance of an effective purchasing policy is possible only through a cooperative effort. This policy will reaffirm the City of Lockhart’s commitment to strengthen

purchasing and property controls to reasonably assure that assets are received and retained in the custody of the City of Lockhart.

### **Major Initiatives**

There was no issuance of debt by the City of Lockhart for the Fiscal Year 2020.

The City of Lockhart's Council placed a Strategic Goals Plan in action for Fiscal Year 2019-2020, which included economic development and planning; quality of life and facilities; staffing and personnel; IT software and hardware; and public safety initiatives. Economic development and planning include the City working closely with the Lockhart School District to entice students to seek local public service employment opportunities; work with the Downtown Association to increase new business activities on the square; and revised the Hotel Occupancy Tax Program to improve the effectiveness of HOT expenditures. The quality of life and facilities initiatives included increased street and sidewalk funding projects and a space needs and building program analysis. Implementation of a Classification and Compensation Study to ensure wages are competitive and adding three new positions: Economic Development Specialist, Public Information Officer, and Electric Administrative Assistant. IT software and hardware replacements within the City's server environment. The major initiatives in public safety include the construction of Fire Station No. 2; renovations to the dispatch communication center; and new public safety/public works handheld and mobile radios.

### **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 30<sup>th</sup>, 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 and Acknowledgements**

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 comprehensive annual financial report for the fiscal year ended September 30, 2019. 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 comprehensive annual 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.

We would like to express our sincere appreciation to the City's employees for their dedication and commitment to the City. The preparation of this report could not be accomplished without the dedicated services of the entire staff of the Finance Department. Appreciation is expressed to the City employees throughout the organization, especially those responsible for the maintenance of records upon which this report is based. Acknowledgement is given to representatives of Harrison, Waldrop & Uherek, L.L.P. for their assistance in producing the final product.

## **Other Acknowledgements**

The preparation of this report would not have been possible without the skill, effort, and dedication of the entire staff of the Finance and Administration Department.

We wish to thank all government departments for their assistance in providing the data necessary to prepare this report. Credit is also due 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



Pam M. Larison, Finance Director



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**City of Lockhart  
Texas**

For its Comprehensive Annual  
Financial Report  
For the Fiscal Year Ended

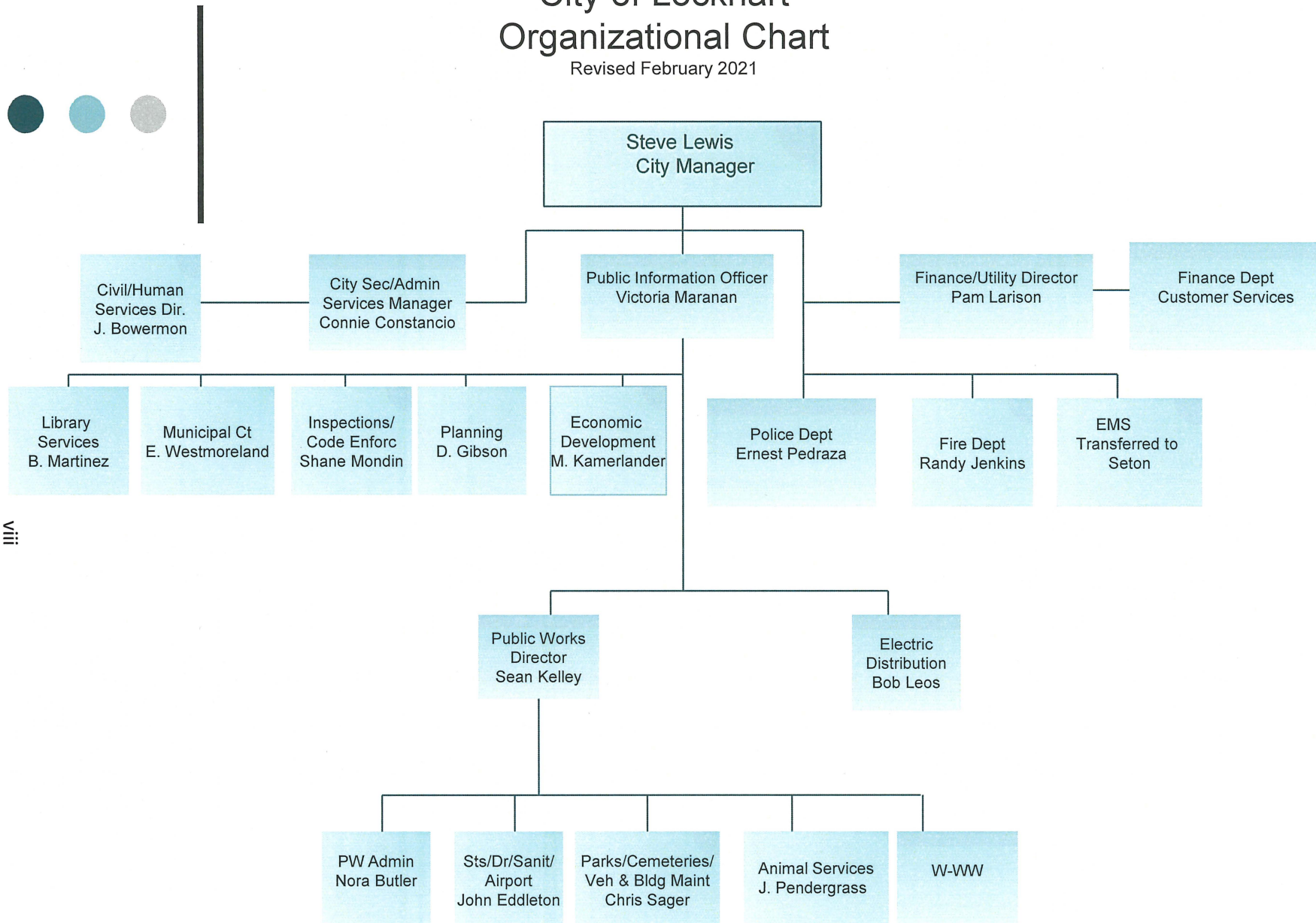
September 30, 2019

*Christopher P. Morill*

Executive Director/CEO

# City of Lockhart Organizational Chart

Revised February 2021





City Officials	Elective Position	Term Expires
Lew White	Mayor	2020
Angie Gonzales-Sanchez	Council Member – At-Large	2022
Juan Mendoza	Council Member – District 1	2022
David Bryant	Council Member – District 2	2022
Kara McGregor	Council Member – District 3	2020
Jeffry Michelson	Council Member – District 4	2020
Brad Westmoreland	Council Member – At-Large	2022



Front – Angie Gonzales-Sanchez, Mayor Lew White, Kara McGregor  
 Back – Brad Westmoreland, Juan Mendoza, David Bryant, Jeffry Michelson

Key Staff	Position
Steve Lewis	City Manager
Pam Larison	Finance Director
Robert Eggimann	City Controller

## **FINANCIAL SECTION**





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## INDEPENDENT AUDITORS' REPORT

The Honorable Mayor and Members  
of the City Council  
City of Lockhart, Texas

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate 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, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The financial statements of the Lockhart Economic Development Corporation were not audited in accordance with *Government Auditing Standards*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

The Honorable Mayor and Members  
of the City Council  
City of Lockhart, Texas

### Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City as of September 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Other Matters

#### *Required Supplementary Information*

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

#### *Other Information*

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are 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 them.

The Honorable Mayor and Members  
of the City Council  
City of Lockhart, Texas

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 3, 2021, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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.



HARRISON, WALDROP & UHEREK, L.L.P.  
Certified Public Accountants

March 3, 2021

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, 2020.

**FINANCIAL HIGHLIGHTS**

- The assets and deferred outflows of the City exceeded its liabilities and deferred inflows at the close of the fiscal year ended September 30, 2020, by \$45,965,385. Of this amount, \$16,788,607 of unrestricted net position is available to meet the City's ongoing obligations to citizens and creditors.
- The total cost of all City activities was \$29,899,332 for the fiscal year which is a decrease of \$12,930 from the prior year.
- During the year, the City's general revenues exceeded net expenses of all City activities by \$1,183,865. This represents a 3% increase in net position from the previous fiscal year as a result of operations.
- At September 30, 2020, the City's governmental funds reported combined ending fund balances of \$11,091,940, an increase of \$399,323 in comparison with the prior year. Included in this increase was an increase of General Fund's fund balance in the amount of \$1,295,804 and a decrease in the fund balances for the nonmajor governmental funds of \$896,481.
- At September 30, 2020, unassigned fund balance for the General Fund was \$6,673,086 or 62% of total General Fund expenditures. This meets the City's minimum unassigned fund balance policy of 25% of the subsequent year's budgeted expenditures and outgoing transfers.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of four components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Organization and Flow of Financial Section Information**

**Independent Auditors' Report**

*Provides the opinion of the Independent Auditors on the fair presentation of the basic financial statements.*

**Management's Discussion and Analysis**

*This supplementary information is required for state and local government financial statements and is intended to provide a narrative introduction and analysis.*

Pages 4 to 12

**Government-wide Financial Statements**

*Provides information on governmental and business-type activities of the primary government.*

Pages 13 to 16

**Fund Financial Statements**

*Provides information on the financial position of specific funds of the primary governments.*

Pages 17 to 32

**Notes to Financial Statements**

*Provides a summary of significant accounting policies and related disclosures.*

Pages 33 to 71

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## **OVERVIEW OF THE FINANCIAL STATEMENTS - (Continued)**

### **Government-wide Financial 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, with the difference between the two 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.

The *statement of activities* presents information showing how the government'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 in this statement for some items that will only result in cash flows in future fiscal periods (i.e., 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, public safety, public works, parks and recreation, and interest on long-term debt. The business-type activities of the City include electric, water, wastewater, solid waste services, and an airport fund.

The government-wide financial statements include not only the City itself (known as the primary government) but also the component unit of Lockhart Economic Development Corporation, Inc.

### **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* 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 evaluating 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 government funds and governmental activities.

The City maintained numerous individual governmental funds during the 2019-2020 fiscal year. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balance for the General Fund which is considered the City's only major fund. Data from the nonmajor governmental funds are combined into a single, aggregated presentation. Individual fund data for each of the nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

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## **OVERVIEW OF THE FINANCIAL STATEMENTS - (Continued)**

### Fund Financial Statements - (Continued)

The City adopts an annual appropriated budget for its General Fund and Debt Service Fund. A Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual, has been provided for the General Fund and Debt Service Fund to demonstrate compliance with this budget.

The City maintains only one type of *proprietary fund*. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses the enterprise fund to account for its electric, water, wastewater utility services, EMS, solid waste operations, and the airport operations.

Proprietary funds provide the same type of information as the government-wide financial statements, only in a more detailed format. The City has four major proprietary (enterprise) funds. They are the Electric Fund, the Water Fund, the Wastewater Fund, and EMS Fund. Separate financial statements are presented for the major funds. Individual fund data for each of the nonmajor proprietary funds is provided in the form of combining statements elsewhere in this report.

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs/operations. The accounting used for fiduciary funds is similar to proprietary funds.

The basic fiduciary fund financial statements can be found on pages 31 through 32 of this report.

### Notes to Financial Statements

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

### Other Information

In addition to the basic financial statements and accompanying notes, required supplementary information is included which presents a budgetary comparison schedule for the City's General Fund, a schedule of changes in liability and related ratios for the TMRS Defined Benefit Pension Plan, a schedule of employer contributions for the TMRS Defined Benefit Pension Plan, a schedule of changes in Total OPEB liability and related ratios for the TMRS Supplemental Death Benefit Plan, a schedule of employer contributions for the TMRS Supplemental Death Benefit Plan, and a schedule of changes in Total OPEB liability and related ratios for the Retiree Healthcare Plan. Required supplementary information can be found on pages 72-81 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 82-104 of this report.

## **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows exceeded liabilities and deferred inflows by \$45,965,385 at the close of the 2020 fiscal year.

By far, the largest portion of the City's net position, 56%, reflects its investment in capital assets (i.e., land, buildings, infrastructure, and machinery and equipment), less a related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to its 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 capital assets themselves cannot be used to liquidate these liabilities.

### **City of Lockhart, Texas**

#### **Net Position**

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Current and other assets	\$ 12,822,504	\$ 11,837,641	\$ 18,498,454	\$ 21,552,196	\$ 31,320,958	\$ 33,389,837
Capital assets (net)	21,278,461	22,065,245	26,000,273	23,018,134	47,278,734	45,083,379
Total assets	34,100,965	33,902,886	44,498,727	44,570,330	78,599,692	78,473,216
Deferred outflow of resources	852,823	1,946,123	363,167	671,329	1,215,990	2,617,452
Current and other liabilities	1,721,855	1,533,610	2,570,700	2,609,895	4,292,555	4,143,505
Noncurrent liabilities	15,421,508	17,981,146	13,018,414	14,004,838	28,439,922	31,985,984
Total liabilities	17,143,363	19,514,756	15,589,114	16,614,733	32,732,477	36,129,489
Deferred inflow of resources	835,570	141,527	282,250	38,132	1,117,820	179,659
Net position:						
Net investment in						
capital assets	12,104,249	12,648,711	13,434,710	17,492,757	25,538,959	30,141,468
Restricted	1,603,237	1,571,133	2,034,582	1,661,480	3,637,819	3,232,613
Unrestricted	3,267,369	1,972,882	13,521,238	9,434,557	16,788,607	11,407,439
Total net position	\$ 16,974,855	\$ 16,192,726	\$ 28,990,530	\$ 28,588,794	\$ 45,965,385	\$ 44,781,520

An additional portion of the City's net position, 8%, represents resources that are subject to external restrictions on how they may be used (i.e., debt service). The remaining balance of unrestricted net position, \$16,788,607, 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 is able to report positive balances in all three categories of net position for the primary government as a whole.

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## **GOVERNMENT-WIDE FINANCIAL ANALYSIS - (Continued)**

**Governmental activities.** Governmental activities increased the City's net position by \$782,129. Key elements of this increase are as follows:

- Increase in charges for services of \$235,682. Included in charges for services were license and permits as well as impact fees. The increase in fiscal year 2020 is associated with an increase in construction. License and permits are reviewed by Council to be competitive with market rates.
- Increase in property taxes of \$378,950 due to an increase in valuations.
- Increase in general government expenses of \$223,237 due to increased costs related to the COVID-19 pandemic.
- Decrease in public safety expenses of \$96,113 due to reduced hours and employment freeze in respective governmental fund departments.
- Decrease in public works expenses of \$398,928 due to reduced hours and employment freeze in respective governmental fund departments.

**Business-type activities.** Business-type activities increased the City's net position by \$401,736 accounting for 34% of the total growth in the City's net position. Key elements of this change are as follows:

- Charges for services were \$670,872 less due to the COVID-19 pandemic. City Council approved a "non-disconnect" for utility bills which caused a decrease in services.
- Revenues exceeded expenses by \$3,547,264 before transfers to other funds.
- Expenses increased slightly over prior year by \$145,849 due to increase in costs of services.
- Transfers to other funds were \$3,145,528 which was increased from prior year by \$100,786 or 3%.



**GOVERNMENT-WIDE FINANCIAL ANALYSIS - (Continued)**

**City of Lockhart, Texas**

**Changes in Net Position**

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
<b>REVENUES</b>						
Program revenues:						
Charges for services	\$ 1,453,937	\$ 1,218,255	\$ 20,008,493	\$ 20,679,365	\$ 21,462,430	\$ 21,897,620
Operating grants and contributions	1,037,366	579,539	44,680	68,272	1,082,046	647,811
Capital grants and contributions	257,055	96,263	23,750	-	280,805	96,263
General revenues:						
Property taxes	4,991,171	4,612,221	-	-	4,991,171	4,612,221
Sales taxes	1,992,939	1,767,048	-	-	1,992,939	1,767,048
Franchise taxes	349,849	360,589	-	-	349,849	360,589
Other taxes	102,063	111,841	-	-	102,063	111,841
Impact fees	-	-	296,093	195,808	296,093	195,808
Investment earnings	119,746	283,700	164,183	368,594	283,929	652,294
Miscellaneous	233,320	184,509	8,552	-	241,872	184,509
<b>Total revenues</b>	<b>10,537,446</b>	<b>9,213,965</b>	<b>20,545,751</b>	<b>21,312,039</b>	<b>31,083,197</b>	<b>30,526,004</b>
<b>EXPENSES</b>						
General government	2,455,580	2,232,343	-	-	2,455,580	2,232,343
Public safety	5,703,143	5,799,256	-	-	5,703,143	5,799,256
Public works	3,153,763	3,552,691	-	-	3,153,763	3,552,691
Health	144,615	18,250	-	-	144,615	18,250
Culture and recreation	1,052,444	1,041,842	-	-	1,052,444	1,041,842
Interest on long-term debt	391,300	415,242	-	-	391,300	415,242
Electric	-	-	8,564,816	9,242,068	8,564,816	9,242,068
Water	-	-	3,908,621	3,224,639	3,908,621	3,224,639
Wastewater	-	-	1,444,482	1,370,942	1,444,482	1,370,942
EMS	-	-	1,407,549	1,383,128	1,407,549	1,383,128
Sanitation	-	-	1,592,412	1,553,603	1,592,412	1,553,603
Airport	-	-	80,607	78,258	80,607	78,258
<b>Total expenses</b>	<b>12,900,845</b>	<b>13,059,624</b>	<b>16,998,487</b>	<b>16,852,638</b>	<b>29,899,332</b>	<b>29,912,262</b>
Change in net position before transfers	(2,363,399)	(3,845,659)	3,547,264	4,459,401	1,183,865	613,742
Transfers	3,145,528	3,044,742	(3,145,528)	(3,044,742)	-	-
Change in net position	782,129	(800,917)	401,736	1,414,659	1,183,865	613,742
Net position - beginning	16,192,726	16,993,643	28,588,794	27,174,135	44,781,520	44,167,778
Net position - ending	<b>\$ 16,974,855</b>	<b>\$ 16,192,726</b>	<b>\$ 28,990,530</b>	<b>\$ 28,588,794</b>	<b>\$ 45,965,385</b>	<b>\$ 44,781,520</b>

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## **FINANCIAL ANALYSIS OF THE CITY'S FUNDS**

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

### **Governmental Funds**

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

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$11,091,940, an increase of \$399,323 from the prior year.

Approximately 57% of this total amount, \$6,269,739, constitutes unassigned fund balance, which is available for spending at the government's discretion. The City also has \$308,539 of fund balance that is committed for specific projects. In addition, there is \$4,397,592 of fund balance that is restricted for specific purposes and \$116,070 that is classified as nonspendable; being that it is not available for new spending because it has already been committed: 1) for prepaid expenditures \$106,720; and 2) for inventory \$9,350.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance was \$6,673,086. Unassigned fund balance represents 62% of total General Fund expenditures. The fund balance of the City's General Fund increased by \$1,295,804 during the current fiscal year which is attributable to an increase in revenues of \$707,590 and specifically property taxes in the amount of \$340,104. The nonmajor governmental funds had a decrease in fund balance in the amount of \$896,481. This decrease was mainly due to the spending of the 2015 Certificates of Obligations proceeds in the amount of \$551,827.

### **Proprietary Funds**

The City's proprietary funds, the Electric Fund, the Water Fund, the Wastewater Fund, the EMS Fund, the Sanitation Fund and the Airport Fund provides the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the proprietary funds at the end of the current fiscal year amounted to \$13,521,238. The total growth for the funds was \$401,736. The Electric Fund had the largest increase in net position of the proprietary funds, \$283,346, which represented 4% over the prior year. Transfers to other funds from the Electric Fund decreased \$169,132 from fiscal year 2019.

## **GENERAL FUND BUDGETARY HIGHLIGHTS**

Actual fiscal year revenues in the General Fund were \$716,684 more than the final budgeted amounts. The positive variance over the anticipated amount is comprised of the following items:

- \$119,651 in property tax revenues due to an increase in valuations.
- \$509,731 in sales and other tax revenues due to an increase in activity within the City.
- \$44,000 in intergovernmental and grants revenues due to additional grants received in fiscal year 2020.

Actual fiscal year expenditures in the General Fund were \$880,381 less than the final budgeted amounts. The positive variance from the anticipated amount is comprised of the following items:

- \$338,464 in public safety due to spending less than anticipated.
- \$243,692 in capital outlay due to spending less than anticipated on capital projects.

**GENERAL FUND BUDGETARY HIGHLIGHTS - (Continued)**

Differences between the General Fund’s original budget and final amended budget were a net decrease of \$424,353 and \$481,851 in revenues and expenditures, respectively. The decrease in revenue budget consisted of a decrease to sales tax revenue budget in the amount of \$242,000. The decrease in expenditure budget consisted of the following items:

- \$66,000 in mayor/council budget in contracts and services.
- \$70,000 in mayor/council and city manager budgets in capital outlay.
- \$71,400 in municipal court, police, and fire budgets in capital outlay.
- \$186,022 in public works, garage, and streets budgets in personnel.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

Capital Assets

The City’s investment in capital assets for its governmental and business-type activities amounts to \$47,278,734 (net of accumulated depreciation) at the end of the current fiscal year. This investment in capital assets includes land, buildings, improvements, vehicles, machinery and equipment, infrastructure, and construction in progress. The net increase in the City’s investment in capital assets was \$2,195,355 or 5%.

**City of Lockhart, Texas**

**Capital Assets**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Land	\$ 1,587,394	\$ 1,587,394	\$ 574,710	\$ 574,710	\$ 2,162,104	\$ 2,162,104
Construction in progress	8,550	1,059,346	3,089,937	1,667,224	3,098,487	2,726,570
Bldgs. and improvements	7,966,865	7,323,728	1,337,875	1,379,559	9,304,740	8,703,287
Infrastructure	10,110,624	10,660,837	19,622,582	18,294,603	29,733,206	28,955,440
Machinery and equipment	1,605,028	1,433,940	1,375,169	1,102,038	2,980,197	2,535,978
<b>Total</b>	<b><u>\$ 21,278,461</u></b>	<b><u>\$ 22,065,245</u></b>	<b><u>\$ 26,000,273</u></b>	<b><u>\$ 23,018,134</u></b>	<b><u>\$ 47,278,734</u></b>	<b><u>\$ 45,083,379</u></b>

Additional information on the City’s capital assets can be found in Note 6 of this report.

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## **CAPITAL ASSETS AND DEBT ADMINISTRATION - (Continued)**

### **Long-Term Debt**

At the end of the current fiscal year, the City had total bonded debt outstanding of \$22,211,268. Of this amount, \$5,949,998 represents General Obligation Tax and Revenue Bonds. The remainder of the City's bonded debt is comprised of \$15,300,000 of Combination Tax and Revenue Certificates of Obligation and unamortized premiums of \$961,270. The City's bonded debt had a net decrease of \$1,158,789 during the fiscal year ended September 30, 2020. Additional information on the long-term debt can be found in Note 10.

The City maintains a bond rating of "AA-" from S&P Global.

As a Home Rule City, the City is not limited by law in the amount of debt it may issue; however, all new local bond issues must be approved by the State Attorney General. There is no direct limit on debt in the City Charter. As a matter of policy, the Attorney General of Texas, will not approve the issuance of bonds where the total debt service of all tax supported debt requires a tax rate more than \$1.50 per \$100 assessed valuation. The Truth in Taxation criterion specifies that debt (interest & sinking) requirements must be met first, and then the operations can be funded. The property tax rate to meet these needs cannot exceed \$2.50 per \$100 valuation.

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS 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 34.8% since 2015 and property tax valuation has increased by 24.6%. Even with the 34.8% increase, the City continues to forecast sales tax in a conservative position. The total sales tax payments received in 2020 fiscal year equaled \$1,992,939. The City anticipates no increase for 2021.

Property valuations have increased due to new additions and property on the tax roll, along with the appraisal district reassessing valuations in 2020. The certified assessed taxable property valuations for the 2021 fiscal year (2020 tax roll) total \$715,504,486 with a tax rate of \$0.5621 per \$100 valuation for maintenance and operations and \$0.0833 per \$100 valuation for the interest and sinking fund. The total tax rate of \$0.6454 decreased 5.67% or \$0.0388 from 2019.

The City's capital plan for 2020-2021 continues to focus on infrastructure upgrades and improvements to streets and airport improvements. The City will be initiating the new fleet program by replacing one-fourth of its rolling stock. The increase in capital rolling stock is to provide a better quality of life and safety for the City of Lockhart citizens.

## **REQUESTS FOR INFORMATION**

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 Finance Director, 308 W. San Antonio Street, Lockhart, Texas 78644.

## **Basic Financial Statements**

**CITY OF LOCKHART, TEXAS**  
**STATEMENT OF NET POSITION**  
September 30, 2020

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Lockhart Economic Development Corporation
<b>ASSETS</b>				
Current assets				
Cash and cash equivalents	\$ 11,083,851	\$ 13,691,505	\$ 24,775,356	\$ 3,281,848
Receivables (net)	864,591	4,317,411	5,182,002	168,446
Due from other governments	749,508	15,000	764,508	-
Prepaid expenses	115,204	19,674	134,878	-
Inventory	9,350	454,864	464,214	325,000
Total current assets	<u>12,822,504</u>	<u>18,498,454</u>	<u>31,320,958</u>	<u>3,775,294</u>
Noncurrent assets (net)				
Land and other assets not being depreciated	1,595,944	3,664,647	5,260,591	108,000
Buildings, improvements, and equipment (net)	<u>19,682,517</u>	<u>22,335,626</u>	<u>42,018,143</u>	<u>501,840</u>
Total noncurrent assets	<u>21,278,461</u>	<u>26,000,273</u>	<u>47,278,734</u>	<u>609,840</u>
<b>Total assets</b>	<u>34,100,965</u>	<u>44,498,727</u>	<u>78,599,692</u>	<u>4,385,134</u>
<b>DEFERRED OUTFLOWS</b>				
Deferred amount on refunding	210,977	148,031	359,008	-
Deferred outflow related to pension	543,645	188,724	732,369	-
Deferred outflow related to OPEB	<u>98,201</u>	<u>26,412</u>	<u>124,613</u>	-
<b>Total deferred outflow of resources</b>	<u>852,823</u>	<u>363,167</u>	<u>1,215,990</u>	-

The accompanying notes are an integral part of this statement.

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Lockhart Economic Development Corporation
<b>LIABILITIES</b>				
Current liabilities				
Accounts payable	\$ 474,593	\$ 1,339,275	\$ 1,813,868	\$ 17,200
Payroll related payables	249,911	70,294	320,205	8,095
Other payables	7,745	-	7,745	-
Accrued interest payable	66,582	74,531	141,113	-
Due to other governments	27,410	100,380	127,790	-
Deposits	-	375,858	375,858	-
Accrued compensated absences	149,892	81,170	231,062	4,384
Current portion of long-term liabilities	745,722	529,192	1,274,914	116,923
<b>Total current liabilities</b>	<b>1,721,855</b>	<b>2,570,700</b>	<b>4,292,555</b>	<b>146,602</b>
Noncurrent liabilities				
Accrued compensated absences	374,203	-	374,203	-
Net pension liability	2,827,953	784,199	3,612,152	-
OPEB liability	713,459	197,844	911,303	-
Noncurrent portion of long-term liabilities	11,505,893	12,036,371	23,542,264	457,154
<b>Total noncurrent liabilities</b>	<b>15,421,508</b>	<b>13,018,414</b>	<b>28,439,922</b>	<b>457,154</b>
<b>Total liabilities</b>	<b>17,143,363</b>	<b>15,589,114</b>	<b>32,732,477</b>	<b>603,756</b>
<b>DEFERRED INFLOWS</b>				
Deferred inflow related to pension	795,323	271,447	1,066,770	-
Deferred inflow related to OPEB	40,247	10,803	51,050	-
<b>Total deferred inflows</b>	<b>835,570</b>	<b>282,250</b>	<b>1,117,820</b>	<b>-</b>
<b>NET POSITION</b>				
Net investment in capital assets	12,104,249	13,434,710	25,538,959	465,951
Restricted				
General government	139,166	-	139,166	-
Tourism	64,016	-	64,016	-
Public safety	179,496	-	179,496	-
Public works	1,063,841	-	1,063,841	-
Debt service	108,513	309,165	417,678	-
Capital projects	48,205	1,725,417	1,773,622	-
Unrestricted	3,267,369	13,521,238	16,788,607	3,315,427
<b>Total net position</b>	<b>\$ 16,974,855</b>	<b>\$ 28,990,530</b>	<b>\$ 45,965,385</b>	<b>\$ 3,781,378</b>

**CITY OF LOCKHART, TEXAS**  
**STATEMENT OF ACTIVITIES**  
For the year ended September 30, 2020

Function/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government</b>				
Governmental activities				
General government	\$ 2,455,580	\$ 730,384	\$ 122,877	\$ -
Public safety	5,703,143	355,773	894,114	-
Public works	3,153,763	358,837	-	-
Health	144,615	-	-	-
Culture and recreation	1,052,444	8,943	20,375	257,055
Interest on long-term debt	391,300	-	-	-
Total governmental activities	<u>12,900,845</u>	<u>1,453,937</u>	<u>1,037,366</u>	<u>257,055</u>
Business-type activities				
Electric	8,564,816	11,039,153	-	-
Water	3,908,621	3,555,391	-	23,750
Wastewater	1,444,482	2,277,346	-	-
EMS	1,407,549	1,071,931	37,237	-
Other	1,673,019	2,064,672	7,443	-
Total business-type activities	<u>16,998,487</u>	<u>20,008,493</u>	<u>44,680</u>	<u>23,750</u>
Total primary government	<u>\$ 29,899,332</u>	<u>\$ 21,462,430</u>	<u>\$ 1,082,046</u>	<u>\$ 280,805</u>
<b>Component Unit</b>				
Lockhart Economic Development Corporation	<u>\$ 835,474</u>	<u>\$ 73,125</u>	<u>\$ -</u>	<u>\$ -</u>

General revenues:  
Taxes:  
  Property taxes, levied for general purposes  
  Property taxes, levied for debt service  
  Sales taxes  
  Franchise taxes  
  Other taxes  
Impact fees  
Unrestricted investment earnings  
Miscellaneous  
Transfers  
Total general revenues and transfers  
Change in net position  
Net position - beginning  
Net position - ending

The accompanying notes are an integral part of this statement.



Net (Expense) Revenue and Changes in Net Position			Component Unit
Primary Government			
Governmental Activities	Business- type Activities	Total	Lockhart Economic Development Corporation
\$ (1,602,319)	\$ -	\$ (1,602,319)	\$ -
(4,453,256)	-	(4,453,256)	-
(2,794,926)	-	(2,794,926)	-
(144,615)	-	(144,615)	-
(766,071)	-	(766,071)	-
(391,300)	-	(391,300)	-
<u>(10,152,487)</u>	<u>-</u>	<u>(10,152,487)</u>	<u>-</u>
-	2,474,337	2,474,337	-
-	(329,480)	(329,480)	-
-	832,864	832,864	-
-	(298,381)	(298,381)	-
-	399,096	399,096	-
<u>-</u>	<u>3,078,436</u>	<u>3,078,436</u>	<u>-</u>
<u>(10,152,487)</u>	<u>3,078,436</u>	<u>(7,074,051)</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>(762,349)</u>
4,276,918	-	4,276,918	-
714,253	-	714,253	-
1,992,939	-	1,992,939	996,470
349,849	-	349,849	-
102,063	-	102,063	-
-	296,093	296,093	-
119,746	164,183	283,929	33,044
233,320	8,552	241,872	-
3,145,528	(3,145,528)	-	-
<u>10,934,616</u>	<u>(2,676,700)</u>	<u>8,257,916</u>	<u>1,029,514</u>
782,129	401,736	1,183,865	267,165
<u>16,192,726</u>	<u>28,588,794</u>	<u>44,781,520</u>	<u>3,514,213</u>
<u>\$ 16,974,855</u>	<u>\$ 28,990,530</u>	<u>\$ 45,965,385</u>	<u>\$ 3,781,378</u>

**CITY OF LOCKHART, TEXAS****BALANCE SHEET****GOVERNMENTAL FUNDS**

September 30, 2020

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>			
Current assets			
Cash and cash equivalents	\$ 6,772,295	\$ 4,311,556	\$ 11,083,851
Receivables (net)	668,758	195,833	864,591
Due from other funds	444,112	-	444,112
Due from other governments	351,288	398,220	749,508
Prepaid expenditures	27,327	87,877	115,204
Inventory	9,350	-	9,350
<b>Total assets</b>	<u>\$ 8,273,130</u>	<u>\$ 4,993,486</u>	<u>\$ 13,266,616</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 468,405	\$ 6,188	\$ 474,593
Payroll related payables	249,911	-	249,911
Other payables	7,745	-	7,745
Due to other funds	-	444,112	444,112
Due to other governments	27,410	-	27,410
Accrued compensated absences	25,157	-	25,157
<b>Total liabilities</b>	<u>778,628</u>	<u>450,300</u>	<u>1,228,928</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue	476,200	469,548	945,748
<b>Total deferred inflows of resources</b>	<u>476,200</u>	<u>469,548</u>	<u>945,748</u>
<b>FUND BALANCES</b>			
Nonspendable			
Prepaid expenditures	27,327	79,393	106,720
Inventory	9,350	-	9,350
Restricted			
General government	-	59,773	59,773
Tourism	-	64,016	64,016
Public safety	-	179,496	179,496
Public works	-	1,063,841	1,063,841
Debt service	-	115,835	115,835
Various capital projects	-	2,914,631	2,914,631
Committed			
Sidewalks	52,516	-	52,516
Industrial park	256,023	-	256,023
Unassigned	6,673,086	(403,347)	6,269,739
<b>Total fund balances</b>	<u>7,018,302</u>	<u>4,073,638</u>	<u>11,091,940</u>
<b>Total liabilities, deferred inflows and fund balances</b>	<u>\$ 8,273,130</u>	<u>\$ 4,993,486</u>	<u>\$ 13,266,616</u>

The accompanying notes are an integral part of this statement.

**CITY OF LOCKHART, TEXAS****RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO NET POSITION  
OF GOVERNMENTAL ACTIVITIES**

September 30, 2020

<b>Total governmental fund balances</b>		<b>\$ 11,091,940</b>
<i>Amounts reported for governmental activities in the statement of net position are different because:</i>		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds. The governmental capital assets at year-end consist of:		
Governmental capital assets costs	\$ 99,604,414	
Accumulated depreciation of governmental capital assets	<u>(78,325,953)</u>	21,278,461
Property taxes receivable will be collected this year, but are not available soon enough to pay for the current period's expenditures, and therefore are "unavailable" in the funds.		
		373,801
Because the focus of governmental funds is on short-term financing, some assets will not be available to pay for current-period expenditures. Those assets (for example, receivables) are offset by unavailable revenues in the governmental funds and thus are not included in fund balance.		
		571,947
Deferred outflows of resources are not reported in the governmental funds:		
Deferred amount on refunding	210,977	
Deferred amount on pension	543,645	
Deferred amount on OPEB	<u>98,201</u>	852,823
Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year-end consist of:		
Bonds and certificates payable	(11,661,855)	
Bond premium	(589,760)	
Net pension liability	(2,827,953)	
OPEB liability	(713,459)	
Accrued interest payable	(66,582)	
Compensated absences	<u>(498,938)</u>	(16,358,547)
Deferred inflows of resources are not reported in the governmental funds:		
Deferred amount on pension	(795,323)	
Deferred amount on OPEB	<u>(40,247)</u>	<u>(835,570)</u>
<b>Net position of governmental activities</b>		<b><u>\$ 16,974,855</u></b>

The accompanying notes are an integral part of this statement.

**CITY OF LOCKHART, TEXAS****STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES****GOVERNMENTAL FUNDS**

For the year ended September 30, 2020

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>			
Property taxes	\$ 4,307,097	\$ 721,278	\$ 5,028,375
Sales and other taxes	2,339,524	105,328	2,444,852
Fines, fees and forfeitures	363,324	827,082	1,190,406
Licenses and permits	243,196	-	243,196
Intergovernmental and grants	557,483	308,872	866,355
Charges for services	2,200	-	2,200
Investment	67,633	52,113	119,746
Miscellaneous	163,676	59,523	223,199
<b>Total revenues</b>	<u>8,044,133</u>	<u>2,074,196</u>	<u>10,118,329</u>
<b>EXPENDITURES</b>			
Current			
General government	2,333,952	-	2,333,952
Public safety	5,544,911	34,391	5,579,302
Public works	1,628,186	320,399	1,948,585
Health and welfare	22,240	117,445	139,685
Culture and recreation	1,149,641	1,075	1,150,716
Capital outlay	-	551,827	551,827
Debt service			
Principal retirement	-	727,163	727,163
Interest and fiscal charges	-	432,504	432,504
Paying agent and issue costs	-	800	800
<b>Total expenditures</b>	<u>10,678,930</u>	<u>2,185,604</u>	<u>12,864,534</u>
Excess (deficiency) of revenues over expenditures	(2,634,797)	(111,408)	(2,746,205)
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	4,002,421	358,473	4,360,894
Transfers out	(71,820)	(1,143,546)	(1,215,366)
<b>Total other financing sources</b>	<u>3,930,601</u>	<u>(785,073)</u>	<u>3,145,528</u>
Net change in fund balances	1,295,804	(896,481)	399,323
Fund balances - beginning	<u>5,722,498</u>	<u>4,970,119</u>	<u>10,692,617</u>
<b>Fund balances - ending</b>	<u>\$ 7,018,302</u>	<u>\$ 4,073,638</u>	<u>\$ 11,091,940</u>

The accompanying notes are an integral part of this statement.

**CITY OF LOCKHART, TEXAS**

*RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES  
For the year ended September 30, 2020*

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**Total net change in fund balances - governmental funds** **\$ 399,323**

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

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

Increase in capital assets	\$ 1,423,953	
Depreciation expense	<u>(2,210,737)</u>	(786,784)

Current year payments on long-term debt are expenditures in the fund financial statements, but they serve to reduce long-term liabilities in the government-wide financial statements. In the current year, these amounts consist of:

Bond principal retirement	727,163
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Because some property taxes will not be collected for several months after the City's fiscal year ends, they are not considered "available" revenues and are deferred in the governmental funds. Similarly, other revenues are not currently available at year-end and are not reported as revenue in the governmental funds.

Property taxes	24,256	
Other revenues	<u>394,861</u>	419,117

Some items 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. These activities consist of:

Increase in compensated absences	(28,783)	
Decrease in bond premium	61,511	
Decrease in loss on bond refunding	(23,442)	
Decrease in accrued interest	3,935	
Net pension costs	34,216	
Net OPEB costs	<u>(24,127)</u>	<u>23,310</u>

**Change in net position of governmental activities** **\$ 782,129**

The accompanying notes are an integral part of this statement.

**CITY OF LOCKHART, TEXAS**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
September 30, 2020

	Business-type Activities		
	Electric	Water	Wastewater
<b>ASSETS</b>			
Current assets			
Cash and cash equivalents	\$ 3,456,580	\$ 5,626,106	\$ 3,081,889
Receivables (net)			
Customer accounts	1,949,530	568,061	337,709
Other	-	112,283	71,450
Due from other governments	-	15,000	-
Prepaid expenses	18,849	525	300
Inventory	454,864	-	-
Total current assets	<u>5,879,823</u>	<u>6,321,975</u>	<u>3,491,348</u>
Noncurrent assets			
Capital assets (net)			
Land and other assets not being depreciated	276,638	3,054,611	140,828
Buildings, improvements, and equipment (net)	<u>3,436,786</u>	<u>11,294,072</u>	<u>6,010,242</u>
Total noncurrent assets	<u>3,713,424</u>	<u>14,348,683</u>	<u>6,151,070</u>
<b>Total assets</b>	<u>9,593,247</u>	<u>20,670,658</u>	<u>9,642,418</u>
<b>DEFERRED OUTFLOWS</b>			
Deferred amount on refunding	-	128,329	19,702
Deferred outflow related to pension	127,099	354	42,258
Deferred outflow related to OPEB	<u>16,395</u>	<u>3,922</u>	<u>2,938</u>
<b>Total deferred outflow of resources</b>	<u>143,494</u>	<u>132,605</u>	<u>64,898</u>

The accompanying notes are an integral part of this statement.

<u>Business-type Activities</u>		
<u>EMS</u>	<u>Other Funds</u>	<u>Total</u>
\$ 558,662	\$ 968,268	\$ 13,691,505
981,574	296,804	4,133,678
-	-	183,733
-	-	15,000
-	-	19,674
-	-	454,864
<u>1,540,236</u>	<u>1,265,072</u>	<u>18,498,454</u>
-	192,570	3,664,647
<u>195,062</u>	<u>1,399,464</u>	<u>22,335,626</u>
<u>195,062</u>	<u>1,592,034</u>	<u>26,000,273</u>
<u>1,735,298</u>	<u>2,857,106</u>	<u>44,498,727</u>
-	-	148,031
-	19,013	188,724
-	3,157	26,412
-	<u>22,170</u>	<u>363,167</u>

(continued)

**CITY OF LOCKHART, TEXAS**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
September 30, 2020

	Business-type Activities		
	Electric	Water	Wastewater
<b>LIABILITIES</b>			
Current liabilities			
Accounts payable	\$ 621,538	\$ 465,850	\$ 78,996
Payroll related payables	41,077	12,749	8,828
Accrued interest payable	6,155	56,911	11,465
Due to other governments	100,380	-	-
Customer deposits	257,725	113,258	-
Accrued compensated absences	53,924	11,847	8,410
Current portion of long-term obligations			
Capital leases	-	-	-
Bonds, certificates and notes	51,615	374,255	85,930
Total current liabilities	<u>1,132,414</u>	<u>1,034,870</u>	<u>193,629</u>
Noncurrent liabilities			
Net pension liability	493,059	106,920	88,859
OPEB liability	124,393	26,975	22,418
Noncurrent portion of long-term obligations	<u>729,852</u>	<u>9,614,023</u>	<u>1,640,322</u>
Total noncurrent liabilities	<u>1,347,304</u>	<u>9,747,918</u>	<u>1,751,599</u>
<b>Total liabilities</b>	<u>2,479,718</u>	<u>10,782,788</u>	<u>1,945,228</u>
<b>DEFERRED INFLOWS</b>			
Deferred inflow related to pension	183,338	16,636	35,319
Deferred inflow related to OPEB	6,619	1,695	1,321
<b>Total deferred inflows</b>	<u>189,957</u>	<u>18,331</u>	<u>36,640</u>
<b>NET POSITION</b>			
Net investment in capital assets	2,931,957	4,360,405	4,424,818
Restricted			
Capital improvements	167,997	800,947	756,473
Debt service	-	309,165	-
Unrestricted	<u>3,967,112</u>	<u>4,531,627</u>	<u>2,544,157</u>
<b>Total net position</b>	<u>\$ 7,067,066</u>	<u>\$ 10,002,144</u>	<u>\$ 7,725,448</u>

The accompanying notes are an integral part of this statement.



Business-type Activities		
EMS	Other Funds	Total
\$ 400	\$ 172,491	\$ 1,339,275
-	7,640	70,294
-	-	74,531
-	-	100,380
-	4,875	375,858
-	6,989	81,170
17,392	-	17,392
-	-	511,800
<u>17,792</u>	<u>191,995</u>	<u>2,570,700</u>
-	95,361	784,199
-	24,058	197,844
52,174	-	12,036,371
<u>52,174</u>	<u>119,419</u>	<u>13,018,414</u>
<u>69,966</u>	<u>311,414</u>	<u>15,589,114</u>
-	36,154	271,447
-	1,168	10,803
-	<u>37,322</u>	<u>282,250</u>
125,496	1,592,034	13,434,710
-	-	1,725,417
-	-	309,165
<u>1,539,836</u>	<u>938,506</u>	<u>13,521,238</u>
<u>\$ 1,665,332</u>	<u>\$ 2,530,540</u>	<u>\$ 28,990,530</u>

(concluded)

**CITY OF LOCKHART, TEXAS**

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

*For the year ended September 30, 2020*

	Business-type Activities		
	Electric	Water	Wastewater
<b>OPERATING REVENUES</b>			
Charges for services	\$ 10,947,456	\$ 3,555,366	\$ 2,277,346
Miscellaneous	91,697	25	-
Total operating revenues	<u>11,039,153</u>	<u>3,555,391</u>	<u>2,277,346</u>
<b>OPERATING EXPENSES</b>			
Personnel services	1,358,142	322,038	255,678
Contracts and services	250,801	1,727,050	25,128
Materials and supplies	125,546	76,411	20,883
Maintenance and repairs	163,479	100,032	41,080
Power, water, and water treatment	6,224,997	921,664	796,330
Depreciation	338,043	424,232	250,163
Miscellaneous	83,409	2,300	2,149
Total operating expenses	<u>8,544,417</u>	<u>3,573,727</u>	<u>1,391,411</u>
<b>Operating income (loss) before nonoperating revenues (expenses), contributions and transfers</b>	2,494,736	(18,336)	885,935
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Investment income	37,971	81,028	30,238
Gain (loss) on disposition of capital assets	6,052	-	-
Impact fees	-	172,273	123,820
Noncapital grants and contributions	-	-	-
Interest expense	(20,399)	(334,894)	(53,071)
Net nonoperating revenues (expenses)	<u>23,624</u>	<u>(81,593)</u>	<u>100,987</u>
Income before contributions and transfers	2,518,360	(99,929)	986,922
Contributions and transfers			
Capital contributions	-	23,750	-
Transfers in	11,369	135,381	803
Transfers out	(2,246,383)	(5,079)	(776,316)
Total contributions and transfers	<u>(2,235,014)</u>	<u>154,052</u>	<u>(775,513)</u>
Change in net position	283,346	54,123	211,409
Net position - beginning	<u>6,783,720</u>	<u>9,948,021</u>	<u>7,514,039</u>
<b>Net position - ending</b>	<u>\$ 7,067,066</u>	<u>\$ 10,002,144</u>	<u>\$ 7,725,448</u>

The accompanying notes are an integral part of this statement.

<u>Business-type Activities</u>		
<u>EMS</u>	<u>Other Funds</u>	<u>Total</u>
\$ 1,071,931	\$ 2,061,874	\$ 19,913,973
-	2,798	94,520
<u>1,071,931</u>	<u>2,064,672</u>	<u>20,008,493</u>
-	268,456	2,204,314
1,280,903	1,309,037	4,592,919
20,538	8,956	252,334
1,619	13,065	319,275
-	-	7,942,991
104,489	73,505	1,190,432
-	-	87,858
<u>1,407,549</u>	<u>1,673,019</u>	<u>16,590,123</u>
(335,618)	391,653	3,418,370
6,514	8,432	164,183
-	2,500	8,552
-	-	296,093
37,237	7,443	44,680
-	-	(408,364)
<u>43,751</u>	<u>18,375</u>	<u>105,144</u>
(291,867)	410,028	3,523,514
-	-	23,750
-	-	147,553
-	(265,303)	(3,293,081)
-	(265,303)	(3,121,778)
(291,867)	144,725	401,736
<u>1,957,199</u>	<u>2,385,815</u>	<u>28,588,794</u>
<u>\$ 1,665,332</u>	<u>\$ 2,530,540</u>	<u>\$ 28,990,530</u>

**CITY OF LOCKHART, TEXAS**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
For the year ended September 30, 2020

	Business-type Activities		
	Electric	Water	Wastewater
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash received from customers	\$ 11,055,316	\$ 3,528,816	\$ 2,395,978
Cash payments to suppliers for goods and services	(6,897,915)	(2,729,597)	(901,397)
Cash payments to employees for services	(1,248,801)	(353,998)	(251,021)
<b>Net cash provided by operating activities</b>	<u>2,908,600</u>	<u>445,221</u>	<u>1,243,560</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Increase (decrease) in customer deposits	(56,875)	1,700	-
Noncapital grants and contributions	-	-	-
Impact fees received	-	172,273	123,820
Transfers in from other funds	11,369	135,381	803
Transfers out to other funds	(2,246,383)	(5,079)	(776,316)
<b>Net cash used by noncapital financing activities</b>	<u>(2,291,889)</u>	<u>304,275</u>	<u>(651,693)</u>
<b>CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES</b>			
Acquisition of capital assets	(704,557)	(3,354,133)	(35,190)
Proceeds from sale of capital assets	6,052	-	-
Proceeds from capital grants and contributions	-	8,750	-
Principal paid on capital debt	(50,356)	(366,782)	(84,136)
Interest paid on capital debt	(20,796)	(336,901)	(52,685)
<b>Net cash used by capital financing activities</b>	<u>(769,657)</u>	<u>(4,049,066)</u>	<u>(172,011)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Investment income	37,971	81,028	30,238
<b>Net cash provided (used) by investing activities</b>	<u>37,971</u>	<u>81,028</u>	<u>30,238</u>
Net increase (decrease) in cash and cash equivalents	(114,975)	(3,218,542)	450,094
Cash and cash equivalents at beginning of year	3,571,555	8,844,648	2,631,795
<b>Cash and cash equivalents at end of year</b>	<u>\$ 3,456,580</u>	<u>\$ 5,626,106</u>	<u>\$ 3,081,889</u>

The accompanying notes are an integral part of this statement.

<u>Business-type Activities</u>		
<u>EMS</u>	<u>Other Funds</u>	<u>Total</u>
\$ 1,355,212	\$ 2,046,591	\$ 20,381,913
(1,408,537)	(1,264,956)	(13,202,402)
-	(232,644)	(2,086,464)
<u>(53,325)</u>	<u>548,991</u>	<u>5,093,047</u>
-	-	(55,175)
37,237	7,443	44,680
-	-	296,093
-	-	147,553
-	(265,303)	(3,293,081)
<u>37,237</u>	<u>(257,860)</u>	<u>(2,859,930)</u>
-	(78,819)	(4,172,699)
-	2,627	8,679
-	-	8,750
(17,392)	-	(518,666)
-	-	(410,382)
<u>(17,392)</u>	<u>(76,192)</u>	<u>(5,084,318)</u>
6,514	8,432	164,183
<u>6,514</u>	<u>8,432</u>	<u>164,183</u>
(26,966)	223,371	(2,687,018)
<u>585,628</u>	<u>744,897</u>	<u>16,378,523</u>
<u>\$ 558,662</u>	<u>\$ 968,268</u>	<u>\$ 13,691,505</u>

(continued)

**CITY OF LOCKHART, TEXAS**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
For the year ended September 30, 2020

	Business-type Activities		
	Electric	Water	Wastewater
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>			
Operating income (loss)	\$ 2,494,736	\$ (18,336)	\$ 885,935
Adjustments to reconcile operating income to net cash provided by operating activities			
Depreciation	338,043	424,232	250,163
Change in assets and liabilities:			
(Increase) decrease in receivables	15,901	(26,575)	118,632
(Increase) decrease in prepaid expenses	(3,435)	100	650
(Increase) decrease in inventory	10,961	-	-
(Increase) decrease in deferred outflow related to pension	176,817	53,802	39,481
(Increase) decrease in deferred outflow related to OPEB	(14,050)	(3,029)	(2,523)
Increase (decrease) in accounts payable	(57,209)	97,760	(16,477)
Increase (decrease) in payroll related payables	5,852	1,231	1,815
Increase (decrease) in due to other governments	262	-	-
Increase (decrease) in unearned revenue	-	-	-
Increase (decrease) in accrued compensated absences	8,065	3,160	2,134
Increase (decrease) in net pension liability	(259,808)	(99,109)	(67,889)
Increase (decrease) in OPEB liability	24,859	(264)	1,695
Increase (decrease) in deferred inflow related to pension	165,555	11,804	29,574
Increase (decrease) in deferred inflow related to OPEB	2,051	445	370
<b>Net cash provided by operating activities</b>	<b>\$ 2,908,600</b>	<b>\$ 445,221</b>	<b>\$ 1,243,560</b>

The accompanying notes are an integral part of this statement.

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<u>Business-type Activities</u>		
<u>EMS</u>	<u>Other Funds</u>	<u>Total</u>
\$ (335,618)	\$ 391,653	\$ 3,418,370
104,489	73,505	1,190,432
283,281	(17,791)	373,448
-	-	(2,685)
-	-	10,961
-	27,493	297,593
-	(2,725)	(22,327)
(105,477)	66,102	(15,301)
-	907	9,805
-	-	262
-	(290)	(290)
-	258	13,617
-	(31,700)	(458,506)
-	7,260	33,550
-	33,922	240,855
-	397	3,263
<u>\$ (53,325)</u>	<u>\$ 548,991</u>	<u>\$ 5,093,047</u>

(concluded)

**CITY OF LOCKHART, TEXAS**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
*September 30, 2020*

---

	Private Purpose Trust	Agency Funds
	<u>                    </u>	<u>                    </u>
<b>ASSETS</b>		
Cash and cash equivalents	\$          551	\$         28,566
<b>Total assets</b>	<u>                    551</u>	<u>                  28,566</u>
<b>LIABILITIES</b>		
Due to others	<u>                    -</u>	<u>                 28,566</u>
<b>Total liabilities</b>	<u>                    -</u>	<u>                 28,566</u>
<b>NET POSITION</b>		
Held for various purposes	<u>                  551</u>	

The accompanying notes are an integral part of this statement.



**CITY OF LOCKHART, TEXAS**

*STATEMENT OF CHANGES IN FIDUCIARY NET POSITION*

*FIDUCIARY FUNDS*

*For the year ended September 30, 2020*

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	<u>Private Purpose Trust</u>
<b>ADDITIONS</b>	
Investment income	\$ 9
<b>Total additions</b>	<u>9</u>
<b>DEDUCTIONS</b>	
Operating expenses	<u>1,239</u>
<b>Total deductions</b>	<u>1,239</u>
Change in net position	(1,230)
Net position - beginning	<u>1,781</u>
<b>Net position - ending</b>	<u>\$ 551</u>

The accompanying notes are an integral part of this statement.

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**NOTE 1: 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.

A. Reporting Entity

The City's basic financial statements include the accounts of all City operations. The criteria for including legally separate organizations as component units within the City's reporting entity are set forth in Section 2100 of GASB's Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification).

The Lockhart Economic Development Corporation (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. 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, 2020.

This component unit is discretely presented in the financial statements. Complete financial statements of the individual component unit can be obtained from the Office of the Finance Director, 308 W. San Antonio Street, Lockhart, Texas 78644.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all nonfiduciary activities of the primary government and its component unit. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes, and intergovernmental revenues are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from the legally separate component unit for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. 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 that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

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**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when transactions occur 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.

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 City 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.

Property taxes, sales taxes, franchise taxes, fines, 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. All other revenue items are considered to be measurable and available only when cash is received by the City.

The City reports the following major governmental funds:

The General Fund is the City's main operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

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**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation - (Continued)

The City reports the following major enterprise (proprietary) funds:

Enterprise Funds are used to account for operations: 1) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or 2) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

The Electric Fund accounts for the activities of the City related to its provision of electricity.

The Water Fund is used to account for the establishment and maintenance of water facilities within the municipal boundaries of the City.

The Wastewater Fund is used to account for the establishment and maintenance of sewage and drainage facilities within the municipal boundaries of the City.

The Emergency Medical Services Fund (EMS) is used to account for the activities related to providing ambulance services for the City.

Additionally, the City reports the following fund types:

Special Revenue Funds account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

Debt Service Fund accounts for the resources accumulated and payments made for principal and interest on long-term obligation debt of the governmental funds.

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).

Separate financial statements are provided for governmental funds, proprietary funds, discretely presented component units, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

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.

Agency Funds - These funds are custodial in nature and are used to account for the receipt, temporary investment, and remittance of resources to third parties. Because of the nature of these funds, they do not present results of operations or have a measurement focus.

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**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation - (Continued)

The proprietary funds are accounted for on a flow of *economic resources measurement focus* and utilize the *accrual basis of accounting*. This basis of accounting recognizes revenues in the accounting period in which they are earned and become measurable and expenses in the accounting period in which they are incurred and become measurable. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the Statement of Net Position. The fund equity is segregated into net investment in capital assets, restricted net position, and unrestricted net position.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are interfund services provided and used between various City functions. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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 City's enterprise funds are charges to customers for sales and services. The Water Fund also recognizes as operating revenue the portion of tap fees intended to recover the cost connecting new customers to the water 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.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Budgets and Budgetary Accounting

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Between 60 and 90 days prior to the beginning of each fiscal year, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following October 1<sup>st</sup>. The operating budget includes proposed expenditures and the means of financing them. A budget is prepared for the City's General Fund and Debt Service Fund.
2. Public hearings are conducted to obtain taxpayer comments.
3. The budget is adopted by City Council through the passage of an ordinance no later than the beginning of each fiscal year, or as soon thereafter as is practical.
4. No funds may be expended or encumbered which will exceed appropriations; however, the City Manager is authorized to transfer budgeted amounts within and among departments of individual funds in amounts not to exceed \$5,000. Any revisions that alter the total expenditures/expenses of any fund must be approved by the City Council. Therefore, the level of control for each legally adopted budget is at the fund level.

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**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

D. Budgets and Budgetary Accounting - (Continued)

5. The budgets for the City's governmental funds are prepared in accordance with the basis of accounting utilized by those funds. The budgets for the enterprise funds are adopted under a basis consistent with generally accepted accounting principles (GAAP), except that depreciation, certain capital expenses, nonoperating income, and expense items are not considered.
6. Formal budgetary integration is employed as a management control device during the year for all governmental funds and proprietary funds.
7. All appropriations lapse at year-end.

E. 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.

The City Council has adopted a written investment policy regarding the investment of its funds as defined by the Public Funds Investment Act of 1995. The investments of the City are in compliance with the City Council's investment policies.

Investments for the City, as well as the component unit, are recorded at amortized cost, which as of September 30, 2020, approximates fair value. Because the fair value of the City's investments did not materially differ from cost, no adjustments were made to the City's reporting amounts. See Note 3 for further discussion.

F. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

All receivables are reported net of an applicable allowance for uncollectibles. Trade accounts receivable in excess of 60 days comprise the trade accounts receivable allowance for uncollectibles. The property tax receivable allowance is equal to 4.5% of outstanding property taxes at September 30, 2020.

The Caldwell County Appraisal District bills and collects property taxes for the City. These taxes are levied on October 1<sup>st</sup> of each year and are payable by the following January 31<sup>st</sup>, at which time penalties and interest charges are assessed on unpaid balances. An enforceable lien on property is attached on all ad valorem taxes unpaid as of January 1<sup>st</sup> following the year of levy.

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**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

G. 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. Inventory in the Lockhart Economic Development Corporation, the discretely presented component unit, is held for resale and is reported at lower of cost or market. The costs of governmental fund-type inventories are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenses/expenditures in both government-wide and fund financial statements.

H. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, drainage systems, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide statement of net position. The City defines capital assets as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. During the current year, no construction period interest expense was capitalized by the City's enterprise funds.

Property, plant, and equipment of the City are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and Improvements	10-50
Public Domain Infrastructure	10-40
Utility System Infrastructure	30-50
Machinery and Equipment	5-10

I. 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 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.



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**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

J. Long-Term Obligations

Long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums, discounts, and losses on refunding are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable deferred amounts.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

K. Deferred Outflows/Inflows of Resources

The statement of net position reports a separate section for deferred outflows of resources which follows the asset section. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The City has three items that qualify for reporting in this category. One is the deferred amount on refunding reported in the government-wide statement of net position. A deferred amount 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. The second item is the deferred amount calculated in the actuarial pension study required by GASB Statement No. 68 "Accounting and Financial Reporting for Pensions" (GASB No. 68) and the current year pension payments reported in the government-wide statement of net position. The third item is the deferred amount calculated in the actuarial OPEB study required by GASB Statement No. 75 "Accounting and Financial Reporting for Post-Employment Benefits Other Than Pensions (OPEB)" (GASB No. 75) and the current year OPEB payments reported in the government-wide statement of net position

In addition to liabilities, the statement of net position also reports a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has three items that are considered deferred inflows of resources. One of the items arises only under a modified accrual basis of accounting and this item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from a variety of sources and are further defined in Note 4. The second item that qualifies for reporting as a deferred inflow of resources is calculated in the actuarial pension study required by GASB No. 68. The third item that qualifies for reporting as a deferred inflow of resources is calculated in the actuarial OPEB study required by GASB No. 75. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

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**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

L. Pensions and OPEB

For purposes of measuring the net pension liability, OPEB liability, deferred outflows of resources and deferred inflows of resources related to pensions and OPEBs, and pension and OPEB 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. Information regarding the City's pension and OPEB liability is obtained from TMRS through reports prepared for the City by TMRS' consulting actuary, Gabriel Roeder Smith & Company (GRS), in compliance with GASB No. 68 and No. 75.

M. Fund Balance Policies

The following fund balance classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Nonspendable fund balance - amounts that are not in spendable form (such as inventory or prepaid items) because they are either not in spendable form, or legally or contractually required to be maintained in-tact;
- Restricted fund balance - amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government) through constitutional provisions or by enabling legislation;
- Committed fund balance - amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority, to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level of action to remove or change the constraint;
- Assigned fund balance - amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority;
- Unassigned fund balance - amounts that are available for any purpose; positive amounts are reported only in the General Fund.

Fund balance classifications depict the nature of the net resources that are reported in a governmental fund. An individual governmental fund may include non-spendable resources and amounts that are restricted, committed, assigned, or any combination of those classifications. In addition, the General Fund may also include an unassigned amount.

Commitments will only be used for specific purposes pursuant to a formal action (ordinance) of the City Council. The action to commit funds must occur prior to fiscal year-end, to report such commitments in the balance sheet of the respective period, even though the amount may be determined subsequent to fiscal year-end. A two-thirds majority vote is required to approve a commitment and a two-thirds majority vote is required to remove a commitment.

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**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

N. Net Position Flow Assumptions

When an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available, it shall be the policy of the City to consider restricted amounts to have been reduced first. When an expenditure is incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used, it shall be the policy of the City that committed amounts would be reduced first, followed by assigned amounts and then unassigned amounts.

O. Minimum Fund Balance Policy

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.

P. Use of Estimates

The preparation of the government-wide and fund financial statements in conformity with GAAP requires the City to make estimates and assessments that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of financial statements and the reported amounts of revenues and expenditures during the reporting period. Accordingly, actual results could differ from those estimates.

**NOTE 2: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

A. Budgetary Compliance

Budgetary compliance is monitored at the fund level in both the General Fund and in the Debt Service Fund. There was one situation of expenditures exceeding the amount appropriated during the fiscal year 2019-2020.

<u>Fund/Department</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Negative Variance</u>
Debt Service Fund	\$ 1,061,843	\$ 1,160,467	\$ (98,624)

These over expenditures were funded by available fund balance in the Debt Service Fund.

B. Deficit Fund Equity

As of September 30, 2020, the CARES Relief Grant Fund and the Drainage System Improvements Fund, nonmajor Special Revenue Funds, reported deficit fund balances of \$318,827 and \$5,127, respectively. Steps will be taken to eliminate these deficits in the upcoming fiscal year.

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**NOTE 3: DEPOSITS AND INVESTMENTS**

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.

As of September 30, 2020, the City had the following investments:

<u>Investment Type</u>	<u>Amortized Cost</u>	<u>Weighted Average Maturity (Days)</u>	<u>Credit Risk</u>	<u>Portfolio %age</u>
Public Funds Investment Pools				
TexPool	\$ 5,435,003	38	AAAm	22%
MBIA Texas CLASS	11,413,403	56	AAAm	45%
TexStar	<u>8,435,099</u>	39	AAAm	33%
Total fair value	<u>\$ 25,283,505</u>			

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.

A. 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 non-operating funds to less than five years from the time of purchase. The 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.

B. Concentration of 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.

C. 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 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, 2020.

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**NOTE 3: DEPOSITS AND INVESTMENTS - (Continued)****D. 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 securities be held in the name of the City or held on behalf of the City and that all securities are purchased using the delivery versus payment method. As of September 30, 2020, and for the year then ended, the City was not exposed to any custodial credit risk.

Please see Note 18 for discussions relative to the investments of the City's component unit.

**NOTE 4: RECEIVABLES**

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

	<u>General</u>	<u>Electric</u>	<u>Water</u>	<u>Wastewater</u>	<u>EMS</u>	<u>Nonmajor Bus.-type Funds</u>	<u>Nonmajor Govt. Funds</u>	<u>Total</u>
Receivables:								
Ad valorem taxes	\$ 377,645	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 71,605	\$ 449,250
Franchise taxes	54,852	-	-	-	-	-	6,678	61,530
Municipal crt fines	1,547,321	-	-	-	-	-	120,679	1,668,000
Accounts	173,707	1,949,101	568,061	337,709	4,101,777	296,304	99,291	7,525,950
Occupancy taxes	-	-	-	-	-	-	21,145	21,145
Other	137,706	429	112,283	71,450	-	500	-	322,368
Gross receivables	2,291,231	1,949,530	680,344	409,159	4,101,777	296,804	319,398	10,048,243
Less: Allowance for uncollectibles	<u>(1,622,473)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,120,203)</u>	<u>-</u>	<u>(123,565)</u>	<u>(4,866,241)</u>
Net total receivables	<u>\$ 668,758</u>	<u>\$ 1,949,530</u>	<u>\$ 680,344</u>	<u>\$ 409,159</u>	<u>\$ 981,574</u>	<u>\$ 296,804</u>	<u>\$ 195,833</u>	<u>\$ 5,182,002</u>

The City is permitted by a local charter to levy taxes up to limits set by the Constitution and laws of the State of Texas. Currently, the State of Texas does not set limits on the rate at which ad valorem taxes may be assessed. The combined tax rate for the year ended September 30, 2020, was \$0.6842 per \$100 of assessed valuation. Property taxes attach as an enforceable lien on property as of January 1<sup>st</sup>. Taxes are levied on October 1<sup>st</sup> and payable by the following January 31<sup>st</sup>, which comprises the collection dates for the current tax roll.

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**NOTE 4: RECEIVABLES - (Continued)**

The City's governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period (unavailable). The governmental funds may also defer revenue recognition in connection with resources that have been received, but not yet recognizable (unearned). At the end of the current fiscal year, the various components of unavailable and unearned revenue reported in the governmental funds were as follows:

	<u>Unavailable</u>	<u>Unearned</u>	<u>Total</u>
General Fund			
Ad valorem taxes	\$ 314,541	\$ -	\$ 314,541
Charges for services	161,659	-	161,659
Nonmajor Funds			
Ad valorem taxes	59,260	-	59,260
Grants	398,220	-	398,220
Charges for services	12,068	-	12,068
	<u>\$ 945,748</u>	<u>\$ -</u>	<u>\$ 945,748</u>

**NOTE 5: DUE FROM OTHER GOVERNMENTS**

The City reported amounts due from other governments as of the end of the current fiscal year. These amounts are comprised of the following at September 30, 2020:

	<u>General</u>	<u>Nonmajor Govt.</u>	<u>Total</u>
Sales taxes	\$ 351,288	\$ -	\$ 351,288
Federal and state grants	-	398,220	398,220
	<u>\$ 351,288</u>	<u>\$ 398,220</u>	<u>\$ 749,508</u>

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**NOTE 6: CAPITAL ASSETS**

The capital asset activity of the City was as follows for the year ended September 30, 2020:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Governmental activities</b>				
Capital assets, not being depreciated				
Land	\$ 1,587,394	\$ -	\$ -	\$ 1,587,394
Construction in progress	<u>1,059,346</u>	<u>8,550</u>	<u>1,059,346</u>	<u>8,550</u>
Total capital assets not being depreciated	<u>2,646,740</u>	<u>8,550</u>	<u>1,059,346</u>	<u>1,595,944</u>
Capital assets, being depreciated				
Machinery and equipment	6,934,923	518,353	-	7,453,276
Buildings	11,968,499	942,220	-	12,910,719
Infrastructure	<u>76,630,299</u>	<u>1,014,176</u>	<u>-</u>	<u>77,644,475</u>
Total capital assets being depreciated	<u>95,533,721</u>	<u>2,474,749</u>	<u>-</u>	<u>98,008,470</u>
Less accumulated depreciation for				
Machinery and equipment	5,500,983	347,265	-	5,848,248
Buildings	4,644,771	299,083	-	4,943,854
Infrastructure	<u>65,969,462</u>	<u>1,564,389</u>	<u>-</u>	<u>67,533,851</u>
Total accumulated depreciation	<u>76,115,216</u>	<u>2,210,737</u>	<u>-</u>	<u>78,325,953</u>
Total capital assets being depreciated, net	<u>19,418,505</u>	<u>264,012</u>	<u>-</u>	<u>19,682,517</u>
Governmental activities capital assets, net	<u>\$ 22,065,245</u>	<u>\$ 272,562</u>	<u>\$ 1,059,346</u>	<u>\$ 21,278,461</u>
<b>Business-type activities</b>				
Capital assets, not being depreciated				
Land	\$ 574,710	\$ -	\$ -	\$ 574,710
Construction in progress	<u>1,667,224</u>	<u>3,630,771</u>	<u>2,208,058</u>	<u>3,089,937</u>
Total capital assets not being depreciated	<u>2,241,934</u>	<u>3,630,771</u>	<u>2,208,058</u>	<u>3,664,647</u>
Capital assets, being depreciated				
Machinery and equipment	6,848,374	541,929	65,095	7,325,208
Buildings and improvements	4,500,538	-	-	4,500,538
Infrastructure	<u>39,177,289</u>	<u>2,208,058</u>	<u>-</u>	<u>41,385,347</u>
Total capital assets being depreciated	<u>50,526,201</u>	<u>2,749,987</u>	<u>65,095</u>	<u>53,211,093</u>
Less accumulated depreciation for				
Machinery and equipment	5,746,336	268,669	64,966	5,950,039
Buildings and improvements	3,120,979	41,684	-	3,162,663
Infrastructure	<u>20,882,686</u>	<u>880,079</u>	<u>-</u>	<u>21,762,765</u>
Total accumulated depreciation	<u>29,750,001</u>	<u>1,190,432</u>	<u>64,966</u>	<u>30,875,467</u>
Total capital assets being depreciated, net	<u>20,776,200</u>	<u>1,559,555</u>	<u>129</u>	<u>22,335,626</u>
Business-type activities capital assets, net	<u>\$ 23,018,134</u>	<u>\$ 5,190,326</u>	<u>\$ 2,208,187</u>	<u>\$ 26,000,273</u>

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**NOTE 6: CAPITAL ASSETS - (Continued)**

Depreciation expense was charged to functions/programs of the City as follows:

**Governmental activities**

General government	\$ 112,189
Public safety	315,739
Public works	1,650,280
Health	4,930
Parks and recreation	<u>127,599</u>

Total depreciation expense - governmental activities \$ 2,210,737

**Business-type activities**

Electric	\$ 338,043
Water	424,232
Wastewater	250,163
EMS	104,489
Sanitation	20,090
Airport	<u>53,415</u>

Total depreciation expense - business-type activities \$ 1,190,432

**NOTE 7: DEFINED BENEFIT PENSION PLAN**Plan Description

The City participates as one of 888 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the 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 TMRS with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at [www.tmr.com](http://www.tmr.com).

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

Benefits Provided

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

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 payment 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.



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**NOTE 7: DEFINED BENEFIT PENSION PLAN - (Continued)**

Benefits Provided - (Continued)

The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS. Plan provisions of the City for plan year 2020 were as follows:

Employee deposit rate	6.0%
Matching ratio (City to employee)	2 to 1
Years required for vesting	5
Service retirement eligibility (expressed as age/years of service)	60/5, 0/20
Updated service credit	100.0% - transfers; 1999 - Auto Readoption
COLA (for retirees)	70.0%; 1999 - Auto Readoption
Military service credit	Yes, adopted 11-1990
Restricted prior service credit	Yes, adopted 1-1994
Buy back last adopted	1-1998

At the December 31, 2019 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	80
Inactive employees entitled to but not yet receiving benefits	119
Active employees	<u>138</u>
	<u>337</u>

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 were required to contribute 6.00% of their annual gross earnings during the fiscal year. The contribution rates for the City were 13.00% and 12.81% in calendar years 2019 and 2020, respectively. The City's contributions to TMRS for the fiscal year ended September 30, 2020 were \$896,545, and were equal to the required contributions.

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2019, 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, 2019 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall Payroll Growth	2.75% per year, adjusted down for population declines, if any
Investment Rate of Return	6.75%, net of pension plan investment expense, including inflation

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**NOTE 7: DEFINED BENEFIT PENSION PLAN - (Continued)**

Net Pension Liability - (Continued)

*Actuarial Assumptions - (Continued)*

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

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2014 through 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 Rate (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).

**NOTE 7: DEFINED BENEFIT PENSION PLAN - (Continued)**

Net Pension Liability - (Continued)

*Actuarial Assumptions - (Continued)*

The target allocation and best estimates of arithmetic real rates of return for each major asset class in fiscal year 2020 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Global Equity	30.00%	5.30%
Core Fixed Income	10.00%	1.25%
Non-Core Fixed Income	20.00%	4.14%
Real Return	10.00%	3.85%
Real Estate	10.00%	4.00%
Absolute Return	10.00%	3.48%
Private Equity	<u>10.00%</u>	7.75%
<b>Total</b>	<u>100.00%</u>	

*Discount Rate*

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

	Total Pension Liability	Increase (Decrease) Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
<b>Balance at 12/31/2018</b>	\$ 33,753,349	\$ 27,815,914	\$ 5,937,435
Changes for the year:			
Service cost	908,475	-	908,475
Interest	2,267,377	-	2,267,377
Difference between expected and actual experience	(28,525)	-	(28,525)
Change of assumptions	94,975	-	94,975
Contributions - Employer	-	884,655	(884,655)
Contributions - Employee	-	408,304	(408,304)
Net investment income	-	4,299,655	(4,299,655)
Benefit payments, including refunds of employee contributions	(1,233,643)	(1,233,643)	-
Administrative expense	-	(24,299)	24,299
Other changes	-	(730)	730
Net changes	<u>2,008,659</u>	<u>4,333,942</u>	<u>(2,325,283)</u>
<b>Balance at 12/31/2019</b>	<u>\$ 35,762,008</u>	<u>\$ 32,149,856</u>	<u>\$ 3,612,152</u>

**NOTE 7: DEFINED BENEFIT PENSION PLAN - (Continued)**

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

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:

	1.0% Decrease in Discount Rate (5.75%)	Discount Rate (6.75%)	1.0% Increase in Discount Rate (7.75%)
City's Net Pension Liability:	\$8,864,351	\$3,612,152	\$(658,835)

*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](http://www.tmr.com).

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

For the year ended September 30, 2020, the City recognized pension expense of \$942,270.

At September 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ -	\$ 94,788
Changes in actuarial assumptions	66,710	-
Difference between projected and actual investment earnings	-	971,982
Contributions subsequent to the measurement date	665,659	-
Total	\$ 732,369	\$ 1,066,770

\$665,659 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the measurement year ending December 31, 2019 (i.e. recognized in the City's financial statements for the year ending September 30, 2020). Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31:	Pension Expense Amount
2020	\$ (318,084)
2021	(281,465)
2022	83,908
2023	(484,417)
2024	-
Thereafter	-
Total	\$ (1,000,058)

**NOTE 8: SUPPLEMENTAL DEATH BENEFIT PLAN (OPEB)**

Plan Description and Benefits Provided

TMRS administers a defined benefit group-term life insurance plan 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 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). The death benefit for retirees is considered an other postemployment benefit (OPEB) and is a fixed amount of \$7,500. As the SDBF covers both active and retiree participants, with no segregation of assets, the SDBF is considered to be an unfunded OPEB plan (i.e. no assets are accumulated).

Membership

At the December 31, 2019 valuation and measurement date, the following is the number of members in the plan:

Inactive employees currently receiving benefits	56
Inactive employees entitled to but not yet receiving benefits	25
Active employees	<u>138</u>
Total	<u>219</u>

Contributions

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 retired term life insurance during employees' entire careers. Therefore, there are no assets that are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75 to pay related benefits. The SDBF is considered an unfunded OPEB plan and benefit payments made by the City are treated as being equal to the City's yearly contribution for retirees.

The City's contribution rates for the program are as follows:

Plan/Calendar Year	Total SDB Contribution (Rate)	Retiree Portion of SDB Contribution (Rate)
2017	0.24%	0.06%
2018	0.25%	0.05%
2019	0.26%	0.05%
2020	0.24%	0.06%

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**NOTE 8: SUPPLEMENTAL DEATH BENEFIT PLAN (OPEB) - (Continued)**

Total OPEB Liability

The City's total OPEB liability and the OPEB expense is recognized on the City's financial statements. The OPEB expense recognized each fiscal year is equal to the change in the total OPEB liability from the beginning of the year to the end of the year, adjusted for deferred recognition of certain changes in the liability.

*Actuarial Assumptions*

The actuarial assumptions used in the December 31, 2019 valuation were based on the results of an actuarial experience study for the period December 31, 2014 to December 31, 2018.

Inflation	2.5%
Salary increases	3.5% to 11.5% including inflation
Discount rate	2.75%*
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
Mortality rates-service retirees	2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP.
Mortality rates-disabled retirees	2019 Municipal Retirees of Texas Mortality Tables with a 4 year set-forward for males and a 3 year set-forward for females. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

- The discount rate was based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2019.

**NOTE 8: SUPPLEMENTAL DEATH BENEFIT PLAN (OPEB) - (Continued)**

Total OPEB Liability - (Continued)

*Changes in Total OPEB Liability*

The following details the changes in the Total OPEB liability:

<b>Balance at 9/30/19</b>	<b>\$ 386,963</b>
Changes for the year:	
Service cost	17,693
Interest	14,621
Change of benefit terms	-
Difference between expected and actual experience	(18,892)
Change of assumptions	77,468
Benefit payments	<u>(3,403)</u>
Net changes	<u>87,487</u>
<b>Balance at 9/30/20</b>	<b><u>\$ 474,450</u></b>

*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 2.75%, as well as what the City's Total OPEB Liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.75%) or 1-percentage-point higher (3.75%) than the current rate:

	1.0% Decrease in Discount Rate (1.75%)	Discount Rate (2.75%)	1.0% Increase in Discount Rate (3.75%)
City's Total OPEB Liability:	\$571,638	\$474,450	\$398,530

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

For the year ended September 30, 2020, the City recognized OPEB expense of \$41,025

At September 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 25,812
Changes in actuarial assumptions	75,882	16,882
Contributions subsequent to the measurement date	3,118	-
<b>Total</b>	<b>\$ 79,000</b>	<b>\$ 42,694</b>

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**NOTE 8: SUPPLEMENTAL DEATH BENEFIT PLAN (OPEB) - (Continued)**

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB - (Continued)

Deferred outflows and inflows of resources to be recognized in future OPEB expense (excluding City contributions subsequent to the measurement date) are as follows:

Year ended December 31:	OPEB Expense Amount
2020	\$ 8,711
2021	8,711
2022	3,797
2023	9,611
2024	2,361
Thereafter	-
Total	\$33,191

**NOTE 9: RETIREE HEALTH BENEFIT PLAN (OPEB)**

Plan Description

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.

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.

At the September 30, 2020 valuation and measurement date, the following represents the active employees and retirees that are eligible to participate in the plan:

	<u>Employees Only</u>	<u>Employee &amp; Dependents</u>
Retirees	3	2
Active employees	56	10



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**NOTE 9: RETIREE HEALTH BENEFIT PLAN (OPEB) - (Continued)**

Total OPEB Liability

The most recent actuarial valuation was performed as of September 30, 2020.

*Funded Status*

As of September 30, 2020, the measurement date, the Total OPEB Liability for benefits was \$436,853, all of which was unfunded. There are no assets that are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75 to pay related benefits.

*Actuarial Methods and Assumptions*

Actuarial values of the program involve estimates of the value of reported amounts and assumptions of the probability of occurrence of events far into the future. The actuarial methods and assumptions used in the September 30, 2020 valuation are as follows:

Actuarial method	Individual entry age normal cost method – level percentage of projected salary
Discount rate	2.25% (-0.25% real rate of return plus 2.50% inflation)
Health care cost trend	Level 4.50%
Mortality rates	RPH-2014 Total Table with Projection MP-2019
Turnover	Rates varying based on gender, age and select and ultimate at 9 years. Rates based on the TMRS actuarial assumptions from the 2017 retirement plan valuation report
Disability	None assumed
Retirement rates	Rates based on the TMRS actuarial assumptions from the 2017 retirement plan valuation report
Salary scale	3.50%

*Changes in Total OPEB Liability*

The following details the changes in the Total OPEB liability:

<b>Balance at 9/30/19</b>	\$	398,002
Changes for the year:		
Service cost		11,786
Interest		15,971
Change of benefit terms		-
Difference between expected and actual experience		(9,846)
Change of assumptions		53,744
Benefit payments		(32,804)
Net changes		<u>38,851</u>
<b>Balance at 9/30/20</b>	\$	<u>436,853</u>

**NOTE 9: RETIREE HEALTH BENEFIT PLAN (OPEB) - (Continued)**

Total OPEB Liability - (Continued)

*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 2.25%, as well as what the City's Total OPEB Liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.25%) or 1-percentage-point higher (3.25%) than the current rate:

	1.0% Decrease in Discount Rate (1.25%)	Discount Rate (2.25%)	1.0% Increase in Discount Rate (3.25%)
City's Total OPEB Liability:	\$471,893	\$436,853	\$404,541

*Sensitivity of the Total OPEB Liability to Changes in the Healthcare Trend Rate*

The following presents the Total OPEB Liability of the City, calculated using the trend rate of 4.50%, as well as what the City's Total OPEB Liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.50%) or 1-percentage-point higher (5.50%) than the current rate:

	1.0% Decrease in Trend Rate (3.50%)	Trend Rate (4.50%)	1.0% Increase in Trend Rate (5.50%)
City's Total OPEB Liability:	\$395,344	\$436,853	\$485,535

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

For the year ended September 30, 2020, the City recognized OPEB expense of \$34,398.

At September 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 8,356
Changes in actuarial assumptions	45,613	-
Differences between projected and actual investments	-	-
Total	\$ 45,613	\$ 8,356

Deferred outflows and inflows of resources to be recognized in future OPEB expense (excluding City contributions subsequent to the measurement date) are as follows:

Year ended September 30:	OPEB Expense Amount
2021	\$ 6,641
2022	6,641
2023	6,641
2024	6,641
2025	6,641
Thereafter	4,052
Total	\$ 37,257

**NOTE 9: RETIREE HEALTH BENEFIT PLAN (OPEB) - (Continued)**Summary of OPEB Accounts

Plan	OPEB Liability (Asset)	Deferred Outflows	Deferred Inflows	OPEB Expense (Reduction)
TMRS Supplemental Death Benefit	\$ 474,450	\$ 79,000	\$ 42,694	\$ 41,025
Retiree Health Benefit	436,853	45,613	8,356	34,398
Totals	<u>\$ 911,303</u>	<u>\$ 124,613</u>	<u>\$ 51,050</u>	<u>\$ 75,423</u>

**NOTE 10: LONG-TERM DEBT****A. Changes in Long-Term Liabilities**

Long-term liability activity for the year ended September 30, 2020, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental activities</b>					
Bonds and certificates payable					
Certificates of obligation	\$ 7,707,775	\$ -	\$ (498,900)	\$ 7,208,875	\$ 517,460
General obligation bonds	4,681,243	-	(228,263)	4,452,980	228,262
Total bonds and certificates payable	12,389,018	-	(727,163)	11,661,855	745,722
Bond premium	651,271	-	(61,511)	589,760	-
Compensated absences	470,155	408,247	(354,307)	524,095	149,892
OPEB liability	620,672	92,787	-	713,459	-
Net pension liability	4,694,730	-	(1,866,777)	2,827,953	-
Total governmental activity long-term liabilities	<u>\$ 18,825,846</u>	<u>\$ 501,034</u>	<u>\$ (3,009,758)</u>	<u>\$ 16,317,122</u>	<u>\$ 895,614</u>
<b>Business-type activities</b>					
Bonds and certificates payable					
Certificates of obligation	\$ 8,352,225	\$ -	\$ (261,100)	\$ 8,091,125	\$ 267,540
General obligation bonds	1,573,757	-	(76,739)	1,497,018	76,739
Total bonds and certificates payable	9,925,982	-	(337,839)	9,588,143	344,279
Bond premium	403,786	-	(32,276)	371,510	-
Direct borrowings					
State infrastructure note	2,699,779	-	(163,435)	2,536,344	167,521
Capital leases payable	86,958	-	(17,392)	69,566	17,392
Compensated absences	67,553	88,131	(74,514)	81,170	81,170
OPEB liability	164,294	33,550	-	197,844	-
Net pension liability	1,242,705	-	(458,506)	784,199	-
Total business-type activity long-term liabilities	<u>\$ 14,591,057</u>	<u>\$ 121,681</u>	<u>\$ (1,083,962)</u>	<u>\$ 13,628,776</u>	<u>\$ 610,362</u>

For governmental activities, compensated absences, OPEB liability, and net pension liability are generally liquidated by the General Fund.

**NOTE 10: LONG-TERM DEBT - (Continued)**

**B. Bonds and Certificates Payable - Governmental Activities**

Bonds and certificates payable of the City's governmental activities at September 30, 2020, were comprised of the following individual issues:

2006 Combination Certificates of Obligation due in annual installments ranging from \$30,000 to \$45,000 through August 1, 2021; interest rate at 4.10%.	\$ 45,000
2006-A Combination Certificates of Obligation due in annual installments ranging from \$167,436 to \$260,456 through August 1, 2021; interest rate at 4.12%.	260,400
2015 Combination Certificates of Obligation due in annual installments ranging from \$184,400 to \$596,995 through August 1, 2035; interest rate at 3.39%.	6,903,475
2016 General Obligation Refunding Bonds due in annual installments ranging from \$205,700 to \$680,680 through August 1, 2028; interest rate at 3.6%.	<u>4,452,980</u>
	<u>\$ 11,661,855</u>

Annual debt service requirements to maturity for the City's governmental activity bonds and certificates are as follows:

Year Ending September 30	Principal	Interest	Total
2021	\$ 745,722	\$ 408,367	\$ 1,154,089
2022	903,038	382,584	1,285,622
2023	947,672	348,209	1,295,881
2024	968,986	320,190	1,289,176
2025	1,007,573	287,156	1,294,729
2026-2030	4,295,204	846,778	5,141,982
2031-2035	2,793,660	290,810	3,084,470
	<u>\$ 11,661,855</u>	<u>\$ 2,884,094</u>	<u>\$ 14,545,949</u>

General obligation debt provides funds for the acquisition and construction of major capital equipment and facilities. They are direct obligations issued on a pledge of the general taxing power for the payment of the debt obligations of the City. The City is required to compute, at the time property taxes are levied, the rate of tax required to provide (in each year outstanding) a fund to pay interest and principal at maturity. The City is in compliance with this requirement.

The City is scheduled to receive annual installments ranging from \$48,093 to \$65,676 from LEDC and annual installments ranging from \$170,304 to \$290,798 from Wastewater Utility Fund for the 2015 Combination Certificates of Obligation through August 1, 2035.

**NOTE 10: LONG-TERM DEBT - (Continued)**

**C. Bonds and Certificates Payable - Business-type Activities**

Bonds and certificates payable of the City's business-type activities at September 30, 2020, were comprised of the following individual issues:

2006-A Combination Certificates of Obligation due in annual installments ranging from \$16,403 to \$19,544 through August 1, 2012; interest rate at 4.12%.	\$ 19,600
2015 Combination Certificates of Obligation due in annual installments ranging from \$215,600 to \$698,005 through August 1, 2035; interest rate at 3.39%.	8,071,525
2016 General Obligation Refunding Bonds due in annual installments of \$69,300 to \$229,320 through February 1, 2028; interest rate at 3.60%.	<u>1,497,018</u>
	<u>\$ 9,588,143</u>

The annual debt service requirements to maturity for the above-listed obligations of the City's business-type activities are as follows:

Year Ending September 30	Principal	Interest	Total
2021	\$ 344,279	\$ 334,590	\$ 678,869
2022	606,962	324,041	931,003
2023	637,328	297,316	934,644
2024	656,014	275,147	931,161
2025	682,427	250,831	933,258
2026-2030	3,394,793	858,009	4,252,802
2031-2035	<u>3,266,340</u>	<u>340,015</u>	<u>3,606,355</u>
	<u>\$ 9,588,143</u>	<u>\$ 2,679,949</u>	<u>\$ 12,268,092</u>

**D. State Infrastructure Notes - Business-type Activities**

2013 State Infrastructure Bank Loan is a direct borrowing of the City and is due in annual installments of \$230,000 through June 2033, interest rate of 2.5%.

Annual debt service requirements to maturity for the City's business-type activity State Infrastructure Notes are as follows:

Year Ending September 30	Principal	Interest	Total
2021	\$ 167,521	\$ 63,409	\$ 230,930
2022	171,709	59,221	230,930
2023	176,002	54,928	230,930
2024	180,402	50,528	230,930
2025	184,912	46,018	230,930
2026-2030	996,257	158,392	1,154,649
2031-2033	<u>659,541</u>	<u>33,248</u>	<u>692,789</u>
	<u>\$ 2,536,344</u>	<u>\$ 465,744</u>	<u>\$ 3,002,088</u>

**NOTE 10: LONG-TERM DEBT - (Continued)**

**E. Capital Lease - Business-type Activities**

The City has entered into a lease agreement (direct borrowing) to purchase EMS and physio equipment from Stryker Sales Corporation. The lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of the future minimum lease payments as of the date of inception.

The assets acquired through the capital lease are as follows:

	<u>Business-type Activities</u>
Machinery and equipment	\$ 121,741
	121,741
Less: Accumulated depreciation	(46,378)
	<u>\$ 75,363</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2020, are as follows:

<u>Year Ending September 30</u>	<u>Business-type Activities</u>
2021	\$ 17,392
2022	17,392
2023	17,391
2024	17,391
2025	-
Total minimum lease payments	<u>69,566</u>
Less: Amount representing interest	-
Present value of minimum lease payments	<u>\$ 69,566</u>

**F. Debt Reserves**

There are certain reserve requirements for the various debt issues that are currently outstanding. The following are the reserve requirements by issue:

	<u>Reserve Requirement</u>
2006 Combination Certificates of Obligation	\$ 900
2006A Combination Certificates of Obligation	5,600
2015 Combination Certificates of Obligation	299,500
2016 General Obligation Refunding Bonds	119,000
	<u>\$ 425,000</u>

The cash balances reserved for the reserve requirements are as follows:

<u>Fund</u>	<u>Cash</u>
Debt Service I & S Fund	\$ 233,238
Water Utility Fund	191,762
	<u>\$ 425,000</u>

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**NOTE 11: CONDUIT DEBT OBLIGATIONS****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 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, 2020, there was \$3,400,000 bonds outstanding. Through the agreement, the City has agreed to pay GBRA on an annual basis for twenty-five years the following:

(a.) principal and interest on any bonds issued to pay off the financing, refinancing, design, permitting, construction, and equipping the project; (b.) operation and maintenance of the water delivery system; (c.) operation and maintenance of the Luling Water Treatment Plant; (d.) reserve and contingency fund payments, if any; and (e.) capital recovery charges.

**NOTE 12: RISK MANAGEMENT**

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the year ended September 30, 2020, the City purchased insurance through the Texas Municipal League (TML) to cover its risk of loss in these areas. Substantially all risk of loss for events occurring during the current year has been transferred to TML by the payment of insurance premiums. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three fiscal years.

The City has also entered into an interlocal agreement with the TML Group Benefits Risk Pool for health insurance for its employees. The City pays the health care premiums for City employees. Employees have the option of paying dependent coverage via payroll deductions. The City has no liability for any claims incurred by participants in this plan.

**NOTE 13: RELATED PARTY TRANSACTIONS**

During the fiscal year ending September 30, 2020, LEDC (a discretely presented component unit of the City) transferred a total of \$93,667 to the City. The City's Debt Service Fund, a nonmajor governmental fund, received \$48,103 to be used to pay debt service costs related to qualifying economic development projects previously paid for by debt issued by the City. The remaining transfers pertained to the reimbursement of eligible current period expenditures incurred by the City related to economic development activities and administrative services provided to LEDC by the City.

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**NOTE 14: CONTINGENCIES AND COMMITMENTS**

A. Litigation

The City was not involved in any significant litigation as of September 30, 2020, and management was not aware of any threatened litigation or unasserted claims as of that date.

B. Grant Programs

The City participates in grant programs that are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the City has not complied with the rules and regulations governing the grants, refunds of any monies received may be required, and the collectability of any related receivables at September 30, 2020, may be impaired. In the opinion of the administration of the City, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the City's various grant programs.

C. 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. Construction Commitments

As of September 30, 2020, the City had entered into contractual commitments with contractors for various City projects. The commitments with contractors were as follows:

<u>Project Description</u>	<u>Remaining Commitment</u>
TCEQ 319 Stormwater/Town Branch Urban Trail Riparian Grant Project	\$ 12,674
City Line Road Pump Station	122,964
Water Tower	207,739
Town Branch Trail Phae II	<u>163,847</u>
	<u>\$ 507,224</u>
<u>Funding Source</u>	<u>Amount</u>
Unspent bond proceeds	\$ 330,703
Grant reimbursements	<u>176,521</u>
	<u>\$ 507,224</u>



**NOTE 15: INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS**

A. Interfund Receivables and Payables

At times during the fiscal year the various funds of the City were involved in transactions that created interfund receivable and payable balances. These transactions related to such things as the purchase of goods by one fund on behalf of another and the receipt of revenue in one fund that belongs to or is designated for another fund. Interfund receivable and payable balances as of September 30, 2020, were as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Nonmajor Governmental	\$ <u>444,112</u>

B. Interfund Transfers

Each year various funds of the City transfer funds to other funds. These transfers are intended to provide the necessary resources to meet the operating and debt service obligations of the receiving funds. During the current fiscal year, transfers between funds consisted of the following:

<u>Transfers Out</u>	<u>Transfers In</u>					<u>Total</u>
	<u>General</u>	<u>Electric</u>	<u>Water</u>	<u>Wastewater</u>	<u>Nonmajor Govt.</u>	
General	\$ -	\$ -	\$ -	\$ -	\$ 71,820	\$ 71,820
Nonmajor govt.	1,029,780	11,369	1,594	803	100,000	1,143,546
Electric	2,246,383	-	-	-	-	2,246,383
Water	5,079	-	-	-	-	5,079
Wastewater	455,876	-	133,787	-	186,653	776,316
Nonmajor business-type	265,303	-	-	-	-	265,303
	<u>\$ 4,002,421</u>	<u>\$ 11,369</u>	<u>\$ 135,381</u>	<u>\$ 803</u>	<u>\$ 358,473</u>	<u>\$ 4,508,447</u>

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**NOTE 16: FUND BALANCES**

The following is a detail of the governmental fund balances as of September 30, 2020:

	Governmental Fund Balances				
	<u>Nonspendable</u>	<u>Restricted</u>	<u>Committed</u>	<u>Unassigned</u>	<u>Total</u>
General					
Prepaid expenditures	\$ 27,327	\$ 79,393	\$ -	\$ -	\$ 106,720
Inventory	9,350	-	-	-	9,350
Sidewalks	-	-	-	52,516	52,516
Industrial park	-	-	-	256,023	256,023
Unassigned	-	-	-	6,673,086	6,673,086
Nonmajor Governmental					
Various capital projects	-	2,914,631	-	-	2,914,631
General government	-	59,773	-	-	59,773
Tourism	-	64,016	-	-	64,016
Public safety	-	179,496	-	-	179,496
Public works	-	1,063,841	-	-	1,063,841
Debt service	-	115,835	-	-	115,835
Unassigned	-	-	-	(403,347)	(403,347)
	<u>\$ 36,677</u>	<u>\$ 4,476,985</u>	<u>\$ -</u>	<u>\$ 6,578,278</u>	<u>\$11,091,940</u>

**NOTE 17: TAX ABATEMENTS AND REBATES**

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. For the fiscal year ended September 30, 2020, the City of Lockhart rebated property taxes totaling \$31,476. The following tax rebate agreements exceeded 10 percent of the total amount rebated:

\$11,895 (100%) in property taxes on new improvements to building and furniture, fixtures and equipment. \$31,170 of property tax rebates were paid to the same company for improvements made to real property over the last four years.

\$14,526 (100%) of real property and personal property taxes was rebated to a manufacturing company that produces investment castings in ferrous and non-ferrous materials for purchasing land and building for manufacturing and distribution facility.

\$5,055 (100%) 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.

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**NOTE 18: LOCKHART ECONOMIC DEVELOPMENT CORPORATION**

As described in Note 1, the Lockhart Economic Development Corporation is a component unit of the City. It is reported in a separate column to emphasize that it is legally separate for accounting purposes from the City. Following are note disclosures relating to this component unit:

A. Organization

The Lockhart Economic Development Corporation (LEDC), a public instrumentality and nonprofit corporation, was created under Section 4B of the Development Corporation Act of 1979, Article 5190.6 of the Revised Civil Statutes of Texas (the "Act") on June 26, 1996. 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.

LEDC prepares annual financial statements as of September 30<sup>th</sup> of each year. LEDC reports its financial results as a governmental type of entity.

B. Summary of Significant Accounting Policies

The accounting and reporting policies of LEDC conform to GAAP, as applicable to governmental units. The more significant of LEDC's accounting policies are described below.

1. Reporting Entity - Component Unit Status

LEDC meets the criteria established by GASB to be a component unit of the City, due to the fact that the City Council of Lockhart appoints each member of its Board of Directors. LEDC is included in the City's annual financial statements as a discretely presented component unit.

2. Government-wide and Fund Accounting

The combined government-wide and fund financial statements (i.e., the Statement of Net Position and Governmental Fund Balance Sheet and the Statement of Activities and Governmental Fund Revenues, Expenditures, and Changes in Fund Balance) report information on all activities of LEDC.

The combined Statement of Activities and Governmental Fund Revenues, Expenditures, and Changes in Fund Balance demonstrate the degree to which the direct expenses of LEDC are offset by program revenues. Direct expenses are those that are clearly identifiable with the LEDC's specific function, that of economic development. Program revenues include a) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues. For the year ended September 30, 2019, all of LEDC's revenues were classified as general revenues.

The government-wide and fund financial statements are provided for LEDC with a column for adjustments between the two statements.

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**NOTE 18: LOCKHART ECONOMIC DEVELOPMENT CORPORATION - (Continued)**

B. Summary of Significant Accounting Policies - (Continued)

3. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide information (i.e., the columns labeled "Statement of Net Position" and "Statement of Activities") in the financial statements is 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.

The governmental fund (i.e., the column labeled "General 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, LEDC considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are recorded when the related fund liability is incurred.

Sales taxes and interest revenue 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. All other revenue items are considered to be measurable and available only when LEDC receives cash.

The Corporation reports the following governmental fund type:

General Fund - The General Fund is LEDC's operating fund. All financial resources are accounted for in the General Fund. The General Fund's transactions consist primarily of revenues realized from the collection of sales tax revenue dedicated to the purpose of economic development and transfers to the City (reported as economic development expenditures) to be used for purposes authorized by LEDC's enabling legislation.

LEDC reports no other funds.

4. Cash, Cash Equivalents, and Investments

Cash includes all amounts on deposit with financial institutions in demand accounts. All short-term investments that are highly liquid are considered to be cash equivalents. An investment is considered highly liquid if it is convertible to a known amount of cash and has a maturity date of no longer than three months from the date the investment was purchased.

LEDC may invest in any instruments authorized by the Public Funds Investment Act of the State of Texas. These instruments include, but are not limited to, the following: obligations of the United States or its agencies and instrumentalities; direct obligations of the State of Texas or its agencies and instrumentalities; certificates of deposit issued by state or national banks which are guaranteed or insured by the FDIC; and deposits in statewide investment pools which meet certain restrictive criteria. LEDC reports its investments at fair value.

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**NOTE 18: LOCKHART ECONOMIC DEVELOPMENT CORPORATION - (Continued)**

B. Summary of Significant Accounting Policies - (Continued)

5. Budgets and Budgetary Accounting

The Board of Directors submits an annual budget to the City for approval in accordance with the Texas Municipal Budget Act. By September of each year, the Board of Directors, with approval by the City, adopts an annual fiscal year budget for the General Fund. Once approved, the Board of Directors may amend the legally adopted budget when unexpected modifications are required in estimated revenues and appropriations.

The budget of LEDC is prepared on a modified accrual basis of accounting. Revenues are budgeted in the year receipts are expected, and expenditures are budgeted in the year that the applicable purchase occurs. Any unencumbered appropriations for annually budgeted funds lapse at fiscal year-end.

6. Federal Income Taxes

LEDC is exempt from Federal income taxes due to its classification as a governmental entity under the guidelines of the Internal Revenue Service.

7. Use of Estimates

The preparation of the government-wide and fund financial statements in conformity with GAAP requires LEDC to make estimates and assessments that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of financial statements and the reported amounts of revenues and expenditures during the reporting period. Accordingly, actual results could differ from those estimates.

C. Deposits and Investments

LEDC pools its funds with the City for investment, and as such, follows the City's policies and procedures pertaining to investment transactions. Following is a discussion of various risks associated with the City's (and accordingly LEDC's) investments as of and for the year ending September 30, 2020:

1. 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 to one year or less from the time of purchase.

2. Credit Risk

As previously mentioned, it is LEDC's policy to limit its investments 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, 2020, the investment pools were rated AAAM by Standard and Poor's.

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**NOTE 18: LOCKHART ECONOMIC DEVELOPMENT CORPORATION - (Continued)**

C. Deposits and Investments - (Continued)

3. Concentration of 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. As such, at year-end LEDC was not exposed to concentration of credit risk.

4. Custodial Credit Risk - Deposits

Custodial credit risk refers to the risk that in the event of a bank failure, LEDC's deposits may not be returned to it. The City's investment policies require 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. As of September 30, 2020, and for the year then ended, the City and LEDC were not exposed to any custodial credit risk.

It is managements' understanding that the LEDC, a discretely presented component unit, and any other 4A and 4B economic development entity is not considered a "political subdivision" as defined by Section 330.15 of the FDIC's regulation. Therefore, the Corporation's bank deposits may not be insured above \$250,000 even though they are secured by the pledged collateral agreement of the City.

5. 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 securities be held in the name of the City and that all securities are purchased using the delivery versus payment method. As of September 30, 2020, and for the year then ended, the City and LEDC were not exposed to any custodial credit risk.

D. Sales Taxes

LEDC, by law, is to receive one-half cent of the sales tax earned by the City and paid monthly to the City by the State of Texas. LEDC's outstanding receivable of the sales tax earned by the City for the year ended September 30, 2020, was \$168,446. The City collects the sales tax from the State of Texas and then pays LEDC's portion monthly when collected.

E. Restricted Net Position

The legislation under which LEDC was created restricts the use of sales tax revenue received by LEDC to projects related to quality of life improvements, including economic development that will attract and retain primary employers. Some of the types of projects authorized in the legislation are listed previously. There were no restrictions on LEDC's net position as of September 30, 2020, other than those imposed through the enabling legislation.

F. Inventory

Inventory consists of various tracts of land that LEDC has purchased to be used for future economic development projects. There was no change in the inventory from the previous year.

**NOTE 18: LOCKHART ECONOMIC DEVELOPMENT CORPORATION - (Continued)**

G. Capital Assets

The LEDC's capital asset activity for the year ended September 30, 2020 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Discretely presented component unit</b>				
Capital assets, not being depreciated				
Land	\$ 108,000	\$ -	\$ -	\$ 108,000
Total capital assets not being depreciated	<u>108,000</u>	<u>-</u>	<u>-</u>	<u>108,000</u>
Capital assets, being depreciated				
Buildings	612,000	-	-	612,000
Total capital assets being depreciated	<u>612,000</u>	<u>-</u>	<u>-</u>	<u>612,000</u>
Less accumulated depreciation for				
Buildings	97,920	12,240	-	110,160
Total accumulated depreciation	<u>97,920</u>	<u>12,240</u>	<u>-</u>	<u>110,160</u>
Total capital assets being depreciated, net	<u>514,080</u>	<u>(12,240)</u>	<u>-</u>	<u>501,840</u>
Discretely presented component unit capital assets, net	<u>\$ 622,080</u>	<u>\$ (12,240)</u>	<u>\$ -</u>	<u>\$ 609,840</u>

Depreciation expense was charged to functions/programs of the LEDC as follows:

**Discretely presented component unit**

    General government \$ 12,240

H. Long-Term Debt

An analysis of changes in long term-debt is as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Discretely presented component unit</b>					
Notes payable	\$ 164,600	\$ 500,000	\$ (90,523)	\$ 574,077	\$ 116,923
Compensated absences	<u>1,814</u>	<u>6,453</u>	<u>(3,883)</u>	<u>4,384</u>	<u>4,384</u>
Total discretely presented component unit	<u>\$ 166,414</u>	<u>\$ 506,453</u>	<u>\$ (94,406)</u>	<u>\$ 578,461</u>	<u>\$ 121,307</u>

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**NOTE 18: LOCKHART ECONOMIC DEVELOPMENT CORPORATION - (Continued)****H. Long-Term Debt - (Continued)**

Maturities of long term-debt is as follows:

<u>Year Ending</u> <u>September 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 116,923	\$ 20,186	\$ 137,109
2022	121,350	15,759	137,109
2023	125,945	11,164	137,109
2024	130,721	6,389	137,110
2025	52,925	2,151	55,076
2026	<u>26,213</u>	<u>655</u>	<u>26,868</u>
	<u>\$ 574,077</u>	<u>\$ 56,304</u>	<u>\$ 630,381</u>

**I. Contingencies and Commitments****1. Litigation**

LEDC was not involved in any litigation as of September 30, 2020, and management was not aware of any threatened litigation or unasserted claims as of that date.

**2. Commitments**

The LEDC is scheduled to make annual installments ranging from \$48,093 to \$65,676 to the City for the 2015 Combination Certificates of Obligation through August 1, 2035.

**J. Tax Abatements and Rebates**

The Lockhart Economic Development Corporation enters into tax rebate agreements with local businesses under the state local government code, title 12, subtitle C1, chapter 505. Under the code, the governing body of a municipality may create a Type B corporation and provide for the administration of one or more programs, including programs for making loans or grants of public money to promote state or local economic development and to stimulate business and commercial activity in the municipality. For the fiscal year ended September 30, 2020, the Lockhart Economic Development Corporation did not enter into any tax rebate agreements or rebate any taxes.

**K. Subsequent Event**

In December 2020, the Lockhart Economic Development Corporation issued Sales Tax Revenue Bonds, Series 2020 of \$1,645,000. The bonds are due in annual installments ranging from \$105,000 to \$130,000 through 2035 with interest at 2.47%. The proceeds from the sale of the bonds will be used to acquire land for an industrial park and may include related water and sewer facilities, streets and roads, drainage and related improvements, general municipal buildings, and public park purposes and park facilities, including the maintenance and operating costs of any such projects and other expenditures connected therewith.



**Required Supplementary Information**

**CITY OF LOCKHART, TEXAS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**GENERAL FUND**  
For the year ended September 30, 2020  
With comparative totals for the year ended September 30, 2019

	2020			Variance Positive (Negative)	2019 Actual
	Original Budget	Final Budget	Actual		
<b>REVENUES</b>					
Property taxes	\$ 4,187,446	\$ 4,187,446	\$ 4,307,097	\$ 119,651	\$ 3,642,474
Sales and other taxes	2,088,729	1,829,793	2,339,524	509,731	2,013,845
Fines, fees, and forfeitures	409,315	357,528	363,324	5,796	364,423
Licenses and permits	243,622	204,681	243,196	38,515	192,622
Intergovernmental and grants	553,872	513,483	557,483	44,000	323,298
Charges for services	2,220	2,220	2,200	(20)	2,200
Investment	107,742	73,442	67,633	(5,809)	89,701
Miscellaneous	158,856	158,856	163,676	4,820	261,484
<b>Total revenues</b>	<u>7,751,802</u>	<u>7,327,449</u>	<u>8,044,133</u>	<u>716,684</u>	<u>6,890,047</u>
<b>EXPENDITURES</b>					
Current					
General government	2,585,703	2,411,233	2,333,952	77,281	1,891,347
Public safety	5,969,327	5,883,375	5,544,911	338,464	4,978,250
Public works	1,902,955	1,716,933	1,628,186	88,747	1,593,994
Health and welfare	16,425	16,425	22,240	(5,815)	11,396
Culture and recreation	1,109,952	1,074,545	936,533	138,012	938,896
Capital outlay	456,800	456,800	213,108	243,692	126,365
<b>Total expenditures</b>	<u>12,041,162</u>	<u>11,559,311</u>	<u>10,678,930</u>	<u>880,381</u>	<u>9,540,248</u>
Excess (deficiency) of revenues over expenditures	(4,289,360)	(4,231,862)	(2,634,797)	1,597,065	(2,650,201)
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	3,617,881	3,617,881	4,002,421	384,540	3,333,060
Transfers out	(97,320)	(97,320)	(71,820)	25,500	(95,613)
<b>Total other financing sources (uses)</b>	<u>3,520,561</u>	<u>3,520,561</u>	<u>3,930,601</u>	<u>410,040</u>	<u>3,237,447</u>
Net change in fund balance	(768,799)	(711,301)	1,295,804	2,007,105	587,246
Fund balance - beginning	5,722,498	5,722,498	5,722,498	-	5,054,441
<b>Fund balance - ending</b>	<u>\$ 4,953,699</u>	<u>\$ 5,011,197</u>	<u>\$ 7,018,302</u>	<u>\$ 2,007,105</u>	<u>\$ 5,641,687</u>

The accompanying notes to required supplementary information are an integral part of this schedule.

**CITY OF LOCKHART, TEXAS**

*SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS*

*TEXAS MUNICIPAL RETIREMENT SYSTEM - PENSION*

*Last ten years*

	Measurement Year		
	2014	2015	2016
<b>Total Pension Liability</b>			
Service cost	\$ 659,622	\$ 755,292	\$ 809,909
Interest (on the total pension liability)	1,759,695	1,840,606	1,924,544
Difference between expected and actual experience	(275,265)	541,546	213,804
Change of assumptions	-	143,888	-
Benefit payments, including refunds of employee contributions	(987,219)	(1,084,811)	(1,097,681)
<b>Net Change in Total Pension Liability</b>	1,156,833	2,196,521	1,850,576
<b>Total Pension Liability - Beginning</b>	25,302,299	26,459,132	28,655,653
<b>Total Pension Liability - Ending (a)</b>	\$ 26,459,132	\$ 28,655,653	\$ 30,506,229
<b>Plan Fiduciary Net Position</b>			
Contributions - Employer	\$ 662,456	\$ 721,903	\$ 708,591
Contributions - Employee	321,581	352,824	358,731
Net investment income	1,282,369	34,935	1,599,743
Benefit payments, including refunds of employee contributions	(987,219)	(1,084,811)	(1,097,681)
Administrative expense	(13,388)	(21,283)	(18,076)
Other	(1,101)	(1,051)	(974)
<b>Net Change in Plan Fiduciary Net Position</b>	1,264,698	2,517	1,550,334
<b>Plan Fiduciary Net Position - Beginning</b>	22,415,156	23,679,854	23,682,371
<b>Plan Fiduciary Net Position - Ending (b)</b>	\$ 23,679,854	\$ 23,682,371	\$ 25,232,705
<b>Net Pension Liability - Ending (a) - (b)</b>	\$ 2,779,278	\$ 4,973,282	\$ 5,273,524
<b>Plan Fiduciary Net Position as a Percentage of Total Pension Liability</b>	89.50%	82.64%	82.71%
<b>Covered Payroll</b>	\$ 5,359,686	\$ 5,730,595	\$ 5,937,749
<b>Net Pension Liability as a Percentage of Covered Payroll</b>	51.86%	86.78%	88.81%

NOTE: Information for the prior four years was not readily available. The City will compile the respective information over the next four years as provided by TMRS on a "measurement date" basis.

The accompanying notes to required supplementary information are an integral part of this schedule.

Measurement Year		
2017	2018	2019
\$ 803,650	\$ 861,176	\$ 908,475
2,050,665	2,158,275	2,267,377
(95,374)	(144,312)	(28,525)
-	-	94,975
<u>(1,055,658)</u>	<u>(1,331,302)</u>	<u>(1,233,643)</u>
1,703,283	1,543,837	2,008,659
<u>30,506,229</u>	<u>32,209,512</u>	<u>33,753,349</u>
<u>\$ 32,209,512</u>	<u>\$ 33,753,349</u>	<u>\$ 35,762,008</u>
\$ 779,767	\$ 848,460	\$ 884,655
358,239	385,314	408,304
3,497,425	(862,453)	4,299,655
(1,055,658)	(1,331,302)	(1,233,643)
(18,124)	(16,669)	(24,299)
<u>(918)</u>	<u>(872)</u>	<u>(730)</u>
3,560,731	(977,522)	4,333,942
<u>25,232,705</u>	<u>28,793,436</u>	<u>27,815,914</u>
<u>\$ 28,793,436</u>	<u>\$ 27,815,914</u>	<u>\$ 32,149,856</u>
<u>\$ 3,416,076</u>	<u>\$ 5,937,435</u>	<u>\$ 3,612,152</u>
89.39%	82.41%	89.90%
\$ 5,970,653	\$ 6,421,896	\$ 6,805,058
57.21%	92.46%	53.08%

**CITY OF LOCKHART, TEXAS**  
**SCHEDULE OF EMPLOYER CONTRIBUTIONS**  
**TEXAS MUNICIPAL RETIREMENT SYSTEM - PENSION**  
*Last ten fiscal years*

	Fiscal Year		
	2015	2016	2017
Actuarially Determined Contribution	\$ 692,664	\$ 734,637	\$ 754,327
Contribution in relation to the actuarially determined contribution	<u>(692,664)</u>	<u>(734,637)</u>	<u>(754,327)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 5,617,224	\$ 6,129,529	\$ 5,911,532
Contributions as a percentage of covered payroll	12.33%	11.99%	12.76%

NOTE: Information for the prior four fiscal years was not readily available. The City will compile the respective information over the next four fiscal years.

The accompanying notes to required supplementary information are an integral part of this schedule.

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Fiscal Year		
2018	2019	2020
\$ 829,948	\$ 872,807	\$ 896,545
<u>(829,948)</u>	<u>(872,807)</u>	<u>(896,545)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 6,300,160	\$ 6,687,118	\$ 6,972,445
13.17%	13.05%	12.86%

**CITY OF LOCKHART, TEXAS**

*SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS  
 TEXAS MUNICIPAL RETIREMENT SYSTEM - SUPPLEMENTAL DEATH BENEFIT  
 Last ten years*

	Measurement Year		
	2017	2018	2019
<b>Total OPEB Liability</b>			
Service cost	\$ 15,524	\$ 19,266	\$ 17,693
Interest (on the total OPEB liability)	13,276	13,571	14,621
Change of benefit terms	-	-	-
Difference between expected and actual experience	-	(17,158)	(18,892)
Change of assumptions	31,482	(27,464)	77,468
Benefit payments	<u>(3,582)</u>	<u>(3,211)</u>	<u>(3,403)</u>
<b>Net Change in Total OPEB Liability</b>	56,700	(14,996)	87,487
<b>Total OPEB Liability - Beginning</b>	<u>345,259</u>	<u>401,959</u>	<u>386,963</u>
<b>Total OPEB Liability - Ending</b>	<u>\$ 401,959</u>	<u>\$ 386,963</u>	<u>\$ 474,450</u>
<b>Covered Payroll</b>	\$ 5,970,653	\$ 6,421,896	\$ 6,805,058
<b>Total OPEB Liability as a Percentage of Covered Payroll</b>	6.73%	6.03%	6.97%

NOTE: Information for the prior seven years was not readily available. The City will compile the respective information over the next seven years as provided by TMRS on a "measurement date" basis.

The accompanying notes to required supplementary information are an integral part of this schedule.

**CITY OF LOCKHART, TEXAS**  
**SCHEDULE OF EMPLOYER CONTRIBUTIONS**  
**TEXAS MUNICIPAL RETIREMENT SYSTEM - SUPPLEMENTAL DEATH BENEFIT**  
*Last ten fiscal years*

	Fiscal Year		
	2018	2019	2020
Actuarially Determined Contribution	\$ 3,303	\$ 3,344	\$ 4,006
Contribution in relation to the actuarially determined contribution	<u>(3,303)</u>	<u>(3,344)</u>	<u>(4,006)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 6,300,160	\$ 6,687,118	\$ 6,972,445
Contributions as a percentage of covered payroll	0.0524%	0.0500%	0.0575%

NOTE: Information for the prior seven years was not readily available. The City will compile the respective information over the next seven years.

The accompanying notes to required supplementary information are an integral part of this schedule.



**CITY OF LOCKHART, TEXAS****SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS****RETIREE HEALTHCARE***Last ten years*

	Measurement Year		
	2018	2019	2020
<b>Total OPEB Liability</b>			
Service cost	\$ 11,326	\$ 11,786	\$ 11,786
Interest (on the total OPEB liability)	15,641	15,460	15,971
Change of benefit terms	-	-	-
Difference between expected and actual experience	-	-	(9,846)
Change of assumptions	-	-	53,744
Benefit payments	<u>(20,086)</u>	<u>(20,086)</u>	<u>(32,804)</u>
<b>Net Change in Total OPEB Liability</b>	6,881	7,160	38,851
<b>Total OPEB Liability - Beginning</b>	<u>383,961</u>	<u>390,842</u>	<u>398,002</u>
<b>Total OPEB Liability - Ending</b>	<u>\$ 390,842</u>	<u>\$ 398,002</u>	<u>\$ 436,853</u>
<b>Covered Payroll</b>	\$ 3,778,438	\$ 3,778,438	\$ 3,307,156
<b>Total OPEB Liability as a Percentage of Covered Payroll</b>	10.34%	10.53%	13.21%

NOTE: Information for the prior seven years was not readily available. The City will compile the respective information over the next seven years as provided by actuaries on a "measurement date" basis.

The accompanying notes to required supplementary information are an integral part of this schedule.

**NOTE 1: BUDGETARY BASIS OF ACCOUNTING**

The City annually adopts budgets that are prepared using the modified accrual basis of accounting, which is consistent with generally accepted accounting principles.

**NOTE 2: BUDGETARY LEGAL COMPLIANCE**

For the year ended September 30, 2020 the City complied with budgetary restrictions.

**NOTE 3: DEFINED BENEFIT PENSION PLAN**

Valuation Date

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	26 years
Asset Valuation Method	10 year Smoothed Market; 12% Soft Corridor
Inflation	2.50%
Salary Increases	3.50% to 11.50% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2019 valuation pursuant to an experience study of the period 2014-2018
Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP. Pre-retirement: PUB(10) mortality tables, with the Public Safety tables used for males and the General employee tables used for females. The rates are projected on a fully generational basis with scale UMP.

Other information

There were no benefit changes during the year.

**NOTE 4: SUPPLEMENTAL DEATH BENEFIT PLAN - OPEB**

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

There were no changes in plan provisions during the year.

**CITY OF LOCKHART, TEXAS**

*NOTES TO REQUIRED SUPPLEMENTARY INFORMATION*

*September 30, 2020*

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**NOTE 4: SUPPLEMENTAL DEATH BENEFIT PLAN - OPEB - (Continued)**

Changes in Assumptions

- Salary increases changed to 3.5% to 11.5% including inflation from 3.5% to 10.5% including inflation.
- Discount rate decreased to 2.75% from 3.71%.
- Changed to using the 2019 Municipal Retirees of Texas Mortality Tables from the RP2000 Combined Mortality Table along with a change in projected rates.

**NOTE 5: RETIREE HEALTH BENEFIT PLAN - OPEB**

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

There were no changes in plan provisions during the year.

Changes in Assumptions

- Discount rate decreased to 2.25% from 4.06%.
- Health care cost trend decreased to level 4.50% from level 5.00%

**Combining and Individual Fund Statements and Schedules**

## NONMAJOR GOVERNMENTAL FUNDS

**Special Revenue Funds** are used to account and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specific purposes other than debt service or capital projects.

**Radio Tower Equipment Replacement** - Used to account for funds received for the specific use of repairs and replacement costs associated with the City-owned radio communication tower.

**Forfeited Property** - Accounts for items seized by the City through the police department as a result of criminal investigations. The funds are used for one-time equipment purchases and other purchases to assist in police activities.

**Hotel/Motel Occupancy Tax** - Accounts for the collection of hotel and motel taxes collected within the City. The City uses these funds to directly enhance and promote tourism and the convention and hotel industry or other expenses as approved by State law.

**CARES Relief Grant** - Accounts for the proceeds from the Coronavirus Relief Fund and the disbursement of such on the City's unforeseen financial needs and risks created by the COVID-19 public health emergency.

**Road Impact Fees #1** - Accounts for funds received from a fee for roadway imposed on new development by the City pursuant to Chapter 13 of the City of Lockhart's Code of Ordinances, in order to generate revenue to fund or recoup all or part of the costs of capital improvements or facility expansion necessitated by and attributable to such new development in an area known as area #1.

**Road Impact Fees #2** - Accounts for funds received from a fee for roadway imposed on new development by the City pursuant to Chapter 13 of the City of Lockhart's Code of Ordinances, in order to generate revenue to fund or recoup all or part of the costs of capital improvements or facility expansion necessitated by and attributable to such new development in an area known as area #2.

**Municipal Court Technology** - Accounts for fees collected on conviction of certain municipal court offenses and funds are intended to enhance this specific area.

**Radio System Maintenance** - Accounts for funds received from radio communication system participants to cover costs associated directly or indirectly with the radio communication system.

**Municipal Court Security** - Accounts for fees collected on conviction of certain municipal court offenses and funds are intended to enhance this specific area.

**Child Safety** - Accounts for fees collected on conviction of certain municipal court offenses and funds are intended to enhance this specific area.

**Court Efficiency** - Accounts for fees collected on conviction of certain municipal court offenses and funds are intended to enhance this specific area.

**Juvenile Case Manager** - Accounts for fees collected on conviction of certain municipal court offenses and funds are intended to enhance this specific area.

**Truancy Court** - Accounts for fees collected on conviction of certain municipal court offenses and funds are intended to enhance this specific area.

**Local Municipal Jury** - Accounts for fees collected on conviction of certain municipal court offenses and funds are intended to enhance this specific area.

**Cable Education (PEG)** - Accounts for one percent cable franchise fee, which is dedicated to capital assets associated to the operation of a public, education and government television channel.

## NONMAJOR GOVERNMENTAL FUNDS

### **Special Revenue Funds - (Continued)**

**Transportation System Improvements** - Accounts for monies received from fees collected for the improvement and construction of City streets.

**Drainage System Improvements** - Accounts for monies received from fees collected for the improvement and construction of City's drainage system.

**Law Enforcement Education (LEOSE)** - Accounts for funds received to provide for the continuing education of persons licensed under Chapter 1701, Occupations Code, or to provide the necessary training, as determined by the agency head, to full-time, fully paid law enforcement support personnel.

**Debt Service Funds** are used to account for and report financial resources that are restricted, committed or assigned to expenditure for general government debt principal and interest.

**Capital Project Funds** are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities or other capital assets. Capital Project Funds exclude those types of capital-related outflows financed by proprietary funds or for assets that will be held in trust for individuals, private organizations, or other governments.

**Clearfork Section 1 Sidewalk** - Accounts for funds for future development of public sidewalks from developer of Meadows at Clearfork in lieu of construction.

**Maple 2201 Trail Project** - Accounts for funds for future development of public sidewalk and trail along Cesar Chavez Parkway from developer at 2201 Maple Street in lieu of construction.

**2009 Certificates of Obligation** - Accounts for the proceeds and expenditures of the City's 2009 Certificates of Obligation.

**2015 Certificates of Obligation** - Accounts for the proceeds and expenditures of the City's 2015 Certificates of Obligation.

**CITY OF LOCKHART, TEXAS**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
*September 30, 2020*

	Total Nonmajor Special Revenue Funds	Total Nonmajor Debt Service Fund	Total Nonmajor Capital Project Funds	Total
<b>ASSETS</b>				
Current assets				
Cash and cash equivalents	\$ 1,281,090	\$ 115,835	\$ 2,914,631	\$ 4,311,556
Receivables (net)	136,573	59,260	-	195,833
Due from other governments	398,220	-	-	398,220
Prepaid expenditures	87,877	-	-	87,877
<b>Total assets</b>	<u>\$ 1,903,760</u>	<u>\$ 175,095</u>	<u>\$ 2,914,631</u>	<u>\$ 4,993,486</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 6,188	\$ -	\$ -	\$ 6,188
Due to other funds	444,112	-	-	444,112
<b>Total liabilities</b>	<u>450,300</u>	<u>-</u>	<u>-</u>	<u>450,300</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue	410,288	59,260	-	469,548
<b>Total deferred inflows of resources</b>	<u>410,288</u>	<u>59,260</u>	<u>-</u>	<u>469,548</u>
<b>FUND BALANCES</b>				
Nonspendable				
Prepaid expenditures	79,393	-	-	79,393
Restricted				
General government	59,773	-	-	59,773
Tourism	64,016	-	-	64,016
Public safety	179,496	-	-	179,496
Public works	1,063,841	-	-	1,063,841
Debt service	-	115,835	-	115,835
Various capital projects	-	-	2,914,631	2,914,631
Unassigned	(403,347)	-	-	(403,347)
<b>Total fund balances</b>	<u>1,043,172</u>	<u>115,835</u>	<u>2,914,631</u>	<u>4,073,638</u>
<b>Total liabilities, deferred inflows and fund balances</b>	<u>\$ 1,903,760</u>	<u>\$ 175,095</u>	<u>\$ 2,914,631</u>	<u>\$ 4,993,486</u>

**CITY OF LOCKHART, TEXAS**

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

NONMAJOR GOVERNMENTAL FUNDS

September 30, 2020

	Total Nonmajor Special Revenue Funds	Total Nonmajor Debt Service Fund	Total Nonmajor Capital Project Funds	Total
<b>REVENUES</b>				
Property taxes	\$ -	\$ 721,278	\$ -	\$ 721,278
Sales and other taxes	105,328	-	-	105,328
Fines, fees, and forfeitures	827,082	-	-	827,082
Intergovernmental and grants	308,872	-	-	308,872
Investment	12,707	5,832	33,574	52,113
Miscellaneous	-	59,523	-	59,523
<b>Total revenues</b>	<u>1,253,989</u>	<u>786,633</u>	<u>33,574</u>	<u>2,074,196</u>
<b>EXPENDITURES</b>				
Current				
General government	34,391	-	-	34,391
Public safety	320,399	-	-	320,399
Public works	113,134	-	4,311	117,445
Culture and recreation	1,075	-	-	1,075
Capital outlay	-	-	551,827	551,827
Debt service				
Principal retirement	-	727,163	-	727,163
Interest and fiscal charges	-	432,504	-	432,504
Paying agent and issue costs	-	800	-	800
<b>Total expenditures</b>	<u>468,999</u>	<u>1,160,467</u>	<u>556,138</u>	<u>2,185,604</u>
Excess (deficiency) of revenues over expenditures	784,990	(373,834)	(522,564)	(111,408)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	71,820	286,653	-	358,473
Transfers out	(1,143,546)	-	-	(1,143,546)
<b>Total other financing sources (uses)</b>	<u>(1,071,726)</u>	<u>286,653</u>	<u>-</u>	<u>(785,073)</u>
Net change in fund balances	(286,736)	(87,181)	(522,564)	(896,481)
Fund balances - beginning	<u>1,329,908</u>	<u>203,016</u>	<u>3,437,195</u>	<u>4,970,119</u>
<b>Fund balances - ending</b>	<u>\$ 1,043,172</u>	<u>\$ 115,835</u>	<u>\$ 2,914,631</u>	<u>\$ 4,073,638</u>



**CITY OF LOCKHART, TEXAS**  
**COMBINING BALANCE SHEET**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
September 30, 2020

	Radio Tower Equipment Replacement	Forfeited Property	Hotel / Motel Occupancy Tax	CARES Relief Grant	Road Impact Fees #1	Road Impact Fees #2
<b>ASSETS</b>						
Current assets						
Cash and cash equivalents	\$ 25,822	\$ 10,737	\$ 50,450	\$ -	\$ 642,532	\$ 250,977
Receivables (net)	-	-	21,145	-	-	-
Due from other governments	-	-	-	398,220	-	-
Prepaid expenditures	-	-	-	79,393	-	-
<b>Total assets</b>	<b>\$ 25,822</b>	<b>\$ 10,737</b>	<b>\$ 71,595</b>	<b>\$ 477,613</b>	<b>\$ 642,532</b>	<b>\$ 250,977</b>
<b>LIABILITIES</b>						
Accounts payable	\$ -	\$ -	\$ -	\$ 5,418	\$ -	\$ -
Due to other funds	-	-	7,579	392,802	-	-
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>7,579</b>	<b>398,220</b>	<b>-</b>	<b>-</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unavailable revenue	-	-	-	398,220	-	-
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>398,220</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES</b>						
Nonspendable						
Prepaid expenditures	-	-	-	79,393	-	-
Restricted						
General government	-	-	-	-	-	-
Tourism	-	-	64,016	-	-	-
Public safety	25,822	10,737	-	-	-	-
Public works	-	-	-	-	642,532	250,977
Unassigned	-	-	-	(398,220)	-	-
<b>Total fund balances</b>	<b>25,822</b>	<b>10,737</b>	<b>64,016</b>	<b>(318,827)</b>	<b>642,532</b>	<b>250,977</b>
<b>Total liabilities, deferred inflows and fund balances</b>	<b>\$ 25,822</b>	<b>\$ 10,737</b>	<b>\$ 71,595</b>	<b>\$ 477,613</b>	<b>\$ 642,532</b>	<b>\$ 250,977</b>

<u>Municipal Court Technology</u>	<u>Radio System Maintenance</u>	<u>Municipal Court Security</u>	<u>Child Safety</u>	<u>Court Efficiency</u>	<u>Juvenile Case Manager</u>	<u>Truancy Court</u>
\$ -	\$ 22,819	\$ 11,293	\$ 30,203	\$ 15,978	\$ 38,420	\$ 6,958
2,496	-	2,256	2,357	1,527	2,383	1,029
-	-	-	-	-	-	-
8,484	-	-	-	-	-	-
<u>\$ 10,980</u>	<u>\$ 22,819</u>	<u>\$ 13,549</u>	<u>\$ 32,560</u>	<u>\$ 17,505</u>	<u>\$ 40,803</u>	<u>\$ 7,987</u>
\$ 83	\$ 687	\$ -	\$ -	\$ -	\$ -	\$ -
8,401	-	-	-	-	-	-
<u>8,484</u>	<u>687</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
2,496	-	2,256	2,357	1,527	2,383	1,029
<u>2,496</u>	<u>-</u>	<u>2,256</u>	<u>2,357</u>	<u>1,527</u>	<u>2,383</u>	<u>1,029</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	22,132	11,293	30,203	15,978	38,420	6,958
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	<u>22,132</u>	<u>11,293</u>	<u>30,203</u>	<u>15,978</u>	<u>38,420</u>	<u>6,958</u>
<u>\$ 10,980</u>	<u>\$ 22,819</u>	<u>\$ 13,549</u>	<u>\$ 32,560</u>	<u>\$ 17,505</u>	<u>\$ 40,803</u>	<u>\$ 7,987</u>

(continued)

**CITY OF LOCKHART, TEXAS**  
**COMBINING BALANCE SHEET**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**September 30, 2020**

	Local Municipal Jury	Cable Education	Trans- portation System Improvmts	Drainage System Improvmts	Law Enforcement Education - Police	Total
<b>ASSETS</b>						
Current assets						
Cash and cash equivalents	\$ 51	\$ 53,095	\$ 103,853	\$ -	\$ 17,902	\$ 1,281,090
Receivables (net)	20	6,678	66,479	30,203	-	136,573
Due from other governments	-	-	-	-	-	398,220
Prepaid expenditures	-	-	-	-	-	87,877
<b>Total assets</b>	<b>\$ 71</b>	<b>\$ 59,773</b>	<b>\$ 170,332</b>	<b>\$ 30,203</b>	<b>\$ 17,902</b>	<b>\$ 1,903,760</b>
<b>LIABILITIES</b>						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,188
Due to other funds	-	-	-	35,330	-	444,112
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>35,330</b>	<b>-</b>	<b>450,300</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unavailable revenue	20	-	-	-	-	410,288
<b>Total deferred inflows of resources</b>	<b>20</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>410,288</b>
<b>FUND BALANCES</b>						
Nonspendable						
Prepaid expenditures	-	-	-	-	-	79,393
Restricted						
General government	-	59,773	-	-	-	59,773
Tourism	-	-	-	-	-	64,016
Public safety	51	-	-	-	17,902	179,496
Public works	-	-	170,332	-	-	1,063,841
Unassigned	-	-	-	(5,127)	-	(403,347)
<b>Total fund balances</b>	<b>51</b>	<b>59,773</b>	<b>170,332</b>	<b>(5,127)</b>	<b>17,902</b>	<b>1,043,172</b>
<b>Total liabilities, deferred inflows and fund balances</b>	<b>\$ 71</b>	<b>\$ 59,773</b>	<b>\$ 170,332</b>	<b>\$ 30,203</b>	<b>\$ 17,902</b>	<b>\$ 1,903,760</b>

(concluded)

**CITY OF LOCKHART, TEXAS**

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

NONMAJOR SPECIAL REVENUE FUNDS

September 30, 2020

	Radio Tower Equipment Replacement	Forfeited Property	Hotel / Motel Occupancy Tax	CARES Relief Grant	Road Impact Fees #1	Road Impact Fees #2
<b>REVENUES</b>						
Sales and other taxes	\$ -	\$ -	\$ 78,696	\$ -	\$ -	\$ -
Fines, fees, and forfeitures	-	2,603	-	-	4,903	155,373
Intergovernmental and grants	-	-	-	152,779	-	-
Investment	602	102	299	-	6,669	1,328
<b>Total revenues</b>	<u>602</u>	<u>2,705</u>	<u>78,995</u>	<u>152,779</u>	<u>11,572</u>	<u>156,701</u>
<b>EXPENDITURES</b>						
Current						
General government	-	-	20,541	-	-	-
Public safety	36,125	-	-	33,060	-	-
Public works	-	-	-	-	-	-
Culture and recreation	-	-	1,075	-	-	-
<b>Total expenditures</b>	<u>36,125</u>	<u>-</u>	<u>21,616</u>	<u>33,060</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	(35,523)	2,705	57,379	119,719	11,572	156,701
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	(438,546)	-	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(438,546)</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(35,523)	2,705	57,379	(318,827)	11,572	156,701
Fund balances - beginning	61,345	8,032	6,637	-	630,960	94,276
<b>Fund balances - ending</b>	<u>\$ 25,822</u>	<u>\$ 10,737</u>	<u>\$ 64,016</u>	<u>\$(318,827)</u>	<u>\$642,532</u>	<u>\$250,977</u>

<u>Municipal Court Technology</u>	<u>Radio System Maintenance</u>	<u>Municipal Court Security</u>	<u>Child Safety</u>	<u>Court Efficiency</u>	<u>Juvenile Case Manager</u>	<u>Truancy Court</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
6,317	-	5,713	5,962	3,864	8,593	903
-	153,852	-	-	-	-	-
-	-	127	287	131	351	66
<u>6,317</u>	<u>153,852</u>	<u>5,840</u>	<u>6,249</u>	<u>3,995</u>	<u>8,944</u>	<u>969</u>
-	-	-	-	-	-	-
12,914	230,735	6,237	-	-	441	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>12,914</u>	<u>230,735</u>	<u>6,237</u>	<u>-</u>	<u>-</u>	<u>441</u>	<u>-</u>
(6,597)	(76,883)	(397)	6,249	3,995	8,503	969
10,120	61,700	-	-	-	-	-
-	-	-	-	-	-	-
<u>10,120</u>	<u>61,700</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
3,523	(15,183)	(397)	6,249	3,995	8,503	969
<u>(3,523)</u>	<u>37,315</u>	<u>11,690</u>	<u>23,954</u>	<u>11,983</u>	<u>29,917</u>	<u>5,989</u>
<u>\$ -</u>	<u>\$ 22,132</u>	<u>\$ 11,293</u>	<u>\$ 30,203</u>	<u>\$ 15,978</u>	<u>\$ 38,420</u>	<u>\$ 6,958</u>

(continued)

**CITY OF LOCKHART, TEXAS**

*COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES*

*NONMAJOR SPECIAL REVENUE FUNDS*

September 30, 2020

	Local Municipal Jury	Cable Education	Trans- portation System Improvmts	Drainage System Improvmts	Law Enforcement Education - Police	Total
<b>REVENUES</b>						
Sales and other taxes	\$ -	\$ 26,632	\$ -	\$ -	\$ -	\$ 105,328
Fines, fees, and forfeitures	51	-	434,239	198,561	-	827,082
Intergovernmental and grants	-	-	-	-	2,241	308,872
Investment	-	489	1,067	1,016	173	12,707
<b>Total revenues</b>	<u>51</u>	<u>27,121</u>	<u>435,306</u>	<u>199,577</u>	<u>2,414</u>	<u>1,253,989</u>
<b>EXPENDITURES</b>						
Current						
General government	-	13,850	-	-	-	34,391
Public safety	-	-	-	-	887	320,399
Public works	-	-	3,014	110,120	-	113,134
Culture and recreation	-	-	-	-	-	1,075
<b>Total expenditures</b>	<u>-</u>	<u>13,850</u>	<u>3,014</u>	<u>110,120</u>	<u>887</u>	<u>468,999</u>
Excess (deficiency) of revenues over expenditures	51	13,271	432,292	89,457	1,527	784,990
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	-	-	-	-	-	71,820
Transfers out	-	-	(450,000)	(255,000)	-	(1,143,546)
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>(450,000)</u>	<u>(255,000)</u>	<u>-</u>	<u>(1,071,726)</u>
Net change in fund balances	51	13,271	(17,708)	(165,543)	1,527	(286,736)
Fund balances - beginning	-	46,502	188,040	160,416	16,375	1,329,908
<b>Fund balances - ending</b>	<u>\$ 51</u>	<u>\$ 59,773</u>	<u>\$ 170,332</u>	<u>\$ (5,127)</u>	<u>\$ 17,902</u>	<u>\$ 1,043,172</u>

(concluded)

**CITY OF LOCKHART, TEXAS**  
**COMBINING BALANCE SHEET**  
**NONMAJOR CAPITAL PROJECT FUNDS**  
September 30, 2020

	<u>Clearfork Section 1 Sidewalk</u>	<u>Maple 2201 Trail Project</u>	<u>2009 Certificates of Obligation</u>	<u>2015 Certificates of Obligation</u>	<u>Total</u>
<b>ASSETS</b>					
Current assets					
Cash and cash equivalents	\$ 33,205	\$ 15,000	\$ 270,747	\$ 2,595,679	\$2,914,631
<b>Total assets</b>	<u>\$ 33,205</u>	<u>\$ 15,000</u>	<u>\$ 270,747</u>	<u>\$ 2,595,679</u>	<u>\$2,914,631</u>
<b>LIABILITIES</b>	\$ -	\$ -	\$ -	\$ -	\$ -
<b>FUND BALANCES</b>					
Restricted					
Various capital projects	33,205	15,000	270,747	2,595,679	2,914,631
<b>Total fund balances</b>	<u>33,205</u>	<u>15,000</u>	<u>270,747</u>	<u>2,595,679</u>	<u>2,914,631</u>
<b>Total liabilities and fund balances</b>	<u>\$ 33,205</u>	<u>\$ 15,000</u>	<u>\$ 270,747</u>	<u>\$ 2,595,679</u>	<u>\$2,914,631</u>

**CITY OF LOCKHART, TEXAS**

*COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES*

*NONMAJOR CAPITAL PROJECT FUNDS*

*September 30, 2020*

	Clearfork Section 1 Sidewalk	Maple 2201 Trail Project	2009 Certificates of Obligation	2015 Certificates of Obligation	Total
<b>REVENUES</b>					
Investment	\$ 346	\$ -	\$ 2,868	\$ 30,360	\$ 33,574
<b>Total revenues</b>	<u>346</u>	<u>-</u>	<u>2,868</u>	<u>30,360</u>	<u>33,574</u>
<b>EXPENDITURES</b>					
Current					
Public works	-	-	4,311	-	4,311
Capital outlay	-	-	-	551,827	551,827
<b>Total expenditures</b>	<u>-</u>	<u>-</u>	<u>4,311</u>	<u>551,827</u>	<u>556,138</u>
Excess (deficiency) of revenues over expenditures	346	-	(1,443)	(521,467)	(522,564)
Fund balances - beginning	<u>32,859</u>	<u>15,000</u>	<u>272,190</u>	<u>3,117,146</u>	<u>3,437,195</u>
<b>Fund balances - ending</b>	<u>\$ 33,205</u>	<u>\$ 15,000</u>	<u>\$ 270,747</u>	<u>\$ 2,595,679</u>	<u>\$ 2,914,631</u>



**DEBT SERVICE FUND**

**CITY OF LOCKHART, TEXAS**

*SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE*

*BUDGET (GAAP BASIS) AND ACTUAL*

*NONMAJOR GOVERNMENTAL FUND - DEBT SERVICE FUND*

*For the year ended September 30, 2020*

*With comparative totals for the year ended September 30, 2019*

	2020		Variance	2019
	Final Budget	Actual	Positive (Negative)	Actual
<b>REVENUES</b>				
Taxes				
Ad valorem	\$ 726,287	\$ 721,278	\$ (5,009)	\$ 709,460
Investment	6,500	5,832	(668)	15,090
Miscellaneous	48,103	59,523	11,420	59,498
<b>Total revenues</b>	<u>780,890</u>	<u>786,633</u>	<u>5,743</u>	<u>784,048</u>
<b>EXPENDITURES</b>				
Debt service				
Principal retirement	727,163	727,163	-	690,799
Interest and fiscal charges	333,880	432,504	(98,624)	456,409
Paying agent fees and issue costs	800	800	-	800
<b>Total expenditures</b>	<u>1,061,843</u>	<u>1,160,467</u>	<u>(98,624)</u>	<u>1,148,008</u>
Excess (deficiency) of revenues over expenditures	(280,953)	(373,834)	(92,881)	(363,960)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	286,653	286,653	-	326,302
<b>Total other financing sources (uses)</b>	<u>286,653</u>	<u>286,653</u>	<u>-</u>	<u>326,302</u>
Net change in fund balance	\$ <u>5,700</u>	(87,181)	\$ <u>(92,881)</u>	(37,658)
Fund balance at beginning of year		<u>203,016</u>		<u>240,674</u>
<b>Fund balance at end of year</b>		<u>\$ 115,835</u>		<u>\$ 203,016</u>

## NONMAJOR ENTERPRISE FUNDS

**Sanitation Fund** - Accounts for operations of the solid waste removal services provided to the residents of the City through a private company.

**Airport Fund** - Accounts for the operation of the City's airport.

**CITY OF LOCKHART, TEXAS**  
**COMBINING STATEMENT OF NET POSITION**  
**NONMAJOR ENTERPRISE FUNDS**  
September 30, 2020

	<u>Sanitation</u>	<u>Airport</u>	<u>Total</u>
<b>ASSETS</b>			
Current assets			
Cash and cash equivalents	\$ 732,259	\$ 236,009	\$ 968,268
Receivables (net)	<u>296,304</u>	<u>500</u>	<u>296,804</u>
Total current assets	<u>1,028,563</u>	<u>236,509</u>	<u>1,265,072</u>
Noncurrent assets			
Capital assets			
Land and other assets not being depreciated	120,409	72,161	192,570
Buildings, improvements, and equipment (net)	<u>97,542</u>	<u>1,301,922</u>	<u>1,399,464</u>
Total noncurrent assets	<u>217,951</u>	<u>1,374,083</u>	<u>1,592,034</u>
<b>Total assets</b>	<u>1,246,514</u>	<u>1,610,592</u>	<u>2,857,106</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflow related to pension	19,013	-	19,013
Deferred outflow related to OPEB	<u>3,157</u>	<u>-</u>	<u>3,157</u>
<b>Total deferred outflows of resources</b>	<u>22,170</u>	<u>-</u>	<u>22,170</u>
<b>LIABILITIES</b>			
Current liabilities			
Accounts payable	169,469	3,022	172,491
Payroll related payables	7,375	265	7,640
Customer deposits	150	4,725	4,875
Accrued compensated absences	<u>6,332</u>	<u>657</u>	<u>6,989</u>
Total current liabilities	<u>183,326</u>	<u>8,669</u>	<u>191,995</u>
Noncurrent liabilities			
Net pension liability	95,361	-	95,361
OPEB liability	<u>24,058</u>	<u>-</u>	<u>24,058</u>
Total noncurrent liabilities	<u>119,419</u>	<u>-</u>	<u>119,419</u>
<b>Total liabilities</b>	<u>302,745</u>	<u>8,669</u>	<u>311,414</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflow related to pension	36,154	-	36,154
Deferred inflow related to OPEB	<u>1,168</u>	<u>-</u>	<u>1,168</u>
<b>Total deferred inflows of resources</b>	<u>37,322</u>	<u>-</u>	<u>37,322</u>
<b>NET POSITION</b>			
Net investment in capital assets	217,951	1,374,083	1,592,034
Unrestricted	<u>710,666</u>	<u>227,840</u>	<u>938,506</u>
<b>Total net position</b>	<u>\$ 928,617</u>	<u>\$ 1,601,923</u>	<u>\$ 2,530,540</u>

**CITY OF LOCKHART, TEXAS****COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION  
NONMAJOR ENTERPRISE FUNDS***For the year ended September 30, 2020*

	<u>Sanitation</u>	<u>Airport</u>	<u>Total</u>
<b>OPERATING REVENUES</b>			
Charges for services	\$ 1,979,065	\$ 82,809	\$ 2,061,874
Miscellaneous	2,798	-	2,798
Total operating revenues	<u>1,981,863</u>	<u>82,809</u>	<u>2,064,672</u>
<b>OPERATING EXPENSES</b>			
Personnel services	258,634	9,822	268,456
Contracts and services	1,299,016	10,021	1,309,037
Materials and supplies	8,956	-	8,956
Maintenance and repairs	5,716	7,349	13,065
Depreciation	20,090	53,415	73,505
Total operating expenses	<u>1,592,412</u>	<u>80,607</u>	<u>1,673,019</u>
<b>Operating income before nonoperating revenues (expenses) and transfers</b>	389,451	2,202	391,653
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Investment income	6,346	2,086	8,432
Gain (loss) on disposition of capital assets	-	2,500	2,500
Noncapital grants and contributions	-	7,443	7,443
Net nonoperating revenues (expenses)	<u>6,346</u>	<u>12,029</u>	<u>18,375</u>
Income (loss) before transfers	395,797	14,231	410,028
Transfers out	<u>(265,303)</u>	<u>-</u>	<u>(265,303)</u>
Change in net position	130,494	14,231	144,725
Net position - beginning	<u>798,123</u>	<u>1,587,692</u>	<u>2,385,815</u>
<b>Net position - ending</b>	<u>\$ 928,617</u>	<u>\$ 1,601,923</u>	<u>\$ 2,530,540</u>

**CITY OF LOCKHART, TEXAS**  
**COMBINING STATEMENT OF CASH FLOWS**  
**NONMAJOR ENTERPRISE FUNDS**  
For the year ended September 30, 2020

	Sanitation	Airport	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash received from customers	\$ 1,964,072	\$ 82,519	\$ 2,046,591
Cash payments to suppliers for goods and services	(1,249,607)	(15,349)	(1,264,956)
Cash payments to employees for services	(222,971)	(9,673)	(232,644)
<b>Net cash provided by operating activities</b>	<u>491,494</u>	<u>57,497</u>	<u>548,991</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Noncapital grants and contributions	-	7,443	7,443
Transfers out to other funds	(265,303)	-	(265,303)
<b>Net cash provided (used) by noncapital financing activities</b>	<u>(265,303)</u>	<u>7,443</u>	<u>(257,860)</u>
<b>CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES</b>			
Acquisition of capital assets	(62,529)	(16,290)	(78,819)
Proceeds from sale of capital assets	-	2,627	2,627
<b>Net cash provided (used) by capital financing activities</b>	<u>(62,529)</u>	<u>(13,663)</u>	<u>(76,192)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Investment income	6,346	2,086	8,432
<b>Net cash provided (used) by investing activities</b>	<u>6,346</u>	<u>2,086</u>	<u>8,432</u>
Net increase in cash and cash equivalents	170,008	53,363	223,371
Cash and cash equivalents at beginning of year	562,251	182,646	744,897
<b>Cash and cash equivalents at end of year</b>	<u>\$ 732,259</u>	<u>\$ 236,009</u>	<u>\$ 968,268</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET</b>			
<b>CASH PROVIDED BY OPERATING ACTIVITIES:</b>			
Operating income (loss)	\$ 389,451	\$ 2,202	\$ 391,653
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	20,090	53,415	73,505
Change in assets and liabilities:			
(Increase) decrease in receivables	(17,791)	-	(17,791)
(Increase) decrease in deferred outflow related to pension	27,493	-	27,493
(Increase) decrease in deferred outflow related to OPEB	(2,725)	-	(2,725)
Increase (decrease) in accounts payable	64,081	2,021	66,102
Increase (decrease) in payroll related payables	864	43	907
Increase (decrease) in unearned revenue	-	(290)	(290)
Increase (decrease) in accrued compensated absences	152	106	258
Increase (decrease) in net pension liability	(31,700)	-	(31,700)
Increase (decrease) in OPEB liability	7,260	-	7,260
Increase (decrease) in deferred inflow related to pension	33,922	-	33,922
Increase (decrease) in deferred inflow related to OPEB	397	-	397
<b>Net cash provided by operating activities</b>	<u>\$ 491,494</u>	<u>\$ 57,497</u>	<u>\$ 548,991</u>

## FIDUCIARY FUNDS

**Fiduciary Funds** are used to account for and report assets held in trust for others.

**Private Purpose Trust Funds** - 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.

**Agency Funds** - Custodial in nature and are used to account for the receipt, temporary investment, and remittance of resources to third parties. Because of the nature of these funds, they do not present results of operations or have a measurement focus.

**CITY OF LOCKHART, TEXAS**  
**COMBINING STATEMENT OF NET POSITION**  
**FIDUCIARY FUNDS**  
*September 30, 2020*

	Private Purpose Trusts		Total
	Glosserman Trust	Brock Cabin Trust	
<b>ASSETS</b>			
Cash and cash equivalents	\$ 539	\$ 12	\$ 551
<b>Total assets</b>	<u>539</u>	<u>12</u>	<u>551</u>
<b>LIABILITIES</b>			
Due to others	-	-	-
<b>Total liabilities</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET POSITION</b>			
Held for various purposes	\$ 539	\$ 12	\$ 551



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Agency Funds

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<u>Confiscated Property</u>	<u>Unclaimed Property</u>	<u>Bicycle Helmet</u>	<u>Total</u>
\$ 17,447	\$ 10,002	\$ 1,117	\$ 28,566
<u>\$ 17,447</u>	<u>\$ 10,002</u>	<u>\$ 1,117</u>	<u>\$ 28,566</u>
\$ 17,447	\$ 10,002	\$ 1,117	\$ 28,566
<u>\$ 17,447</u>	<u>\$ 10,002</u>	<u>\$ 1,117</u>	<u>\$ 28,566</u>

**CITY OF LOCKHART, TEXAS****COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION****PRIVATE PURPOSE TRUSTS***For the year ended September 30, 2020*

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	<u>Glosserman Trust</u>	<u>Brock Cabin Trust</u>	<u>Total</u>
<b>ADDITIONS</b>			
Investment income	\$ 5	\$ 4	\$ 9
<b>Total additions</b>	<u>5</u>	<u>4</u>	<u>9</u>
<b>DEDUCTIONS</b>			
Operating expenses	<u>-</u>	<u>1,239</u>	<u>1,239</u>
<b>Total deductions</b>	<u>-</u>	<u>1,239</u>	<u>1,239</u>
Change in net position	5	(1,235)	(1,230)
Net position - beginning	<u>534</u>	<u>1,247</u>	<u>1,781</u>
<b>Net position - ending</b>	<u>\$ 539</u>	<u>\$ 12</u>	<u>\$ 551</u>

**CITY OF LOCKHART, TEXAS**  
**STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**AGENCY FUNDS**  
*For the year ended September 30, 2020*

	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance End of Year</u>
<b>CONFISCATED PROPERTY</b>				
Assets				
Cash and cash equivalents	\$ 11,470	\$ 5,977	\$ -	\$ 17,447
Liabilities				
Due to others	\$ 11,470	\$ 5,977	\$ -	\$ 17,447
<b>UNCLAIMED PROPERTY</b>				
Assets				
Cash and cash equivalents	\$ 9,356	\$ 883	\$ 237	\$ 10,002
Liabilities				
Due to others	\$ 9,356	\$ 883	\$ 237	\$ 10,002
<b>BICYCLE HELMET</b>				
Assets				
Cash and cash equivalents	\$ 1,105	\$ 12	\$ -	\$ 1,117
Liabilities				
Due to others	\$ 1,105	\$ 12	\$ -	\$ 1,117
<b>TOTAL - ALL AGENCY FUNDS</b>				
Assets				
Cash and cash equivalents	\$ 21,931	\$ 6,872	\$ 237	\$ 28,566
<b>Total assets</b>	<u>\$ 21,931</u>	<u>\$ 6,872</u>	<u>\$ 237</u>	<u>\$ 28,566</u>
Liabilities				
Due to others	\$ 21,931	\$ 6,872	\$ 237	\$ 28,566
<b>Total liabilities</b>	<u>\$ 21,931</u>	<u>\$ 6,872</u>	<u>\$ 237</u>	<u>\$ 28,566</u>

## **STATISTICAL SECTION**

## STATISTICAL SECTION

This part of the City's comprehensive annual 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.

<u>Contents</u>	<u>Page</u>
<b>Financial Trends</b> These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.....	106
<b>Revenue Capacity</b> These schedules contain information to help the reader assess the factors affecting the City's ability to generate its property taxes and water and sewer revenues.....	117
<b>Debt Capacity</b> 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 .....	132
<b>Demographic and Economic Information</b> These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and to help make comparisons over time and with other governments.....	137
<b>Operating Information</b> These schedules contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs.....	139

**CITY OF LOCKHART, TEXAS**  
**NET POSITION BY COMPONENT (1)**  
*Last ten fiscal years*

	Fiscal Year			
	2011	2012	2013	2014
<b>Governmental activities</b>				
Net investment in capital assets	\$ 19,526,461	\$ 18,958,675	\$ 18,393,579	\$ 16,591,140
Restricted	1,061,870	910,946	1,162,143	2,123,629
Unrestricted	<u>3,304,898</u>	<u>3,139,585</u>	<u>2,880,516</u>	<u>2,859,520</u>
<b>Total governmental activities net position</b>	<b>\$ <u>23,893,229</u></b>	<b>\$ <u>23,009,206</u></b>	<b>\$ <u>22,436,238</u></b>	<b>\$ <u>21,574,289</u></b>
<b>Business-type activities</b>				
Net investment in capital assets	\$ 10,801,725	\$ 12,161,005	\$ 10,349,284	\$ 10,193,932
Restricted	361,783	363,365	3,449,423	2,924,473
Unrestricted	<u>8,568,802</u>	<u>7,710,870</u>	<u>7,243,346</u>	<u>8,125,881</u>
<b>Total business-type activities net position</b>	<b>\$ <u>19,732,310</u></b>	<b>\$ <u>20,235,240</u></b>	<b>\$ <u>21,042,053</u></b>	<b>\$ <u>21,244,286</u></b>
<b>Primary government</b>				
Net investment in capital assets	\$ 30,328,186	\$ 31,119,680	\$ 28,742,863	\$ 26,785,072
Restricted	1,423,653	1,274,311	4,611,566	5,048,102
Unrestricted	<u>11,873,700</u>	<u>10,850,455</u>	<u>10,123,862</u>	<u>10,985,401</u>
<b>Total primary government activities net position</b>	<b>\$ <u>43,625,539</u></b>	<b>\$ <u>43,244,446</u></b>	<b>\$ <u>43,478,291</u></b>	<b>\$ <u>42,818,575</u></b>

(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.

Fiscal Year

2015	2016	2017	2018	2019	2020
\$ 16,376,825	\$ 15,001,030	\$ 14,162,688	\$ 13,774,228	\$ 12,648,711	\$ 12,104,249
1,211,989	1,093,907	1,141,195	1,396,101	1,571,133	1,603,237
1,328,814	2,137,425	1,886,148	1,823,314	1,972,882	3,267,369
<u>\$ 18,917,628</u>	<u>\$ 18,232,362</u>	<u>\$ 17,190,031</u>	<u>\$ 16,993,643</u>	<u>\$ 16,192,726</u>	<u>\$ 16,974,855</u>
\$ 15,283,769	\$ 15,074,665	\$ 16,507,663	\$ 16,961,238	\$ 17,492,757	\$ 13,434,710
1,023,082	1,071,089	1,163,687	1,421,535	1,661,480	2,034,582
5,315,836	7,979,875	7,489,601	8,791,362	9,434,557	13,521,238
<u>\$ 21,622,687</u>	<u>\$ 24,125,629</u>	<u>\$ 25,160,951</u>	<u>\$ 27,174,135</u>	<u>\$ 28,588,794</u>	<u>\$ 28,990,530</u>
\$ 31,660,594	\$ 30,075,695	\$ 30,670,351	\$ 30,735,466	\$ 30,141,468	\$ 25,538,959
2,235,071	2,164,996	2,304,882	2,817,636	3,232,613	3,637,819
6,644,650	10,117,300	9,375,749	10,614,676	11,407,439	16,788,607
<u>\$ 40,540,315</u>	<u>\$ 42,357,991</u>	<u>\$ 42,350,982</u>	<u>\$ 44,167,778</u>	<u>\$ 44,781,520</u>	<u>\$ 45,965,385</u>

**CITY OF LOCKHART, TEXAS****CHANGES IN NET POSITION (1)**

Last ten fiscal years

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
<b>Governmental activities</b>				
Expenses				
General government	\$ 1,390,295	\$ 1,191,024	\$ 1,952,419	\$ 2,096,530
Public safety	5,790,930	5,599,728	5,550,020	5,584,295
Public works	2,829,285	2,870,543	2,509,328	2,507,776
Health and welfare	5,086	5,834	26,528	6,091
Culture and recreation	807,824	823,923	783,053	771,470
Interest on long-term debt	<u>489,844</u>	<u>456,409</u>	<u>416,095</u>	<u>383,683</u>
Total expenses	<u>11,313,264</u>	<u>10,947,461</u>	<u>11,237,443</u>	<u>11,349,845</u>
Program revenues				
Charges for services				
General government	649,335	527,226	517,628	608,232
Public safety	1,520,339	1,028,070	1,180,320	1,362,136
Public works	-	-	-	-
Health and welfare	-	11,498	-	-
Culture and recreation	30,080	28,384	32,437	27,773
Operating grants and contributions	178,104	842,045	935,161	432,581
Capital grants and contributions	<u>133,700</u>	<u>156,886</u>	<u>157,320</u>	<u>103,808</u>
Total program revenues	<u>2,511,558</u>	<u>2,594,109</u>	<u>2,822,866</u>	<u>2,534,530</u>
Total governmental activities net program expense	(8,801,706)	(8,353,352)	(8,414,577)	(8,815,315)
General revenues and other changes in net position				
Taxes				
Property taxes, general	2,860,273	2,869,130	2,843,226	2,933,089
Property taxes, debt service	542,098	542,274	538,316	555,028
Sales taxes	1,213,592	1,292,841	1,296,151	1,381,748
Franchise taxes	293,304	293,375	308,180	319,982
Other taxes	99,570	104,650	81,614	93,825
Unrestricted investment earnings	14,162	24,992	22,967	18,355
Miscellaneous	351,463	195,425	162,186	505,461
Transfers	<u>2,314,129</u>	<u>2,146,642</u>	<u>2,588,969</u>	<u>2,595,561</u>
Total general revenues and other changes in net position	<u>7,688,591</u>	<u>7,469,329</u>	<u>7,841,609</u>	<u>8,403,049</u>
<b>Total governmental activities change in net position</b>	<u>\$ (1,113,115)</u>	<u>\$ (884,023)</u>	<u>\$ (572,968)</u>	<u>\$ (412,266)</u>



<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
\$ 2,476,203	\$ 1,879,383	\$ 2,083,166	\$ 2,045,364	\$ 2,232,343	\$ 2,455,580
5,626,336	5,230,470	5,086,371	5,401,024	5,799,256	5,703,143
2,448,572	2,586,206	2,644,292	3,084,192	3,552,691	3,153,763
13,489	17,068	22,137	16,326	18,250	144,615
964,757	933,135	1,006,038	1,077,697	1,041,842	1,052,444
<u>612,529</u>	<u>621,121</u>	<u>459,629</u>	<u>441,769</u>	<u>415,242</u>	<u>391,300</u>
<u>12,141,886</u>	<u>11,267,383</u>	<u>11,301,633</u>	<u>12,066,372</u>	<u>13,059,624</u>	<u>12,900,845</u>
1,131,977	191,100	181,313	223,254	601,870	730,384
1,531,653	330,826	334,769	1,005,749	295,192	355,773
-	723,832	549,097	423,575	291,604	358,837
-	-	-	-	-	-
28,878	33,926	32,699	37,991	29,589	8,943
391,200	615,542	202,393	566,039	579,539	1,037,366
<u>-</u>	<u>-</u>	<u>-</u>	<u>278,000</u>	<u>96,263</u>	<u>257,055</u>
<u>3,083,708</u>	<u>1,895,226</u>	<u>1,300,271</u>	<u>2,534,608</u>	<u>1,894,057</u>	<u>2,748,358</u>
(9,058,178)	(9,372,157)	(10,001,362)	(9,531,764)	(11,165,567)	(10,152,487)
2,975,409	3,016,649	3,217,538	3,620,758	3,914,885	4,276,918
561,588	687,845	692,161	704,442	697,336	714,253
1,484,020	1,478,065	1,549,695	1,650,931	1,767,048	1,992,939
325,911	316,353	312,433	357,278	360,589	349,849
106,712	132,234	96,529	106,756	111,841	102,063
23,881	59,851	99,353	190,320	283,700	119,746
493,852	239,590	289,291	192,281	184,509	233,320
<u>2,356,889</u>	<u>2,448,575</u>	<u>2,896,410</u>	<u>3,094,654</u>	<u>3,044,742</u>	<u>3,145,528</u>
<u>8,328,262</u>	<u>8,379,162</u>	<u>9,153,410</u>	<u>9,917,420</u>	<u>10,364,650</u>	<u>10,934,616</u>
\$ <u>(729,916)</u>	\$ <u>(992,995)</u>	\$ <u>(847,952)</u>	\$ <u>385,656</u>	\$ <u>(800,917)</u>	\$ <u>782,129</u>

(continued)

**CITY OF LOCKHART, TEXAS**  
**CHANGES IN NET POSITION (1)**  
*Last ten fiscal years*

	2011	2012	2013	2014
<b>Business-type activities</b>				
Expenses				
Electric	\$ 8,858,995	\$ 8,928,955	\$ 8,722,855	\$ 9,725,877
Water	2,821,798	2,974,676	2,874,616	2,685,091
Wastewater	1,815,146	1,937,230	1,836,078	1,936,142
EMS	-	-	-	-
Sanitation	1,112,592	1,069,763	1,090,003	1,077,505
Airport	76,657	75,469	76,188	79,443
<b>Total expenses</b>	<b>14,685,188</b>	<b>14,986,093</b>	<b>14,599,740</b>	<b>15,504,058</b>
Program revenues				
Charges for services				
Electric	10,599,526	10,678,214	10,388,956	11,521,734
Water	3,400,574	3,193,225	3,050,522	3,100,358
Wastewater	2,038,277	2,065,623	2,108,828	2,188,454
EMS	-	-	-	-
Sanitation	1,315,748	1,323,672	1,349,400	1,332,323
Airport	70,163	70,727	67,799	69,035
Operating grants and contributions	50,251	-	34,606	-
Capital grants and contributions	-	257,900	942,271	37,035
<b>Total program revenues</b>	<b>17,474,539</b>	<b>17,589,361</b>	<b>17,942,382</b>	<b>18,248,939</b>
<b>Total business-type activities net program expense</b>	<b>2,789,351</b>	<b>2,603,268</b>	<b>3,342,642</b>	<b>2,744,881</b>
General revenues and other changes in net position				
Impact fees	67,816	32,398	37,846	218,458
Unrestricted investment earnings	6,848	13,906	15,294	14,881
Miscellaneous	-	-	-	-
Transfers	(2,314,129)	(2,146,642)	(2,588,969)	(2,595,561)
<b>Total general revenues and other changes in net position</b>	<b>(2,239,465)</b>	<b>(2,100,338)</b>	<b>(2,535,829)</b>	<b>(2,362,222)</b>
<b>Total business-type activities change in net position</b>	<b>\$ 549,886</b>	<b>\$ 502,930</b>	<b>\$ 806,813</b>	<b>\$ 382,659</b>
<b>Total primary government change in net position</b>	<b>\$ (563,229)</b>	<b>\$ (381,093)</b>	<b>\$ 233,845</b>	<b>\$ (29,607)</b>

(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.

2015	2016	2017	2018	2019	2020
\$ 9,753,464	\$ 8,664,234	\$ 8,722,211	\$ 9,132,038	\$ 9,242,068	\$ 8,564,816
3,258,446	3,257,979	3,545,084	3,428,101	3,224,639	3,908,621
1,849,338	2,089,407	1,824,111	1,281,066	1,370,942	1,444,482
-	1,230,254	1,289,014	1,334,506	1,383,128	1,407,549
1,166,275	1,215,636	1,345,466	1,461,111	1,553,603	1,592,412
82,646	69,911	76,438	100,130	78,258	80,607
<u>16,110,169</u>	<u>16,527,421</u>	<u>16,802,324</u>	<u>16,736,952</u>	<u>16,852,638</u>	<u>16,998,487</u>
12,039,498	10,974,720	11,444,388	12,238,369	12,193,929	11,039,153
3,090,312	3,100,239	3,287,603	3,336,689	3,267,558	3,555,391
2,195,102	2,265,298	2,578,386	2,339,875	2,278,003	2,277,346
-	2,007,847	1,354,810	1,438,174	978,097	1,071,931
1,402,428	1,464,121	1,593,359	1,708,812	1,872,719	1,981,863
68,520	68,927	71,489	71,433	89,059	82,809
11,821	-	7,016	24,925	68,272	44,680
-	1,042,796	195,261	-	-	23,750
<u>18,807,681</u>	<u>20,923,948</u>	<u>20,532,312</u>	<u>21,158,277</u>	<u>20,747,637</u>	<u>20,076,923</u>
2,697,512	4,396,527	3,729,988	4,421,325	3,894,999	3,078,436
255,462	263,817	83,585	244,561	195,808	296,093
21,733	61,357	118,159	236,101	368,594	164,183
6,858	-	-	23,598	-	8,552
<u>(2,356,889)</u>	<u>(2,448,575)</u>	<u>(2,896,410)</u>	<u>(3,094,654)</u>	<u>(3,044,742)</u>	<u>(3,145,528)</u>
<u>(2,072,836)</u>	<u>(2,123,401)</u>	<u>(2,694,666)</u>	<u>(2,590,394)</u>	<u>(2,480,340)</u>	<u>(2,676,700)</u>
\$ <u>624,676</u>	\$ <u>2,273,126</u>	\$ <u>1,035,322</u>	\$ <u>1,830,931</u>	\$ <u>1,414,659</u>	\$ <u>401,736</u>
\$ <u>(105,240)</u>	\$ <u>1,280,131</u>	\$ <u>187,370</u>	\$ <u>2,216,587</u>	\$ <u>613,742</u>	\$ <u>1,183,865</u>

(concluded)

**CITY OF LOCKHART, TEXAS**

*FUND BALANCES, GOVERNMENTAL FUNDS (1)*

*Last ten fiscal years*

	Fiscal Year			
	2011	2012	2013	2014
General Fund				
Nonspendable				
Prepaid items	\$ 14,428	\$ 19,180	\$ 20,452	\$ 19,116
Inventory	34,896	31,110	32,669	19,327
Restricted	-	94,718	92,510	166,141
Committed	941,384	794,336	745,659	742,680
Unassigned	1,902,921	2,126,968	2,456,454	2,655,076
Total general fund	<u>\$ 2,893,629</u>	<u>\$ 3,066,312</u>	<u>\$ 3,347,744</u>	<u>\$ 3,602,340</u>
All Other Governmental Funds				
Nonspendable				
Prepaid items	\$ -	\$ -	\$ -	\$ 10,373
Restricted				
Retirement of long-term debt	605,361	499,163	515,468	429,226
Special revenue funds	522,734	473,266	590,589	690,237
General government	-	-	-	-
Tourism	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Various capital projects	4,220,049	3,197,595	2,122,420	838,025
Unassigned	-	-	-	-
Total all other governmental funds	<u>\$ 5,348,144</u>	<u>\$ 4,170,024</u>	<u>\$ 3,228,477</u>	<u>\$ 1,967,861</u>

(1) Modified accrual basis of accounting

Fiscal Year					
2015	2016	2017	2018	2019	2020
\$ 23,103	\$ 15,728	\$ 23,642	\$ 37,870	\$ 30,627	\$ 27,327
14,578	13,699	11,272	11,563	13,572	9,350
91,955	-	-	-	-	-
602,435	604,252	609,054	553,877	574,446	308,539
<u>3,196,967</u>	<u>3,423,228</u>	<u>3,897,547</u>	<u>4,451,131</u>	<u>5,103,853</u>	<u>6,673,086</u>
<u>\$ 3,929,038</u>	<u>\$ 4,056,907</u>	<u>\$ 4,541,515</u>	<u>\$ 5,054,441</u>	<u>\$ 5,722,498</u>	<u>\$ 7,018,302</u>
\$ 2,673	\$ 4,512	\$ 680	\$ 2,765	\$ -	\$ 79,393
362,919	278,089	285,621	240,674	203,016	115,835
757,115	-	-	-	-	-
-	627,417	664,319	35,067	46,502	59,773
-	8,248	8,485	2,721	6,637	64,016
-	180,153	206,068	227,044	206,600	179,496
-	-	-	903,976	1,073,692	1,063,841
8,386,106	6,792,536	5,160,201	4,531,457	3,437,195	2,914,631
-	-	-	-	(3,523)	(403,347)
<u>\$ 9,508,813</u>	<u>\$ 7,890,955</u>	<u>\$ 6,325,374</u>	<u>\$ 5,943,704</u>	<u>\$ 4,970,119</u>	<u>\$ 4,073,638</u>

**CITY OF LOCKHART, TEXAS**

*CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS (1)*

*Last ten fiscal years*

	Fiscal Year			
	2011	2012	2013	2014
<b>Revenues</b>				
Property taxes	\$ 3,371,583	\$ 3,402,052	\$ 3,381,542	\$ 3,488,117
Sales and other taxes	1,606,466	1,690,866	1,697,976	1,795,555
Fines, fees and forfeitures	1,669,314	1,725,665	1,099,975	824,213
Licenses and permits	92,987	61,138	63,152	147,923
Intergovernmental and grants	585,165	655,203	544,888	381,406
Charges for services	-	45,155	812,579	1,103,401
Investment	14,162	24,991	23,005	18,355
Miscellaneous	446,946	602,542	739,044	502,274
<b>Total revenues</b>	<u>7,786,623</u>	<u>8,207,612</u>	<u>8,362,161</u>	<u>8,261,244</u>
<b>Expenditures</b>				
Current				
General government	1,160,275	1,134,953	1,947,463	1,955,191
Public safety	5,618,557	5,426,686	5,425,960	5,639,925
Public works	1,459,776	1,611,562	974,409	1,006,216
Health and welfare	4,745	5,434	26,176	5,739
Culture and recreation	753,617	772,519	782,139	737,113
Capital outlay	490,958	1,033,268	1,088,877	1,334,223
Debt service				
Principal retirement	927,393	914,253	945,374	795,796
Interest and fiscal charges	494,805	460,616	420,448	388,222
Paying agent and issue costs	400	400	400	400
<b>Total expenditures</b>	<u>10,910,526</u>	<u>11,359,691</u>	<u>11,611,246</u>	<u>11,862,825</u>
<b>Excess (deficiency) of revenues over expenditures</b>	(3,123,903)	(3,152,079)	(3,249,085)	(3,601,581)
<b>Other financing sources (uses)</b>				
Debt issued	-	-	-	-
Premium on issuance of bonds	-	-	-	-
Payment to escrow	-	-	-	-
Transfers in	3,326,029	2,674,959	3,393,219	3,143,246
Transfers out	(1,011,900)	(528,317)	(804,250)	(547,685)
<b>Total other financing sources (uses)</b>	<u>2,314,129</u>	<u>2,146,642</u>	<u>2,588,969</u>	<u>2,595,561</u>
<b>Change in fund balances</b>	<u>\$ (809,774)</u>	<u>\$ (1,005,437)</u>	<u>\$ (660,116)</u>	<u>\$ (1,006,020)</u>
<b>Debt service as a percentage of noncapital expenditures</b>	<u>13.95%</u>	<u>14.02%</u>	<u>13.58%</u>	<u>11.90%</u>

(1) Modified accrual basis of accounting

Fiscal Year					
2015	2016	2017	2018	2019	2020
\$ 3,531,590	\$ 3,757,254	\$ 3,971,301	\$ 4,352,825	\$ 4,676,453	\$ 5,028,375
1,916,643	1,921,425	1,990,221	2,114,965	2,239,478	2,444,852
1,021,043	1,115,233	927,273	1,227,557	1,127,998	1,190,406
288,438	173,641	125,761	192,622	142,721	243,196
391,200	184,438	202,393	458,624	554,354	866,355
1,383,027	-	-	-	2,200	2,200
23,881	59,851	99,353	190,320	283,700	119,746
493,852	550,390	288,003	323,296	275,443	223,199
<u>9,049,674</u>	<u>7,762,232</u>	<u>7,604,305</u>	<u>8,860,209</u>	<u>9,302,347</u>	<u>10,118,329</u>
1,946,091	1,853,485	1,847,858	1,933,687	2,107,937	2,333,952
5,767,328	4,680,022	4,751,069	5,212,519	5,631,506	5,579,302
930,794	1,069,441	1,168,180	1,727,405	1,601,001	1,948,585
11,970	12,138	17,207	11,396	13,320	139,685
880,443	834,815	890,047	949,731	912,739	1,150,716
665,475	1,589,287	1,818,019	828,872	1,238,106	551,827
358,092	855,322	587,160	601,470	690,799	727,163
825,385	566,342	500,948	483,207	456,409	432,504
132,458	151,889	1,200	1,000	800	800
<u>11,518,036</u>	<u>11,612,741</u>	<u>11,581,688</u>	<u>11,749,287</u>	<u>12,652,617</u>	<u>12,864,534</u>
(2,468,362)	(3,850,509)	(3,977,383)	(2,889,078)	(3,350,270)	(2,746,205)
7,700,735	4,887,402	-	-	-	-
278,388	593,157	-	-	-	-
-	(5,455,484)	-	-	-	-
2,958,448	3,451,810	3,440,098	3,688,600	3,796,267	4,360,894
(601,559)	(1,003,235)	(543,688)	(593,946)	(751,525)	(1,215,366)
<u>10,336,012</u>	<u>2,473,650</u>	<u>2,896,410</u>	<u>3,094,654</u>	<u>3,044,742</u>	<u>3,145,528</u>
\$ <u>7,867,650</u>	\$ <u>(1,376,859)</u>	\$ <u>(1,080,973)</u>	\$ <u>205,576</u>	\$ <u>(305,528)</u>	\$ <u>399,323</u>
<u>10.91%</u>	<u>14.68%</u>	<u>11.64%</u>	<u>10.42%</u>	<u>10.23%</u>	<u>10.14%</u>

**CITY OF LOCKHART, TEXAS****TAX REVENUES BY SOURCE, GOVERNMENTAL FUNDS (1)***Last ten fiscal years*

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<u>Fiscal Year</u>	<u>Ad Valorem</u>	<u>Penalty and Interest</u>	<u>Sales</u>	<u>Franchise</u>	<u>Hotel/Motel</u>	<u>Other</u>	<u>Total</u>
2011	\$ 3,331,978	\$ 39,605	\$ 1,213,592	\$ 293,304	\$ 88,250	\$ 11,320	\$ 4,978,049
2012	3,351,984	50,068	1,292,841	293,375	93,052	11,598	5,092,918
2013	3,333,978	47,564	1,293,019	308,180	81,614	15,163	5,079,518
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

(1) Modified accrual basis of accounting



**CITY OF LOCKHART, TEXAS**

*ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY*

*Last ten fiscal years*

Fiscal Year	Tax Roll	Real Property				Minerals	Less: Tax Exempt Real Property	Total Taxable Assessed Value Before Freeze
		Residential Property	Non-Residential Property	Personal Property				
2011	2010	\$ 409,176,284	\$ 126,629,089	\$ 55,479,950	\$ 10,290	\$ 106,020,524	\$ 485,275,089	
2012	2011	410,135,248	128,443,852	54,648,590	23,060	115,156,405	478,094,345	
2013	2012	416,425,765	129,671,339	46,217,410	14,400	114,848,768	477,480,146	
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	

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

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<u>Total Freeze Taxable</u>	<u>Freeze Adjusted Taxable</u>	<u>Total Direct Tax Rate</u>	<u>Estimated Tax Value Before Freeze Ceiling</u>	<u>Freeze Ceiling</u>	<u>Estimated Tax Value Including Freeze Ceiling</u>	<u>Assessed Value as a Percentage of Actual Value</u>
\$ (66,589,508)	\$ 418,685,581	\$ 0.7292	\$ 3,053,055	\$ (386,607)	\$ 2,666,448	100.00%
(68,288,668)	409,805,677	0.7228	2,962,075	(410,114)	2,551,961	100.00%
(64,845,430)	412,634,716	0.7227	2,982,111	(394,028)	2,588,083	100.00%
(68,854,298)	425,679,589	0.7227	3,076,386	(431,018)	2,645,368	100.00%
(74,867,624)	421,708,404	0.7227	3,047,687	(480,236)	2,567,451	100.00%
(73,449,458)	445,394,699	0.7333	3,266,079	(466,371)	2,799,708	100.00%
(82,590,348)	450,529,640	0.7333	3,303,734	(536,304)	2,767,430	100.00%
(99,921,193)	510,142,716	0.7260	3,703,636	(604,104)	3,099,532	100.00%
(102,926,905)	567,791,814	0.7107	4,035,296	(593,298)	3,441,998	100.00%
(118,099,443)	613,769,738	0.6842	4,199,413	(839,333)	3,360,080	100.00%

**CITY OF LOCKHART, TEXAS****DIRECT AND OVERLAPPING PROPERTY TAX RATES****PER \$100 OF ASSESSED VALUE***Last ten fiscal years*

Fiscal Year	City Direct Rates			Overlapping Rates					
	Debt Service	General Fund	Total	Lockhart ISD	Plum Creek Underground Water	Plum Creek Conservation District	Caldwell County	Farm to Market Rd	Total
2011	\$ 0.1160	\$ 0.6132	\$ 0.7292	\$ 1.1948	\$ 0.0195	\$ 0.0195	\$ 0.6909	\$ 0.0001	\$ 1.9248
2012	0.1150	0.6078	0.7228	1.1882	0.0200	0.0200	0.6908	0.0001	1.9191
2013	0.1150	0.6077	0.7227	1.1868	0.0210	0.0210	0.6907	0.0001	1.9196
2014	0.1150	0.6077	0.7227	1.1795	0.0220	0.0220	0.6906	0.0001	1.9142
2015	0.1150	0.6077	0.7227	1.4291	0.0220	0.0220	0.6905	0.0001	2.1637
2016	0.1366	0.5967	0.7333	1.3305	0.0215	0.0225	0.7174	0.0001	2.0920
2017	0.1300	0.6033	0.7333	1.3324	0.0215	0.0230	0.7752	0.0001	2.1522
2018	0.1183	0.6077	0.7260	1.3324	0.0214	0.0232	0.7752	0.0001	2.1523
2019	0.1076	0.6031	0.7107	1.3324	0.0214	0.0232	0.7752	0.0001	2.1523
2020	0.0980	0.5862	0.6842	1.2624	0.0207	0.0225	0.7430	0.0001	2.0487

SOURCE: Caldwell County Tax Office

**CITY OF LOCKHART, TEXAS***PRINCIPAL PROPERTY TAXPAYERS**(UNAUDITED)**Current Year and Nine Years Ago*

2020		
Taxpayer	Taxable Assessed Valuation	Percentage of Total City Taxable Assessed Valuation
Wal-Mart Stores Texas	\$ 10,256,860	1.40%
Economy Realty, LTD	7,986,370	1.09%
Stanton XT VRH Holdings	7,233,980	0.99%
LCRA Transmission Group	6,218,550	0.85%
H.E.B. Grocery	5,413,450	0.74%
Lockhart DMA Housing LLC	5,412,220	0.74%
Lockhart Village Partners	4,004,560	0.55%
Wal-Mart Properties, Inc.	4,000,000	0.55%
Dormae Products, Inc.	3,412,660	0.47%
Boyd Lockhart RE LLC	3,126,120	0.43%
	<u>\$ 57,064,770</u>	<u>7.81%</u>

2011		
Taxpayer	Taxable Assessed Valuation	Percentage of Total City Taxable Assessed Valuation
TJ Lambert Construction	\$ 7,407,220	1.53%
Dormae Products, Inc.	4,357,500	0.90%
Lockhart DMA Housing LLC	3,982,460	0.83%
LCRA Transmission Svc Corp	3,592,760	0.75%
H.E.B. Grocery	3,547,240	0.72%
Wal-Mart Properties, Inc.	3,136,970	0.63%
Caterpillar Financial	2,881,000	0.56%
Tri-State Facilities Lockhart, LLC	2,808,410	0.53%
Economy Realty LTD	6,561,300	1.08%
Lockhart Place	2,323,080	0.35%
	<u>\$ 40,597,940</u>	<u>7.88%</u>

SOURCE: Caldwell County Appraisal District

**CITY OF LOCKHART, TEXAS**  
**PROPERTY TAX LEVIES AND COLLECTIONS**  
*Last ten fiscal years*

<u>Fiscal Year</u>	<u>Taxes Levied for the Fiscal Year (Original Levy)</u>	<u>Adjustments</u>	<u>Total Adjusted Levy</u>	<u>Collections within the Fiscal Year of the Levy</u>	
				<u>Amount</u>	<u>Percentage of Levy</u>
2011	\$ 3,425,914	\$ (62,055)	\$ 3,363,859	\$ 3,258,658	96.87%
2012	3,358,174	(1,511)	3,356,663	3,260,872	97.15%
2013	3,358,263	(12,721)	3,345,542	3,254,196	97.27%
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	(4,329)	3,708,327	3,620,368	97.63%
2017	3,896,845	(18,278)	3,878,567	3,798,713	97.94%
2018	4,295,180	38,590	4,333,770	4,226,010	97.51%
2019	4,608,371	(11,053)	4,597,318	4,515,714	98.22%
2020	5,013,498	(12,231)	5,001,267	4,881,568	97.61%

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

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Collections in Subsequent Years	Total Collections to Date	
	Amount	Percentage of Levy
\$ 96,554	\$ 3,355,212	99.74%
85,078	3,345,950	99.68%
79,406	3,333,602	99.64%
67,807	3,417,882	99.63%
78,770	3,491,711	99.54%
71,450	3,691,818	99.55%
56,099	3,854,812	99.39%
74,742	4,300,752	99.24%
30,288	4,546,002	98.88%
-	4,881,568	97.61%

**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
2011	116,507,675	108,976,737	7,530,938	6%	\$ 10.00	\$ 0.0202
2012	112,093,344	97,543,951	14,549,393	13%	10.00	0.0202
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	0.01896
2017	114,910,305	104,995,443	9,914,862	9%	22.20	0.01896
2018	122,944,319	114,446,577	8,497,742	7%	22.60	0.02156
2019	122,837,459	114,115,638	8,721,821	7%	23.10	0.02156
2020	120,845,231	112,276,873	8,568,358	7%	23.10	0.02156

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

**CITY OF LOCKHART, TEXAS**

*ELECTRIC RATES*

*Last ten fiscal years*

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	Fiscal Year			
	2011	2012	2013	2014
Electric Rates (per KWH)				
Base Rate	\$ 10.00	\$ 10.00	\$ 10.82	\$ 10.82
Electric Usage Rate				
0 - 1,200 kwh	0.02020	0.02020	0.02020	0.02020
1,201 +	0.02910	0.02910	0.02910	0.02910
+ all kwh	-	-	-	-

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



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Fiscal Year					
2015	2016	2017	2018	2019	2020
\$ 10.82	\$ 11.32	\$ 22.20	\$ 22.60	\$ 23.10	\$ 23.10
0.02020	0.01896	0.01896	0.02156	0.02156	0.02156
0.02910	0.03250	0.03250	0.03510	0.03510	0.03510
-	0.00225	0.00225	0.00225	0.00225	0.00225

**CITY OF LOCKHART, TEXAS**

*TEN LARGEST ELECTRIC CUSTOMERS*

*(UNAUDITED)*

*Current Year and Nine Years Ago*

2020

<u>Customer</u>	<u>Type of Business</u>	<u>12-Month Electric Consumption per kWh</u>	<u>Percent of Total Billed</u>
MTC/Lockhart Correctional Facility	Private Public Safety	3,724,960	3.29%
H.E.B. Stores	Retail	2,578,000	2.28%
Pure Castings	Retail	2,152,500	1.90%
Livingood Feeds	Retail	1,327,500	1.17%
Caldwell County Jail	Government	1,125,000	0.99%
G.B.R.A.	Service	1,106,640	0.98%
Lockhart High School	Public School	1,074,000	0.95%
Dormae/Serta Products	Production	1,030,200	0.91%
City of Lockhart Parks	Government	1,011,300	0.89%
Bluebonnet Elementary	Public School	983,250	0.87%

2011

<u>Customer</u>	<u>Type of Business</u>	<u>12-Month Electric Consumption per kWh</u>	<u>Percent of Total Billed</u>
H.E.B. Stores	Retail	2,574,900	2.56%
Dormae/Serta Products	Production	1,423,800	1.41%
Caldwell County Jail	Government	1,401,000	1.39%
G.B.R.A.	Service	1,213,800	1.21%
Livingood Feeds	Retail	1,149,300	1.14%
Lockhart High School	Public School	1,033,200	1.03%
Pinnacle Health	Healthcare	999,840	0.99%
Henderson Controls	Retail	828,000	0.82%
Bluebonnet Elementary	Public School	654,300	0.65%
Kinlock, LLC DBA McDonalds	Service	590,040	0.59%

**CITY OF LOCKHART, TEXAS**

*WATER PRODUCED AND CONSUMED AND WASTEWATER TREATED*

*Last ten fiscal years*

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<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>
2011	608	550	58	10%	416
2012	589	514	75	13%	481
2013	546	465	81	15%	398
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

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".

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Total Direct Rate			
Water		Sewer	
Base Rate	Usage Rate	Base Rate	Usage Rate
\$ 20.75	\$ 3.90	\$ 14.16	\$ 4.67
20.75	3.90	14.16	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
22.10	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

**CITY OF LOCKHART, TEXAS****WATER AND SEWER RATES***Last ten fiscal years*

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	Fiscal Year			
	2011	2012	2013	2014
Water Rates (per 2,000 gallons)				
Base Rate	\$ 20.75	\$ 20.75	\$ 22.10	\$ 22.10
Water Usage Rate				
2,001-6,000	3.90	3.90	3.90	3.90
6,001-8,000	4.15	4.15	4.15	4.15
8,001-10,000	4.40	4.40	4.40	4.40
>10,001	5.15	5.15	5.15	5.15
Sewer Rates (per 2,000 gallons)				
Base Rate	14.16	14.16	15.51	15.51
Sewer Usage Rate				
>2,000	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.

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Fiscal Year					
2015	2016	2017	2018	2019	2020
\$ 22.10	\$ 22.10	\$ 22.10	\$ 22.60	\$ 23.10	\$ 23.60
3.90	3.90	3.90	4.50	4.80	4.80
4.15	4.15	4.15	4.75	5.05	5.05
4.40	4.40	4.40	5.00	5.30	5.30
5.15	5.15	5.15	5.75	6.05	6.05
15.51	15.51	15.51	15.51	15.51	15.51
4.67	4.67	4.67	4.67	4.67	4.67

**CITY OF LOCKHART, TEXAS***TEN LARGEST WATER CUSTOMERS**(UNAUDITED)**Current Year and Nine Years Ago*

2020			
<u>Customer</u>	<u>Type of Business</u>	<u>12-Month Water Consumption</u>	<u>Percent of Total Billed</u>
MTC/Lockhart Correctional Facility	Private Public Safety	54,841	30.64%
Caldwell County Jail	Government	8,902	4.97%
Pinnacle Health Facility	Healthcare	5,180	2.89%
City of Lockhart Airport	Government	4,089	2.28%
Federal Housing - Landing	Government	3,952	2.21%
Wal-Mart Store	Retail	3,082	1.72%
Plum Creek Hospitality	Hospitality	2,965	1.66%
Hill Country Foodworks	Manufacturing	2,718	1.52%
Brite & Shiny Carwash	Service	2,563	1.43%
Town Laundromat	Service	2,062	1.15%
2011			
<u>Customer</u>	<u>Type of Business</u>	<u>12-Month Water Consumption</u>	<u>Percent of Total Billed</u>
Caldwell County Jail	Government	7,931	4.78%
Lockhart High School Track	Public School	6,437	3.88%
Lockhart ISD	Public School	4,811	2.90%
Pinnacle Health Facility	Healthcare	4,765	2.87%
Diversicare Corporation	Healthcare	2,026	1.22%
Federal Housing - Landing	Government	1,879	1.13%
JAADI Corporation	Hospitality	1,689	1.02%
G&G Laundromat	Service	1,612	0.97%
TXI Operations, LP	Service	1,555	0.94%
Brite & Shiny Carwash	Service	1,523	0.92%

**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	Direct Borrowing Capital Leases	Plus: Issuance Premiums	Certificates of Obligation	General Obligation Bonds
2011	\$ 8,552,366	\$ 2,227,282	\$ 352,141	\$ -	\$ 382,634	\$ 5,202,718
2012	8,225,979	1,812,396	179,161	-	319,021	4,577,604
2013	7,889,937	1,382,225	-	-	250,061	3,927,775
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

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



Business-type Activities					
Direct Borrowings		Plus: Issuance Premiums	Total Primary Government	Percentage of Personal Income	Per Capita
Capital Leases	State Infrastructure Loan				
\$ 2,429,499	\$ -	\$ -	\$ 19,146,640	4.8%	\$ 1,509
2,111,646	-	3,054	17,228,861	4.3%	1,358
1,766,382	3,600,000	2,036	18,818,416	4.7%	1,483
1,420,920	3,459,070	1,018	16,791,007	4.2%	1,323
1,045,473	3,314,617	324,792	31,958,269	8.0%	2,519
643,534	3,166,553	500,572	30,366,463	7.5%	2,393
219,939	3,014,787	468,308	28,772,327	6.9%	2,268
104,350	2,859,227	436,047	27,442,406	6.0%	1,971
86,958	2,699,779	403,786	26,156,794	5.7%	1,879
69,566	2,536,344	371,510	24,817,178	8.5%	1,782

**CITY OF LOCKHART, TEXAS***RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING**Last ten fiscal years*

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Fiscal Year	General Bonded Debt Outstanding				Debt Service Monies Available
	Certificates of Obligation	General Obligation Bonds	Plus: Issuance Premiums	Total	
2011	\$ 8,552,366	\$ 2,227,282	\$ -	\$ 10,779,648	\$ 650,361
2012	8,225,979	1,812,396	-	10,038,375	499,163
2013	7,889,937	1,382,225	-	9,272,162	515,468
2014	7,539,595	936,771	-	8,476,366	429,226
2015	14,875,686	476,031	278,388	15,630,105	362,919
2016	9,381,395	4,887,402	835,806	15,104,603	278,089
2017	8,794,235	4,887,052	774,293	14,455,580	285,621
2018	8,192,765	4,887,052	712,782	13,792,599	240,674
2019	7,707,775	4,681,243	651,271	13,040,289	203,016
2020	7,208,875	4,452,980	589,760	12,251,615	115,835

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

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<u>Net Bonded Debt</u>	<u>Percentage of Actual Taxable Value of Property</u>	<u>Per Capita</u>
\$ 10,129,287	2.12%	\$ 798
9,539,212	2.00%	752
8,756,694	1.77%	690
8,047,140	1.62%	634
15,267,186	2.94%	1,203
14,826,514	2.78%	1,168
14,169,959	2.32%	1,117
13,551,925	2.22%	973
12,837,273	1.91%	922
12,135,780	1.66%	872

**CITY OF LOCKHART, TEXAS**

*DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
(UNAUDITED)*

September 30, 2020

	<u>Gross Debt Outstanding</u>		<u>Percentage Applicable to City</u>	<u>Amount Applicable to City</u>
	<u>Date</u>	<u>Amount</u>		
Direct Debt:				
City of Lockhart	9/30/2020	<u>\$ 12,251,615</u>	100.00%	<u>\$ 12,251,615</u>
Overlapping Debt:				
Caldwell County	9/30/2020	18,660,000	30.86%	5,758,476
Lockhart Independent School District	6/30/2020	<u>65,954,961</u>	47.67%	<u>31,440,730</u>
Total Overlapping Debt		<u>84,614,961</u>		<u>37,199,206</u>
Total		<u>\$ 96,866,576</u>		<u>\$ 49,450,821</u>

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: Municipal Advisory Council of Texas

**CITY OF LOCKHART, TEXAS***DEMOGRAPHIC AND ECONOMIC STATISTICS**(UNAUDITED)**Last ten fiscal years*


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<u>Fiscal Year</u>	<u>(1) Population</u>	<u>Personal Income</u>	<u>(2) Per Capita Personal Income</u>	<u>(3) School Enrollment</u>	<u>(4) Unemployment Rate</u>
2011	12,689	\$ 398,637,624	\$ 31,416	4,767	7.4%
2012	12,689	398,637,624	31,416	4,968	6.4%
2013	12,689	398,637,624	31,416	5,130	5.3%
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%

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)

**CITY OF LOCKHART, TEXAS**

*PRINCIPAL EMPLOYERS*

*(UNAUDITED)*

*Current Year and Nine Years Ago*

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2020		
<u>Employer</u>	<u>Employees</u>	<u>Percentage of Total City Employment</u>
Lockhart ISD	661	3.47%
Serta/Dormae Products	174	0.90%
The GEO Group, Inc.	159	0.83%
Pegasus	151	0.79%
H E Butt Grocery	147	0.77%
City of Lockhart	143	0.75%
Wal-Mart	117	0.61%
Golden Age Home	110	0.58%
Chisolm Trail Rehab Center	76	0.40%
Livengood Feed	<u>64</u>	<u>0.34%</u>
	<u>1,802</u>	<u>9.46%</u>

2011		
<u>Employer</u>	<u>Employees</u>	<u>Percentage of Total City Employment</u>
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	<u>64</u>	<u>0.32%</u>
	<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	Fiscal Year			
	2011	2012	2013	2014
General government				
City manager	4.0	3.0	3.0	3.0
City secretary	1.0	1.0	1.0	1.0
Finance	5.0	5.0	5.0	5.0
Municipal court	5.0	5.0	5.0	5.0
Library	9.0	8.0	9.0	9.0
Parks and recreation	7.0	7.0	7.0	6.0
Code enforcement	2.0	2.0	3.0	2.0
Planning and development	5.0	5.0	3.0	4.0
Public safety				
Police	25.0	24.0	26.0	25.0
Communications	10.0	9.0	11.0	10.0
Fire	25.0	18.0	19.0	19.0
Public works				
Public works	3.0	3.0	3.0	3.0
Animal control	7.0	7.0	6.0	6.0
Garage	4.0	4.0	3.0	3.0
Streets	11.0	11.0	12.0	10.0
Electric				
Utility billing	5.0	5.0	6.0	6.0
Utility distribution	9.0	8.0	8.0	7.0
Water/wastewater				
Water operations	6.0	6.0	6.0	6.0
Sewer operations	1.0	1.0	1.0	2.0
Sanitation				
Operations	-	2.0	2.0	1.0
Economic Development	2.0	1.0	2.0	1.0
EMS	29.0	32.0	-	-
<b>Total</b>	<b>175.0</b>	<b>167.0</b>	<b>141.0</b>	<b>134.0</b>

Fiscal Year					
2015	2016	2017	2018	2019	2020
3.0	4.0	4.0	5.0	5.0	5.0
1.0	1.0	1.0	1.0	1.0	1.0
5.0	5.0	5.0	4.0	5.0	5.0
5.0	5.0	4.0	4.0	4.0	4.0
9.0	10.0	9.0	9.0	9.0	9.0
7.0	7.0	7.0	7.0	8.0	8.0
2.0	3.0	3.0	3.0	3.0	3.0
4.0	4.0	4.0	4.0	4.0	4.0
25.0	25.0	28.0	30.0	29.0	27.0
8.0	9.0	9.0	10.0	9.0	9.0
16.0	18.0	15.0	14.0	14.0	13.0
3.0	3.0	3.0	2.0	2.0	2.0
5.0	8.0	8.0	8.0	7.0	6.0
3.0	3.0	3.0	3.0	3.0	3.0
14.0	13.0	12.0	12.0	12.0	12.0
6.0	6.0	5.0	6.0	6.0	6.0
9.0	9.0	9.0	8.0	9.0	9.0
5.0	5.0	5.0	5.0	6.0	6.0
2.0	3.0	3.0	4.0	3.0	3.0
1.0	2.0	2.0	2.0	2.0	2.0
2.0	1.0	2.0	2.0	2.0	2.0
-	-	-	-	-	-
<u>135.0</u>	<u>144.0</u>	<u>141.0</u>	<u>143.0</u>	<u>143.0</u>	<u>139.0</u>



**CITY OF LOCKHART, TEXAS**

*OPERATING INDICATORS BY FUNCTION/PROGRAM*

*Last ten fiscal years*

Function/Program	Fiscal Year			
	2011	2012	2013	2014
General government				
Building permits issued	646	332	345	681
Building inspections conducted	2,049	1,872	1,934	2,433
Public safety				
Police				
Physical arrests	713	648	652	417
Traffic violations	2,893	4,335	3,396	3,372
Fire				
Fire calls	1,731	1,825	1,918	2,111
Public works				
Streets (miles)	65	65	65	65
Culture and recreation				
Parks and recreation				
Park rental	147	120	114	106
Swimming pool				
Single admissions	10,748	8,762	7,624	5,304
Party rentals	64	51	49	47
Electric				
New connections	11	1	10	18
Average daily consumption (kwh)	298,566	267,244	269,970	282,652
Water and wastewater				
Water				
New connections/taps	10	20	21	149
Average daily consumption	1.51 mgd	1.41 mgd	1.27 mgd	1.31 mgd
Peak daily consumption	2.478 mgd	2.625 mgd	2.220 mgd	2.360 mgd
Wastewater				
Average daily sewage treatment	1.14 mgd	1.32 mgd	1.09 mgd	1.13 mgd
EMS				
Ambulance loads	*	*	2,670	2,772

NOTES: \* EMS Ambulance loads not available 2011-2012; EMS was operated by Seton Health Care  
 Increase in building permits issued and electric connections in 2020 are due to new subdivisions and apartments.  
 Increase in streets in 2020 is due to the completion of roadways associated with SH130 and new subdivisions.

Fiscal Year					
2015	2016	2017	2018	2019	2020
604	647	495	444	542	839
1,784	1,613	1,716	2,179	2,282	1,703
398	628	596	934	862	451
1,701	2,149	3,251	5,708	6,281	4,041
1,564	1,386	1,501	1,356	1,406	1,361
65	65	65	65	66	100
75	91	107	73	85	32
7,529	8,554	8,289	6,883	6,596	-
35	50	34	32	33	-
7	9	11	18	23	49
285,401	279,093	287,659	313,552	312,646	307,607
62	139	56	78	61	50
1.30 mgd	1.26 mgd	1.18 mgd	1.32 mgd	1.26 mgd	1.305 mgd
2.192 mgd	2.075 mgd	2.118 mgd	2.263 mgd	2.160 mgd	2.200 mgd
1.32 mgd	1.34 mgd	1.24 mgd	1.09 mgd	1.00 mgd	1.02 mgd
2,867	2,989	3,106	3,207	3,199	3,188

**CITY OF LOCKHART, TEXAS**

*CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM*

*Last ten fiscal years*

Function/Program	Fiscal Year			
	2011	2012	2013	2014
Public safety				
Police				
Stations	1	1	1	1
Patrol units	23	21	22	22
Fire stations	1	1	1	1
Highways and streets				
Streets (miles)	64.7	64.7	64.7	64.7
Streetlights	1,794	1,799	1,810	1,824
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)	75	75	76	77
Number of distribution stations	1	1	1	1
Capacity sold (MwH)	108,976	97,544	98,539	103,168
Water and wastewater				
Water				
Water mains (miles)	87.1	87.1	87.1	87.4
Fire hydrants	625	635	640	650
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

Fiscal Year

2015	2016	2017	2018	2019	2020
1	1	1	1	1	1
22	22	26	28	29	26
1	1	1	1	2	2
64.7	64.7	65.2	65.2	65.9	130.0
1,825	1,838	1,838	1,844	1,856	1,856
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
77	77	77	80	80	80
2	2	2	2	2	2
104,172	101,869	104,995	114,447	114,116	112,276
87.4	87.4	92.1	92.1	93.7	100.0
660	675	685	700	729	721
1.05 mgd	1.05 mgd	1.05 mgd	1.05 mgd	1.05 mgd	1.05 mgd
76	76	76	78	79	80.6
0	0	0	0	0	0
2.6 mgd	2.6 mgd	2.6 mgd	2.6 mgd	2.6 mgd	2.6 mgd

**OVERALL COMPLIANCE AND  
INTERNAL CONTROL SECTION**



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

The Honorable Mayor and Members  
of the City Council  
City of Lockhart, Texas

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate 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, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated March 3, 2021. The financial statements of the Lockhart Economic Development Corporation were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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

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

The Honorable Mayor and Members  
of the City Council  
City of Lockhart, Texas

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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



HARRISON, WALDROP & UHEREK, L.L.P.  
Certified Public Accountants

March 3, 2021