

Annual Comprehensive Financial Report

City of Lockhart, Texas

Fiscal Year Ended September 30, 2021





*ANNUAL COMPREHENSIVE
FINANCIAL REPORT*

of the

City of Lockhart, Texas

**For the Year Ended
September 30, 2021**

Prepared by

Pam Larison
Finance Director

Robert Eggimann
Controller



City of Lockhart, Texas

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INTRODUCTORY SECTION



March 15, 2022

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

The Texas Local Government Code states that a municipality shall have its records and accounts audited annually and shall have annual financial statements prepared based on the audit. The Code also states that the annual financial statements, including the auditor's opinion on the statements, shall be filed in the office of the municipal city secretary or clerk within 180 days after the last day of the municipality's fiscal year. The Annual Comprehensive Financial Report of the City of Lockhart, Texas (the City) for the year ended September 30, 2021, is hereby submitted to fulfill that requirement.

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

BrooksWatson & Company, PLLC has issued an unmodified ("clean") opinion on the City of Lockhart financial statements for the year ended September 30, 2021. 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 2020 U.S. Census Bureau, the estimated population of the City of Lockhart is 14,379, and serves as the county seat of Caldwell County, Texas. Lockhart is a Home Rule Charter City and operates under the Council-Manager form of government. Lockhart is served by a seven-person city council. The elected body is made up of the mayor and two council members that are elected at large. The remaining four council members are elected from single-member districts. The length of office for all Council members and the Mayor are three-year terms. The City Council appoints the City Manager, the City Attorney, and the Municipal Court Judge. All other staff members work either directly or indirectly under the direction of the City Manager.

The Combined Financial Statements of the City include all governmental and business-type activities, organizations, and functions, for which the City exercises significant oversight responsibility. The criteria considered in determining governmental activities to be reported within the City's combined financial statements

are based upon and consistent with those set forth in GASB Statement No. 61, "The Financial Reporting Entity." Based on this criterion, the Lockhart Economic Development Corporation is included in this report.

The City provides a full range of municipal government services to more than 14,379 residents and numerous visitors annually. Municipal services provided include: police and fire protection; crime prevention, enforcement, and adjudication; electric services; water production and distribution; wastewater collection and treatment; solid waste collection, curbside recycling and disposal; city code enforcement and building inspection; maintenance of streets; maintenance of park land and recreational facilities; library services; cemetery; airport; and economic development.

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

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

FACTORS AFFECTING FINANCIAL CONDITION

Local Economy

The City of Lockhart is the county seat for Caldwell County. With this designation comes commercial growth not typically seen for population of approximately 14,379 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.

After the last allotment in 2021 from the CARES Relief Program, the City of Lockhart was awarded federal grant money from the American Rescue Plan Act (ARPA). The total award was for \$3,501,959.00 to be used for further economic relief from the COVID-19 pandemic. The broad eligible uses for ARPA funds include COVID-related expenses (directly or indirectly), premium pay for essential workers, government service programs under certain circumstances, and necessary improvements in water, sewer, or broadband infrastructure (whether related or not to COVID-19).

While the national unemployment rate fell to 5.3% compared to 8.5% in 2020, the City of Lockhart witnessed an increase of 2.2% raising the unemployment rate to 6.0% and the State of Texas saw a 1.1% increase to 5.3% like the national average. The impact to the City of Lockhart's unemployment rate increase was seen in the sales and related occupations and the food preparation industry.

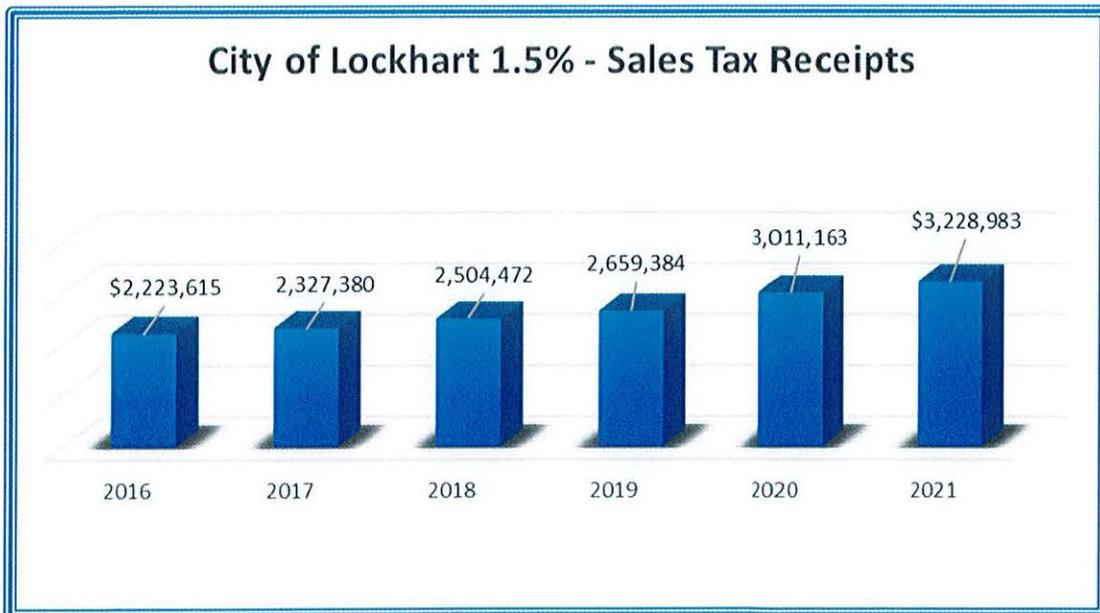
Due to the healthy economy, the City of Lockhart has a credit rating of AA- from Standard and Poor's as of March 2016. Over the past 10 years, the City has experienced significant economic growth and investment. Commercial development in 2010 saw an influx of medical facilities such as Jacob Family Eye 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 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 SH 130 Industrial Park III began construction in 2021 and the Lockhart Economic Development Corporation sold its first ten acres to McElroy Metals.

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 2021 and continues to grow. (see charts below). Valuation of property continues to increase at a steady rate. This increase is attributable to construction of multiple sub-divisions due to population growth and the increase in assessed values of current properties including new commercial growth.

During fiscal year 2021 approved development and construction permits were issued to Centerpoint Meadows Subdivision, Maple Park Planned Development District, Summerside Subdivision, Vintage Springs Subdivision, Hansford Subdivision, Golden Eagle Subdivision, Lockhart Farms, Alta One Subdivision, Kelley Villas, and Clearfork Reserve.



The last five years the City of Lockhart has seen a significant increase in sales tax revenues due to new businesses and a healthy area economy. Sales tax revenues for 2021 have recorded all-time highs according to the City's revenue history.



Long-term Financial Planning

The City Council approved a budget that maintained fund balance at 33% for Fiscal Year 2021. This is above the 25% minimum reserve required by the Fund Balance – Stabilization and Excess of Reserves Policy.

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 2021, 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 2021.

The City of Lockhart's Council placed a Strategic Goals Plan in action for Fiscal Year 2020-21, which focuses on COVID-19 management; community clean-up and appearance; customer service; downtown improvements including public facilities; review comprehensive set of capital improvements and financing options; continue with park improvements and associated grant opportunities; workforce diversity (especially racial diversity); traffic signal/safety improvements at South 183 at Summerside; 2040 Comprehensive Plan; and a creation of a summer recreation program in conjunction with the Lockhart Independent School District.

Financial Procedures and Internal Controls

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

Budgetary Controls

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

Awards 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 annual comprehensive financial report for the fiscal year ended September 30, 2020. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

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 Brooks Watson & Company, PLLC 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**

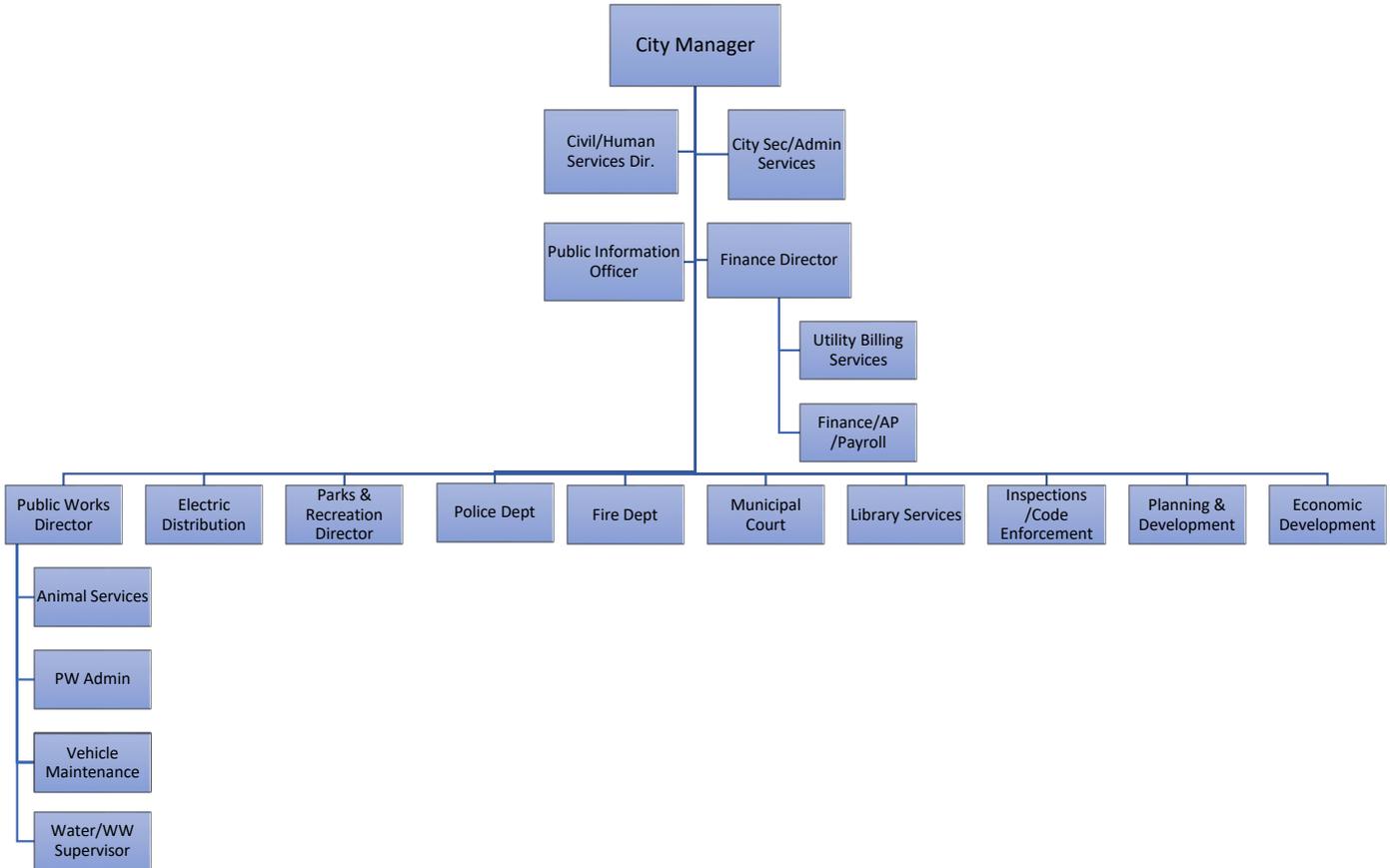
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2020

Christopher P. Morill

Executive Director/CEO

City of Lockhart Organizational Chart



City of Lockhart, Texas
ELECTED AND PRINCIPAL OFFICIALS
September 30, 2021

City Council

Lew White	Mayor
Angie Gonzales-Sanchez	At-Large
Juan Mendoza	District 1
David Bryant	District 2
Kara McGregor	District 3
Jeffry Michelson	District 4
Brad Westmoreland	At-Large

Principal Officials

Steve Lewis	City Manager
Pam Larison	Finance Director
Connie Constancio	City Secretary
Ernesto Pedraza	Police Chief
Randy Jenkins	Fire Chief
Sean Kelley	Director of Public Works



FINANCIAL SECTION





INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

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 discretely presented component unit, each major fund, and the aggregate remaining fund information of the City, as of September 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note V.G. to the financial statements, the City restated the beginning net position/fund balance of the governmental activities, business type activities, governmental funds and enterprise funds due to accounting errors occurring in prior years. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

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

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

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

A handwritten signature in cursive script that reads "Brooks Watson & Co.".

BrooksWatson & Co., PLLC
Certified Public Accountants
Houston, Texas
March 15, 2022



City of Lockhart, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS

September 30, 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, 2021. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 1-6 of this report.

Financial Highlights

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources (net position) at September 30, 2021 by \$43,946,537. Of this amount, \$10,801,639 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's total net position decreased by \$439,481. The majority of the City's net position is invested in capital assets and restricted for specific purposes.
- The City's governmental funds reported combined ending fund balances of \$13,747,348 at September 30, 2021, an increase of \$2,823,894 from the prior fiscal year; this includes an increase of \$785,176 in the general fund, and increase of \$1,842,428 in the CARES Relief Act fund and an increase of \$196,290 in the nonmajor governmental funds.
- At the end of the fiscal year, unassigned fund balance for the general fund was \$6,506,302 or 56% of total general fund expenditures.

Overview of the Financial Statements

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

Government-Wide Statements

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

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

City of Lockhart, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS, *Continued*

September 30, 2021

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

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

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

The government-wide financial statements can be found on pages 28-33 of this report.

FUND FINANCIAL STATEMENTS

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

Governmental Funds

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

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

City of Lockhart, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS, *Continued*

September 30, 2021

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

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

The basic governmental fund financial statements can be found on pages 34-37 of this report.

Proprietary Funds

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

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

The basic proprietary fund financial statements can be found on pages 38-47 of this report.

Component Units

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

Notes to Financial Statements

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

The notes to the financial statements can be found on pages 53-98 of this report.

City of Lockhart, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS, *Continued*

September 30, 2021

Other Information

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted previously, net position may serve over time as a useful indicator of the City's financial position. For the City of Lockhart, Texas, assets exceed liabilities by \$43,946,537 as of September 30, 2021, in the primary government.

The largest portion of the City's net position, \$27,537,710 reflects its investments in capital assets (e.g., land, buildings, improvements other than buildings, machinery and equipment, construction in progress), less any debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City of Lockhart, Texas's net position of \$5,607,188 represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$10,801,639 is unrestricted and may be used to meet the government's ongoing obligations to its citizens and creditors.

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

City of Lockhart, Texas
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
September 30, 2021

Statement of Net Position:

The following table reflects the condensed Statement of Net Position:

	2021			2020		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Current and other assets	\$ 15,249,321	\$ 16,497,800	\$ 31,747,121	\$ 12,822,504	\$ 18,302,138	\$ 31,124,642
Long-term assets	20,636,233	54,425,350	75,061,583	21,528,293	47,576,916	69,105,209
Total Assets	35,885,554	70,923,150	106,808,704	34,350,797	65,879,054	100,229,851
Deferred Outflows of Resources	923,299	338,339	1,261,638	852,823	363,167	1,215,990
Current liabilities	2,573,267	3,519,408	6,092,675	1,765,501	2,845,247	4,610,748
Long-term liabilities	14,169,384	42,920,839	57,090,223	15,337,841	35,993,414	51,331,255
Total Liabilities	16,742,651	46,440,247	63,182,898	17,103,342	38,838,661	55,942,003
Deferred Inflows of Resources	735,928	204,979	940,907	835,570	282,250	1,117,820
Net Position:						
Net investment in capital assets	11,816,033	15,721,677	27,537,710	12,104,249	16,579,735	28,683,984
Restricted	3,598,451	2,008,737	5,607,188	1,603,237	2,034,582	3,637,819
Unrestricted	3,915,790	6,885,849	10,801,639	3,557,222	8,506,993	12,064,215
Total Net Position	\$ 19,330,274	\$ 24,616,263	\$ 43,946,537	\$ 17,264,708	\$ 27,121,310	\$ 44,386,018

Current liabilities of government activities increased \$807,766 or 46% primarily as a result of an increase in current portion of compensated absences as well as bonds payable. Long-term liabilities for governmental activities decreased by \$1,168,457 or 8% primarily as a result of debt payments and a decrease in the City's net pension liability due to a stronger stock market and increase in investment earnings. Long-term liabilities for business-type activities increased by \$6,927,425 or 19% due the issuance of contract revenue bonds with the Guadalupe-Blanco River Authority that occurred in the current year. Long-term assets in business-type activities increased by \$6,848,434, due to capital additions during the year as well as the capitalization of the Carrizo water supply project associated with the Guadalupe-Blanco River Authority.

City of Lockhart, Texas
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
September 30, 2021

Statement of Activities:

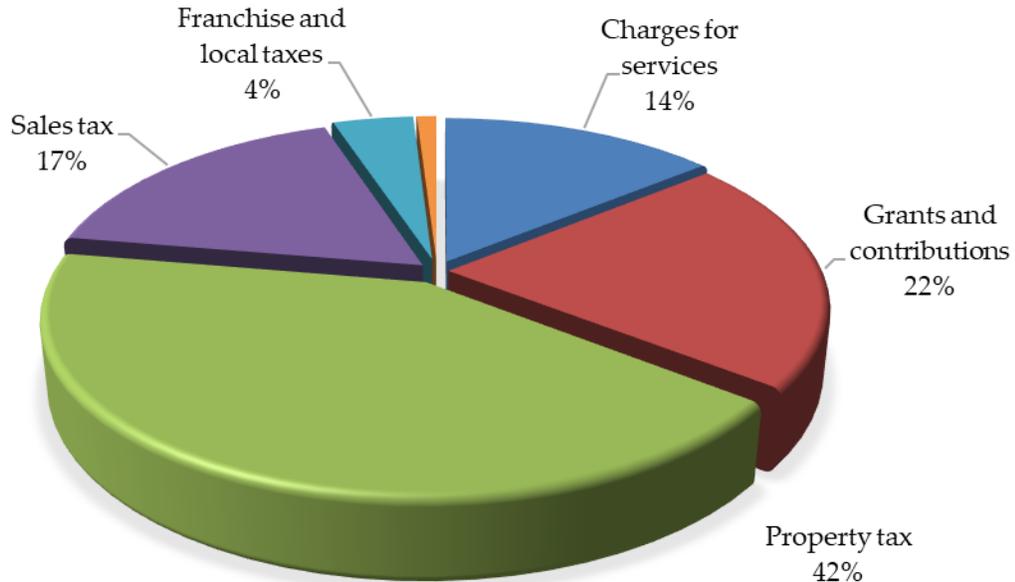
The following table provides a summary of the City's changes in net position:

	<u>For the Year Ended September 30, 2021</u>			<u>For the Year Ended September 30, 2020</u>		
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total Primary Government</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total Primary Government</u>
Revenues						
Program revenues:						
Charges for services	\$ 1,756,277	\$ 21,059,834	\$ 22,816,111	\$ 1,453,937	\$ 20,304,586	\$ 21,758,523
Operating grants	2,485,671	-	2,485,671	1,037,366	44,680	1,082,046
Capital contributions	177,865	432,657	610,522	257,055	23,750	280,805
General revenues:						
Property tax	5,250,047	-	5,250,047	4,991,171	-	4,991,171
Sales tax	2,143,239	-	2,143,239	1,992,939	-	1,992,939
Franchise and local taxes	511,709	-	511,709	451,912	-	451,912
Investment income	20,739	21,947	42,686	119,746	164,183	283,929
Other revenues	102,830	199,136	301,966	233,320	8,552	241,872
Total Revenues	<u>12,448,377</u>	<u>21,713,574</u>	<u>34,161,951</u>	<u>10,537,446</u>	<u>20,545,751</u>	<u>31,083,197</u>
Expenses						
General government	1,931,497	-	1,931,497	1,841,810	-	1,841,810
Public safety	6,202,140	-	6,202,140	5,703,143	-	5,703,143
Public works	2,970,230	-	2,970,230	3,153,763	-	3,153,763
Health and welfare	26,352	-	26,352	144,615	-	144,615
Culture and recreation	1,189,072	-	1,189,072	1,052,444	-	1,052,444
Community development	683,483	-	683,483	613,770	-	613,770
Interest and fiscal charges	371,174	1,235,626	1,606,800	391,300	408,364	799,664
Electric	-	11,329,072	11,329,072	-	8,544,417	8,544,417
Water	-	3,853,355	3,853,355	-	4,170,715	4,170,715
Wastewater	-	1,634,563	1,634,563	-	1,391,411	1,391,411
Nonmajor enterprise	-	3,174,868	3,174,868	-	3,080,568	3,080,568
Total Expenses	<u>13,373,948</u>	<u>21,227,484</u>	<u>34,601,432</u>	<u>12,900,845</u>	<u>17,595,475</u>	<u>30,496,320</u>
Change in Net Position						
Before Transfers	(925,571)	486,090	(439,481)	(2,363,399)	2,950,276	586,877
Transfers	2,991,137	(2,991,137)	-	3,145,528	(3,145,528)	-
Total	<u>2,991,137</u>	<u>(2,991,137)</u>	<u>-</u>	<u>3,145,528</u>	<u>(3,145,528)</u>	<u>-</u>
Change in Net Position	2,065,566	(2,505,047)	(439,481)	782,129	(195,252)	586,877
	<u>17,264,708</u>	<u>27,121,310</u>	<u>44,386,018</u>	<u>16,482,579</u>	<u>27,316,562</u>	<u>43,799,141</u>
Beginning Net Position						
Ending Net Position	<u>\$ 19,330,274</u>	<u>\$ 24,616,263</u>	<u>\$ 43,946,537</u>	<u>\$ 17,264,708</u>	<u>\$ 27,121,310</u>	<u>\$ 44,386,018</u>

City of Lockhart, Texas
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
September 30, 2021

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

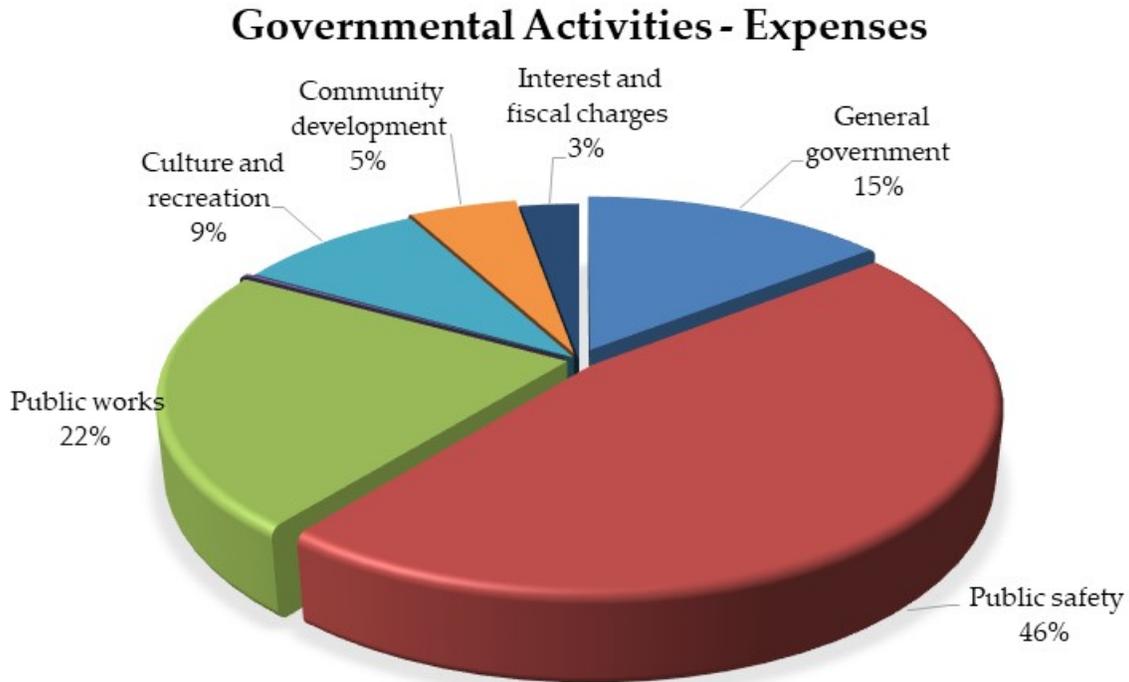
Governmental Activities - Revenues



For the year ended September 30, 2021, revenues from governmental activities totaled \$12,448,377. Property tax, charges for services, and sales tax are the City's largest general revenue sources. Overall revenue increased \$1,910,931 or 18% from the prior year. Sales taxes increased by \$150,300 or 8% and property tax increased by \$258,876 or 5%. Charges for services also increased by \$302,340 or 21%. These increases are primarily due growth within the City and an increase in appraised taxable property values. Capital grants increased by \$1,448,305 primarily due to the American Rescue Plan Act and COVID relief grants in the current year. These funds were and will be used directly in responding to the COVID-19 pandemic. All other revenues remained relatively stable when compared to the previous year.

City of Lockhart, Texas
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
September 30, 2021

This graph shows the governmental function expenses of the City:

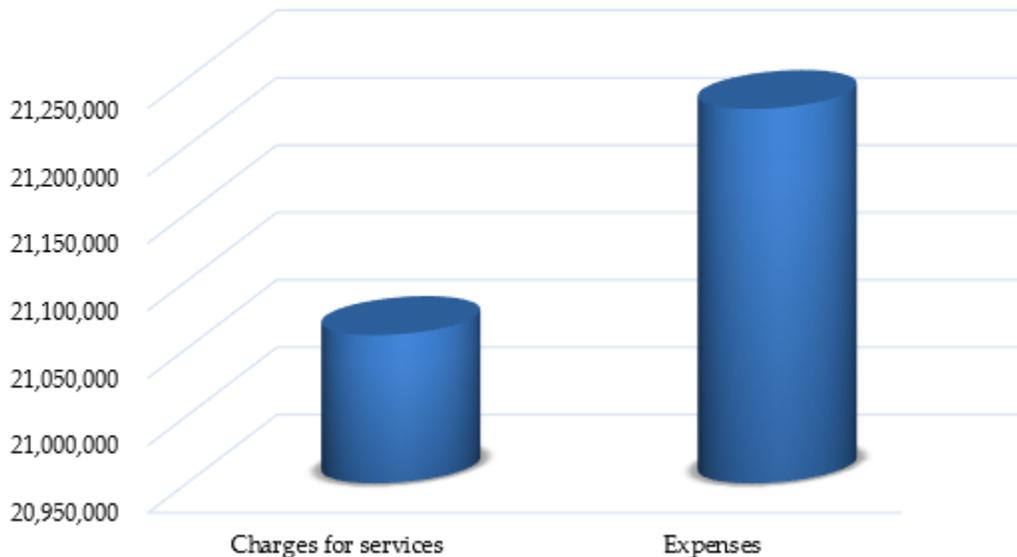


For the year ended September 30, 2021, expenses for governmental activities totaled \$13,373,948. This represents an increase of \$473,103 or 4% from the prior year. The City's largest functional expense is public safety totaling \$6,202,140, which increased by \$498,997 or 9%. This increase is primarily a result of increasing personnel and vehicle expenses. Public works expenses decreased by \$183,533 or 6% due to nonrecurring grant related expenses in the prior year. All other governmental activities expenses remained relatively consistent with the prior year.

City of Lockhart, Texas
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
September 30, 2021

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

Business-Type Activities - Revenues and Expenses



For the year ended September 30, 2021, charges for services by business-type activities totaled \$21,059,834. This represents an increase of \$755,248 or 4% from the previous year, which is a direct result of a growing City and customer base. Capital contributions increased by \$408,907 as a result of nonrecurring developer contributions and impact fees received in the current year.

Total business-type activity expenses increased \$3,632,009 or 21% to a total of \$21,227,484. Electric expenses totaled \$11,350,044, while water and wastewater operations totaled \$5,066,674 and \$1,635,537, respectively. Electric expenses increased by \$2,784,655 which is the primary driver of the overall increase. This increase is directly related to the winter storm and the resulting increase in cost of electricity.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

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

City of Lockhart, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS, *Continued*

September 30, 2021

At September 30, 2021, the City's governmental funds reported combined fund balances of \$13,747,348, an increase of \$2,823,894 in comparison with the prior year. Approximately 47% of this amount, \$6,418,871, constitutes *unassigned fund balance*, which is available for spending at the government's discretion. The remainder of the fund balance is either *nonspendable or restricted* to indicate that it is 1) not in spendable form \$628,673 or 2) restricted for particular purposes \$6,390,754.

As of the end of the year the general fund reflected a total fund balance of \$7,678,638. Of this, \$628,673 is considered not in spendable form or restricted and \$6,506,302 is unassigned. General fund balance increased by \$785,176 during the current year as compared to a final budgeted decrease of \$1,482,397.

As a measure of the general fund's liquidity, it may be useful to compare total unassigned fund balance to total fund expenditures. The unassigned (the amount available for spending) fund balance of the general fund of \$6,506,302 is 56% of total general fund expenditures. Overall revenue in the general fund increased by \$500,121 when compared to the prior year. Property tax and sales tax showed the largest increase due to a growing City and local economy. General fund expenditures increase \$950,543 when compared to the prior year. The largest increase was in public safety of \$457,616 which was primarily due to vehicle purchases in the current year

The CARES Act relief fund had an ending fund balance of \$1,479,955. There was an increase of \$1,842,428 from the previous year. Current year intergovernmental income totaled \$2,362,095 and consisted of American Recovery Act and Coronavirus relief grants. The balance of this fund will be expended in subsequent years.

Proprietary Funds - The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Unrestricted net position at the close of the fiscal year for all proprietary funds amounted to \$24,616,263, a decrease of \$2,505,047 from the previous year. Total investment in capital assets, net of related debt was \$15,721,667, and capital assets, net of depreciation totaled \$54,425,350.

GENERAL FUND BUDGETARY HIGHLIGHTS

Total budgeted revenues of \$7,734,585 were less than actual revenues of \$8,547,354, resulting in a total positive revenue variance of \$812,769. All actual revenues were greater than the budgeted amounts with the exception of investment income. Total budgeted expenditures of \$12,987,346, were more than actual expenditures of \$11,269,473, resulting in a total positive expenditure variance of \$1,357,873. Significant changes between the original and final budget include an increase for gain on sale of land of \$247,890 and increases in capital outlay for new purchases totaling \$1,109,278.

City of Lockhart, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued

September 30, 2021

CAPITAL ASSETS

As of the end of the year, the City's governmental activities funds had invested \$20,636,233 in a variety of capital assets and infrastructure, net of accumulated depreciation. The City's business-type activities funds had invested \$54,425,350 in a variety of capital assets and infrastructure, net of accumulated depreciation. This investment in capital assets includes land, buildings, vehicles, equipment, park improvements, and infrastructure.

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

- Additional investment in streets CIP totaling \$421,490.
- Purchase of new machinery and equipment for governmental activities totaling \$665,781.
- Purchase of new machinery and equipment for enterprise funds totaling \$317,037.
- Addition of intangible water access associated with the Carrizo Groundwater Supply Project for \$8,250,000.
- Waterline infrastructure totaling \$322,826.

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

LONG-TERM DEBT

The City's outstanding bonds, tax notes, capital leases and certificates of obligation payable, net of all premiums and discounts, increased by \$7,109,728 from the prior year. The total bonds, leases and certificates of obligation payable at the close of the fiscal year was \$54,901,906, net of all premiums and discounts.

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The City of Lockhart has seen a steady growth in tax revenue over the last five years. Sales tax revenue has increased by 36.3% since 2017 and property tax valuation has increased by 53.2%. Even with the 36.3% increase, the City continues to forecast sales tax in a conservative position. The total sales tax payments received in 2021 fiscal year equaled \$2,143,239. The City anticipates continued increase for 2022.

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 2022 fiscal year (2021 tax roll) total \$788,504,486 with a tax rate of \$0.5297 per \$100 valuation for maintenance and operations and \$0.1057 per \$100 valuation for the interest and sinking fund. The total tax rate of \$0.6354 remains the same at 2020.

City of Lockhart, Texas
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
September 30, 2021

The City's capital plan for 2021-2022 continues to focus on infrastructure upgrades and improvements to streets, the electric distribution system and water and wastewater lines.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

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

BASIC FINANCIAL STATEMENTS

City of Lockhart, Texas
STATEMENT OF NET POSITION (Page 1 of 2)
September 30, 2021

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<u>Assets</u>			
Current assets:			
Cash and cash equivalents	\$ 13,505,859	\$ 11,822,009	\$ 25,327,868
Receivables, net	1,114,789	4,182,951	5,297,740
Inventories	17,718	487,664	505,382
Prepaid and other assets	610,955	5,176	616,131
Total Current Assets	15,249,321	16,497,800	31,747,121
Noncurrent assets:			
Capital assets:			
Non-depreciable	2,008,884	940,710	2,949,594
Net depreciable capital assets	18,627,349	53,484,640	72,111,989
Total Noncurrent Assets	20,636,233	54,425,350	75,061,583
Total Assets	35,885,554	70,923,150	106,808,704
<u>Deferred Outflows of Resources</u>			
Pension outflows-TMRS	624,096	173,482	797,578
OPEB outflows-TMRS	84,088	23,372	107,460
OPEB outflows-retiree healthcare	27,580	9,902	37,482
Deferred charge on refunding	187,535	131,583	319,118
Total Deferred Outflows of Resources	923,299	338,339	1,261,638

Component
Unit
Lockhart
EDC

\$	4,436,085
	196,044
	-
	946
	4,633,075

3,146,404
870,517
4,016,921
8,649,996

17,275
-
-
-
17,275

City of Lockhart, Texas
STATEMENT OF NET POSITION (Page 2 of 2)
September 30, 2021

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<u>Liabilities</u>			
Accounts payable	535,132	1,300,148	1,835,280
Accrued liabilities	422,252	149,674	571,926
Due to other governments	30,432	-	30,432
Customer deposits	-	384,816	384,816
Compensated absences, current	525,547	80,237	605,784
Accrued interest payable	62,378	452,577	514,955
Long-term debt due in one year	997,526	1,151,956	2,149,482
Total Noncurrent Liabilities	2,573,267	3,519,408	6,092,675
Noncurrent liabilities:			
Net pension liability	2,576,946	716,323	3,293,269
OPEB liability-TMRS	422,841	117,532	540,373
OPEB liability-Retiree healthcare	332,007	94,841	426,848
Compensated absences	58,394	8,915	67,309
Long-term debt due in more than one year	10,779,196	41,983,228	52,762,424
Total Current Liabilities	14,169,384	42,920,839	57,090,223
Total Liabilities	16,742,651	46,440,247	63,182,898
<u>Deferred Inflows of Resources</u>			
Pension inflows	693,352	192,733	886,085
OPEB inflows-TMRS	37,525	10,431	47,956
OPEB inflows-Retiree Healthcare	5,051	1,815	6,866
Total Deferred Inflows of Resources	735,928	204,979	940,907
<u>Net Position</u>			
Net investment in capital assets	11,816,033	15,721,677	27,537,710
Restricted for:			
General government	297,773	-	297,773
Public safety	18,994	-	18,994
Municipal court	118,506	-	118,506
Tourism	98,198	-	98,198
Capital projects	3,064,980	2,008,737	5,073,717
Economic development	-	-	-
Unrestricted	3,915,790	6,885,849	10,801,639
Total Net Position	\$ 19,330,274	\$ 24,616,263	\$ 43,946,537

See Notes to Financial Statements.

<u>Component</u>
<u>Unit</u>
<u>Lockhart</u>
<u>EDC</u>
50,005
26,636
-
-
3,785
8,708
215,327
<u>304,461</u>
71,330
-
-
421
3,289,099
<u>3,360,850</u>
<u>3,665,311</u>
19,192
-
-
<u>19,192</u>
2,421,480
-
-
-
-
-
2,561,288
-
<u>\$ 4,982,768</u>

City of Lockhart, Texas

STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2021

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental Activities				
General government	\$ 1,931,497	\$ -	\$ 238,254	\$ -
Public safety	6,202,140	366,887	2,247,417	164,850
Public works	2,970,230	649,986	-	13,015
Health and welfare	26,352	-	-	-
Culture and recreation	1,189,072	88,883	-	-
Community development	683,483	650,521	-	-
Interest and fiscal charges	371,174	-	-	-
Total Governmental Activities	13,373,948	1,756,277	2,485,671	177,865
Business-Type Activities				
Electric	11,350,044	11,560,085	-	11,369
Water	5,066,674	3,758,322	-	295,427
Wastewater	1,635,537	2,478,077	-	107,861
Nonmajor enterprise	3,175,229	3,263,350	-	18,000
Total Business-Type Activities	21,227,484	21,059,834	-	432,657
Total Primary Government	\$ 34,601,432	\$ 22,816,111	\$ 2,485,671	\$ 610,522
Component Units				
Lockhart EDC	526,847	-	-	-
Total Component Units	\$ 526,847	\$ -	\$ -	\$ -

General Revenues:

Taxes

Property taxes

Sales taxes

Franchise and local taxes

Investment income

Gain on sale of capital assets

Other revenues

Transfers

Total General Revenues and Transfers

Change in Net Position

Beginning Net Position

Ending Net Position

See Notes to Financial Statements.

Net (Expense) Revenue and Changes in Net Position

Primary Government			
Governmental Activities	Business-Type Activities	Total	Lockhart EDC
\$ (1,693,243)	\$ -	\$ (1,693,243)	\$ -
(3,422,986)	-	(3,422,986)	-
(2,307,229)	-	(2,307,229)	-
(26,352)	-	(26,352)	-
(1,100,189)	-	(1,100,189)	-
(32,962)	-	(32,962)	-
(371,174)	-	(371,174)	-
<u>(8,954,135)</u>	<u>-</u>	<u>(8,954,135)</u>	<u>-</u>
-	221,410	221,410	-
-	(1,012,925)	(1,012,925)	-
-	950,401	950,401	-
-	106,121	106,121	-
-	265,007	265,007	-
<u>(8,954,135)</u>	<u>265,007</u>	<u>(8,689,128)</u>	<u>-</u>
			(526,847)
			<u>(526,847)</u>
5,250,047	-	5,250,047	-
2,143,239	-	2,143,239	1,071,619
511,709	-	511,709	-
20,739	21,947	42,686	12,154
2,110	2,500	4,610	171,081
100,720	196,636	297,356	73,162
2,991,137	(2,991,137)	-	-
<u>11,019,701</u>	<u>(2,770,054)</u>	<u>8,249,647</u>	<u>1,328,016</u>
2,065,566	(2,505,047)	(439,481)	801,169
17,264,708	27,121,310	44,386,018	4,181,599
<u>\$ 19,330,274</u>	<u>\$ 24,616,263</u>	<u>\$ 43,946,537</u>	<u>\$ 4,982,768</u>

City of Lockhart, Texas

BALANCE SHEET GOVERNMENTAL FUNDS September 30, 2021

	General	CARES Relief Act	Nonmajor Governmental Funds	Total Governmental Funds
<u>Assets</u>				
Cash and cash equivalents	\$ 7,456,003	\$ 1,480,657	\$ 4,569,199	\$ 13,505,859
Accounts receivable, net	917,189	-	197,600	1,114,789
Due from other funds	100,327	-	-	100,327
Inventories	17,718	-	-	17,718
Prepays	610,955	-	-	610,955
Total Assets	\$ 9,102,192	\$ 1,480,657	\$ 4,766,799	\$ 15,349,648
<u>Liabilities</u>				
Accounts payable	\$ 517,390	\$ 702	\$ 17,040	\$ 535,132
Accrued liabilities	422,252	-	-	422,252
Due to other governments	30,432	-	-	30,432
Due to other funds	-	-	100,327	100,327
Total Liabilities	970,074	702	117,367	1,088,143
<u>Deferred Inflows of Resources</u>				
Unavailable revenue - property taxes	297,144	-	52,198	349,342
Unavailable revenue-fines	110,630	-	8,479	119,109
Unavailable revenue - notes receivable	45,706	-	-	45,706
Total Deferred Inflows of Resources	453,480	-	60,677	514,157
<u>Fund Balances</u>				
Nonspendable:				
Inventories	17,718	-	-	17,718
Prepaid items	610,955	-	-	610,955
Committed for:				
Sidewalks	52,603	-	-	52,603
Industrial park	256,447	-	-	256,447
Restricted for:				
General government	234,613	-	63,160	297,773
Public safety	-	-	18,994	18,994
Municipal court	-	-	118,506	118,506
Tourism	-	-	98,198	98,198
Capital projects	-	1,479,955	4,377,328	5,857,283
Unassigned	6,506,302	-	(87,431)	6,418,871
Total Fund Balances	7,678,638	1,479,955	4,588,755	13,747,348
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 9,102,192	\$ 1,480,657	\$ 4,766,799	\$ 15,349,648

See Notes to Financial Statements.

City of Lockhart, Texas

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

September 30, 2021

Fund Balances - Total Governmental Funds	\$	13,747,348
 Adjustments for the Statement of Net Position:		
Capital assets used in governmental activities are not current financial resources and, therefore, not reported in the governmental funds.		
Capital assets - non-depreciable		2,008,884
Capital assets - net depreciable		18,627,349
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the governmental funds.		
Property tax		349,342
Fines and fees		119,109
Other receivables		45,706
Deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenues) until that time		
Pension inflows		(693,352)
OPEB inflows-TMRS		(37,525)
OPEB inflows-Retiree Healthcare		(5,051)
Deferred outflows of resources, represent a consumption of net position that applies to a future period(s) and is not recognized as an outflow of resources (expense/ expenditures) until then		
Pension outflows		624,096
OPEB outflows-TMRS		84,088
OPEB outflows-Retiree Healthcare		27,580
Deferred charge on refunding		187,535
Some liabilities, including bonds payable and deferred charges, are not reported as liabilities in the governmental funds.		
Accrued interest		(62,378)
Deferred charges:		
Bond premium		(528,249)
Net pension liability		(2,576,946)
OPEB liability-TMRS		(422,841)
OPEB liability-Retiree healthcare		(332,007)
Compensated absences		(583,941)
Non-current liabilities due in one year		(997,526)
Non-current liabilities due in more than one year		(10,250,947)
Net Position of Governmental Activities	\$	<u><u>19,330,274</u></u>

See Notes to Financial Statements.

City of Lockhart, Texas

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

For the Year Ended September 30, 2021

	General	CARES Relief Act	Nonmajor Governmental Funds	Total Governmental Funds
<u>Revenues</u>				
Property tax	\$ 4,580,385	\$ -	\$ 694,121	\$ 5,274,506
Sales tax	2,143,239	-	-	2,143,239
Franchise and local taxes	370,909	-	140,800	511,709
Fines and forfeitures	375,031	-	39,547	414,578
License and permits	301,370	-	349,151	650,521
Charges for services	88,883	-	649,986	738,869
Intergovernmental	507,585	2,362,095	192,076	3,061,756
Investment income	13,171	-	7,568	20,739
Other revenue	166,781	-	20,000	186,781
Total Revenues	8,547,354	2,362,095	2,093,249	13,002,698
<u>Expenditures</u>				
Current:				
General government	1,653,335	-	124,589	1,777,924
Public safety	5,864,676	519,667	254,926	6,639,269
Public works	2,085,802	-	22,628	2,108,430
Health and welfare	20,539	-	-	20,539
Culture and recreation	1,242,185	-	1,263	1,243,448
Community development	707,075	-	-	707,075
Debt Service:				
Principal	51,583	-	745,722	797,305
Interest and fiscal charges	4,278	-	409,169	413,447
Capital outlay	-	-	98,369	98,369
Total Expenditures	11,629,473	519,667	1,656,666	13,805,806
Revenues Over (Under) Expenditures	(3,082,119)	1,842,428	436,583	(803,108)
<u>Other Financing Sources (Uses)</u>				
Capital lease issuances	383,923	-	-	383,923
Sale of capital assets	251,942	-	-	251,942
Transfers in	3,369,050	-	424,565	3,793,615
Transfers (out)	(137,620)	-	(664,858)	(802,478)
Total Other Financing Sources (Uses)	3,867,295	-	(240,293)	3,627,002
Net Change in Fund Balances	785,176	1,842,428	196,290	2,823,894
Beginning fund balances	6,893,462	(362,473)	4,392,465	10,923,454
Ending Fund Balances	\$ 7,678,638	\$ 1,479,955	\$ 4,588,755	\$ 13,747,348

See Notes to Financial Statements.

City of Lockhart, Texas

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

For the Year Ended September 30, 2021

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

Net changes in fund balances - total governmental funds	\$	2,823,894
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay		1,442,886
Depreciation expense		(2,085,114)
Adjustment for capital asset disposals		(249,832)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Property tax		(24,459)
Fines and fees		(47,691)
Grants receivable		(398,220)
Other receivables		(86,061)

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Compensated absences		(85,003)
Accrued interest		4,204
Pension expense		349,762
OPEB expense-TMRS		(33,616)
OPEB expense-retiree healthcare		3,365

The issuance of long-term debt (e.g., bonds, leases, certificates of obligation) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when they are first issued; whereas, these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Capital lease issuance		(383,923)
Amortization of deferred charge on refunding		(23,442)
Amortization of premium		61,511
Principal payments		797,305

Change in Net Position of Governmental Activities	\$	2,065,566
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See Notes to Financial Statements.

City of Lockhart, Texas
STATEMENT OF NET POSITION
PROPRIETARY FUNDS (Page 1 of 2)
September 30, 2021

	Business-Type Activities		
	Electric	Water	Wastewater
<u>Assets</u>			
<u>Current Assets</u>			
Cash and cash equivalents	\$ 1,746,139	\$ 5,197,789	\$ 3,194,844
Accounts receivable, net	2,089,848	695,000	453,506
Inventories	487,664	-	-
Prepaid items	3,153	802	802
Total Current Assets	4,326,804	5,893,591	3,649,152
 <u>Noncurrent Assets</u>			
Capital assets:			
Non-depreciable	366,000	241,312	140,828
Net depreciable capital assets	3,353,483	42,834,020	5,811,154
Total Noncurrent Assets	3,719,483	43,075,332	5,951,982
Total Assets	8,046,287	48,968,923	9,601,134
 <u>Deferred Outflows of Resources</u>			
Pension outflows-TMRS	103,373	28,030	21,154
OPEB outflows-TMRS	13,937	3,772	2,847
OPEB outflows-retiree healthcare	6,226	1,350	1,122
Deferred loss on refunding	-	114,069	17,514
Total Deferred Outflows of Resources	123,536	147,221	42,637

See Notes to Financial Statements.

Business-Type Activities

Nonmajor			
Funds		Total	
\$	1,683,237	\$	11,822,009
	944,597		4,182,951
	-		487,664
	419		5,176
	<u>2,628,253</u>		<u>16,497,800</u>
	192,570		940,710
	1,485,983		53,484,640
	<u>1,678,553</u>		<u>54,425,350</u>
	<u>4,306,806</u>		<u>70,923,150</u>
	20,925		173,482
	2,816		23,372
	1,204		9,902
	-		131,583
	<u>24,945</u>		<u>338,339</u>

City of Lockhart, Texas
STATEMENT OF NET POSITION
PROPRIETARY FUNDS (Page 2 of 2)
September 30, 2021

	Business-Type Activities		
	Electric	Water	Wastewater
<u>Liabilities</u>			
<u>Current Liabilities</u>			
Accounts payable	\$ 719,023	\$ 225,804	\$ 111,291
Accrued liabilities	138,510	-	-
Customer deposits	268,783	111,058	-
Compensated absences, current	52,773	11,248	7,964
Capital lease payable, current	19,859	14,885	14,963
Bonds and certificates of obligation, current	52,905	910,345	115,421
Accrued interest	6,155	435,104	11,318
Total Current Liabilities	1,258,008	1,708,444	260,957
<u>Noncurrent Liabilities</u>			
Compensated absences	5,864	1,250	885
Capital leases payable	49,807	37,333	37,527
Bonds and certificates of obligation	676,947	39,609,843	1,521,474
Net pension liability	426,838	115,735	87,347
OPEB liability-TMRS	70,087	18,967	14,320
OPEB liability-retiree healthcare	59,630	12,931	10,747
Total Noncurrent Liabilities	1,289,173	39,796,059	1,672,300
Total Liabilities	2,547,181	41,504,503	1,933,257
<u>Deferred Inflows of Resources</u>			
Pension inflows-TMRS	114,845	31,140	23,501
OPEB inflows-TMRS	6,220	1,684	1,271
OPEB inflows-retiree healthcare	1,141	247	206
Total Deferred Inflows of Resources	122,206	33,071	24,978
<u>Net Position</u>			
Net investment in capital assets	3,051,547	6,587,304	4,478,148
Restricted for:			
Capital projects	167,997	960,897	879,843
Unrestricted	2,280,892	30,369	2,327,545
Total Net Position	\$ 5,500,436	\$ 7,578,570	\$ 7,685,536

See Notes to Financial Statements.

Business-Type Activities

Nonmajor			
Funds		Total	
\$	244,030	\$	1,300,148
	11,164		149,674
	4,975		384,816
	8,251		80,237
	23,578		73,285
	-		1,078,671
	-		452,577
	<u>291,998</u>		<u>3,519,408</u>
	917		8,915
	50,297		174,964
	-		41,808,264
	86,403		716,323
	14,158		117,532
	11,533		94,841
	<u>163,308</u>		<u>42,920,839</u>
	<u>455,306</u>		<u>46,440,247</u>
	23,247		192,733
	1,256		10,431
	221		1,815
	<u>24,724</u>		<u>204,979</u>
	1,604,678		15,721,677
	-		2,008,737
	2,247,043		6,885,849
\$	<u>3,851,721</u>	\$	<u>24,616,263</u>

City of Lockhart, Texas

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

For the Year Ended September 30, 2021

	Business-Type Activities		
	Electric	Water	Wastewater
<u>Operating Revenues</u>			
Charges for services	\$ 11,560,085	\$ 3,758,322	\$ 2,478,077
Other revenue	94,280	92,320	803
Total Operating Revenues	11,654,365	3,850,642	2,478,880
<u>Operating Expenses</u>			
Personnel services	1,238,723	377,517	299,678
Supplies	42,704	36,966	15,450
Maintenance and repairs	136,437	104,017	72,821
Contractual services	221,504	771,905	45,154
Power, water, and water treatment	9,269,403	934,112	890,193
Non-departmental	-	-	51,417
Miscellaneous	71,952	2,297	-
Depreciation and amortization	348,349	1,626,541	259,850
Total Operating Expenses	11,329,072	3,853,355	1,634,563
Operating Income (Loss)	325,293	(2,713)	844,317
<u>Nonoperating Revenues (Expenses)</u>			
Gain on sale of capital assets	-	-	-
Insurance recoveries	3,991	2,386	-
Investment earnings	4,965	9,017	5,351
Interest expense	(20,972)	(1,213,319)	(974)
Total Nonoperating Revenues (Expenses)	(12,016)	(1,201,916)	4,377
Income Before Capital Contributions and Transfers	313,277	(1,204,629)	848,694
<u>Capital Contributions and Transfers</u>			
Capital grants	11,369	295,427	107,861
Transfers in	-	333,787	-
Transfers (out)	(1,891,276)	(175,254)	(996,467)
Total Capital Contributions and Transfers	(1,879,907)	453,960	(888,606)
Change in Net Position	(1,566,630)	(750,669)	(39,912)
Beginning net position	7,067,066	8,329,239	7,725,448
Ending Net Position	\$ 5,500,436	\$ 7,578,570	\$ 7,685,536

See Notes to Financial Statements.

Business-Type Activities

Nonmajor	
Funds	Total
\$ 3,263,350	\$ 21,059,834
2,856	190,259
<u>3,266,206</u>	<u>21,250,093</u>
265,844	2,181,762
1,295,553	1,390,673
1,393,866	1,707,141
35,728	1,074,291
-	11,093,708
-	51,417
7,001	81,250
176,876	2,411,616
<u>3,174,868</u>	<u>19,991,858</u>
<u>91,338</u>	<u>1,258,235</u>
2,500	2,500
-	6,377
2,614	21,947
(361)	(1,235,626)
<u>4,753</u>	<u>(1,204,802)</u>
96,091	53,433
18,000	432,657
-	333,787
(261,927)	(3,324,924)
<u>(243,927)</u>	<u>(2,558,480)</u>
(147,836)	(2,505,047)
<u>3,999,557</u>	<u>27,121,310</u>
<u>\$ 3,851,721</u>	<u>\$ 24,616,263</u>

City of Lockhart, Texas
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS (Page 1 of 2)
For the Year Ended September 30, 2021

	Business-Type Activities		
	Electric	Water	Wastewater
<u>Cash Flows from Operating Activities</u>			
Payments to employees	\$ (1,342,700)	\$ (377,264)	\$ (289,691)
Payments to suppliers	(9,664,566)	(2,102,369)	(1,052,070)
Receipts from customers	11,525,106	3,848,785	2,434,533
Net Cash Provided (Used) by Operating Activities	517,840	1,369,152	1,092,772
<u>Cash Flows from Noncapital Financing Activities</u>			
Transfers in	-	333,787	-
Transfers (out)	(1,891,276)	(175,254)	(996,467)
Net Cash Provided (Used) by Noncapital Financing	(1,891,276)	158,533	(996,467)
<u>Cash Flows from Capital and Related Financing Activities</u>			
Acquisition and construction of capital assets	(273,467)	(465,781)	-
Sale of capital assets	-	-	-
Capital grants	11,369	295,427	107,861
Insurance recoveries	3,991	2,386	-
Principal paid on capital debt	(62,891)	(672,805)	(94,201)
Interest paid on capital debt	(20,972)	(1,124,246)	(2,361)
Net Cash Provided (Used) by Capital and Related Financing Activities	(341,970)	(1,965,019)	11,299
<u>Cash Flows from Investing Activities</u>			
Interest on investments	4,965	9,017	5,351
Net Cash Provided by Investing Activities	4,965	9,017	5,351
Net Increase (Decrease) in Cash and Cash Equivalents	(1,710,441)	(428,317)	112,955
Beginning cash and cash equivalents	3,456,580	5,626,106	3,081,889
Ending Cash and Cash Equivalents	\$ 1,746,139	\$ 5,197,789	\$ 3,194,844

See Notes to Financial Statements.

Business-Type Activities

Nonmajor Funds	Total
\$ (286,363)	\$ (2,296,018)
(2,657,905)	(15,476,910)
3,403,772	21,212,196
<u>459,504</u>	<u>3,439,268</u>
-	333,787
(261,927)	(3,324,924)
<u>(261,927)</u>	<u>(2,991,137)</u>
(43,727)	(782,975)
2,500	2,500
18,000	432,657
-	6,377
(20,296)	(850,193)
<u>(361)</u>	<u>(1,147,940)</u>
<u>(43,884)</u>	<u>(2,339,574)</u>
2,614	21,947
<u>2,614</u>	<u>21,947</u>
156,307	(1,869,496)
<u>1,526,930</u>	<u>13,691,505</u>
<u>\$ 1,683,237</u>	<u>\$ 11,822,009</u>

City of Lockhart, Texas
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS (Page 2 of 2)
For the Year Ended September 30, 2021

	Business-Type Activities		
	Electric	Water	Wastewater
<u>Reconciliation of Operating Income (Loss)</u>			
<u>to Net Cash Provided (Used) by Operating Activities</u>			
Operating Income (Loss)	\$ 325,293	\$ (2,713)	\$ 844,317
Adjustments to reconcile operating income (loss) to net cash provided (used):			
Depreciation	348,349	1,626,541	259,850
Changes in Operating Assets and Liabilities:			
(Increase) Decrease in:			
Accounts receivable	(140,317)	343	(44,347)
Inventory	(32,800)	-	-
Prepaid items	15,696	(277)	(502)
Deferred outflows:			
Pension	23,726	(27,676)	21,104
OPEB	(3,768)	(1,200)	(1,031)
Increase (Decrease) in:			
Accounts payable and accrued liabilities	94,538	(252,795)	23,467
Customer deposits	11,058	(2,200)	-
Compensated absences	4,713	651	439
Deferred inflows:			
Pension	(68,493)	14,504	(11,818)
OPEB	742	236	156
Net pension liability	(66,221)	8,815	(1,512)
OPEB Liability	5,324	4,923	2,649
Net Cash Provided (Used) by Operating Activities	\$ 517,840	\$ 1,369,152	\$ 1,092,772

Schedule of Non-Cash Capital and Related

Financing Activities

Acquisition of capital lease	\$ 80,942	\$ 60,766	\$ 60,762
GBRA debt and intangible	\$ -	\$ 8,250,000	\$ -

See Notes to Financial Statements.

Business-Type Activities

Business-Type Activities	
Nonmajor Funds	Total
\$ 91,338	\$ 1,258,235
176,876	2,411,616
137,466	(46,855)
-	(32,800)
(419)	14,498
(1,912)	15,242
(863)	(6,862)
74,662	(60,128)
100	8,958
2,179	7,982
(12,907)	(78,714)
309	1,443
(8,958)	(67,876)
1,633	14,529
<u>\$ 459,504</u>	<u>\$ 3,439,268</u>

\$ 24,605	\$ 227,075
\$ -	\$ 8,250,000

City of Lockhart, Texas
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
September 30, 2021

	<u>Private Purpose Trusts</u>		<u>Custodial Funds</u>	
	<u>Glosserman Trust</u>	<u>Brock Cabin Trust</u>	<u>Confiscated Property</u>	<u>Unclaimed Property</u>
<u>Assets</u>				
Cash and cash equivalents	\$ 540	\$ 12	\$ 18,199	\$ 10,374
Total Assets	\$ 540	\$ 12	\$ 18,199	\$ 10,374
<u>Liabilities</u>				
Due to others	-	-	17,447	10,177
Total Liabilities	-	-	17,447	10,177
<u>Net Position</u>				
Restricted for various purposes:	\$ 540	\$ 12	\$ 752	\$ 197
Total Net Position	\$ 540	\$ 12	\$ 752	\$ 197

<u>Custodial Fund Bicycle Helmet</u>	<u>Total</u>
\$ 1,118	\$ 30,243
<u>\$ 1,118</u>	<u>\$ 30,243</u>
<u>1,116</u>	<u>28,740</u>
<u>1,116</u>	<u>28,740</u>
\$ 2	\$ 1,503
<u>\$ 2</u>	<u>\$ 1,503</u>

City of Lockhart, Texas

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION FIDUCIARY FUNDS

For the Year Ended September 30, 2021

	Private Purpose Trusts		Custodial Funds	
	Glosserman Trust	Brock Cabin Trust	Confiscated Property	Unclaimed Property
<u>Additions</u>				
Investment income	\$ 1	\$ -	\$ 30	-
Other revenue	-	-	722	-
Total Additions	1	-	752	-
Net Change in Net Position	1	-	752	-
Beginning Net Position	539	12	-	197
Ending Net Position	\$ 540	\$ 12	\$ 752	\$ 197

Custodial		
Fund		
Bicycle		
Helmet		Total
\$	2	\$ 33
	-	722
	2	755
	2	755
	-	748
\$	2	\$ 1,503

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City of Lockhart, Texas
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2021

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

A. Description of Government-Wide Financial Statements

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

B. Reporting Entity

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

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

City of Lockhart, Texas
NOTES TO THE FINANCIAL STATEMENTS, Continued
September 30, 2021

Discretely Presented Component Unit

Lockhart Economic Development Corporation (“LEDC”)

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

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

The LEDC meets the criteria of a discretely presented component unit and is presented as a governmental fund type. Complete financial statements for the Lockhart Economic Development Corporation may be obtained at City Hall. No other organizations met the necessary criteria for inclusion as component units for the year ended September 30, 2021.

This component unit is discretely presented in the financial statements. Complete financial statements of the individual component unit can be obtained.

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

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

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

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

The fund financial statements provide information about the government’s funds, including its fiduciary funds and blended component units. Separate statements for each fund category; governmental and proprietary are presented. The emphasis of fund financial statements is on

City of Lockhart, Texas

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September 30, 2021

major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

The government reports the following major governmental funds:

General Fund

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

CARES Relief Fund

The CARES relief fund is used to account for all financial transactions associated with the coronavirus relief and ARPA grant funding.

The government reports the following major enterprise funds:

Electric Fund

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

Water Fund

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

City of Lockhart, Texas

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September 30, 2021

Wastewater Fund

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

Additionally, the government reports the following fund types:

Debt Service Funds

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

Capital Project Funds

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

Special Revenue Funds

The City accounts for resources restricted to, or designated for, specific purposes in a special revenue fund. As of September 30, 2021, the City is maintaining seventeen special revenue funds.

Fiduciary Funds

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

Custodial Funds are custodial in nature and are used to account for the receipt, temporary investment, and remittance of resources to third parties. Because of the nature of these funds, they do not present results of operations or have a measurement focus. The custodial funds include the confiscated property, unclaimed property, and bicycle helmet funds.

City of Lockhart, Texas

NOTES TO THE FINANCIAL STATEMENTS, *Continued*

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

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

D. Measurement focus and basis of accounting

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

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

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

City of Lockhart, Texas

NOTES TO THE FINANCIAL STATEMENTS, *Continued*

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governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). All other revenue items are considered to be measurable and available only when cash is received by the government.

Proprietary, pension and other postemployment benefit trust funds are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Agency funds have no measurement focus but utilize the *accrual basis of accounting* for reporting its assets and liabilities.

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

1. Deposits and Investments

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

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

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

City of Lockhart, Texas
NOTES TO THE FINANCIAL STATEMENTS, Continued
September 30, 2021

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

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

2. Fair Value

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

3. Receivables and Interfund Transactions

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

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

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

4. Inventories and Prepaid Items

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

5. Restricted Assets

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

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6. Capital Assets

Capital assets, are tangible and intangible assets which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), and rights to water access are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government, as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets, donated works of art, and capital items received in a service concession arrangement are reported at acquisition value. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest costs incurred in connection with construction of enterprise fund capital assets are capitalized when the effects of capitalization materially impact the financial statements.

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

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

Asset Description	Estimated Useful Life
Building and improvements	10 to 50 years
Machinery and equipment	5 to 10 years
Public domain infrastructure	10 to 40 years
Utility system infrastructure	30 to 50 years
Intangible assets	15 to 40 years

7. Deferred Outflows/Inflows of Resources

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

In addition to liabilities, the statement of financial position will sometimes report a separate section for *deferred inflows of resources*. This separate financial statement element, deferred inflows

City of Lockhart, Texas
NOTES TO THE FINANCIAL STATEMENTS, Continued
September 30, 2021

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 government has only one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes, fines and forfeitures and ambulance fees. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. Deferred inflows of resources can also occur at the government wide level due to differences between investment gains and losses realized on pension investments compared to assumption used within the pension actuarial valuation model.

8. Long-Term Obligations

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

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

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

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

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

City of Lockhart, Texas
NOTES TO THE FINANCIAL STATEMENTS, Continued
September 30, 2021

representing both principal and interest are recorded as expenditures in the general fund upon payment with an appropriate reduction of principal recorded in the government-wide financial statements.

9. Pensions

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

10. Other Postemployment Benefits ("OPEB")

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

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

City of Lockhart, Texas
NOTES TO THE FINANCIAL STATEMENTS, Continued
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Medicare supplement policy is available to Medicare eligible retirees with the retiree paying the full premium.

11. Net Position Flow Assumption

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

12. Fund Balance Flow Assumptions

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the government’s policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

13. Fund Balance Policies

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

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

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NOTES TO THE FINANCIAL STATEMENTS, *Continued*

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

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

14. Estimates

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

F. Revenues and Expenditures/Expenses

1. Program Revenues

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

2. Property Taxes

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. Under state law, property taxes levied on real property constitute a lien on the real property which cannot be forgiven without specific

City of Lockhart, Texas

NOTES TO THE FINANCIAL STATEMENTS, *Continued*

September 30, 2021

approval of the State Legislature. The lien expires at the end of twenty years. Taxes levied on personal property can be deemed uncollectible by the City.

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

3. Compensated Absences

Vested or accumulated vacation and sick pay that is expected to be liquidated with expendable available resources is reported as an expenditure and fund liability of the governmental fund that will pay for it. Amounts of vested or accumulated vacation and sick pay that are not expected to be liquidated with expendable available financial resources are reported in the government wide financial statements. Vested or accumulated vacation and sick pay of the enterprise funds are recorded as an expense and liability of that fund as the benefits accrue to employees. The General Fund is the governmental fund that has typically been used in prior years to liquidate the liability for compensated absences.

4. Proprietary Funds Operating and Nonoperating Revenues and Expenses

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

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

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

City of Lockhart, Texas

NOTES TO THE FINANCIAL STATEMENTS, *Continued*

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

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

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) for the general, debt service, capital projects, special revenue and enterprise funds. The original budget is adopted by the City Council prior to the beginning of the year. The legal level of control as defined by the City Charter is the fund level. No funds can be transferred or added which affect the total fund expenditures without City Council approval. Appropriations lapse at the end of the year. One supplemental budget amendment was made during the year. All governmental funds with a legally adopted budget have been presented. The following funds exceeded appropriations at the level of control:

Court Technology	\$5,324
Radio System Maintenance	\$24,563

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

A. Restricted Net Position

The City records restricted net position on amounts with externally imposed restrictions (e.g., through debt covenants or by grantors) or restrictions imposed by law through constitutional provisions or enabling legislation. Total restricted fund balance for governmental funds was \$6,390,754, of which, \$118,506 is restricted by enabling legislation.

B. Deficit Fund Equity

As of September 30, 2021, three nonmajor governmental funds, the debt service, court technology, and radio system maintenance, reported deficit fund balances of \$45,682, \$6,413, and \$35,366, respectively. The deficits will be replenished through interfund transfers and future operating surpluses.

City of Lockhart, Texas

NOTES TO THE FINANCIAL STATEMENTS, *Continued*

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C. Public Funds Investment & Collateral Acts

State statutes require that all deposits in financial institutions be insured or fully collateralized by U.S. government obligations or its agencies and instrumentalities or direct obligations of Texas or its agencies and instrumentalities that have a market value of not less than the principal amount of the deposits. As of September 30, 2021, the market values of pledged securities and FDIC exceeded bank balances. In addition, the City is required to adopt certain standards as it relates to the investment and maintenance of public funds. The City was in compliance with the requirement Public Funds Investment Act and the Public Funds Collateral Act.

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Deposits - The City's funds are required to be deposited and invested under the terms of a depository contract pursuant to the Texas Public Funds Investment Act. The depository bank pledges securities which comply with state law and these securities are held for safekeeping and trust with the City's and the depository bank's agent bank. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of FDIC insurance. The City's deposits, as well as those of the City's component unit were fully insured or collateralized as required by the state statutes at September 30, 2021.

As of September 30, 2021, the primary government and component unit had the following investments:

<u>Investment Type</u>	<u>Value</u>	<u>Weighted Average Maturity (Years)</u>
External investment pools	\$ 26,840,986	0.12
Total value	<u>\$ 26,840,986</u>	
Portfolio weighted average maturity		0.12

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. Approximately 8% or \$2,224,147 of the total investment pools was allocated to the Lockhart EDC.

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Interest rate risk: In accordance with the City's investment policy, the City manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio for investments in nonoperating funds to less than five years from the time of purchase. The weighted average maturity of investments of the City's operating funds cannot exceed one year from the time of purchase. The weighted average maturities of the investment pools did not exceed 60 days.

Credit risk: The City's investment policy requires that the investment portfolio shall be diversified in terms of investment instruments, maturity scheduling, and financial institutions to reduce the risk of loss resulting from over concentration of assets in a specific class of investments, specific maturity, or specific user. At year-end, the City was not exposed to concentration of credit risk. It is LEDC policy to limit its investment to those that are authorized under the Texas Public Funds Investment Act. Additionally, any money market mutual funds or local government investment pools must be rated no lower than AAA by at least one nationally recognized rating service. As of September 30, 2021, the investment pools were rated AAAM by Standard and Poor's.

Custodial credit risk – deposits: In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City's and LEDC's investment policy requires that deposits at financial institutions be insured by the FDIC and/or collateralized by securities pledged to the City by the depository in an amount equal to at least 102% of the carrying value of deposits held. During the fiscal year and at year-end, all deposits held in the depository bank were fully collateralized. The City's deposits are therefore not subject to custodial credit risk at September 30, 2021.

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

TexPool

TexPool was established as a trust company with the Treasurer of the State of Texas as trustee, segregated from all other trustees, investments, and activities of the trust company. The State Comptroller of Public Accounts exercises oversight responsibility over TexPool. Oversight includes the ability to significantly influence operations, designation of management, and accountability for fiscal matters. Additionally, the State Comptroller has established an advisory board composed of both participants in TexPool and other persons who do not have a business relationship with TexPool. The advisory board members review the investment policy and management fee structure. Finally, Standard & Poor's rate TexPool AAAM. As a requirement to maintain the rating, weekly portfolio information must be submitted to Standard & Poor's, as

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NOTES TO THE FINANCIAL STATEMENTS, *Continued*

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well as to the office of the Comptroller of Public Accounts for review. At September 30, 2021, the fair value of the portion in TexPool approximates fair value of the shares. There were no limitations or restrictions on withdrawals.

TexSTAR

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

Texas CLASS

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

City of Lockhart, Texas
NOTES TO THE FINANCIAL STATEMENTS, Continued
September 30, 2021

B. Receivables

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

	Governmental Activities		
	Nonmajor		Total
	General	Governmental	
Property taxes	\$ 360,247	\$ 52,197	\$ 412,444
Sales tax	392,087	-	392,087
Other taxes	49,857	33,194	83,051
Fines and fees	1,580,432	81,945	1,662,377
Accounts	-	30,264	30,264
Other	244,535	-	244,535
Allowance	(1,709,969)	-	(1,709,969)
	\$ 917,189	\$ 197,600	\$ 1,114,789

	Business-Type Activities				
	Electric	Water	Wastewater	Nonmajor	Total
Accounts	\$ 2,200,059	\$ 722,760	\$ 472,012	\$ 315,894	\$ 3,710,725
EMS	-	-	-	7,376,389	7,376,389
Allowance	(110,211)	(27,760)	(18,506)	(6,747,686)	(6,904,163)
	\$ 2,089,848	\$ 695,000	\$ 453,506	\$ 944,597	\$ 4,182,951

The component unit receivables balance consisted entirely of sales tax.

City of Lockhart, Texas
NOTES TO THE FINANCIAL STATEMENTS, Continued
September 30, 2021

C. Capital Assets

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

	<u>Beginning Balances</u>	<u>Additions</u>	<u>Retirements/ Reclassifications</u>	<u>Ending Balances</u>
Capital assets, not being depreciated:				
Land	\$ 1,837,226	\$ -	\$ (249,832)	\$ 1,587,394
Construction in progress	8,550	412,940	-	421,490
Total capital assets not being depreciated	<u>1,845,776</u>	<u>412,940</u>	<u>(249,832)</u>	<u>2,008,884</u>
Capital assets, being depreciated:				
Machinery and equipment	7,453,276	665,781	-	8,119,057
Buildings and improvements	12,910,719	53,375	-	12,964,094
Infrastructure	77,644,475	310,790	-	77,955,265
Total capital assets being depreciated	<u>98,008,470</u>	<u>1,029,946</u>	<u>-</u>	<u>99,038,416</u>
Less accumulated depreciation				
Machinery and equipment	5,848,248	401,033	-	6,249,281
Buildings and improvements	4,943,854	315,423	-	5,259,277
Infrastructure	67,533,851	1,368,658	-	68,902,509
Total accumulated depreciation	<u>78,325,953</u>	<u>2,085,114</u>	<u>-</u>	<u>80,411,067</u>
Net capital assets being depreciated	19,682,517	(1,055,168)	-	18,627,349
Total Capital Assets	<u>\$ 21,528,293</u>	<u>\$ (642,228)</u>	<u>\$ (249,832)</u>	<u>\$ 20,636,233</u>

Depreciation was charged to governmental functions as follows:

General government	\$ 146,496
Public safety	297,763
Public works	1,437,882
Health and welfare	7,248
Culture and recreation	195,725
Total Governmental Activities Depreciation Expense	<u>\$ 2,085,114</u>

City of Lockhart, Texas
NOTES TO THE FINANCIAL STATEMENTS, Continued
September 30, 2021

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

	<u>Beginning Balances</u>	<u>Additions</u>	<u>Retirements/ Reclassifications</u>	<u>Ending Balances</u>
Capital assets, not being depreciated:				
Land	\$ 574,710	\$ -	\$ -	\$ 574,710
Construction in progress	3,089,937	283,087	(3,007,024)	366,000
Total capital assets not being depreciated	<u>3,664,647</u>	<u>283,087</u>	<u>(3,007,024)</u>	<u>940,710</u>
Capital assets, being depreciated:				
Machinery and equipment	7,325,208	317,036	-	7,642,244
Buildings and improvements	4,500,538	-	-	4,500,538
Infrastructure	41,385,347	409,927	3,007,024	44,802,298
Intangibles	24,525,000	8,250,000	-	32,775,000
Total capital assets being depreciated	<u>77,736,093</u>	<u>8,976,963</u>	<u>3,007,024</u>	<u>89,720,080</u>
Less accumulated depreciation				
Machinery and equipment	5,950,039	307,924	-	6,257,963
Buildings and improvements	3,162,663	41,684	-	3,204,347
Infrastructure	21,762,765	915,053	-	22,677,818
Intangibles	2,948,357	1,146,955	-	4,095,312
Total accumulated depreciation	<u>33,823,824</u>	<u>2,411,616</u>	<u>-</u>	<u>36,235,440</u>
Net capital assets being depreciated	43,912,269	6,565,347	3,007,024	53,484,640
Total Capital Assets	<u>\$ 47,576,916</u>	<u>\$ 6,848,434</u>	<u>\$ -</u>	<u>\$ 54,425,350</u>

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

Electric	\$ 348,349
Water	1,626,541
Wastewater	259,850
EMS	20,897
Sanitation	53,687
Airport	102,292
Total Business-type Activities Depreciation Expense	<u>\$ 2,411,616</u>

City of Lockhart, Texas
NOTES TO THE FINANCIAL STATEMENTS, Continued
September 30, 2021

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

	Beginning Balances	Additions	Retirements/ Reclassifications	Ending Balances
Capital assets, not being depreciated:				
Land	\$ 664,857	\$ 2,867,547	\$ (386,000)	\$ 3,146,404
Construction in progress	-	380,917	-	380,917
Total capital assets not being depreciated	<u>664,857</u>	<u>3,248,464</u>	<u>(386,000)</u>	<u>3,527,321</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				
Buildings	110,160	12,240	-	122,400
Total accumulated depreciation	<u>110,160</u>	<u>12,240</u>	<u>-</u>	<u>122,400</u>
Net capital assets being depreciated	501,840	(12,240)	-	489,600
Total Capital Assets	<u><u>\$ 1,166,697</u></u>	<u><u>\$ 3,236,224</u></u>	<u><u>\$ (386,000)</u></u>	<u><u>\$ 4,016,921</u></u>

Depreciation was charged to the following activities as follows:

Lockhart EDC	\$ 12,240
Total Depreciation Expense	<u><u>\$ 12,240</u></u>

City of Lockhart, Texas
NOTES TO THE FINANCIAL STATEMENTS, Continued
September 30, 2021

D. Long-term Debt

The following is a summary of changes in the City's total long-term liabilities for the year ended September 30, 2021. In general, the City uses the general fund to liquidate governmental long-term liabilities.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retired</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Governmental Activities:					
Bonds, notes and other payables:					
General Obligation Bonds	\$ 4,452,980	\$ -	\$ (228,262)	\$ 4,224,718	\$ 538,848
Certificates of Obligation	7,208,875	-	(517,460)	6,691,415	364,190
Less deferred amounts:					
For premiums	589,760	-	(61,511)	528,249	-
Total Bonds Payable	<u>12,251,615</u>	<u>-</u>	<u>(807,233)</u>	<u>11,444,382</u>	<u>903,038</u>
Capital leases	-	383,923	(51,583)	332,340	94,488
Total Governmental Activities	<u>\$ 12,251,615</u>	<u>\$ 383,923</u>	<u>\$ (858,816)</u>	<u>\$ 11,776,722</u>	<u>\$ 997,526</u>

Long-term liabilities due in more than one year \$ 10,779,196

Business-Type Activities:					
General Obligation Bonds	\$ 1,497,018	\$ -	\$ (76,740)	\$ 1,420,278	\$ 181,152
Certificates of Obligation	8,091,125	-	(267,540)	7,823,585	425,810
Less deferred amounts:					
For premiums	371,510	-	(32,261)	339,249	-
Total Bonds Payable	<u>9,959,653</u>	<u>-</u>	<u>(376,541)</u>	<u>9,583,112</u>	<u>606,962</u>
Capital leases	69,566	227,075	(48,392)	248,249	73,285
Notes payable	2,536,344	-	(167,521)	2,368,823	171,709
GBRA Obligations	22,975,000	8,250,000	(290,000)	30,935,000	300,000
Total Business-Type Activities	<u>\$ 35,540,563</u>	<u>\$ 8,477,075</u>	<u>\$ (882,454)</u>	<u>\$ 43,135,184</u>	<u>\$ 1,151,956</u>

Long-term liabilities due in more than one year \$ 41,983,228

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retired</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Component Unit Activities (LEDC):					
Notes payable	\$ 574,077	\$ -	\$ (109,651)	\$ 464,426	\$ 120,327
Revenue bonds	-	1,645,000	(105,000)	1,540,000	95,000
County obligation	\$ -	\$ 1,500,000	\$ -	\$ 1,500,000	\$ -
Total Component Unit Activities	<u>\$ 574,077</u>	<u>\$ 3,145,000</u>	<u>\$ (214,651)</u>	<u>\$ 3,504,426</u>	<u>\$ 215,327</u>

Long-term liabilities due in more than one year \$ 3,289,099

City of Lockhart, Texas

NOTES TO THE FINANCIAL STATEMENTS, *Continued*

September 30, 2021

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

Lockhart-Luling Water Delivery System

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

GBRA issued \$4,950,000 in Contract Revenue Refunding Bonds in fiscal year 2014 for the water delivery system. As of September 30, 2021, there was \$3,110,000 bonds outstanding.

Carrizo Groundwater Supply Project

The Guadalupe-Blanco River Authority (GBRA) has contracted with the City to assist with the financing for the development of the Carrizo Groundwater Supply Project. This groundwater development project will generate 15,000 acre-feet per year of groundwater which will be distributed to three customers that have contracts with GBRA – New Braunfels Utilities, City of Lockhart, and Goforth Special Utility District. The City is responsible for its proportional share of the contract revenue and board participation loans associated with the financing of the project. As of September 30, 2021, there was \$27,825,000 of obligations outstanding.

City of Lockhart, Texas
NOTES TO THE FINANCIAL STATEMENTS, Continued
September 30, 2021

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

	Governmental Activities	Business - Type Activities	Total
General Obligation Bonds:			
\$6,530,000 General Obligation Refunding Bond, Series 2016, due in annual installments through August 2028, interest at 3.6%	\$ 4,224,718	\$ 1,420,278	\$ 5,644,996
Total General Obligation Bonds	\$ 4,224,718	\$ 1,420,278	\$ 5,644,996
Certificates of Obligation:			
\$16,685,000 Certificates of Obligation, Series 2015, due in annual installments through August 2035 interest at 3.39%	\$ 6,691,415	\$ 7,823,585	\$ 14,515,000
Total Certificates of Obligation	\$ 6,691,415	\$ 7,823,585	\$ 14,515,000
Notes Payable:			
\$3,600,000 2013 State Infrastructure Bank Loan due in annual installments through June 2033, interest at 2.50%	\$ -	\$ 2,368,823	\$ 2,368,823
Total Notes Payable	\$ -	\$ 2,368,823	\$ 2,368,823
GBRA Obligations:			
\$4,950,000 GBRA Revenue Bond, Series 2014, due in installments through 2030, interest at 3.45%	\$ -	\$ 3,110,000	\$ 3,110,000
\$7,095,000 2018 Board Participation Loan due in installments through 2053, interest at 4.24%	-	7,095,000	7,095,000
\$2,405,000 Contract Revenue Bond, Series 2018A, due in installments through 2048, interest at 3.96%	-	2,405,000	2,405,000
\$2,095,000 Contract Revenue Bond, Series 2018B, due in installments through 2048, interest at 3.23%	-	2,095,000	2,095,000
\$6,260,000 2019 Board Participation Loan due in installments through 2054, interest at 3.39%	-	6,260,000	6,260,000
\$1,720,000 Contract Revenue Bond, Series 2019, due in installments through 2049, interest at 2.47%	-	1,720,000	1,720,000
\$8,250,000 Contract Revenue Bond, Series 2020, due in installments through 2050, interest at 2.08%	-	8,250,000	8,250,000
Total GBRA Obligations	\$ -	\$ 30,935,000	\$ 30,935,000
Capital Leases Payable:			
\$121,741 Capital lease payable to Stryker Sales Corporation, due in annual installments of \$17,392 through 2024, interest at 3.5%	\$ -	\$ 52,175	\$ 52,175
\$610,998 Capital lease payable to Enterprise Fleet, due in monthly installments of \$13,106 through 2025, interest at 1.5%	332,340	196,074	528,414
Total Capital Leases Payable	\$ 332,340	\$ 248,249	\$ 580,589
Premiums	528,249	339,249	867,498
Total Debt	\$ 11,776,722	\$ 43,135,184	\$ 54,911,906

City of Lockhart, Texas
NOTES TO THE FINANCIAL STATEMENTS, Continued
September 30, 2021

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

	Lockhart EDC
Sales Tax Revenue Bonds:	
\$1,645,000 Sales Tax Revenue Bond, Series 2020, due in semi-annual installments through August 2035, interest at 2.47%	\$ 1,540,000
Total Sales Tax Revenue Bonds	\$ 1,540,000
County Obligation:	
\$1,500,000 County Obligation, due in annual installments of \$500,000, starting in 2026 through 2028, interest at 0%	\$ 1,500,000
Total County Obligation	\$ 1,500,000
Notes Payable:	
\$500,000 2019 Economic Development Note Payable due in quarterly installments through 2025 interest at 3.5%	\$ 334,624
\$425,000 207 Economic Development Note Payable due in quarterly installments through 2027 interest at 4.25%	129,802
Total Notes Payable	\$ 464,426
Total Debt	\$ 3,504,426

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

Governmental Activities:

Year ending September 30,	2015 Tax & Rev CO		2016 GO Refunding	
	Principal	Interest	Principal	Interest
2022	\$ 364,190	\$ 234,597	\$ 538,848	\$ 147,987
2023	382,630	216,388	565,042	131,821
2024	396,460	201,082	572,526	119,108
2025	412,595	185,224	594,978	101,932
2026	433,340	164,594	624,914	78,133
2027-2031	2,431,775	617,377	1,328,410	80,378
2032-2036	2,270,425	197,106	-	-
	\$ 6,691,415	\$ 1,816,369	\$ 4,224,718	\$ 659,359

City of Lockhart, Texas
NOTES TO THE FINANCIAL STATEMENTS, Continued
September 30, 2021

Year ending September 30,	Capital Leases	
	Principal	Interest
2022	\$ 94,488	\$ 4,337
2023	95,915	2,910
2024	97,364	1,461
2025	44,573	183
	<u>\$ 332,340</u>	<u>\$ 8,892</u>

Governmental activities had assets under capital leases with a net book value of \$324,912 as of September 30, 2021.

Business-Type Activities:

Year ending September 30,	2015 Tax & Rev CO		2016 GO Refunding	
	Principal	Interest	Principal	Interest
2022	\$ 425,810	\$ 274,290	\$ 181,152	\$ 49,751
2023	447,370	253,000	189,958	44,316
2024	463,540	235,105	192,474	40,042
2025	482,405	216,563	200,022	34,268
2026	506,660	192,443	210,086	26,267
2027-2031	2,843,225	721,836	446,586	27,022
2032-2036	2,654,575	230,456	-	-
	<u>\$ 7,823,585</u>	<u>\$ 2,123,694</u>	<u>\$ 1,420,278</u>	<u>221,666</u>

Year ending September 30,	State Infrastructure Loan		Capital Leases	
	Principal	Interest	Principal	Interest
2022	\$ 171,709	\$ 59,221	\$ 73,285	\$ 2,558
2023	176,002	54,928	74,129	1,714
2024	180,402	50,528	74,986	857
2025	184,912	46,018	25,849	105
2026	189,535	41,395	-	-
2027-2031	1,021,163	133,485	-	-
2032-2036	445,099	16,760	-	-
	<u>\$ 2,368,822</u>	<u>402,334</u>	<u>\$ 248,249</u>	<u>5,233</u>

Business-type activities had assets under capital leases with a net book value of \$254,903 as of September 30, 2021.

City of Lockhart, Texas
NOTES TO THE FINANCIAL STATEMENTS, Continued
September 30, 2021

<u>Year ending September 30,</u>	<u>Guadalupe-Blanco River Authority</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 300,000	\$ 858,966	\$ 1,158,966
2023	365,000	848,444	1,213,444
2024	740,000	937,851	1,677,851
2025	765,000	911,666	1,676,666
2026	785,000	895,790	1,680,790
2027	800,000	878,995	1,678,995
2028	820,000	861,122	1,681,122
2029	840,000	842,354	1,682,354
2030	855,000	822,396	1,677,396
2031	465,000	808,454	1,273,454
2032	480,000	800,093	1,280,093
2033	485,000	790,529	1,275,529
2034	500,000	780,100	1,280,100
2035	510,000	768,927	1,278,927
2036	525,000	757,095	1,282,095
2037	535,000	744,556	1,279,556
2038	550,000	731,466	1,281,466
2039	915,000	717,534	1,632,534
2040	1,270,000	689,419	1,959,419
2041	1,310,000	649,348	1,959,348
2042	1,360,000	606,460	1,966,460
2043	1,400,000	561,920	1,961,920
2044	1,440,000	515,983	1,955,983
2045	1,495,000	466,500	1,961,500
2046	1,545,000	414,674	1,959,674
2047	1,595,000	360,515	1,955,515
2048	1,655,000	304,560	1,959,560
2049	1,440,000	246,389	1,686,389
2050	1,400,000	196,882	1,596,882
2051	1,040,000	147,244	1,187,244
2052	1,085,000	106,130	1,191,130
2053	1,135,000	63,234	1,198,234
2054	530,000	18,338	548,338
	<u>30,935,000</u>	<u>20,103,928</u>	<u>31,225,000</u>

City of Lockhart, Texas
NOTES TO THE FINANCIAL STATEMENTS, Continued
September 30, 2021

Lockhart Economic Development Corporation

Year ending September 30,	Southside Bank		First National Bank	
	Principal	Interest	Principal	Interest
2022	\$ 98,955	\$ 10,423	\$ 21,372	\$ 5,173
2023	102,464	6,913	22,311	4,234
2024	106,098	3,280	23,283	3,262
2025	27,107	237	24,315	2,230
2026	-	-	25,384	1,161
2027-2031	-	-	13,137	166
	<u>\$ 334,624</u>	<u>\$ 20,853</u>	<u>\$ 129,802</u>	<u>16,226</u>

Year ending September 30,	2020 Sales Tax and Revenue Bonds		2020 Caldwell County Obligation	
	Principal	Interest	Principal	Interest
2022	\$ 95,000	\$ 38,038	\$ -	\$ -
2023	95,000	35,692	-	-
2024	100,000	33,345	-	-
2025	100,000	30,875	-	-
2026	100,000	28,405	500,000	-
2027-2031	555,000	102,876	1,000,000	-
2032-2036	495,000	30,999	-	-
	<u>\$ 1,540,000</u>	<u>\$ 300,229</u>	<u>\$ 1,500,000</u>	<u>-</u>

City of Lockhart, Texas
NOTES TO THE FINANCIAL STATEMENTS, Continued
September 30, 2021

G. Other Long-term Liabilities

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due within One Year</u>
Governmental Activities:					
Compensated absences	\$ 524,065	\$ 430,216	\$ (370,340)	\$ 583,941	\$ 525,547
Total Governmental Activities	<u>\$ 524,065</u>	<u>\$ 430,216</u>	<u>\$ (370,340)</u>	<u>\$ 583,941</u>	<u>\$ 525,547</u>
Other long-term liabilities due in more than one year				<u>\$ 58,394</u>	
Business-Type Activities:					
Compensated absences	\$ 81,169	\$ 92,351	\$ (84,368)	\$ 89,152	\$ 80,237
Total Business-Type Activities	<u>\$ 81,169</u>	<u>\$ 92,351</u>	<u>\$ (84,368)</u>	<u>\$ 89,152</u>	<u>\$ 80,237</u>
Other long-term liabilities due in more than one year				<u>\$ 8,915</u>	
EDC Activities:					
Compensated absences	\$ 4,384	\$ 4,206	\$ (4,384)	\$ 4,206	\$ 3,785
Total Business-Type Activities	<u>\$ 4,384</u>	<u>\$ 4,206</u>	<u>\$ (4,384)</u>	<u>\$ 4,206</u>	<u>\$ 3,785</u>
Other long-term liabilities due in more than one year				<u>\$ 421</u>	

H. Deferred Charges on Refunding

Deferred charges resulting from the issuance of series 2016 GO revenue refunding bonds have been recorded as deferred outflows of resources and are being amortized to interest expense over the shorter of either the remaining term of the refunded debt or the refunding certificates of obligation. Current year balances for governmental and business-type activities totaled \$187,535 and \$131,583 respectively. Current year amortization expense for governmental and business-type activities totaled \$23,442 and \$16,448, respectively.

City of Lockhart, Texas
NOTES TO THE FINANCIAL STATEMENTS, Continued
September 30, 2021

I. Interfund Transactions

The compositions of interfund advances to/from balances as of the year ended September 30, 2021 were as follows:

Due from: (receivable fund)	Due to: (payable fund)	Total
	Nonmajor	
General	\$ 100,327	\$ 100,327
Total	\$ 100,327	\$ 100,327

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

Transfers between the primary government during the 2021 year were as follows:

Transfer In:	Transfer Out						Total
	General	Electric	Water	Wastewater	Nonmajor governmental	Nonmajor enterprise	
General	\$ -	\$ 1,891,276	\$ 175,254	\$ 475,735	\$ 564,858	\$ 261,927	\$ 3,369,050
Nonmajor govt	137,620	-	-	186,945	100,000	-	424,565
Water	-	-	-	333,787	-	-	333,787
Total	\$ 137,620	\$ 1,891,276	175,254	996,467	664,858	261,927	4,127,402

The LEDC transferred \$52,898 to the general fund during the year. Transfers between funds were primarily to support debt service requirements and operation of funds.

V. OTHER INFORMATION

A. Risk Management

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

City of Lockhart, Texas

NOTES TO THE FINANCIAL STATEMENTS, *Continued*

September 30, 2021

B. Contingent Liabilities

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

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

C. Commitments

Water Purchase Commitment

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

D. Pension Plans

Texas Municipal Retirement Systems

Plan Description

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

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

City of Lockhart, Texas

NOTES TO THE FINANCIAL STATEMENTS, *Continued*

September 30, 2021

Benefits Provided

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

At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the city-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven payments options. Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest.

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

Plan provisions for the City were as follows:

	<u>Plan Year 2021</u>	<u>Plan Year 2020</u>
Employee deposit rate	6%	6%
Matching ratio (city to employee)	2 to 1	2 to 1
Years required for vesting	5	5
Service retirement eligibility (expressed as age / years of service)	60/5, 0/20	60/5, 0/20
Updated service credit	100% Repeating Transfers	100% Repeating Transfers
Annuity increase (to retirees)	70% of CPI repeating	70% of CPI repeating

Employees covered by benefit terms

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

Inactive employees or beneficiaries currently receiving benefits	84
Inactive employees entitled to but not yet receiving benefits	124
Active employees	135
Total	343

City of Lockhart, Texas

NOTES TO THE FINANCIAL STATEMENTS, *Continued*

September 30, 2021

Contributions

The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the city matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the City. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Employees for the City of Lockhart, Texas were required to contribute 6% of their annual gross earnings during the fiscal year. The contribution rates for the City of Lockhart, Texas were 12.81% and 12.47% in calendar years 2020 and 2021, respectively. The City's contributions to TMRS for the year ended September 30, 2021, were \$941,155, and were equal to the required contributions.

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2020, 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, 2020 actuarial valuation was determined using the following actuarial assumptions:

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

Salary increases are based on a service-related table. Mortality rates for active members are based on the PUB(10) mortality tables with the Public Safety table used for males and the General Employee table used for females. Mortality rates for healthy retirees and beneficiaries are based on the Gender-distinct 2019 Municipal Retirees of Texas mortality tables. The rates for actives, healthy retirees and beneficiaries are projected on a fully generational basis by Scale UMP to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees is used with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3.0% minimum 16 mortality rate is applied, for males and females respectively, to reflect the impairment for

City of Lockhart, Texas

NOTES TO THE FINANCIAL STATEMENTS, *Continued*

September 30, 2021

younger members who become disabled. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive). The target allocation and best estimates of real rates of return for each major asset class in fiscal year 2021 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Global Equity	30.0%	5.30%
Core Fixed Income	10.0%	1.25%
Non-Core Fixed Income	20.0%	4.14%
Real Return	10.0%	3.85%
Real Estate	10.0%	4.00%
Absolute Return	10.0%	3.48%
Private Equity	10.0%	7.75%
Total	100.0%	

Discount Rate:

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

City of Lockhart, Texas

NOTES TO THE FINANCIAL STATEMENTS, *Continued*

September 30, 2021

expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability. Of the total pension liability, \$3,293,269 is related to the primary government and \$71,330 is attributable to discretely presented component units.

Changes in the Net Pension Liability:

	<u>Total Pension Liability (a)</u>	<u>Plan Fiduciary Net</u>	<u>Total Net Pension</u>	<u>Primary Government</u>	<u>Component Units</u>
Balance at 12/31/19	\$ 35,762,008	\$ 32,149,856	\$ 3,612,152	\$ 3,535,574	\$ 76,578
Changes for the year:					
Service cost	961,008	-	961,008	940,635	20,373
Interest	2,392,058	-	2,392,058	2,341,346	50,712
Change in benefit terms	-	-	-	-	-
Difference between expected and actual experience	193,047	-	193,047	188,954	4,093
Changes of assumptions	-	-	-	-	-
Contributions – employer	-	933,321	(933,321)	(913,535)	(19,786)
Contributions – employee	-	437,153	(437,153)	(427,885)	(9,268)
Net investment income	-	2,439,599	(2,439,599)	(2,387,879)	(51,720)
Benefit payments, including refunds of emp. contributions	(1,609,242)	(1,609,242)	-	-	-
Administrative expense	-	(15,791)	15,791	15,456	335
Other changes	-	(616)	616	603	13
Net changes	1,936,871	2,184,424	(247,553)	(242,305)	(5,248)
Balance at 12/31/20	<u>\$ 37,698,879</u>	<u>\$ 34,334,280</u>	<u>\$ 3,364,599</u>	<u>\$ 3,293,269</u>	<u>\$ 71,330</u>

City of Lockhart, Texas

NOTES TO THE FINANCIAL STATEMENTS, *Continued*

September 30, 2021

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:

Primary Government

1% Decrease 5.75%	Current Single Rate Assumption 6.75%	1% Increase 7.75%
\$ 8,679,858	\$ 3,293,269	\$ (1,086,110)

Component Unit

1% Decrease 5.75%	Current Single Rate Assumption 6.75%	1% Increase 7.75%
\$ 187,999	\$ 71,330	\$ (23,524)

Total

1% Decrease 5.75%	Current Single Rate Assumption 6.75%	1% Increase 7.75%
\$ 8,867,857	\$ 3,364,599	\$ (1,109,634)

Pension Plan Fiduciary Net Position:

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

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

For the year ended September 30, 2021, the City recognized pension expense of \$449,623. Of this amount, \$440,091 is related to the primary government and \$9,532 is attributable to the discretely presented component unit.

City of Lockhart, Texas
NOTES TO THE FINANCIAL STATEMENTS, Continued
September 30, 2021

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

	Deferred Outflows of Resources	Deferred (Inflows) of Resources
Primary Government:		
Difference between projected and actual investment earnings	\$ -	\$ 886,085
Change in assumptions	37,627	-
Differences between expected and actual economic experience	100,736	-
Contributions subsequent to the measurement date	659,215	-
Component Units:		
Difference between projected and actual investment earnings	-	19,192
Change in assumptions	815	-
Differences between expected and actual economic experience	2,182	-
Contributions subsequent to the measurement date	14,278	-
Total	\$ 814,853	\$ 905,277

The primary government and component units reported \$659,215 and \$14,278, respectively, as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability for the year ending September 30, 2022.

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:	Primary	Discretely Presented	Total
	Government	Component Units	
2021	\$ (270,112)	\$ (5,850)	\$ (275,962)
2022	87,513	1,895	89,408
2023	(512,367)	(11,097)	(523,464)
2024	(52,756)	(1,143)	(53,899)
2025	-	-	-
Thereafter	-	-	-
	\$ (747,722)	\$ (16,195)	\$ (763,917)

City of Lockhart, Texas
NOTES TO THE FINANCIAL STATEMENTS, Continued
 September 30, 2021

E. Other Postemployment Benefits

Supplemental Death Benefits Fund

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

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

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

Employees covered by benefit terms

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

Inactive employees or beneficiaries currently receiving benefits	58
Inactive employees entitled to but not yet receiving benefits	20
Active employees	135
Total	213

The City’s contributions to the TMRS SDBF for the years ended 2021 and 2020 were \$9,355 and \$4,006, respectively, which equaled the required contributions each year.

City of Lockhart, Texas
NOTES TO THE FINANCIAL STATEMENTS, Continued
September 30, 2021

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

Plan/ Calendar Year	Annual Required Contribution (Rate)	Actual Contribution Made (Rate)	Percentage of ARC Contributed
2019	0.05%	0.05%	100.0%
2020	0.06%	0.06%	100.0%
2021	0.15%	0.15%	100.0%

Total OPEB Liability

The City's Postemployment Benefits Other Than Pensions Liability (OPEB) was measured as of December 31, 2020, and the Total OPEB Liability was determined by an actuarial valuation as of that date.

Actuarial assumptions:

The Total OPEB Liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	3.5% to 10.5%, including inflation per year
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

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

City of Lockhart, Texas
NOTES TO THE FINANCIAL STATEMENTS, Continued
September 30, 2021

Discount Rate:

The discount rate used to measure the Total OPEB Liability was 2.00%. The discount rate was based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2020.

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 (asset) 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% Decrease (1.00%)	Current Single Rate Assumption 2.00%	1% Increase (3.00%)
\$ 656,602	\$ 540,373	\$ 449,687

Changes in the Total OPEB Liability:

	Total OPEB Liability
Balance at 12/31/19	\$ 474,450
Changes for the year:	
Service Cost	23,315
Interest	13,308
Difference between expected and actual experience	(36,363)
Changes of assumptions	70,035
Benefit payments	(4,372)
Net changes	65,923
Balance at 12/31/20	\$ 540,373

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

For the year ended September 30, 2021, the City recognized OPEB expense of \$52,082.

City of Lockhart, Texas
NOTES TO THE FINANCIAL STATEMENTS, Continued
September 30, 2021

At September 30, 2021, the City reported deferred outflows of resources related to the OPEB liability from the following sources:

	Deferred Outflows of Resources	Deferred (Inflows) of Resources
Difference between expected and actual experience	\$ -	\$ 47,956
Changes in assumptions and other inputs	99,359	-
Contributions subsequent to measurement date	8,101	-
Total	\$ 107,460	\$ 47,956

The City reported \$8,101 as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date that will be recognized as a reduction of the OPEB liability for the year ending September 30, 2022.

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

Year ended December 31:	
2021	\$ 15,459
2022	10,545
2023	16,359
2024	9,040
2025	-
Thereafter	-
	\$ 51,403

Retiree Health Benefit Plan

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

City of Lockhart, Texas

NOTES TO THE FINANCIAL STATEMENTS, *Continued*

September 30, 2021

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, the following represents the active employees and retirees that are eligible to participate in the plan:

Employees covered by benefit terms

At the September 30, 2020 valuation date, the following employees were covered by the benefit terms:

Status	Employee	Employee & Spouse
Inactive employees or beneficiaries currently receiving benefits	3	2
Active employees	56	10
Total	59	12

Discount Rate

The discount rate used to measure the Total OPEB Liability was 2.25%. The discount rate was based on the Bond Buyer GO Bond 20 Year Index rate as of September 30, 2020, date of the actuarial valuation.

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

The following presents the net OPEB liability of the City, calculated using the discount rate of 2.25%, as well as what the City's net OPEB liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (1.25%) or 1-percentage-point higher (3.25%) than the current rate:

1% Decrease █ (1.25%)	Current Single Rate Assumption 2.25%	1% Increase █ (3.25%)
\$ 461,085	\$ 426,848	\$ 395,276

City of Lockhart, Texas
NOTES TO THE FINANCIAL STATEMENTS, Continued
September 30, 2021

Healthcare Cost Trend

1% Decrease (3.5%)	Current Healthcare Cost Trend (4.5%)	1% Increase (5.5%)
\$ 386,290	\$ 426,848	\$ 474,415

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at 9/30/2020	\$ 436,853
Changes for the year:	
Service Cost	13,045
Interest	9,754
Difference between expected and actual experience	-
Changes of assumptions	-
Benefit payments	(32,804)
Net changes	(10,005)
Balance at 9/30/2021	\$ 426,848

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

For the year ended September 30, 2021, the City recognized OPEB expense of \$29,440.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 6,866
Change in assumptions	37,482	-
Total	\$ 37,482	\$ 6,866

City of Lockhart, Texas
NOTES TO THE FINANCIAL STATEMENTS, Continued
September 30, 2021

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

Year ended September 30:	
2022	\$ 6,641
2023	6,641
2024	6,641
2025	6,641
2026	4,052
Thereafter	-
	\$ 30,616

Funding Status and Funding Progress

Actuarial valuations of an ongoing program involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the Program and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of Program, assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits. The current valuation dated September 30, 2020 and measured as of September 30, 2021 uses the mortality table: RPH 2014 Total Table with Projection MP-2019 and turnover: rates varying based on genera, age, and select and ultimate at 9 years. Rates based on the TMRS actuarial assumptions from the 2017 retirement plan valuation report.

Actuarial Methods and Assumptions

There have been no substantive changes in the retiree plan since the last full valuation. Therefore, the interim-year projection study is based on the census information, benefit schedules and costs for the fiscal year 2020 actuarial valuation for the development of the GASB 75 disclosures related to OPEB benefits for the year ended September 30, 2021 and roll forward using a measurement date of September 30, 2021.

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

City of Lockhart, Texas

NOTES TO THE FINANCIAL STATEMENTS, *Continued*

September 30, 2021

The following is a summary of the actuarial assumptions:

Actuarial Cost Method	Entry Age Normal Cost
Amortization Method	Level Percent-of-Payroll
Asset Valuation Method	N/A
Discount Rate	2.25%
Inflation Rate	2.5%
Salary Growth	3.0%
Healthcare Cost Trend Rate (Initial/Ulimate)	4.5% for medical

F. Tax Abatement Disclosures

The City of Lockhart enters into tax abatement and rebate agreements with local businesses under the state local government code, title 12, subtitle A, chapter 380. Under the code, the governing body of a municipality may establish and provide for the administration of one or more programs, including programs for making loans or grants of public money and providing personnel and services of the municipality, to promote state or local economic development and to stimulate business and commercial activity in the municipality. The City has tax abatement/rebate agreements with three entities as of September 30, 2021:

\$5,647 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.

\$1,014 was rebated to a glass and mirror manufacturing company for sales tax and \$13,995 in property taxes on new improvements to building and furniture, fixtures, and equipment.

\$13,046 of real property and personal property taxes was rebated to a manufacturing company that commercializes fiber reactor technology to enhance and improve manufacturing environments by increasing the efficiency of existing refining operations utilizing two-phase chemistry.

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

City of Lockhart, Texas
NOTES TO THE FINANCIAL STATEMENTS, Continued
September 30, 2021

G. Restatement

Due to accounting errors, the City restated beginning net position/fund balance of the governmental activities, general fund, nonmajor governmental funds, business-type activities, nonmajor enterprise funds, and the Lockhart EDC. The restatement of beginning net position/fund balance is as follows:

	Governmental Activities	General Fund	Nonmajor Governmental
Prior year ending net position/ fund balance as reported	\$ 16,974,855	\$ 7,018,302	\$ 4,436,111
Correction of receivable with proper deferral	-	(124,840)	-
Correction of land donation	249,832	-	-
Correction to allocate pension balances	83,667	-	-
Correction of accounts payable	(43,646)	-	(43,646)
Restated beginning net position/fund balance	<u>\$ 17,264,708</u>	<u>\$ 6,893,462</u>	<u>\$ 4,392,465</u>
	Business-type Activities	Water	Nonmajor Enterprise
Prior year ending net position as reported	\$ 28,990,530	\$ 10,002,144	\$ 4,195,872
Recognition of GBRA balances	(1,672,905)	(1,672,905)	-
Recognition of allowance for doubtful accounts	(196,315)	-	(196,315)
Restated beginning net position	<u>\$ 27,121,310</u>	<u>\$ 8,329,239</u>	<u>\$ 3,999,557</u>
	Component Unit Lockhart EDC		
Prior year ending net position as reported	\$ 3,781,378		
Correction for land value	231,857		
Correction to allocate pension balances	(83,667)		
Correction of note receivable	252,031		
Restated beginning net position	<u>\$ 4,181,599</u>		

H. Subsequent Events

There were no subsequent events through March 15, 2022, the date the financial statements were issued.

REQUIRED SUPPLEMENTARY INFORMATION

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City of Lockhart, Texas

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL GENERAL FUND

For the Year Ended September 30, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Property tax	\$ 4,663,885	\$ 4,663,885	\$ 4,580,385	\$ (83,500)
Sales tax	1,604,250	1,604,250	2,143,239	538,989
Franchise and local taxes	321,952	321,952	370,909	48,957
License and permits	197,100	197,100	301,370	104,270
Charges for services	79,065	79,065	88,883	9,818
Intergovernmental	437,589	437,589	507,585	69,996
Fines and forfeitures	265,557	265,557	375,031	109,474
Investment income	63,317	63,317	13,171	(50,146)
Other revenue	101,870	101,870	166,781	64,911
Total Revenues	<u>7,734,585</u>	<u>7,734,585</u>	<u>8,547,354</u>	<u>812,769</u>
Expenditures				
Current:				
General government	1,588,946	1,663,234	1,653,335	9,899
Public safety	5,956,714	6,556,704	5,864,676	692,028
Public works	2,565,666	3,000,666	2,085,802	914,864
Health and welfare	16,425	16,425	20,539	(4,114)
Culture and recreation	1,073,425	1,073,425	1,242,185	(168,760)
Community development	676,892	676,892	707,075	(30,183)
Debt Service:				
Principal	-	-	51,583	(51,583)
Interest and fiscal charges	-	-	4,278	(4,278)
Total Expenditures	<u>11,878,068</u>	<u>12,987,346</u>	<u>11,629,473</u>	<u>1,357,873</u>
Revenues Over (Under) Expenditures	<u>(4,143,483)</u>	<u>(5,252,761)</u>	<u>(3,082,119)</u>	<u>2,170,642</u>
Other Financing Sources (Uses)				
Capital lease issuances	-	-	383,923	383,923
Proceeds from sale of capital assets	-	247,890	251,942	4,052
Transfers in	3,584,174	3,584,174	3,369,050	(215,124)
Transfers (out)	(61,700)	(61,700)	(137,620)	(75,920)
Total Other Financing Sources (Uses)	<u>3,522,474</u>	<u>3,770,364</u>	<u>3,867,295</u>	<u>96,931</u>
Net Change in Fund Balance	<u>\$ (621,009)</u>	<u>\$ (1,482,397)</u>	785,176	<u>\$ 2,267,573</u>
Beginning fund balance			6,893,462	
Ending Fund Balance			<u>\$ 7,678,638</u>	

Notes to Required Supplementary Information

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

City of Lockhart, Texas

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

Years Ended:

	12/31/2020	12/31/2019	12/31/2018
Total pension liability			
Service cost	\$ 961,008	\$ 908,475	\$ 861,176
Interest	2,392,058	2,267,377	2,158,275
Differences between expected and actual experience	193,047	(28,525)	(144,312)
Changes of assumptions	-	94,975	-
Benefit payments, including refunds of participant contributions	(1,609,242)	(1,233,643)	(1,331,302)
Net change in total pension liability	1,936,871	2,008,659	1,543,837
Total pension liability - beginning	35,762,008	33,753,349	32,209,512
Total pension liability - ending (a)	37,698,879	35,762,008	33,753,349
Plan fiduciary net position			
Contributions - employer	\$ 933,321	\$ 884,655	\$ 848,460
Contributions - members	437,153	408,304	385,314
Net investment income	2,439,599	4,299,655	(862,453)
Benefit payments, including refunds of participant contributions	(1,609,242)	(1,233,643)	(1,331,302)
Administrative expenses	(15,791)	(24,299)	(16,669)
Other	(616)	(730)	(872)
Net change in plan fiduciary net position	2,184,424	4,333,942	(977,522)
Plan fiduciary net position - beginning	32,149,856	27,815,914	28,793,436
Plan fiduciary net position - ending (b)	\$ 34,334,280	\$ 32,149,856	\$ 27,815,914
Fund's net pension liability - ending (a) - (b)	\$ 3,364,599	\$ 3,612,152	\$ 5,937,435
 Plan fiduciary net position as a percentage of the total pension liability	 91.08%	 89.90%	 82.41%
Covered payroll	\$ 7,285,883	\$ 6,805,058	\$ 6,421,896
Fund's pension liability as a percentage of covered payroll	46.18%	53.08%	92.46%

Notes to schedule:

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

<u>12/31/2017</u>	<u>12/31/2016</u>	<u>12/31/2015</u>	<u>12/31/2014</u> ¹
\$ 803,650	\$ 809,909	\$ 755,292	\$ 659,622
2,050,665	1,924,544	1,840,606	1,759,695
(95,374)	213,804	541,546	(275,265)
-	-	143,888	-
<u>(1,055,658)</u>	<u>(1,097,681)</u>	<u>(1,084,811)</u>	<u>(987,219)</u>
1,703,283	1,850,576	2,196,521	1,156,833
<u>30,506,229</u>	<u>28,655,653</u>	<u>26,459,132</u>	<u>25,302,299</u>
<u>32,209,512</u>	<u>30,506,229</u>	<u>28,655,653</u>	<u>26,459,132</u>
\$ 779,767	\$ 708,591	\$ 721,903	\$ 662,456
358,239	358,731	352,824	321,581
3,497,425	1,599,743	34,935	1,282,369
(1,055,658)	(1,097,681)	(1,084,811)	(987,219)
(18,124)	(18,076)	(21,283)	(13,388)
(918)	(974)	(1,051)	(1,101)
<u>3,560,731</u>	<u>1,550,334</u>	<u>2,517</u>	<u>1,264,698</u>
<u>25,232,705</u>	<u>23,682,371</u>	<u>23,679,854</u>	<u>22,415,156</u>
<u>\$ 28,793,436</u>	<u>\$ 25,232,705</u>	<u>\$ 23,682,371</u>	<u>\$ 23,679,854</u>
<u>\$ 3,416,076</u>	<u>\$ 5,273,524</u>	<u>\$ 4,973,282</u>	<u>\$ 2,779,278</u>
89.39%	82.71%	82.64%	89.50%
\$ 5,970,653	\$ 5,937,749	\$ 5,730,595	\$ 5,359,686
57.21%	88.81%	86.78%	51.86%

City of Lockhart, Texas

SCHEDULE OF EMPLOYER CONTRIBUTIONS TO PENSION PLAN

Years Ended:

	9/30/2021	9/30/2020	9/30/2019
Actuarially determined employer contributions	\$ 941,155	\$ 896,545	\$ 872,807
Contributions in relation to the actuarially determined contribution	\$ 941,155	\$ 896,545	\$ 872,807
Contribution deficiency (excess)	\$ -	\$ -	\$ -
Annual covered payroll	\$ 7,490,384	\$ 6,972,445	\$ 6,687,118
Employer contributions as a percentage of covered payroll	12.56%	12.86%	13.05%

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

NOTES TO SCHEDULE OF EMPLOYER CONTRIBUTIONS TO PENSION PLAN

Valuation Date:

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

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	25 years
Asset Valuation Method	10 Year smoothed market; 12% soft corridor
Inflation	2.5%
Salary Increases	3.50% to 11.5%, including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2019 valuation pursuant to an experience study of the period 2014 - 2018

Mortality Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP.
Pre-retirement: PUB(10) mortality tables, with the Public Safety table used for males and the General Employee table used for females. The rates are projected on a fully generational basis with scale UMP.

Other Information:

Notes There were no benefit changes during the year.

<u>9/30/2018</u>	<u>9/30/2017</u>	<u>9/30/2016</u>	<u>9/30/2015</u> ¹
\$ 829,948	\$ 754,327	\$ 734,637	\$ 692,664
<u>\$ 829,948</u>	<u>\$ 754,327</u>	<u>\$ 734,637</u>	<u>\$ 692,664</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 6,300,160	\$ 5,911,532	\$ 6,129,529	\$ 5,617,224
13.17%	12.76%	11.99%	12.33%

City of Lockhart, Texas

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

Years Ended:

	¹ 12/31/2020	12/31/2019	12/31/2018	12/31/2017
Total OPEB liability				
Service cost	\$ 23,315	\$ 17,693	\$ 19,266	\$ 15,524
Interest	13,308	14,621	13,571	13,276
Differences between expected and actual experience	(36,363)	(18,892)	(17,158)	-
Changes of assumptions	70,035	77,468	(27,464)	31,482
Benefit payments	(4,372)	(3,403)	(3,211)	(3,582)
Net changes	<u>65,923</u>	<u>87,487</u>	<u>(14,996)</u>	<u>56,700</u>
Total OPEB liability - beginning	<u>474,450</u>	<u>386,963</u>	<u>401,959</u>	<u>345,259</u>
Total OPEB liability - ending	² <u>\$ 540,373</u>	<u>\$ 474,450</u>	<u>\$ 386,963</u>	<u>\$ 401,959</u>
 Covered employee payroll	 \$ 7,285,883	 \$ 6,805,058	 \$ 6,421,896	 \$ 5,970,653
Fund's net position as a percentage of covered employee payroll	7.42%	6.97%	6.03%	6.73%

Notes to schedule:

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

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

City of Lockhart, Texas

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

Years Ended:

	¹ 9/30/2021	9/30/2020	9/30/2019	9/30/2018
Total OPEB liability				
Service cost	\$ \$ 13,045	\$ \$ 11,786	\$ \$ 11,786	\$ 11,326
Interest	9,754	15,971	15,460	15,641
Differences between expected and actual experience	-	(9,846)	-	-
Changes of assumptions	-	53,744	-	-
Benefit payments	(32,804)	(32,804)	(20,086)	(20,086)
Net changes	<u>(10,005)</u>	<u>38,851</u>	<u>7,160</u>	<u>6,881</u>
Total OPEB liability - beginning	<u>436,853</u>	<u>398,002</u>	<u>390,842</u>	<u>383,961</u>
Total OPEB liability - ending	² \$ <u><u>426,848</u></u>	\$ <u><u>436,853</u></u>	² \$ <u><u>398,002</u></u>	² \$ <u><u>390,842</u></u>
Covered employee payroll	\$ 3,307,156	\$ 3,307,156	\$ 3,778,438	\$ 3,778,438
Fund's net position as a percentage of covered employee payroll	12.91%	13.21%	10.53%	10.34%

Notes to schedule:

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

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

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

City of Lockhart, Texas
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
September 30, 2021

	Debt Service Fund	Special Revenue Funds	Capital Project Funds	Total
<u>Assets</u>				
Cash and cash equivalents	\$ -	\$ 1,708,636	\$ 2,860,563	\$ 4,569,199
Accounts receivable	52,197	145,403	-	197,600
Total Assets	\$ 52,197	\$ 1,854,039	\$ 2,860,563	\$ 4,766,799
<u>Liabilities</u>				
Accounts payable	\$ -	\$ 7,230	\$ 9,810	\$ 17,040
Due to other funds	45,681	54,646	-	100,327
Total Liabilities	45,681	61,876	9,810	117,367
<u>Deferred Inflows/Outflows</u>				
Unavailable revenue-tax	52,198	-	-	52,198
Unavailable revenue-fines	-	8,479	-	8,479
Total Deferred Inflows/Outflows	52,198	8,479	-	60,677
<u>Fund Balances</u>				
Restricted for:				
General government	-	63,160	-	63,160
Public safety	-	18,994	-	18,994
Municipal court	-	118,506	-	118,506
Tourism	-	98,198	-	98,198
Capital projects	-	1,526,575	2,850,753	4,377,328
Unassigned	(45,682)	(41,749)	-	(87,431)
Total Fund Balances	(45,682)	1,783,684	2,850,753	4,588,755
Total Liabilities, Deferred Inflows and Fund Balances	\$ 52,197	\$ 1,854,039	\$ 2,860,563	\$ 4,766,799

See Notes to Financial Statements.

City of Lockhart, Texas

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

For the Year Ended September 30, 2021

	Debt Service Fund	Special Revenue Funds	Capital Project Funds	Total
<u>Revenues</u>				
Property tax	\$ 694,121	\$ -	\$ -	\$ 694,121
Hotel occupancy tax	-	140,800	-	140,800
Fines and forfeitures	-	39,547	-	39,547
License and permits	-	349,151	-	349,151
Charges for services	-	649,986	-	649,986
Intergovernmental	11,690	180,386	-	192,076
Donations	-	-	20,000	20,000
Investment income	618	2,187	4,763	7,568
Total Revenues	706,429	1,362,057	24,763	2,093,249
<u>Expenditures</u>				
General government	-	124,589	-	124,589
Public safety	-	254,926	-	254,926
Public works	-	22,628	-	22,628
Culture and recreation	-	1,263	-	1,263
Debt service:				
Principal	745,722	-	-	745,722
Interest	409,169	-	-	409,169
Capital outlay	-	9,728	88,641	98,369
Total Expenditures	1,154,891	413,134	88,641	1,656,666
Revenues Over (Under)				
Expenditures	(448,462)	948,923	(63,878)	436,583
<u>Other Financing Sources (Uses)</u>				
Transfers in	286,945	137,620	-	424,565
Transfers (out)	-	(664,858)	-	(664,858)
Total Other Financing Sources (Uses)	286,945	(527,238)	-	(240,293)
Net Change in Fund Balances	(161,517)	421,685	(63,878)	196,290
Beginning fund balances	115,835	1,361,999	2,914,631	4,392,465
Ending Fund Balances	\$ (45,682)	\$ 1,783,684	\$ 2,850,753	\$ 4,588,755

See Notes to Financial Statements.

City of Lockhart, Texas
COMBINING BALANCE SHEET (Page 1 of 2)
NONMAJOR SPECIAL REVENUE FUNDS
September 30, 2021

	<u>Radio Tower Equipment Replacement</u>	<u>Forfeited Property</u>	<u>Hotel/ Motel Tax</u>	<u>LEOSE Fund</u>
<u>Assets</u>				
Cash and cash equivalents	\$ 5,755	\$ 9,170	\$ 72,583	\$ 9,824
Accounts receivable	-	-	33,194	-
Total Assets	<u>\$ 5,755</u>	<u>\$ 9,170</u>	<u>\$ 105,777</u>	<u>\$ 9,824</u>
<u>Liabilities</u>				
Accounts payable	\$ 385	\$ -	\$ -	\$ -
Due to other funds	-	-	7,579	-
Total Liabilities	<u>385</u>	<u>-</u>	<u>7,579</u>	<u>-</u>
<u>Deferred Inflows</u>				
Unavailable revenue-fines and fees	-	-	-	-
Total Deferred Inflows	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Fund Balances</u>				
Restricted for:				
General government	-	-	-	-
Public safety	-	9,170	-	9,824
Municipal court	-	-	-	-
Tourism	-	-	98,198	-
Capital projects	5,370	-	-	-
Unassigned	-	-	-	-
Total Fund Balances	<u>5,370</u>	<u>9,170</u>	<u>98,198</u>	<u>9,824</u>
Total Liabilities, Deferred Inflows, and Fund Balances	<u>\$ 5,755</u>	<u>\$ 9,170</u>	<u>\$ 105,777</u>	<u>\$ 9,824</u>

See Notes to Financial Statements.

<u>Road Impact Fees #1</u>	<u>Road Impact Fees #2</u>	<u>Court Technology</u>	<u>Radio System Maintenance</u>	<u>Court Security</u>
\$ 654,080	\$ 590,211	\$ -	\$ -	\$ 12,058
-	-	1,708	-	1,947
<u>\$ 654,080</u>	<u>\$ 590,211</u>	<u>\$ 1,708</u>	<u>\$ -</u>	<u>\$ 14,005</u>
\$ -	\$ -	\$ 83	\$ 5,503	\$ -
-	-	6,330	29,833	-
-	-	6,413	35,336	-
-	-	1,708	-	1,947
-	-	1,708	-	1,947
-	-	-	-	-
-	-	-	-	-
-	-	-	-	12,058
-	-	-	-	-
654,080	590,211	-	-	-
-	-	(6,413)	(35,336)	-
<u>654,080</u>	<u>590,211</u>	<u>(6,413)</u>	<u>(35,336)</u>	<u>12,058</u>
<u>\$ 654,080</u>	<u>\$ 590,211</u>	<u>\$ 1,708</u>	<u>\$ -</u>	<u>\$ 14,005</u>

City of Lockhart, Texas
COMBINING BALANCE SHEET (Page 2 of 2)
NONMAJOR SPECIAL REVENUE FUNDS
September 30, 2021

	<u>Child Safety</u>	<u>Court Efficiency</u>	<u>Juvenile Case Manager</u>	<u>Truancy Court</u>
<u>Assets</u>				
Cash and cash equivalents	\$ 41,427	\$ 11,963	\$ 45,521	\$ 7,370
Accounts receivable	810	1,726	2,132	121
Total Assets	\$ 42,237	\$ 13,689	\$ 47,653	\$ 7,491
<u>Liabilities</u>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-
Total Liabilities	-	-	-	-
<u>Deferred Inflows</u>				
Unavailable revenue-fines and fees	810	1,726	2,132	121
Total Deferred Inflows	810	1,726	2,132	121
<u>Fund Balances</u>				
Restricted for:				
General government	-	-	-	-
Public safety	-	-	-	-
Municipal court	41,427	11,963	45,521	7,370
Tourism	-	-	-	-
Capital projects	-	-	-	-
Unassigned	-	-	-	-
Total Fund Balances	41,427	11,963	45,521	7,370
Total Liabilities, Deferred Inflows, and Fund Balances	\$ 42,237	\$ 13,689	\$ 47,653	\$ 7,491

See Notes to Financial Statements.

Local Municipal Jury	Cable Education	Transportation	Drainage	Total Special Revenue Funds
\$ 167	\$ 57,741	\$ 147,135	\$ 43,631	\$ 1,708,636
35	6,678	66,788	30,264	145,403
<u>\$ 202</u>	<u>\$ 64,419</u>	<u>\$ 213,923</u>	<u>\$ 73,895</u>	<u>\$ 1,854,039</u>
\$ -	\$ 1,259	\$ -	\$ -	\$ 7,230
-	-	-	10,904	54,646
-	1,259	-	10,904	61,876
35	-	-	-	8,479
35	-	-	-	8,479
-	63,160	-	-	63,160
-	-	-	-	18,994
167	-	-	-	118,506
-	-	-	-	98,198
-	-	213,923	62,991	1,526,575
-	-	-	-	(41,749)
<u>167</u>	<u>63,160</u>	<u>213,923</u>	<u>62,991</u>	<u>1,783,684</u>
<u>\$ 202</u>	<u>\$ 64,419</u>	<u>\$ 213,923</u>	<u>\$ 73,895</u>	<u>\$ 1,854,039</u>

City of Lockhart, Texas
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES (Page 1 of 2)
NONMAJOR SPECIAL REVENUE FUNDS
For the Year Ended September 30, 2021

	<u>Radio Tower Equipment Replacement</u>	<u>Forfeited Property</u>	<u>Hotel/ Motel Tax</u>	<u>LEOSE Fund</u>
<u>Revenues</u>				
Hotel occupancy tax	\$ -	\$ -	\$ 113,504	\$ -
Fines and forfeitures	-	3,080	-	-
License and permits	-	-	-	-
Charges for services	-	-	-	-
Intergovernmental	-	-	-	2,521
Investment income	31	19	124	21
Total Revenues	<u>31</u>	<u>3,099</u>	<u>113,628</u>	<u>2,542</u>
<u>Expenditures</u>				
General government	-	4,666	78,183	-
Public safety	20,483	-	-	10,620
Public works	-	-	-	-
Culture and recreation	-	-	1,263	-
Capital outlay	-	-	-	-
Total Expenditures	<u>20,483</u>	<u>4,666</u>	<u>79,446</u>	<u>10,620</u>
Revenues Over (Under) Expenditures	<u>(20,452)</u>	<u>(1,567)</u>	<u>34,182</u>	<u>(8,078)</u>
<u>Other Financing Sources (Uses)</u>				
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	<u>(20,452)</u>	<u>(1,567)</u>	<u>34,182</u>	<u>(8,078)</u>
Beginning fund balances	25,822	10,737	64,016	17,902
Ending Fund Balances	<u>\$ 5,370</u>	<u>\$ 9,170</u>	<u>\$ 98,198</u>	<u>\$ 9,824</u>

See Notes to Financial Statements.

<u>Road Impact Fees #1</u>	<u>Road Impact Fees #2</u>	<u>Court Technology</u>	<u>Radio System Maintenance</u>	<u>Court Security</u>
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	5,634	-	6,429
10,475	338,676	-	-	-
-	-	-	-	-
-	-	-	164,850	-
1,073	558	-	-	19
<u>11,548</u>	<u>339,234</u>	<u>5,634</u>	<u>164,850</u>	<u>6,448</u>
-	-	12,047	-	5,683
-	-	-	223,823	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>-</u>	<u>-</u>	<u>12,047</u>	<u>223,823</u>	<u>5,683</u>
<u>11,548</u>	<u>339,234</u>	<u>(6,413)</u>	<u>(58,973)</u>	<u>765</u>
-	-	-	64,508	-
-	-	-	(63,003)	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>1,505</u>	<u>-</u>
11,548	339,234	(6,413)	(57,468)	765
642,532	250,977	-	22,132	11,293
<u>\$ 654,080</u>	<u>\$ 590,211</u>	<u>\$ (6,413)</u>	<u>\$ (35,336)</u>	<u>\$ 12,058</u>

City of Lockhart, Texas
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES (Page 2 of 2)
NONMAJOR SPECIAL REVENUE FUNDS
For the Year Ended September 30, 2021

	Child Safety	Court Efficiency	Juvenile Case Manager	Truancy Court
Revenues				
Franchise and local taxes	\$ -	\$ -	\$ -	\$ -
Fines and forfeitures	11,168	5,687	7,033	400
License and permits	-	-	-	-
Charges for services	-	-	-	-
Intergovernmental	-	-	-	-
Investment income	56	26	68	12
Total Revenues	11,224	5,713	7,101	412
Expenditures				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	9,728	-	-
Total Expenditures	-	9,728	-	-
Expenditures	11,224	(4,015)	7,101	412
Other Financing Sources (Uses)				
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	11,224	(4,015)	7,101	412
Beginning fund balances	30,203	15,978	38,420	6,958
Ending Fund Balances	\$ 41,427	\$ 11,963	\$ 45,521	\$ 7,370

See Notes to Financial Statements.

Local Municipal Jury	Cable Education	Transportation	Drainage	Total Special Revenue Funds
\$ -	\$ 27,296	\$ -	\$ -	\$ 140,800
116	-	-	-	39,547
-	-	-	-	349,151
-	-	446,713	203,273	649,986
-	-	-	13,015	180,386
-	101	182	(103)	2,187
<u>116</u>	<u>27,397</u>	<u>446,895</u>	<u>216,185</u>	<u>1,362,057</u>
-	24,010	-	-	124,589
-	-	-	-	254,926
-	-	3,304	19,324	22,628
-	-	-	-	1,263
-	-	-	-	9,728
<u>-</u>	<u>24,010</u>	<u>3,304</u>	<u>19,324</u>	<u>413,134</u>
<u>116</u>	<u>3,387</u>	<u>443,591</u>	<u>196,861</u>	<u>948,923</u>
-	-	-	73,112	137,620
<u>-</u>	<u>-</u>	<u>(400,000)</u>	<u>(201,855)</u>	<u>(664,858)</u>
<u>-</u>	<u>-</u>	<u>(400,000)</u>	<u>(128,743)</u>	<u>(527,238)</u>
116	3,387	43,591	68,118	421,685
51	59,773	170,332	(5,127)	1,361,999
<u>\$ 167</u>	<u>\$ 63,160</u>	<u>\$ 213,923</u>	<u>\$ 62,991</u>	<u>\$ 1,783,684</u>

City of Lockhart, Texas
COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECT FUNDS
September 30, 2021

	Clearfork Section 1 Sidewalk	Maple 2201 Trail Project	2009 Certificates of Obligation
<u>Assets</u>			
Cash and cash equivalents	\$ 33,260	\$ 15,000	\$ 271,196
Total Assets	\$ 33,260	\$ 15,000	\$ 271,196
<u>Liabilities</u>			
Accounts payable	\$ -	\$ -	\$ -
Total Liabilities	-	-	-
<u>Fund Balances</u>			
Restricted for:			
Capital projects	33,260	15,000	271,196
Total Fund Balances	33,260	15,000	271,196
Total Liabilities and Fund Balances	\$ 33,260	\$ 15,000	\$ 271,196

See Notes to Financial Statements.

2015 Certificates of Obligation	Maple Street Park Improvements	Total
\$ 2,521,107	\$ 20,000	\$ 2,860,563
<u>\$ 2,521,107</u>	<u>\$ 20,000</u>	<u>\$ 2,860,563</u>
\$ 9,810	-	\$ 9,810
<u>9,810</u>	<u>-</u>	<u>9,810</u>
2,511,297	20,000	2,850,753
<u>2,511,297</u>	<u>20,000</u>	<u>2,850,753</u>
<u>\$ 2,521,107</u>	<u>\$ 20,000</u>	<u>\$ 2,860,563</u>

City of Lockhart, Texas
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECT FUNDS
For the Year Ended September 30, 2021

	Clearfork Section 1 Sidewalk	Maple 2201 Trail Project	2009 Certificates of Obligation
Revenues			
Donations	\$ -	\$ -	\$ -
Investment income	55	-	449
Total Revenues	55	-	449
Expenditures			
Capital outlay	-	-	-
Total Expenditures	-	-	-
Net Change in Fund Balances	55	-	449
Beginning fund balances	33,205	15,000	270,747
Ending Fund Balances	\$ 33,260	\$ 15,000	\$ 271,196

See Notes to Financial Statements.

2015 Certificates of Obligation	Maple Street Park Improvements	Total
\$ -	\$ 20,000	\$ 20,000
4,259	-	4,763
<u>4,259</u>	<u>20,000</u>	<u>24,763</u>
88,641	-	88,641
<u>88,641</u>	<u>-</u>	<u>88,641</u>
(84,382)	20,000	(63,878)
2,595,679	-	2,914,631
<u>\$ 2,511,297</u>	<u>\$ 20,000</u>	<u>\$ 2,850,753</u>

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City of Lockhart, Texas
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
RADIO TOWER EQUIPMENT REPLACEMENT
For the Year Ended September 30, 2021

	<u>Original & Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<u>Revenues</u>			
Investment income	\$ 500	\$ 31	\$ (469)
Total Revenues	<u>500</u>	<u>31</u>	<u>(469)</u>
<u>Expenditures</u>			
Public safety	61,845	20,483	41,362
Total Expenditures	<u>61,845</u>	<u>20,483</u>	<u>41,362</u>
Net Change in Fund Balances	<u>\$ (61,345)</u>	<u>(20,452)</u>	<u>\$ 40,893</u>
Beginning fund balances		25,822	
Ending Fund Balances		<u>\$ 5,370</u>	

Notes to Other Supplementary Information

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

See Notes to Financial Statements.

City of Lockhart, Texas
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FORFEITED PROPERTY
For the Year Ended September 30, 2021

	Original & Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues</u>			
Fines and forfeitures	\$ 36	\$ 3,080	\$ 3,044
Investment income	-	19	19
Total Revenues	36	3,099	3,063
 <u>Expenditures</u>			
General government	8,068	4,666	3,402
Total Expenditures	8,068	4,666	3,402
Revenues Over (Under) Expenditures	(8,032)	(1,567)	6,465
Net Change in Fund Balances	\$ (8,032)	(1,567)	\$ 6,465
Beginning fund balances		10,737	
Ending Fund Balances		\$ 9,170	

Notes to Other Supplementary Information

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

See Notes to Financial Statements.

City of Lockhart, Texas
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
HOTEL/MOTEL TAX
For the Year Ended September 30, 2021

	Original & Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues</u>			
Hotel occupancy tax	\$ 85,000	\$ 113,504	\$ 28,504
Investment income	-	124	124
Total Revenues	85,000	113,628	28,628
 <u>Expenditures</u>			
General government	88,290	78,183	10,107
Culture and recreation	-	1,263	(1,263)
Total Expenditures	88,290	79,446	8,844
Net Change in Fund Balances	\$ (3,290)	34,182	\$ 37,472
Beginning fund balances		64,016	
Ending Fund Balances		\$ 98,198	

Notes to Other Supplementary Information

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

See Notes to Financial Statements.

City of Lockhart, Texas
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
ROAD IMPACT FEES #1
For the Year Ended September 30, 2021

	Original & Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues</u>			
License and permits	\$ 50,000	\$ 10,475	\$ (39,525)
Investment income	-	1,073	1,073
Total Revenues	50,000	11,548	(38,452)
 <u>Expenditures</u>			
Capital outlay	680,960	-	680,960
Total Expenditures	680,960	-	680,960
Revenues Over (Under) Expenditures	(630,960)	11,548	642,508
Net Change in Fund Balances	\$ (630,960)	11,548	\$ 642,508
Beginning fund balances		642,532	
Ending Fund Balances		\$ 654,080	

Notes to Other Supplementary Information

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

See Notes to Financial Statements.

City of Lockhart, Texas
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
ROAD IMPACT FEES #2
For the Year Ended September 30, 2021

	Original & Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues</u>			
License and permits	\$ 35,000	\$ 338,676	\$ 303,676
Investment income	-	558	558
Total Revenues	35,000	339,234	304,234
 <u>Expenditures</u>			
Capital outlay	129,276	-	129,276
Total Expenditures	129,276	-	129,276
Revenues Over (Under) Expenditures	(94,276)	339,234	433,510
Net Change in Fund Balances	\$ (94,276)	339,234	\$ 433,510
Beginning fund balances		250,977	
Ending Fund Balances		\$ 590,211	

Notes to Other Supplementary Information

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

See Notes to Financial Statements.

City of Lockhart, Texas
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
COURT TECHNOLOGY
For the Year Ended September 30, 2021

	Original & Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues</u>			
Fines and forfeitures	\$ 3,200	\$ 5,634	\$ 2,434
Total Revenues	3,200	5,634	2,434
 <u>Expenditures</u>			
General government	6,723	12,047	(5,324) *
Total Expenditures	6,723	12,047	(5,324)
Revenues Over (Under) Expenditures	(3,523)	(6,413)	(2,890)
Net Change in Fund Balances	\$ (3,523)	(6,413)	\$ (2,890)
Beginning fund balances		-	
Ending Fund Balances		\$ (6,413)	

Notes to Other Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles.
- * Expenditures exceeded appropriations at the legal level of control.

See Notes to Financial Statements.

City of Lockhart, Texas

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

RADIO SYSTEM MAINTENANCE

For the Year Ended September 30, 2021

	Original & Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues</u>			
Intergovernmental	\$ 185,440	\$ 164,850	\$ (20,590)
Investment income	-	-	-
Total Revenues	185,440	164,850	(20,590)
<u>Expenditures</u>			
Public safety	199,260	223,823	(24,563)
Total Expenditures	199,260	223,823	(24,563) *
Revenues Over (Under) Expenditures	(13,820)	(58,973)	(45,153)
<u>Other Financing Sources (Uses)</u>			
Transfers in	-	64,508	64,508
Transfers (out)	-	(63,003)	(63,003)
Total Other Financing Sources (Uses)	-	1,505	1,505
Net Change in Fund Balances	\$ (13,820)	(57,468)	\$ (43,648)
Beginning fund balances		22,132	
Ending Fund Balances		\$ (35,336)	

Notes to Other Supplementary Information

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

* Expenditures exceeded appropriations at the legal level of control.

See Notes to Financial Statements.

City of Lockhart, Texas
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
COURT SECURITY
For the Year Ended September 30, 2021

	Original & Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues</u>			
Fines and forfeitures	\$ 300	\$ 6,429	\$ 6,129
Investment income	-	19	19
Total Revenues	300	6,448	6,148
 <u>Expenditures</u>			
General government	11,990	5,683	6,307
Total Expenditures	11,990	5,683	6,307
Revenues Over (Under) Expenditures	(11,690)	765	12,455
Net Change in Fund Balances	\$ (11,690)	765	\$ 12,455
Beginning fund balances		11,293	
Ending Fund Balances		\$ 12,058	

Notes to Other Supplementary Information

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

See Notes to Financial Statements.

City of Lockhart, Texas
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
CHILD SAFETY
For the Year Ended September 30, 2021

	Original & Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues</u>			
Fines and forfeitures	\$ 1,200	\$ 11,168	\$ 9,968
Investment income	-	56	56
Total Revenues	1,200	11,224	10,024
 <u>Expenditures</u>			
General government	25,154	-	25,154
Total Expenditures	25,154	-	25,154
Revenues Over (Under) Expenditures	(23,954)	11,224	35,178
Net Change in Fund Balances	\$ (23,954)	11,224	\$ 35,178
Beginning fund balances		30,203	
Ending Fund Balances		\$ 41,427	

Notes to Other Supplementary Information

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

See Notes to Financial Statements.

City of Lockhart, Texas
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
COURT EFFICIENCY
For the Year Ended September 30, 2021

	Original & Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues</u>			
Fines and forfeitures	\$ 800	\$ 5,687	\$ 4,887
Investment income	-	26	26
Total Revenues	800	5,713	4,913
 <u>Expenditures</u>			
Capital outlay	12,783	9,728	3,055
Total Expenditures	12,783	9,728	3,055
Revenues Over (Under) Expenditures	(11,983)	(4,015)	7,968
Net Change in Fund Balances	\$ (11,983)	(4,015)	\$ 7,968
Beginning fund balances		15,978	
Ending Fund Balances		\$ 11,963	

Notes to Other Supplementary Information

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

See Notes to Financial Statements.

City of Lockhart, Texas
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
JUVENILE CASE MANAGER
For the Year Ended September 30, 2021

	Original & Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues</u>			
Fines and forfeitures	\$ 2,500	\$ 7,033	\$ 4,533
Investment income	-	68	68
Total Revenues	2,500	7,101	4,601
 <u>Expenditures</u>			
General government	32,417	-	32,417
Total Expenditures	32,417	-	32,417
Net Change in Fund Balances	\$ (29,917)	7,101	\$ 37,018
Beginning fund balances		38,420	
Ending Fund Balances		\$ 45,521	

Notes to Other Supplementary Information

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

See Notes to Financial Statements.

City of Lockhart, Texas
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
TRUANCY COURT
For the Year Ended September 30, 2021

	<u>Original & Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<u>Revenues</u>			
Fines and forfeitures	\$ 750	\$ 400	\$ (350)
Investment income	-	12	12
Total Revenues	<u>750</u>	<u>412</u>	<u>(338)</u>
<u>Expenditures</u>			
General government	<u>6,739</u>	-	<u>6,739</u>
Total Expenditures	<u>6,739</u>	<u>-</u>	<u>6,739</u>
Net Change in Fund Balances	<u>\$ (5,989)</u>	412	<u>\$ 6,401</u>
Beginning fund balances		<u>6,958</u>	
Ending Fund Balances		<u>\$ 7,370</u>	

Notes to Other Supplementary Information

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

See Notes to Financial Statements.

City of Lockhart, Texas
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
CABLE EDUCATION
For the Year Ended September 30, 2021

	<u>Original & Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<u>Revenues</u>			
Hotel occupancy tax	\$ 3,200	\$ 27,296	\$ 24,096
Investment income	-	101	101
Total Revenues	3,200	27,397	24,197
 <u>Expenditures</u>			
General government	43,212	24,010	19,202
Total Expenditures	43,212	24,010	19,202
Revenues Over (Under) Expenditures	(40,012)	3,387	43,399
Net Change in Fund Balances	\$ (40,012)	3,387	\$ 43,399
Beginning fund balances		59,773	
Ending Fund Balances		\$ 63,160	

Notes to Other Supplementary Information

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

See Notes to Financial Statements.

City of Lockhart, Texas
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
TRANSPORTATION
For the Year Ended September 30, 2021

	Original & Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues</u>			
Charges for services	\$ 360,000	\$ 446,713	\$ 86,713
Investment income	-	182	182
Total Revenues	360,000	446,895	86,895
 <u>Expenditures</u>			
Public works	83,815	3,304	80,511
Total Expenditures	83,815	3,304	80,511
Revenues Over (Under) Expenditures	276,185	443,591	167,406
 <u>Other Financing Sources (Uses)</u>			
Transfers (out)	(400,000)	(400,000)	-
Total Other Financing Sources (Uses)	(400,000)	(400,000)	-
Net Change in Fund Balances	\$ (123,815)	43,591	\$ 167,406
Beginning fund balances		170,332	
Ending Fund Balances		\$ 213,923	

Notes to Other Supplementary Information

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

See Notes to Financial Statements.

City of Lockhart, Texas
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
DRAINAGE
For the Year Ended September 30, 2021

	<u>Original & Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<u>Revenues</u>			
Charges for services	\$ 180,000	\$ 203,273	\$ 23,273
Intergovernmental	-	13,015	13,015
Investment income	-	(103)	(103)
Total Revenues	<u>180,000</u>	<u>216,185</u>	<u>36,185</u>
<u>Expenditures</u>			
Public works	207,524	19,324	188,200
Total Expenditures	<u>207,524</u>	<u>19,324</u>	<u>188,200</u>
Revenues Over (Under) Expenditures	<u>(27,524)</u>	<u>196,861</u>	<u>224,385</u>
<u>Other Financing Sources (Uses)</u>			
Transfers in	73,112	73,112	-
Transfers (out)	(201,855)	(201,855)	-
Total Other Financing Sources (Uses)	<u>(128,743)</u>	<u>(128,743)</u>	<u>-</u>
Net Change in Fund Balances	<u>\$ (156,267)</u>	<u>68,118</u>	<u>\$ 224,385</u>
Beginning fund balances		(5,127)	
Ending Fund Balances		<u>\$ 62,991</u>	

Notes to Other Supplementary Information

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

See Notes to Financial Statements.

City of Lockhart, Texas
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
LEOSE
For the Year Ended September 30, 2021

	<u>Original & Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<u>Revenues</u>			
Intergovernmental	\$ 2,200	\$ 2,521	\$ 321
Investment income	-	21	21
Total Revenues	<u>2,200</u>	<u>2,542</u>	<u>342</u>
<u>Expenditures</u>			
Public safety	19,280	10,620	8,660
Total Expenditures	<u>19,280</u>	<u>10,620</u>	<u>8,660</u>
Revenues Over (Under) Expenditures	<u>(17,080)</u>	<u>(8,078)</u>	<u>9,002</u>
Net Change in Fund Balances	<u>\$ (17,080)</u>	<u>(8,078)</u>	<u>\$ 9,002</u>
Beginning fund balances		17,902	
Ending Fund Balances		<u>\$ 9,824</u>	

Notes to Other Supplementary Information

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

See Notes to Financial Statements.

City of Lockhart, Texas
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
CLEARFORK SECTION 1 SIDEWALK
For the Year Ended September 30, 2021

	<u>Original & Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<u>Revenues</u>			
Investment income	\$ 360	\$ 55	\$ (305)
Total Revenues	<u>360</u>	<u>55</u>	<u>(305)</u>
<u>Expenditures</u>			
Capital outlay	33,219	-	33,219
Total Expenditures	<u>33,219</u>	<u>-</u>	<u>33,219</u>
Net Change in Fund Balances	<u>\$ (32,859)</u>	55	<u>\$ 32,914</u>
Beginning fund balances		33,205	
Ending Fund Balances		<u>\$ 33,260</u>	

Notes to Other Supplementary Information

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

See Notes to Financial Statements.

City of Lockhart, Texas
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
MAPLE 2201 TRAIL PROJECT
For the Year Ended September 30, 2021

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

Notes to Other Supplementary Information

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

See Notes to Financial Statements.

City of Lockhart, Texas
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
2009 CERTIFICATES OF OBLIGATION
For the Year Ended September 30, 2021

	Original & Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues</u>			
Investment income	\$ 2,400	\$ 449	\$ (1,951)
Total Revenues	2,400	449	(1,951)
 <u>Expenditures</u>			
Capital outlay	274,590	-	274,590
Total Expenditures	274,590	-	274,590
Net Change in Fund Balances	\$ (272,190)	449	\$ 272,639
Beginning fund balances		270,747	
Ending Fund Balances		\$ 271,196	

Notes to Other Supplementary Information

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

See Notes to Financial Statements.

City of Lockhart, Texas
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
2015 CERTIFICATES OF OBLIGATION
For the Year Ended September 30, 2021

	<u>Original & Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<u>Revenues</u>			
Investment income	\$ 19,200	\$ 4,259	\$ (14,941)
Total Revenues	<u>19,200</u>	<u>4,259</u>	<u>(14,941)</u>
<u>Expenditures</u>			
Capital outlay	3,381,346	88,641	3,292,705
Total Expenditures	<u>3,381,346</u>	<u>88,641</u>	<u>3,292,705</u>
Net Change in Fund Balances	<u>\$ (3,362,146)</u>	<u>(84,382)</u>	<u>\$ 3,277,764</u>
Beginning fund balances		2,595,679	
Ending Fund Balances		<u>\$ 2,511,297</u>	

Notes to Other Supplementary Information

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

See Notes to Financial Statements.

***COMBINING NONMAJOR
ENTERPRISE FUNDS***

City of Lockhart, Texas
COMBINING STATEMENT OF NET POSITION
NONMAJOR ENTERPRISE FUNDS (Page 1 of 2)
September 30, 2021

	Business-Type Activities		
	Sanitation	Airport	EMS
<u>Assets</u>			
<u>Current Assets</u>			
Cash and cash equivalents	\$ 806,381	\$ 299,442	\$ 577,414
Accounts receivable, net	299,076	500	645,021
Prepaid items	419	-	-
Total Current Assets	1,105,876	299,942	1,222,435
<u>Noncurrent Assets</u>			
Capital assets:			
Non-depreciable	120,409	72,161	-
Net depreciable capital assets	101,251	1,248,236	136,496
Total Noncurrent Assets	221,660	1,320,397	136,496
Total Assets	1,327,536	1,620,339	1,358,931
<u>Deferred Outflows of Resources</u>			
Pension outflows-TMRS	20,925	-	-
OPEB outflows-TMRS	2,816	-	-
OPEB outflows-retiree healthcare	1,204	-	-
Total Deferred Outflows of Resources	24,945	-	-

See Notes to Financial Statements.

**Business-Type
Activities**

Total

\$ 1,683,237
944,597
419

2,628,253

192,570
1,485,983

1,678,553

4,306,806

20,925
2,816
1,204

24,945

City of Lockhart, Texas
COMBINING STATEMENT OF NET POSITION
NONMAJOR ENTERPRISE FUNDS (Page 2 of 2)
September 30, 2021

	Business-Type Activities		
	Sanitation	Airport	EMS
<u>Liabilities</u>			
<u>Current Liabilities</u>			
Accounts payable	\$ 110,647	\$ 2,125	\$ 131,258
Accrued liabilities	10,499	665	-
Customer deposits	50	4,925	-
Compensated absences, current	7,476	775	-
Capital lease payable, current	6,186	-	17,392
Total Current Liabilities	134,858	8,490	148,650
<u>Noncurrent Liabilities</u>			
Compensated absences	831	86	-
Capital leases payable	15,514	-	34,783
Net pension liability	86,403	-	-
OPEB liability-TMRS	14,158	-	-
OPEB liability-retiree healthcare	11,533	-	-
Total Noncurrent Liabilities	128,439	86	34,783
Total Liabilities	263,297	8,576	183,433
<u>Deferred Inflows of Resources</u>			
Pension inflows-TMRS	23,247	-	-
OPEB inflows-TMRS	1,256	-	-
OPEB inflows-retiree healthcare	221	-	-
Total Deferred Inflows of Resources	24,724	-	-
<u>Net Position</u>			
Net investment in capital assets	199,960	1,320,397	67,390
Unrestricted	864,500	291,366	1,108,108
Total Net Position	\$ 1,064,460	\$ 1,611,763	\$ 1,175,498

See Notes to Financial Statements.

**Business-Type
Activities**

Total

\$	244,030				
	11,164				
	4,975				
	8,251				
	23,578				
	<u>291,998</u>				
	917				
	50,297				
	86,403				
	14,158				
	11,533				
	<u>163,308</u>				
	<u>455,306</u>				
	23,247				
	1,256				
	221				
	<u>24,724</u>				
	1,604,678				
	2,247,043				
	<u>3,851,721</u>				
\$	<u><u>3,851,721</u></u>				

City of Lockhart, Texas

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

For the Year Ended September 30, 2021

	Business-Type Activities		
	Sanitation	Airport	EMS
<u>Operating Revenues</u>			
Charges for services	\$ 2,040,494	\$ 85,953	\$ 1,136,903
Other revenue	2,856	-	-
Total Operating Revenues	2,043,350	85,953	1,136,903
<u>Operating Expenses</u>			
Personnel services	265,844	-	-
Supplies	4,594	11,000	1,279,959
Maintenance and repairs	1,383,223	10,543	100
Contractual services	8,378	1,316	26,034
Miscellaneous	7,001	-	-
Depreciation	20,897	53,687	102,292
Total Operating Expenses	1,689,937	76,546	1,408,385
Operating Income (Loss)	353,413	9,407	(271,482)
<u>Nonoperating Revenues (Expenses)</u>			
Gain on sale of capital assets	-	-	2,500
Investment earnings	1,187	433	994
Interest expense	(361)	-	-
Total Nonoperating Revenues (Expenses)	826	433	3,494
Income Before Capital Contributions and Transfers	354,239	9,840	(267,988)
<u>Capital Contributions and Transfers</u>			
Capital grants	18,000	-	-
Transfers (out)	(236,396)	-	(25,531)
Total Capital Contributions and Transfers	(218,396)	-	(25,531)
Change in Net Position	135,843	9,840	(293,519)
Beginning net position	928,617	1,601,923	1,469,017
Ending Net Position	\$ 1,064,460	\$ 1,611,763	\$ 1,175,498

See Notes to Financial Statements.

**Business-Type
Activities**

Total

\$	3,263,350
	2,856
	<hr/>
	3,266,206

	265,844
	1,295,553
	1,393,866
	35,728
	7,001
	176,876
	<hr/>
	3,174,868

	91,338
--	--------

	2,500
	2,614
	(361)
	<hr/>
	4,753

	96,091
--	--------

	18,000
	(261,927)
	<hr/>
	(243,927)

	(147,836)
--	-----------

	3,999,557
--	-----------

\$	3,851,721
----	-----------

City of Lockhart, Texas
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS (Page 1 of 2)
For the Year Ended September 30, 2021

	Business-Type Activities		
	Sanitation	Airport	EMS
<u>Cash Flows from Operating Activities</u>			
Payments to employees	\$ (286,567)	\$ 204	\$ -
Payments to suppliers	(1,459,313)	(23,357)	(1,175,235)
Receipts from customers	2,040,477	86,153	1,277,142
Net Cash Provided (Used) by Operating Activities	294,597	63,000	101,907
<u>Cash Flows from Noncapital Financing Activities</u>			
Transfers (out)	(236,396)	-	(25,531)
Net Cash Provided (Used) by Noncapital Financing	(236,396)	-	(25,531)
<u>Cash Flows from Capital and Related Financing Activities</u>			
Acquisition and construction of capital assets	-	-	(43,727)
Sale of capital assets	-	-	2,500
Capital contributions	18,000	-	-
Principal paid on capital debt	(2,905)	-	(17,391)
Interest paid on capital debt	(361)	-	-
Net Cash Provided (Used) by Capital and Related Financing Activities	14,734	-	(58,618)
<u>Cash Flows from Investing Activities</u>			
Interest on investments	1,187	433	994
Net Cash Provided by Investing Activities	1,187	433	994
Net Increase (Decrease) in Cash and Cash	74,122	63,433	18,752
Beginning cash and cash equivalents	732,259	236,009	558,662
Ending Cash and Cash Equivalents	\$ 806,381	\$ 299,442	\$ 577,414

See Notes to Financial Statements.

**Business-Type
Activities**

Total

\$ (286,363)

(2,657,905)

3,403,772

459,504

(261,927)

(261,927)

(43,727)

2,500

18,000

(20,296)

(361)

(43,884)

2,614

2,614

156,307

1,526,930

\$ 1,683,237

City of Lockhart, Texas
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS (Page 2 of 2)
For the Year Ended September 30, 2021

	Business-Type Activities		
	Sanitation	Airport	EMS
<u>Reconciliation of Operating Income (Loss)</u>			
<u>to Net Cash Provided (Used) by Operating Activities</u>			
Operating Income (Loss)	\$ 353,413	\$ 9,407	\$ (271,482)
Adjustments to reconcile operating income (loss) to net cash provided (used):			
Depreciation	20,897	53,687	102,292
Changes in Operating Assets and Liabilities:			
(Increase) Decrease in:			
Accounts receivable	(2,773)	-	140,239
Prepaid items	(419)	-	-
Deferred outflows:			
Pension	(1,912)	-	-
OPEB	(863)	-	-
Increase (Decrease) in:			
Accounts payable and accrued liabilities	(55,698)	(498)	130,858
Customer deposits	(100)	200	-
Compensated absences	1,975	204	-
Deferred inflows:			
Pension	(12,907)	-	-
OPEB	309	-	-
Net pension liability	(8,958)	-	-
OPEB liability	1,633	-	-
Net Cash Provided (Used) by Operating Activities	\$ 294,597	\$ 63,000	\$ 101,907

**Schedule of Non-Cash Capital and Related
Financing Activities**

Acquisition of capital lease	\$ 24,605	\$ -	\$ -
------------------------------	-----------	------	------

See Notes to Financial Statements.

**Business-Type
Activities**

Total

\$ 91,338

176,876

137,466
(419)

(1,912)
(863)

74,662
100
2,179

(12,907)
309
(8,958)
1,633

\$ 459,504

\$ 24,605

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STATISTICAL SECTION

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

Contents	Page
Financial Trends	158
<i>These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.</i>	
Revenue Capacity	169
<i>These schedules contain information to help the reader assess the City's most significant local revenue source, property tax.</i>	
Debt Capacity	188
<i>These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.</i>	
Demographic and Economic Information	193
<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.</i>	
Operating Information	196
<i>These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.</i>	

City of Lockhart, Texas

NET POSITION BY COMPONENT

Last Ten Fiscal Years (Unaudited)

(accrual basis of accounting)

	2012	2013	2014	2015
Governmental activities				
Net investment in capital assets	\$ 18,958,675	\$ 18,393,579	\$ 16,591,140	\$ 16,376,825
Restricted	910,946	1,162,143	2,123,629	1,211,989
Unrestricted	3,139,585	2,880,516	2,859,520	1,328,814
Total governmental activities	3,139,585	2,880,516	2,859,520	1,328,814
net position	\$ 23,009,206	\$ 22,436,238	\$ 21,574,289	\$ 18,917,628
 Business-type activities				
Net investment in capital assets	\$ 12,161,005	\$ 10,349,284	\$ 10,193,932	\$ 15,283,769
Restricted	363,365	3,449,423	2,924,473	1,023,082
Unrestricted	7,710,870	7,243,346	8,125,881	5,315,836
Total business-type activities	7,710,870	7,243,346	8,125,881	5,315,836
net position	\$ 20,235,240	\$ 21,042,053	\$ 21,244,286	\$ 21,622,687
 Primary government				
Net investment in capital assets	\$ 31,119,680	\$ 28,742,863	\$ 26,785,072	\$ 31,660,594
Restricted	1,274,311	4,611,566	5,048,102	2,235,071
Unrestricted	10,850,455	10,123,862	10,985,401	6,644,650
	10,850,455	10,123,862	10,985,401	6,644,650
	\$ 43,244,446	\$ 43,478,291	\$ 42,818,575	\$ 40,540,315

(1) Accrual basis of accounting

NOTES:

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

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

<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
\$ 15,001,030	\$ 14,162,688	\$ 13,774,228	\$ 12,648,711	\$ 12,104,249	\$ 11,816,033
1,093,907	1,141,195	1,396,101	1,571,133	1,603,237	3,598,451
<u>2,137,425</u>	<u>1,886,148</u>	<u>1,823,314</u>	<u>1,972,882</u>	<u>3,557,222</u>	<u>3,915,790</u>
<u><u>\$ 18,232,362</u></u>	<u><u>\$ 17,190,031</u></u>	<u><u>\$ 16,993,643</u></u>	<u><u>\$ 16,192,726</u></u>	<u><u>\$ 17,264,708</u></u>	<u><u>\$ 19,330,274</u></u>
\$ 15,074,665	\$ 16,507,663	\$ 16,961,238	\$ 17,492,757	\$ 16,579,735	\$ 15,721,677
1,071,089	1,163,687	1,421,535	1,661,480	2,034,582	2,008,737
<u>7,979,875</u>	<u>7,489,601</u>	<u>8,791,362</u>	<u>9,434,557</u>	<u>8,506,993</u>	<u>6,885,849</u>
<u><u>\$ 24,125,629</u></u>	<u><u>\$ 25,160,951</u></u>	<u><u>\$ 27,174,135</u></u>	<u><u>\$ 28,588,794</u></u>	<u><u>\$ 27,121,310</u></u>	<u><u>\$ 24,616,263</u></u>
\$ 30,075,695	\$ 30,670,351	\$ 30,735,466	\$ 30,141,468	\$ 28,683,984	\$ 27,537,710
2,164,996	2,304,882	2,817,636	3,232,613	3,637,819	5,607,188
<u>10,117,300</u>	<u>9,375,749</u>	<u>10,614,676</u>	<u>11,407,439</u>	<u>12,064,215</u>	<u>10,801,639</u>
<u><u>\$ 42,357,991</u></u>	<u><u>\$ 42,350,982</u></u>	<u><u>\$ 44,167,778</u></u>	<u><u>\$ 44,781,520</u></u>	<u><u>\$ 44,386,018</u></u>	<u><u>\$ 43,946,537</u></u>

City of Lockhart, Texas

CHANGES IN NET POSITION

Last Ten Fiscal Years (Unaudited)

(accrual basis of accounting)

	2012	2013	2014	2015
Governmental activities				
Expenses				
General government	\$ 1,191,024	\$ 1,952,419	\$ 2,096,530	\$ 2,476,203
Public safety	5,599,728	5,550,020	5,584,295	5,626,336
Public works	2,870,543	2,509,328	2,507,776	2,448,572
Health and welfare	5,834	26,528	6,091	13,489
Community development	-	-	-	-
Culture and recreation	823,923	783,053	771,470	964,757
Interest on long-term debt	456,409	416,095	383,683	612,529
Total governmental activities expenses	<u>10,947,461</u>	<u>11,237,443</u>	<u>11,349,845</u>	<u>12,141,886</u>
Program revenues				
Charges for services				
General government	527,226	517,628	608,232	1,131,977
Public safety	1,028,070	1,180,320	1,362,136	1,531,653
Public works	-	-	-	-
Health and welfare	11,498	-	-	-
Culture and recreation	28,384	32,437	27,773	28,878
Community development	-	-	-	-
Operating grants and contributions	842,045	935,161	432,581	391,200
Capital grants and contributions	156,886	157,320	103,808	-
Total program revenues	<u>2,594,109</u>	<u>2,822,866</u>	<u>2,534,530</u>	<u>3,083,708</u>
Total governmental activities net program expense	<u>\$ (8,353,352)</u>	<u>\$ (8,414,577)</u>	<u>\$ (8,815,315)</u>	<u>\$ (9,058,178)</u>
General Revenues and Other Changes in Net Position				
Taxes				
Property taxes, general	2,869,130	2,843,226	2,933,089	2,975,409
Property taxes, debt service	542,274	538,316	555,028	561,588
Sales taxes	1,292,841	1,296,151	1,381,748	1,484,020
Franchise taxes	293,375	308,180	319,982	325,911
Other taxes	104,650	81,614	93,825	106,712
Unrestricted investment earnings	24,992	22,967	18,355	23,881
Gain on sale of capital assets	-	-	-	-
Miscellaneous	195,425	162,186	505,461	493,852
Transfers	2,146,642	2,588,969	2,595,561	2,356,889
Total general revenues and other changes net position	<u>7,469,329</u>	<u>7,841,609</u>	<u>8,403,049</u>	<u>8,328,262</u>
Total governmental activities change in net position	<u>\$ (884,023)</u>	<u>\$ (572,968)</u>	<u>\$ (412,266)</u>	<u>\$ (729,916)</u>

<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
\$ 1,879,383	\$ 2,083,166	\$ 2,045,364	\$ 2,232,343	\$ 2,455,580	\$ 1,931,497
5,230,470	5,086,371	5,401,024	5,799,256	5,703,143	6,202,140
2,586,206	2,644,292	3,084,192	3,552,691	3,153,763	2,970,230
17,068	22,137	16,326	18,250	144,615	26,352
-	-	-	-	-	1,189,072
933,135	1,006,038	1,077,697	1,041,842	1,052,444	683,483
621,121	459,629	441,769	415,242	391,300	371,174
<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>	<u>13,373,948</u>
191,100	181,313	223,254	601,870	730,384	-
330,826	334,769	1,005,749	295,192	355,773	366,887
723,832	549,097	423,575	291,604	358,837	649,986
-	-	-	-	-	-
33,926	32,699	37,991	29,589	8,943	88,883
-	-	-	-	-	650,521
615,542	202,393	566,039	579,539	1,037,366	2,485,671
-	-	278,000	96,263	257,055	177,865
<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>	<u>4,419,813</u>
<u>\$ (9,372,157)</u>	<u>\$ (10,001,362)</u>	<u>\$ (9,531,764)</u>	<u>\$ (11,165,567)</u>	<u>\$ (10,152,487)</u>	<u>\$ (8,954,135)</u>
3,016,649	3,217,538	3,620,758	3,914,885	4,276,918	4,555,926
687,845	692,161	704,442	697,336	714,253	694,121
1,478,065	1,549,695	1,650,931	1,767,048	1,992,939	2,143,239
316,353	312,433	357,278	360,589	349,849	398,205
132,234	96,529	106,756	111,841	102,063	113,504
59,851	99,353	190,320	283,700	119,746	20,739
-	-	-	-	-	2,110
239,590	289,291	192,281	184,509	233,319	100,720
<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>2,991,137</u>
<u>8,379,162</u>	<u>9,153,410</u>	<u>9,917,420</u>	<u>10,364,650</u>	<u>10,934,615</u>	<u>11,019,701</u>
<u>\$ (992,995)</u>	<u>\$ (847,952)</u>	<u>\$ 385,656</u>	<u>\$ (800,917)</u>	<u>\$ 782,128</u>	<u>\$ 2,065,566</u>

City of Lockhart, Texas

CHANGES IN NET POSITION

Last Ten Fiscal Years (Unaudited)

(accrual basis of accounting)

	2012	2013	2014	2015
Business-type activities				
Expenses				
Electric	\$ 8,928,955	\$ 8,722,855	\$ 9,725,877	\$ 9,753,464
Water	2,974,676	2,874,616	2,685,091	3,258,446
Wastewater	1,937,230	1,836,078	1,936,142	1,849,338
EMS	-	-	-	-
Sanitation	1,069,763	1,090,003	1,077,505	1,166,275
Airport	75,469	76,188	79,443	82,646
Total business-type expenses	<u>14,986,093</u>	<u>14,599,740</u>	<u>15,504,058</u>	<u>16,110,169</u>
Program revenues				
Charges for services				
Electric	10,678,214	10,388,956	11,521,734	12,039,498
Water	3,193,225	3,050,522	3,100,358	3,090,312
Wastewater	2,065,623	2,108,828	2,188,454	2,195,102
EMS	-	-	-	-
Sanitation	1,323,672	1,349,400	1,332,323	1,402,428
Airport	70,727	67,799	69,035	68,520
Operating grants and contributions	-	34,606	-	11,821
Capital grants and contributions	257,900	942,271	37,035	-
Total business-type program revenues	<u>17,589,361</u>	<u>17,942,382</u>	<u>18,248,939</u>	<u>18,807,681</u>
Total business-type activities net program expense	<u>\$ 2,603,268</u>	<u>\$ 3,342,642</u>	<u>\$ 2,744,881</u>	<u>\$ 2,697,512</u>
General revenues and other changes in net position				
Impact fees	32,398	37,846	218,458	255,462
Unrestricted investment earnings	13,906	15,294	14,881	21,733
Miscellaneous	-	-	-	6,858
Transfers	(2,146,642)	(2,588,969)	(2,595,561)	(2,356,889)
Total general revenues and other changes in net position	<u>(2,100,338)</u>	<u>(2,535,829)</u>	<u>(2,362,222)</u>	<u>(2,072,836)</u>
Total business-type activities change in net position	<u>\$ 502,930</u>	<u>\$ 806,813</u>	<u>\$ 382,659</u>	<u>\$ 624,676</u>
Total primary government change in net position	<u>\$ (381,093)</u>	<u>\$ 233,845</u>	<u>\$ (29,607)</u>	<u>\$ (105,240)</u>

<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
\$ 8,664,234	\$ 8,722,211	\$ 9,132,038	\$ 9,242,068	\$ 8,564,816	\$ 11,350,044
3,257,979	3,545,084	3,428,101	3,224,639	3,908,621	5,066,674
2,089,407	1,824,111	1,281,066	1,370,942	1,444,482	1,635,537
1,230,254	1,289,014	1,334,506	1,383,128	1,407,549	1,408,385
1,215,636	1,345,466	1,461,111	1,553,603	1,592,412	1,690,298
69,911	76,438	100,130	78,258	80,607	76,546
<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>	<u>21,227,484</u>
10,974,720	11,444,388	12,238,369	12,193,929	11,039,153	11,560,085
3,100,239	3,287,603	3,336,689	3,267,558	3,555,391	3,758,322
2,265,298	2,578,386	2,339,875	2,278,003	2,277,346	2,478,077
2,007,847	1,354,810	1,438,174	978,097	1,071,931	1,136,903
1,464,121	1,593,359	1,708,812	1,872,719	1,981,863	2,040,494
68,927	71,489	71,433	89,059	82,809	85,953
-	7,016	24,925	68,272	44,680	-
1,042,796	195,261	-	-	23,750	432,657
<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>	<u>21,492,491</u>
\$ <u>4,396,527</u>	\$ <u>3,729,988</u>	\$ <u>4,421,325</u>	\$ <u>3,894,999</u>	\$ <u>3,078,436</u>	\$ <u>265,007</u>
263,817	83,585	244,561	195,808	296,093	-
61,357	118,159	236,101	368,594	164,183	21,947
-	-	23,598	-	8,552	199,136
<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>(2,991,137)</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>(2,770,054)</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>(2,505,047)</u>
\$ <u>1,280,131</u>	\$ <u>187,370</u>	\$ <u>2,216,587</u>	\$ <u>613,742</u>	\$ <u>1,183,864</u>	\$ <u>(439,481)</u>

City of Lockhart, Texas
FUND BALANCES OF GOVERNMENTAL FUNDS
Last Ten Fiscal Years (Unaudited)
(modified accrual basis of accounting)

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
General Fund				
Nonspendable				
Prepaid items	\$ 19,180	\$ 20,452	\$ 19,116	\$ 23,103
Inventory	31,110	32,669	19,327	14,578
Restricted	94,718	92,510	166,141	91,955
Committed	794,336	745,659	742,680	602,435
Unassigned	2,126,968	2,456,454	2,655,076	3,196,967
Total general fund	<u>\$ 3,066,312</u>	<u>\$ 3,347,744</u>	<u>\$ 3,602,340</u>	<u>\$ 3,929,038</u>
All Other Governmental Funds				
Nonspendable				
Prepaid items	\$ -	\$ -	\$ 10,373	\$ 2,673
Restricted				
Retirement of long-term debt	499,163	515,468	429,226	362,919
Special revenue funds	473,266	590,589	690,237	757,115
General government	-	-	-	-
Tourism	-	-	-	-
Municipal court	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Various capital projects	3,197,595	2,122,420	838,025	8,386,106
Unassigned	-	-	-	-
Total all other governmental funds	<u>\$ 4,170,024</u>	<u>\$ 3,228,477</u>	<u>\$ 1,967,861</u>	<u>\$ 9,508,813</u>

<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
\$ 15,728	\$ 23,642	\$ 37,870	\$ 30,627	\$ 27,327	\$ 610,955
13,699	11,272	11,563	13,572	9,350	17,718
-	-	-	-	-	234,613
604,252	609,054	553,877	574,446	308,539	309,050
3,423,228	3,897,547	4,451,131	5,103,853	6,673,086	6,506,302
<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>	<u>\$ 7,678,638</u>
\$ 4,512	\$ 680	\$ 2,765	\$ -	\$ -	\$ -
278,089	285,621	240,674	203,016	115,835	-
-	-	-	-	-	-
627,417	664,319	35,067	46,502	59,773	63,160
8,248	8,485	2,721	6,637	64,016	98,198
-	-	-	-	-	118,506
180,153	206,068	227,044	206,600	179,496	18,994
-	-	903,976	1,073,692	1,063,841	-
6,792,536	5,160,201	4,531,457	3,437,195	2,914,631	5,857,283
-	-	-	(3,523)	(323,955)	(87,431)
<u>\$ 7,890,955</u>	<u>\$ 6,325,374</u>	<u>\$ 5,943,704</u>	<u>\$ 4,970,119</u>	<u>\$ 4,073,637</u>	<u>\$ 6,068,710</u>

City of Lockhart, Texas

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

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

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Revenues				
Property taxes	\$ 3,402,052	\$ 3,381,542	\$ 3,488,117	\$ 3,531,590
Sales and other taxes	1,690,866	1,697,976	1,795,555	1,916,643
Franchise and local taxes				
Fines, fees and forfeitures	1,725,665	1,099,975	824,213	1,021,043
Licenses and permits	61,138	63,152	147,923	288,438
Charges for services	45,155	812,579	1,103,401	1,383,027
Intergovernmental and grants	655,203	544,888	381,406	391,200
Investment	24,991	23,005	18,355	23,881
Miscellaneous	602,542	739,044	502,274	493,852
Total revenues	<u>8,207,612</u>	<u>8,362,161</u>	<u>8,261,244</u>	<u>9,049,674</u>
Expenditures				
Current				
General government	1,134,953	1,947,463	1,955,191	1,946,091
Public safety	5,426,686	5,425,960	5,639,925	5,767,328
Public works	1,611,562	974,409	1,006,216	930,794
Health and welfare	5,434	26,176	5,739	11,970
Culture and recreation	772,519	782,139	737,113	880,443
Community development	-	-	-	-
Capital outlay	1,033,268	1,088,877	1,334,223	665,475
Debt service				
Principal retirement	914,253	945,374	795,796	358,092
Interest and fiscal charges	460,616	420,448	388,222	825,385
Paying agent and issue costs	400	400	400	132,458
Total expenditures	<u>11,359,691</u>	<u>11,611,246</u>	<u>11,862,825</u>	<u>11,518,036</u>
Excess (deficiency) of revenues over expenditures	<u>(3,152,079)</u>	<u>(3,249,085)</u>	<u>(3,601,581)</u>	<u>(2,468,362)</u>
Other financing sources (uses)				
Debt issued	-	-	-	7,700,735
Premium on issuance of bonds	-	-	-	278,388
Payment to escrow	-	-	-	-
Gain on sale of capital assets	-	-	-	-
Transfers in	2,674,959	3,393,219	3,143,246	2,958,448
Transfers out	(528,317)	(804,250)	(547,685)	(601,559)
Total other financing sources (uses)	<u>2,146,642</u>	<u>2,588,969</u>	<u>2,595,561</u>	<u>10,336,012</u>
Change in fund balances	<u>\$ (1,005,437)</u>	<u>\$ (660,116)</u>	<u>\$ (1,006,020)</u>	<u>\$ 7,867,650</u>
Debt service as a percentage of noncapital expenditures				
	14.02%	13.58%	11.90%	10.91%

<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
\$ 3,757,254	\$ 3,971,301	\$ 4,352,825	\$ 4,676,453	\$ 5,028,375	\$ 5,274,506
1,921,425	1,990,221	2,114,965	2,239,478	2,444,852	2,143,239
					511,709
1,115,233	927,273	1,227,557	1,127,998	1,190,406	414,578
173,641	125,761	192,622	142,721	243,196	650,521
-	-	-	2,200	2,200	738,869
184,438	202,393	458,624	554,354	866,355	3,061,756
59,851	99,353	190,320	283,700	119,746	20,739
550,390	288,003	323,296	275,443	223,199	186,781
<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>	<u>13,002,698</u>
1,853,485	1,847,858	1,933,687	2,107,937	2,333,952	1,777,924
4,680,022	4,751,069	5,212,519	5,631,506	5,579,302	6,052,616
1,069,441	1,168,180	1,727,405	1,601,001	1,948,586	1,571,151
12,138	17,207	11,396	13,320	139,685	20,539
834,815	890,047	949,731	912,739	1,150,716	1,022,863
-	-	-	-	-	707,075
1,589,287	1,818,019	828,872	1,238,106	551,827	1,442,886
855,322	587,160	601,470	690,799	727,163	797,305
566,342	500,948	483,207	456,409	432,504	413,447
151,889	1,200	1,000	800	800	-
<u>11,612,741</u>	<u>11,581,688</u>	<u>11,749,287</u>	<u>12,652,617</u>	<u>12,864,535</u>	<u>13,805,806</u>
<u>(3,850,509)</u>	<u>(3,977,383)</u>	<u>(2,889,078)</u>	<u>(3,350,270)</u>	<u>(2,746,206)</u>	<u>(803,108)</u>
4,887,402	-	-	-	-	383,923
593,157	-	-	-	-	-
(5,455,484)	-	-	-	-	-
-	-	-	-	-	251,942
3,451,810	3,440,098	3,688,600	3,796,267	4,360,894	3,793,615
(1,003,235)	(543,688)	(593,946)	(751,525)	(1,215,366)	(802,478)
<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>3,627,002</u>
<u>\$ (1,376,859)</u>	<u>\$ (1,080,973)</u>	<u>\$ 205,576</u>	<u>\$ (305,528)</u>	<u>\$ 399,322</u>	<u>\$ 2,823,894</u>

14.68%

11.64%

10.42%

10.23%

10.14%

9.78%

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

Fiscal Year	Ad Valorem	Penalty and Interest	Sales	Franchise	Hotel/Motel	Other	Total
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
2021	5,214,552	59,954	2,143,239	335,952	101,455	34,957	7,890,109

City of Lockhart, Texas

ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE

Last Ten fiscal years

Fiscal Year	Tax Roll	Real Property				Minerals	Less:	Total Taxable Assessed Value Before Freeze
		Residential Property	Non-Residential Property	Personal Property	Tax Exempt Real Property			
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	
2021	2020	511,111,983	616,467,277	65,657,280	17,930	245,069,989	948,184,481	

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

<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>
\$ (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%
(160,899,077)	787,285,404	0.63540	5,002,411	(763,355)	4,239,056	100.00%

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

City Direct Rates				Overlapping Rates					
Fiscal Year	Debt Service	General Fund	Total	Lockhart ISD	Plum Creek Underground Water	Plum Creek Conservation District	Caldwell County	Farm to Market Rd	Total
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
2021	0.0833	0.5521	0.6354	1.1671	0.0216	0.0218	0.7053	0.0001	1.9159

SOURCE: Caldwell County Tax Office

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

2021		
Taxpayer	Taxable Assessed Valuation	Percentage of Total City Taxable Assessed Valuation
Wal-Mart Stores Texas	\$ 10,274,840	1.10%
Economy Realty, LTD	7,957,760	0.86%
Stanton XT VRH Holdings	7,115,100	0.76%
H.E.B. Grocery	6,651,096	0.71%
LCRA Transmission Group	6,419,110	0.69%
KB Home Lone Star LP	5,663,980	0.61%
Lockhart DMA Housing LLC	5,418,080	0.58%
Lockhart Village Partners	4,202,700	0.45%
Wal-Mart Properties, Inc.	3,960,580	0.43%
Green Acres Housing LLC	3,598,027	0.39%
	\$ 61,261,273	6.58%

2012		
Taxpayer	Taxable Assessed Valuation	Percentage of Total City Taxable Assessed Valuation
Dormae Products, Inc.	\$ 4,532,380	0.95%
Lockhart DMA Housing LLC	3,936,238	0.83%
LCRA Transmission Svc. Corp	3,834,820	0.80%
H.E.B. Grocery	3,672,380	0.77%
Wal-Mart Properties, Inc.	3,247,970	0.68%
Economy Realty	2,854,670	0.60%
Tri-State Facilities Lockhart, LLC	2,787,830	0.58%
First Lockhart National Bank	2,414,950	0.51%
Fred W. Hoskins	2,156,490	0.45%
Hazelett Drilling	2,150,000	0.45%
	\$ 31,587,728	6.62%

SOURCE: Municipal Advisory Council (MAC)

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

Fiscal Year	Taxes Levied for the Fiscal Year			Collections within the Fiscal Year of the Levy	
	(Original Levy)	Adjustments	Total Adjusted Levy	Amount	Percentage of Levy
2012	\$ 3,358,174	\$ (1,511)	\$ 3,356,663	\$ 3,260,872	97.15%
2013	3,358,263	(12,722)	3,345,541	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	(4,330)	3,708,326	3,620,368	97.63%
2017	3,896,845	(18,278)	3,878,567	3,798,713	97.94%
2018	4,295,180	38,534	4,333,714	4,226,010	97.51%
2019	4,608,371	(7,833)	4,600,538	4,515,714	98.16%
2020	5,013,498	(10,968)	5,002,530	4,881,568	97.58%
2021	5,196,719	7,716	5,204,435	5,094,484	97.89%

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 yer, rather than provide a detailed breakdown of the revenue recognized in a fiscal year.

SOURCE: Caldwell County Tax Office

Collections in Subsequent Years	Total Collections to Date		Uncollected Balance
	Amount	Percentage of Levy	
\$ 86,172	\$ 3,347,044	99.71%	\$ 9,619
80,486	3,334,682	99.68%	10,859
69,499	3,419,574	99.68%	11,086
80,589	3,493,530	99.60%	14,169
73,086	3,693,454	99.60%	14,872
60,759	3,859,472	99.51%	19,095
85,143	4,311,153	99.48%	22,561
54,864	4,570,578	99.35%	29,960
63,541	4,945,109	98.85%	57,421
-	5,094,484	97.89%	109,951

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

Fiscal Year	KWH Electric Purchased	KWH Electric Consumed	KWH Electric Unbilled	Average Percent Unbilled	Total Direct Rate Electric	
					Base Rate	Usage Rate
2021	\$ 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	0.0190
2017	114,910,305	104,995,443	9,914,862	9%	22.20	0.0190
2018	122,944,319	114,446,577	8,497,742	7%	22.60	0.0216
2019	122,837,459	114,115,638	8,721,821	7%	23.10	0.0216
2020	120,845,231	112,276,873	8,568,358	7%	23.10	0.0216
2021	115,850,641	107,243,944	8,606,697	7%	23.10	0.0216

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

City of Lockhart, Texas

ELECTRIC RATES

Last Ten fiscal years

	Fiscal Year				
	2012	2013	2014	2015	2016
Electric Rates (per KWH)					
Base Rate	\$ 10.00	\$ 10.82	\$ 10.82	\$ 10.82	\$ 11.32
Electric Usage Rate					
0 - 1,200 kwh	0.02020	0.02020	0.02020	0.02020	0.01896
1,201 +	0.02910	0.02910	0.02910	0.02910	0.03250
+ all kwh	-	-	-	-	0.00225

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

Fiscal Year				
2017	2018	2019	2020	2021
\$ 22.20	\$ 22.60	\$ 23.10	\$ 23.10	\$ 23.10
0.01896	0.02156	0.02156	0.02156	0.02156
0.03250	0.03510	0.03510	0.03510	0.03510
0.00225	0.00225	0.00225	0.00225	0.00225

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

2021

Customer	Type of Business	12-Month Electric Consumption per kWh	Percent of Total Billed
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%

2012

Customer	Type of Business	12-Month Electric Consumption per kWh	Percent of Total Billed
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

<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>
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
2021	473	449	24	5%	412

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

Total Direct Rate

Water		Sewer	
Base Rate	Usage Rate	Base Rate	Usage Rate
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
23.60	4.80	15.51	4.67

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

2021

Customer	Type of Business	12-Month Water Consumption	Percent of Total Billed
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%

2012

Customer	Type of Business	12-Month Water Consumption	Percent of Total Billed
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

WATER AND SEWER RATES

Last Ten Fiscal Years

	Fiscal Year				
	2012	2013	2014	2015	2016
Water Rates (per 2,000 gallons)					
Base Rate	\$ 20.75	\$ 22.10	\$ 22.10	\$ 22.10	\$ 22.10
Water Usage Rate					
2,001-6,000	3.90	3.90	3.90	3.90	3.90
6,001-8,000	4.15	4.15	4.15	4.15	4.15
8,001-10,000	4.40	4.40	4.40	4.40	4.40
>10,001	5.15	5.15	5.15	5.15	5.15
Sewer Rates (per 2,000 gallons)					
Base Rate	14.16	15.51	15.51	15.51	15.51
Sewer Usage Rate					
>2,000	4.67	4.67	4.67	4.67	4.67

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

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

Fiscal Year				
2017	2018	2019	2020	2021
\$ 22.10	\$ 22.60	\$ 23.10	\$ 23.60	23.60
3.90	4.50	4.80	4.80	4.80
4.15	4.75	5.05	5.05	5.05
4.40	5.00	5.30	5.30	5.30
5.15	5.75	6.05	6.05	6.05
15.51	15.51	15.51	15.51	15.51
4.67	4.67	4.67	4.67	4.67

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	Capital Leases	Plus: Issuance Premiums	Certificates of Obligation	General Obligation Bonds
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
2021	6,691,415	4,224,718	332,340	528,249	7,823,585	1,420,278

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

Business-type Activities

	Capital Leases	State Infrastructure Loan	Contractual Obligations	Plus: Issuance Premiums	Total Primary Government	Percentage of Personal Income	Per Capita
\$	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	3,400,000	1,018	20,191,007	5.1%	1,591
	1,045,473	3,314,617	3,400,000	324,792	35,358,269	8.9%	2,787
	643,534	3,166,553	3,400,000	500,572	33,766,463	8.4%	2,661
	219,939	3,014,787	3,400,000	468,308	32,172,327	7.7%	2,535
	104,350	2,859,227	3,400,000	436,047	30,842,406	6.7%	2,215
	86,958	2,699,779	14,995,000	403,786	41,151,794	9.0%	2,955
	69,566	2,536,344	22,975,000	371,510	47,792,178	16.3%	3,432
	248,249	2,368,823	30,935,000	339,249	54,911,906	15.2%	3,819

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

Fiscal Year	General Bonded Debt Outstanding				Debt Service Monies Available	Net Bonded Debt
	Certificates of Obligation	General Obligation Bonds	Plus: Issuance Premiums	Total		
2012	\$ 8,225,979	\$ 1,812,396	\$ -	\$ 10,038,375	\$ 499,163	\$ 9,539,212
2013	7,889,937	1,382,225	-	9,272,162	515,468	8,756,694
2014	7,539,595	936,771	-	8,476,366	429,226	8,047,140
2015	14,875,686	476,031	278,388	15,630,105	362,919	15,267,186
2016	9,381,395	4,887,402	835,806	15,104,603	278,089	14,826,514
2017	8,794,235	4,887,052	774,293	14,455,580	285,621	14,169,959
2018	8,192,765	4,887,052	712,782	13,792,599	240,674	13,551,925
2019	7,707,775	4,681,243	651,271	13,040,289	203,016	12,837,273
2020	7,208,875	4,452,980	589,760	12,251,615	115,835	12,135,780
2021	6,691,415	4,224,718	528,249	11,444,382	-	11,444,382

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

Percentage of Actual Taxable Value of Property	Per Capita
2.00%	752
1.77%	690
1.62%	634
2.94%	1,203
2.78%	1,168
2.32%	1,117
2.22%	973
1.91%	922
1.66%	872
1.21%	796

City of Lockhart, Texas

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

September 30, 2021 (Unaudited)

	Gross Debt Outstanding		Percentage Applicable to City	Amount Applicable to City
	Date	Amount		
Direct Debt:				
City of Lockhart	9/30/2021	\$ 20,160,000	100.00%	\$ 20,160,000
Overlapping Debt:				
Caldwell County	9/30/2021	17,585,000	30.08%	5,289,568
Lockhart Independent School District	6/30/2021	61,939,961	45.25%	28,027,832
Total Overlapping Debt		79,524,961		33,317,400
Total		\$ 99,684,961		\$ 53,477,400

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
Last Ten Fiscal Years (Unaudited)

Fiscal Year	(1) Population	Personal Income	(2) Per Capita Personal Income	(3) School Enrollment	(4) Unemployment Rate
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%
2021	14,379	360,711,594	25,086	6,167	6.0%

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

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

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

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City of Lockhart, Texas

PRINCIPAL EMPLOYERS

Current Year and Nine Years Ago

2021

Employer	Employees	Percentage of Total City Employment
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	64	0.34%
	<u>1,802</u>	<u>9.46%</u>

2012

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

SOURCE: Municipal Advisory Council of Texas

City of Lockhart, Texas

FULL-TIME-EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM Last Ten Fiscal Years

Function/Program	Fiscal Year				
	2012	2013	2014	2015	2016
General government					
City manager	3.0	3.0	3.0	3.0	4.0
City secretary	1.0	1.0	1.0	1.0	1.0
Finance	5.0	5.0	5.0	5.0	5.0
Municipal court	5.0	5.0	5.0	5.0	5.0
Library	8.0	9.0	9.0	9.0	10.0
Parks and recreation	7.0	7.0	6.0	7.0	7.0
Code enforcement	2.0	3.0	2.0	2.0	3.0
Planning and development	5.0	3.0	4.0	4.0	4.0
Public safety					
Police	24.0	26.0	25.0	25.0	25.0
Communications	9.0	11.0	10.0	8.0	9.0
Fire	18.0	19.0	19.0	16.0	18.0
Public works					
Public works	3.0	3.0	3.0	3.0	3.0
Animal control	7.0	6.0	6.0	5.0	8.0
Garage	4.0	3.0	3.0	3.0	3.0
Streets	11.0	12.0	10.0	14.0	13.0
Electric					
Utility billing	5.0	6.0	6.0	6.0	6.0
Utility distribution	8.0	8.0	7.0	9.0	9.0
Water/wastewater					
Water operations	6.0	6.0	6.0	5.0	5.0
Sewer operations	1.0	1.0	2.0	2.0	3.0
Sanitation					
Operations	2.0	2.0	1.0	1.0	2.0
Recycle					
Economic Development	1.0	2.0	1.0	2.0	1.0
EMS	32	-	-	-	-
Total	167	141	134	135	144

Fiscal Year

2017	2018	2019	2020	2021
4.0	5.0	5.0	5.0	4.0
1.0	1.0	1.0	1.0	1.0
5.0	4.0	5.0	5.0	5.0
4.0	4.0	4.0	4.0	4.0
9.0	9.0	9.0	9.0	6.0
7.0	7.0	8.0	8.0	8.0
3.0	3.0	3.0	3.0	3.0
4.0	4.0	4.0	4.0	4.0
28.0	30.0	29.0	27.0	29.0
9.0	10.0	9.0	9.0	10.0
15.0	14.0	14.0	13.0	13.0
3.0	2.0	2.0	2.0	2.0
8.0	8.0	7.0	6.0	6.0
3.0	3.0	3.0	3.0	4.0
12.0	12.0	12.0	12.0	12.0
5.0	6.0	6.0	6.0	6.0
9.0	8.0	9.0	9.0	9.0
5.0	5.0	6.0	6.0	6.0
3.0	4.0	3.0	3.0	4.0
2.0	2.0	2.0	2.0	2.0
				1.0
2.0	2.0	2.0	2.0	2.0
-	-	-	-	-
141	143	143	139	141

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

Function/Program	Fiscal Year			
	2012	2013	2014	2015
General government				
Building permits issued	332	345	681	604
Building inspections conducted	1,872	1,934	2,433	1,784
Public safety				
Police				
Physical arrests	648	652	417	398
Traffic violations	4,335	3,396	3,372	1,701
Fire				
Fire calls	1,825	1,918	2,111	1,564
Public works				
Streets (miles)	65	65	65	65
Culture and recreation				
Parks and recreation				
Park rental	120	114	106	75
Swimming pool				
Single admissions	8,762	7,624	5,304	7,529
Party rentals	51	49	47	35
Electric				
New connections	1	10	18	7
Average daily consumption (kwh)	267,244	269,970	282,652	285,401
Water and wastewater				
Water				
New connections/taps	20	21	149	62
Average daily consumption	1.41 mgd	1.27 mgd	1.31 mgd	1.30 mgd
Peak daily consumption	2.625 mgd	2.220 mgd	2.360 mgd	2.192 mgd
Wastewater				
Average daily sewage treatment	1.32 mgd	1.09 mgd	1.13 mgd	1.32 mgd
EMS				
Ambulance loads	*	2,670	2,772	2,867

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

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

Fiscal Year

2016	2017	2018	2019	2020	2021
647	495	444	542	839	1339
1,613	1,716	2,179	2,282	1,703	2845
628	596	934	862	451	469
2,149	3,251	5,708	6,281	4,041	4480
1,386	1,501	1,356	1,406	1,361	1388
65	65	65	66	100	124.5
91	107	73	85	32	58
8,554	8,289	6,883	6,596	-	8279
50	34	32	33	-	30
9	11	18	23	49	125
279,093	287,659	313,552	312,646	307,607	297,326
139	56	78	61	50	111
1.26 mgd	1.18 mgd	1.32 mgd	1.26 mgd	1.305 mgd	1.296 mgd
2.075 mgd	2.118 mgd	2.263 mgd	2.160 mgd	2.200 mgd	2.500 mgd
1.34 mgd	1.24 mgd	1.09 mgd	1.00 mgd	1.02 mgd	1.13 mgd
2,989	3,106	3,207	3,199	3,188	3479

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

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Function/Program				
Public safety				
Police				
Stations	1	1	1	1
Patrol units	21	22	22	22
Fire stations	1	1	1	1
Highways and streets				
Streets (miles)	64.7	64.7	64.7	64.7
Streetlights	1,799	1,810	1,824	1,825
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	76	77	77
Number of distribution stations	1	1	1	2
Capacity sold (MwH)	97,544	98,539	103,168	104,172
Water and wastewater				
Water				
Water mains (miles)	87.1	87.1	87.4	87.4
Fire hydrants	635	640	650	660
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

2016	2017	2018	2019	2020	2021
1	1	1	1	1	1
22	26	28	29	26	31
1	1	1	2	2	2
64.7	65.2	65.2	65.9	100.0	124.5
1,838	1,838	1,844	1,856	1,856	1856
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	80	80	80	82
2	2	2	2	2	2
101,869	104,995	114,447	114,116	112,276	107,243
87.4	92.1	92.1	93.7	100.0	100.5
675	685	700	729	721	721
1.05 mgd	1.55 mgd				
76	76	78	79	80.6	80.8
0	0	0	0	0	0
2.6 mgd					