

***ANNUAL COMPREHENSIVE
FINANCIAL REPORT***

of the

City of Lockhart, Texas

**For the Year Ended
September 30, 2024**

Prepared by

Finance Department



City of Lockhart, Texas

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September 30, 2024

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INTRODUCTORY SECTION



March 27, 2025

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, 2024, 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, 2024. The independent auditors' report is located at the front of the financial section of this report.

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

Profile of the Government

The City of Lockhart was founded in 1826 and officially incorporated as a city in 1852. Located in central Texas, Lockhart is 30 miles south of downtown Austin on U.S. Highway 183. It is 70 miles northeast of San Antonio and 156 miles west of Houston. According to the most recent U.S. Census Bureau reporting, the estimated population of the City of Lockhart is 15,318, 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 15,318 residents and numerous visitors annually. Municipal services provided include police and fire protection; crime prevention, enforcement, and adjudication; electric services; water production and distribution; wastewater collection and treatment; solid waste collection, curbside recycling and disposal; city code enforcement and building inspection; maintenance of streets; maintenance of park land and recreational facilities; library services; cemetery; airport; and economic development.

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

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

FACTORS AFFECTING FINANCIAL CONDITION

Local Economy

The City of Lockhart is the county seat for Caldwell County. With this designation comes commercial growth not typically seen for populations of approximately 15,318 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 790 teachers, professionals, and support staff.

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

The City of Lockhart received an allotment from CARES of \$763,895. After the final draw from the CARES Relief Program in 2021, the City of Lockhart was awarded federal grant money from the American Rescue Plan Act (ARPA). The total award was for \$3,501,959 to be used for further economic relief from the COVID-19 pandemic. The broad eligible uses for ARPA funds include COVID-related expenses (directly or indirectly),

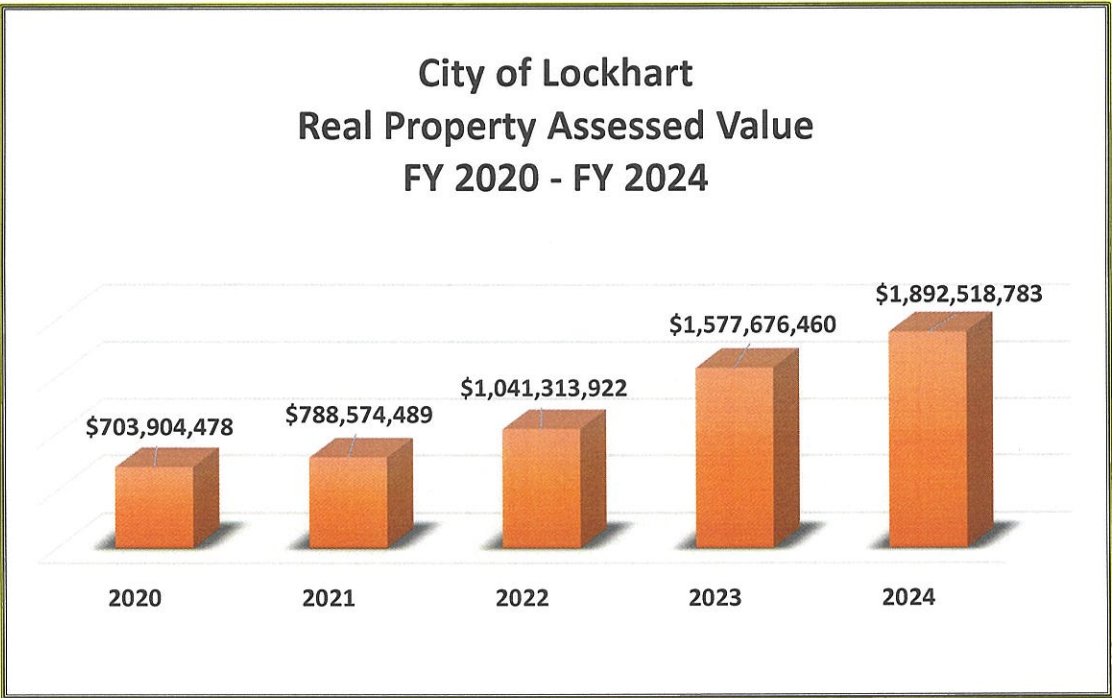
premium pay for essential workers, government service programs under certain circumstances, necessary improvements in water, sewer, or broadband infrastructure (whether related or not to COVID-19), and revenue replacement. The City Council approved the spending of ARPA funds in Fiscal Year 2022 for the much needed improvements to water and sewer infrastructure and revenue replacement. Revenue replacement funds have been allocated towards multiple park improvements. These projects and improvements continued through Fiscal Year 2023 and 2024.

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

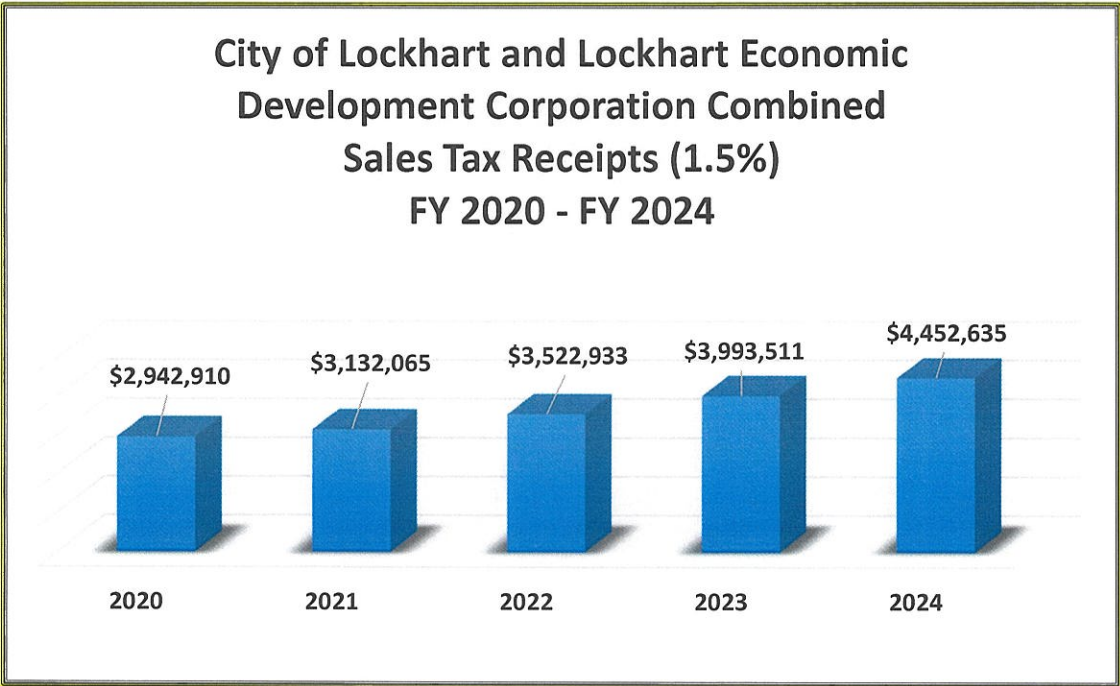
In 2024, the Lockhart Economic Development Corporation (LEDC) finalized a Targeted Retail and Grocer Incentive Policy. This policy will offer incentives to attract retailers, specifically quick service restaurants. In addition, LEDC made significant progress with the following projects:

- Ziegenfelder Company, located at Lockhart Industrial Park III, has continued construction and is set to open in 2025.
- Holiday Inn Express announced plans to build a 90-room hotel.
- Real Cold Storage broke ground on construction and is expected to open in 2025.
- McCoy Building Supply completed construction and opened for business in July 2024.
- Lone Star Logistics Center announced it is adding 127 acres for new industrial development.

The City experienced consistent growth in real property assessment values from Fiscal Year 2020 through 2024 (see chart below). The City anticipates this positive trend to continue due to the construction of multiple subdivisions and the increase in assessed values of current properties; both are attributable to an increase in local population and growth pressures of Central Texas on the regional housing market.



The last five years the City of Lockhart has seen a significant increase in collections of the total 1.5% tax rate on retail sales within the city due to new businesses and a healthy area economy. The 1.5% rate is comprised of 1% allocated to the City’s General Fund and 0.5% allocated to the Lockhart Economic Development Corporation. Sales tax collections for 2024 were at an all-time high according to the City’s revenue history.



Long-term Financial Planning

The City Council approved a budget that maintained the general fund balance at 36% for Fiscal Year 2024. This is above the 25% minimum reserve required by the Fund Balance – Stabilization and Excess of Reserves Policy. The City of Lockhart’s maintains a sound financial position due to conservative budgeting practices and internal expenditure controls, as evident from its strong fund balances.

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

The City recognizes that debt is usually a more expensive financing method. Alternative financing resources will be explored before debt is issued. When debt is issued, it will be used to acquire major assets with expected lives that equal or exceed the average life of the debt issue. Debt payments are structured to provide that capital assets funded by debt have a longer life than the debt associated with those assets. Regarding general obligation debt, the City has followed a policy of structuring new debt issue payment schedules to maintain declining debt payment structures to keep tax increases at a minimum and maintain a consistent 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 2024, an updated financial policy and investment policy were approved to include three revisions. The first concerned more comprehensive guidelines on monthly cash reconciliations and the second addressed additional internal accounting controls and procedures. These were established to ensure the City maintains proper separation of duties and multifactor approvals for payment authorizations. Lastly, the revision to the investment policy designated additional Investment Officers to act on behalf of the City in order to increase efficiency. These policy amendments reaffirm the City of Lockhart's commitment to strengthen our financial policies in alignment with current best practices in governmental accounting and incorporate recommendations from our annual audit review process.

Major Initiatives

In alignment with the Strategic Goals Plan approved by City Council in 2022, the City 1) started construction on the approved historic downtown revitalization project, 2) completed the High Service Pump (HSP) and generator project at the Lockhart Water Treatment Plant, 3) acquired a new fire truck, and 4) adopted an update to the Parks and Open Space Master Plan. The City approved the recommended site for a municipal aquatic facility and applied for a \$750,000 Texas Parks & Wildlife Grant for partial funding. In addition, the improvements to wastewater utility lines and street and sidewalk improvements also continued through the fiscal year.

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 judgments by management.

Budgetary Controls

Each year, on or before September 30th, the City Council adopts an annual operating budget for the ensuing fiscal year. The operating budget includes anticipated revenues and expenditures for the General Fund, Proprietary Funds, Special Revenue Funds, Debt Service Fund, Airport Fund, EMS Fund, and Lockhart Economic Development. The budget is a planning device that defines the type, quality, and quantity of City goods and services that will be provided to our citizens. The budget is also a control device that serves as a system of "checks" and "balances" between levels of City government. The budgetary system is designed to ensure that

individual departments contain their expenditures within limitations set by the City management, and that City management contains expenditures for the entire City within limitations set by the City Council. After adoption, change to a department budget may be made using a line-item transfer, initiated by a department manager, and approved by the City Manager and Finance Director. Any changes to the budget outside of an individual department can only be made by City Council.

Awards for Excellence in Financial Reporting

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Lockhart for its annual comprehensive financial report (ACFR) for the fiscal year ended September 30, 2023. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. This is the fifth year in a row which the City has received this award. We ensure that our current annual comprehensive financial report continues to meet the Certificate of Achievement Program's requirements, and we are submitting the ACFR for fiscal year ended September 30, 2024 to the GFOA to determine its eligibility for another certificate.

Acknowledgements

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

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

Respectfully Submitted,



Steve Lewis, City Manager



Keeli Michna, Finance Director



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Lockhart
Texas**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

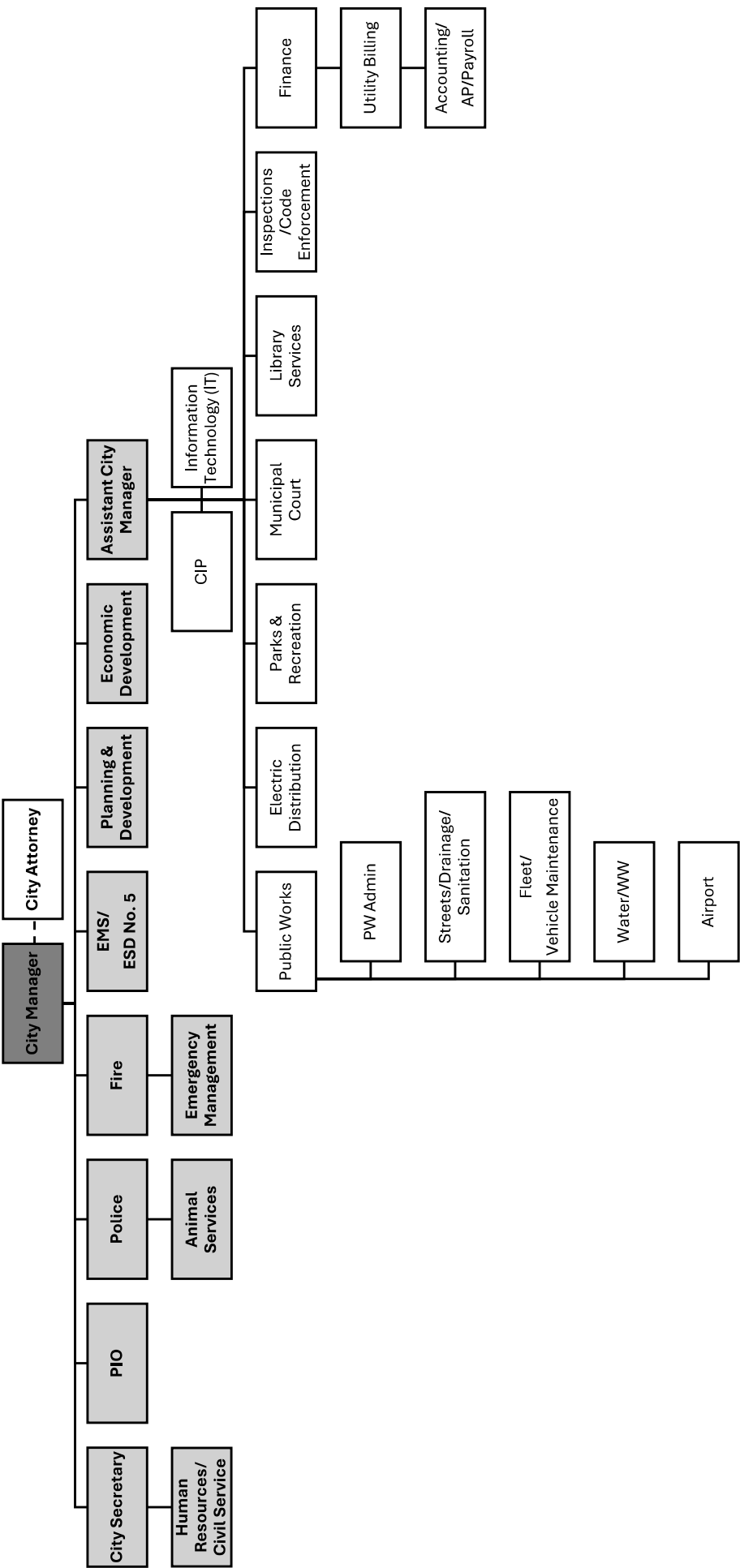
September 30, 2023

Christopher P. Morill

Executive Director/CEO

City of Lockhart

Organizational Chart



City of Lockhart, Texas
ELECTED AND PRINCIPAL OFFICIALS
September 30, 2024

City Council

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

Principal Officials

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



FINANCIAL SECTION





INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Lockhart, Texas (the "City") as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Lockhart, Texas, as of September 30, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

Emphasis of Matter

As discussed in Note V.G. to the financial statements, the City restated beginning fund balance and net position for the electric fund, water fund, wastewater fund, and business-type activities to adjust for various refunds not accounted for in prior years. Our opinion was 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.



Brooks Watson & Co.
Certified Public Accountants
Houston, Texas
March 27, 2025



City of Lockhart, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS

September 30, 2024

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, 2024. 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, 2024 by \$69,822,625. Of this amount, \$17,113,490 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's total net position increased by \$5,817,904. Approximately 50% 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 \$22,245,700 at September 30, 2024, an increase of \$3,273,825 from the prior fiscal year; this includes an increase of \$2,019,125 in the general fund and an increase of \$1,254,700 in the nonmajor governmental funds.
- At the end of the fiscal year, unassigned fund balance for the general fund was \$11,065,775 or 73% 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, 2024

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

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

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

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

FUND FINANCIAL STATEMENTS

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

Governmental Funds

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

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

City of Lockhart, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS, *Continued*

September 30, 2024

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

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

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

Proprietary Funds

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

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

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

Component Units

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

Notes to Financial Statements

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

The notes to the financial statements can be found on pages 53-103 of this report.

City of Lockhart, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued

September 30, 2024

Other Information

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted previously, net position may serve over time as a useful indicator of the City's financial position. For the City of Lockhart, Texas, assets and deferred outflows exceeded liabilities and deferred inflows by \$69,822,625 as of September 30, 2024, in the primary government.

The largest portion of the City's net position, \$37,041,894 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 \$15,667,241 represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$17,113,490 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, 2024

Statement of Net Position:

The following table reflects the condensed Statement of Net Position:

	2024			2023		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Current and						
other assets	\$ 24,274,785	\$ 24,844,338	\$ 49,119,123	\$ 20,677,927	\$ 23,862,061	\$ 44,539,988
Capital assets, net	27,585,771	65,094,607	92,680,378	27,569,271	66,681,875	94,251,146
Total Assets	51,860,556	89,938,945	141,799,501	48,247,198	90,543,936	138,791,134
Deferred Outflows of Resources	1,381,277	641,125	2,022,402	2,693,454	734,684	3,428,138
Other liabilities	3,334,427	5,939,756	9,274,183	3,056,731	5,564,945	8,621,676
Long-term liabilities	13,175,238	51,019,307	64,194,545	16,370,605	53,063,786	69,434,391
Total Liabilities	16,509,665	56,959,063	73,468,728	19,427,336	58,628,731	78,056,067
Deferred Inflows of Resources	313,732	216,818	530,550	126,582	31,902	158,484
Net Position:						
Net investment in						
capital assets	18,662,311	18,379,583	37,041,894	17,776,524	19,452,608	37,229,132
Restricted	7,465,102	8,202,139	15,667,241	6,072,719	5,182,714	11,255,433
Unrestricted	10,291,023	6,822,467	17,113,490	7,537,491	7,982,665	15,520,156
Total Net Position	\$ 36,418,436	\$ 33,404,189	\$ 69,822,625	\$ 31,386,734	\$ 32,617,987	\$ 64,004,721

Current and other assets of the primary government increased by \$4,579,135 or 10% due to greater cash on hand resulting from current year operating surpluses and receivables as of yearend. Deferred outflows of the primary government decreased by \$1,405,736 or 41%, which was strictly due to actuarial changes in the City's pension inputs over the course of the year. Long-term liabilities for the primary government decreased by \$5,239,846 or 8% due a decline in the City's net pension liability and principal payments made towards debt in the current year.

City of Lockhart, Texas
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
September 30, 2024

Statement of Activities:

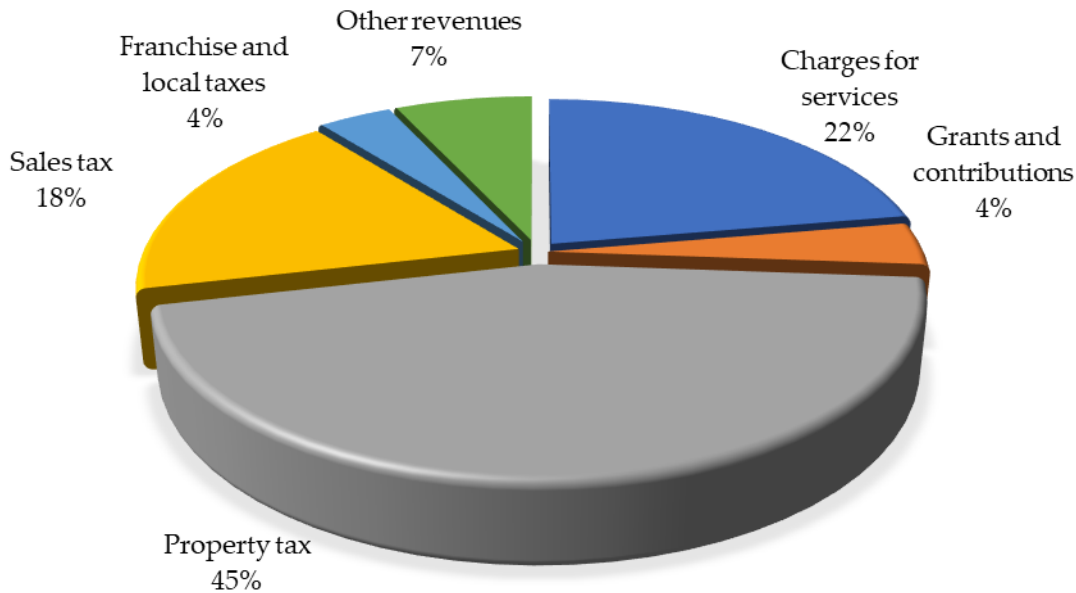
The following table provides a summary of the City's changes in net position:

	For the Year Ended September 30, 2024			For the Year Ended September 30, 2023		
	Governmental Activities	Business-Type Activities	Total Primary Government	Governmental Activities	Business-Type Activities	Total Primary Government
Revenues						
Program revenues:						
Charges for services	\$ 3,749,190	\$ 27,803,120	\$ 31,552,310	\$ 3,398,491	\$ 26,910,517	\$ 30,309,008
Operating grants	475,639	-	475,639	472,563	-	472,563
Capital contributions	171,997	53,111	225,108	6,386,889	5,653,224	12,040,113
General revenues:						
Property tax	7,610,224	-	7,610,224	7,114,477	-	7,114,477
Sales tax	3,009,942	-	3,009,942	2,712,526	-	2,712,526
Franchise & local taxes	625,958	-	625,958	582,849	-	582,849
Investment income	1,083,776	1,131,268	2,215,044	893,878	841,201	1,735,079
Other revenues	86,124	106,454	192,578	283,470	39,302	322,772
Total Revenues	16,812,850	29,093,953	45,906,803	21,845,143	33,444,244	55,289,387
Expenses						
General government	2,383,519	-	2,383,519	2,165,947	-	2,165,947
Public safety	6,628,423	-	6,628,423	6,937,475	-	6,937,475
Public works	2,826,765	-	2,826,765	2,930,612	-	2,930,612
Health and welfare	42,956	-	42,956	18,264	-	18,264
Culture and recreation	1,632,347	-	1,632,347	1,481,117	-	1,481,117
Comm. development	1,963,799	-	1,963,799	2,003,675	-	2,003,675
Interest & fiscal chrgs.	348,098	1,442,071	1,790,169	396,858	1,554,702	1,951,560
Electric	-	11,150,785	11,150,785	-	10,861,958	10,861,958
Water	-	5,626,174	5,626,174	-	4,913,046	4,913,046
Wastewater	-	1,667,732	1,667,732	-	1,546,526	1,546,526
Nonmajor enterprise	-	4,376,230	4,376,230	-	3,588,700	3,588,700
Total Expenses	15,825,907	24,262,992	40,088,899	15,933,948	22,464,932	38,398,880
Change in Net Position Before Transfers	986,943	4,830,961	5,817,904	5,911,195	10,979,312	16,890,507
Transfers	4,044,759	(4,044,759)	-	3,102,983	(3,102,983)	-
Total	4,044,759	(4,044,759)	-	3,102,983	(3,102,983)	-
Change in Net Position	5,031,702	786,202	5,817,904	9,014,178	7,876,329	16,890,507
Beg. Net Position, as previously reported	31,386,734	32,311,314	63,698,048	22,372,556	24,741,658	47,114,214
Error correction	-	306,673	306,673	-	-	-
Beg. Net Position, as adjusted	31,386,734	32,617,987	64,004,721	22,372,556	24,741,658	47,114,214
Ending Net Position	\$ 36,418,436	\$ 33,404,189	\$ 69,822,625	\$ 31,386,734	\$ 32,617,987	\$ 64,004,721

City of Lockhart, Texas
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
September 30, 2024

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

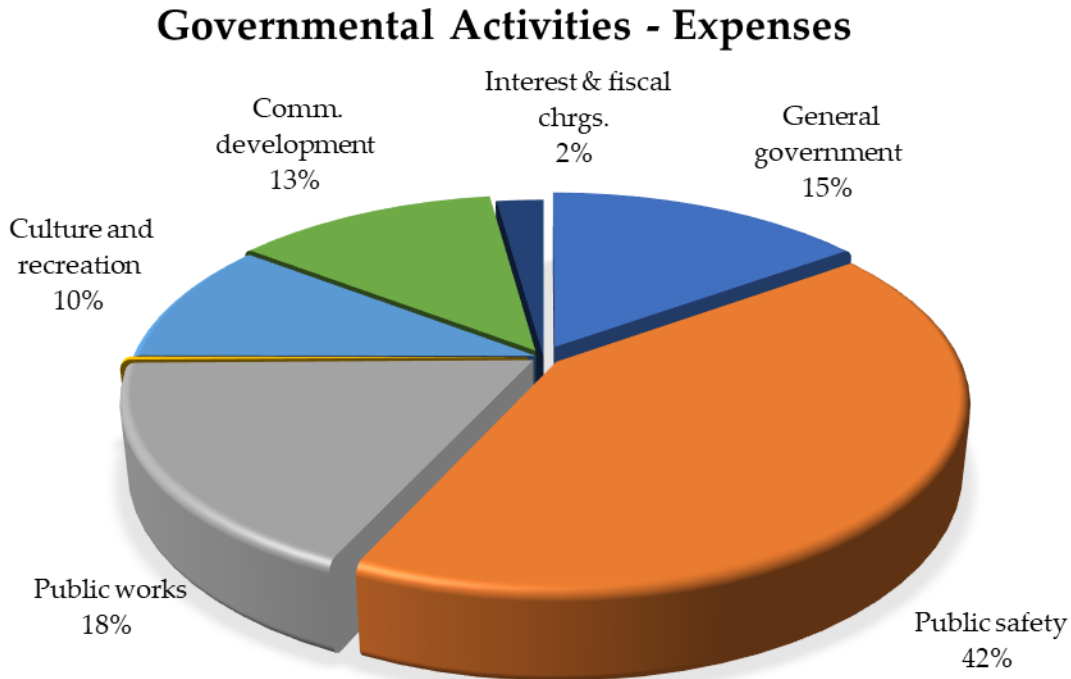
Governmental Activities - Revenues



For the year ended September 30, 2024, revenues from governmental activities totaled \$16,812,850. Property tax, charges for services, and sales tax are the City's largest general revenue sources. Overall revenue decreased \$5,032,293 or 23% from the prior year. Charges for services increased by \$350,699 or 10% due to greater building and zoning permit revenue in the current year, resulting from city growth. Property taxes increased by \$495,747 or 7% primarily due to greater appraised values and growth within the City. Capital grants and contributions decreased by \$6,214,892 or 97% due to nonrecurring neighborhood developer contributions of public infrastructure totaling \$6,211,919, during the prior year. Sales taxes increased by \$297,416 or 11% due to economic growth fueled by local purchases. Investment income increased by \$189,898 or 21% primarily as a result of higher interest rates and greater interest-bearing accounts in the current year. Other revenue decreased by \$197,346 or 70% primarily due to nonrecurring library donations and proceeds from sale of assets received in the prior year. All other revenues remained relatively stable when compared to the previous year.

City of Lockhart, Texas
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
September 30, 2024

This graph shows the governmental function expenses of the City:

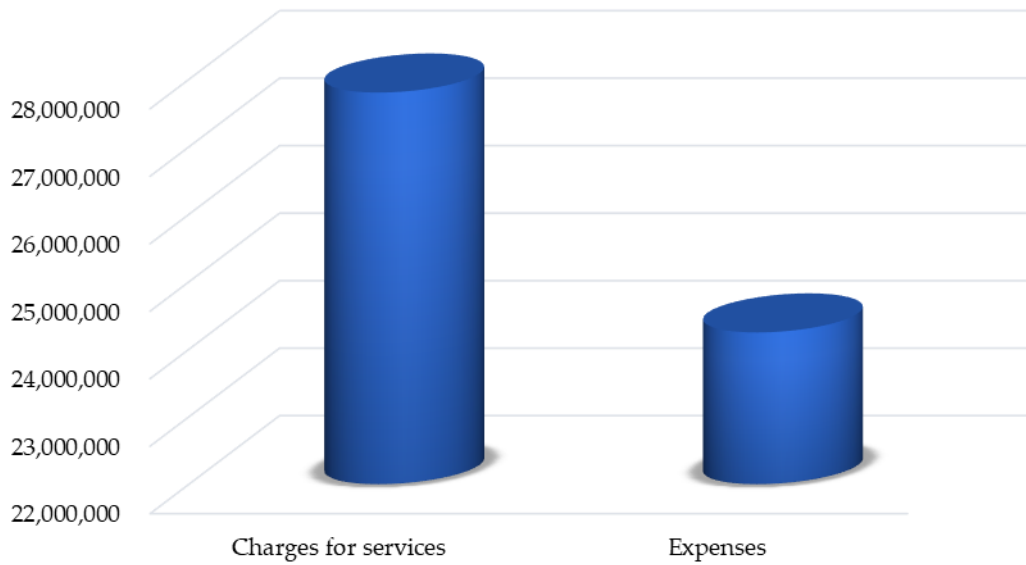


For the year ended September 30, 2024, expenses for governmental activities totaled \$15,825,907. This represents a decrease of \$108,041 from the prior year. The City's largest functional expense is public safety totaling \$6,628,423 and is consistent with the prior year. General government expenses increased by \$217,572 or 10% primarily due to greater personnel costs related to a full year's salary and benefits being paid in the current year to the Assistant City Manager that was hired late in the prior year. Culture and recreation expenses increased by \$151,230 or 10% primarily due to greater personnel costs due to new hires and market retention adjustments. In addition, the City pool required maintenance projects and was closed the majority of fiscal year 2023. The pool was opened and required more labor hours during the current year. Interest and fiscal charges decreased by \$48,760 or 12% due to long-term debt approaching maturity. All other governmental activities expenses remained relatively consistent with the prior year.

City of Lockhart, Texas
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
September 30, 2024

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, 2024, charges for services by business-type activities totaled \$27,803,120. This represents an increase of \$892,603 or 3% from the previous year, which is a direct result of greater water and sewer service rates and increased utility service consumption in the current year. Capital contributions decreased by \$5,600,113 as a result of nonrecurring developer contributions and impact fees received in the prior year.

Total business-type activity expenses increased by \$1,798,060 or 8% to a total of \$24,262,992. Electric expenses totaled \$11,150,785, while water and wastewater operations totaled \$5,626,174 and \$1,667,732, respectively. Water expenses increased by \$713,128 or 15% due to higher consumption and related GBRA costs. Nonmajor enterprise expenses increased by \$787,530 or 18% primarily due to greater EMS expenses incurred resulting from increased payroll, material supplies, and repairs and maintenance costs in the current year. In prior years, EMS services were outsourced to a third party.

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, 2024

At September 30, 2024, the City's governmental funds reported combined fund balances of \$22,245,700, an increase of \$3,273,825 in comparison with the prior year. Approximately 49% of this amount, \$11,002,034, constitutes *unassigned fund balance*, which is available for spending at the government's discretion. The remainder of the fund balance is either *nonspendable*, *committed* or *restricted* to indicate that it is 1) not in spendable form \$1,301,394 2) committed for particular purposes \$349,932 or 3) restricted for particular purposes \$9,592,340.

As of the end of the year the general fund reflected a total fund balance of \$14,426,095. Of this, \$1,635,276 is considered not in spendable form and committed. Restricted fund balance totaled \$1,725,044 and \$11,065,775 is unassigned. General fund balance increased by \$2,019,125 during the current year as compared to a final budgeted increase of \$90,247. The increase in fund balance was primarily a result of higher than expected investment income, property taxes, and charges for services revenue.

As a measure of the general fund's liquidity, it may be useful to compare total unassigned fund balance to total fund expenditures. The unassigned (the amount available for spending) fund balance of the general fund of \$11,065,775 is 73% of total general fund expenditures. Overall revenue in the general fund increased by \$1,189,077 when compared to the prior year. Property tax and charges for services showed the largest increase due to a growing local economy and new City development. General fund expenditures increase \$977,424 when compared to the prior year. The largest increase was in public safety of \$763,033 which was primarily due to greater personnel and vehicle costs in the current year.

Proprietary Funds - The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Unrestricted net position at the close of the fiscal year for all proprietary funds amounted to \$6,822,467, an increase of \$1,160,198 from the previous year. Total investment in capital assets, net of related debt was \$18,379,583, and capital assets, net of depreciation totaled \$65,094,607.

GENERAL FUND BUDGETARY HIGHLIGHTS

Total budgeted revenues of \$10,374,395 were less than actual revenues of \$12,469,284, resulting in a total positive revenue variance of \$2,094,889. All actual revenues were greater than the budgeted amounts, with the exception of intergovernmental and license and permits. Total budgeted expenditures of \$14,916,004, were less than actual expenditures of \$15,055,615, resulting in a total negative expenditure variance of \$139,611. Actual expenditures for the current year exceeded appropriations at the legal level of control by \$145,341, including transfers out. No significant budget amendments were made during the year.

City of Lockhart, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued

September 30, 2024

CAPITAL ASSETS

As of the end of the year, the City's governmental activities funds had invested \$27,585,771 in a variety of capital assets and infrastructure, net of accumulated depreciation. The City's business-type activities funds had invested \$65,094,607 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 additions during the current year include the following:

- Continued downtown revitalization project for \$373,470.
- Expansion of water treatment plant for \$465,909.
- Continued construction on the 2023 street improvement project for \$776,956.
- Purchased public safety equipment totaling \$56,224.
- Purchased a Ford truck for \$51,966.
- Purchased six police vehicles for \$320,532.
- Purchased a Chevy Tahoe for \$57,837.
- Purchased a Ford F-450 for \$71,250.
- Continued LK 30 extension and copper replacement for \$675,475.
- Purchased electrical equipment totaling \$155,411.
- Began Lockhart Downtown revitalization for \$274,724.
- Purchased wastewater equipment for \$49,953.
- Purchased EMS equipment totaling \$134,567.

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

LONG-TERM DEBT

The City's outstanding bonds, tax notes, lease liabilities and certificates of obligation payable, net of all premiums, decreased by \$3,481,792 from the prior year. The total bonds, leases and certificates of obligation payable at the close of the fiscal year was \$62,399,551, net of all premiums.

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

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

City of Lockhart, Texas
MANAGEMENT'S DISCUSSION AND ANALYSIS, *Continued*
September 30, 2024

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 51% since 2020 and property tax revenue has increased by 33.4%. Even with the 51% increase, the City continues to forecast sales tax in a conservative position. The total sales tax payments received in 2024 fiscal year equaled \$4,452,635. The City anticipates a continued increase for 2025.

Property valuations have increased due to new additions and property on the tax roll, along with the appraisal district reassessing valuations in 2023. The certified assessed taxable property valuations for the 2025 fiscal year (2024 tax roll) total \$1,454,354,429 with a tax rate of \$0.4067 per \$100 valuation for maintenance and operations and \$0.1026 per \$100 valuation for the interest and sinking fund. The total tax rate of \$0.5093.

The City's capital plan for 2024-2025 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, 2024

	Primary Government		
	Governmental	Business-Type	Total
	Activities	Activities	
<u>Assets</u>			
Current assets:			
Cash and cash equivalents	\$ 18,906,517	\$ 21,289,785	\$ 40,196,302
Receivables, net	1,836,003	4,965,543	6,801,546
Lease receivable	-	62,284	62,284
Internal balances	2,160,498	(2,160,498)	-
Due from component unit	70,373	-	70,373
Inventories	16,319	687,224	703,543
Prepaid and other assets	1,285,075	-	1,285,075
Total Current Assets	24,274,785	24,844,338	49,119,123
Noncurrent assets:			
Lease receivable	-	20,975	20,975
Capital assets:			
Non-depreciable	2,898,824	1,952,825	4,851,649
Net depreciable capital assets	24,686,947	63,120,807	87,807,754
Total Noncurrent Assets	27,585,771	65,094,607	92,680,378
Total Assets	51,860,556	89,938,945	141,799,501
<u>Deferred Outflows of Resources</u>			
Pension outflows-TMRS	1,255,900	555,274	1,811,174
OPEB outflows-TMRS	8,166	3,612	11,778
Deferred charge on refunding	117,211	82,239	199,450
Total Deferred Outflows of Resources	1,381,277	641,125	2,022,402

Component
Unit
Lockhart
EDC

\$	7,243,381
	263,968
	-
	-
	-
	-
	5,000
	7,512,349

	-
	1,008,082
	4,193,529
	5,201,611
	12,713,960

	37,946
	-
	-
	37,946

City of Lockhart, Texas

STATEMENT OF NET POSITION (Page 2 of 2)

September 30, 2024

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<u>Liabilities</u>			
Accounts payable	\$ 614,309	\$ 1,936,689	\$ 2,550,998
Accrued liabilities	567,883	194,482	762,365
Due to primary government	-	-	-
Due to other governments	20,072	-	20,072
Customer deposits	-	774,713	774,713
Compensated absences, current	520,067	109,859	629,926
Accrued interest payable	56,316	685,873	742,189
Long-term debt due in one year	1,555,780	2,238,140	3,793,920
Total Current Liabilities	3,334,427	5,939,756	9,274,183
Noncurrent liabilities:			
Net pension liability	3,271,107	1,446,260	4,717,367
OPEB liability-TMRS	310,652	137,353	448,005
OPEB liability-Retiree healthcare	280,846	72,705	353,551
Compensated absences	57,785	12,206	69,991
Long-term debt due in more than one year	9,254,848	49,350,783	58,605,631
Total Noncurrent Liabilities	13,175,238	51,019,307	64,194,545
Total Liabilities	16,509,665	56,959,063	73,468,728
<u>Deferred Inflows of Resources</u>			
Pension inflows	220,797	97,621	318,418
OPEB inflows-TMRS	64,808	28,656	93,464
OPEB inflows-Retiree Healthcare	28,127	7,282	35,409
Deferred inflows -lease related	-	83,259	83,259
Total Deferred Inflows of Resources	313,732	216,818	530,550
<u>Net Position</u>			
Net investment in capital assets	18,662,311	18,379,583	37,041,894
Restricted for:			
General government	737,860	-	737,860
Public safety	30,669	-	30,669
Municipal court	150,431	-	150,431
Tourism	152,073	-	152,073
Capital projects	5,606,188	8,202,139	13,808,327
Debt service	787,881	-	787,881
Economic development	-	-	-
Unrestricted	10,291,023	6,822,467	17,113,490
Total Net Position	\$ 36,418,436	\$ 33,404,189	\$ 69,822,625

See Notes to Financial Statements.

Component	
Unit	
Lockhart	
EDC	
\$	15,618
	-
	70,373
	-
	-
	1,428
	8,708
	108,754
	<u>204,881</u>
	98,836
	-
	-
	159
	1,150,000
	<u>1,248,995</u>
	<u>1,453,876</u>
	6,671
	-
	-
	-
	<u>6,671</u>
	3,942,857
	-
	-
	-
	-
	-
	-
	7,348,502
	-
\$	<u><u>11,291,359</u></u>

City of Lockhart, Texas

STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2024

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental Activities				
General government	\$ 2,383,519	\$ -	\$ 151,770	\$ -
Public safety	6,628,423	263,661	323,869	171,997
Public works	2,826,765	732,320	-	-
Health and welfare	42,956	-	-	-
Culture and recreation	1,632,347	207,149	-	-
Community development	1,963,799	2,546,060	-	-
Interest and fiscal charges	348,098	-	-	-
Total Governmental Activities	15,825,907	3,749,190	475,639	171,997
Business-Type Activities				
Electric	11,167,367	13,007,971	-	-
Water	7,021,330	6,413,438	-	22,000
Wastewater	1,697,831	4,623,307	1,327	-
* Nonmajor enterprise	4,376,464	3,758,404	4,784	25,000
Total Business-Type Activities	24,262,992	27,803,120	6,111	47,000
Total Primary Government	\$ 40,088,899	\$ 31,552,310	\$ 481,750	\$ 218,997
Component Units				
Lockhart EDC	1,209,330	-	-	-
Total Component Units	\$ 1,209,330	\$ -	\$ -	\$ -

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, as previously reported

Error correction

Beginning Net Position, as adjusted

Ending Net Position

See Notes to Financial Statements.

* Includes sanitation, airport, and EMS activities

Net (Expense) Revenue and Changes in Net Position

Primary Government			
Governmental Activities	Business-Type Activities	Total	Lockhart EDC
\$ (2,231,749)	\$ -	\$ (2,231,749)	\$ -
(5,868,896)	-	(5,868,896)	-
(2,094,445)	-	(2,094,445)	-
(42,956)	-	(42,956)	-
(1,425,198)	-	(1,425,198)	-
582,261	-	582,261	-
(348,098)	-	(348,098)	-
<u>(11,429,081)</u>	<u>-</u>	<u>(11,429,081)</u>	<u>-</u>
-	1,840,604	1,840,604	-
-	(585,892)	(585,892)	-
-	2,926,803	2,926,803	-
-	(588,276)	(588,276)	-
-	3,593,239	3,593,239	-
<u>(11,429,081)</u>	<u>3,593,239</u>	<u>(7,835,842)</u>	<u>-</u>
			(1,209,330)
			<u>(1,209,330)</u>
7,610,224	-	7,610,224	-
3,009,942	-	3,009,942	1,504,969
625,958	-	625,958	-
1,083,776	1,131,268	2,215,044	344,023
7,300	-	7,300	-
78,824	106,454	185,278	30,469
4,044,759	(4,044,759)	-	-
<u>16,460,783</u>	<u>(2,807,037)</u>	<u>13,653,746</u>	<u>1,879,461</u>
5,031,702	786,202	5,817,904	670,131
31,386,734	32,311,314	63,698,048	10,621,228
-	306,673	306,673	-
31,386,734	32,617,987	64,004,721	10,621,228
<u>\$ 36,418,436</u>	<u>\$ 33,404,189</u>	<u>\$ 69,822,625</u>	<u>\$ 11,291,359</u>

City of Lockhart, Texas

BALANCE SHEET GOVERNMENTAL FUNDS

September 30, 2024

	General	Nonmajor Governmental Funds	Total Governmental Funds
<u>Assets</u>			
Cash and cash equivalents	\$ 11,041,167	\$ 7,865,350	\$ 18,906,517
Accounts receivable, net	1,523,063	312,940	1,836,003
Due from other funds	2,274,557	-	2,274,557
Due fom component unit	70,373	-	70,373
Inventories	16,319	-	16,319
Prepays	1,269,025	16,050	1,285,075
Total Assets	\$ 16,194,504	\$ 8,194,340	\$ 24,388,844
<u>Liabilities</u>			
Accounts payable	\$ 507,075	\$ 107,234	\$ 614,309
Accrued liabilities	564,899	2,984	567,883
Due to other governments	20,072	-	20,072
Due to other funds	-	114,059	114,059
Total Liabilities	1,092,046	224,277	1,316,323
<u>Deferred Inflows of Resources</u>			
Unavailable revenue - property taxes	550,926	141,979	692,905
Unavailable revenue-fines	99,045	8,479	107,524
Unavailable revenue - notes receivable	26,392	-	26,392
Total Deferred Inflows of Resources	676,363	150,458	826,821
<u>Fund Balances</u>			
Nonspendable:			
Inventories	16,319	-	16,319
Prepaid items	1,269,025	16,050	1,285,075
Committed for:			
Sidewalks	59,548	-	59,548
Industrial park	290,384	-	290,384
Restricted for:			
Debt service	-	787,881	787,881
General government	661,378	76,482	737,860
Public safety	-	30,669	30,669
Municipal court	-	150,431	150,431
Tourism	-	152,073	152,073
Capital projects	1,063,666	6,669,760	7,733,426
Unassigned	11,065,775	(63,741)	11,002,034
Total Fund Balances	14,426,095	7,819,605	22,245,700
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 16,194,504	\$ 8,194,340	\$ 24,388,844

See Notes to Financial Statements.

City of Lockhart, Texas

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

September 30, 2024

Fund Balances - Total Governmental Funds \$ 22,245,700

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 2,898,824

Capital assets - net depreciable 24,686,947

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

Property tax 692,905

Fines and fees 107,524

Other receivables 26,392

Deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenues) until that time

Pension inflows (220,797)

OPEB inflows-TMRS (64,808)

OPEB inflows-Retiree Healthcare (28,127)

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

Pension outflows 1,255,900

OPEB outflows-TMRS 8,166

Deferred charge on refunding 117,211

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

Accrued interest (56,316)

Deferred charges:

Bond premium (343,716)

Net pension liability (3,271,107)

OPEB liability-TMRS (310,652)

OPEB liability-Retiree healthcare (280,846)

Compensated absences (577,852)

Non-current liabilities due in one year (1,555,780)

Non-current liabilities due in more than one year (8,911,132)

Net Position of Governmental Activities \$ 36,418,436

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, 2024

	General	Nonmajor Governmental Funds	Total Governmental Funds
<u>Revenues</u>			
Property tax	\$ 5,745,973	\$ 1,677,779	\$ 7,423,752
Sales tax	3,009,942	-	3,009,942
Franchise and local taxes	430,645	195,313	625,958
Fines and forfeitures	197,611	21,445	219,056
License and permits	1,655,574	890,486	2,546,060
Charges for services	207,149	732,320	939,469
Intergovernmental	444,667	202,969	647,636
Investment income	703,726	380,050	1,083,776
Other revenue	73,997	2,200	76,197
Total Revenues	12,469,284	4,102,562	16,571,846
<u>Expenditures</u>			
Current:			
General government	1,976,953	249,462	2,226,415
Public safety	7,034,019	255,476	7,289,495
Public works	2,316,893	356,882	2,673,775
Health and welfare	33,778	-	33,778
Culture and recreation	1,474,707	-	1,474,707
Community development	1,993,255	-	1,993,255
Debt Service:			
Principal	198,166	1,285,406	1,483,572
Interest and fiscal charges	27,844	373,963	401,807
Capital outlay	-	93,808	93,808
Total Expenditures	15,055,615	2,614,997	17,670,612
Revenues Over (Under) Expenditures	(2,586,331)	1,487,565	(1,098,766)
<u>Other Financing Sources (Uses)</u>			
Lease issuance	320,532	-	320,532
Sale of capital assets	7,300	-	7,300
Transfers in	4,348,354	449,217	4,797,571
Transfers (out)	(70,730)	(682,082)	(752,812)
Total Other Financing Sources (Uses)	4,605,456	(232,865)	4,372,591
Net Change in Fund Balances	2,019,125	1,254,700	3,273,825
Beginning fund balances	12,406,970	6,564,905	18,971,875
Ending Fund Balances	\$ 14,426,095	\$ 7,819,605	\$ 22,245,700

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, 2024

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

Net changes in fund balances - total governmental funds	\$ 3,273,825
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	2,106,636
Depreciation expense	(2,090,136)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
Property tax	186,472
Fines and fees	44,605
Other receivables	2,627
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	(116,342)
Accrued interest	15,639
Pension expense	345,493
OPEB expense-TMRS	57,675
OPEB expense-retiree healthcare	4,098
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.	
Lease issuance	(320,532)
Amortization of deferred charge on refunding	(23,441)
Amortization of premium	61,511
Principal payments	1,483,572
Change in Net Position of Governmental Activities	\$ 5,031,702

See Notes to Financial Statements.

City of Lockhart, Texas
STATEMENT OF NET POSITION
PROPRIETARY FUNDS (Page 1 of 2)
September 30, 2024

		Business-Type Activities		
		Electric	Water	Wastewater
<u>Assets</u>				
<u>Current Assets</u>				
Cash and cash equivalents	\$	3,077,745	\$ 9,053,312	\$ 8,196,127
Accounts receivable, net		2,423,000	868,315	495,572
Lease receivable		-	62,284	-
Due from other funds		-	-	50,251
Inventories		687,224	-	-
Total Current Assets		6,187,969	9,983,911	8,741,950
<u>Noncurrent Assets</u>				
Lease receivable		-	20,975	-
Capital assets:				
Non-depreciable		1,066,081	539,651	154,523
Net depreciable capital assets		4,896,186	49,462,266	7,049,291
Total Noncurrent Assets		5,962,267	50,022,892	7,203,814
Total Assets		12,150,236	60,006,803	15,945,764
<u>Deferred Outflows of Resources</u>				
Pension outflows-TMRS		207,328	55,648	35,154
OPEB outflows-TMRS		1,348	362	229
Deferred loss on refunding		-	71,293	10,946
Total Deferred Outflows of Resources		208,676	127,303	46,329

See Notes to Financial Statements.

Business-Type Activities	
Nonmajor Funds	Total
\$ 962,601	\$ 21,289,785
1,178,656	4,965,543
-	62,284
-	50,251
-	687,224
<u>2,141,257</u>	<u>27,055,087</u>
-	20,975
192,570	1,952,825
1,713,064	63,120,807
<u>1,905,634</u>	<u>65,094,607</u>
<u>4,046,891</u>	<u>92,149,694</u>
257,144	555,274
1,673	3,612
-	82,239
<u>258,817</u>	<u>641,125</u>

City of Lockhart, Texas
STATEMENT OF NET POSITION
PROPRIETARY FUNDS (Page 2 of 2)
September 30, 2024

	Business-Type Activities		
	Electric	Water	Wastewater
<u>Liabilities</u>			
<u>Current Liabilities</u>			
Accounts payable	\$ 966,492	\$ 598,889	\$ 130,751
Accrued liabilities	183,046	-	597
Customer deposits	592,040	177,673	-
Compensated absences, current	56,536	13,180	9,150
Lease liabilities, current	8,978	6,654	6,942
Long-term debt, current	113,987	1,788,766	309,537
Due to other funds	659,083	1,487,841	15,294
Accrued interest	5,741	670,286	9,846
Total Current Liabilities	2,585,903	4,743,289	482,117
<u>Noncurrent Liabilities</u>			
Compensated absences, noncurrent	6,282	1,464	1,017
Long-term debt, noncurrent	753,137	46,681,111	1,916,535
Net pension liability	540,003	144,941	91,562
OPEB liability-TMRS	51,284	13,765	8,696
OPEB liability-retiree healthcare	46,363	12,444	7,861
Total Noncurrent Liabilities	1,397,069	46,853,725	2,025,671
Total Liabilities	3,982,972	51,597,014	2,507,788
<u>Deferred Inflows of Resources</u>			
Pension inflows-TMRS	36,450	9,783	6,180
OPEB inflows-TMRS	10,699	2,872	1,814
OPEB inflows-retiree healthcare	4,644	1,246	787
Deferred inflows -lease related	-	83,259	-
Total Deferred Inflows of Resources	51,793	97,160	8,781
<u>Net Position</u>			
Net investment in capital assets	5,086,165	6,192,720	5,198,340
Restricted for:			
Capital projects	167,997	4,191,222	3,842,920
Unrestricted	3,069,985	(1,944,010)	4,434,264
Total Net Position	\$ 8,324,147	\$ 8,439,932	\$ 13,475,524

See Notes to Financial Statements.

Business-Type Activities			
Nonmajor			
Funds		Total	
\$ 240,557		\$ 1,936,689	
10,839		194,482	
5,000		774,713	
30,993		109,859	
3,276		25,850	
-		2,212,290	
48,531		2,210,749	
-		685,873	
339,196		8,150,505	
3,443		12,206	
-		49,350,783	
669,754		1,446,260	
63,608		137,353	
6,037		72,705	
742,842		51,019,307	
1,082,038		59,169,812	
45,208		97,621	
13,271		28,656	
605		7,282	
-		83,259	
59,084		216,818	
1,902,358		18,379,583	
-		8,202,139	
1,262,228		6,822,467	
\$ 3,164,586		\$ 33,404,189	

City of Lockhart, Texas

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

For the Year Ended September 30, 2024

	Business-Type Activities		
	Electric	Water	Wastewater
<u>Operating Revenues</u>			
Charges for services	\$ 13,007,971	\$ 6,413,438	\$ 4,623,307
Other revenue	9,096	440	-
Total Operating Revenues	13,017,067	6,413,878	4,623,307
<u>Operating Expenses</u>			
Personnel services	1,346,304	391,714	249,682
Supplies	107,639	44,050	123,988
Maintenance and repairs	469,582	363,516	71,996
Contractual services	319,443	1,919,741	62,150
Power, water, and water treatment	7,927,728	890,748	819,339
Non-departmental	-	-	46,186
Miscellaneous	525,709	1,464	-
Depreciation and amortization	454,380	2,014,941	294,391
Total Operating Expenses	11,150,785	5,626,174	1,667,732
Operating Income (Loss)	1,866,282	787,704	2,955,575
<u>Nonoperating Revenues (Expenses)</u>			
Intergovernmental	-	-	1,327
Investment earnings	178,598	476,117	405,033
Interest expense	(16,582)	(1,395,156)	(30,099)
Total Nonoperating Revenues (Expenses)	162,016	(919,039)	376,261
Income (Loss) Before Capital Contributions and Transfers	2,028,298	(131,335)	3,331,836
<u>Capital Contributions and Transfers</u>			
Capital grants	-	22,000	-
Transfers in	-	433,893	1,242
Transfers (out)	(2,422,688)	(301,502)	(1,434,143)
Total Capital Contributions and Transfers	(2,422,688)	154,391	(1,432,901)
Change in Net Position	(394,390)	23,056	1,898,935
Beg. net position, as previously presented	8,713,179	8,244,102	11,448,048
Error correction	5,358	172,774	128,541
Beg. net position, as adjusted	8,718,537	8,416,876	11,576,589
Ending Net Position	\$ 8,324,147	\$ 8,439,932	\$ 13,475,524

See Notes to Financial Statements.

Business-Type Activities	
Nonmajor Funds	Total
\$ 3,758,404	\$ 27,803,120
96,918	106,454
<u>3,855,322</u>	<u>27,909,574</u>
2,322,292	4,309,992
4,471	280,148
1,760,857	2,665,951
82,485	2,383,819
-	9,637,815
-	46,186
-	527,173
206,125	2,969,837
<u>4,376,230</u>	<u>22,820,921</u>
(520,908)	5,088,653
4,784	6,111
71,520	1,131,268
(234)	(1,442,071)
<u>76,070</u>	<u>(304,692)</u>
(444,838)	4,783,961
25,000	47,000
621	435,756
(322,182)	(4,480,515)
<u>(296,561)</u>	<u>(3,997,759)</u>
(741,399)	786,202
3,905,985	32,311,314
-	306,673
3,905,985	32,617,987
<u>\$ 3,164,586</u>	<u>\$ 33,404,189</u>

City of Lockhart, Texas
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS (Page 1 of 2)
For the Year Ended September 30, 2024

	Business-Type Activities		
	Electric	Water	Wastewater
<u>Cash Flows from Operating Activities</u>			
Payments to employees	\$ (1,388,667)	\$ (397,375)	\$ (248,016)
Payments to suppliers	(8,849,540)	(1,403,763)	(1,108,961)
Receipts from customers	13,233,724	6,409,267	4,550,636
Net Cash Provided (Used) by Operating Activities	2,995,517	4,608,129	3,193,659
<u>Cash Flows from Noncapital Financing Activities</u>			
Transfers in	-	433,893	1,242
Transfers (out)	(2,422,688)	(301,502)	(1,434,143)
Intergovernmental	-	-	1,327
Net Cash Provided (Used) by Noncapital Financing	(2,422,688)	132,391	(1,431,574)
<u>Cash Flows from Capital and Related Financing Activities</u>			
Acquisition and construction of capital assets	(882,432)	(280,947)	(63,648)
Capital grants	-	22,000	-
Principal paid on capital debt	(131,698)	(1,753,540)	(316,116)
Interest paid on capital debt	(17,240)	(1,435,363)	(35,519)
Net Cash Provided (Used) by Capital and Related Financing Activities	(1,031,370)	(3,447,850)	(415,283)
<u>Cash Flows from Investing Activities</u>			
Interest on investments	178,598	476,117	405,033
Net Cash Provided by Investing Activities	178,598	476,117	405,033
Net Increase (Decrease) in Cash and Cash Equivalents	(279,943)	1,768,787	1,751,835
Beginning cash and cash equivalents	3,357,688	7,284,525	6,444,292
Ending Cash and Cash Equivalents	\$ 3,077,745	\$ 9,053,312	\$ 8,196,127

See Notes to Financial Statements.

Business-Type Activities	
Nonmajor Funds	Total
\$ (1,829,025)	\$ (3,863,083)
(1,867,951)	(13,230,215)
3,764,503	27,958,130
<u>67,527</u>	<u>10,864,832</u>
621	435,756
(322,182)	(4,480,515)
4,784	6,111
<u>(316,777)</u>	<u>(4,038,648)</u>
(134,567)	(1,361,594)
25,000	47,000
(23,625)	(2,224,979)
<u>(234)</u>	<u>(1,488,356)</u>
<u>(133,426)</u>	<u>(5,027,929)</u>
71,520	1,131,268
<u>71,520</u>	<u>1,131,268</u>
(311,156)	2,929,523
<u>1,273,757</u>	<u>18,360,262</u>
<u>\$ 962,601</u>	<u>\$ 21,289,785</u>

City of Lockhart, Texas
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS (Page 2 of 2)
For the Year Ended September 30, 2024

	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)	\$ 1,866,282	\$ 787,704	\$ 2,955,575
Adjustments to reconcile operating income (loss) to net cash provided (used):			
Depreciation	454,380	2,014,941	294,391
Changes in Operating Assets and Liabilities:			
(Increase) Decrease in:			
Accounts receivable	132,540	(41,501)	(72,671)
Prepaid items	22,732	-	-
Deferred outflows:			
Pension	198,832	48,077	26,703
OPEB	2,647	659	379
Increase (Decrease) in:			
Accounts payable and accrued liabilities	(195,876)	443,786	49,655
Accrued interest	-	-	-
Customer deposits	84,117	36,890	-
Compensated absences	12,776	2,157	1,765
Due to other funds	659,083	1,371,970	(34,957)
Deferred inflows:			
Pension	20,526	5,716	6,180
OPEB	10,695	2,931	(532)
Net pension liability	(280,766)	(64,667)	(33,439)
OPEB Liability	(7,073)	(534)	610
Net Cash Provided (Used) by Operating Activities	\$ 2,995,517	\$ 4,608,129	\$ 3,193,659

See Notes to Financial Statements.

Business-Type Activities			
Nonmajor			
Funds		Total	
\$	(520,908)	\$	5,088,653
	206,125		2,969,837
	(90,819)		(72,451)
	-		22,732
	(199,084)		74,528
	(1,102)		2,583
	(63,463)		234,102
	(5,206)		(5,206)
	-		121,007
	30,214		46,912
	48,531		2,044,627
	45,208		77,630
	10,933		24,027
	552,426		173,554
	54,672		47,675
\$	67,527	\$	10,864,832

City of Lockhart, Texas
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
September 30, 2024

	Private Purpose Trusts	Custodial Funds
<u>Assets</u>		
Cash and cash equivalents	\$ 623	\$ 59,550
Prepays	-	1,211
Total Assets	\$ 623	\$ 60,761
<u>Liabilities</u>		
Due to others	-	30,353
Total Liabilities	-	30,353
<u>Net Position</u>		
Restricted for various purposes:	\$ 623	\$ 30,408
Total Net Position	\$ 623	\$ 30,408

See Notes to Financial Statements.

City of Lockhart, Texas

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION FIDUCIARY FUNDS

For the Year Ended September 30, 2024

	Private Purpose Trusts	Custodial Funds
<u>Additions</u>		
Investment income	\$ 34	\$ 2,722
Other revenue	-	5,207
Total Additions	34	7,929
Net Change in Net Position	34	7,929
Beginning Net Position	589	22,479
Ending Net Position	\$ 623	\$ 30,408

See Notes to Financial Statements.

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City of Lockhart, Texas

NOTES TO THE FINANCIAL STATEMENTS

September 30, 2024

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, 2024

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, 2024.

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

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

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

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

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

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

City of Lockhart, Texas

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governmental and proprietary are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

The government reports the following major governmental funds:

General Fund

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

The government reports the following major enterprise funds:

Electric Fund

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

Water Fund

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

Wastewater Fund

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

City of Lockhart, Texas
NOTES TO THE FINANCIAL STATEMENTS, Continued
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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, 2024, the City is maintaining eighteen special revenue funds.

Fiduciary Funds

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

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

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

City of Lockhart, Texas
NOTES TO THE FINANCIAL STATEMENTS, Continued
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business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

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

D. Measurement focus and basis of accounting

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

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

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

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

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

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

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

1. Deposits and Investments

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

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

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

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

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

City of Lockhart, Texas
NOTES TO THE FINANCIAL STATEMENTS, Continued
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2. Fair Value

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

3. Receivables and Interfund Transactions

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

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

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

4. Inventories and Prepaid Items

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

5. Restricted Assets

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

6. Capital Assets

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

City of Lockhart, Texas

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

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

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

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

7. Deferred Outflows/Inflows of Resources

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

In addition to liabilities, the statement of financial position will sometimes report a separate section for *deferred inflows of resources*. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has only one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes, fines and forfeitures and ambulance fees. These amounts are deferred and

City of Lockhart, Texas
NOTES TO THE FINANCIAL STATEMENTS, Continued
September 30, 2024

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

8. Long-Term Obligations

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

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

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

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

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

City of Lockhart, Texas
NOTES TO THE FINANCIAL STATEMENTS, Continued
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9. Pensions

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

10. Other Postemployment Benefits ("OPEB")

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

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

City of Lockhart, Texas
NOTES TO THE FINANCIAL STATEMENTS, Continued
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11. Leases

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

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

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

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

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

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

Lessor: The City is a lessor for a noncancellable lease of a cell tower. The City recognizes a lease receivable and a deferred inflow of resources in the governmentwide and governmental fund financial statements.

At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

City of Lockhart, Texas
NOTES TO THE FINANCIAL STATEMENTS, Continued
September 30, 2024

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

- The City uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The City monitors changes in circumstances that would require a remeasurement of its lease, and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

12. Subscription Based Information Technology Arrangements (“SBITA”)

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

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

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

- The City uses the interest rate charged by the SBITA vendor as the discount rate. When the interest rate charged by the SBITA vendor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for SBITAs.
- The subscription term includes the noncancellable period of the SBITA.
- Subscription payments included in the measurement of the subscription liability are composed of fixed payments, variable payments fixed in substance or that depend on an index or a rate, termination penalties if the City is reasonably certain to exercise such

City of Lockhart, Texas
NOTES TO THE FINANCIAL STATEMENTS, Continued
September 30, 2024

options, subscription contract incentives receivable from the SBITA vendor, and any other payments that are reasonably certain of being required based on an assessment of all relevant factors.

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

13. Net Position Flow Assumption

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

14. Fund Balance Flow Assumptions

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

15. Fund Balance Policies

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

The City will maintain a minimum unassigned fund balance in its General Fund of 25 percent of the subsequent year's budgeted expenditures and outgoing transfers. This minimum fund balance is to protect against cash flow shortfalls related to timing of projected revenue receipts and to maintain a budget stabilization commitment. When fund balance falls below the 25 percent range, the City will replenish shortages/deficiencies. Should unassigned fund balance of the General Fund ever exceed the maximum 25 percent range, the City will consider such fund

City of Lockhart, Texas
NOTES TO THE FINANCIAL STATEMENTS, Continued
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balance surpluses for one-time expenditures that are nonrecurring in nature and which will not require additional future expense outlays for maintenance, additional staffing or other recurring expenditures.

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

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

16. Estimates

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

F. Revenues and Expenditures/Expenses

1. Program Revenues

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

City of Lockhart, Texas
NOTES TO THE FINANCIAL STATEMENTS, Continued
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2. Property Taxes

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

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

3. Compensated Absences

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

City of Lockhart, Texas
NOTES TO THE FINANCIAL STATEMENTS, Continued
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II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

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

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

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

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) for the general, debt service, hotel/motel tax, and the enterprise funds. 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. The following funds exceeded appropriations at the level of control:

General Fund	\$ 145,341
Debt Service Fund	\$1,655,869
Hotel/Motel Tax Fund	\$161,795

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

City of Lockhart, Texas
NOTES TO THE FINANCIAL STATEMENTS, Continued
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A. Restricted Fund Balance

The City records restricted fund balance on amounts with externally imposed restrictions (e.g., through debt covenants or by grantors) or restrictions imposed by law through constitutional provisions or enabling legislation. Total restricted fund balance for governmental funds was \$9,592,340, of which, \$181,100 is restricted by enabling legislation.

B. Deficit Fund Equity

As of September 30, 2024, four nonmajor governmental funds, court technology, radio system maintenance, court security, and drainage, reported deficit fund balances of \$8,871, \$26,575, \$3,647, and \$24,648, respectively. The deficits will be replenished through interfund transfers and future operating surpluses.

C. Public Funds Investment & Collateral Acts

State statutes require that all deposits in financial institutions be insured or fully collateralized by U.S. government obligations or its agencies and instrumentalities or direct obligations of Texas or its agencies and instrumentalities that have a market value of not less than the principal amount of the deposits. As of September 30, 2024, 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, 2024.

City of Lockhart, Texas
NOTES TO THE FINANCIAL STATEMENTS, Continued
September 30, 2024

As of September 30, 2024, the primary government had the following investments:

Investment Type	Value	Weighted Average Maturity (Years)
External investment pools	\$ 40,211,025	0.08
Total value	\$ 40,211,025	
Portfolio weighted average maturity		0.08

As of September 30, 2024, the component unit had the following investments:

Investment Type	Value	Weighted Average Maturity (Years)
External investment pools	\$ 6,656,306	0.07
Total value	\$ 6,656,306	
Portfolio weighted average maturity		0.07

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

Interest rate risk: In accordance with the City's investment policy, the City manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio for investments in nonoperating funds to less than five years from the time of purchase. The 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, 2024, the investment pools were rated AAAM by Standard and Poor's.

City of Lockhart, Texas

NOTES TO THE FINANCIAL STATEMENTS, *Continued*

September 30, 2024

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, 2024.

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

TexPool

TexPool was established as a trust company with the Treasurer of the State of Texas as trustee, segregated from all other trustees, investments, and activities of the trust company. The State Comptroller of Public Accounts exercises oversight responsibility over TexPool. Oversight includes the ability to significantly influence operations, designation of management, and accountability for fiscal matters. Additionally, the State Comptroller has established an advisory board composed of both participants in TexPool and other persons who do not have a business relationship with TexPool. The advisory board members review the investment policy and management fee structure. Finally, Standard & Poor's rate TexPool AAAm. As a requirement to maintain the rating, weekly portfolio information must be submitted to Standard & Poor's, as well as to the office of the Comptroller of Public Accounts for review. At September 30, 2024, 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

City of Lockhart, Texas

NOTES TO THE FINANCIAL STATEMENTS, *Continued*

September 30, 2024

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.

B. Receivables

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

Governmental Activities			
		Nonmajor	
	General	Governmental	Total
Property taxes	\$ 614,029	\$ 141,978	\$ 756,007
Sales tax	527,937	-	527,937
Other taxes	49,857	25,613	75,470
Fines and fees	459,914	107,152	567,066
Accounts	-	38,197	38,197
GBRA funds	302,455	-	302,455
Property liens	180,138	-	180,138
Other	28,774	-	28,774
Allowance	(640,041)	-	(640,041)
	<u>\$ 1,523,063</u>	<u>\$ 312,940</u>	<u>\$ 1,836,003</u>

Business-Type Activities					
	Electric	Water	Wastewater	Nonmajor	Total
Accounts	\$ 2,602,874	\$ 911,124	\$ 525,531	\$ 389,181	\$ 4,428,710
Lease	-	83,259	-	-	83,259
EMS	-	-	-	5,784,437	5,784,437
Allowance	(179,874)	(42,809)	(29,959)	(4,994,962)	(5,247,604)
	<u>\$ 2,423,000</u>	<u>\$ 951,574</u>	<u>\$ 495,572</u>	<u>\$ 1,178,656</u>	<u>\$ 5,048,802</u>

City of Lockhart, Texas
NOTES TO THE FINANCIAL STATEMENTS, Continued
September 30, 2024

The component unit receivables balance consisted entirely of sales tax.

Lease Receivable

The City is a lessor of a contract in which the City receive lease payments from AT&T for the use of an existing cell tower. The lease commenced on August 1, 2023, with a term of months. Monthly lease payments of \$2,000 will be paid through July 31, 2028. As of September 30, 2024, the lease receivable and offsetting deferred inflows amounted to \$83,259 and \$83,259, respectively. The below is the future amortization schedule for the receivable:

Year ending September 30,	Lease Receivable	
	Principal	Interest
2025	\$ 20,975	\$ 3,025
2026	21,830	2,170
2027	22,719	1,281
2028	17,735	362
	<u>\$ 83,259</u>	<u>\$ 6,838</u>

City of Lockhart, Texas
NOTES TO THE FINANCIAL STATEMENTS, Continued
September 30, 2024

C. Capital Assets

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

	Beginning Balances	Additions	Retirements/ Reclassifications	Ending Balances
Capital assets, not being depreciated:				
Land	\$ 1,587,394	\$ -	\$ -	\$ 1,587,394
Construction in progress	1,523,754	1,659,140	(1,871,464)	1,311,430
Total capital assets not being depreciated	<u>3,111,148</u>	<u>1,659,140</u>	<u>(1,871,464)</u>	<u>2,898,824</u>
Capital assets, being depreciated:				
Machinery and equipment	8,447,217	126,965	(23,604)	8,550,578
Buildings and improvements	13,432,367	-	1,032,209	14,464,576
Infrastructure	86,272,424	-	839,255	87,111,679
Right to use assets-leases	754,368	320,531	-	1,074,899
Right to use assets-SBITA	151,988	-	-	151,988
Total capital assets being depreciated	<u>109,058,364</u>	<u>447,496</u>	<u>1,847,860</u>	<u>111,353,720</u>
Less accumulated depreciation				
Machinery and equipment	6,730,663	339,093	(23,604)	7,046,152
Buildings and improvements	5,904,530	337,755	-	6,242,285
Infrastructure	71,584,028	1,217,288	-	72,801,316
Right to use assets-leases	365,821	180,801	-	546,622
Right to use assets-SBITA	15,199	15,199	-	30,398
Total accumulated depreciation	<u>84,600,241</u>	<u>2,090,136</u>	<u>(23,604)</u>	<u>86,666,773</u>
Net capital assets being depreciated	<u>24,458,123</u>	<u>(1,642,640)</u>	<u>1,871,464</u>	<u>24,686,947</u>
Total Capital Assets	<u><u>\$ 27,569,271</u></u>	<u><u>\$ 16,500</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 27,585,771</u></u>

Depreciation was charged to governmental functions as follows:

General government	\$ 231,193
Public safety	379,535
Public works	1,232,391
Health and welfare	9,178
Culture and recreation	237,839
Total Governmental Activities Depreciation Expense	<u><u>\$ 2,090,136</u></u>

City of Lockhart, Texas
NOTES TO THE FINANCIAL STATEMENTS, Continued
September 30, 2024

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

	Beginning Balances	Additions	Retirements/ Reclassifications	Ending Balances
Capital assets, not being depreciated:				
Land	\$ 574,710	\$ -	\$ -	\$ 574,710
Construction in progress	356,451	1,021,664	-	1,378,115
Total capital assets not being depreciated	<u>931,161</u>	<u>1,021,664</u>	<u>-</u>	<u>1,952,825</u>
Capital assets, being depreciated:				
Machinery and equipment	8,180,084	134,567	-	8,314,651
Buildings and improvements	4,151,722	-	-	4,151,722
Infrastructure	50,530,802	205,363	-	50,736,165
Right to use assets-leases	348,816	-	-	348,816
Intangibles	44,455,000	-	-	44,455,000
Total capital assets being depreciated	<u>107,666,424</u>	<u>339,930</u>	<u>-</u>	<u>108,006,354</u>
Less accumulated depreciation				
Machinery and equipment	6,536,076	285,127	-	6,821,203
Buildings and improvements	3,287,715	41,684	-	3,329,399
Infrastructure	24,691,043	1,080,002	-	25,771,045
Right to use assets-leases	219,526	62,806	-	282,332
Intangibles	7,181,350	1,500,218	-	8,681,568
Total accumulated depreciation	<u>41,915,710</u>	<u>2,969,837</u>	<u>-</u>	<u>44,885,547</u>
Net capital assets being depreciated	65,750,714	(2,629,907)	-	63,120,807
Total Capital Assets	<u>\$ 66,681,875</u>	<u>\$ (1,608,243)</u>	<u>\$ -</u>	<u>\$ 65,073,632</u>

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

Electric	\$ 454,380
Water	2,014,941
Wastewater	294,391
EMS	127,913
Sanitation	22,363
Airport	55,849
Total Business-type Activities Depreciation Expense	<u>\$ 2,969,837</u>

City of Lockhart, Texas
NOTES TO THE FINANCIAL STATEMENTS, Continued
September 30, 2024

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	\$ 821,888	\$ -	\$ -	\$ 821,888
Construction in progress	163,442	22,752	-	186,194
Total capital assets not being depreciated	<u>985,330</u>	<u>22,752</u>	<u>-</u>	<u>1,008,082</u>
Capital assets, being depreciated:				
Buildings	4,477,872	-	-	4,477,872
Right to use assets	56,020	-	-	56,020
Total capital assets being depreciated	<u>4,533,892</u>	<u>-</u>	<u>-</u>	<u>4,533,892</u>
Less accumulated depreciation				
Buildings	202,790	89,555	-	292,345
Right to use assets	32,012	16,006	-	48,018
Total accumulated depreciation	<u>234,802</u>	<u>105,561</u>	<u>-</u>	<u>340,363</u>
Net capital assets being depreciated	<u>4,299,090</u>	<u>(105,561)</u>	<u>-</u>	<u>4,193,529</u>
Total Capital Assets	<u><u>\$ 5,284,420</u></u>	<u><u>\$ (82,809)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 5,201,611</u></u>

Depreciation was charged to the following activities as follows:

Lockhart EDC	<u>\$ 105,561</u>
Total Depreciation Expense	<u><u>\$ 105,561</u></u>

City of Lockhart, Texas
NOTES TO THE FINANCIAL STATEMENTS, Continued
September 30, 2024

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, 2024. In general, the City uses the general fund to liquidate governmental long-term liabilities.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retired</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Governmental Activities:					
Bonds, notes and other payables:					
General Obligation Bonds	\$ 3,120,828	\$ -	\$ (572,526)	\$ 2,548,302	\$ 594,978
Certificates of Obligation	5,944,595	-	(396,460)	5,548,135	412,595
Tax notes	2,025,086	-	(316,420)	1,708,666	325,049
Less deferred amounts:					
For premiums	405,227	-	(61,511)	343,716	-
Total Bonds Payable	<u>11,495,736</u>	<u>-</u>	<u>(1,346,917)</u>	<u>10,148,819</u>	<u>1,332,622</u>
SBITA liabilities	<u>140,142</u>	<u>-</u>	<u>(12,940)</u>	<u>127,202</u>	<u>14,099</u>
Lease liabilities	<u>399,301</u>	<u>320,532</u>	<u>(185,226)</u>	<u>534,607</u>	<u>209,059</u>
Total Governmental Activities	<u>\$ 12,035,179</u>	<u>\$ 320,532</u>	<u>\$ (1,545,083)</u>	<u>\$ 10,810,628</u>	<u>\$ 1,555,780</u>
Long-term liabilities due in more than one year				<u>\$ 9,254,848</u>	
Business-Type Activities:					
General Obligation Bonds	\$ 1,049,168	\$ -	\$ (192,472)	\$ 856,696	\$ 200,022
Certificates of Obligation	6,950,407	-	(463,540)	6,486,867	482,405
Tax Notes	1,494,914	-	(233,580)	1,261,334	239,951
Less deferred amounts:					
For premiums	274,728	-	(32,262)	242,466	-
Total Bonds Payable	<u>9,769,217</u>	<u>-</u>	<u>(921,854)</u>	<u>8,847,363</u>	<u>922,378</u>
Lease liabilities	<u>100,835</u>	<u>-</u>	<u>(74,985)</u>	<u>25,850</u>	<u>25,850</u>
Notes payable	<u>2,021,112</u>	<u>-</u>	<u>(180,402)</u>	<u>1,840,710</u>	<u>184,912</u>
GBRA Obligations	<u>41,955,000</u>	<u>-</u>	<u>(1,080,000)</u>	<u>40,875,000</u>	<u>1,105,000</u>
Total Business-Type Activities	<u>\$ 53,846,164</u>	<u>\$ -</u>	<u>\$ (2,257,241)</u>	<u>\$ 51,588,923</u>	<u>\$ 2,238,140</u>
Long-term liabilities due in more than one year				<u>\$ 49,350,783</u>	
Component Unit Activities (LEDC):					
Notes payable	\$ 86,119	\$ -	\$ (86,119)	\$ -	\$ -
Lease liabilities	25,594	-	(16,840)	8,754	8,754
Revenue bonds	<u>1,350,000</u>	<u>-</u>	<u>(100,000)</u>	<u>1,250,000</u>	<u>100,000</u>
Total Component Unit Activities	<u>\$ 1,461,713</u>	<u>\$ -</u>	<u>\$ (202,959)</u>	<u>\$ 1,258,754</u>	<u>\$ 108,754</u>
Long-term liabilities due in more than one year				<u>\$ 1,150,000</u>	

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.

City of Lockhart, Texas
NOTES TO THE FINANCIAL STATEMENTS, Continued
September 30, 2024

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

Lockhart-Luling Water Delivery System

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

GBRA issued \$4,950,000 in Contract Revenue Refunding Bonds in fiscal year 2014 for the water delivery system. As of September 30, 2024, there was \$2,180,000 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, 2024, there was \$38,695,000 of obligations outstanding.

City of Lockhart, Texas
NOTES TO THE FINANCIAL STATEMENTS, Continued
September 30, 2024

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%	\$ 2,548,302	\$ 856,696	\$ 3,404,998
Total General Obligation Bonds	\$ 2,548,302	\$ 856,696	\$ 3,404,998
Certificates of Obligation:			
\$16,685,000 Certificates of Obligation, Series 2015, due in annual installments through August 2035 interest at 3.39%	\$ 5,548,135	\$ 6,486,867	\$ 12,035,002
Total Certificates of Obligation	\$ 5,548,135	\$ 6,486,867	\$ 12,035,002
Notes Payable:			
\$3,600,000 2013 State Infrastructure Bank Loan due in annual installments through June 2033, interest at 2.50%	\$ -	\$ 1,840,710	\$ 1,840,710
Total Notes Payable	\$ -	\$ 1,840,710	\$ 1,840,710
Tax Notes:			
\$4,050,000 Limited Tax Note, Series 2022, due in annual installments through 2029, interest at 2.61%	\$ 1,708,666	\$ 1,261,334	\$ 2,970,000
Total Tax Notes	\$ 1,708,666	\$ 1,261,334	\$ 2,970,000
GBRA Obligations:			
\$4,950,000 GBRA Revenue Bond, Series 2014, due in installments through 2030, interest at 3.45%	\$ -	\$ 2,180,000	\$ 2,180,000
\$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%	-	2,350,000	2,350,000
\$2,095,000 Contract Revenue Bond, Series 2018B, due in installments through 2048, interest at 3.23%	-	1,780,000	1,780,000
\$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%	-	1,515,000	1,515,000
\$8,250,000 Contract Revenue Bond, Series 2020, due in installments through 2050, interest at 2.08%	-	7,145,000	7,145,000
\$14,485,000 Contract Revenue Bond, Series 2021, due in installments through 2050, interest at 2.75%	-	12,550,000	12,550,000
Total GBRA Obligations	\$ -	\$ 40,875,000	\$ 40,875,000

City of Lockhart, Texas
NOTES TO THE FINANCIAL STATEMENTS, Continued
September 30, 2024

	<u>Governmental Activities</u>	<u>Business - Type Activities</u>	<u>Total</u>
Lease Liabilities:			
\$322,861 lease payable for building, due in monthly installments of \$5,315 to \$6,218 through 2027, interest at 2.61%	\$ 196,872	\$ -	\$ 196,872
\$610,998 lease payable to Enterprise Fleet, due in monthly installments of \$13,106 through 2025, interest at 1.5%	337,735	25,850	363,585
Total Lease Liabilities	<u>\$ 534,607</u>	<u>\$ 25,850</u>	<u>\$ 560,457</u>
SBITA Liabilities:			
\$64,352 SBITA payable to Eforce Records Management, due in annual installments of \$6,862 through 2031, interest at 4.5%	\$ 48,115	\$ -	\$ 48,115
\$105,777 SBITA payable to Eforce Records License, due in annual installments of \$11,966-\$14,717 through 2031, interest at 4.5%	79,087	-	79,087
Total SBITA Liabilities	<u>\$ 127,202</u>	<u>\$ -</u>	<u>\$ 127,202</u>
Premiums	343,716	242,466	586,182
Total Debt	<u><u>\$ 10,810,628</u></u>	<u><u>\$ 51,588,923</u></u>	<u><u>\$ 62,399,551</u></u>

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

	<u>Lockhart EDC</u>
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%	\$ 1,250,000
Total Sales Tax Reveue Bonds	<u>\$ 1,250,000</u>
Lease liabilities:	
\$76,144 lease payable for building, due in monthly installments of \$1,245-\$1,470 through March 2025, interest at 2.61%	\$ 8,754
Total Lease Liabilities	<u>\$ 8,754</u>
Total Debt	<u><u>\$ 1,258,754</u></u>

City of Lockhart, Texas
NOTES TO THE FINANCIAL STATEMENTS, Continued
September 30, 2024

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

Year ending September 30,	2015 Tax & Rev CO		2016 GO Refunding		2022 Tax Note	
	Principal	Interest	Principal	Interest	Principal	Interest
2025	\$ 412,595	\$ 185,224	\$ 594,978	\$ 101,932	\$ 325,049	\$ 40,354
2026	433,340	164,594	624,914	78,133	333,679	31,758
2027	447,170	151,594	647,366	53,136	339,432	22,974
2028	461,000	138,179	681,044	27,242	350,938	13,964
2029	493,270	124,349	-	-	359,567	4,692
2030	507,100	109,551	-	-	-	-
2031	523,235	93,704	-	-	-	-
2032	539,370	76,699	-	-	-	-
2033	557,810	59,169	-	-	-	-
2034	576,250	40,343	-	-	-	-
2035	596,995	20,895	-	-	-	-
	<u>\$ 5,548,135</u>	<u>\$ 1,164,302</u>	<u>\$ 2,548,302</u>	<u>\$ 260,443</u>	<u>\$ 1,708,666</u>	<u>\$ 113,743</u>

Year ending September 30,	Leases	
	Principal	Interest
2025	\$ 209,059	\$ 28,188
2026	178,806	16,463
2027	146,742	4,177
	<u>\$ 534,607</u>	<u>\$ 48,828</u>

Year ending September 30,	SBITA		
	Principal	Interest	Total
2025	\$ 14,099	\$ 5,724	\$ 19,823
2026	15,328	5,090	20,418
2027	16,630	4,400	21,030
2028	18,010	3,652	21,661
2029	19,470	2,841	22,311
2030	21,015	1,965	22,980
2031	22,650	1,019	23,669
Total	<u>\$ 127,202</u>	<u>\$ 24,691</u>	<u>\$ 151,893</u>

The City entered into leases to finance the use of building and equipment. The property is classified as right to use asset with a total carrying value as of yearend for governmental activities of \$528,277.

City of Lockhart, Texas

NOTES TO THE FINANCIAL STATEMENTS, Continued

September 30, 2024

The City entered into IT based subscription agreements for records management. The present value of the subscription payments is classified as right to use asset with a total carrying value as of yearend for governmental activities of \$121,590.

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

Business-Type Activities:

Year ending September 30,	2015 Tax & Rev CO		2016 GO Refunding		2022 Tax Note	
	Principal	Interest	Principal	Interest	Principal	Interest
2025	\$ 482,405	\$ 216,563	\$ 200,022	\$ 34,268	\$ 239,951	\$ 29,789
2026	506,660	192,443	210,086	26,267	246,321	23,444
2027	522,830	177,243	217,634	17,864	250,568	16,959
2028	539,000	161,559	228,954	9,158	259,062	10,309
2029	576,730	145,389	-	-	265,433	3,464
2030	592,900	128,087	-	-	-	-
2031	611,765	109,558	-	-	-	-
2032	630,630	89,676	-	-	-	-
2033	652,190	69,181	-	-	-	-
2034	673,750	47,169	-	-	-	-
2035	698,007	24,430	-	-	-	-
	<u>\$ 6,486,867</u>	<u>\$ 1,361,298</u>	<u>\$ 856,696</u>	<u>\$ 87,557</u>	<u>\$ 1,261,334</u>	<u>\$ 83,965</u>

Year ending September 30,	State Infrastructure Loan		Leases	
	Principal	Interest	Principal	Interest
2025	\$ 184,912	\$ 46,018	\$ 25,850	\$ 105
2026	189,535	41,395	-	-
2027	194,273	36,657	-	-
2028	199,130	31,800	-	-
2029	204,108	26,821	-	-
2030	209,211	21,719	-	-
2031	214,441	16,489	-	-
2032	219,802	11,127	-	-
2033	225,298	5,632	-	-
	<u>\$ 1,840,710</u>	<u>\$ 237,658</u>	<u>\$ 25,850</u>	<u>\$ 105</u>

The City entered into leases to finance the use of equipment. The property is classified as right to use asset with a total carrying value as of yearend for business-type activities of \$66,484.

City of Lockhart, Texas
NOTES TO THE FINANCIAL STATEMENTS, Continued
September 30, 2024

Year ending September 30,	Guadelupa-Blanco River Authority		
	Principal	Interest	Total
2025	\$ 1,105,000	\$ 1,138,773	\$ 1,676,666
2026	1,125,000	1,121,587	1,680,790
2027	1,140,000	1,102,995	1,678,995
2028	1,165,000	1,082,839	1,681,122
2029	1,185,000	1,061,242	1,682,354
2030	1,205,000	1,038,043	1,677,396
2031	820,000	1,020,423	1,273,454
2032	840,000	1,008,120	1,280,093
2033	850,000	993,529	1,275,529
2034	880,000	977,135	1,280,100
2035	890,000	959,252	1,278,927
2036	910,000	940,183	1,282,095
2037	930,000	919,872	1,279,556
2038	960,000	898,438	1,281,466
2039	1,330,000	875,897	1,632,534
2040	1,695,000	839,254	1,959,419
2041	1,740,000	790,294	1,959,348
2042	1,795,000	738,370	1,966,460
2043	1,845,000	682,755	1,961,920
2044	1,900,000	625,486	1,955,983
2045	1,965,000	564,318	1,961,500
2046	2,030,000	501,803	1,959,674
2047	2,090,000	434,729	1,955,515
2048	2,160,000	365,144	1,959,560
2049	1,970,000	293,067	1,686,389
2050	1,950,000	228,890	1,596,882
2051	1,650,000	164,019	1,187,244
2052	1,085,000	106,130	1,191,130
2053	1,135,000	63,234	1,198,234
2054	530,000	18,338	548,338
	<u>\$ 40,875,000</u>	<u>\$ 22,719,988</u>	<u>\$ 48,666,518</u>

City of Lockhart, Texas
NOTES TO THE FINANCIAL STATEMENTS, Continued
September 30, 2024

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

Lockhart Economic Development Corporation

Year ending September 30,	Leases	
	Principal	Interest
2025	\$ 8,754	\$ 67
	<u>\$ 8,754</u>	<u>\$ 67</u>

The LEDC entered into a lease to finance the use of a building. The property is classified as right to use asset with a total carrying value as of yearend for component unit activities of \$8,002.

Year ending September 30,	2020 Sales Tax and Revenue Bonds	
	Principal	Interest
2025	\$ 100,000	\$ 30,875
2026	100,000	28,405
2027	105,000	25,935
2028	110,000	23,342
2029	110,000	20,625
2030	115,000	17,908
2031	115,000	15,067
2032	120,000	12,227
2033	120,000	9,263
2034	125,000	6,299
2035	130,000	3,211
	<u>\$ 1,250,000</u>	<u>\$ 226,499</u>

City of Lockhart, Texas
NOTES TO THE FINANCIAL STATEMENTS, Continued
September 30, 2024

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.

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due within One Year
Governmental Activities:					
Compensated absences	\$ 461,510	\$ 420,010	\$ (303,668)	\$ 577,852	\$ 520,067
Total Governmental Activities	<u>\$ 461,510</u>	<u>\$ 420,010</u>	<u>\$ (303,668)</u>	<u>\$ 577,852</u>	<u>\$ 520,067</u>
Other long-term liabilities due in more than one year				<u>\$ 57,785</u>	
Business-Type Activities:					
Compensated absences	\$ 75,153	\$ 129,795	\$ (82,883)	\$ 122,065	\$ 109,859
Total Business-Type Activities	<u>\$ 75,153</u>	<u>\$ 129,795</u>	<u>\$ (82,883)</u>	<u>\$ 122,065</u>	<u>\$ 109,859</u>
Other long-term liabilities due in more than one year				<u>\$ 12,206</u>	
EDC Activities:					
Compensated absences	\$ -	\$ 1,587	\$ -	\$ 1,587	\$ 1,428
Total Business-Type Activities	<u>\$ -</u>	<u>\$ 1,587</u>	<u>\$ -</u>	<u>\$ 1,587</u>	<u>\$ 1,428</u>
Other long-term liabilities due in more than one year				<u>\$ 159</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 \$117,211 and \$82,239, respectively. Current year amortization expense for governmental and business-type activities totaled \$23,441 and \$16,448, respectively.

City of Lockhart, Texas
NOTES TO THE FINANCIAL STATEMENTS, Continued
September 30, 2024

I. Interfund Transactions

The compositions of interfund advances to/from balances as of the year ended September 30, 2024 were as follows:

Due to:	Due from:		
	General Fund	Wastewater Fund	Total
Electric	\$ 632,890	\$ 26,193	659,083
Water	1,463,783	24,058	1,487,841
Wastewater	15,294	-	15,294
Nonmajor govt.	114,059	-	114,059
Nonmajor buisness-type	48,531	-	48,531
Total	\$ 2,274,557	\$ 50,251	\$ 2,324,808

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.

The LEDC recorded a total payable of \$70,373 to the general fund during the year.

Transfers between funds were primarily to support debt service requirements and operation of funds.

Transfers between the primary government during the 2024 year were as follows:

Transfers In:	Transfers Out:						Total
	General	Electric	Water	Wastewater	Nonmajor governmental	Nonmajor enterprise	
General	\$ -	\$ 2,417,719	\$ 301,502	\$ 756,951	\$ 550,000	\$ 322,182	\$ 4,348,354
Nonmajor govt	70,730	-	-	246,405	132,082	-	449,217
Water	-	3,106	-	430,787	-	-	433,893
Wastewater	-	1,242	-	-	-	-	1,242
Nonmajor bus.-type	-	621	-	-	-	-	621
Total	\$ 70,730	\$ 2,422,688	\$ 301,502	\$ 1,434,143	\$ 682,082	\$ 322,182	\$ 5,233,327

Transfers between funds were primarily to support debt service requirements and operation of funds.

City of Lockhart, Texas
NOTES TO THE FINANCIAL STATEMENTS, Continued
September 30, 2024

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.

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 934 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

City of Lockhart, Texas

NOTES TO THE FINANCIAL STATEMENTS, *Continued*

September 30, 2024

(the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code. TMRS issues a publicly available annual comprehensive financial report (ACFR) that can be obtained at www.tmrs.com.

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

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 2023</u>	<u>Plan Year 2022</u>
Employee deposit rate	6%	6%
Matching ratio (city to employee)	2 to 1	2 to 1
Years required for vesting	5	5
Service retirement eligibility (expressed as age / years of service)	60/5, 0/20	60/5, 0/20
Updated service credit	100% Repeating Transfers	100% Repeating Transfers
Annuity increase (to retirees)	70% of CPI repeating	70% of CPI repeating

City of Lockhart, Texas

NOTES TO THE FINANCIAL STATEMENTS, *Continued*

September 30, 2024

Employees covered by benefit terms

At the December 31, 2023 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	108
Inactive employees entitled to but not yet receiving benefits	159
Active employees	136
Total	403

Contributions

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

Employees for the City of Lockhart, Texas were required to contribute 6% of their annual gross earnings during the fiscal year. The contribution rates for the City of Lockhart, Texas were 12.63% and 13.06% in calendar years 2023 and 2024, respectively. The City's contributions to TMRS for the year ended September 30, 2024, were \$1,152,717, and were equal to the required contributions.

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2023, 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, 2023 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	3.60% to 11.85% per year
Investment Rate of Return	6.75%, net of pension plan investment expense, including inflation

City of Lockhart, Texas
NOTES TO THE FINANCIAL STATEMENTS, Continued
September 30, 2024

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 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 period ending December 31, 2022. They were adopted in 2023 and first used in the December 31, 2022 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).

City of Lockhart, Texas

NOTES TO THE FINANCIAL STATEMENTS, *Continued*

September 30, 2024

The target allocation and best estimates of real rates of return for each major asset class in fiscal year 2024 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Global Public Equity	35.0%	6.7%
Core Fixed Income	6.0%	4.7%
Non-Core Fixed Income	20.0%	8.0%
Other Public/Private Markets	12.0%	8.0%
Real Estate	12.0%	7.6%
Hedge Funds	5.0%	6.4%
Private Equity	10.0%	11.6%
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 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, \$4,717,367 is related to the primary government, and \$98,836 is attributable to discretely presented component unit.

City of Lockhart, Texas
NOTES TO THE FINANCIAL STATEMENTS, Continued
September 30, 2024

Changes in the Net Pension Liability:

	Total Pension Liability (a)	Plan Fiduciary Net	Total Net Pension	Primary Government	Component Units
Balance at 12/31/22	\$ 42,072,830	\$ 35,016,012	\$ 7,056,818	\$ 6,912,002	\$ 144,816
Changes for the year:					
Service cost	1,003,200	-	1,003,200	982,613	20,587
Interest	2,800,841	-	2,800,841	2,743,364	57,477
Change in benefit terms	-	-	-	-	-
Difference between expected and actual experience	(193,699)	-	(193,699)	(189,724)	(3,975)
Changes of assumptions	(414,853)	-	(414,853)	(406,340)	(8,513)
Contributions – employer	-	958,429	(958,429)	(938,761)	(19,668)
Contributions – employee	-	455,310	(455,310)	(445,966)	(9,344)
Net investment income(loss)	-	4,048,327	(4,048,327)	(3,965,250)	(83,077)
Benefit payments, including refunds of emp. contributions	(2,160,970)	(2,160,970)	-	-	-
Administrative expense	-	(25,782)	25,782	25,253	529
Other changes	-	(180)	180	175	5
Net changes	1,034,519	3,275,134	(2,240,615)	(2,194,635)	(45,980)
Balance at 12/31/23	<u>\$ 43,107,349</u>	<u>\$ 38,291,146</u>	<u>\$ 4,816,203</u>	<u>\$ 4,717,367</u>	<u>\$ 98,836</u>

City of Lockhart, Texas
NOTES TO THE FINANCIAL STATEMENTS, Continued
September 30, 2024

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%
\$ 10,433,583	\$ 4,717,367	\$ 47,220

Component Unit

1% Decrease 5.75%	Current Single Rate Assumption 6.75%	1% Increase 7.75%
\$ 218,598	\$ 98,836	\$ 989

Total

1% Decrease 5.75%	Current Single Rate Assumption 6.75%	1% Increase 7.75%
\$ 10,652,181	\$ 4,816,203	\$ 48,209

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, 2024, the City recognized pension expense of \$880,159. Of this amount, \$862,098 is related to the primary government and \$18,061 is attributable to the discretely presented component unit.

City of Lockhart, Texas
NOTES TO THE FINANCIAL STATEMENTS, Continued
September 30, 2024

At September 30, 2024, 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	\$ 974,179	\$ -
Change in assumptions	-	(266,704)
Differences between expected and actual economic experience	-	(51,714)
Contributions subsequent to the measurement date	836,995	-
Component Units:		
Difference between projected and actual investment earnings	20,410	-
Change in assumptions	-	(5,588)
Differences between expected and actual economic experience	-	(1,083)
Contributions subsequent to the measurement date	17,536	-
Total	\$ 1,849,120	\$ (325,089)

The primary government and component units reported \$836,995 and \$17,536, 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, 2025.

City of Lockhart, Texas
NOTES TO THE FINANCIAL STATEMENTS, Continued
September 30, 2024

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 Government	Discretely Presented Component Units	Total
2024	\$ 123,486	\$ 2,587	\$ 126,073
2025	128,238	2,687	130,925
2026	734,071	15,379	749,450
2027	(330,035)	(6,913)	(336,948)
2028	-	-	-
Thereafter	-	-	-
	\$ 655,761	\$ 13,739	\$ 669,500

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

City of Lockhart, Texas

NOTES TO THE FINANCIAL STATEMENTS, Continued

September 30, 2024

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, 2023 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	74
Inactive employees entitled to but not yet receiving benefits	25
Active employees	136
Total	235

The City's contributions to the TMRS SDBF for the years ended 2024, 2023, and 2022 were \$15,319, \$10,839, and \$10,386, respectively, which equaled the required contributions each year.

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
2022	0.13%	0.13%	100.0%
2023	0.15%	0.15%	100.0%
2024	0.18%	0.18%	100.0%

Total OPEB Liability

The City's Postemployment Benefits Other Than Pensions Liability (OPEB) was measured as of December 31, 2023, 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, 2023 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	3.60% to 11.85%, including inflation per year
Discount rate	3.77%
Retirees' share of benefit-related costs	\$0

City of Lockhart, Texas

NOTES TO THE FINANCIAL STATEMENTS, *Continued*

September 30, 2024

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.

Discount Rate:

The discount rate used to measure the Total OPEB Liability was 3.77%. The discount rate was based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2023.

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 3.77%, 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 (2.77%) or 1-percentage-point higher (4.77%) than the current rate:

1% Decrease (2.77%)	Current Single Rate Assumption 3.77%	1% Increase (4.77%)
\$ 528,873	\$ 448,005	\$ 384,180

City of Lockhart, Texas
NOTES TO THE FINANCIAL STATEMENTS, Continued
September 30, 2024

Changes in the Total OPEB Liability:

	Total OPEB Liability
Balance at 12/31/22	\$ 414,810
Changes for the year:	
Service Cost	13,659
Interest	16,846
Difference between expected and actual experience	(7,404)
Changes of assumptions	21,476
Benefit payments	(11,382)
Net changes	33,195
Balance at 12/31/23	<u>\$ 448,005</u>

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

For the year ended September 30, 2024, the City recognized OPEB expense for the SDBF of \$14,202. Total aggregate OPEB expense was \$33,394 including the healthcare benefit OPEB discussed in the subsequent section.

At September 30, 2024, 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	\$ -	\$ (14,646)
Changes in assumptions and other inputs	-	(78,818)
Contributions subsequent to measurement date	11,778	-
Total	<u>\$ 11,778</u>	<u>\$ (93,464)</u>

The City reported \$11,778 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, 2025.

City of Lockhart, Texas

NOTES TO THE FINANCIAL STATEMENTS, *Continued*

September 30, 2024

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

Year ended December 31:		
2025	\$	(23,621)
2026		(32,662)
2027		(33,281)
2028		(3,900)
2029		-
Thereafter		-
	<u>\$</u>	<u>(93,464)</u>

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.

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

Funding Status and Funding Progress

Actuarial valuations of an ongoing program involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the Program and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding

City of Lockhart, Texas
NOTES TO THE FINANCIAL STATEMENTS, Continued
September 30, 2024

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, 2024 and measured as of September 30, 2024 uses the mortality table: RPH 2014 Total Table with Projection MP-2021 and turnover: rates varying based on genera, age, and select and ultimate at 9 years. Rates based on the TMRS actuarial assumptions from the 2017 retirement plan valuation report.

Actuarial Methods and Assumptions

There have been no substantive changes in the retiree plan since the last full valuation. Therefore, the interim-year projection study is based on the census information, benefit schedules and costs for the fiscal year 2024 actuarial valuation for the development of the GASB 75 disclosures related to OPEB benefits for the year ended September 30, 2024.

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.

The following is a summary of the actuarial assumptions:

Actuarial Cost Method	Entry Age Normal Cost
Amortization Method	Level Percent-of-Payroll
Asset Valuation Method	N/A
Discount Rate	4.06%
Inflation Rate	2.5%
Salary Growth	3.5%
Healthcare Cost Trend Rate (Initial/Ulimate)	4.5% for medical

City of Lockhart, Texas

NOTES TO THE FINANCIAL STATEMENTS, *Continued*

September 30, 2024

At the September 30, 2024 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, 2024 valuation date, the following employees were covered by the benefit terms:

<u>Status</u>	<u>Employee</u>	<u>Employee & Spouse</u>
Inactive employees or beneficiaries currently receiving benefits	4	0
Active employees	30	6
Total	34	6

Discount Rate

The discount rate used to measure the Total OPEB Liability was 4.06%. The discount rate was based on the Bond Buyer GO Bond 20 Year Index rate as of September 30, 2024, date of the actuarial valuation.

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

The following presents the net OPEB liability of the City, calculated using the discount rate of 4.06%, as well as what the City's net OPEB liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (3.06%) or 1-percentage-point higher (5.06%) than the current rate:

1% Decrease (3.06%)	Current Single Rate Assumption 4.06%	1% Increase (5.06%)
\$ 377,949	\$ 353,551	\$ 331,034

Healthcare Cost Trend

1% Decrease (3.5%)	Current Healthcare Cost Trend (4.5%)	1% Increase (5.5%)
\$ 327,521	\$ 353,551	\$ 383,009

City of Lockhart, Texas
NOTES TO THE FINANCIAL STATEMENTS, Continued
September 30, 2024

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at 9/30/2023	\$ 382,938
Changes for the year:	
Service Cost	6,779
Interest	17,980
Difference between expected and actual experience	(44,768)
Changes of assumptions	16,180
Benefit payments	(25,558)
Net changes	(29,387)
Balance at 9/30/2024	<u>\$ 353,551</u>

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

For the year ended September 30, 2024, the City recognized OPEB expense for the health benefit plan of \$19,192.

At September 30, 2024, 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	\$ -	\$ (18,617)
Change in assumptions	-	(16,792)
Total	<u>\$ -</u>	<u>\$ (35,409)</u>

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

Year ended September 30:	
2025	\$ (5,567)
2026	(8,156)
2027	(12,208)
2028	(7,759)
2029	(1,719)
Thereafter	-
	<u>\$ (35,409)</u>

City of Lockhart, Texas

NOTES TO THE FINANCIAL STATEMENTS, *Continued*

September 30, 2024

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, 2024:

\$13,885 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.

G. Restatement

The City restated beginning fund balance and net position for the electric fund, water fund, and business-type activities to adjust for refunds related to Silent Valley and Lockhart Spring utility refunds. In addition, the City restated beginning fund balance and net position for the wastewater fund and business-type activities to account for GBRA refunds related to the prior year. The restatements are as follows:

	Buisness-Type			
	Activities	Electric	Water	Wastewater
Prior year ending net position, as reported	\$ 32,311,314	8,713,179	\$ 8,244,102	\$ 11,448,048
Restatements for utility refunds	(86,228)	5,358	(91,586)	-
Restatements for GBRA refunds	392,901	-	264,360	128,541
Restated beginning net position	<u>\$ 32,617,987</u>	<u>\$ 8,718,537</u>	<u>\$ 8,416,876</u>	<u>\$ 11,576,589</u>

H. New Accounting Pronouncements

The City has adopted the provision of Governmental Accounting Standard Board (GASB) Statement No. 100, entitled Accounting Changes and Error Calculations. The requirements of

City of Lockhart, Texas
NOTES TO THE FINANCIAL STATEMENTS, Continued
September 30, 2024

this Statement are displayed within the government-wide and fund financial statements, where applicable.

I. Related Party Transactions

During the year ended September 30, 2024, the City had the following transactions with related parties of the City:

- Council member Jeffery Michelson is a member of the Board of Directors of First Lockhart National Bank, depository for the City. Mr. Michelson abstains from voting on all matters involving the banking institution.

J. Subsequent Events

In February 2025, the City completed the transition of the EMS activities, previously reported as a proprietary fund of the City, to the Emergency Services District (ESD) No. 5. All EMS response for Caldwell County, along with the cities of Lockhart and Luling, will be handled by this newly formed ESD.

There were other no subsequent events through March 27, 2025, the date the financial statements were issued.

REQUIRED SUPPLEMENTARY INFORMATION

City of Lockhart, Texas
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND (Page 1 of 2)
For the Year Ended September 30, 2024

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues</u>				
Property tax	\$ 5,239,839	\$ 5,239,839	\$ 5,745,973	\$ 506,134
Sales tax	2,843,437	2,843,437	3,009,942	166,505
Franchise and local taxes	394,888	394,888	430,645	35,757
License and permits	629,292	629,292	197,611	(431,681)
Charges for services	91,800	91,800	1,655,574	1,563,774
Intergovernmental	600,744	664,689	207,149	(457,540)
Fines and forfeitures	291,500	291,500	444,667	153,167
Investment income	165,000	165,000	703,726	538,726
Other revenue	53,950	53,950	73,997	20,047
Total Revenues	10,310,450	10,374,395	12,469,284	2,094,889
<u>Expenditures</u>				
Current:				
General government	2,280,577	2,280,577	1,976,953	303,624
Public safety	7,250,609	7,318,817	7,034,019	284,798
Public works	2,225,667	2,225,667	2,316,893	(91,226)
Health and welfare	12,500	12,500	33,778	(21,278)
Culture and recreation	1,327,007	1,327,007	1,474,707	(147,700)
Community development	1,751,436	1,751,436	1,993,255	(241,819)
Debt Service:				
Principal	-	-	198,166	(198,166)
Interest and fiscal charges	-	-	27,844	(27,844)
Total Expenditures	14,847,796	14,916,004	15,055,615	(139,611) *
Revenues Over (Under)				
Expenditures	(4,537,346)	(4,541,609)	(2,586,331)	1,955,278

City of Lockhart, Texas
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND (Page 2 of 2)
For the Year Ended September 30, 2024

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Other Financing Sources (Uses)</u>				
Lease issuance	\$ -	\$ -	\$ 320,532	\$ 320,532
Sale of assets	25,000	25,000	7,300	(17,700)
Transfers in	4,671,856	4,671,856	4,348,354	(323,502)
Transfers (out)	(65,000)	(65,000)	(70,730)	(5,730) *
Total Other Financing Sources (Uses)	<u>4,631,856</u>	<u>4,631,856</u>	<u>4,605,456</u>	<u>(26,400)</u>
 Net Change in Fund Balance	 <u>\$ 94,510</u>	 <u>\$ 90,247</u>	 2,019,125	 <u>\$ 1,928,878</u>
Beginning fund balance			<u>12,406,970</u>	
Ending Fund Balance			<u><u>\$ 14,426,095</u></u>	

Notes to Required Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles.
2. Expenditures (including transfers out) exceeded appropriations at the legal level of control

City of Lockhart, Texas

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

Years Ended:

	12/31/2023	12/31/2022	12/31/2021	12/31/2020
Total pension liability				
Service cost	\$ 1,003,200	\$ 1,019,640	\$ 1,005,010	\$ 961,008
Interest	2,800,841	2,695,766	2,527,075	2,392,058
Differences between expected and actual experience	(193,699)	57,152	850,154	193,047
Changes of assumptions	(414,853)	-	-	-
Benefit payments, including refunds of participant contributions	(2,160,970)	(2,254,366)	(1,526,480)	(1,609,242)
Net change in total pension liability	1,034,519	1,518,192	2,855,759	1,936,871
Total pension liability - beginning	42,072,830	40,554,638	37,698,879	35,762,008
Total pension liability - ending (a)	\$ 43,107,349	\$ 42,072,830	\$ 40,554,638	\$ 37,698,879
Plan fiduciary net position				
Contributions - employer	\$ 958,429	\$ 953,882	\$ 950,147	\$ 933,321
Contributions - members	455,310	464,176	457,169	437,153
Net investment income	4,048,327	(2,821,822)	4,474,872	2,439,599
Benefit payments, including refunds of participant contributions	(2,160,970)	(2,254,366)	(1,526,480)	(1,609,242)
Administrative expenses	(25,782)	(24,426)	(20,710)	(15,791)
Other	(180)	29,148	142	(616)
Net change in plan fiduciary net position	3,275,134	(3,653,408)	4,335,140	2,184,424
Plan fiduciary net position - beginning	35,016,012	38,669,420	34,334,280	32,149,856
Plan fiduciary net position - ending (b)	\$ 38,291,146	\$ 35,016,012	\$ 38,669,420	\$ 34,334,280
Fund's net pension liability - ending (a) - (b)	\$ 4,816,203	\$ 7,056,818	\$ 1,885,218	\$ 3,364,599
 Plan fiduciary net position as a percentage of the total pension liability	 88.83%	 83.23%	 95.35%	 91.08%
Covered payroll	\$ 7,588,505	\$ 7,736,270	\$ 7,619,481	\$ 7,285,883
Fund's pension liability as a percentage of covered payroll	63.47%	91.22%	24.74%	46.18%

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

City of Lockhart, Texas

SCHEDULE OF EMPLOYER CONTRIBUTIONS TO PENSION PLAN

Years Ended:

	9/30/2024	9/30/2023	9/30/2022
Actuarially determined employer contributions	\$ 1,152,717	\$ 944,606	\$ 946,174
Contributions in relation to the actuarially determined contribution	\$ 1,152,717	\$ 944,606	\$ 946,174
Contribution deficiency (excess)	\$ -	\$ -	\$ -
Annual covered payroll	\$ 8,904,053	\$ 7,533,848	\$ 7,648,561
Employer contributions as a percentage of covered payroll	12.95%	12.54%	12.37%

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	22 years (longest amortization ladder)
Asset Valuation Method	10 Year smoothed fair value; 12% soft corridor
Inflation	2.5%
Salary Increases	3.60% to 11.85% 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 2023 valuation pursuant to an experience study of the period ending 2022.
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>9/30/2021</u>	<u>9/30/2020</u>	<u>9/30/2019</u>	<u>9/30/2018</u>	<u>9/30/2017</u>	<u>9/30/2016</u>	<u>9/30/2015</u>
\$ 941,155	\$ 896,545	\$ 872,807	\$ 829,948	\$ 754,327	\$ 734,637	\$ 692,664
<u>\$ 941,155</u>	<u>\$ 896,545</u>	<u>\$ 872,807</u>	<u>\$ 829,948</u>	<u>\$ 754,327</u>	<u>\$ 734,637</u>	<u>\$ 692,664</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 7,490,384	\$ 6,972,445	\$ 6,687,118	\$ 6,300,160	\$ 5,911,532	\$ 6,129,529	\$ 5,617,224
12.56%	12.86%	13.05%	13.17%	12.76%	11.99%	12.33%

City of Lockhart, Texas

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

Years Ended:

	¹ 12/31/2023	12/31/2022	12/31/2021	12/31/2020
Total OPEB liability				
Service cost	\$ 13,659	\$ 29,398	\$ 28,954	\$ 23,315
Interest	16,846	10,714	10,983	13,308
Differences between expected and actual experience	(7,404)	7,532	(13,022)	(36,363)
Changes of assumptions	21,476	(195,401)	16,765	70,035
Benefit payments	(11,382)	(10,057)	(11,429)	(4,372)
Net changes	<u>33,195</u>	<u>(157,814)</u>	<u>32,251</u>	<u>65,923</u>
Total OPEB liability - beginning	<u>414,810</u>	<u>572,624</u>	<u>540,373</u>	<u>474,450</u>
Total OPEB liability - ending	² <u>\$ 448,005</u>	<u>\$ 414,810</u>	<u>\$ 572,624</u>	<u>\$ 540,373</u>
 Covered employee payroll	 \$ 7,588,505	 \$ 7,736,270	 \$ 7,619,481	 \$ 7,285,883
Fund's net position as a percentage of covered employee payroll	5.90%	5.36%	7.52%	7.42%

Notes to schedule:

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

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

<u>12/31/2019</u>	<u>12/31/2018</u>	<u>12/31/2017</u>
\$ 17,693	\$ 19,266	\$ 15,524
14,621	13,571	13,276
(18,892)	(17,158)	-
77,468	(27,464)	31,482
(3,403)	(3,211)	(3,582)
<u>87,487</u>	<u>(14,996)</u>	<u>56,700</u>
<u>386,963</u>	<u>401,959</u>	<u>345,259</u>
<u>\$ 474,450</u>	<u>\$ 386,963</u>	<u>\$ 401,959</u>
\$ 6,805,058	\$ 6,421,896	\$ 5,970,653
6.97%	6.03%	6.73%

City of Lockhart, Texas

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

RETIREE HEALTHCARE

Years Ended:

	¹ 9/30/2024	9/30/2023	9/30/2022	9/30/2021
Total OPEB liability				
Service cost	\$ 6,779	\$ 6,779	\$ 13,045	\$ 13,045
Interest	17,980	17,980	9,628	9,754
Differences between expected and actual experience	(44,768)	-	38,165	-
Changes of assumptions	16,180	-	(81,547)	-
Benefit payments	(25,558)	(23,980)	(23,980)	(32,804)
Net changes	(29,387)	779	(44,689)	(10,005)
Total OPEB liability - beginning	382,938	382,159	426,848	436,853
Total OPEB liability - ending	² \$ 353,551	\$ 382,938	\$ 382,159	\$ 426,848
 Covered employee payroll	 \$ 2,067,177	 \$ 3,307,156	 \$ 3,307,156	 \$ 3,307,156
Fund's net position as a percentage of covered employee payroll	17.10%	11.58%	11.56%	12.91%

Notes to schedule:

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

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

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

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

NONMAJOR GOVERNMENTAL FUNDS

DEBT SERVICE FUND

This fund is used to account for the payment of interest and principal on all general obligation bonds and other long-term debt of governmental funds.

RADIO TOWER EQUIPMENT REPLACEMENT

This fund is used to account for funding received and expenditures used for the replacement of radio tower equipment.

FORFEITED PROPERTY

This fund is used to account for forfeitures for use in the Police Department.

HOTEL/MOTEL TAX

This fund is used to account for revenues and expenditures of the hotel/motel tax receipts as specified by state statute.

LEOSE FUND

This fund is used to account for LEOSE grants received for use in the Police Department.

ROAD IMPACT FEES #1

This fund is used to account for road impact fees collected and expenditures used on roadway construction impacted by development.

ROAD IMPACT FEES #2

This fund is used to account for road impact fees collected and expenditures used on roadway construction impacted by development.

COURT TECHNOLOGY

This fund is used to account for funds collected in association with the portion of the court fees which are restricted for use on court technology.

RADIO SYSTEM MAINTENANCE

This fund is used to account for funding received and expenditures used for the radio system maintenance.

COURT SECURITY

This fund is used to account for funds collected in association with the portion of the fees which are restricted for use on court security.

CHILD SAFETY

This fund is used to account for funds collected in association with the portion of the fees which are restricted for use in child safety.

COURT EFFICIENCY

This fund is used to account for funds collected in association with the portion of the fees which are restricted for use on court efficiency.

NONMAJOR GOVERNMENTAL FUNDS (Continued)

JUVENILE CASE MANAGER

This fund is used to account for funds collected in association with the portion of the fees which are restricted for use on costs associated with juvenile case manager.

TRUANCY COURT

This fund is used to account for funds collected in association with the portion of the fees which are restricted for use on truancy court.

LOCAL MUNICIPAL JURY

This fund is used to account for funds collected in association with the portion of the fees which are restricted for use on local municipal jury.

CABLE EDUCATION

This fund is used to account for funds collected Public, Educational, and Governmental (PEG) fees for use for capital expenditures related to the operation of public, educational, and governmental television channels.

TRANSPORTATION

This fund is used to account for transportation fees collected and expenditures used on roads impacted by commercial activities.

CARES RELIEF ACT

This fund is used to account for funds received from U.S. Department of Treasury for various qualified expenditures associated with the American Relief and Recovery Act Grant.

CLEARFORK SECTION 1 SIDEWALK

This fund is used to track funds related to the Clearfork Section 1 Sidewalk project.

MAPLE 2201 TRAIL PROJECT

This fund is used to track funds related to the Maple 2201 Trail Project.

2015 CERTIFICATES OF OBLIGATION

This fund is used to track funds related to the series 2015 Certificates of Obligation.

MAPLE STREET PARK IMPROVEMENTS

This fund is used to track funds related to the Maple Street Park Improvements.

City of Lockhart, Texas
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
September 30, 2024

	Debt Service Fund	Special Revenue Funds	Capital Project Funds	Total
<u>Assets</u>				
Cash and cash equivalents	\$ 787,882	\$ 5,944,404	\$ 1,133,064	\$ 7,865,350
Accounts receivable	141,978	170,962	-	312,940
Prepaid	-	16,050	-	16,050
Total Assets	\$ 929,860	\$ 6,131,416	\$ 1,133,064	\$ 8,194,340
<u>Liabilities</u>				
Accounts payable	\$ -	\$ 27,600	\$ 79,634	\$ 107,234
Accrued liabilities	-	-	2,984	2,984
Due to other funds	-	114,059	-	114,059
Total Liabilities	-	141,659	82,618	224,277
<u>Deferred Inflows/Outflows</u>				
Unavailable revenue-tax	141,979	-	-	141,979
Unavailable revenue-fines	-	8,479	-	8,479
Total Deferred Inflows	141,979	8,479	-	150,458
<u>Fund Balances</u>				
Nonspendable:				
Prepays	-	16,050	-	16,050
Restricted for:				
Debt service	787,881	-	-	787,881
General government	-	76,482	-	76,482
Public safety	-	30,669	-	30,669
Municipal court	-	150,431	-	150,431
Tourism	-	152,073	-	152,073
Capital projects	-	5,619,314	1,050,446	6,669,760
Unassigned	-	(63,741)	-	(63,741)
Total Fund Balances	787,881	5,981,278	1,050,446	7,819,605
Total Liabilities, Deferred Inflows and Fund Balances	\$ 929,860	\$ 6,131,416	\$ 1,133,064	\$ 8,194,340

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, 2024

	Debt Service Fund	Special Revenue Funds	Capital Project Funds	Total
<u>Revenues</u>				
Property tax	\$ 1,677,779	\$ -	\$ -	\$ 1,677,779
Hotel occupancy tax	-	195,313	-	195,313
Fines and forfeitures	-	21,445	-	21,445
License and permits	-	890,486	-	890,486
Charges for services	-	732,320	-	732,320
Intergovernmental	26,308	176,661	-	202,969
Investment income	66,201	251,004	62,845	380,050
Total Revenues	1,770,288	2,269,429	62,845	4,102,562
<u>Expenditures</u>				
General government	-	249,462	-	249,462
Public safety	-	255,476	-	255,476
Public works	-	295,435	61,447	356,882
Debt service:				
Principal	1,285,406	-	-	1,285,406
Interest	373,963	-	-	373,963
Capital outlay	-	-	93,808	93,808
Total Expenditures	1,659,369	800,373	155,255	2,614,997
Revenues Over (Under)				
Expenditures	110,919	1,469,056	(92,410)	1,487,565
<u>Other Financing Sources (Uses)</u>				
Transfers in	378,487	70,730	-	449,217
Transfers (out)	-	(682,082)	-	(682,082)
Total Other Financing Sources				
(Uses)	378,487	(611,352)	-	(232,865)
Net Change in Fund Balances	489,406	857,704	(92,410)	1,254,700
Beginning fund balances	298,475	5,123,574	1,142,856	6,564,905
Ending Fund Balances	\$ 787,881	\$ 5,981,278	\$ 1,050,446	\$ 7,819,605

See Notes to Financial Statements.

City of Lockhart, Texas
COMBINING BALANCE SHEET (Page 1 of 2)
NONMAJOR SPECIAL REVENUE FUNDS
September 30, 2024

	Radio Tower Equipment Replacement	Forfeited Property	Hotel/ Motel Tax	LEOSE Fund
<u>Assets</u>				
Cash and cash equivalents	\$ 3,249	\$ 11,707	\$ 161,539	\$ 18,962
Accounts receivable	-	-	25,613	-
Prepaid	-	-	-	-
Total Assets	\$ 3,249	\$ 11,707	\$ 187,152	\$ 18,962
<u>Liabilities</u>				
Accounts payable and accrued liab.	\$ -	\$ -	\$ 27,500	\$ -
Due to other funds	-	-	7,579	-
Total Liabilities	-	-	35,079	-
<u>Deferred Inflows</u>				
Unavailable revenue-fines and fees	-	-	-	-
Total Deferred Inflows	-	-	-	-
<u>Fund Balances</u>				
Nonspendable:				
Prepays	-	-	-	-
Restricted for:				
General government	-	-	-	-
Public safety	-	11,707	-	18,962
Municipal court	-	-	-	-
Tourism	-	-	152,073	-
Capital projects	3,249	-	-	-
Unassigned	-	-	-	-
Total Fund Balances	3,249	11,707	152,073	18,962
Total Liabilities, Deferred Inflows, and Fund Balances	\$ 3,249	\$ 11,707	\$ 187,152	\$ 18,962

See Notes to Financial Statements.

Road Impact Fees #1	Road Impact Fees #2	Court Technology	Radio System Maintenance	Court Security
\$ 2,362,201	\$ 1,588,801	\$ -	\$ -	\$ -
-	-	1,708	4,642	1,947
-	-	-	-	-
<u>\$ 2,362,201</u>	<u>\$ 1,588,801</u>	<u>\$ 1,708</u>	<u>\$ 4,642</u>	<u>\$ 1,947</u>
\$ -	\$ -	\$ 100	\$ -	\$ -
-	-	8,771	31,217	3,647
-	-	8,871	31,217	3,647
-	-	1,708	-	1,947
-	-	1,708	-	1,947
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
2,362,201	1,588,801	-	-	-
-	-	(8,871)	(26,575)	(3,647)
<u>2,362,201</u>	<u>1,588,801</u>	<u>(8,871)</u>	<u>(26,575)</u>	<u>(3,647)</u>
\$ 2,362,201	\$ 1,588,801	\$ 1,708	\$ 4,642	\$ 1,947

City of Lockhart, Texas
COMBINING BALANCE SHEET (Page 2 of 2)
NONMAJOR SPECIAL REVENUE FUNDS
September 30, 2024

	Child Safety	Court Efficiency	Juvenile Case Manager	Truancy Court
<u>Assets</u>				
Cash and cash equivalents	\$ 51,696	\$ 18,063	\$ 68,988	\$ 11,216
Accounts receivable	810	1,726	2,132	121
Prepaid	-	-	-	-
Total Assets	\$ 52,506	\$ 19,789	\$ 71,120	\$ 11,337
<u>Liabilities</u>				
Accounts payable and accrued liab.	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-
Total Liabilities	-	-	-	-
<u>Deferred Inflows</u>				
Unavailable revenue-fines and fees	810	1,726	2,132	121
Total Deferred Inflows	810	1,726	2,132	121
<u>Fund Balances</u>				
Nonspendable:				
Prepays	-	-	-	-
Restricted for:				
General government	-	-	-	-
Public safety	-	-	-	-
Municipal court	51,696	18,063	68,988	11,216
Tourism	-	-	-	-
Capital projects	-	-	-	-
Unassigned	-	-	-	-
Total Fund Balances	51,696	18,063	68,988	11,216
Total Liabilities, Deferred Inflows, and Fund Balances	\$ 52,506	\$ 19,789	\$ 71,120	\$ 11,337

See Notes to Financial Statements.

Local Municipal Jury	Cable Education	Transportation	Drainage	CARES Relief Act	Total Special Revenue Funds
\$ 468	\$ 69,804	\$ 403,228	\$ -	\$ 1,174,482	\$ 5,944,404
35	6,678	87,353	38,197	-	170,962
-	16,050	-	-	-	16,050
<u>\$ 503</u>	<u>\$ 92,532</u>	<u>\$ 490,581</u>	<u>\$ 38,197</u>	<u>\$ 1,174,482</u>	<u>\$ 6,131,416</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 27,600
-	-	-	62,845	-	114,059
<u>-</u>	<u>-</u>	<u>-</u>	<u>62,845</u>	<u>-</u>	<u>141,659</u>
35	-	-	-	-	8,479
<u>35</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,479</u>
-	16,050	-	-	-	16,050
-	76,482	-	-	-	76,482
-	-	-	-	-	30,669
468	-	-	-	-	150,431
-	-	-	-	-	152,073
-	-	490,581	-	1,174,482	5,619,314
-	-	-	(24,648)	-	(63,741)
<u>468</u>	<u>92,532</u>	<u>490,581</u>	<u>(24,648)</u>	<u>1,174,482</u>	<u>5,981,278</u>
<u>\$ 503</u>	<u>\$ 92,532</u>	<u>\$ 490,581</u>	<u>\$ 38,197</u>	<u>\$ 1,174,482</u>	<u>\$ 6,131,416</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, 2024

	Radio Tower Equipment Replacement	Forfeited Property	Hotel/ Motel Tax	LEOSE Fund
<u>Revenues</u>				
Hotel occupancy tax	\$ -	\$ -	\$ 169,262	\$ -
Fines and forfeitures	-	1,177	-	-
License and permits	-	-	-	-
Charges for services	-	-	-	-
Intergovernmental	-	-	-	4,664
Investment income	228	600	10,241	877
Total Revenues	<u>228</u>	<u>1,777</u>	<u>181,703</u>	<u>5,541</u>
<u>Expenditures</u>				
General government	-	-	202,615	-
Public safety	1,102	-	-	-
Public works	-	-	-	-
Total Expenditures	<u>1,102</u>	<u>-</u>	<u>202,615</u>	<u>-</u>
Revenues Over (Under) Expenditures	<u>(874)</u>	<u>1,777</u>	<u>(20,912)</u>	<u>5,541</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>(874)</u>	<u>1,777</u>	<u>(20,912)</u>	<u>5,541</u>
Beginning fund balances	4,123	9,930	172,985	13,421
Ending Fund Balances	<u>\$ 3,249</u>	<u>\$ 11,707</u>	<u>\$ 152,073</u>	<u>\$ 18,962</u>

See Notes to Financial Statements.

Road Impact Fees #1	Road Impact Fees #2	Court Technology	Radio System Maintenance	Court Security
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	4,208	-	4,504
517,373	373,113	-	-	-
-	-	-	-	-
-	-	-	171,997	-
120,694	83,825	-	-	160
638,067	456,938	4,208	171,997	4,664
-	-	11,358	-	13,182
-	-	-	254,284	-
-	-	-	-	-
-	-	11,358	254,284	13,182
638,067	456,938	(7,150)	(82,287)	(8,518)
-	-	-	70,730	-
-	-	-	-	-
-	-	-	70,730	-
638,067	456,938	(7,150)	(11,557)	(8,518)
1,724,134	1,131,863	(1,721)	(15,018)	4,871
\$ 2,362,201	\$ 1,588,801	\$ (8,871)	\$ (26,575)	\$ (3,647)

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, 2024

	Child Safety	Court Efficiency	Juvenile Case Manager	Truancy Court
<u>Revenues</u>				
Franchise and local taxes	\$ -	\$ -	\$ -	\$ -
Fines and forfeitures	1,690	3,572	5,269	929
License and permits	-	-	-	-
Charges for services	-	-	-	-
Intergovernmental	-	-	-	-
Investment income	2,867	911	3,739	606
Total Revenues	4,557	4,483	9,008	1,535
<u>Expenditures</u>				
General government	-	-	-	-
Public safety	-	-	90	-
Public works	-	-	-	-
Total Expenditures	-	-	90	-
Revenues Over (Under)				
Expenditures	4,557	4,483	8,918	1,535
<u>Other Financing Sources (Uses)</u>				
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	4,557	4,483	8,918	1,535
Beginning fund balances	47,139	13,580	60,070	9,681
Ending Fund Balances	\$ 51,696	\$ 18,063	\$ 68,988	\$ 11,216

See Notes to Financial Statements.

Local Municipal Jury	Cable Education	Transportation	Drainage	CARES Relief Act	Total Special Revenue Funds
\$ -	\$ 26,051	\$ -	\$ -	\$ -	\$ 195,313
96	-	-	-	-	21,445
-	-	-	-	-	890,486
-	-	510,304	222,016	-	732,320
-	-	-	-	-	176,661
-	4,236	20,933	1,087	-	251,004
96	30,287	531,237	223,103	-	2,269,429
-	22,307	-	-	-	249,462
-	-	-	-	-	255,476
-	-	-	2,686	292,749	295,435
-	22,307	-	2,686	292,749	800,373
96	7,980	531,237	220,417	(292,749)	1,469,056
-	-	-	-	-	70,730
-	-	(400,000)	(282,082)	-	(682,082)
-	-	(400,000)	(282,082)	-	(611,352)
96	7,980	131,237	(61,665)	(292,749)	857,704
372	84,552	359,344	37,017	1,467,231	5,123,574
\$ 468	\$ 92,532	\$ 490,581	\$ (24,648)	\$ 1,174,482	\$ 5,981,278

City of Lockhart, Texas
COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECT FUNDS
September 30, 2024

	Clearfork Section 1 Sidewalk	Maple 2201 Trail Project	2015 Certificates of Obligation
<u>Assets</u>			
Cash and cash equivalents	\$ 34,491	\$ 15,000	\$ 1,063,573
Total Assets	\$ 34,491	\$ 15,000	\$ 1,063,573
<u>Liabilities</u>			
Accounts payable	\$ -	\$ -	\$ 79,634
Accrued liabilities	-	-	2,984
Total Liabilities	-	-	82,618
<u>Fund Balances</u>			
Restricted for:			
Capital projects	34,491	15,000	980,955
Total Fund Balances	34,491	15,000	980,955
Total Liabilities and Fund Balances	\$ 34,491	\$ 15,000	\$ 1,063,573

See Notes to Financial Statements.

Maple Street Park Improvements		Total
\$	20,000	\$ 1,133,064
\$	20,000	\$ 1,133,064
\$	-	\$ 79,634
	-	2,984
	-	82,618
	20,000	1,050,446
	20,000	1,050,446
\$	20,000	\$ 1,133,064

City of Lockhart, Texas

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES NONMAJOR CAPITAL PROJECT FUNDS For the Year Ended September 30, 2024

	Clearfork Section 1 Sidewalk	Maple 2201 Trail Project	2015 Certificates of Obligation
<u>Revenues</u>			
Investment income	\$ -	\$ -	\$ 62,845
Total Revenues	<u>-</u>	<u>-</u>	<u>62,845</u>
<u>Expenditures</u>			
Public works	-	-	61,447
Capital outlay	-	-	93,808
Total Expenditures	<u>-</u>	<u>-</u>	<u>155,255</u>
Net Change in Fund Balances	-	-	(92,410)
Beginning fund balances	34,491	15,000	1,073,365
Ending Fund Balances	<u>\$ 34,491</u>	<u>\$ 15,000</u>	<u>\$ 980,955</u>

See Notes to Financial Statements.

Maple Street Park Improvements	Total
\$ -	\$ 62,845
-	62,845
-	61,447
-	93,808
-	155,255
-	(92,410)
20,000	1,142,856
\$ 20,000	\$ 1,050,446

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City of Lockhart, Texas

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

For the Year Ended September 30, 2024

	Original & Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues</u>			
Property tax	\$ 1,332,182	\$ 1,677,779	\$ 345,597
Intergovernmental revenue	24,300	26,308	2,008
Investment income	3,500	66,201	62,701
Total Revenues	1,359,982	1,770,288	410,306
<u>Expenditures</u>			
Debt service:			
Principal	-	1,285,406	(1,285,406)
Interest	3,500	373,963	(370,463)
Total Expenditures	3,500	1,659,369	(1,655,869) *
Revenues Over (Under) Expenditures	1,356,482	110,919	(1,245,563)
<u>Other Financing Sources (Uses)</u>			
Transfers in	378,487	378,487	-
Total Other Financing Sources (Uses)	378,487	378,487	-
Net Change in Fund Balances	\$ 1,734,969	489,406	\$ (1,245,563)
Beginning fund balances		298,475	
Ending Fund Balances		\$ 787,881	

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
HOTEL/MOTEL TAX
For the Year Ended September 30, 2024

	Original & Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues</u>			
Hotel occupancy tax	\$ 126,420	\$ 169,262	\$ 42,842
Other revenue	-	2,200	2,200
Investment income	-	10,241	10,241
Total Revenues	<u>126,420</u>	<u>181,703</u>	<u>55,283</u>
<u>Expenditures</u>			
General government	<u>40,820</u>	<u>202,615</u>	<u>(161,795)</u>
Total Expenditures	<u>40,820</u>	<u>202,615</u>	<u>(161,795) *</u>
Net Change in Fund Balances	<u>\$ 85,600</u>	<u>(20,912)</u>	<u>\$ (106,512)</u>
Beginning fund balances		172,985	
Ending Fund Balances		<u>\$ 152,073</u>	

Notes to Other Supplementary Information

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

* Expenditures exceeded appropriations at the legal level of control.

See Notes to Financial Statements.

***COMBINING NONMAJOR
ENTERPRISE FUNDS***

City of Lockhart, Texas
COMBINING STATEMENT OF NET POSITION
NONMAJOR ENTERPRISE FUNDS (Page 1 of 2)
September 30, 2024

	Business-Type Activities		
	Sanitation	Airport	EMS
<u>Assets</u>			
<u>Current Assets</u>			
Cash and cash equivalents	\$ 608,358	\$ 354,243	\$ -
Accounts receivable, net	363,306	500	814,850
Total Current Assets	971,664	354,743	814,850
<u>Noncurrent Assets</u>			
Capital assets:			
Non-depreciable	120,409	72,161	-
Net depreciable capital assets	61,983	1,108,810	542,271
Total Noncurrent Assets	182,392	1,180,971	542,271
Total Assets	1,154,056	1,535,714	1,357,121
<u>Deferred Outflows of Resources</u>			
Pension outflows-TMRS	26,998	-	230,146
OPEB outflows-TMRS	176	-	1,497
Total Deferred Outflows of Resources	27,174	-	231,643

See Notes to Financial Statements.

Business-Type Activities
Total

\$	962,601
	1,178,656
	2,141,257

	192,570
	1,713,064
	1,905,634
	4,046,891

	257,144
	1,673
	258,817

City of Lockhart, Texas
COMBINING STATEMENT OF NET POSITION
NONMAJOR ENTERPRISE FUNDS (Page 2 of 2)
September 30, 2024

	Business-Type Activities		
	Sanitation	Airport	EMS
<u>Liabilities</u>			
<u>Current Liabilities</u>			
Accounts payable	\$ 142,671	\$ 405	\$ 97,481
Accrued liabilities	10,013	826	-
Customer deposits	50	4,950	-
Compensated absences, current	5,790	712	24,491
Lease payable, current	3,276	-	-
Due to other funds	-	-	48,531
Total Current Liabilities	161,800	6,893	170,503
<u>Noncurrent Liabilities</u>			
Compensated absences, noncurrent	643	79	2,721
Net pension liability	70,319	-	599,435
OPEB liability-TMRS	6,680	-	56,928
OPEB liability-Retiree healthcare	6,037	-	-
Total Noncurrent Liabilities	83,679	79	659,084
Total Liabilities	245,479	6,972	829,587
<u>Deferred Inflows of Resources</u>			
Pension inflows-TMRS	4,747	-	40,461
OPEB inflows-TMRS	1,394	-	11,877
OPEB inflows-retiree healthcare	605	-	-
Total Deferred Inflows of Resources	6,746	-	52,338
<u>Net Position</u>			
Net investment in capital assets	179,116	1,180,971	542,271
Unrestricted	749,889	347,771	164,568
Total Net Position	\$ 929,005	\$ 1,528,742	\$ 706,839

See Notes to Financial Statements.

Business-Type
Activities
Total

\$	240,557
	10,839
	5,000
	30,993
	3,276
	48,531
	<u>339,196</u>

	3,443
	669,754
	63,608
	6,037
	<u>742,842</u>
	<u>1,082,038</u>

	45,208
	13,271
	605
	<u>59,084</u>

	1,902,358
	1,262,228
\$	<u><u>3,164,586</u></u>

City of Lockhart, Texas

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION NONMAJOR PROPRIETARY FUNDS For the Year Ended September 30, 2024

	Business-Type Activities		
	Sanitation	Airport	EMS
<u>Operating Revenues</u>			
Charges for services	\$ 2,083,734	\$ 132,073	\$ 1,542,597
Other revenue	27,725	-	69,193
Total Operating Revenues	2,111,459	132,073	1,611,790
<u>Operating Expenses</u>			
Personnel services	188,050	11,259	2,122,983
Supplies	4,471	-	-
Maintenance and repairs	1,675,214	4,940	80,703
Contractual services	9,864	14,333	58,288
Depreciation	22,363	55,849	127,913
Total Operating Expenses	1,899,962	86,381	2,389,887
Operating Income (Loss)	211,497	45,692	(778,097)
<u>Nonoperating Revenues (Expenses)</u>			
Intergovernmental	-	-	4,784
Investment earnings	41,693	16,840	12,987
Interest expense	(234)	-	-
Total Nonoperating Revenues (Expenses)	41,459	16,840	17,771
Income (Loss) Before Capital Contributions and Transfers	252,956	62,532	(760,326)
<u>Capital Contributions and Transfers</u>			
Capital grants	25,000	-	-
Transfers (out)	(322,182)	-	-
Total Capital Contributions and Transfers	(296,561)	-	-
Change in Net Position	(43,605)	62,532	(760,326)
Beginning net position	972,610	1,466,210	1,467,165
Ending Net Position	\$ 929,005	\$ 1,528,742	\$ 706,839

See Notes to Financial Statements.

**Business-Type
Activities**

Total

\$	3,758,404
	96,918
	<hr/> 3,855,322 <hr/>

2,322,292
4,471
1,760,857
82,485
206,125
<hr/> 4,376,230 <hr/>

<hr/> (520,908) <hr/>

4,784
71,520
(234)
<hr/> 76,070 <hr/>

(444,838)

25,000
(322,182)
<hr/> (296,561) <hr/>

(741,399)

3,905,985
<hr/>
\$ 3,164,586
<hr/>

City of Lockhart, Texas
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS (Page 1 of 2)
For the Year Ended September 30, 2024

	Business-Type Activities		
	Sanitation	Airport	EMS
<u>Cash Flows from Operating Activities</u>			
Payments to employees	\$ (199,205)	\$ (11,107)	\$ (1,618,713)
Payments to suppliers	(1,695,442)	(21,491)	(151,018)
Receipts from customers	2,051,983	132,073	1,580,447
Net Cash Provided (Used) by Operating Activities	157,336	99,475	(189,284)
<u>Cash Flows from Noncapital Financing Activities</u>			
Intergovernmental	-	-	4,784
Transfers in	621	-	-
Transfers (out)	(322,182)	-	-
Net Cash Provided (Used) by Noncapital Financing	(321,561)	-	4,784
<u>Cash Flows from Capital and Related Financing Activities</u>			
Acquisition and construction of capital assets	-	-	(134,567)
Capital contributions	25,000	-	-
Principal paid on capital debt	(6,234)	-	(17,391)
Interest paid on capital debt	(234)	-	-
Net Cash Provided (Used) by Capital and Related Financing Activities	18,532	-	(151,958)
<u>Cash Flows from Investing Activities</u>			
Interest on investments	41,693	16,840	12,987
Net Cash Provided by Investing Activities	41,693	16,840	12,987
Net Increase (Decrease) in Cash and Cash	(104,000)	116,315	(323,471)
Beginning cash and cash equivalents	712,358	237,928	323,471
Ending Cash and Cash Equivalents	\$ 608,358	\$ 354,243	\$ -

See Notes to Financial Statements.

**Business-Type
Activities**

Total

\$ (1,829,025)

(1,867,951)

3,764,503

67,527

4,784

621

(322,182)

(316,777)

(134,567)

25,000

(23,625)

(234)

(133,426)

71,520

71,520

(311,156)

1,273,757

\$ 962,601

City of Lockhart, Texas
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS (Page 2 of 2)
For the Year Ended September 30, 2024

	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)	\$ 211,497	\$ 45,692	\$ (778,097)
Adjustments to reconcile operating income (loss) to net cash provided (used):			
Depreciation	22,363	55,849	127,913
Changes in Operating Assets and Liabilities:			
(Increase) Decrease in:			
Accounts receivable	(59,476)	-	(31,343)
Deferred outflows:			
Pension	31,062	-	(230,146)
OPEB	395	-	(1,497)
Increase (Decrease) in:			
Accounts payable and accrued liabilities	(687)	(2,218)	(60,558)
Accrued interest	(5,206)	-	-
Due to other funds	-	-	48,531
Compensated absences	2,850	152	27,212
Deferred inflows:			
Pension	4,747	-	40,461
OPEB	(944)	-	11,877
Net pension liability	(47,009)	-	599,435
OPEB liability	(2,256)	-	56,928
Net Cash Provided (Used) by Operating Activities	\$ 157,336	\$ 99,475	\$ (189,284)

See Notes to Financial Statements.

**Business-Type
Activities**

Total

\$ (520,908)

206,125

(90,819)

(199,084)

(1,102)

(63,463)

(5,206)

48,531

30,214

45,208

10,933

552,426

54,672

\$ 67,527

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***COMBINING STATEMENTS
FIDUCIARY FUNDS***

City of Lockhart, Texas
COMBINING STATEMENT OF FIDUCIARY NET POSITION
PRIVATE-PURPOSE TRUSTS
September 30, 2024

	Glosserman Trust	Brock Cabin Trust	Total
<u>Assets</u>			
Cash and cash equivalents	\$ 611	\$ 12	\$ 623
Total Assets	\$ 611	\$ 12	\$ 623
<u>Net Position</u>			
Restricted for:			
Various purposes	611	12	623
Total Net Position	\$ 611	\$ 12	\$ 623

See Notes to Financial Statements.

City of Lockhart, Texas
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
PRIVATE-PURPOSE TRUSTS
For the Year Ended September 30, 2024

	Glosserman Trust	Brock Cabin Trust	Total
<u>Additions</u>			
Investment income	\$ 34	\$ -	\$ 34
Total Additions	<u>34</u>	<u>-</u>	<u>34</u>
 Net Change in Net Position	 34	 -	 34
Beginning Net Position	577	12	589
Ending Net Position	<u><u>\$ 611</u></u>	<u><u>\$ 12</u></u>	<u><u>\$ 623</u></u>

See Notes to Financial Statements.

City of Lockhart, Texas
COMBINING STATEMENT OF FIDUCIARY NET POSITION
CUSTODIAL FUNDS
September 30, 2024

	<u>Confiscated Property</u>	<u>Unclaimed Property</u>	<u>Bicycle Helmet</u>	<u>Total</u>
<u>Assets</u>				
Cash and cash equivalents	\$ 46,220	\$ 11,717	\$ 1,613	\$ 59,550
Prepays	-	1,211	-	1,211
Total Assets	<u><u>\$ 46,220</u></u>	<u><u>\$ 12,928</u></u>	<u><u>\$ 1,613</u></u>	<u><u>\$ 60,761</u></u>
<u>Liabilities</u>				
Due to other funds	17,447	11,789	1,117	30,353
Total Liabilities	<u>17,447</u>	<u>11,789</u>	<u>1,117</u>	<u>30,353</u>
<u>Net Position</u>				
Restricted for:				
Various purposes	28,773	1,139	496	30,408
Total Net Position	<u><u>\$ 28,773</u></u>	<u><u>\$ 1,139</u></u>	<u><u>\$ 496</u></u>	<u><u>\$ 30,408</u></u>

See Notes to Financial Statements.

City of Lockhart, Texas
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
CUSTODIAL FUNDS
For the Year Ended September 30, 2024

	Confiscated Property	Unclaimed Property	Bicycle Helmet	Total
<u>Additions</u>				
Investment income	\$ 2,533	\$ 55	\$ 134	\$ 2,722
Other revenue	4,982	225	0	5,207
Total Additions	7,515	280	134	7,929
 Net Change in Net Position	 7,515	 280	 134	 7,929
 Beginning Net Position	 21,258	 859	 362	 22,479
Ending Net Position	\$ 28,773	\$ 1,139	\$ 496	\$ 30,408

See Notes to Financial Statements.

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STATISTICAL SECTION

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

Contents	Page
Financial Trends	156
<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	167
<i>These schedules contain information to help the reader assess the City's most significant local revenue source, property tax.</i>	
Debt Capacity	186
<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	191
<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	194
<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)

	2015	2016	2017	2018
Governmental activities				
Net investment in capital assets	\$ 16,376,825	\$ 15,001,030	\$ 14,162,688	\$ 13,774,228
Restricted	1,211,989	1,093,907	1,141,195	1,396,101
Unrestricted	1,328,814	2,137,425	1,886,148	1,823,314
Total governmental activities net position	<u>\$ 18,917,628</u>	<u>\$ 18,232,362</u>	<u>\$ 17,190,031</u>	<u>\$ 16,993,643</u>
Business-type activities				
Net investment in capital assets	\$ 15,283,769	\$ 15,074,665	\$ 16,507,663	\$ 16,961,238
Restricted	1,023,082	1,071,089	1,163,687	1,421,535
Unrestricted	5,315,836	7,979,875	7,489,601	8,791,362
Total business-type activities net position	<u>\$ 21,622,687</u>	<u>\$ 24,125,629</u>	<u>\$ 25,160,951</u>	<u>\$ 27,174,135</u>
Primary government				
Net investment in capital assets	\$ 31,660,594	\$ 30,075,695	\$ 30,670,351	\$ 30,735,466
Restricted	2,235,071	2,164,996	2,304,882	2,817,636
Unrestricted	6,644,650	10,117,300	9,375,749	10,614,676
	<u>\$ 40,540,315</u>	<u>\$ 42,357,991</u>	<u>\$ 42,350,982</u>	<u>\$ 44,167,778</u>

(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>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
\$ 12,648,711	\$ 12,104,249	\$ 11,816,033	\$ 11,546,567	\$ 17,776,524	\$ 18,662,311
1,571,133	1,603,237	3,598,451	3,362,595	6,072,719	7,465,102
<u>1,972,882</u>	<u>3,557,222</u>	<u>3,915,790</u>	<u>7,463,394</u>	<u>7,537,491</u>	<u>10,291,023</u>
<u>\$ 16,192,726</u>	<u>\$ 17,264,708</u>	<u>\$ 19,330,274</u>	<u>\$ 22,372,556</u>	<u>\$ 31,386,734</u>	<u>\$ 36,418,436</u>
\$ 17,492,757	\$ 16,579,735	\$ 15,721,677	\$ 15,404,957	\$ 19,452,608	\$ 18,379,583
1,661,480	2,034,582	2,008,737	2,626,781	5,182,714	8,202,139
<u>9,434,557</u>	<u>8,506,993</u>	<u>6,885,849</u>	<u>6,709,920</u>	<u>7,675,992</u>	<u>6,822,467</u>
<u>\$ 28,588,794</u>	<u>\$ 27,121,310</u>	<u>\$ 24,616,263</u>	<u>\$ 24,741,658</u>	<u>\$ 32,311,314</u>	<u>\$ 33,404,189</u>
\$ 30,141,468	\$ 28,683,984	\$ 27,537,710	\$ 26,951,524	\$ 37,229,132	\$ 37,041,894
3,232,613	3,637,819	5,607,188	5,989,376	11,255,433	15,667,241
<u>11,407,439</u>	<u>12,064,215</u>	<u>10,801,639</u>	<u>14,173,314</u>	<u>15,213,483</u>	<u>17,113,490</u>
<u>\$ 44,781,520</u>	<u>\$ 44,386,018</u>	<u>\$ 43,946,537</u>	<u>\$ 47,114,214</u>	<u>\$ 63,698,048</u>	<u>\$ 69,822,625</u>

City of Lockhart, Texas

CHANGES IN NET POSITION

Last Ten Fiscal Years (Unaudited)

(accrual basis of accounting)

	2015	2016	2017	2018
Governmental activities				
Expenses				
General government	\$ 2,476,203	\$ 1,879,383	\$ 2,083,166	\$ 2,045,364
Public safety	5,626,336	5,230,470	5,086,371	5,401,024
Public works	2,448,572	2,586,206	2,644,292	3,084,192
Health and welfare	13,489	17,068	22,137	16,326
Culture and recreation	964,757	933,135	1,006,038	1,077,697
Community development	-	-	-	-
Interest on long-term debt	612,529	621,121	459,629	441,769
Total governmental activities expenses	<u>12,141,886</u>	<u>11,267,383</u>	<u>11,301,633</u>	<u>12,066,372</u>
Program revenues				
Charges for services				
General government	1,131,977	191,100	181,313	223,254
Public safety	1,531,653	330,826	334,769	1,005,749
Public works	-	723,832	549,097	423,575
Health and welfare	-	-	-	-
Culture and recreation	28,878	33,926	32,699	37,991
Community development	-	-	-	-
Operating grants and contributions	391,200	615,542	202,393	566,039
Capital grants and contributions	-	-	-	278,000
Total program revenues	<u>3,083,708</u>	<u>1,895,226</u>	<u>1,300,271</u>	<u>2,534,608</u>
Total governmental activities net program expense	<u>\$ (9,058,178)</u>	<u>\$ (9,372,157)</u>	<u>\$ (10,001,362)</u>	<u>\$ (9,531,764)</u>
General Revenues and Other Changes in Net Position				
Taxes				
Property taxes, general	2,975,409	3,016,649	3,217,538	3,620,758
Property taxes, debt service	561,588	687,845	692,161	704,442
Sales taxes	1,484,020	1,478,065	1,549,695	1,650,931
Franchise taxes	325,911	316,353	312,433	357,278
Other taxes	106,712	132,234	96,529	106,756
Unrestricted investment earnings	23,881	59,851	99,353	190,320
Gain on sale of capital assets	-	-	-	-
Other revenue	493,852	239,590	289,291	192,281
Transfers	2,356,889	2,448,575	2,896,410	3,094,654
Total general revenues and other changes net position	<u>8,328,262</u>	<u>8,379,162</u>	<u>9,153,410</u>	<u>9,917,420</u>
Total governmental activities change in net position	<u>\$ (729,916)</u>	<u>\$ (992,995)</u>	<u>\$ (847,952)</u>	<u>\$ 385,656</u>

<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
\$ 2,232,343	\$ 2,455,580	\$ 1,931,497	\$ 1,967,143	\$ 2,165,947	\$ 2,383,519
5,799,256	5,703,143	6,202,140	6,168,414	6,937,475	6,628,423
3,552,691	3,153,763	2,970,230	2,684,964	2,930,612	2,826,765
18,250	144,615	26,352	23,439	18,264	42,956
1,041,842	1,052,444	683,483	1,215,110	1,481,117	1,632,347
-	-	1,189,072	905,103	2,003,675	1,963,799
415,242	391,300	371,174	390,198	396,858	348,098
<u>13,059,624</u>	<u>12,900,845</u>	<u>13,373,948</u>	<u>13,354,371</u>	<u>15,933,948</u>	<u>15,825,907</u>
601,870	730,384	-	-	-	-
295,192	355,773	366,887	208,287	248,067	263,661
291,604	358,837	649,986	664,402	688,987	732,320
-	-	-	-	-	-
29,589	8,943	88,883	251,869	163,321	207,149
-	-	650,521	852,003	2,298,116	2,546,060
579,539	1,037,366	2,485,671	2,205,060	472,563	475,639
96,263	257,055	177,865	211,854	6,386,889	171,997
<u>1,894,057</u>	<u>2,748,358</u>	<u>4,419,813</u>	<u>4,393,475</u>	<u>10,257,943</u>	<u>4,396,826</u>
<u>\$ (11,165,567)</u>	<u>\$ (10,152,487)</u>	<u>\$ (8,954,135)</u>	<u>\$ (8,960,896)</u>	<u>\$ (5,676,005)</u>	<u>\$ (11,429,081)</u>
3,914,885	4,276,918	4,555,926	4,848,005	5,373,699	5,932,445
697,336	714,253	694,121	953,087	1,740,778	1,677,779
1,767,048	1,992,939	2,143,239	2,392,769	2,712,526	3,009,942
360,589	349,849	398,205	395,527	352,616	456,696
111,841	102,063	113,504	189,491	230,233	169,262
283,700	119,746	20,739	125,718	893,878	1,083,776
-	-	2,110	-	34,000	7,300
184,509	233,319	100,720	213,151	249,470	78,824
<u>3,044,742</u>	<u>3,145,528</u>	<u>2,991,137</u>	<u>2,885,430</u>	<u>3,102,983</u>	<u>4,044,759</u>
<u>10,364,650</u>	<u>10,934,615</u>	<u>11,019,701</u>	<u>12,003,178</u>	<u>14,690,183</u>	<u>16,460,783</u>
<u>\$ (800,917)</u>	<u>\$ 782,128</u>	<u>\$ 2,065,566</u>	<u>\$ 3,042,282</u>	<u>\$ 9,014,178</u>	<u>\$ 5,031,702</u>

City of Lockhart, Texas

CHANGES IN NET POSITION

Last Ten Fiscal Years (Unaudited)

(accrual basis of accounting)

	2015	2016	2017	2018
Business-type activities				
Expenses				
Electric	\$ 9,753,464	\$ 8,664,234	\$ 8,722,211	\$ 9,132,038
Water	3,258,446	3,257,979	3,545,084	3,428,101
Wastewater	1,849,338	2,089,407	1,824,111	1,281,066
Sanitation	1,166,275	1,215,636	1,345,466	1,461,111
Airport	82,646	69,911	76,438	100,130
EMS	-	1,230,254	1,289,014	1,334,506
Total business-type expenses	<u>16,110,169</u>	<u>16,527,421</u>	<u>16,802,324</u>	<u>16,736,952</u>
Program revenues				
Charges for services				
Electric	12,039,498	10,974,720	11,444,388	12,238,369
Water	3,090,312	3,100,239	3,287,603	3,336,689
Wastewater	2,195,102	2,265,298	2,578,386	2,339,875
Sanitation	1,402,428	1,464,121	1,593,359	1,708,812
Airport	68,520	68,927	71,489	71,433
EMS	-	2,007,847	1,354,810	1,438,174
Operating grants and contributions	11,821	-	7,016	24,925
Capital grants and contributions	-	1,042,796	195,261	-
Total business-type program revenues	<u>18,807,681</u>	<u>20,923,948</u>	<u>20,532,312</u>	<u>21,158,277</u>
Total business-type activities net program expense	<u>\$ 2,697,512</u>	<u>\$ 4,396,527</u>	<u>\$ 3,729,988</u>	<u>\$ 4,421,325</u>
General revenues and other changes in net position				
Impact fees	255,462	263,817	83,585	244,561
Unrestricted investment earnings	21,733	61,357	118,159	236,101
Other revenue	6,858	-	-	23,598
Transfers	(2,356,889)	(2,448,575)	(2,896,410)	(3,094,654)
Total general revenues and other changes in net position	<u>(2,072,836)</u>	<u>(2,123,401)</u>	<u>(2,694,666)</u>	<u>(2,590,394)</u>
Total business-type activities change in net position	<u>\$ 624,676</u>	<u>\$ 2,273,126</u>	<u>\$ 1,035,322</u>	<u>\$ 1,830,931</u>
Total primary government change in net position	<u>\$ (105,240)</u>	<u>\$ 1,280,131</u>	<u>\$ 187,370</u>	<u>\$ 2,216,587</u>

<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
\$ 9,242,068	\$ 8,564,816	\$ 11,350,044	\$ 9,978,485	\$ 10,884,211	\$ 11,167,367
3,224,639	3,908,621	5,066,674	5,565,359	6,401,698	7,021,330
1,370,942	1,444,482	1,635,537	1,805,990	1,589,668	1,697,831
1,553,603	1,592,412	1,690,298	1,615,564	1,797,864	1,900,196
78,258	80,607	76,546	93,143	283,503	86,381
1,383,128	1,407,549	1,408,385	1,425,088	1,507,988	2,389,887
<u>16,852,638</u>	<u>16,998,487</u>	<u>21,227,484</u>	<u>20,483,629</u>	<u>22,464,932</u>	<u>24,262,992</u>
12,193,929	11,039,153	11,560,085	12,608,272	13,153,265	13,007,971
3,267,558	3,555,391	3,758,322	4,132,398	5,672,000	6,413,438
2,278,003	2,277,346	2,478,077	2,880,275	3,951,370	4,623,307
1,872,719	1,981,863	2,040,494	1,906,522	1,944,417	2,083,734
89,059	82,809	85,953	92,532	102,387	132,073
978,097	1,071,931	1,136,903	1,414,727	1,780,405	1,542,597
68,272	44,680	-	-	1,133,983	6,111
-	23,750	432,657	196,038	4,519,241	47,000
<u>20,747,637</u>	<u>20,076,923</u>	<u>21,492,491</u>	<u>23,230,764</u>	<u>32,257,068</u>	<u>27,856,231</u>
<u>\$ 3,894,999</u>	<u>\$ 3,078,436</u>	<u>\$ 265,007</u>	<u>\$ 2,747,135</u>	<u>\$ 9,792,136</u>	<u>\$ 3,593,239</u>
195,808	296,093	-	-	-	-
368,594	164,183	21,947	114,001	841,201	1,131,268
-	8,552	199,136	149,689	39,302	106,454
<u>(3,044,742)</u>	<u>(3,145,528)</u>	<u>(2,991,137)</u>	<u>(2,885,430)</u>	<u>(3,102,983)</u>	<u>(4,044,759)</u>
<u>(2,480,340)</u>	<u>(2,676,700)</u>	<u>(2,770,054)</u>	<u>(2,621,740)</u>	<u>(2,222,480)</u>	<u>(2,807,037)</u>
<u>\$ 1,414,659</u>	<u>\$ 401,736</u>	<u>\$ (2,505,047)</u>	<u>\$ 125,395</u>	<u>\$ 7,569,656</u>	<u>\$ 786,202</u>
<u>\$ 613,742</u>	<u>\$ 1,183,864</u>	<u>\$ (439,481)</u>	<u>\$ 3,167,677</u>	<u>\$ 16,583,834</u>	<u>\$ 5,817,904</u>

City of Lockhart, Texas

FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years (Unaudited)

(modified accrual basis of accounting)

	2015	2016	2017	2018
General Fund				
Nonspendable				
Prepaid items	\$ 23,103	\$ 15,728	\$ 23,642	\$ 37,870
Inventory	14,578	13,699	11,272	11,563
Restricted	91,955	-	-	-
Committed	602,435	604,252	609,054	553,877
Unassigned	3,196,967	3,423,228	3,897,547	4,451,131
Total general fund	<u>\$ 3,929,038</u>	<u>\$ 4,056,907</u>	<u>\$ 4,541,515</u>	<u>\$ 5,054,441</u>
All Other Governmental Funds				
Nonspendable				
Prepaid items	\$ 2,673	\$ 4,512	\$ 680	\$ 2,765
Restricted				
Debt service	362,919	278,089	285,621	240,674
Special revenue funds	757,115	-	-	-
General government	-	627,417	664,319	35,067
Public safety	-	180,153	206,068	227,044
Municipal court	-	-	-	-
Tourism	-	8,248	8,485	2,721
Public works	-	-	-	903,976
Various capital projects	8,386,106	6,792,536	5,160,201	4,531,457
Unassigned	-	-	-	-
Total all other governmental funds	<u>\$ 9,508,813</u>	<u>\$ 7,890,955</u>	<u>\$ 6,325,374</u>	<u>\$ 5,943,704</u>

<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
\$ 30,627	\$ 27,327	\$ 610,955	\$ 31,193	\$ 24,887	\$ 1,269,025
13,572	9,350	17,718	26,240	1,285,605	16,319
-	-	234,613	2,671,686	1,628,105	1,725,044
574,446	308,539	309,050	311,949	330,202	349,932
5,103,853	6,673,086	6,506,302	7,838,447	9,138,171	11,065,775
<u>\$ 5,722,498</u>	<u>\$ 7,018,302</u>	<u>\$ 7,678,638</u>	<u>\$ 10,879,515</u>	<u>\$ 12,406,970</u>	<u>\$ 14,426,095</u>
\$ -	\$ -	\$ -	\$ -	\$ 10,227	\$ 16,050
203,016	115,835	-	-	298,475	787,881
-	-	-	-	-	-
46,502	59,773	63,160	69,453	84,552	76,482
206,600	179,496	18,994	20,649	23,351	30,669
-	-	118,506	126,794	135,713	150,431
6,637	64,016	98,198	130,191	172,985	152,073
1,073,692	1,063,841	-	-	-	-
3,437,195	2,914,631	5,857,283	6,962,353	5,866,568	6,669,760
(3,523)	(323,955)	(87,431)	(138,743)	(26,966)	(63,741)
<u>\$ 4,970,119</u>	<u>\$ 4,073,637</u>	<u>\$ 6,068,710</u>	<u>\$ 7,170,697</u>	<u>\$ 6,564,905</u>	<u>\$ 7,819,605</u>

City of Lockhart, Texas

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years (Unaudited)

(modified accrual basis of accounting)

	2015	2016	2017	2018
Revenues				
Property taxes	\$ 3,531,590	\$ 3,757,254	\$ 3,971,301	\$ 4,352,825
Sales and other taxes	1,916,643	1,921,425	1,990,221	2,114,965
Franchise and local taxes				
Fines, fees and forfeitures	1,021,043	1,115,233	927,273	1,227,557
Licenses and permits	288,438	173,641	125,761	192,622
Charges for services	1,383,027	-	-	-
Intergovernmental and grants	391,200	184,438	202,393	458,624
Investment	23,881	59,851	99,353	190,320
Other revenue	493,852	550,390	288,003	323,296
Total revenues	9,049,674	7,762,232	7,604,305	8,860,209
Expenditures				
Current				
General government	1,946,091	1,853,485	1,847,858	1,933,687
Public safety	5,767,328	4,680,022	4,751,069	5,212,519
Public works	930,794	1,069,441	1,168,180	1,727,405
Health and welfare	11,970	12,138	17,207	11,396
Culture and recreation	880,443	834,815	890,047	949,731
Community development	-	-	-	-
Debt service				
Principal retirement	358,092	855,322	587,160	601,470
Interest and fiscal charges	825,385	566,342	500,948	483,207
Paying agent and issue costs	132,458	151,889	1,200	1,000
Capital outlay	665,475	1,589,287	1,818,019	828,872
Total expenditures	11,518,036	11,612,741	11,581,688	11,749,287
Excess (deficiency) of revenues over expenditures	(2,468,362)	(3,850,509)	(3,977,383)	(2,889,078)
Other financing sources (uses)				
Debt issued	7,700,735	4,887,402	-	-
Premium on issuance of bonds	278,388	593,157	-	-
Payment to escrow	-	(5,455,484)	-	-
Gain on sale of capital assets	-	-	-	-
Transfers in	2,958,448	3,451,810	3,440,098	3,688,600
Transfers out	(601,559)	(1,003,235)	(543,688)	(593,946)
Total other financing sources (uses)	10,336,012	2,473,650	2,896,410	3,094,654
Change in fund balances	\$ 7,867,650	\$ (1,376,859)	\$ (1,080,973)	\$ 205,576
Debt service as a percentage of noncapital expenditures	10.91%	14.68%	11.64%	10.42%

2019	2020	2021	2022	2023	2024
\$ 4,676,453	\$ 5,028,375	\$ 5,274,506	\$ 5,748,229	\$ 7,010,249	\$ 7,423,752
2,239,478	2,444,852	2,143,239	2,392,769	2,712,526	3,009,942
		511,709	585,018	582,849	625,958
1,127,998	1,190,406	414,578	275,647	236,897	219,056
142,721	243,196	650,521	852,003	2,298,116	2,546,060
2,200	2,200	738,869	916,271	852,308	939,469
554,354	866,355	3,061,756	2,379,234	647,533	647,636
283,700	119,746	20,739	125,718	893,878	1,083,776
275,443	223,199	186,781	235,092	249,470	76,197
9,302,347	10,118,329	13,002,698	13,509,981	15,483,826	16,571,846
2,107,937	2,333,952	1,777,924	2,121,509	1,899,022	2,226,415
5,631,506	5,579,302	6,052,616	6,066,612	6,530,409	7,289,495
1,601,001	1,948,586	1,571,151	913,011	2,914,291	2,673,775
13,320	139,685	20,539	35,312	9,086	33,778
912,739	1,150,716	1,022,863	1,038,803	1,803,531	1,474,707
-	-	707,075	955,377	1,933,286	1,993,255
690,799	727,163	797,305	1,006,761	1,416,609	1,483,572
456,409	432,504	413,447	393,470	434,928	401,807
800	800	-	25,220	-	-
1,238,106	551,827	1,442,886	2,189,333	757,984	93,808
12,652,617	12,864,535	13,805,806	14,745,408	17,699,146	17,670,612
(3,350,270)	(2,746,206)	(803,108)	(1,235,427)	(2,215,320)	(1,098,766)
-	-	383,923	2,652,861	-	320,532
-	-	-	-	-	-
-	-	-	-	-	-
-	-	251,942	-	34,000	7,300
3,796,267	4,360,894	3,793,615	3,644,993	4,694,559	4,797,571
(751,525)	(1,215,366)	(802,478)	(759,563)	(1,591,576)	(752,812)
3,044,742	3,145,528	3,627,002	5,538,291	3,136,983	4,372,591
\$ (305,528)	\$ 399,322	\$ 2,823,894	\$ 4,302,864	\$ 921,663	\$ 3,273,825

10.23%

10.14%

9.79%

11.15%

12.48%

12.73%

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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
2015	\$ 3,487,044	\$ 44,546	\$ 1,479,056	\$ 325,911	\$ 100,522	\$ 11,154	\$ 5,448,233
2016	3,704,494	43,744	1,478,065	339,459	90,542	22,375	5,678,679
2017	3,909,699	58,868	1,549,695	336,068	87,766	19,426	5,961,522
2018	4,304,798	48,027	1,650,931	357,278	82,180	24,576	6,467,790
2019	4,620,916	55,537	1,767,048	360,589	87,078	24,763	6,915,931
2020	4,959,883	68,493	1,992,939	349,849	78,696	23,367	7,473,227
2021	5,214,552	59,954	2,143,239	335,952	101,455	34,957	7,890,109
2022	5,702,530	45,699	2,392,769	379,331	160,799	44,888	8,726,016
2023	6,965,985	44,264	2,712,526	352,616	157,865	72,368	10,305,624
2024	7,349,874	73,878	3,009,942	376,431	169,262	80,265	11,059,652

City of Lockhart, Texas

ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE

Last Ten fiscal years

Fiscal Year	Tax Roll	Real Property		Personal Property	Minerals	Less: Tax Exempt Real Property	Total Taxable Assessed Value Before Freeze
		Residential Property	Non-Residential Property				
2015	2014	\$ 449,920,448	\$ 132,450,610	\$ 53,836,070	\$ 5,040	\$ 139,636,140	\$ 496,576,028
2016	2015	469,313,930	135,525,093	55,579,530	7,091	141,581,487	518,844,157
2017	2016	482,454,757	141,155,970	53,621,290	7,091	144,119,120	533,119,988
2018	2017	544,551,915	189,973,297	54,203,240	11,626	178,676,169	610,063,909
2019	2018	574,119,621	214,527,344	57,249,280	10,524	175,188,050	670,718,719
2020	2019	553,623,275	326,454,397	58,419,990	10,732	206,639,213	731,869,181
2021	2020	500,446,323	515,158,254	59,064,726	21,096	227,088,388	847,602,011
2022	2021	511,111,983	616,467,277	65,657,280	17,930	245,069,989	948,184,481
2023	2022	561,413,032	801,995,634	70,548,270	40,048	208,291,212	1,225,705,772
2024	2023	875,957,477	1,077,096,310	82,319,610	54,258	587,380,672	1,448,046,983

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

SOURCE: Caldwell County Appraisal District

Total Freeze Taxable	Freeze Adjusted Taxable	Total Direct Tax Rate	Estimated Tax Levy Before Freeze Ceiling	Freeze Ceiling	Estimated Tax Levy Including Freeze Ceiling	Assessed Value as a Percentage of Actual Value
\$ (74,867,624)	\$ 421,708,404	\$ 0.7227	\$ 3,047,687	\$ 480,236	\$ 3,527,923	100.00%
(73,449,458)	445,394,699	0.7333	3,266,079	466,371	3,732,450	100.00%
(82,590,348)	450,529,640	0.7333	3,303,734	536,304	3,840,038	100.00%
(99,921,193)	510,142,716	0.7260	3,703,636	604,104	4,307,740	100.00%
(102,926,905)	567,791,814	0.7107	4,035,296	593,298	4,628,594	100.00%
(118,099,443)	613,769,738	0.6842	4,199,413	839,333	5,038,746	100.00%
(141,846,213)	705,755,798	0.6354	4,484,372	700,459	5,184,831	100.00%
(160,899,077)	787,285,404	0.6354	5,002,411	763,355	5,765,766	100.00%
(183,911,400)	1,041,794,372	0.6006	6,257,017	813,637	7,070,654	100.00%
(220,920,340)	1,227,126,643	0.5348	6,562,673	921,166	7,483,840	100.00%

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

City Direct Rates				Overlapping Rates					
Tax Year	Debt Service	General Fund	Total	Lockhart ISD	Plum Creek Underground Water	Plum Creek Conservation District	Caldwell County	Farm to Market Rd	Total
2015	\$ 0.115	\$ 0.608	\$ 0.723	\$ 1.180	\$ 0.022	\$ 0.022	\$ 0.691	\$ 0.000	\$ 1.914
2016	0.1150	0.6077	0.7227	1.4291	0.0220	0.0220	0.6905	0.0001	2.1637
2017	0.1366	0.5967	0.7333	1.3305	0.0215	0.0225	0.7174	0.0001	2.0920
2018	0.1300	0.6033	0.7333	1.3324	0.0215	0.0230	0.7752	0.0001	2.1522
2019	0.1183	0.6077	0.7260	1.3324	0.0214	0.0232	0.7752	0.0001	2.1523
2020	0.1076	0.6031	0.7107	1.3324	0.0214	0.0232	0.7752	0.0001	2.1523
2021	0.0980	0.5862	0.6842	1.2624	0.0207	0.0225	0.7430	0.0001	2.0487
2022	0.0833	0.5521	0.6354	1.1297	0.0208	0.0205	0.6718	0.0001	1.8429
2023	0.1212	0.4136	0.5348	0.9569	0.0149	0.0145	0.4691	0.0001	1.4555
2024	0.1026	0.4067	0.5093	0.9546	0.0158	0.0140	0.4390	0.0001	1.4235

SOURCE: Caldwell County Tax Office

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

2024		
Taxpayer	Taxable Assessed Valuation	Percentage of Total City Taxable Assessed Valuation
Exeter 130 Cahill LP	\$ 22,125,000	1.53%
Wal-Mart Stores Texas LP	15,577,640	1.08%
Blackjack Block I LLC	11,325,860	0.78%
Economy Realty LTD	11,127,270	0.77%
Pilot-Legacy Stanton LLC	10,865,682	0.75%
LCRA Transmission Srvcs Corp	8,116,830	0.56%
Lockhart Village Partners LP	7,709,625	0.53%
Sunchase Square Apartments LLC	7,480,224	0.52%
PHX15 LLC	7,128,346	0.49%
H E Butt Grocery	6,804,414	0.47%
	\$ 108,260,891	7.48%

2015		
Taxpayer	Taxable Assessed Valuation	Percentage of Total City Taxable Assessed Valuation
Wal-Mart Stores Texas	\$ 7,200,980	1.45%
Economy Realty, LTD	7,042,310	1.42%
Lockhart DMA Housing LLC	4,439,630	0.89%
LCRA Transmission Svc. Corp	4,222,900	0.85%
Dormae Products, Inc	3,850,910	0.78%
Hazelett Drilling	2,983,460	0.60%
Lockhart Village Partners LP	2,952,585	0.59%
Pegasus Schools Inc	2,674,540	0.54%
H E Butt Grocery	2,513,360	0.51%
Tri-State Facilities Lockhart, LLC	2,403,780	0.48%
	\$ 40,284,455	8.11%

SOURCE: Municipal Advisory Council (MAC)

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

Fiscal Year	Taxes Levied for the Fiscal Year			Total Adjusted Levy	Collections within the Fiscal Year of the Levy	
	(Original Levy)	Adjustments			Amount	Percentage of Levy
2015	\$ 3,511,080	\$ (3,381)	\$	3,507,699	\$ 3,412,941	97.30%
2016	3,712,656	(4,330)		3,708,326	3,620,368	97.63%
2017	3,896,845	(18,278)		3,878,567	3,798,713	97.94%
2018	4,295,180	38,534		4,333,714	4,226,010	97.51%
2019	4,608,371	(7,833)		4,600,538	4,515,714	98.16%
2020	5,013,498	(10,968)		5,002,530	4,881,568	97.58%
2021	5,196,719	7,716		5,204,435	5,094,484	97.89%
2022	5,752,038	(4,250)		5,747,788	5,620,206	97.78%
2023	7,059,211	(20,258)		7,038,953	6,850,466	97.32%
2024	7,497,410	(31,983)		7,465,427	7,179,863	96.17%

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	
\$	82,367	\$ 3,495,308	99.65%	\$ 12,391
	75,785	3,696,153	99.67%	12,173
	66,018	3,864,731	99.64%	13,836
	93,129	4,319,139	99.66%	14,575
	70,364	4,586,078	99.69%	14,460
	98,473	4,980,041	99.55%	22,489
	74,433	5,168,917	99.32%	35,518
	63,191	5,683,397	98.88%	64,391
	47,668	6,898,134	98.00%	140,819
	-	7,179,863	96.17%	285,564

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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
2015	\$	113,918,033	\$	104,171,535	\$	9,746,498	9%	10.82	0.0202
2016		112,447,919		101,868,831		10,579,088	9%	11.32	0.0190
2017		114,910,305		104,995,443		9,914,862	9%	22.20	0.0190
2018		122,944,319		114,446,577		8,497,742	7%	22.60	0.0216
2019		122,837,459		114,115,638		8,721,821	7%	23.10	0.0216
2020		120,845,231		112,276,873		8,568,358	7%	23.10	0.0216
2021		115,850,641		107,243,944		8,606,697	7%	23.10	0.0216
2022		124,320,000		111,940,848		12,379,152	10%	23.10	0.0216
2023		126,656,586		117,417,620		9,238,966	7%	23.10	0.0216
2024		126,260,306		119,492,886		6,767,420	5%	11.32	0.0190

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

City of Lockhart, Texas

ELECTRIC RATES

Last Ten fiscal years

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Electric Rates (per KWH)					
Base Rate	\$ 10.82	\$ 11.32	\$ 22.20	\$ 22.60	\$ 23.10
Electric Usage Rate					
0 - 1,200 kwh	0.02020	0.01896	0.01896	0.02156	0.02156
1,201 +	0.02910	0.03250	0.03250	0.03510	0.03510
+ all kwh	-	0.00225	0.00225	0.00225	0.00225

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

<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
\$ 23.10	\$ 23.10	\$ 23.10	\$ 23.10	\$ 11.32
0.02156	0.02156	0.02156	0.02156	0.01896
0.03510	0.03510	0.03510	0.03510	0.03250
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

2024

Customer	Type of Business	12-Month Electric Consumption per kWh	Percent of Total Billed
MTC/LockhartCorrectional Facility	Service	3,865,080	3.23%
H.E.B. Stores	Retail	2,520,400	2.11%
Lockhart High School	Public School	2,413,240	2.02%
Pure Castings	Manufacturing	2,068,500	1.73%
Caldwell County	Government	1,276,058	1.07%
Arco Murray Construction	Construction	1,042,500	0.87%
G.B.R.A.	Service	1,208,899	1.01%
Bluebonnet Elementary	Public School	1,018,500	0.85%
Livingood Feeds	Retail	960,001	0.80%
Poco Loco, LLC	Retail	948,600	0.79%

2015

Customer	Type of Business	12-Month Electric Consumption per kWh	Percent of Total Billed
The GEO Group	Service	3,809,600	3.66%
H.E.B. Stores	Retail	2,656,400	2.55%
Caldwell County Annex	Government	1,947,300	1.87%
Dormae/Serta Products	Production	1,461,000	1.40%
Livingood Feeds	Retail	1,187,400	1.14%
Lockhart High School	Public School	1,000,000	0.96%
G.B.R.A.	Service	939,000	0.90%
Pinnacle Health	Healthcare	849,360	0.82%
Henderson Controls	Wholesale	672,960	0.65%
Bluebonnet Elementary	Public School	640,800	0.62%

Source: City records.

City of Lockhart, Texas

WATER PRODUCED AND CONSUMED AND WASTEWATER TREATED

Last Ten fiscal years

Fiscal Year	Gallons of Water Produced	Gallons of Water Consumed	Gallons of Water Unbilled	Average Percent Unbilled	Gallons of Wastewater Treated
2015	522	476	46	9%	482
2016	545	461	84	15%	487
2017	544	466	77	14%	451
2018	575	481	95	16%	399
2019	526	460	66	13%	367
2020	553	452	101	18%	373
2021	473	449	24	5%	412
2022	520	506	14	3%	381
2023	585	550	35	6%	388
2024	651	582	69	11%	529

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

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

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

2024

Customer	Type of Business	12-Month Water Consumption	Percent of Total Billed
MTC/Lockhart Correctional Facility	Private Public Safety	45,287	8.20%
D.R. Horton Homes	Construction	10,959	1.98%
Lockhart Nursing & Rehab	Healthcare	8,866	1.60%
Sunchase Square Apartments	Housing	7,212	1.31%
Lockhart Farms, Lp	Housing	7,118	1.29%
Lennar Homes	Construction	6,841	1.24%
Diversicare Corp. of America	Healthcare	5,358	0.97%
Caldwell County	Government	4,330	0.78%
Pilot-Legacy Stanton, LLC	Housing	3,983	0.72%
Plum Creek Hospitality	Hospitality Service	3,357	0.61%

2015

Customer	Type of Business	12-Month Water Consumption	Percent of Total Billed
The GEO Group	Service	60,763	13.32%
Caldwell County	Government	9,007	1.97%
Zachry Construction Company	Construction	7,679	1.68%
Pinnacle Health Facility	Healthcare	5,007	1.10%
Wal-Mart Store	Retail	3,676	0.81%
Fairway Properties	Housing	3,158	0.69%
Lockhart High School Track	Public School	2,499	0.55%
MTC/Lockhart Correctional Facility	Private Public Safety	2,407	0.53%
The Town Laundromat	Service	2,027	0.44%
Kinlock, LLC DBA McDonald's	Food Service	2,001	0.44%

City of Lockhart, Texas

WATER AND SEWER RATES

Last Ten Fiscal Years

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

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

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

<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
\$ 23.10	\$ 23.60	23.60	23.60	25.89	27.45
4.80	4.80	4.80	4.80	4.58	4.86
5.05	5.05	5.05	5.05	5.73	6.07
5.30	5.30	5.30	5.30	6.64	7.04
6.05	6.05	6.05	6.05	7.33	7.77
15.51	15.51	15.51	15.51	17.92	19.18
4.67	4.67	4.67	4.67	5.40	5.77

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

Fiscal Year	Governmental Activities						Business-type Activities	
	Certificates of Obligation	General Obligation Bonds	Tax Notes	Lease Liabilities	SBITA Liabilities	Plus: Issuance Premiums	Certificates of Obligation	General Obligation Bonds
2015	\$ 14,875,686	\$ 476,031	\$ -	\$ -	\$ -	\$ 278,388	\$ 9,089,313	\$ 2,553,969
2016	9,381,395	4,887,402	-	-	-	835,806	9,073,608	1,877,593
2017	8,794,235	4,887,052	-	-	-	774,293	8,850,765	1,762,948
2018	8,192,765	4,887,052	-	-	-	712,782	8,607,235	1,642,948
2019	7,707,775	4,681,243	-	-	-	651,271	8,352,225	1,573,757
2020	7,208,875	4,452,980	-	-	-	589,760	8,091,125	1,497,018
2021	6,691,415	4,224,718	-	332,340	-	528,249	7,823,585	1,420,278
2022	6,327,225	3,685,870	2,330,000	551,478	151,988	466,738	7,397,775	1,239,126
2023	5,944,595	3,120,828	2,025,086	399,301	140,142	405,227	6,950,407	1,049,168
2024	5,548,135	2,548,302	1,708,666	534,607	127,202	343,716	6,486,867	856,696

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

Business-type Activities							
Lease Liabilities	State Infrastructure Loan	Contractual Obligations	Tax Notes	Plus: Issuance Premiums	Total Primary Government	Percentage of Personal Income	Per Capita
\$ 1,045,473	\$ 3,314,617	\$ 3,400,000	\$ -	\$ 324,792	\$ 35,358,269	8.9%	2,787
643,534	3,166,553	3,400,000	-	500,572	33,766,463	8.4%	2,661
219,939	3,014,787	3,400,000	-	468,308	32,172,327	7.7%	2,535
104,350	2,859,227	3,400,000	-	436,047	30,842,406	6.7%	2,215
86,958	2,699,779	14,995,000	-	403,786	41,151,794	9.0%	2,955
69,566	2,536,344	22,975,000	-	371,510	47,792,178	16.3%	3,432
248,249	2,368,823	30,935,000	-	339,249	54,911,906	15.2%	3,819
174,964	2,197,114	45,120,000	1,720,000	306,988	71,669,266	18.3%	4,984
100,835	2,021,112	41,955,000	1,494,914	274,728	65,881,343	15.8%	4,396
25,850	1,840,710	40,875,000	1,261,334	242,466	62,399,551	14.1%	4,074

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

Fiscal Year	General Bonded Debt Outstanding					Debt Service Monies Available	Net Bonded Debt
	Certificates of Obligation	General Obligation Bonds	Tax Notes	Plus: Issuance Premiums	Total		
2015	\$ 14,875,686	\$ 476,031	\$ -	\$ 278,388	\$ 15,630,105	\$ 429,226	\$ 15,200,879
2016	9,381,395	4,887,402	-	835,806	15,104,603	362,919	14,741,684
2017	8,794,235	4,887,052	-	774,293	14,455,580	278,089	14,177,491
2018	8,192,765	4,887,052	-	712,782	13,792,599	285,621	13,506,978
2019	7,707,775	4,681,243	-	651,271	13,040,289	240,674	12,799,615
2020	7,208,875	4,452,980	-	589,760	12,251,615	203,016	12,048,599
2021	6,691,415	4,224,718	-	528,249	11,444,382	115,835	11,328,547
2022	6,327,225	3,685,870	2,330,000	466,738	10,479,833	-	10,479,833
2023	5,944,595	3,120,828	2,025,086	405,227	9,470,650	298,476	9,172,174
2024	5,548,135	2,548,302	1,708,666	343,716	8,440,153	787,882	7,652,271

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

Percentage of Actual Taxable Value of Property	Per Capita
3.06%	1,198
2.84%	1,162
2.66%	1,117
2.21%	1,064
2.10%	919
1.80%	865
1.55%	814
1.24%	729
0.97%	638
0.53%	500

City of Lockhart, Texas

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

September 30, 2024 (Unaudited)

	Gross Debt Outstanding		Percentage	Amount
	Date	Amount	Applicable to City	Applicable to City
Direct Debt:				
City of Lockhart	9/30/2024	\$ 10,810,628	100.00%	\$ 10,810,628
Overlapping Debt:				
Caldwell County	9/30/2024	14,010,000	30.08%	4,214,208
Lockhart Independent School District	6/30/2024	126,664,961	45.25%	57,315,895
Total Overlapping Debt		140,674,961		61,530,103
Total		\$ 151,485,589		\$ 72,340,731

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

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

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

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

Fiscal Year	(1) Population	Personal Income	(2) Per Capita Personal Income	(3) School Enrollment	(4) Unemployment Rate
2015	12,689	398,637,624	31,416	5,393	4.0%
2016	12,689	404,131,961	31,849	5,699	4.0%
2017	12,689	417,328,521	32,889	5,910	3.4%
2018	13,924	457,946,436	32,889	6,120	3.4%
2019	13,924	457,946,436	32,889	6,160	3.2%
2020	13,924	292,974,884	21,041	6,160	3.2%
2021	14,379	360,711,594	25,086	6,167	6.0%
2022	14,379	391,137,558	27,202	6,465	6.5%
2023	14,985	415,968,615	27,759	6,619	3.5%
2024	15,318	443,548,008	28,956	6,768	3.4%

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

2024

Employer	Employees	Percentage of Total City Employment
Lockhart ISD	790	7.73%
Walmart	225	2.20%
MTC (Lockhart Correctional)	175	1.71%
H.E.B Food Store	170	1.66%
Pegasus School, Inc	149	1.46%
City of Lockhart	149	1.46%
Ziegenfelder	100	0.98%
Student Transportation Specialist	85	0.83%
Pure Castings Company	75	0.73%
Fashion Glass & Mirror	70	0.69%
	1,988	19.46%

2015

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%
	1,911	9.63%

SOURCE: Municipal Advisory Council of Texas

City of Lockhart, Texas

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

Last Ten Fiscal Years

	2015	2016	2017	2018	2019
Function/Program					
General government					
City manager	3.0	4.0	4.0	5.0	5.0
City secretary	1.0	1.0	1.0	1.0	1.0
Finance	5.0	5.0	5.0	4.0	5.0
Municipal court	5.0	5.0	4.0	4.0	4.0
Library	9.0	10.0	9.0	9.0	9.0
Parks and recreation	7.0	7.0	7.0	7.0	8.0
Code enforcement	2.0	3.0	3.0	3.0	3.0
Planning and development	4.0	4.0	4.0	4.0	4.0
Public safety					
Police	25.0	25.0	28.0	30.0	29.0
Communications	8.0	9.0	9.0	10.0	9.0
Fire	16.0	18.0	15.0	14.0	14.0
Public works					
Public works	3.0	3.0	3.0	2.0	2.0
Animal control	5.0	8.0	8.0	8.0	7.0
Garage	3.0	3.0	3.0	3.0	3.0
Streets	14.0	13.0	12.0	12.0	12.0
Electric					
Utility billing	6.0	6.0	5.0	6.0	6.0
Utility distribution	9.0	9.0	9.0	8.0	9.0
Water/wastewater					
Water operations	5.0	5.0	5.0	5.0	6.0
Sewer operations	2.0	3.0	3.0	4.0	3.0
Sanitation					
Operations	1.0	2.0	2.0	2.0	2.0
Recycle					
Economic Development	2.0	1.0	2.0	2.0	2.0
Total	135	144	141	143	143

2020	2021	2022	2023	2024
5.0	4.0	4.0	4.0	4.0
1.0	1.0	1.0	1.0	1.0
5.0	5.0	5.0	5.0	4.0
4.0	4.0	3.0	3.0	2.0
9.0	6.0	6.0	6.0	6.0
8.0	8.0	9.0	5.0	9.0
3.0	3.0	3.0	3.0	5.0
4.0	4.0	4.0	4.0	3.0
27.0	29.0	31.0	22.0	27.0
9.0	10.0	10.0	7.0	6.0
13.0	13.0	15.0	14.0	17.0
2.0	2.0	2.0	2.0	2.0
6.0	6.0	7.0	6.0	8.0
3.0	4.0	4.0	4.0	4.0
12.0	12.0	12.0	10.0	10.0
6.0	6.0	6.0	6.0	5.0
9.0	9.0	10.0	8.0	9.0
6.0	6.0	5.0	5.0	5.0
3.0	4.0	4.0	2.0	3.0
2.0	2.0	2.0	1.0	2.0
	1.0	1.0	1.0	1.0
2.0	2.0	2.0	0.0	1.0
139	141	146	119	119

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

Function/Program	2015	2016	2017	2018
General government				
Building permits issued	604	647	495	444
Building inspections conducted	1,784	1,613	1,716	2,179
Public safety				
Police				
Physical arrests	398	628	596	934
Traffic violations	1,701	2,149	3,251	5,708
Fire				
Fire calls	1,564	1,386	1,501	1,356
Public works				
Streets (miles)	65	65	65	65
Culture and recreation				
Parks and recreation				
Park rental	75	91	107	73
Swimming pool				
Single admissions	7,529	8,554	8,289	6,883
Party rentals	35	50	34	32
Electric				
New connections	7	9	11	18
Average daily consumption (kwh)	285,401	279,093	287,659	313,552
Water and wastewater				
Water				
New connections/taps	62	139	56	78
Average daily consumption	1.30 mgd	1.26 mgd	1.18 mgd	1.32 mgd
Peak daily consumption	2.192 mgd	2.075 mgd	2.118 mgd	2.263 mgd
Wastewater				
Average daily sewage treatment	1.32 mgd	1.34 mgd	1.24 mgd	1.09 mgd
EMS				
Ambulance loads	2,867	2,989	3,106	3,207

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.

2019	2020	2021	2022	2023	2024
542	839	1,339	2,296	4,197	2,501
2,282	1,703	2,845	4,959	15,597	18,434
862	451	469	455	408	622
6,281	4,041	4,480	4,091	3,711	3,867
1,406	1,361	1,388	1,652	1,717	1,764
66	100	124.5	124.5	124.5	124.5
85	32	58	85	109	106
6,596	-	8,279	8,973	4,822	7,885
33	-	30	46	20	40
23	49	125	616	805	983
312,646	307,607	297,326	306,687	321,692	327,378
61	50	111	144	502	551
1.26 mgd	1.305 mgd	1.296 mgd	1.425 mgd	1.604 mgd	1.590 mgd
2.160 mgd	2.200 mgd	2.500 mgd	2.100 mgd	2.895 mgd	2.620 mgd
1.00 mgd	1.02 mgd	1.13 mgd	1.04 mgd	1.06 mgd	1.446 mgd
3,199	3,188	3,479	3,350	3,605	3,605

City of Lockhart, Texas

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM

Last Ten Fiscal Years

	2015	2016	2017	2018
Function/Program				
Public safety				
Police				
Stations	1	1	1	1
Patrol units	22	22	26	28
Fire stations	1	1	1	1
Highways and streets				
Streets (miles)	64.7	64.7	65.2	65.2
Streetlights	1,825	1,838	1,838	1,844
School zone flashers	2	2	2	2
Culture and recreation				
Acreage	115	115	115	115
Parks	10	10	10	10
Baseball/softball diamonds	6	6	6	6
Soccer fields	8	8	8	8
Swimming pools	1	1	1	1
Electric				
Electric lines (miles)	77	77	77	80
Number of distribution stations	2	2	2	2
Capacity sold (MwH)	104,172	101,869	104,995	114,447
Water and wastewater				
Water				
Water mains (miles)	87.4	87.4	92.1	92.1
Fire hydrants	660	675	685	700
Storage capacity	1.05 mgd	1.05 mgd	1.05 mgd	1.05 mgd
Wastewater				
Sanitary sewers (miles)	76	76	76	78
Storm sewers (miles)	0	0	0	0
Treatment capacity	2.6 mgd	2.6 mgd	2.6 mgd	2.6 mgd

2019	2020	2021	2022	2023	2024
1	1	1	1	1	1
29	26	31	31	31	34
2	2	2	2	2	2
65.9	100.0	124.5	124.5	124.5	124.5
1,856	1,856	1,856	1,872	1,872	1,881
2	2	2	2	2	2
115	115	115	115	115	115
10	10	10	10	10	10
6	6	6	6	6	6
8	8	8	8	8	8
1	1	1	1	1	1
80	80	82	82	82	84
2	2	2	2	2	2
114,116	112,276	107,243	111,941	117,418	117,295
93.7	100.0	100.5	100.5	105.8	105.8
729	721	721	721	877	892
1.05 mgd	1.05 mgd	1.55 mgd	1.55 mgd	1.55 mgd	1.55 mgd
79	80.6	80.8	80.8	85.8	85.8
0	0	0	0	0	0
2.6 mgd	2.6 mgd	2.6 mgd	2.6 mgd	2.6 mgd	2.6 mgd