

**CITY OF  
LOCKHART, TX**

**2025**

**ANNUAL COMPREHENSIVE  
FINANCIAL REPORT**

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FOR FISCAL YEAR ENDED  
SEPTEMBER 30, 2025



*ANNUAL COMPREHENSIVE  
FINANCIAL REPORT*

of the

**City of Lockhart, Texas**

**For the Year Ended  
September 30, 2025**

**Prepared by**

**Finance Department**



# City of Lockhart, Texas

## TABLE OF CONTENTS

September 30, 2025

	<u>Page</u>
<b>INTRODUCTORY SECTION</b>	
Letter of Transmittal	1
GFOA Certificate of Achievement for Excellence in Financial Reporting	7
Organizational Chart	8
List of Elected and Principal Officials	9
<b>FINANCIAL SECTION</b>	
Independent Auditor's Report	13
Management's Discussion and Analysis	17
<b>Basic Financial Statements:</b>	
Government-wide Financial Statements	
Statement of Net Position	30
Statement of Activities	34
Fund Financial Statements:	
Balance Sheet - Governmental Funds	36
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	37
Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds	38
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances Governmental Funds to the Statement of Activities	39
Statement of Net Position - Proprietary Funds	40
Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Funds	44
Statement of Cash Flows - Proprietary Funds	46
Fiduciary Funds Financial Statements	
Statement of Fiduciary Net Position	50
Statement of Changes in Fiduciary Net Position	51
Notes to the Financial Statements	53
<b>Required Supplementary Information:</b>	
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget (GAAP Basis) and Actual - General Fund	106
Schedule of Changes in Net Pension Liability and Related Ratios	108
Schedule of Employer Contributions to Pension Plan	110
Schedule of Changes in OPEB Liability and Related Ratios-SDBF	112
Schedule of Changes in OPEB Liability and Related Ratios-Retiree Healthcare	114
<b>Combining and Individual Fund Financial Statements and Schedules:</b>	
Combining Balance Sheet - Nonmajor Governmental Funds	120
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds	121

Combining Balance Sheet - Nonmajor Special Revenue Funds	122
Combining Statement of Revenues, Expenditures and Changes in Fund Balance - Nonmajor Special Revenue Funds	126
Combining Balance Sheet - Nonmajor Capital Projects Funds	130
Combining Statement of Revenues, Expenditures and Changes in Fund Balance - Nonmajor Capital Projects Funds	132
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual Debt Service Fund	135
Combining and Nonmajor Enterprise Funds	
Combining Schedule of Net Position - Nonmajor Enterprise Funds	138
Combining Schedule of Revenues, Expenses, and Changes in Net Position - Nonmajor Enterprise Funds	142
Combining Schedule of Cash Flows - Nonmajor Enterprise Funds	144
Combining Statement of Fiduciary Net Position	
Private-Purpose Trusts	150
Combining Statement of Changes in Fiduciary Net Position	
Private-Purpose Trusts	151
Combining Statement of Fiduciary Net Position	
Custodial Funds	152
Combining Statement of Changes in Fiduciary Net Position	
Custodial Funds	153

## STATISTICAL SECTION

### Financial Trends:

Net Position by Component	156
Changes in Net Position	158
Fund Balances of Governmental Funds	162
Changes in Fund Balances of Governmental Funds	164

### Revenue Capacity:

Tax Revenues by Source - Governmental Funds	167
Assessed Value and Estimated Actual Value of Taxable Property	168
Direct and Overlapping Property Tax Rates	170
Principal Property Taxpayers	171
Property Tax Levies and Collections	172
Electricity Purchased and Consumed	175
Electric Rates	176
Largest Electric Customers	179
Water Produced and Consumed and Wastewater Treated	180
Largest Water Customers	183
Water and Sewer Rates	184

### Debt Capacity:

Ratios of Outstanding Debt by Type	186
Ratios of Net General Bonded Debt Outstanding	188
Direct and Overlapping Governmental Activities Debt	190

### Demographic and Economic Information:

Demographic and Economic Statistics	191
Principal Employers	193

### Operating Information:

Full-Time Equivalent City Government Employees by Function	194
Operating Indicators by Function	196
Capital Asset Statistics by Function	198



***INTRODUCTORY SECTION***





March 17, 2026

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, 2025, 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, 2025. 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 18,591, 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 18,591 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 18,591 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.

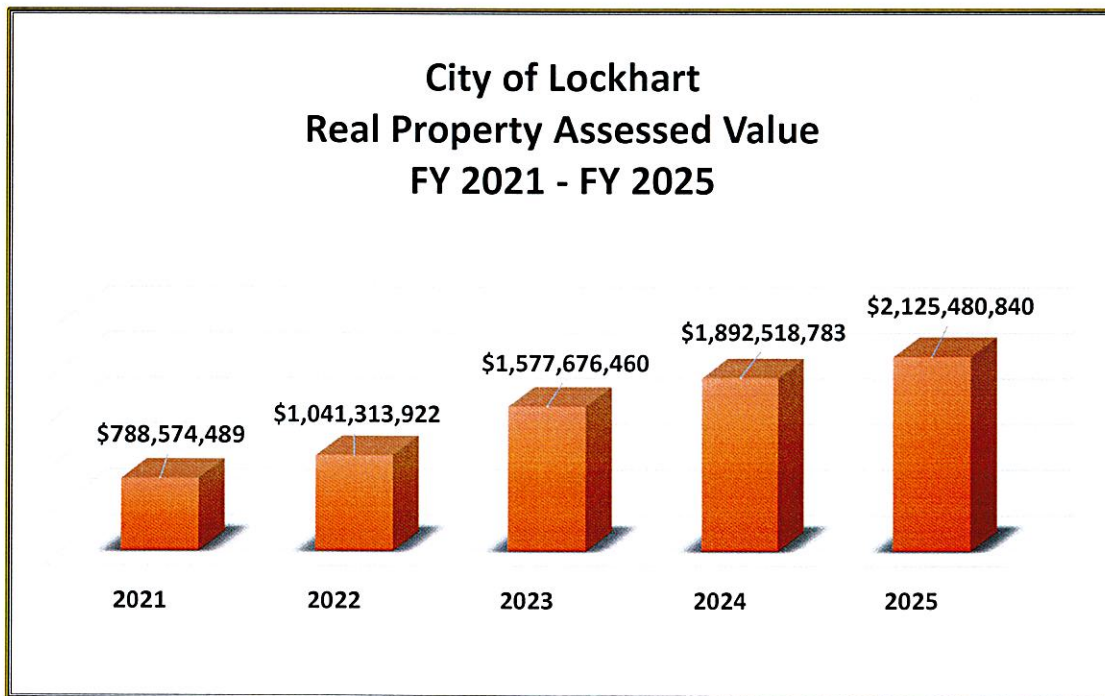
In 2020, the COVID-19 pandemic created an unprecedented situation for the City of Lockhart and for every municipality across the United States, but with it brought the passage of the Coronavirus Aid, Relief and Economic Security (CARES) Act and the Coronavirus Response and Relief Supplemental Appropriations 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. The City Council formally obligated the remaining ARPA funds in December 2024 to various projects associated with Animal Services, Library, Fire, Parks & Recreation, Police, and Public Works. The City must expend all remaining funds by December 31, 2026.

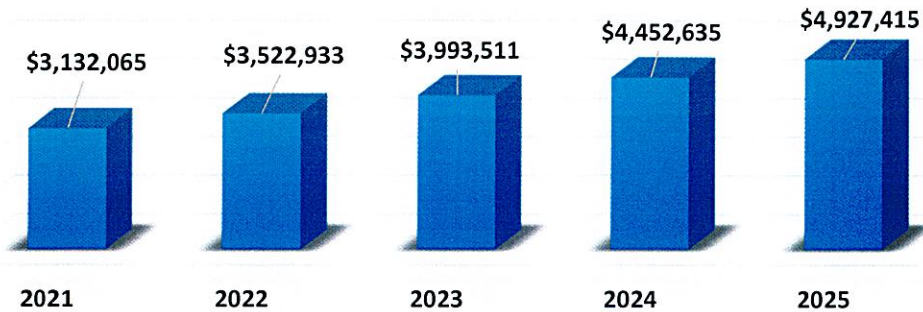
Due to the stable economy, the City of Lockhart has a credit rating of AA- from Standard and Poor's as of July 2025. Over the past 10 years, the City has experienced significant economic growth and investment. The City's population is growing at a steady rate, increasing at 29.3% over the last five years. The growth of Austin and San Antonio metro areas is spreading toward Lockhart but at a slower pace than neighboring counties.

The City experienced consistent growth in real property assessment values from Fiscal Year 2021 through 2025 (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 2025 were at an all-time high according to the City's revenue history.

**City of Lockhart and Lockhart Economic  
Development Corporation Combined  
Sales Tax Receipts (1.5%)  
FY 2021 - FY 2025**



**Long-term Financial Planning**

The City Council approved a budget that maintained the general fund balance at 36% for Fiscal Year 2025. 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. The Financial Policy is

also approved by the City Council which provides more comprehensive guidelines and internal accounting controls and procedures. The annual adoption of these policies reaffirm the City of Lockhart's commitment to strengthen our financial policies in alignment with current best practices in governmental accounting and incorporate recommendations from our annual audit review process.

### **Major Initiatives**

The City started construction on the approved historic downtown revitalization project with an anticipated completion date in Fiscal Year 2026. The City issued Certificates of Obligation in the amount of \$20,000,000 to fund various capital projects including: design and construction of the new aquatics facility, acquisition and renovation of an indoor recreation center, upgrades to the existing City Hall, land acquisition for a future police and/or fire facilities, and other improvements to existing City parks. 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 judgements by management.

### **Budgetary Controls**

Each year, on or before September 30<sup>th</sup>, the City Council adopts an annual operating budget for the ensuing fiscal year. The operating budget includes anticipated revenues and expenditures for the General Fund, Proprietary Funds, Special Revenue Funds, Debt Service Fund, Airport Fund, 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, 2024. 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 sixth 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, 2025 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,



Joseph Resendez, City Manager



Keeli Michna, Finance Director



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**City of Lockhart  
Texas**

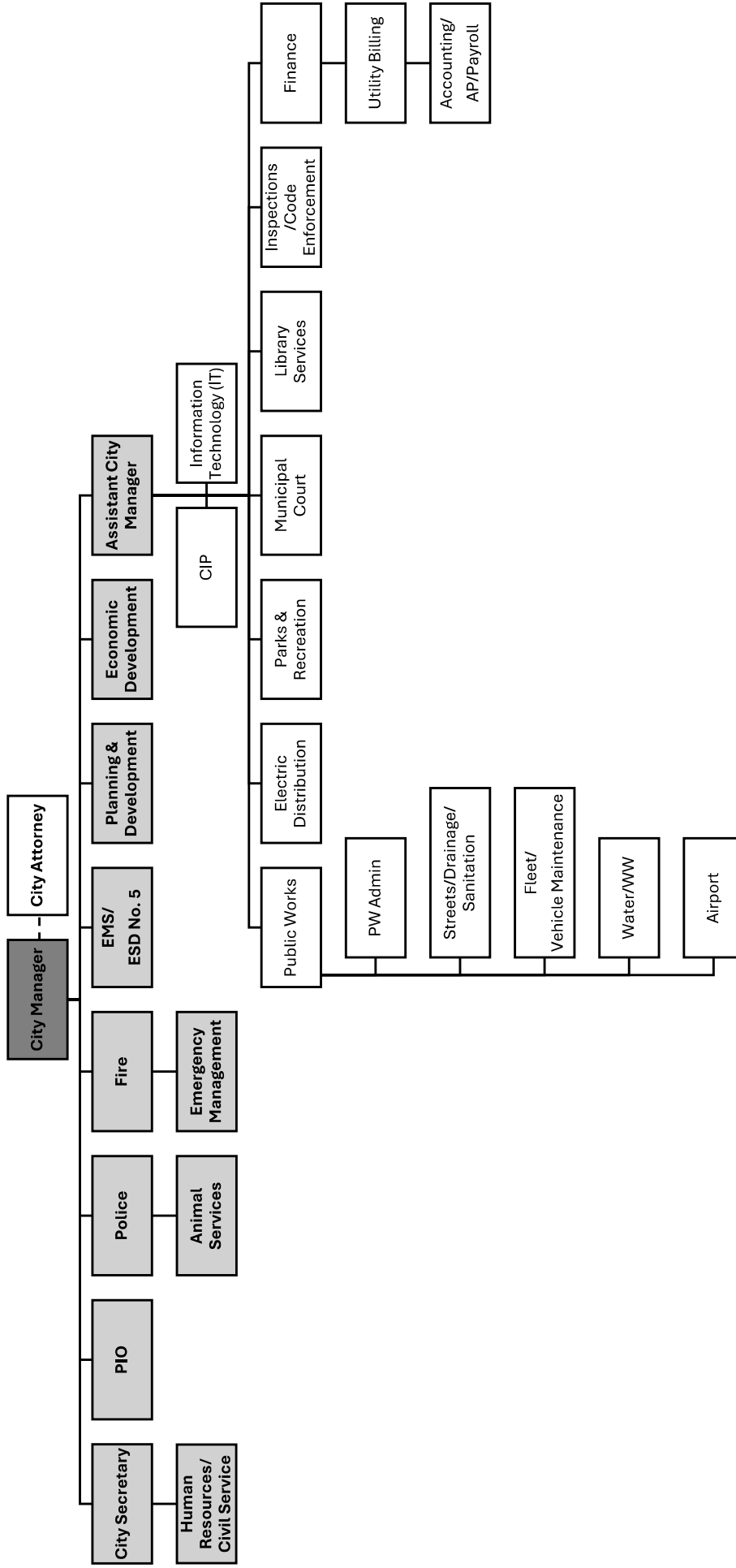
For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

September 30, 2024

*Christopher P. Morill*

Executive Director/CEO

# City of Lockhart Organizational Chart



**City of Lockhart, Texas**  
*ELECTED AND PRINCIPAL OFFICIALS*  
September 30, 2025

**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
Jeffrey 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, 2025, 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, 2025, 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 net position for the business-type activities and EMS fund to correct prior year accounting errors. In addition, the City restated beginning net position for governmental activities due to the implementation of GASB 101-Compensated Absences. Our opinion was not modified with respect to these matters.

## *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 17, 2026



# City of Lockhart, Texas

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### September 30, 2025

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, 2025. 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, 2025 by \$71,828,755. Of this amount, \$9,458,366 (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 \$2,231,199. Approximately 61% 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 \$37,128,521 at September 30, 2025, an increase of \$14,882,821 from the prior fiscal year; this includes a decrease of \$5,497,038 in the general fund, an increase of \$20,002,853 in the 2025 CO fund, and an increase of \$377,006 in the nonmajor governmental funds.
- At the end of the fiscal year, unassigned fund balance for the general fund was \$6,843,781 or 30% 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 details 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, 2025

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, of 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, 2025

The City maintains twenty-five individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balance for the general fund and 2025 CO fund which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in a separate section of the report.

The City adopts an annual appropriated budget for its general and debt service 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, 2025

### **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 \$71,828,755 as of September 30, 2025, in the primary government.

A portion of the City's net position, \$43,972,261 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 \$18,398,128 represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$9,458,366 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, 2025**

**Statement of Net Position:**

The following table reflects the condensed Statement of Net Position:

	2025			2024		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Current and						
other assets	\$ 40,334,455	\$ 22,001,344	\$ 62,335,799	\$ 24,274,785	\$ 24,844,338	\$ 49,119,123
Capital assets, net	33,616,666	67,247,447	100,864,113	27,585,771	65,094,607	92,680,378
<b>Total Assets</b>	<b>73,951,121</b>	<b>89,248,791</b>	<b>163,199,912</b>	<b>51,860,556</b>	<b>89,938,945</b>	<b>141,799,501</b>
<b>Deferred</b>						
<b>Outflows of</b>	<b>1,057,019</b>	<b>321,187</b>	<b>1,378,206</b>	<b>1,381,277</b>	<b>641,125</b>	<b>2,022,402</b>
Other liabilities	3,321,743	4,970,268	8,292,011	1,778,647	3,759,228	5,537,875
Long-term liabilities	33,464,554	50,317,728	83,782,282	14,731,018	53,257,447	67,988,465
<b>Total Liabilities</b>	<b>36,786,297</b>	<b>55,287,996</b>	<b>92,074,293</b>	<b>16,509,665</b>	<b>57,016,675</b>	<b>73,526,340</b>
<b>Deferred Inflows</b>						
<b>of Resources</b>	<b>484,363</b>	<b>190,707</b>	<b>675,070</b>	<b>313,732</b>	<b>216,818</b>	<b>530,550</b>
Net Position:						
Net investment in						
capital assets	24,274,707	19,697,554	43,972,261	18,662,311	18,379,583	37,041,894
Restricted	8,857,884	9,540,244	18,398,128	7,465,102	8,202,139	15,667,241
Unrestricted	4,604,889	4,853,477	9,458,366	10,291,023	6,764,855	17,055,878
<b>Total Net Position</b>	<b>\$ 37,737,480</b>	<b>\$ 34,091,275</b>	<b>\$ 71,828,755</b>	<b>\$ 36,418,436</b>	<b>\$ 33,346,577</b>	<b>\$ 69,765,013</b>

Current and other assets of the governmental activities increased by \$16,059,670, or 66%, primarily due to greater cash on hand resulting proceeds received from new debt issuance in the current year. Current and other assets of the business-type activities decreased by \$2,842,994, or 11%, primarily due to less cash on hand resulting from capital improvement expenditures exceeding revenues during the year. Capital assets for the primary government increased \$8,183,735, or 9%, due to capital improvements during the year. Other liabilities for the primary government increased \$2,754,136, or 50%, primarily attributable to greater payables due at the end of the current year and timing of payments. Long-term liabilities for governmental activities increased by \$18,733,536, or over 100%, which is primarily related to debt issuances in the current year. Long-term liabilities for business-type activities decreased by \$2,939,719, or 6%, primarily due to principal payments made towards debt in the current year. Total deferred outflows of the primary government decreased and total deferred inflows of the primary government increased by \$644,196 and \$144,520, respectively. These changes are strictly due to actuarial changes in the City's pension inputs over the course of the year.

**City of Lockhart, Texas**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued**  
**September 30, 2025**

**Statement of Activities:**

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

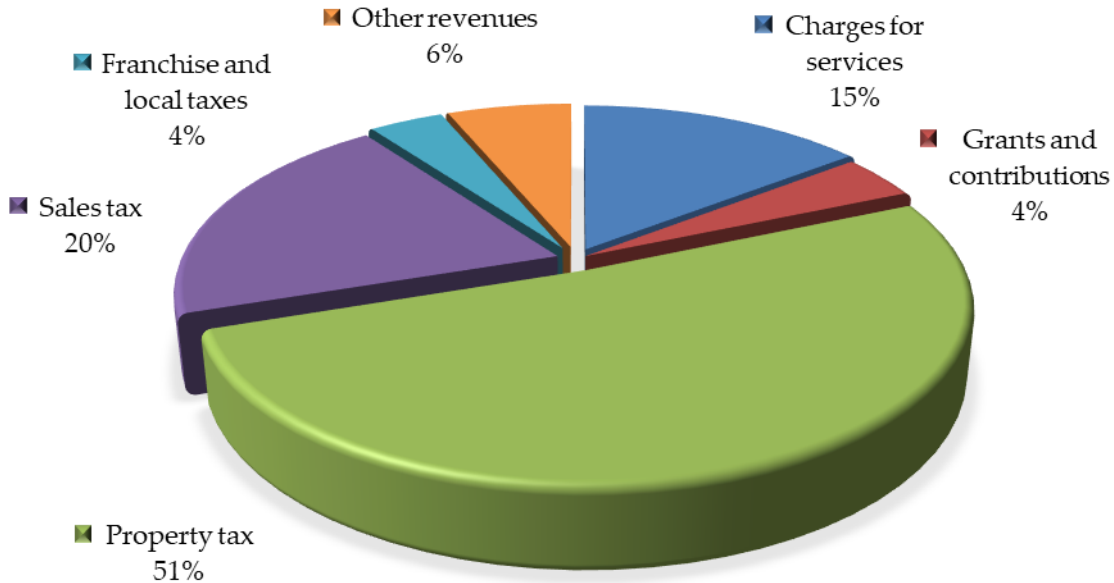
	For the Year Ended September 30, 2025			For the Year Ended September 30, 2024		
	Governmental Activities	Business-Type Activities	Total Primary Government	Governmental Activities	Business-Type Activities	Total Primary Government
<b>Revenues</b>						
Program revenues:						
Charges for services	\$ 2,381,935	\$ 29,148,395	\$ 31,530,330	\$ 3,749,190	\$ 27,803,120	\$ 31,552,310
Operating grants	532,505	-	532,505	475,639	-	475,639
Capital contributions	128,235	462,408	590,643	171,997	53,111	225,108
General revenues:						
Property tax	8,390,241	-	8,390,241	7,610,224	-	7,610,224
Sales tax	3,284,944	-	3,284,944	3,009,942	-	3,009,942
Franchise & local taxes	616,953	-	616,953	625,958	-	625,958
Investment income	937,800	1,000,060	1,937,860	1,083,776	1,131,268	2,215,044
Other revenues	93,911	112,688	206,599	86,124	106,454	192,578
<b>Total Revenues</b>	<b>16,366,524</b>	<b>30,723,551</b>	<b>47,090,075</b>	<b>16,812,850</b>	<b>29,093,953</b>	<b>45,906,803</b>
<b>Expenses</b>						
General government	2,945,892	-	2,945,892	2,383,519	-	2,383,519
Public safety	8,309,527	-	8,309,527	6,628,423	-	6,628,423
Public works	4,018,383	-	4,018,383	2,826,765	-	2,826,765
Health and welfare	38,098	-	38,098	42,956	-	42,956
Culture and recreation	1,727,577	-	1,727,577	1,632,347	-	1,632,347
Comm. development	1,257,404	-	1,257,404	1,963,799	-	1,963,799
Interest on long-term debt	745,842	1,429,409	2,175,251	348,098	1,442,071	1,790,169
Electric	-	12,559,940	12,559,940	-	11,150,785	11,150,785
Water	-	6,904,661	6,904,661	-	5,626,174	5,626,174
Wastewater	-	2,075,377	2,075,377	-	1,667,732	1,667,732
Nonmajor enterprise	-	2,846,766	2,846,766	-	4,433,842	4,433,842
<b>Total Expenses</b>	<b>19,042,723</b>	<b>25,816,153</b>	<b>44,858,876</b>	<b>15,825,907</b>	<b>24,320,604</b>	<b>40,146,511</b>
<b>Change in Net Position</b>						
<b>Before Transfers</b>	(2,676,199)	4,907,398	2,231,199	986,943	4,773,349	5,760,292
Transfers	4,162,700	(4,162,700)	-	4,044,759	(4,044,759)	-
<b>Total</b>	<b>4,162,700</b>	<b>(4,162,700)</b>	<b>-</b>	<b>4,044,759</b>	<b>(4,044,759)</b>	<b>-</b>
<b>Change in Net Position</b>	<b>1,486,501</b>	<b>744,698</b>	<b>2,231,199</b>	<b>5,031,702</b>	<b>728,590</b>	<b>5,760,292</b>
Beginning Net Position						
(restated) *	36,250,979	33,346,577	69,597,556	31,386,734	32,617,987	64,004,721
<b>Ending Net Position</b>	<b>\$ 37,737,480</b>	<b>\$ 34,091,275</b>	<b>\$ 71,828,755</b>	<b>\$ 36,418,436</b>	<b>\$ 33,346,577</b>	<b>\$ 69,765,013</b>

\* Includes restatement for New Acct. Standard GASB 101

**City of Lockhart, Texas**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued**  
**September 30, 2025**

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

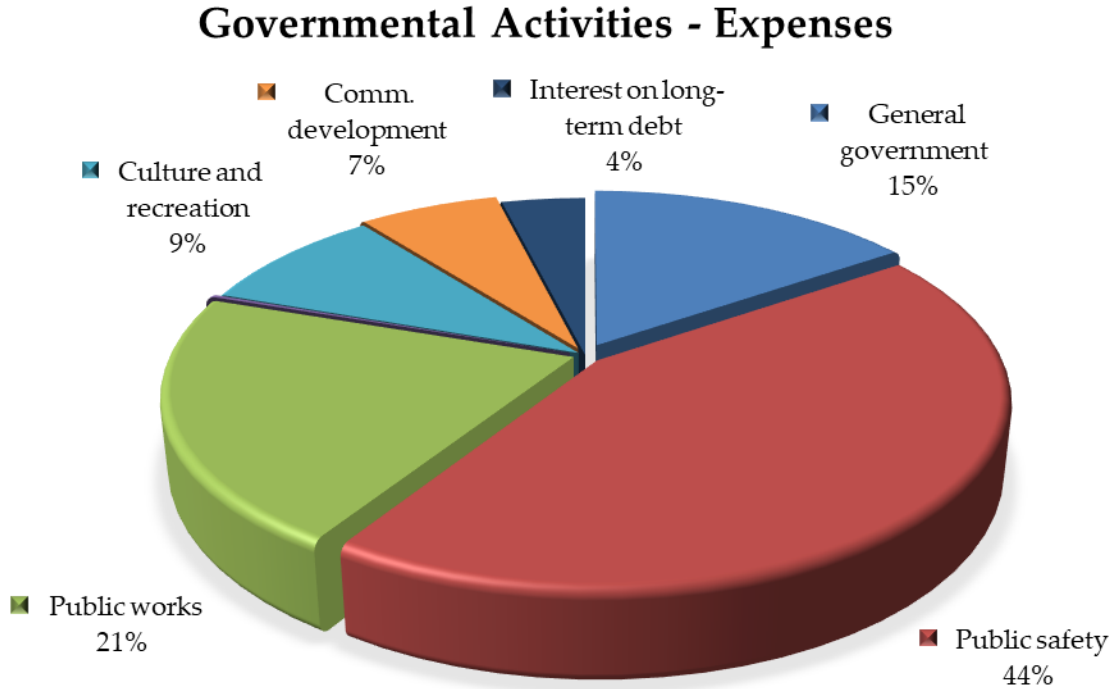
**Governmental Activities - Revenues**



For the year ended September 30, 2025, revenues from governmental activities totaled \$16,366,524. Property tax, charges for services, and sales tax are the City's largest general revenue sources. Overall revenue decreased \$446,326, or 3%, from the prior year. Charges for services decreased by \$1,367,255, or 36%, due to a decline in building and zoning permit revenue, resulting from the completion of two subdivisions in the prior year. Property taxes increased by \$780,017, or 10%, primarily due to greater appraised values and an increase in property tax rates. Sales taxes increased by \$275,002, or 9%, due to economic growth fueled by local purchases. Investment income decreased by \$145,976, or 13%, primarily due to the realization of lower interest rates during the 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, 2025**

This graph shows the governmental function expenses of the City:

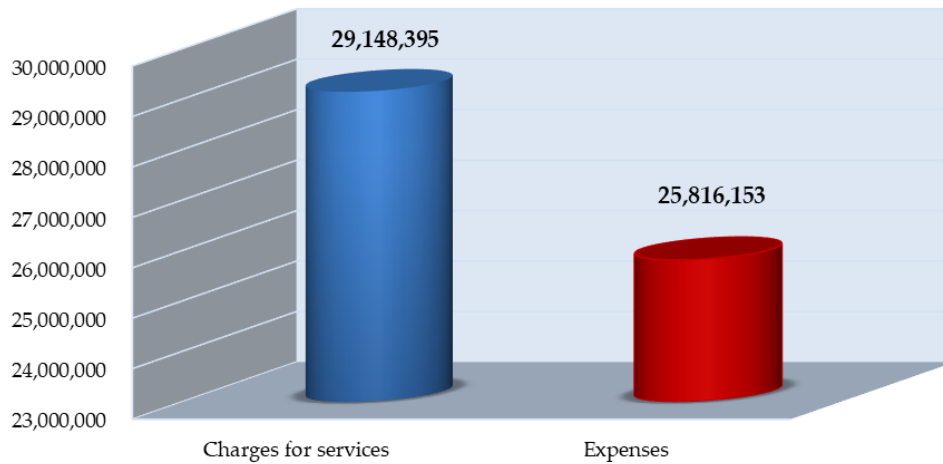


For the year ended September 30, 2025, expenses for governmental activities totaled \$19,042,723. This represents an increase of \$3,216,816, or 20%, from the prior year. The City's largest functional expense is public safety totaling \$8,309,527. Public safety increased \$1,681,104, or 25%, due to greater personnel costs resulting from vacancies being filled in the current year, greater architectural/engineering expense, and nonrecurring changes in the City's pension valuation inputs in the current year. General government expenses increased by \$562,373, or 24%, primarily due to greater personnel costs related to a full year's salary and benefits being paid in the current year to the Public Information Officer and Finance Director that was hired late in the prior year. In addition, there were greater downtown promotion expenses and architectural/engineering costs in the current year. Public works expenses increased \$1,191,618, or 42%, primarily due to nonrecurring TXDOT grant related expenses. Culture and recreation expenses increased by \$95,230, or 6%, primarily due to greater personnel costs due to new hires and market retention adjustments and nonrecurring employee benefit costs resulting from changes in the City's pension valuation inputs in the current year. Community development expenses decreased by \$706,395, or 36%, due primarily to outsourcing building and health inspection services in the current year. Interest and fiscal charges increased by \$397,744, or over 100%, primarily due to nonrecurring bond issuance costs in the current year. All other governmental activities expenses remained relatively consistent with the prior year.

**City of Lockhart, Texas**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued**  
**September 30, 2025**

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, 2025, charges for services by business-type activities totaled \$29,148,395. This represents an increase of \$1,345,275, or 5%, from the previous year, which is a direct result of greater water service rates and increased utility service consumption in the current year. Capital contributions increased by \$409,297, or over 100%, as a result of nonrecurring capital grant contributions received in the current year. Investment income decreased \$131,208, or 12%, due to the realization of lower interest rates during the year. All other revenues remained relatively consistent with the prior year.

Total business-type activity expenses increased by \$1,495,549, or 6%, to a total of \$25,816,153. Electric expenses totaled \$12,559,940, while water and wastewater operations totaled \$6,904,661 and \$2,075,377, respectively. Electric expenses increased \$1,409,155, or 13%, due to greater personnel costs, resulting from filling prior year vacancies in the current year. In addition, greater demand consumption resulted in higher wholesale power costs and credit card usage fees. Water expenses increased by \$1,278,487, or 23%, due to higher consumption and related treatment plant and GBRA costs. Wastewater expenses increased by \$407,645, or 24%, due to greater personnel costs, resulting from filling prior year vacancies in the current year. In addition, higher consumption resulted in greater treatment plant costs. Nonmajor enterprise expenses decreased by \$1,587,076, or 36%, primarily due to the sale of EMS services to Caldwell County at the end of January 2025.

**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 of Lockhart, Texas**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued**  
**September 30, 2025**

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.

At September 30, 2025, the City's governmental funds reported combined fund balances of \$37,128,521, an increase of \$14,882,821 in comparison with the prior year. Approximately 18% of this amount, \$6,653,293, 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 \$95,894 2) committed for particular purposes \$366,675 or 3) restricted for particular purposes \$30,012,659.

As of the end of the year the general fund reflected a total fund balance of \$8,929,057. Of this, \$438,280 is considered not in spendable form and committed. Restricted fund balance totaled \$1,646,996 and \$6,843,781 is unassigned. General fund balance decreased by \$5,497,038 during the current year as compared to a final budgeted increase of \$69,794. The decrease in fund balance was primarily a result of higher than expected capital expenditures and public works expenses.

As a measure of the general fund's liquidity, it may be useful to compare total unassigned fund balance to total fund expenditures. The unassigned (the amount available for spending) fund balance of the general fund of \$6,843,781 is 30% of total general fund expenditures. Overall revenue in the general fund decreased by \$190,847 when compared to the prior year. Property tax, sales tax, and charges for services showed the largest increase due to a growing local economy, greater appraisal values, and an increase in the property tax rates. General fund expenditures increased by \$7,448,148 when compared to the prior year. The largest increases were in public works and capital outlay of \$3,236,066, and \$2,979,583, respectively.

As of the end of the year the 2025 CO fund reflected a total fund balance of \$20,002,853. This fund was added in fiscal year 2025. The increase is a direct result of bond issuance proceeds recognized in the current year. There have been no expenditures recorded 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 \$4,853,477, a decrease of \$1,911,378 from the previous year. Total investment in capital assets, net of related debt was \$19,697,554, and capital assets, net of depreciation totaled \$67,206,994.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

Total budgeted revenues of \$11,551,015 were less than actual revenues of \$12,278,437, resulting in a total positive revenue variance of \$727,422. All actual revenues were greater than the budgeted amounts, with the exception of franchise and local taxes, intergovernmental and license and permits.

Total budgeted expenditures of \$15,901,212, were less than actual expenditures of \$22,503,763, resulting in a total negative expenditure variance of \$6,602,551. Actual expenditures for the current year

**City of Lockhart, Texas**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued**  
**September 30, 2025**

exceeded appropriations at the legal level of control by \$6,595,998, including transfers out. No budget amendments were made during the year.

**CAPITAL ASSETS**

As of the end of the year, the City's governmental activities funds had invested \$33,616,666 in a variety of capital assets and infrastructure, net of accumulated depreciation. The City's business-type activities funds had invested \$67,206,994 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:

- Purchased land at 120 W MLK Jr Industrial Blvd for \$236,483
- Purchased building at 120 W MLK Jr Industrial Blvd for \$1,503,430.
- Purchased Dell Powerstore 500T with touchscreen for city wide IT storage totaling \$92,850.
- Concrete slab at fire station for \$29,400.
- Purchased two 2024 Ford F150 police vehicles totaling \$108,562.
- Purchased two 2025 Ford Explorer police vehicles totaling \$110,180.
- Purchased laptops and mobile radio units for police totaling \$188,963.
- Purchased Fire Apparatus Spartan Truck for \$1,229,670.
- Purchased a 2025 Ford F-550 Super Cab 4x4 police vehicle for \$59,840.
- Purchased SCBA fill station with SCBA cylinders for \$23,125.
- Purchased two 2025 Ford F-250 for parks totaling \$100,905.
- Purchased four police vehicles totaling \$289,771 through lease financing.
- Continued Lockhart Downtown revitalization for \$3,900,737.
- Continued Fire Station 1 project for \$129,308.
- Continued animal shelter upgrade project for \$96,207.
- Began Aquatics Center project for \$143,999.
- Purchased five electrical easements totaling \$159,516.
- Continued LK 30 Ash St. copper replacement for \$324,001.
- Began Project 7 – electric system improvements totaling \$67,500.
- Continued CF 100 Clear Fork copper replacement for \$83,705.
- County Wide Alley project electric utility for \$150,000.
- Terex Hi-Ranger bucket truck for electric utility for \$271,154.
- DTK 300 (ES-12) with Kubota D1105 engine for electric utility for \$49,000.
- Purchased four water easements totaling \$113,371.
- Continued water meter replacement project for \$224,240.
- Continued Lockhart Downtown revitalization utility project for \$3,740,328.
- Began Lockhart COG-MOD waterline engineering for \$68,480.
- Purchased six wastewater easements totaling \$151,928.

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

**City of Lockhart, Texas**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS, *Continued***  
**September 30, 2025**

**LONG-TERM DEBT**

The City's outstanding bonds, tax notes, lease liabilities and certificates of obligation payable, net of all premiums, increased by \$16,711,129 from the prior year. The total bonds, leases and certificates of obligation payable at the close of the fiscal year was \$79,110,680, 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.

**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 57% since 2021 and property tax revenue has increased by 45%. Even with the 57% increase, the City continues to forecast sales tax in a conservative position. The total sales tax payments received in 2025 fiscal year equaled \$4,927,415. The City anticipates a continued increase for 2026.

Property valuations have increased due to new additions and property on the tax roll, along with the appraisal district reassessing valuations. The certified assessed taxable property valuations for the 2026 fiscal year (2025 tax roll) total \$1,659,352,251 with a tax rate of \$0.4113 per \$100 valuation for maintenance and operations and \$0.1428 per \$100 valuation for the interest and sinking fund. The total tax rate of \$0.5541.

The City's capital plan for 2025-2026 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](http://www.lockhart-tx.org).

## ***BASIC FINANCIAL STATEMENTS***

**City of Lockhart, Texas**  
**STATEMENT OF NET POSITION (Page 1 of 2)**  
**September 30, 2025**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
Current assets:			
Cash and cash equivalents	\$ 34,554,898	\$ 19,909,714	\$ 54,464,612
Receivables, net	1,625,698	5,336,629	6,962,327
Lease receivable, current	-	21,830	21,830
Internal balances	3,978,745	(3,978,745)	-
Due from component unit	79,220	-	79,220
Inventories	13,998	711,916	725,914
Prepaid and other assets	81,896	-	81,896
<b>Total Current Assets</b>	<b>40,334,455</b>	<b>22,001,344</b>	<b>62,335,799</b>
Noncurrent assets:			
Lease receivable, noncurrent	-	40,453	40,453
Capital assets:			
Non-depreciable	7,415,559	5,881,504	13,297,063
Net depreciable capital assets	26,201,107	61,325,490	87,526,597
<b>Total Noncurrent Assets</b>	<b>33,616,666</b>	<b>67,247,447</b>	<b>100,864,113</b>
<b>Total Assets</b>	<b>73,951,121</b>	<b>89,248,791</b>	<b>163,199,912</b>
<b>Deferred Outflows of Resources</b>			
Pension outflows-TMRS	948,796	251,562	1,200,358
OPEB outflows-TMRS	14,454	3,833	18,287
Deferred charge on refunding	93,769	65,792	159,561
<b>Total Deferred Outflows of Resources</b>	<b>1,057,019</b>	<b>321,187</b>	<b>1,378,206</b>

**Component  
Unit**

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**Lockhart  
EDC**

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\$ 8,496,020  
 263,968  
 -  
 -  
 -  
 -  
 10,364

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8,770,352

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-

1,049,431  
 4,212,886

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5,262,317

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14,032,669

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19,643  
 299  
 -

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19,942

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**City of Lockhart, Texas**  
**STATEMENT OF NET POSITION (Page 2 of 2)**  
**September 30, 2025**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b><u>Liabilities</u></b>			
Accounts payable	\$ 1,568,432	\$ 3,190,552	\$ 4,758,984
Accrued liabilities	732,724	206,688	939,412
Due to primary government	-	-	-
Due to other governments	41,037	-	41,037
Customer deposits	-	766,176	766,176
Compensated absences, current	783,340	143,249	926,589
Accrued interest payable	196,210	663,603	859,813
Long-term debt due in one year	1,649,355	2,303,426	3,952,781
<b>Total Current Liabilities</b>	<b>4,971,098</b>	<b>7,273,694</b>	<b>12,244,792</b>
Noncurrent liabilities:			
Net pension liability	2,980,090	790,134	3,770,224
OPEB liability-TMRS	356,269	94,464	450,733
OPEB liability-Retiree healthcare	274,824	72,866	347,690
Compensated absences	87,038	15,917	102,955
Long-term debt due in more than one year	28,116,978	47,040,921	75,157,899
<b>Total Noncurrent Liabilities</b>	<b>31,815,199</b>	<b>48,014,302</b>	<b>79,829,501</b>
<b>Total Liabilities</b>	<b>36,786,297</b>	<b>55,287,996</b>	<b>92,074,293</b>
<b><u>Deferred Inflows of Resources</u></b>			
Pension inflows	395,710	104,917	500,627
OPEB inflows-TMRS	65,063	17,252	82,315
OPEB inflows-Retiree Healthcare	23,590	6,255	29,845
Deferred inflows -lease related	-	62,283	62,283
<b>Total Deferred Inflows of Resources</b>	<b>484,363</b>	<b>190,707</b>	<b>675,070</b>
<b><u>Net Position</u></b>			
Net investment in capital assets	24,274,707	19,697,554	43,972,261
Restricted for:			
General government	679,019	-	679,019
Public safety	25,392	-	25,392
Municipal court	181,650	-	181,650
Tourism	87,496	-	87,496
Capital projects	6,119,415	9,540,244	15,659,659
Debt service	1,764,912	-	1,764,912
Economic development	-	-	-
Unrestricted	4,604,889	4,853,477	9,458,366
<b>Total Net Position</b>	<b>\$ 37,737,480</b>	<b>\$ 34,091,275</b>	<b>\$ 71,828,755</b>

See Notes to Financial Statements.

<b>Component</b>
<b>Unit</b>
<b>Lockhart</b>
<b>EDC</b>
\$ 1,275,111
-
79,220
-
-
3,021
8,708
117,172
<u>1,483,232</u>
61,697
7,376
-
336
<u>1,123,943</u>
<u>1,193,352</u>
<u>2,676,584</u>
8,193
1,347
-
-
<u>9,540</u>
4,021,202
-
-
-
-
-
-
7,345,285
-
<u>\$ 11,366,487</u>

# City of Lockhart, Texas

## STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2025

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government</b>				
<b>Governmental Activities</b>				
General government	\$ 2,945,892	\$ -	\$ 138,662	\$ -
Public safety	8,309,527	428,207	393,843	128,235
Public works	4,018,383	758,836	-	-
Health and welfare	38,098	-	-	-
Culture and recreation	1,727,577	130,306	-	-
Community development	1,257,404	1,064,586	-	-
Interest on long-term debt	745,842	-	-	-
<b>Total Governmental Activities</b>	<b>19,042,723</b>	<b>2,381,935</b>	<b>532,505</b>	<b>128,235</b>
<b>Business-Type Activities</b>				
Electric	12,559,940	14,062,850	-	-
Water	6,904,661	8,146,651	-	438,511
Wastewater	2,075,377	4,191,724	-	-
* Nonmajor enterprise	2,846,766	2,747,170	-	23,897
Interest on long-term debt	1,429,409	-	-	-
<b>Total Business-Type Activities</b>	<b>25,816,153</b>	<b>29,148,395</b>	<b>-</b>	<b>462,408</b>
<b>Total Primary Government</b>	<b>\$ 44,858,876</b>	<b>\$ 31,530,330</b>	<b>\$ 532,505</b>	<b>\$ 590,643</b>
<b>Component Units</b>				
Lockhart EDC	1,891,621	-	-	-
<b>Total Component Units</b>	<b>\$ 1,891,621</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
			<b>General Revenues:</b>	
			Taxes	
			Property taxes	
			Sales taxes	
			Franchise and local taxes	
			Investment income	
			Gain on sale of capital assets	
			Other revenues	
			Transfers	
			<b>Total General Revenues and Transfers</b>	
			<b>Change in Net Position</b>	
			Beginning Net Position, as previously reported	
			New Acct. Standard - GASB 101	
			Error correction	
			Beginning Net Position, as adjusted	
			<b>Ending Net Position</b>	

See Notes to Financial Statements.

\* Includes sanitation, airport, and EMS activities

**Net (Expense) Revenue and Changes in Net Position**

<b>Primary Government</b>			
<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>	<b>Lockhart EDC</b>
\$ (2,807,230)	\$ -	\$ (2,807,230)	\$ -
(7,359,242)	-	(7,359,242)	-
(3,259,547)	-	(3,259,547)	-
(38,098)	-	(38,098)	-
(1,597,271)	-	(1,597,271)	-
(192,818)	-	(192,818)	-
(745,842)	-	(745,842)	-
<u>(16,000,048)</u>	<u>-</u>	<u>(16,000,048)</u>	<u>-</u>
-	1,502,910	1,502,910	-
-	1,680,501	1,680,501	-
-	2,116,347	2,116,347	-
-	(75,699)	(75,699)	-
-	(1,429,409)	(1,429,409)	-
<u>-</u>	<u>3,794,650</u>	<u>3,794,650</u>	<u>-</u>
<u>(16,000,048)</u>	<u>3,794,650</u>	<u>(12,205,398)</u>	<u>-</u>
			(1,891,621)
			<u>(1,891,621)</u>
8,390,241	-	8,390,241	-
3,284,944	-	3,284,944	1,642,472
616,953	-	616,953	-
937,800	1,000,060	1,937,860	314,177
201	-	201	-
93,710	112,688	206,398	10,100
4,162,700	(4,162,700)	-	-
<u>17,486,549</u>	<u>(3,049,952)</u>	<u>14,436,597</u>	<u>1,966,749</u>
1,486,501	744,698	2,231,199	75,128
36,418,436	33,404,189	69,822,625	11,291,359
(167,457)	-	(167,457)	-
-	(57,612)	(57,612)	-
<u>36,250,979</u>	<u>33,346,577</u>	<u>69,597,556</u>	<u>11,291,359</u>
<u>\$ 37,737,480</u>	<u>\$ 34,091,275</u>	<u>\$ 71,828,755</u>	<u>\$ 11,366,487</u>

# City of Lockhart, Texas

## BALANCE SHEET

### GOVERNMENTAL FUNDS

September 30, 2025

	General	2025 CO's	Nonmajor Governmental Funds	Total Governmental Funds
<b><u>Assets</u></b>				
Cash and cash equivalents	\$ 5,991,250	\$ 20,002,853	\$ 8,560,795	\$ 34,554,898
Accounts receivable, net	1,282,642	-	343,056	1,625,698
Due from other funds	4,216,873	-	-	4,216,873
Due fom component unit	79,220	-	-	79,220
Inventories	13,998	-	-	13,998
Prepays	57,607	-	24,289	81,896
<b>Total Assets</b>	<b>\$ 11,641,590</b>	<b>\$ 20,002,853</b>	<b>\$ 8,928,140</b>	<b>\$ 40,572,583</b>
<b><u>Liabilities</u></b>				
Accounts payable	\$ 1,266,042	\$ -	\$ 302,390	\$ 1,568,432
Accrued liabilities	692,171	-	40,553	732,724
Due to other governments	41,037	-	-	41,037
Due to other funds	-	-	238,128	238,128
<b>Total Liabilities</b>	<b>1,999,250</b>	<b>-</b>	<b>581,071</b>	<b>2,580,321</b>
<b><u>Deferred Inflows of Resources</u></b>				
Unavailable revenue - property taxes	500,852	-	141,979	642,831
Unavailable revenue-fines	186,039	-	8,479	194,518
Unavailable revenue - notes receivable	26,392	-	-	26,392
<b>Total Deferred Inflows of Resources</b>	<b>713,283</b>	<b>-</b>	<b>150,458</b>	<b>863,741</b>
<b><u>Fund Balances</u></b>				
Nonspendable:				
Inventories	13,998	-	-	13,998
Prepaid items	57,607	-	24,289	81,896
Committed for:				
Sidewalks	62,266	-	-	62,266
Industrial park	304,409	-	-	304,409
Restricted for:				
Debt service	-	-	1,764,912	1,764,912
General government	583,330	-	95,689	679,019
Public safety	-	-	25,392	25,392
Municipal court	-	-	181,650	181,650
Tourism	-	-	87,496	87,496
Capital projects	1,063,666	20,002,853	6,207,671	27,274,190
Unassigned	6,843,781	-	(190,488)	6,653,293
<b>Total Fund Balances</b>	<b>8,929,057</b>	<b>20,002,853</b>	<b>8,196,611</b>	<b>37,128,521</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 11,641,590</b>	<b>\$ 20,002,853</b>	<b>\$ 8,928,140</b>	<b>\$ 40,572,583</b>

See Notes to Financial Statements.

# City of Lockhart, Texas

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

September 30, 2025

<b>Fund Balances - Total Governmental Funds</b>	\$ 37,128,521
 <b>Adjustments for the Statement of Net Position:</b>	
Capital assets used in governmental activities are not current financial resources and, therefore, not reported in the governmental funds.	
Capital assets - non-depreciable	7,415,559
Capital assets - net depreciable	26,201,107
 Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the governmental funds.	
Property tax	642,831
Fines and fees	194,518
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	(395,710)
OPEB inflows-TMRS	(65,063)
OPEB inflows-Retiree Healthcare	(23,590)
 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	948,796
OPEB outflows-TMRS	14,454
Deferred charge on refunding	93,769
 Some liabilities, including bonds payable and deferred charges, are not reported as liabilities in the governmental funds.	
Accrued interest	(196,210)
Deferred charges:	
Bond premium	(1,602,589)
Net pension liability	(2,980,090)
OPEB liability-TMRS	(356,269)
OPEB liability-Retiree healthcare	(274,824)
Compensated absences	(870,378)
Non-current liabilities due in one year	(1,649,355)
Non-current liabilities due in more than one year	(26,514,389)
<b>Net Position of Governmental Activities</b>	<b>\$ 37,737,480</b>

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, 2025

	General	2025 CO's	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues</b>				
Property tax	\$ 6,279,835	\$ -	\$ 2,160,480	\$ 8,440,315
Sales tax	3,284,944	-	-	3,284,944
Franchise and local taxes	396,051	-	220,902	616,953
Fines and forfeitures	308,495	-	32,718	341,213
License and permits	695,752	-	368,834	1,064,586
Charges for services	130,306	-	758,836	889,142
Intergovernmental	503,642	-	157,098	660,740
Investment income	585,702	-	352,098	937,800
Other revenue	93,710	-	-	93,710
<b>Total Revenues</b>	<b>12,278,437</b>	<b>-</b>	<b>4,050,966</b>	<b>16,329,403</b>
<b>Expenditures</b>				
Current:				
General government	2,511,288	-	303,532	2,814,820
Public safety	8,229,238	-	246,188	8,475,426
Public works	5,552,959	-	2,687	5,555,646
Health and welfare	28,920	-	-	28,920
Culture and recreation	1,678,071	-	1,262	1,679,333
Community development	1,238,878	-	-	1,238,878
Debt Service:				
Principal	245,900	-	1,332,622	1,578,522
Interest and fiscal charges	38,926	-	332,560	371,486
Bond issuance costs	-	278,056	-	278,056
Capital outlay	2,979,583	-	1,210,076	4,189,659
<b>Total Expenditures</b>	<b>22,503,763</b>	<b>278,056</b>	<b>3,428,927</b>	<b>26,210,746</b>
<b>Revenues Over (Under) Expenditures</b>	<b>(10,225,326)</b>	<b>(278,056)</b>	<b>622,039</b>	<b>(9,881,343)</b>
<b>Other Financing Sources (Uses)</b>				
Bond issuance	-	18,955,000	-	18,955,000
Bond premium	-	1,325,909	-	1,325,909
Lease issuance	320,354	-	-	320,354
Sale of capital assets	201	-	-	201
Transfers in	4,466,180	-	437,110	4,903,290
Transfers (out)	(58,447)	-	(682,143)	(740,590)
<b>Total Other Financing Sources</b>	<b>4,728,288</b>	<b>20,280,909</b>	<b>(245,033)</b>	<b>24,764,164</b>
<b>Net Change in Fund Balances</b>	<b>(5,497,038)</b>	<b>20,002,853</b>	<b>377,006</b>	<b>14,882,821</b>
Beg. fund balances	14,426,095	-	7,819,605	22,245,700
<b>Ending Fund Balances</b>	<b>\$ 8,929,057</b>	<b>\$ 20,002,853</b>	<b>\$ 8,196,611</b>	<b>\$ 37,128,521</b>

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, 2025

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

Net changes in fund balances - total governmental funds	\$	14,882,821
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.</p>		
Capital outlay		8,362,466
Depreciation expense		(2,331,571)
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
Property tax		(50,074)
Fines and fees		86,994
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.</p>		
Compensated absences		(125,069)
Accrued interest		(139,894)
Pension expense		(191,000)
OPEB expense-TMRS		(39,584)
OPEB expense-retiree healthcare		10,559
<p>The issuance of long-term debt (e.g., bonds, leases, certificates of obligation) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when they are first issued; whereas, these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.</p>		
Debt issuance		(18,955,000)
Debt premium		(1,325,909)
Lease issuance		(320,354)
Amortization of deferred charge on refunding		(23,442)
Amortization of premium		67,036
Principal payments		1,578,522
<b>Change in Net Position of Governmental Activities</b>	<b>\$</b>	<b><u>1,486,501</u></b>

See Notes to Financial Statements.

**City of Lockhart, Texas**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS (Page 1 of 2)**  
**September 30, 2025**

	Business-Type Activities		
	Electric	Water	Wastewater
<b><u>Assets</u></b>			
<b><u>Current Assets</u></b>			
Cash and cash equivalents	\$ 3,480,320	\$ 6,850,583	\$ 8,280,474
Accounts receivable, net	2,835,794	1,437,336	651,538
Lease receivable	-	21,830	-
Due from other funds	-	-	400,251
Inventories	711,916	-	-
<b>Total Current Assets</b>	<b>7,028,030</b>	<b>8,309,749</b>	<b>9,332,263</b>
<b><u>Noncurrent Assets</u></b>			
Lease receivable	-	40,453	-
Capital assets:			
Non-depreciable	696,449	4,498,573	493,912
Net depreciable capital assets	5,913,963	47,460,210	6,848,881
<b>Total Noncurrent Assets</b>	<b>6,610,412</b>	<b>51,999,236</b>	<b>7,342,793</b>
<b>Total Assets</b>	<b>13,638,442</b>	<b>60,308,985</b>	<b>16,675,056</b>
<b><u>Deferred Outflows of Resources</u></b>			
Pension outflows-TMRS	154,257	38,861	34,395
OPEB outflows-TMRS	2,350	592	524
Deferred loss on refunding	-	57,035	8,757
<b>Total Deferred Outflows of Resources</b>	<b>156,607</b>	<b>96,488</b>	<b>43,676</b>

See Notes to Financial Statements.

**Business-Type Activities**

<b>Business-Type Activities</b>	
<b>Nonmajor Funds</b>	<b>Total</b>
\$ 1,298,337	\$ 19,909,714
411,961	5,336,629
-	21,830
-	400,251
-	711,916
<u>1,710,298</u>	<u>26,380,340</u>
-	40,453
192,570	5,881,504
1,102,436	61,325,490
<u>1,295,006</u>	<u>67,247,447</u>
<u>3,005,304</u>	<u>93,627,787</u>
24,049	251,562
367	3,833
-	65,792
<u>24,416</u>	<u>321,187</u>

**City of Lockhart, Texas**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS (Page 2 of 2)**  
**September 30, 2025**

	<b>Business-Type Activities</b>		
	<b>Electric</b>	<b>Water</b>	<b>Wastewater</b>
<b><u>Liabilities</u></b>			
<b><u>Current Liabilities</u></b>			
Accounts payable	\$ 1,262,753	\$ 1,571,871	\$ 190,988
Accrued liabilities	177,043	-	18,668
Customer deposits	526,540	234,536	-
Compensated absences, current	61,554	44,041	17,610
Lease liabilities, current	9,125	6,642	6,651
Long-term debt, current	117,874	1,842,134	317,594
Due to other funds	2,754,165	1,609,537	15,294
Accrued interest	5,504	650,746	7,353
<b>Total Current Liabilities</b>	<b>4,914,558</b>	<b>5,959,507</b>	<b>574,158</b>
<b><u>Noncurrent Liabilities</u></b>			
Compensated absences, noncurrent	6,839	4,893	1,957
Long-term debt, noncurrent	632,556	44,809,807	1,598,558
Net pension liability	484,511	122,057	108,030
OPEB liability-TMRS	57,923	14,592	12,915
OPEB liability-retiree healthcare	44,681	11,256	9,963
<b>Total Noncurrent Liabilities</b>	<b>1,226,510</b>	<b>44,962,605</b>	<b>1,731,423</b>
<b>Total Liabilities</b>	<b>6,141,068</b>	<b>50,922,112</b>	<b>2,305,581</b>
<b><u>Deferred Inflows of Resources</u></b>			
Pension inflows-TMRS	64,335	16,208	14,345
OPEB inflows-TMRS	10,578	2,665	2,359
OPEB inflows-retiree healthcare	3,836	966	855
Deferred inflows -lease related	-	62,283	-
<b>Total Deferred Inflows of Resources</b>	<b>78,749</b>	<b>82,122</b>	<b>17,559</b>
<b><u>Net Position</u></b>			
Net investment in capital assets	5,850,862	7,244,430	5,310,662
Restricted for:			
Capital projects	167,997	4,690,826	4,681,421
Unrestricted	1,556,373	(2,534,017)	4,403,509
<b>Total Net Position</b>	<b>\$ 7,575,232</b>	<b>\$ 9,401,239</b>	<b>\$ 14,395,592</b>

See Notes to Financial Statements.

**Business-Type Activities**

<b>Nonmajor</b>			
<b>Funds</b>		<b>Total</b>	
\$	164,940	\$	3,190,552
	10,977		206,688
	5,100		766,176
	20,045		143,249
	3,406		25,824
	-		2,277,602
	-		4,378,996
	-		663,603
	<u>204,468</u>		<u>11,652,690</u>
	2,227		15,917
	-		47,040,921
	75,536		790,134
	9,034		94,464
	6,966		72,866
	<u>93,763</u>		<u>48,014,302</u>
	<u>298,231</u>		<u>59,666,992</u>
	10,029		104,917
	1,650		17,252
	598		6,255
	-		62,283
	<u>12,277</u>		<u>190,707</u>
	1,291,600		19,697,554
	-		9,540,244
	1,427,612		4,853,477
\$	<u><u>2,719,212</u></u>	\$	<u><u>34,091,275</u></u>

# City of Lockhart, Texas

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

For the Year Ended September 30, 2025

	Business-Type Activities		
	Electric	Water	Wastewater
<b><u>Operating Revenues</u></b>			
Charges for services	\$ 14,062,850	\$ 8,146,651	\$ 4,191,724
Other revenue	8,019	-	15
<b>Total Operating Revenues</b>	14,070,869	8,146,651	4,191,739
<b><u>Operating Expenses</u></b>			
Personnel services	1,639,271	487,555	414,514
Supplies	102,095	48,329	108,198
Maintenance and repairs	168,640	641,822	60,968
Contractual services	461,042	2,610,659	69,537
Power, water, and water treatment	8,620,092	1,094,347	1,096,587
Non-departmental	-	-	61,660
Miscellaneous	1,025,654	5,408	-
Depreciation and amortization	543,146	2,016,541	263,913
<b>Total Operating Expenses</b>	12,559,940	6,904,661	2,075,377
<b>Operating Income (Loss)</b>	1,510,929	1,241,990	2,116,362
<b><u>Nonoperating Revenues (Expenses)</u></b>			
Gain(loss) on sale of assets	-	-	-
Investment earnings	147,777	396,822	400,221
Interest expense	(16,691)	(1,350,667)	(61,603)
<b>Total Nonoperating Revenues (Expenses)</b>	131,086	(953,845)	338,618
<b>Income (Loss) Before Capital Contributions and Transfers</b>	1,642,015	288,145	2,454,980
<b><u>Capital Contributions and Transfers</u></b>			
Capital grants	-	438,511	-
Transfers in	-	532,787	-
Transfers (out)	(2,390,930)	(298,136)	(1,534,912)
<b>Total Capital Contributions and Transfers</b>	(2,390,930)	673,162	(1,534,912)
<b>Change in Net Position</b>	(748,915)	961,307	920,068
Beg. net position, as previously presented	8,324,147	8,439,932	13,475,524
Error correction	-	-	-
Beg. net position, as adjusted	8,324,147	8,439,932	13,475,524
<b>Ending Net Position</b>	\$ 7,575,232	\$ 9,401,239	\$ 14,395,592

See Notes to Financial Statements.

**Business-Type Activities**

<b>Nonmajor</b>	
<b>Funds</b>	<b>Total</b>
\$ 2,747,170	\$ 29,148,395
104,654	112,688
<u>2,851,824</u>	<u>29,261,083</u>
436,729	2,978,069
10,057	268,679
2,008,139	2,879,569
106,251	3,247,489
-	10,811,026
-	61,660
10,117	1,041,179
105,732	2,929,332
<u>2,677,025</u>	<u>24,217,003</u>
<u>174,799</u>	<u>5,044,080</u>
(169,741)	(169,741)
55,240	1,000,060
(448)	(1,429,409)
<u>(114,949)</u>	<u>(599,090)</u>
59,850	4,444,990
23,897	462,408
-	532,787
(471,509)	(4,695,487)
<u>(447,612)</u>	<u>(3,700,292)</u>
(387,762)	744,698
3,164,586	33,404,189
(57,612)	(57,612)
3,106,974	33,346,577
<u>\$ 2,719,212</u>	<u>\$ 34,091,275</u>

**City of Lockhart, Texas**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS (Page 1 of 2)**  
**For the Year Ended September 30, 2025**

	<b>Business-Type Activities</b>		
	<b>Electric</b>	<b>Water</b>	<b>Wastewater</b>
<b><u>Cash Flows from Operating Activities</u></b>			
Payments to employees	\$ (1,605,206)	\$ (454,015)	\$ (373,083)
Payments to suppliers	(8,016,875)	(3,571,935)	(1,891,788)
Receipts from customers	13,592,575	7,634,493	4,035,773
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>3,970,494</b>	<b>3,608,543</b>	<b>1,770,902</b>
<b><u>Cash Flows from Noncapital Financing Activities</u></b>			
Transfers in	-	532,787	-
Transfers (out)	(2,390,930)	(298,136)	(1,534,912)
<b>Net Cash Provided (Used) by Noncapital Financing</b>	<b>(2,390,930)</b>	<b>234,651</b>	<b>(1,534,912)</b>
<b><u>Cash Flows from Capital and Related Financing Activities</u></b>			
Acquisition and construction of capital assets	(1,172,016)	(3,692,874)	(165,243)
Sale of capital assets	-	-	-
Capital grants	-	438,511	-
Principal paid on capital debt	(135,822)	(1,803,601)	(321,286)
Interest paid on capital debt	(16,928)	(1,384,781)	(65,335)
<b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>	<b>(1,324,766)</b>	<b>(6,442,745)</b>	<b>(551,864)</b>
<b><u>Cash Flows from Investing Activities</u></b>			
Interest on investments	147,777	396,822	400,221
<b>Net Cash Provided by Investing Activities</b>	<b>147,777</b>	<b>396,822</b>	<b>400,221</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>402,575</b>	<b>(2,202,729)</b>	<b>84,347</b>
Beginning cash and cash equivalents	3,077,745	9,053,312	8,196,127
<b>Ending Cash and Cash Equivalents</b>	<b>\$ 3,480,320</b>	<b>\$ 6,850,583</b>	<b>\$ 8,280,474</b>

See Notes to Financial Statements.

**Business-Type Activities**

<b>Nonmajor Funds</b>	<b>Total</b>
\$ (909,162)	\$ (3,341,466)
(2,316,186)	(15,796,784)
3,618,619	28,881,460
<u>393,271</u>	<u>9,743,210</u>
-	532,787
(471,509)	(4,695,487)
<u>(471,509)</u>	<u>(4,162,700)</u>
-	(5,030,133)
341,018	341,018
23,897	462,408
(5,733)	(2,266,442)
<u>(448)</u>	<u>(1,467,492)</u>
<u>358,734</u>	<u>(7,960,641)</u>
55,240	1,000,060
<u>55,240</u>	<u>1,000,060</u>
335,736	(1,380,071)
<u>962,601</u>	<u>21,289,785</u>
<u>\$ 1,298,337</u>	<u>\$ 19,909,714</u>

**City of Lockhart, Texas**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS (Page 2 of 2)**  
**For the Year Ended September 30, 2025**

	Business-Type Activities		
	Electric	Water	Wastewater
<b><u>Reconciliation of Operating Income (Loss)</u></b>			
<b><u>to Net Cash Provided (Used) by Operating Activities</u></b>			
Operating Income (Loss)	\$ 1,510,929	\$ 1,241,990	\$ 2,116,362
Adjustments to reconcile operating income (loss) to net cash provided (used):			
Depreciation	543,146	2,016,541	263,913
<b>Changes in Operating Assets and Liabilities:</b>			
<b>(Increase) Decrease in:</b>			
Accounts receivable	(412,794)	(569,021)	(155,966)
Inventory	(24,692)	-	-
Deferred outflows:			
Pension	53,071	16,787	759
OPEB	(1,002)	(230)	(295)
<b>Increase (Decrease) in:</b>			
Accounts payable and accrued liabilities	290,258	706,934	(144,838)
Accrued interest	-	-	-
Customer deposits	(65,500)	56,863	-
Compensated absences	5,575	34,290	9,400
Due to other funds	2,095,082	121,696	(350,000)
Deferred inflows:			
Pension	27,885	6,425	8,165
OPEB	(929)	(487)	613
Net pension liability	(55,492)	(22,884)	16,468
OPEB Liability	4,957	(361)	6,321
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>\$ 3,970,494</b>	<b>\$ 3,608,543</b>	<b>\$ 1,770,902</b>

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

Lease issuance	\$ 19,275	\$ 14,485	\$ 14,503
Capital related accounts payable	\$ -	\$ (266,048)	\$ (223,146)

See Notes to Financial Statements.

**Business-Type Activities**

<b>Nonmajor</b>		
<b>Funds</b>		<b>Total</b>
\$ 174,799	\$	5,044,080
105,732		2,929,332
766,695		(371,086)
-		(24,692)
233,095		303,712
1,306		(221)
(123,078)		729,276
(10,013)		(10,013)
100		(8,537)
(12,164)		37,101
(48,531)		1,818,247
(35,179)		7,296
(11,628)		(12,431)
(594,218)		(656,126)
(53,645)		(42,728)
<u>\$ 393,271</u>	<u>\$</u>	<u>9,743,210</u>

\$ 5,863	\$	54,126
\$ -	\$	(489,194)

**City of Lockhart, Texas**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**September 30, 2025**

	<b>Private Purpose Trusts</b>	<b>Custodial Funds</b>
<b><u>Assets</u></b>		
Cash and cash equivalents	\$ 653	\$ 63,413
Prepays	-	1,211
<b>Total Assets</b>	\$ 653	\$ 64,624
<b><u>Liabilities</u></b>		
Due to others	-	30,535
<b>Total Liabilities</b>	-	30,535
<b><u>Net Position</u></b>		
Restricted for various purposes:	\$ 653	\$ 34,089
<b>Total Net Position</b>	\$ 653	\$ 34,089

See Notes to Financial Statements.

**City of Lockhart, Texas**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**For the Year Ended September 30, 2025**

	<b>Private Purpose Trusts</b>	<b>Custodial Funds</b>
<b><u>Additions</u></b>		
Investment income	\$ 30	\$ 2,940
Other revenue	-	741
<b>Total Additions</b>	30	3,681
<b>Net Change in Net Position</b>	30	3,681
Beginning Net Position	623	30,408
<b>Ending Net Position</b>	\$ 653	\$ 34,089

See Notes to Financial Statements.

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**City of Lockhart, Texas**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2025**

**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, 2025

**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, 2025.

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

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

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

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

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

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

# City of Lockhart, Texas

## NOTES TO THE FINANCIAL STATEMENTS, *Continued*

September 30, 2025

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.

### **2025 CO Fund**

The 2025 CO fund is used to account for paying contractual obligations incurred in connection with improving, constructing, equipping, acquiring, or designing the City's: (1) parks and recreation facilities, to include an aquatics center, recreation center and improving Lions Park; (2) public safety facilities, including the acquisition of land for police and fire facilities; (3) existing administration building; and (4) the payment of professional services and bond issuances costs.

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

**City of Lockhart, Texas**  
*NOTES TO THE FINANCIAL STATEMENTS, Continued*  
September 30, 2025

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, 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, 2025, 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

**City of Lockhart, Texas**  
**NOTES TO THE FINANCIAL STATEMENTS, Continued**  
**September 30, 2025**

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 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

**City of Lockhart, Texas**  
*NOTES TO THE FINANCIAL STATEMENTS, Continued*  
September 30, 2025

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 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.

**City of Lockhart, Texas**  
*NOTES TO THE FINANCIAL STATEMENTS, Continued*  
September 30, 2025

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

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

**2. Fair Value**

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

**3. Receivables and Interfund Transactions**

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

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

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

**4. Inventories and Prepaid Items**

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

**5. Restricted Assets**

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

# City of Lockhart, Texas

## NOTES TO THE FINANCIAL STATEMENTS, *Continued*

September 30, 2025

### 6. Capital Assets

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

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

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

<b>Asset Description</b>	<b>Estimated Useful Life</b>
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
Right-to-use lease assets	3 to 7 years
Right-to-use SBITA assets	10 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.

# City of Lockhart, Texas

## NOTES TO THE FINANCIAL STATEMENTS, *Continued*

September 30, 2025

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 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

# City of Lockhart, Texas

## NOTES TO THE FINANCIAL STATEMENTS, *Continued*

September 30, 2025

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.

### **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

**City of Lockhart, Texas**  
*NOTES TO THE FINANCIAL STATEMENTS, Continued*  
September 30, 2025

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.

**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

**City of Lockhart, Texas**  
*NOTES TO THE FINANCIAL STATEMENTS, Continued*  
September 30, 2025

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.

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.

# City of Lockhart, Texas

## NOTES TO THE FINANCIAL STATEMENTS, *Continued*

September 30, 2025

- The subscription term includes the noncancellable period of the SBITA.
- Subscription payments included in the measurement of the subscription liability are composed of fixed payments, variable payments fixed in substance or that depend on an index or a rate, termination penalties if the City is reasonably certain to exercise such options, subscription contract incentives receivable from the SBITA vendor, and any other payments that are reasonably certain of being required based on an assessment of all relevant factors.

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

### **13. Net Position Flow Assumption**

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

### **14. Fund Balance Flow Assumptions**

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

# City of Lockhart, Texas

## NOTES TO THE FINANCIAL STATEMENTS, *Continued*

September 30, 2025

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

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

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

### **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*

September 30, 2025

### 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

The City accounts for vacation and sick leave in accordance with the provisions of GASB Statement No. 101, Compensated Absences. Under GASB Statement No. 101, the City recognizes a liability for compensated absences for vacation leave that is attributable to services already rendered and for which the City has a present obligation to provide compensation through paid time off or cash settlement. Vacation leave is reported as a liability regardless of whether it is expected to be paid within one year. The liability for compensated absences reported in the government-wide and proprietary fund statements consist of unpaid, accumulated vacation balances. The liability has been calculated using the vesting method, in which leave amounts for both employees who currently are eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included. Vested or accumulated vacation leave and compensated leave of government-wide and proprietary funds are recognized as an expense and liability of those funds as the benefits accrue to employees.

Sick leave is considered a non-separation benefit and is recognized as a liability only to the extent it is probable that the leave will be used for qualifying absences and the amount can be reasonably estimated. Because unused sick leave is not paid upon separation from employment, the City does not record a liability for sick leave beyond amounts expected to be taken as paid absences in the future.

It is the City's policy to liquidate compensated absences with future revenues rather than with currently available expendable resources. Accordingly, the City's governmental funds recognize accrued compensated absences when it is paid.

# City of Lockhart, Texas

## NOTES TO THE FINANCIAL STATEMENTS, *Continued*

September 30, 2025

### 4. Proprietary Funds Operating and Nonoperating Revenues and Expenses

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

## II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

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

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

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

## III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) for the general, debt service, 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:

**City of Lockhart, Texas**  
*NOTES TO THE FINANCIAL STATEMENTS, Continued*  
September 30, 2025

General Fund	\$6,595,998
Debt Service Fund	\$5,245

No other funds exceeded appropriations at the legal level of control.

**A. Restricted Fund Balance**

The City records restricted fund balance on amounts with externally imposed restrictions (e.g., through debt covenants or by grantors) or restrictions imposed by law through constitutional provisions or enabling legislation. Total restricted fund balance for governmental funds was \$30,379,334, of which, \$207,042 is restricted by enabling legislation.

**B. Deficit Fund Equity**

As of September 30, 2025, three nonmajor governmental funds, court technology, radio system maintenance, and drainage, reported deficit fund balances of \$16,179, 74,105, and \$75,915, 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, 2025, 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, 2025.

**City of Lockhart, Texas**  
**NOTES TO THE FINANCIAL STATEMENTS, Continued**  
**September 30, 2025**

As of September 30, 2025, the primary government had the following investments:

<b>Investment Type</b>	<b>Value</b>	<b>Weighted Average Maturity (Years)</b>
External investment pools	\$ 53,806,973	0.12
Total value	\$ 53,806,973	
Portfolio weighted average maturity		0.12

As of September 30, 2025, the component unit had the following investments:

<b>Investment Type</b>	<b>Value</b>	<b>Weighted Average Maturity (Years)</b>
External investment pools	\$ 8,098,957	0.12
Total value	\$ 8,098,957	
Portfolio weighted average maturity		0.12

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

*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, 2025, the investment pools were rated AAAM by Standard and Poor's.

# City of Lockhart, Texas

## NOTES TO THE FINANCIAL STATEMENTS, *Continued*

September 30, 2025

*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, 2025.

*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, 2025, 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, 2025**

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:

	<b>Governmental Activities</b>				
	<b>Nonmajor</b>			<b>Total</b>	
	<b>General</b>	<b>Governmental</b>			
Property taxes	\$ 563,956	\$ 141,978		\$ 705,934	
Sales tax	527,937	-		527,937	
Other taxes	29,564	25,613		55,177	
Fines & fees	602,486	131,815		734,301	
Accounts	-	43,650		43,650	
GBRA funds	302,455			302,455	
Property liens	180,138			180,138	
Other	(262,587)	-		(262,587)	
Allowance	(661,307)	-		(661,307)	
	\$ 1,282,642	\$ 343,056		\$ 1,625,698	

	<b>Business-Type Activities</b>				
	<b>Electric</b>	<b>Water</b>	<b>Wastewater</b>	<b>Nonmajor</b>	
Accounts	\$ 3,063,733	\$ 1,520,382	\$ 704,803	\$ 431,744	\$ 5,720,662
Lease	-	62,283	-	-	62,283
EMS	-	-	-	192,008	192,008
Allowance	(227,939)	(83,046)	(53,265)	(211,791)	(576,041)
	\$ 2,835,794	\$ 1,499,619	\$ 651,538	\$ 411,961	\$ 5,398,912

The component unit receivables balance consisted entirely of sales tax.

**City of Lockhart, Texas**  
**NOTES TO THE FINANCIAL STATEMENTS, Continued**  
**September 30, 2025**

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, 2025, the lease receivable and offsetting deferred inflows amounted to \$62,283 and \$62,283, respectively. The below is the future amortization schedule for the receivable:

<b>Year ending</b>	<b>Lease Receivable</b>	
<b>September 30,</b>	<b>Principal</b>	<b>Interest</b>
2026	\$ 21,830	\$ 2,170
2027	22,719	1,281
2028	17,734	362
	\$ 62,283	\$ 3,813

**City of Lockhart, Texas**  
**NOTES TO THE FINANCIAL STATEMENTS, Continued**  
**September 30, 2025**

**C. Capital Assets**

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

	<u>Beginning Balances</u>	<u>Additions</u>	<u>Retirements/ Reclassifications</u>	<u>Ending Balances</u>
Capital assets, not being depreciated:				
Land	\$ 1,587,394	\$ 246,483	\$ -	\$ 1,833,877
Construction in progress	1,311,430	4,270,252	-	5,581,682
Total capital assets not being depreciated	<u>2,898,824</u>	<u>4,516,735</u>	<u>-</u>	<u>7,415,559</u>
Capital assets, being depreciated:				
Machinery and equipment	8,550,578	1,992,547	(6,824)	10,536,301
Buildings and improvements	14,464,576	1,532,830	-	15,997,406
Infrastructure	87,111,679	-	-	87,111,679
Right to use assets-leases	1,074,899	320,354	-	1,395,253
Right to use assets-SBITA	151,988	-	-	151,988
Total capital assets being depreciated	<u>111,353,720</u>	<u>3,845,731</u>	<u>(6,824)</u>	<u>115,192,627</u>
Less accumulated depreciation				
Machinery and equipment	7,046,152	493,023	(6,824)	7,532,351
Buildings and improvements	6,242,285	412,084	-	6,654,369
Infrastructure	72,801,316	1,141,933	-	73,943,249
Right to use assets-leases	546,622	269,332	-	815,954
Right to use assets-SBITA	30,398	15,199	-	45,597
Total accumulated depreciation	<u>86,666,773</u>	<u>2,331,571</u>	<u>(6,824)</u>	<u>88,991,520</u>
Net capital assets being depreciated	<u>24,686,947</u>	<u>1,514,160</u>	<u>-</u>	<u>26,201,107</u>
<b>Total Capital Assets</b>	<u><u>\$ 27,585,771</u></u>	<u><u>\$ 6,030,895</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 33,616,666</u></u>

Depreciation was charged to governmental functions as follows:

General government	\$ 252,595
Public safety	664,207
Public works	1,153,459
Health and welfare	9,178
Culture and recreation	252,132
<b>Total Governmental Activities Depreciation Expense</b>	<u><u>\$ 2,331,571</u></u>

**City of Lockhart, Texas**  
**NOTES TO THE FINANCIAL STATEMENTS, Continued**  
**September 30, 2025**

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

	<u>Beginning Balances</u>	<u>Additions</u>	<u>Retirements/ Reclassifications</u>	<u>Ending Balances</u>
Capital assets, not being depreciated:				
Land	\$ 574,710	\$ 424,815	\$ -	\$ 999,525
Construction in progress	1,378,115	4,518,394	(1,014,530)	4,881,979
Total capital assets not being depreciated	<u>1,952,825</u>	<u>4,943,209</u>	<u>(1,014,530)</u>	<u>5,881,504</u>
Capital assets, being depreciated:				
Machinery and equipment	8,314,651	327,349	(1,391,886)	7,250,114
Buildings and improvements	4,151,722	-	-	4,151,722
Infrastructure	50,736,165	248,769	1,014,530	51,999,464
Right to use assets-leases	348,816	54,126	-	402,942
Intangibles	44,455,000	-	-	44,455,000
Total capital assets being depreciated	<u>108,006,354</u>	<u>630,244</u>	<u>(377,356)</u>	<u>108,259,242</u>
Less accumulated depreciation				
Machinery and equipment	6,821,203	216,021	(881,127)	6,156,097
Buildings and improvements	3,329,399	14,223	-	3,343,622
Infrastructure	25,771,045	1,142,630	-	26,913,675
Right to use assets-leases	282,332	56,240	-	338,572
Intangibles	8,681,568	1,500,218	-	10,181,786
Total accumulated depreciation	<u>44,885,547</u>	<u>2,929,332</u>	<u>(881,127)</u>	<u>46,933,752</u>
Net capital assets being depreciated	63,120,807	(2,299,088)	503,771	61,325,490
<b>Total Capital Assets</b>	<u>\$ 65,073,632</u>	<u>\$ 2,644,121</u>	<u>\$ (510,759)</u>	<u>\$ 67,206,994</u>

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

Electric	\$ 543,146
Water	2,016,541
Wastewater	263,913
EMS	31,512
Sanitation	18,371
Airport	55,849
<b>Total Business-type Activities Depreciation Expense</b>	<u>\$ 2,929,332</u>

**City of Lockhart, Texas**  
**NOTES TO THE FINANCIAL STATEMENTS, Continued**  
**September 30, 2025**

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

	<u>Beginning Balances</u>	<u>Additions</u>	<u>Retirements/ Reclassifications</u>	<u>Ending Balances</u>
Capital assets, not being depreciated:				
Land	\$ 821,888	\$ -	\$ -	\$ 821,888
Construction in progress	186,194	41,349	-	227,543
Total capital assets not being depreciated	<u>1,008,082</u>	<u>41,349</u>	<u>-</u>	<u>1,049,431</u>
Capital assets, being depreciated:				
Buildings	4,477,872	27,250	-	4,505,122
Right to use assets	56,020	96,656	(56,020)	96,656
Total capital assets being depreciated	<u>4,533,892</u>	<u>123,906</u>	<u>(56,020)</u>	<u>4,601,778</u>
Less accumulated depreciation				
Buildings	292,345	90,102	-	382,447
Right to use assets	48,018	14,447	(56,020)	6,445
Total accumulated depreciation	<u>340,363</u>	<u>104,549</u>	<u>(56,020)</u>	<u>388,892</u>
Net capital assets being depreciated	<u>4,193,529</u>	<u>19,357</u>	<u>-</u>	<u>4,212,886</u>
<b>Total Capital Assets</b>	<u><u>\$ 5,201,611</u></u>	<u><u>\$ 60,706</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 5,262,317</u></u>

Depreciation was charged to the following activities as follows:

Lockhart EDC	\$ 104,549
<b>Total Depreciation Expense</b>	<u><u>\$ 104,549</u></u>

**City of Lockhart, Texas**  
**NOTES TO THE FINANCIAL STATEMENTS, Continued**  
**September 30, 2025**

**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, 2025. 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>
<b>Governmental Activities:</b>					
Bonds, notes and other payables:					
General Obligation Bonds	\$ 2,548,302	\$ -	\$ (594,978)	\$ 1,953,324	\$ 624,914
Certificates of Obligation	5,548,135	18,955,000	(412,595)	24,090,540	433,340
Tax notes	1,708,666	-	(325,049)	1,383,617	333,679
Less deferred amounts:					
For premiums	343,716	1,325,909	(67,036)	1,602,589	-
<b>Total Bonds Payable</b>	<u>10,148,819</u>	<u>20,280,909</u>	<u>(1,399,658)</u>	<u>29,030,070</u>	<u>1,391,933</u>
SBITA liabilities	127,202	-	(14,099)	113,103	15,328
Lease liabilities	534,607	320,354	(231,801)	623,160	242,094
<b>Total Governmental Activities</b>	<u>\$ 10,810,628</u>	<u>\$ 20,601,263</u>	<u>\$ (1,645,558)</u>	<u>\$ 29,766,333</u>	<u>\$ 1,649,355</u>
				<u>\$ 28,116,978</u>	
<b>Business-Type Activities:</b>					
General Obligation Bonds	\$ 856,696	\$ -	\$ (200,022)	\$ 656,674	\$ 210,086
Certificates of Obligation	6,486,867	-	(482,405)	6,004,462	506,660
Tax Notes	1,261,334	-	(239,950)	1,021,384	246,321
Less deferred amounts:					
For premiums	242,466	-	(32,260)	210,206	-
<b>Total Bonds Payable</b>	<u>8,847,363</u>	<u>-</u>	<u>(954,637)</u>	<u>7,892,726</u>	<u>963,067</u>
Lease liabilities	25,850	54,126	(54,152)	25,824	25,824
Notes payable	1,840,710	-	(184,913)	1,655,797	189,535
GBRA Obligations	40,875,000	-	(1,105,000)	39,770,000	1,125,000
<b>Total Business-Type Activities</b>	<u>\$ 51,588,923</u>	<u>\$ 54,126</u>	<u>\$ (2,298,702)</u>	<u>\$ 49,344,347</u>	<u>\$ 2,303,426</u>
				<u>\$ 47,040,921</u>	
<b>Component Unit Activities (LEDC):</b>					
Lease liabilities	\$ 8,754	\$ 96,656	\$ (14,295)	\$ 91,115	\$ 17,172
Revenue bonds	1,250,000	-	(100,000)	1,150,000	100,000
<b>Total Component Unit Activities</b>	<u>\$ 1,258,754</u>	<u>\$ 96,656</u>	<u>\$ (114,295)</u>	<u>\$ 1,241,115</u>	<u>\$ 117,172</u>
				<u>\$ 1,123,943</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. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an

# City of Lockhart, Texas

## NOTES TO THE FINANCIAL STATEMENTS, *Continued*

September 30, 2025

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, 2025, there was \$1,845,000 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, 2025, there was \$37,925,000 of obligations outstanding.

**City of Lockhart, Texas**  
**NOTES TO THE FINANCIAL STATEMENTS, Continued**  
**September 30, 2025**

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

	<b>Governmental Activities</b>	<b>Business - Type Activities</b>	<b>Total</b>
<b>General Obligation Bonds:</b>			
\$6,530,000 General Obligation Refunding Bond, Series 2016, due in annual installments through August 2028, interest at 3.6%	\$ 1,953,324	\$ 656,674	\$ 2,609,998
<b>Total General Obligation Bonds</b>	<b>\$ 1,953,324</b>	<b>\$ 656,674</b>	<b>\$ 2,609,998</b>
<b>Certificates of Obligation:</b>			
\$16,685,000 Certificates of Obligation, Series 2015, due in annual installments through August 2035 interest at 3.39%	\$ 5,135,540	\$ 6,004,462	\$ 11,140,002
\$18,955,000 Certificates of Obligation, Series 2025, due in annual installments through 2045, interest at 5%	18,955,000	-	18,955,000
<b>Total Certificates of Obligation</b>	<b>\$ 24,090,540</b>	<b>\$ 6,004,462</b>	<b>\$ 30,095,002</b>
<b>Notes Payable:</b>			
\$3,600,000 2013 State Infrastructure Bank Loan due in annual installments through June 2033, interest at 2.50%	\$ -	\$ 1,655,797	\$ 1,655,797
<b>Total Notes Payable</b>	<b>\$ -</b>	<b>\$ 1,655,797</b>	<b>\$ 1,655,797</b>
<b>Tax Notes:</b>			
\$4,050,000 Limited Tax Note, Series 2022, due in annual installments through 2029, interest at 2.61%	\$ 1,383,617	\$ 1,021,384	\$ 2,405,001
<b>Total Tax Notes</b>	<b>\$ 1,383,617</b>	<b>\$ 1,021,384</b>	<b>\$ 2,405,001</b>
<b>GBRA Obligations:</b>			
\$4,950,000 GBRA Revenue Bond, Series 2014, due in installments through 2030, interest at 3.45%	\$ -	\$ 1,845,000	\$ 1,845,000
\$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%	-	2,285,000	2,285,000
\$2,095,000 Contract Revenue Bond, Series 2018B, due in installments through 2048, interest at 3.23%	-	1,730,000	1,730,000
\$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%	-	1,470,000	1,470,000
\$8,250,000 Contract Revenue Bond, Series 2020, due in installments through 2050, interest at 2.08%	-	6,920,000	6,920,000
\$14,485,000 Contract Revenue Bond, Series 2021, due in installments through 2050, interest at 2.75%	-	12,165,000	12,165,000
<b>Total GBRA Obligations</b>	<b>\$ -</b>	<b>\$ 39,770,000</b>	<b>\$ 39,770,000</b>

**City of Lockhart, Texas**  
**NOTES TO THE FINANCIAL STATEMENTS, Continued**  
**September 30, 2025**

	<b>Governmental Activities</b>	<b>Business - Type Activities</b>	<b>Total</b>
<b>Lease Liabilities:</b>			
\$322,861 lease payable for building, due in monthly installments of \$5,315 to \$6,218 through 2027, interest at 2.61%	\$ 131,781	\$ -	\$ 131,781
\$610,998 lease payable to Enterprise Fleet, due in monthly installments of \$13,106 through 2025, interest at 1.5%	491,379	25,824	517,203
<b>Total Lease Liabilities</b>	<b>\$ 623,160</b>	<b>\$ 25,824</b>	<b>\$ 648,984</b>
<b>SBITA Liabilities:</b>			
\$64,352 SBITA payable to Eforce Records Management, due in annual installments of \$6,862 through 2031, interest at 4.5%	\$ 42,781	\$ -	\$ 42,781
\$105,777 SBITA payable to Eforce Records License, due in annual installments of \$11,966-\$14,717 through 2031, interest at 4.5%	70,322	-	70,322
<b>Total SBITA Liabilities</b>	<b>\$ 113,103</b>	<b>\$ -</b>	<b>\$ 113,103</b>
Premiums	1,602,589	210,206	1,812,795
<b>Total Debt</b>	<b>\$ 29,766,333</b>	<b>\$ 49,344,347</b>	<b>\$ 79,110,680</b>

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

	<b>Lockhart EDC</b>
<b>Sales Tax Revenue Bonds:</b>	
\$1,645,000 Sales Tax Revenue Bond, Series 2020, due in semi-annual installments through August 2035, interest at 2.47%	\$ 1,150,000
<b>Total Sales Tax Revenue Bonds</b>	<b>\$ 1,150,000</b>
<b>Lease liabilities:</b>	
\$96,656 lease payable for building, due in monthly installments of \$5,978-\$6,218 through March 2027, interest at 2.61%	\$ 91,115
<b>Total Lease Liabilities</b>	<b>\$ 91,115</b>
<b>Total Debt</b>	<b>\$ 1,241,115</b>

**City of Lockhart, Texas**  
**NOTES TO THE FINANCIAL STATEMENTS, Continued**  
**September 30, 2025**

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		2025 Tax & Rev CO		2016 GO Refunding	
	Principal	Interest	Principal	Interest	Principal	Interest
2026	\$ 433,340	\$ 164,594	\$ -	\$ 913,526	\$ 624,914	\$ 78,133
2027	447,170	151,594	95,000	947,750	647,366	53,136
2028	461,000	138,179	225,000	943,000	681,044	27,242
2029	493,270	124,349	720,000	931,750	-	-
2030	507,100	109,551	755,000	895,750	-	-
2031-2035	2,793,660	290,810	4,390,000	3,872,250	-	-
2036-2040	-	-	5,610,000	2,659,000	-	-
2041-2045	-	-	7,160,000	1,109,000	-	-
	<u>\$ 5,135,540</u>	<u>\$ 979,077</u>	<u>\$ 18,955,000</u>	<u>\$ 12,272,026</u>	<u>\$ 1,953,324</u>	<u>\$ 158,511</u>

Year ending September 30,	2022 Tax Note		Leases	
	Principal	Interest	Principal	Interest
2026	\$ 333,679	\$ 31,758	\$ 242,094	\$ 42,655
2027	339,432	22,974	198,861	25,340
2028	350,938	13,964	53,251	15,813
2029	359,568	4,692	58,920	9,602
2030	-	-	70,034	2,782
	<u>\$ 1,383,617</u>	<u>\$ 73,389</u>	<u>\$ 623,160</u>	<u>\$ 96,192</u>

Year ending September 30,	SBITA		
	Principal	Interest	Total
2026	\$ 15,328	\$ 5,090	\$ 20,418
2027	16,630	4,400	21,030
2028	18,010	3,652	21,662
2029	19,470	2,841	22,311
2030	21,015	1,965	22,980
2031	22,650	1,019	23,669
<b>Total</b>	<u>\$ 113,103</u>	<u>\$ 18,967</u>	<u>\$ 132,070</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 \$106,391.

# City of Lockhart, Texas

## NOTES TO THE FINANCIAL STATEMENTS, *Continued*

September 30, 2025

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 \$106,391.

The annual requirements to amortize the City's business-type 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
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>\$ 6,004,462</u>	<u>\$ 1,144,735</u>	<u>\$ 656,674</u>	<u>\$ 53,289</u>	<u>\$ 1,021,384</u>	<u>\$ 54,176</u>

Year ending September 30,	State Infrastructure Loan		Leases	
	Principal	Interest	Principal	Interest
2026	\$ 189,535	\$ 41,395	\$ 25,824	\$ 365
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	225,297	5,632	-	-
	<u>\$ 1,655,797</u>	<u>\$ 191,640</u>	<u>\$ 25,824</u>	<u>\$ 365</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 \$64,370.

**City of Lockhart, Texas**  
**NOTES TO THE FINANCIAL STATEMENTS, Continued**  
**September 30, 2025**

<b>Year ending September 30,</b>	<b>Guadelupa-Blanco River Authority</b>		
	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2026	\$ 1,125,000	\$ 1,121,587	\$ 1,676,666
2027	1,140,000	1,102,995	1,680,790
2028	1,165,000	1,082,839	1,678,995
2029	1,185,000	1,061,242	1,681,122
2030	1,205,000	1,038,043	1,682,354
2031-2035	4,280,000	4,958,459	1,677,396
2036-2040	5,825,000	4,473,644	1,273,454
2041-2045	9,245,000	3,401,223	1,280,093
2046-2050	10,200,000	1,823,633	1,275,529
2051-2054	4,400,000	351,721	1,280,100
	<u>\$ 39,770,000</u>	<u>\$ 20,415,385</u>	<u>\$ 15,186,498</u>

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

<b>Year ending September 30,</b>	<b>Leases</b>	
	<b>Principal</b>	<b>Interest</b>
2026	\$ 17,172	\$ 2,176
2027	18,411	1,713
2028	19,711	1,217
2029	21,078	686
2030	14,743	145
	<u>\$ 91,115</u>	<u>\$ 5,937</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 \$90,211.

<b>Year ending September 30,</b>	<b>2020 Sales Tax and Revenue</b>	
	<b>Bonds</b>	
	<b>Principal</b>	<b>Interest</b>
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
2031-2035	610,000	46,067
	<u>\$ 1,150,000</u>	<u>\$ 162,282</u>

# City of Lockhart, Texas

## NOTES TO THE FINANCIAL STATEMENTS, *Continued*

September 30, 2025

### 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.

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>	<b>Amounts Due within One Year</b>
<b>Governmental Activities:</b>					
Compensated absences	\$ 745,309	\$ 795,847	\$ (670,778)	\$ 870,378	\$ 783,340
<b>Total Governmental Activities</b>	<b>\$ 745,309</b>	<b>\$ 795,847</b>	<b>\$ (670,778)</b>	<b>\$ 870,378</b>	<b>\$ 783,340</b>
<b>Other long-term liabilities due in more than one year</b>				\$ 87,038	
<b>Business-Type Activities:</b>					
Compensated absences	\$ 122,065	\$ 146,959	\$ (109,859)	\$ 159,166	\$ 143,249
<b>Total Business-Type Activities</b>	<b>\$ 122,065</b>	<b>\$ 146,959</b>	<b>\$ (109,859)</b>	<b>\$ 159,166</b>	<b>\$ 143,249</b>
<b>Other long-term liabilities due in more than one year</b>				\$ 15,917	
<b>EDC Activities:</b>					
Compensated absences	\$ 1,587	\$ 3,198	\$ (1,428)	\$ 3,357	\$ 3,021
<b>Total Business-Type Activities</b>	<b>\$ 1,587</b>	<b>\$ 3,198</b>	<b>\$ (1,428)</b>	<b>\$ 3,357</b>	<b>\$ 3,021</b>
<b>Other long-term liabilities due in more than one year</b>				\$ 336	

### 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 \$93,769 and \$65,792, respectively. Current year amortization expense for governmental and business-type activities totaled \$23,442 and \$16,448, respectively.

**City of Lockhart, Texas**  
**NOTES TO THE FINANCIAL STATEMENTS, Continued**  
**September 30, 2025**

**I. Interfund Transactions**

The compositions of interfund advances to/from balances as of the year ended September 30, 2025 were as follows:

<b>Due to:</b>	<b>Due from:</b>		
	<b>General Fund</b>	<b>Wastewater Fund</b>	<b>Total</b>
Electric	\$ 2,727,972	\$ 26,193	\$ 2,754,165
Water	1,235,479	374,058	1,609,537
Wastewater	15,294	-	15,294
Nonmajor govt.	238,128	-	238,128
<b>Total</b>	<b>\$ 4,216,873</b>	<b>\$ 400,251</b>	<b>\$ 4,617,124</b>

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 \$79,220 to the general fund during the year.

Transfers between the primary government during the 2025 year were as follows:

<b>Transfers In:</b>	<b>Transfers Out:</b>						
	<b>General</b>	<b>Electric</b>	<b>Water</b>	<b>Wastewater</b>	<b>Nonmajor governmental</b>	<b>Nonmajor bus.-type</b>	<b>Total</b>
General	\$ -	\$ 2,390,930	\$ 298,136	\$ 755,605	\$ 550,000	\$ 471,509	\$ 4,466,180
Nonmajor govt	58,447	-	-	246,520	132,143	-	437,110
Water	-	-	-	532,787	-	-	532,787
<b>Total</b>	<b>\$ 58,447</b>	<b>\$ 2,390,930</b>	<b>\$ 298,136</b>	<b>\$ 1,534,912</b>	<b>\$ 682,143</b>	<b>\$ 471,509</b>	<b>\$ 5,436,077</b>

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, 2025

**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 938 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, 2025

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

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

### Benefits Provided

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

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

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 2024</u>	<u>Plan Year 2023</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 Retroactive Repeating	70% of CPI Repeating

# City of Lockhart, Texas

## NOTES TO THE FINANCIAL STATEMENTS, *Continued*

September 30, 2025

### Employees covered by benefit terms

At the December 31, 2024 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	114
Inactive employees entitled to but not yet receiving benefits	160
Active employees	151
Total	425

### 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 13.06% and 14.17% in calendar years 2024 and 2025, respectively. The City's contributions to TMRS for the year ended September 30, 2025, were \$1,337,697, and were equal to the required contributions.

### Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2024, 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, 2024 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50% 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, 2025

Salary increases are based on a service-related table. Mortality rates for active members are based on the PUB(10) mortality tables with 110% of the Public Safety table used for males and 100% of 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 the most recent Scale MP-2021 (with immediate convergence) to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees are used with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3.0% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence) to account for future mortality improvements subject to the 3.5% and 3% floor.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS as of December 31, 2022. They were adopted in 2023 and first used in the December 31, 2023 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, Gabriel, Roeder, Smith & Company (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, 2025

The target allocation and best estimates of real rates of return for each major asset class in fiscal year 2025 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, \$3,770,224 is related to the primary government, and \$61,697 is attributable to discretely presented component unit.

**City of Lockhart, Texas**  
**NOTES TO THE FINANCIAL STATEMENTS, Continued**  
**September 30, 2025**

**Changes in the Net Pension Liability:**

	<b>Total Pension Liability (a)</b>	<b>Plan Fiduciary Net</b>	<b>Total Net Pension</b>	<b>Primary Government</b>	<b>Component Units</b>
<b>Balance at 12/31/23</b>	\$ 43,107,349	\$ 38,291,146	\$ 4,816,203	\$ 4,738,659	\$ 77,544
Changes for the year:					
Service cost	1,370,951	-	1,370,951	1,348,877	22,074
Interest	2,881,842	-	2,881,842	2,835,442	46,400
Change in benefit terms	-	-	-	-	-
Difference between expected and actual experience	500,647	-	500,647	492,586	8,061
Changes of assumptions	-	-	-	-	-
Contributions – employer	-	1,228,027	(1,228,027)	(1,208,255)	(19,772)
Contributions – employee	-	564,178	(564,178)	(555,094)	(9,084)
Net investment income(loss)	-	3,971,631	(3,971,631)	(3,907,684)	(63,947)
Benefit payments, including refunds of emp. contributions	(2,197,725)	(2,197,725)	-	-	-
Administrative expense	-	(25,516)	25,516	25,105	411
Other changes	-	(598)	598	587	11
Net changes	2,555,715	3,539,997	(984,282)	(968,435)	(15,847)
<b>Balance at 12/31/24</b>	<b>\$ 45,663,064</b>	<b>\$ 41,831,143</b>	<b>\$ 3,831,921</b>	<b>\$ 3,770,224</b>	<b>\$ 61,697</b>

# City of Lockhart, Texas

## NOTES TO THE FINANCIAL STATEMENTS, *Continued*

September 30, 2025

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

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

1% Decrease 5.75%	Current Single Rate 6.75%	1% Increase 7.75%
\$ 9,902,176	\$ 3,770,224	\$ (1,237,174)

#### Component Unit

1% Decrease 5.75%	Current Single Rate 6.75%	1% Increase 7.75%
\$ 162,043	\$ 61,697	\$ (20,246)

#### Total

1% Decrease 5.75%	Current Single Rate 6.75%	1% Increase 7.75%
\$ 10,064,219	\$ 3,831,921	\$ (1,257,420)

### 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.tMrs.com](http://www.tMrs.com).

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

For the year ended September 30, 2025, the City recognized pension expense of \$1,166,262. Of this amount, \$1,147,484 is related to the primary government and \$18,778 is attributable to the discretely presented component unit.

**City of Lockhart, Texas**  
**NOTES TO THE FINANCIAL STATEMENTS, Continued**  
**September 30, 2025**

At September 30, 2025, the City reported deferred outflows and inflows of resources related to pensions from the following sources:

	<b>Deferred</b>	<b>Deferred</b>
	<b>Outflows of Resources</b>	<b>(Inflows) of Resources</b>
<b>Primary Government:</b>		
Difference between projected and actual investment earnings	\$ -	\$ (372,985)
Change in assumptions	-	(127,642)
Differences between expected and actual economic experience	251,681	-
Contributions subsequent to the measurement date	948,677	-
<b>Component Units:</b>		
Difference between projected and actual investment earnings	-	(6,104)
Change in assumptions	-	(2,089)
Differences between expected and actual economic experience	4,119	-
Contributions subsequent to the measurement date	15,524	-
<b>Total</b>	<b>\$ 1,220,001</b>	<b>\$ (508,820)</b>

The primary government and component units reported \$948,677 and \$15,524, 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, 2026.

# City of Lockhart, Texas

## NOTES TO THE FINANCIAL STATEMENTS, *Continued*

September 30, 2025

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
2025	\$ 40,377	\$ 661	\$ 41,038
2026	588,060	9,623	597,683
2027	(604,451)	(9,891)	(614,342)
2028	(272,933)	(4,466)	(277,399)
2029	-	-	-
Thereafter	-	-	-
	\$ (248,946)	\$ (4,074)	\$ (253,020)

### E. Other Postemployment Benefits

#### Supplemental Death Benefits Fund

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

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

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

# City of Lockhart, Texas

## NOTES TO THE FINANCIAL STATEMENTS, *Continued*

September 30, 2025

### Employees covered by benefit terms

At the December 31, 2024 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	78
Inactive employees entitled to but not yet receiving benefits	27
Active employees	151
<b>Total</b>	<b>256</b>

The City's contributions to the TMRS SDBF for the years ended 2025, 2024, and 2023 were \$16,715, \$15,319, and \$10,839, 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
2023	0.15%	0.15%	100.0%
2024	0.18%	0.18%	100.0%
2025	0.17%	0.17%	100.0%

### Total OPEB Liability

The City's Postemployment Benefits Other Than Pensions Liability (OPEB) was measured as of December 31, 2024, 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, 2024 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50% per year
Overall payroll growth	3.60% to 11.85%, including inflation per year
Discount rate	4.08%
Retirees' share of benefit-related costs	\$0
Administrative expenses	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68

# City of Lockhart, Texas

## NOTES TO THE FINANCIAL STATEMENTS, *Continued*

September 30, 2025

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct 2019 Municipal Retirees of Texas Mortality Tables. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence) to account for future mortality improvements. For disabled annuitants, the mortality tables for healthy retirees are used with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females. The rates are projected on a fully generational basis by the most recent Scale MP=2021 (with immediate convergence) to account for future mortality improvements subject to the 3.5% and 3% floor.

### Discount Rate:

The discount rate used to measure the Total OPEB Liability was 4.08%. The discount rate was based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2024.

### 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 4.08%, 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 (3.08%) or 1-percentage-point higher (5.08%) than the current rate:

1% Decrease 3.08%	Current Single Rate 4.08%	1% Increase 5.08%
\$ 538,906	\$ 458,109	\$ 394,210

### Changes in the Total OPEB Liability:

	Total OPEB Liability
<b>Balance at 12/31/23</b>	\$ 448,005
Changes for the year:	
Service Cost	18,809
Interest	16,925
Difference between expected and actual experience	14,161
Changes of assumptions	(22,866)
Benefit payments	(16,925)
Net changes	10,104
<b>Balance at 12/31/24</b>	<b>\$ 458,109</b>

# City of Lockhart, Texas

## NOTES TO THE FINANCIAL STATEMENTS, *Continued*

September 30, 2025

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

For the year ended September 30, 2025, the City recognized OPEB expense for the SDBF of \$10,205. Total aggregate OPEB expense was \$24,333 including the healthcare benefit OPEB discussed in the subsequent section.

At September 30, 2025, the City reported deferred outflows and inflows of resources related to the OPEB liability from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred (Inflows) of Resources</b>
Difference between expected and actual experience	\$ 7,017	\$ -
Changes in assumptions and other inputs	-	(83,662)
Contributions subsequent to measurement date	11,569	-
<b>Total</b>	<b>\$ 18,586</b>	<b>\$ (83,662)</b>

The City reported \$11,569 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, 2026.

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

<b>Year ended December 31:</b>	
2026	\$ (34,567)
2027	(35,186)
2028	(5,807)
2029	(1,085)
2030	-
Thereafter	-
	<b>\$ (76,645)</b>

# City of Lockhart, Texas

## NOTES TO THE FINANCIAL STATEMENTS, *Continued*

September 30, 2025

### 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 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, 2025 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

# City of Lockhart, Texas

## NOTES TO THE FINANCIAL STATEMENTS, *Continued*

September 30, 2025

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, 2025.

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	2.50%
Salary Growth	3.50%
Healthcare Cost Trend Rate (Initial/Ulimate)	4.50% for medical

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:

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

### 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.

# City of Lockhart, Texas

## NOTES TO THE FINANCIAL STATEMENTS, *Continued*

September 30, 2025

### 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:

<b>1% Decrease</b>	<b>Current Single Rate</b>	<b>1% Increase</b>
<b>3.06%</b>	<b>4.06%</b>	<b>5.06%</b>
\$ 325,545	\$ 347,690	\$ 371,682

### Healthcare Cost Trend

<b>1% Decrease</b>	<b>Current Healthcare</b>	<b>1% Increase</b>
<b>3.50%</b>	<b>Cost Trend 4.50%</b>	<b>5.50%</b>
\$ 322,091	\$ 347,690	\$ 376,659

### Changes in the Total OPEB Liability

	<b>Total OPEB Liability</b>
<b>Balance at 9/30/2023</b>	\$ 353,551
Changes for the year:	
Service Cost	5,631
Interest	14,064
Benefit payments	(25,557)
Net changes	(5,861)
<b>Balance at 9/30/2024</b>	\$ 347,690

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

For the year ended September 30, 2025, the City recognized OPEB expense for the health benefit plan of \$14,128.

**City of Lockhart, Texas**  
**NOTES TO THE FINANCIAL STATEMENTS, Continued**  
**September 30, 2025**

At September 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to the OPEB liability from the following sources:

	<b>Deferred Inflows of Resources</b>
Difference between expected and actual experience	\$ (14,723)
Change in assumptions	(15,122)
<b>Total</b>	<b>\$ (29,845)</b>

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

<b>Year ended September 30:</b>	
2026	\$ (8,156)
2027	(12,208)
2028	(7,759)
2029	(1,722)
2030	-
Thereafter	-
	<b>\$ (29,845)</b>

**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, 2025:

\$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

**City of Lockhart, Texas**  
**NOTES TO THE FINANCIAL STATEMENTS, Continued**  
**September 30, 2025**

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 net position for the EMS fund and business-type activities to adjust prior year accrued payables. In addition, the City restated beginning net position for the governmental activities to account for the new acct. standard – GASB 101, *Compensated Absences*. The restatements are as follows:

	<u>Governmental Activities</u>	<u>Buisness-Type Activities</u>	<u>Business-Type Nonmajor</u>
Prior year ending net position, as reported	\$ 36,418,436	\$ 33,404,189	3,164,586
Restatements for accrued payables	-	(57,612)	(57,612)
Restatements for new acct. standard- GASB 101, <i>Compensated Absences</i>	(167,457)	-	-
Restated beginning net position	<u>\$ 36,250,979</u>	<u>\$ 33,346,577</u>	<u>\$ 3,106,974</u>

**H. New Accounting Pronouncements**

The City adopted GASB 101, *Compensated Absences* during the year. The goal of the standard is to create a more consistent model for accounting for compensated absences that can be applied to all types of compensated absence arrangements.

The new guidance introduces three criteria for recording a liability in financial statements prepared using the economic resources measurement focus (often referred to as a “full accrual” basis). A liability should be recognized for leave that has not been used if all of the following are true:

- The leave is attributable to services already rendered.
- The leave accumulates.
- The leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means (likelihood of more than 50 percent).

This standard was applied retroactively and resulted in a sick leave liability of \$129,883 as of September 30, 2025.

**City of Lockhart, Texas**  
*NOTES TO THE FINANCIAL STATEMENTS, Continued*  
September 30, 2025

**I. Related Party Transactions**

During the year ended September 30, 2025, 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. Sale of EMS Assets**

In January 2025, the City entered into an Asset Purchase and Sale Agreement with Caldwell County Emergency Services District No. 5 to transfer ownership of Emergency Medical Services (EMS) operational assets.

Under the agreement, the City agreed to sell specified EMS-related personal property, including ambulances, vehicles, and medical equipment, for a total purchase price of \$381,018, payable at closing on January 31, 2025.

In addition to the purchase price, the buyer will assume and pay directly to the vendor the remaining balance of \$217,975 related to one ambulance (Medic 6). Medicine and consumable supplies on hand as of February 1, 2025 will be purchased separately at a price to be determined at that time.

The transaction represents a sale of assets only. The ESD did not assume any other liabilities of the City related to EMS operations. Both parties provided customary representations and warranties, and indemnification provisions are included in the agreement.

**K. Subsequent Events**

There were no subsequent events through March 17, 2026, the date the financial statements were issued.

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***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, 2025

	<u>Original &amp; Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b><u>Revenues</u></b>			
Property tax	\$ 5,885,600	\$ 6,279,835	\$ 394,235
Sales tax	3,006,935	3,284,944	278,009
Franchise and local taxes	401,631	396,051	(5,580)
License and permits	891,630	308,495	(583,135)
Charges for services	91,800	695,752	603,952
Intergovernmental	617,969	130,306	(487,663)
Fines and forfeitures	251,500	503,642	252,142
Investment income	350,000	585,702	235,702
Other revenue	53,950	93,710	39,760
<b>Total Revenues</b>	<u>11,551,015</u>	<u>12,278,437</u>	<u>727,422</u>
<b><u>Expenditures</u></b>			
Current:			
General government	2,057,344	2,511,288	(453,944)
Public safety	8,201,757	8,229,238	(27,481)
Public works	2,211,318	5,552,959	(3,341,641)
Health and welfare	15,894	28,920	(13,026)
Culture and recreation	1,518,803	1,678,071	(159,268)
Community development	1,896,096	1,238,878	657,218
Debt Service:			
Principal	-	245,900	(245,900)
Interest and fiscal charges	-	38,926	(38,926)
Capital outlay	-	2,979,583	(2,979,583)
<b>Total Expenditures</b>	<u>15,901,212</u>	<u>22,503,763</u>	<u>(6,602,551) *</u>
<b>Revenues Over (Under) Expenditures</b>	<u>(4,350,197)</u>	<u>(10,225,326)</u>	<u>(5,875,129)</u>

# 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, 2025**

	<u>Original &amp; Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b><u>Other Financing Sources (Uses)</u></b>			
Lease issuance	\$ -	\$ 320,354	\$ 320,354
Sale of assets	25,000	201	(24,799)
Transfers in	4,459,991	4,466,180	6,189
Transfers (out)	(65,000)	(58,447)	6,553
<b>Total Other Financing Sources (Uses)</b>	<u>4,419,991</u>	<u>4,728,288</u>	<u>308,297</u> *
<b>Net Change in Fund Balance</b>	<u>\$ 69,794</u>	<u>(5,497,038)</u>	<u>\$ (5,566,832)</u>
Beginning fund balance		<u>14,426,095</u>	
<b>Ending Fund Balance</b>		<u>\$ 8,929,057</u>	

Notes to Required Supplementary Information

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

	<u>12/31/2024</u>	<u>12/31/2023</u>	<u>12/31/2022</u>	<u>12/31/2021</u>
Total pension liability				
Service cost	\$ 1,370,951	\$ 1,003,200	\$ 1,019,640	\$ 1,005,010
Interest	2,881,842	2,800,841	2,695,766	2,527,075
Differences between expected and actual experience	500,647	(193,699)	57,152	850,154
Changes of assumptions	-	(414,853)	-	-
Benefit payments, including refunds of participant contributions	(2,197,725)	(2,160,970)	(2,254,366)	(1,526,480)
<b>Net change in total pension liability</b>	<u>2,555,715</u>	<u>1,034,519</u>	<u>1,518,192</u>	<u>2,855,759</u>
<b>Total pension liability - beginning</b>	<u>43,107,349</u>	<u>42,072,830</u>	<u>40,554,638</u>	<u>37,698,879</u>
<b>Total pension liability - ending (a)</b>	<u>\$ 45,663,064</u>	<u>\$ 43,107,349</u>	<u>\$ 42,072,830</u>	<u>\$ 40,554,638</u>
<b>Plan fiduciary net position</b>				
Contributions - employer	\$ 1,228,027	\$ 958,429	\$ 953,882	\$ 950,147
Contributions - members	564,178	455,310	464,176	457,169
Net investment income	3,971,631	4,048,327	(2,821,822)	4,474,872
Benefit payments, including refunds of participant contributions	(2,197,725)	(2,160,970)	(2,254,366)	(1,526,480)
Administrative expenses	(25,516)	(25,782)	(24,426)	(20,710)
Other	(598)	(180)	29,148	142
<b>Net change in plan fiduciary net position</b>	<u>3,539,997</u>	<u>3,275,134</u>	<u>(3,653,408)</u>	<u>4,335,140</u>
<b>Plan fiduciary net position - beginning</b>	<u>38,291,146</u>	<u>35,016,012</u>	<u>38,669,420</u>	<u>34,334,280</u>
<b>Plan fiduciary net position - ending (b)</b>	<u>\$ 41,831,143</u>	<u>\$ 38,291,146</u>	<u>\$ 35,016,012</u>	<u>\$ 38,669,420</u>
<b>Fund's net pension liability - ending (a) - (b)</b>	<u>\$ 3,831,921</u>	<u>\$ 4,816,203</u>	<u>\$ 7,056,818</u>	<u>\$ 1,885,218</u>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	91.61%	88.83%	83.23%	95.35%
<b>Covered payroll</b>	\$ 9,402,959	\$ 7,588,505	\$ 7,736,270	\$ 7,619,481
<b>Fund's pension liability as a percentage of covered payroll</b>	40.75%	63.47%	91.22%	24.74%

<u>12/31/2020</u>	<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>
\$ 961,008	\$ 908,475	\$ 861,176	\$ 803,650	\$ 809,909	\$ 755,292
2,392,058	2,267,377	2,158,275	2,050,665	1,924,544	1,840,606
193,047	(28,525)	(144,312)	(95,374)	213,804	541,546
-	94,975	-	-	-	143,888
<u>(1,609,242)</u>	<u>(1,233,643)</u>	<u>(1,331,302)</u>	<u>(1,055,658)</u>	<u>(1,097,681)</u>	<u>(1,084,811)</u>
1,936,871	2,008,659	1,543,837	1,703,283	1,850,576	2,196,521
35,762,008	33,753,349	32,209,512	30,506,229	28,655,653	26,459,132
<u>\$ 37,698,879</u>	<u>\$ 35,762,008</u>	<u>\$ 33,753,349</u>	<u>\$ 32,209,512</u>	<u>\$ 30,506,229</u>	<u>\$ 28,655,653</u>
\$ 933,321	\$ 884,655	\$ 848,460	\$ 779,767	\$ 708,591	\$ 721,903
437,153	408,304	385,314	358,239	358,731	352,824
2,439,599	4,299,655	(862,453)	3,497,425	1,599,743	34,935
(1,609,242)	(1,233,643)	(1,331,302)	(1,055,658)	(1,097,681)	(1,084,811)
(15,791)	(24,299)	(16,669)	(18,124)	(18,076)	(21,283)
(616)	(730)	(872)	(918)	(974)	(1,051)
<u>2,184,424</u>	<u>4,333,942</u>	<u>(977,522)</u>	<u>3,560,731</u>	<u>1,550,334</u>	<u>2,517</u>
32,149,856	27,815,914	28,793,436	25,232,705	23,682,371	23,679,854
<u>\$ 34,334,280</u>	<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>\$ 3,364,599</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>
91.08%	89.90%	82.41%	89.39%	82.71%	82.64%
\$ 7,285,883	\$ 6,805,058	\$ 6,421,896	\$ 5,970,653	\$ 5,937,749	\$ 5,730,595
46.18%	53.08%	92.46%	57.21%	88.81%	86.78%

# City of Lockhart, Texas

## SCHEDULE OF EMPLOYER CONTRIBUTIONS TO PENSION PLAN

Years Ended:

	9/30/2025	9/30/2024	9/30/2023	9/30/2022
Actuarially determined employer contributions	\$ 1,337,697	\$ 1,152,717	\$ 944,606	\$ 946,174
Contributions in relation to the actuarially determined contribution	\$ 1,337,697	\$ 1,152,717	\$ 944,606	\$ 946,174
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Annual covered payroll	\$ 9,664,369	\$ 8,904,053	\$ 7,533,848	\$ 7,648,561
Employer contributions as a percentage of covered payroll	13.84%	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	21 years (longest amortization ladder)
Asset Valuation Method	10 Year smoothed fair value; 12% soft corridor
Inflation	2.50%
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. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates are projected on a fully generational basis with the most recent Scale MP-2021 (with immediate convergence). Pre-retirement: PUB(10) mortality tables, with the 110% of the Public Safety table used for males and the 100% of the General Employee table used for females. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence)

**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>
\$ 941,155	\$ 896,545	\$ 872,807	\$ 829,948	\$ 754,327	\$ 734,637
<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>\$ -</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
12.56%	12.86%	13.05%	13.17%	12.76%	11.99%

# 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:

	<sup>1</sup> 12/31/2024	12/31/2023	12/31/2022	12/31/2021
Total OPEB liability				
Service cost	\$ 18,809	\$ 13,659	\$ 29,398	\$ 28,954
Interest	16,925	16,846	10,714	10,983
Differences between expected and actual experience	14,161	(7,404)	7,532	(13,022)
Changes of assumptions	(22,866)	21,476	(195,401)	16,765
Benefit payments	(16,925)	(11,382)	(10,057)	(11,429)
<b>Net changes</b>	<u>10,104</u>	<u>33,195</u>	<u>(157,814)</u>	<u>32,251</u>
<b>Total OPEB liability - beginning</b>	<u>448,005</u>	<u>414,810</u>	<u>572,624</u>	<u>540,373</u>
<b>Total OPEB liability - ending</b>	<sup>2</sup> <u>\$ 458,109</u>	<u>\$ 448,005</u>	<u>\$ 414,810</u>	<u>\$ 572,624</u>
 <b>Covered employee payroll</b>	 \$ 9,402,959	 \$ 7,588,505	 \$ 7,736,270	 \$ 7,619,481
<b>Fund's net position as a percentage of covered employee payroll</b>	4.87%	5.90%	5.36%	7.52%

**Notes to schedule:**

<sup>1</sup> 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.

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

<u>12/31/2020</u>	<u>12/31/2019</u>	<u>12/31/2018</u>	<u>12/31/2017</u>
\$ 23,315	\$ 17,693	\$ 19,266	\$ 15,524
13,308	14,621	13,571	13,276
(36,363)	(18,892)	(17,158)	-
70,035	77,468	(27,464)	31,482
(4,372)	(3,403)	(3,211)	(3,582)
<u>65,923</u>	<u>87,487</u>	<u>(14,996)</u>	<u>56,700</u>
<u>474,450</u>	<u>386,963</u>	<u>401,959</u>	<u>345,259</u>
<u>\$ 540,373</u>	<u>\$ 474,450</u>	<u>\$ 386,963</u>	<u>\$ 401,959</u>
\$ 7,285,883	\$ 6,805,058	\$ 6,421,896	\$ 5,970,653
7.42%	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:

	<sup>1</sup> 9/30/2025	9/30/2024	9/30/2023	9/30/2022
Total OPEB liability				
Service cost	\$ 5,632	\$ 6,779	\$ 6,779	\$ 13,045
Interest	14,064	17,980	17,980	9,628
Differences between expected and actual experience	-	(44,768)	-	38,165
Changes of assumptions	-	16,180	-	(81,547)
Benefit payments	(25,557)	(25,558)	(23,980)	(23,980)
<b>Net changes</b>	<u>(5,861)</u>	<u>(29,387)</u>	<u>779</u>	<u>(44,689)</u>
<b>Total OPEB liability - beginning</b>	<u>353,551</u>	<u>382,938</u>	<u>382,159</u>	<u>426,848</u>
<b>Total OPEB liability - ending</b>	<sup>2</sup> <u><u>\$ 347,690</u></u>	<u><u>\$ 353,551</u></u>	<u><u>\$ 382,938</u></u>	<u><u>\$ 382,159</u></u>
 <b>Covered employee payroll</b>	 \$ 2,067,177	 \$ 2,067,177	 \$ 2,950,019	 \$ 2,950,019
<b>Fund's net position as a percentage of covered employee payroll</b>	16.82%	17.10%	12.98%	12.95%

**Notes to schedule:**

<sup>1</sup> 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.

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

<u>9/30/2021</u>	<u>9/30/2020</u>	<u>9/30/2019</u>	<u>9/30/2018</u>
\$ 13,045	\$ 11,786	\$ 11,786	\$ 11,326
9,754	15,971	15,460	15,641
-	(9,846)	-	-
-	53,744	-	-
<u>(32,804)</u>	<u>(32,804)</u>	<u>(20,086)</u>	<u>(20,086)</u>
<u>(10,005)</u>	<u>38,851</u>	<u>7,160</u>	<u>6,881</u>
<u>436,853</u>	<u>398,002</u>	<u>390,842</u>	<u>383,961</u>
<u>\$ 426,848</u>	<u>\$ 436,853</u> <sup>2</sup>	<u>\$ 398,002</u> <sup>2</sup>	<u>\$ 390,842</u>
\$ 3,307,156	\$ 3,307,156	\$ 3,778,438	\$ 3,778,438
12.91%	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.

## ***FORFIETED 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, 2025**

	Debt Service Fund	Special Revenue Funds	Capital Project Funds	Total
<b><u>Assets</u></b>				
Cash and cash equivalents	\$ 1,764,913	\$ 6,367,761	\$ 428,121	\$ 8,560,795
Accounts receivable	141,978	201,078	-	343,056
Prepaid	-	24,289	-	24,289
<b>Total Assets</b>	<b>\$ 1,906,891</b>	<b>\$ 6,593,128</b>	<b>\$ 428,121</b>	<b>\$ 8,928,140</b>
<b><u>Liabilities</u></b>				
Accounts payable	\$ -	\$ 72,569	\$ 229,821	\$ 302,390
Accrued liabilities	-	-	40,553	40,553
Due to other funds	-	238,128	-	238,128
<b>Total Liabilities</b>	<b>-</b>	<b>310,697</b>	<b>270,374</b>	<b>581,071</b>
<b><u>Deferred Inflows/Outflows</u></b>				
Unavailable revenue-tax	141,979	-	-	141,979
Unavailable revenue-fines	-	8,479	-	8,479
<b>Total Deferred Inflows</b>	<b>141,979</b>	<b>8,479</b>	<b>-</b>	<b>150,458</b>
<b><u>Fund Balances</u></b>				
Nonspendable:				
Prepays	-	24,289	-	24,289
Restricted for:				
Debt service	1,764,912	-	-	1,764,912
General government	-	95,689	-	95,689
Public safety	-	25,392	-	25,392
Municipal court	-	181,650	-	181,650
Tourism	-	87,496	-	87,496
Capital projects	-	6,049,924	157,747	6,207,671
Unassigned	-	(190,488)	-	(190,488)
<b>Total Fund Balances</b>	<b>1,764,912</b>	<b>6,273,952</b>	<b>157,747</b>	<b>8,196,611</b>
<b>Total Liabilities, Deferred Inflows and Fund Balances</b>	<b>\$ 1,906,891</b>	<b>\$ 6,593,128</b>	<b>\$ 428,121</b>	<b>\$ 8,928,140</b>

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, 2025

	Debt Service Fund	Special Revenue Funds	Capital Project Funds	Total
<b><u>Revenues</u></b>				
Property tax	\$ 2,160,480	\$ -	\$ -	\$ 2,160,480
Hotel occupancy tax	-	220,902	-	220,902
Fines and forfeitures	-	32,718	-	32,718
License and permits	-	368,834	-	368,834
Charges for services	-	758,836	-	758,836
Intergovernmental	24,255	132,843	-	157,098
Investment income	78,815	238,999	34,284	352,098
<b>Total Revenues</b>	2,263,550	1,753,132	34,284	4,050,966
<b><u>Expenditures</u></b>				
General government	-	303,532	-	303,532
Public safety	-	246,188	-	246,188
Public works	-	2,687	-	2,687
Culture and recreation	-	1,262	-	1,262
Debt service:				
Principal	1,332,622	-	-	1,332,622
Interest	332,560	-	-	332,560
Capital outlay	-	283,093	926,983	1,210,076
<b>Total Expenditures</b>	1,665,182	836,762	926,983	3,428,927
<b>Revenues Over (Under)</b>				
<b>Expenditures</b>	598,368	916,370	(892,699)	622,039
<b><u>Other Financing Sources (Uses)</u></b>				
Transfers in	378,663	58,447	-	437,110
Transfers (out)	-	(682,143)	-	(682,143)
<b>Total Other Financing Sources</b>				
<b>(Uses)</b>	378,663	(623,696)	-	(245,033)
<b>Net Change in Fund Balances</b>	977,031	292,674	(892,699)	377,006
Beginning fund balances	787,881	5,981,278	1,050,446	7,819,605
<b>Ending Fund Balances</b>	\$ 1,764,912	\$ 6,273,952	\$ 157,747	\$ 8,196,611

See Notes to Financial Statements.

**City of Lockhart, Texas**  
**COMBINING BALANCE SHEET (Page 1 of 2)**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**September 30, 2025**

	<b>Radio Tower Equipment Replacement</b>	<b>Forfeited Property</b>	<b>Hotel/ Motel Tax</b>	<b>LEOSE Fund</b>
<b><u>Assets</u></b>				
Cash and cash equivalents	\$ 3,287	\$ 12,273	\$ 69,462	\$ 13,119
Accounts receivable	-	-	25,613	-
Prepaid	-	-	-	-
<b>Total Assets</b>	<b>\$ 3,287</b>	<b>\$ 12,273</b>	<b>\$ 95,075</b>	<b>\$ 13,119</b>
<b><u>Liabilities</u></b>				
Accounts payable and accrued liab.	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	7,579	-
<b>Total Liabilities</b>	<b>-</b>	<b>-</b>	<b>7,579</b>	<b>-</b>
<b><u>Deferred Inflows</u></b>				
Unavailable revenue-fines and fees	-	-	-	-
<b>Total Deferred Inflows</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b><u>Fund Balances</u></b>				
Nonspendable:				
Prepays	-	-	-	-
Restricted for:				
General government	-	-	-	-
Public safety	-	12,273	-	13,119
Municipal court	-	-	-	-
Tourism	-	-	87,496	-
Capital projects	3,287	-	-	-
Unassigned	-	-	-	-
<b>Total Fund Balances</b>	<b>3,287</b>	<b>12,273</b>	<b>87,496</b>	<b>13,119</b>
<b>Total Liabilities, Deferred Inflows, and Fund Balances</b>	<b>\$ 3,287</b>	<b>\$ 12,273</b>	<b>\$ 95,075</b>	<b>\$ 13,119</b>

See Notes to Financial Statements.

<u>Road Impact Fees #1</u>	<u>Road Impact Fees #2</u>	<u>Court Technology</u>	<u>Radio System Maintenance</u>	<u>Court Security</u>
\$ 2,635,027	\$ 1,882,703	\$ -	\$ -	\$ 7,081
-	-	1,708	-	1,947
-	-	13,116	11,173	-
<u>\$ 2,635,027</u>	<u>\$ 1,882,703</u>	<u>\$ 14,824</u>	<u>\$ 11,173</u>	<u>\$ 9,028</u>
\$ -	\$ -	\$ 2,775	\$ 814	\$ -
-	-	26,520	84,464	-
-	-	29,295	85,278	-
-	-	1,708	-	1,947
-	-	1,708	-	1,947
-	-	13,116	11,173	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	7,081
-	-	-	-	-
2,635,027	1,882,703	-	-	-
-	-	(29,295)	(85,278)	-
<u>2,635,027</u>	<u>1,882,703</u>	<u>(16,179)</u>	<u>(74,105)</u>	<u>7,081</u>
<u>\$ 2,635,027</u>	<u>\$ 1,882,703</u>	<u>\$ 14,824</u>	<u>\$ 11,173</u>	<u>\$ 9,028</u>

**City of Lockhart, Texas**  
**COMBINING BALANCE SHEET (Page 2 of 2)**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**September 30, 2025**

	<u>Child Safety</u>	<u>Court Efficiency</u>	<u>Juvenile Case Manager</u>	<u>Truancy Court</u>
<b><u>Assets</u></b>				
Cash and cash equivalents	\$ 55,754	\$ 23,520	\$ 81,435	\$ 13,214
Accounts receivable	810	1,726	2,132	121
Prepaid	-	-	-	-
<b>Total Assets</b>	<b>\$ 56,564</b>	<b>\$ 25,246</b>	<b>\$ 83,567</b>	<b>\$ 13,335</b>
<b><u>Liabilities</u></b>				
Accounts payable and accrued liab.	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-
<b>Total Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b><u>Deferred Inflows</u></b>				
Unavailable revenue-fines and fees	810	1,726	2,132	121
<b>Total Deferred Inflows</b>	<b>810</b>	<b>1,726</b>	<b>2,132</b>	<b>121</b>
<b><u>Fund Balances</u></b>				
Nonspendable:				
Prepays	-	-	-	-
Restricted for:				
General government	-	-	-	-
Public safety	-	-	-	-
Municipal court	55,754	23,520	81,435	13,214
Tourism	-	-	-	-
Capital projects	-	-	-	-
Unassigned	-	-	-	-
<b>Total Fund Balances</b>	<b>55,754</b>	<b>23,520</b>	<b>81,435</b>	<b>13,214</b>
<b>Total Liabilities, Deferred Inflows, and Fund Balances</b>	<b>\$ 56,564</b>	<b>\$ 25,246</b>	<b>\$ 83,567</b>	<b>\$ 13,335</b>

See Notes to Financial Statements.

<b>Local Municipal Jury</b>	<b>Cable Education</b>	<b>Transportation</b>	<b>Drainage</b>	<b>CARES Relief Act</b>	<b>Total Special Revenue Funds</b>
\$ 646	\$ 88,030	\$ 539,496	\$ -	\$ 942,714	\$ 6,367,761
35	25,314	98,022	43,650	-	201,078
-	-	-	-	-	24,289
<u>\$ 681</u>	<u>\$ 113,344</u>	<u>\$ 637,518</u>	<u>\$ 43,650</u>	<u>\$ 942,714</u>	<u>\$ 6,593,128</u>
\$ -	\$ 17,655	\$ -	\$ -	\$ 51,325	\$ 72,569
-	-	-	119,565	-	238,128
-	<u>17,655</u>	-	<u>119,565</u>	<u>51,325</u>	<u>310,697</u>
35	-	-	-	-	8,479
<u>35</u>	-	-	-	-	<u>8,479</u>
-	-	-	-	-	24,289
-	95,689	-	-	-	95,689
-	-	-	-	-	25,392
646	-	-	-	-	181,650
-	-	-	-	-	87,496
-	-	637,518	-	891,389	6,049,924
-	-	-	(75,915)	-	(190,488)
<u>646</u>	<u>95,689</u>	<u>637,518</u>	<u>(75,915)</u>	<u>891,389</u>	<u>6,273,952</u>
<u>\$ 681</u>	<u>\$ 113,344</u>	<u>\$ 637,518</u>	<u>\$ 43,650</u>	<u>\$ 942,714</u>	<u>\$ 6,593,128</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, 2025*

	Radio Tower Equipment Replacement	Forfeited Property	Hotel/ Motel Tax	LEOSE Fund
<b><u>Revenues</u></b>				
Hotel occupancy tax	\$ -	\$ -	\$ 178,817	\$ -
Fines and forfeitures	-	-	-	-
License and permits	-	-	-	-
Charges for services	-	-	-	-
Intergovernmental	-	-	-	4,608
Investment income	155	566	6,618	796
<b>Total Revenues</b>	155	566	185,435	5,404
<b><u>Expenditures</u></b>				
General government	-	-	248,750	-
Public safety	117	-	-	11,247
Public works	-	-	-	-
Culture and recreation	-	-	1,262	-
Capital outlay	-	-	-	-
<b>Total Expenditures</b>	117	-	250,012	11,247
<b>Revenues Over (Under) Expenditures</b>	38	566	(64,577)	(5,843)
<b><u>Other Financing Sources (Uses)</u></b>				
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	-	-	-	-
<b>Net Change in Fund Balances</b>	38	566	(64,577)	(5,843)
Beginning fund balances	3,249	11,707	152,073	18,962
<b>Ending Fund Balances</b>	\$ 3,287	\$ 12,273	\$ 87,496	\$ 13,119

See Notes to Financial Statements.

<u>Road Impact Fees #1</u>	<u>Road Impact Fees #2</u>	<u>Court Technology</u>	<u>Radio System Maintenance</u>	<u>Court Security</u>
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	4,872	-	10,726
154,814	214,020	-	-	-
-	-	-	-	-
-	-	-	128,235	-
118,012	79,882	-	-	2
<u>272,826</u>	<u>293,902</u>	<u>4,872</u>	<u>128,235</u>	<u>10,728</u>
-	-	12,180	-	-
-	-	-	234,212	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>-</u>	<u>-</u>	<u>12,180</u>	<u>234,212</u>	<u>-</u>
<u>272,826</u>	<u>293,902</u>	<u>(7,308)</u>	<u>(105,977)</u>	<u>10,728</u>
-	-	-	58,447	-
-	-	-	-	-
-	-	-	58,447	-
<u>272,826</u>	<u>293,902</u>	<u>(7,308)</u>	<u>(47,530)</u>	<u>10,728</u>
<u>2,362,201</u>	<u>1,588,801</u>	<u>(8,871)</u>	<u>(26,575)</u>	<u>(3,647)</u>
<u>\$ 2,635,027</u>	<u>\$ 1,882,703</u>	<u>\$ (16,179)</u>	<u>\$ (74,105)</u>	<u>\$ 7,081</u>

# City of Lockhart, Texas

*COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES (Page 2 of 2)  
NONMAJOR SPECIAL REVENUE FUNDS  
For the Year Ended September 30, 2025*

	Child Safety	Court Efficiency	Juvenile Case Manager	Truancy Court
<b>Revenues</b>				
Franchise and local taxes	\$ -	\$ -	\$ -	\$ -
Fines and forfeitures	1,530	4,478	9,513	1,421
License and permits	-	-	-	-
Charges for services	-	-	-	-
Intergovernmental	-	-	-	-
Investment income	2,528	979	3,546	577
<b>Total Revenues</b>	<b>4,058</b>	<b>5,457</b>	<b>13,059</b>	<b>1,998</b>
<b>Expenditures</b>				
General government	-	-	-	-
Public safety	-	-	612	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
<b>Total Expenditures</b>	<b>-</b>	<b>-</b>	<b>612</b>	<b>-</b>
<b>Revenues Over (Under) Expenditures</b>	<b>4,058</b>	<b>5,457</b>	<b>12,447</b>	<b>1,998</b>
<b>Other Financing Sources (Uses)</b>				
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Change in Fund Balances</b>	<b>4,058</b>	<b>5,457</b>	<b>12,447</b>	<b>1,998</b>
Beginning fund balances	51,696	18,063	68,988	11,216
<b>Ending Fund Balances</b>	<b>\$ 55,754</b>	<b>\$ 23,520</b>	<b>\$ 81,435</b>	<b>\$ 13,214</b>

See Notes to Financial Statements.

<u>Local Municipal Jury</u>	<u>Cable Education</u>	<u>Transportation</u>	<u>Drainage</u>	<u>CARES Relief Act</u>	<u>Total Special Revenue Funds</u>
\$ -	\$ 42,085	\$ -	\$ -	\$ -	\$ 220,902
178	-	-	-	-	32,718
-	-	-	-	-	368,834
-	-	525,273	233,563	-	758,836
-	-	-	-	-	132,843
-	3,674	21,664	-	-	238,999
<u>178</u>	<u>45,759</u>	<u>546,937</u>	<u>233,563</u>	<u>-</u>	<u>1,753,132</u>
-	42,602	-	-	-	303,532
-	-	-	-	-	246,188
-	-	-	2,687	-	2,687
-	-	-	-	-	1,262
-	-	-	-	283,093	283,093
<u>-</u>	<u>42,602</u>	<u>-</u>	<u>2,687</u>	<u>283,093</u>	<u>836,762</u>
<u>178</u>	<u>3,157</u>	<u>546,937</u>	<u>230,876</u>	<u>(283,093)</u>	<u>916,370</u>
-	-	-	-	-	58,447
-	-	(400,000)	(282,143)	-	(682,143)
-	-	(400,000)	(282,143)	-	(623,696)
178	3,157	146,937	(51,267)	(283,093)	292,674
468	92,532	490,581	(24,648)	1,174,482	5,981,278
<u>\$ 646</u>	<u>\$ 95,689</u>	<u>\$ 637,518</u>	<u>\$ (75,915)</u>	<u>\$ 891,389</u>	<u>\$ 6,273,952</u>

**City of Lockhart, Texas**  
**COMBINING BALANCE SHEET**  
**NONMAJOR CAPITAL PROJECT FUNDS**  
**September 30, 2025**

	Clearfork Section 1 Sidewalk	Maple 2201 Trail Project	2015 Certificates of Obligation
<b><u>Assets</u></b>			
Cash and cash equivalents	\$ 34,491	\$ 15,000	\$ 358,630
<b>Total Assets</b>	\$ 34,491	\$ 15,000	\$ 358,630
 <b><u>Liabilities</u></b>			
Accounts payable	\$ -	\$ -	\$ 229,821
Accrued liabilities	-	-	40,553
<b>Total Liabilities</b>	-	-	270,374
 <b><u>Fund Balances</u></b>			
Restricted for:			
Capital projects	34,491	15,000	88,256
<b>Total Fund Balances</b>	34,491	15,000	88,256
<b>Total Liabilities and Fund Balances</b>	\$ 34,491	\$ 15,000	\$ 358,630

See Notes to Financial Statements.

<b>Maple Street Park</b>		
<b>Improvements</b>		<b>Total</b>
\$ 20,000		\$ 428,121
\$ 20,000		\$ 428,121
\$ -		\$ 229,821
-		40,553
-		270,374
20,000		157,747
20,000		157,747
\$ 20,000		\$ 428,121

# City of Lockhart, Texas

*COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NONMAJOR CAPITAL PROJECT FUNDS  
For the Year Ended September 30, 2025*

	Clearfork Section 1 Sidewalk	Maple 2201 Trail Project	2015 Certificates of Obligation
<b><u>Revenues</u></b>			
Investment income	\$ -	\$ -	\$ 34,284
<b>Total Revenues</b>	-	-	34,284
<b><u>Expenditures</u></b>			
Capital outlay	-	-	926,983
<b>Total Expenditures</b>	-	-	926,983
<b>Net Change in Fund Balances</b>	-	-	(892,699)
Beginning fund balances	34,491	15,000	980,955
<b>Ending Fund Balances</b>	\$ 34,491	\$ 15,000	\$ 88,256

See Notes to Financial Statements.

<b>Maple Street Park Improvements</b>		<b>Total</b>
\$ -	\$ 34,284	
-	34,284	
-	926,983	
-	926,983	
-	(892,699)	
20,000	1,050,446	
<u>\$ 20,000</u>	<u>\$ 157,747</u>	

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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, 2025**

	<b>Original &amp; Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b><u>Revenues</u></b>			
Property tax	\$ 1,488,709	\$ 2,160,480	\$ 671,771
Intergovernmental revenue	24,300	24,255	(45)
Investment income	7,500	78,815	71,315
<b>Total Revenues</b>	1,520,509	2,263,550	743,041
<b><u>Expenditures</u></b>			
Debt service:			
Principal	1,062,118	1,332,622	(270,504)
Interest	597,819	332,560	265,259
<b>Total Expenditures</b>	1,659,937	1,665,182	(5,245) *
<b>Revenues Over (Under) Expenditures</b>	(139,428)	598,368	737,796
<b><u>Other Financing Sources (Uses)</u></b>			
Transfers in	378,663	378,663	-
<b>Total Other Financing Sources (Uses)</b>	378,663	378,663	-
<b>Net Change in Fund Balances</b>	\$ 239,235	977,031	\$ 737,796
Beginning fund balances		787,881	
<b>Ending Fund Balances</b>		\$ 1,764,912	

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.

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***COMBINING NONMAJOR  
ENTERPRISE FUNDS***

**City of Lockhart, Texas**  
**COMBINING STATEMENT OF NET POSITION**  
**NONMAJOR ENTERPRISE FUNDS (Page 1 of 2)**  
**September 30, 2025**

	Business-Type Activities		
	Sanitation	Airport	EMS
<b><u>Assets</u></b>			
<b><u>Current Assets</u></b>			
Cash and cash equivalents	\$ 285,581	\$ 412,743	\$ 600,013
Accounts receivable, net	395,540	500	15,921
<b>Total Current Assets</b>	681,121	413,243	615,934
<b><u>Noncurrent Assets</u></b>			
Capital assets:			
Non-depreciable	120,409	72,161	-
Net depreciable capital assets	49,475	1,052,961	-
<b>Total Noncurrent Assets</b>	169,884	1,125,122	-
<b>Total Assets</b>	851,005	1,538,365	615,934
<b><u>Deferred Outflows of Resources</u></b>			
Pension outflows-TMRS	24,049	-	-
OPEB outflows-TMRS	367	-	-
<b>Total Deferred Outflows of Resources</b>	24,416	-	-

See Notes to Financial Statements.

**Business-Type  
Activities**

---

**Total**

---

\$ 1,298,337  
411,961  

---

1,710,298  

---

192,570  
1,102,436  

---

1,295,006  

---

3,005,304  

---

24,049  
367  

---

24,416  

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# City of Lockhart, Texas

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

September 30, 2025

	Business-Type Activities		
	Sanitation	Airport	EMS
<b><u>Liabilities</u></b>			
<b><u>Current Liabilities</u></b>			
Accounts payable	\$ 162,431	\$ 1,007	\$ 1,502
Accrued liabilities	10,511	466	-
Customer deposits	150	4,950	-
Compensated absences, current	9,326	1,004	9,716
Lease payable, current	3,406	-	-
<b>Total Current Liabilities</b>	185,824	7,427	11,218
<b><u>Noncurrent Liabilities</u></b>			
Compensated absences, noncurrent	1,036	112	1,080
Net pension liability	75,536	-	-
OPEB liability-TMRS	9,034	-	-
OPEB liability-Retiree healthcare	6,966	-	-
<b>Total Noncurrent Liabilities</b>	92,572	112	1,080
<b>Total Liabilities</b>	278,396	7,538	12,297
<b><u>Deferred Inflows of Resources</u></b>			
Pension inflows-TMRS	10,029	-	-
OPEB inflows-TMRS	1,650	-	-
OPEB inflows-retiree healthcare	598	-	-
<b>Total Deferred Inflows of Resources</b>	12,277	-	-
<b><u>Net Position</u></b>			
Net investment in capital assets	166,478	1,125,122	-
Unrestricted	418,270	405,705	603,637
<b>Total Net Position</b>	\$ 584,748	\$ 1,530,827	\$ 603,637

See Notes to Financial Statements.

**Business-Type  
Activities**  
**Total**

\$	164,940
	10,977
	5,100
	20,045
	3,406
	<u>204,468</u>
	2,227
	75,536
	9,034
	6,966
	<u>93,763</u>
	<u>298,231</u>
	10,029
	1,650
	598
	<u>12,277</u>
	1,291,600
	1,427,612
\$	<u>2,719,212</u>

# City of Lockhart, Texas

## STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION NONMAJOR PROPRIETARY FUNDS For the Year Ended September 30, 2025

	Business-Type Activities		
	Sanitation	Airport	EMS
<b><u>Operating Revenues</u></b>			
Charges for services	\$ 2,161,692	\$ 140,645	\$ 444,833
Other revenue	28,290	-	76,364
<b>Total Operating Revenues</b>	2,189,982	140,645	521,197
<b><u>Operating Expenses</u></b>			
Personnel services	288,110	13,641	134,978
Supplies	10,057	-	-
Maintenance and repairs	1,923,257	66,688	18,194
Contractual services	10,512	20,112	75,627
Depreciation	18,371	55,849	31,512
<b>Total Operating Expenses</b>	2,260,424	156,290	260,311
<b>Operating Income (Loss)</b>	(70,442)	(15,645)	260,886
<b><u>Nonoperating Revenues (Expenses)</u></b>			
Gain(loss) on sale of assets	-	-	(169,741)
Investment earnings	24,245	17,730	13,265
Interest expense	(448)	-	-
<b>Total Nonoperating Revenues (Expenses)</b>	23,797	17,730	(156,476)
<b>Income (Loss) Before Capital Contributions and Transfers</b>	(46,645)	2,085	104,410
<b><u>Capital Contributions and Transfers</u></b>			
Capital grants	23,897	-	-
Transfers (out)	(321,509)	-	(150,000)
<b>Total Capital Contributions and Transfers</b>	(297,612)	-	(150,000)
<b>Change in Net Position</b>	(344,257)	2,085	(45,590)
Beg. net position, as previously reported	929,005	1,528,742	706,839
Error correction	-	-	(57,612)
Beginning net position, as adjusted	929,005	1,528,742	649,227
<b>Ending Net Position</b>	\$ 584,748	\$ 1,530,827	\$ 603,637

See Notes to Financial Statements.

**Business-Type  
Activities**

<b>Total</b>	
\$	2,747,170
	104,654
	<u>2,851,824</u>
	436,729
	10,057
	2,008,139
	106,251
	105,732
	<u>2,677,025</u>
	<u>174,799</u>
	(169,741)
	55,240
	(448)
	<u>(114,949)</u>
	59,850
	23,897
	(471,509)
	<u>(447,612)</u>
	(387,762)
	3,164,586
	(57,612)
	3,106,974
\$	<u>2,719,212</u>

**City of Lockhart, Texas**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS (Page 1 of 2)**  
**For the Year Ended September 30, 2025**

	<b>Business-Type Activities</b>		
	<b>Sanitation</b>	<b>Airport</b>	<b>EMS</b>
<b><u>Cash Flows from Operating Activities</u></b>			
Payments to employees	\$ (267,392)	\$ (13,317)	\$ (628,453)
Payments to suppliers	(1,933,685)	(86,558)	(295,943)
Receipts from customers	2,157,848	140,645	1,320,126
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>(43,229)</b>	<b>40,770</b>	<b>395,730</b>
<b><u>Cash Flows from Noncapital Financing Activities</u></b>			
Transfers (out)	(321,509)	-	(150,000)
<b>Net Cash Provided (Used) by Noncapital Financing</b>	<b>(321,509)</b>	<b>-</b>	<b>(150,000)</b>
<b><u>Cash Flows from Capital and Related Financing Activities</u></b>			
Capital contributions	23,897	-	-
Principal paid on capital debt	(5,733)	-	-
Interest paid on capital debt	(448)	-	-
<b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>	<b>17,716</b>	<b>-</b>	<b>341,018</b>
<b><u>Cash Flows from Investing Activities</u></b>			
Interest on investments	24,245	17,730	13,265
<b>Net Cash Provided by Investing Activities</b>	<b>24,245</b>	<b>17,730</b>	<b>13,265</b>
<b>Net Increase (Decrease) in Cash and Cash</b>	<b>(322,777)</b>	<b>58,500</b>	<b>600,013</b>
Beginning cash and cash equivalents	608,358	354,243	-
<b>Ending Cash and Cash Equivalents</b>	<b>\$ 285,581</b>	<b>\$ 412,743</b>	<b>\$ 600,013</b>

See Notes to Financial Statements.

**Business-Type  
Activities**

**Total**

\$ (909,162)

(2,316,186)

3,618,619

393,271

(471,509)

(471,509)

23,897

(5,733)

(448)

358,734

55,240

55,240

335,736

962,601

\$ 1,298,337

**City of Lockhart, Texas**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS (Page 2 of 2)**  
**For the Year Ended September 30, 2025**

	<b>Business-Type Activities</b>		
	<b>Sanitation</b>	<b>Airport</b>	<b>EMS</b>
<b><u>Reconciliation of Operating Income (Loss)</u></b>			
<b><u>to Net Cash Provided (Used) by Operating Activities</u></b>			
Operating Income (Loss)	\$ (70,442)	\$ (15,645)	\$ 260,886
Adjustments to reconcile operating income (loss) to net cash provided (used):			
Depreciation	18,371	55,849	31,512
<b>Changes in Operating Assets and Liabilities:</b>			
<b>(Increase) Decrease in:</b>			
Accounts receivable	(32,234)	-	798,929
Deferred outflows:			
Pension	2,949	-	230,146
OPEB	(191)	-	1,497
<b>Increase (Decrease) in:</b>			
Accounts payable and accrued liabilities	30,271	242	(153,591)
Accrued interest	(10,013)	-	-
Due to other funds	-	-	(48,531)
Compensated absences	3,929	324	(16,417)
Deferred inflows:			
Pension	5,282	-	(40,461)
OPEB	249	-	(11,877)
Net pension liability	5,217	-	(599,435)
OPEB liability	3,283	-	(56,928)
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>\$ (43,229)</b>	<b>\$ 40,770</b>	<b>\$ 395,730</b>

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

Lease issuance	\$ 5,863	\$ -	\$ -
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See Notes to Financial Statements.

**Business-Type  
Activities**

**Total**

\$ 174,799

105,732

766,695

233,095

1,306

(123,078)

(10,013)

(48,531)

(12,164)

(35,179)

(11,628)

(594,218)

(53,645)

\$ 393,271

\$ 5,863

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***COMBINING STATEMENTS  
FIDUCIARY FUNDS***

**City of Lockhart, Texas**  
**COMBINING STATEMENT OF FIDUCIARY NET POSITION**  
**PRIVATE-PURPOSE TRUSTS**  
**September 30, 2025**

	Glosserman Trust	Brock Cabin Trust	Total
<b><u>Assets</u></b>			
Cash and cash equivalents	\$ 641	\$ 12	\$ 653
<b>Total Assets</b>	\$ 641	\$ 12	\$ 653
 <b><u>Net Position</u></b>			
Restricted for:			
Various purposes	641	12	653
<b>Total Net Position</b>	\$ 641	\$ 12	\$ 653

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, 2025**

	Glosserman Trust	Brock Cabin Trust	Total
<b><u>Additions</u></b>			
Investment income	\$ 30	\$ -	\$ 30
<b>Total Additions</b>	30	-	30
<b>Net Change in Net Position</b>	30	-	30
Beginning Net Position	611	12	623
<b>Ending Net Position</b>	\$ 641	\$ 12	\$ 653

See Notes to Financial Statements.

**City of Lockhart, Texas**  
**COMBINING STATEMENT OF FIDUCIARY NET POSITION**  
**CUSTODIAL FUNDS**  
**September 30, 2025**

	<u>Confiscated Property</u>	<u>Unclaimed Property</u>	<u>Bicycle Helmet</u>	<u>Total</u>
<b><u>Assets</u></b>				
Cash and cash equivalents	\$ 49,183	\$ 11,920	\$ 2,310	\$ 63,413
Prepays	-	1,211	-	1,211
<b>Total Assets</b>	<u>\$ 49,183</u>	<u>\$ 13,131</u>	<u>\$ 2,310</u>	<u>\$ 64,624</u>
<b><u>Liabilities</u></b>				
Due to other funds	17,447	11,971	1,117	30,535
<b>Total Liabilities</b>	<u>17,447</u>	<u>11,971</u>	<u>1,117</u>	<u>30,535</u>
<b><u>Net Position</u></b>				
Restricted for:				
Various purposes	31,736	1,160	1,193	34,089
<b>Total Net Position</b>	<u>\$ 31,736</u>	<u>\$ 1,160</u>	<u>\$ 1,193</u>	<u>\$ 34,089</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, 2025**

	<u>Confiscated Property</u>	<u>Unclaimed Property</u>	<u>Bicycle Helmet</u>	<u>Total</u>
<b><u>Additions</u></b>				
Investment income	\$ 2,243	\$ -	\$ 697	\$ 2,940
Other revenue	720	21	-	741
<b>Total Additions</b>	<u>2,963</u>	<u>21</u>	<u>697</u>	<u>3,681</u>
<b>Net Change in Net Position</b>	2,963	21	697	3,681
Beginning Net Position	28,773	1,139	496	30,408
<b>Ending Net Position</b>	<u>\$ 31,736</u>	<u>\$ 1,160</u>	<u>\$ 1,193</u>	<u>\$ 34,089</u>

See Notes to Financial Statements.

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## STATISTICAL SECTION

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

<b>Contents</b>	<b>Page</b>
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)

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
<b>Governmental activities</b>				
Net investment in capital assets	\$ 15,001,030	\$ 14,162,688	\$ 13,774,228	\$ 12,648,711
Restricted	1,093,907	1,141,195	1,396,101	1,571,133
Unrestricted	<u>2,137,425</u>	<u>1,886,148</u>	<u>1,823,314</u>	<u>1,972,882</u>
<b>Total governmental activities net position</b>	<u>\$ 18,232,362</u>	<u>\$ 17,190,031</u>	<u>\$ 16,993,643</u>	<u>\$ 16,192,726</u>
<b>Business-type activities</b>				
Net investment in capital assets	\$ 15,074,665	\$ 16,507,663	\$ 16,961,238	\$ 17,492,757
Restricted	1,071,089	1,163,687	1,421,535	1,661,480
Unrestricted	<u>7,979,875</u>	<u>7,489,601</u>	<u>8,791,362</u>	<u>9,434,557</u>
<b>Total business-type activities net position</b>	<u>\$ 24,125,629</u>	<u>\$ 25,160,951</u>	<u>\$ 27,174,135</u>	<u>\$ 28,588,794</u>
<b>Primary government</b>				
Net investment in capital assets	\$ 30,075,695	\$ 30,670,351	\$ 30,735,466	\$ 30,141,468
Restricted	2,164,996	2,304,882	2,817,636	3,232,613
Unrestricted	<u>10,117,300</u>	<u>9,375,749</u>	<u>10,614,676</u>	<u>11,407,439</u>
	<u>\$ 42,357,991</u>	<u>\$ 42,350,982</u>	<u>\$ 44,167,778</u>	<u>\$ 44,781,520</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>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
\$ 12,104,249	\$ 11,816,033	\$ 11,546,567	\$ 17,776,524	\$ 18,662,311	\$ 24,274,707
1,603,237	3,598,451	3,362,595	6,072,719	7,465,102	8,857,884
<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>4,604,889</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>	<u>\$ 37,737,480</u>
\$ 16,579,735	\$ 15,721,677	\$ 15,404,957	\$ 19,452,608	\$ 18,379,583	\$ 19,697,554
2,034,582	2,008,737	2,626,781	5,182,714	8,202,139	9,540,244
<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>4,853,477</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>	<u>\$ 34,091,275</u>
\$ 28,683,984	\$ 27,537,710	\$ 26,951,524	\$ 37,229,132	\$ 37,041,894	\$ 43,972,261
3,637,819	5,607,188	5,989,376	11,255,433	15,667,241	18,398,128
<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>9,458,366</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>	<u>\$ 71,828,755</u>

# City of Lockhart, Texas

## CHANGES IN NET POSITION

Last Ten Fiscal Years (Unaudited)

(accrual basis of accounting)

	2016	2017	2018	2019
<b>Governmental activities</b>				
Expenses				
General government	\$ 1,879,383	\$ 2,083,166	\$ 2,045,364	\$ 2,232,343
Public safety	5,230,470	5,086,371	5,401,024	5,799,256
Public works	2,586,206	2,644,292	3,084,192	3,552,691
Health and welfare	17,068	22,137	16,326	18,250
Culture and recreation	933,135	1,006,038	1,077,697	1,041,842
Community development	-	-	-	-
Interest on long-term debt	621,121	459,629	441,769	415,242
<b>Total governmental activities expenses</b>	<u>11,267,383</u>	<u>11,301,633</u>	<u>12,066,372</u>	<u>13,059,624</u>
Program revenues				
Charges for services				
General government	191,100	181,313	223,254	601,870
Public safety	330,826	334,769	1,005,749	295,192
Public works	723,832	549,097	423,575	291,604
Health and welfare	-	-	-	-
Culture and recreation	33,926	32,699	37,991	29,589
Community development	-	-	-	-
Operating grants and contributions	615,542	202,393	566,039	579,539
Capital grants and contributions	-	-	278,000	96,263
<b>Total program revenues</b>	<u>1,895,226</u>	<u>1,300,271</u>	<u>2,534,608</u>	<u>1,894,057</u>
<b>Total governmental activities net program expense</b>	<u>\$ (9,372,157)</u>	<u>\$ (10,001,362)</u>	<u>\$ (9,531,764)</u>	<u>\$ (11,165,567)</u>
<b>General Revenues and Other Changes in Net Position</b>				
Taxes				
Property taxes, general	3,016,649	3,217,538	3,620,758	3,914,885
Property taxes, debt service	687,845	692,161	704,442	697,336
Sales taxes	1,478,065	1,549,695	1,650,931	1,767,048
Franchise taxes	316,353	312,433	357,278	360,589
Other taxes	132,234	96,529	106,756	111,841
Unrestricted investment earnings	59,851	99,353	190,320	283,700
Gain on sale of capital assets	-	-	-	-
Other revenue	239,590	289,291	192,281	184,509
Transfers	2,448,575	2,896,410	3,094,654	3,044,742
<b>Total general revenues and other changes net position</b>	<u>8,379,162</u>	<u>9,153,410</u>	<u>9,917,420</u>	<u>10,364,650</u>
<b>Total governmental activities change in net position</b>	<u>\$ (992,995)</u>	<u>\$ (847,952)</u>	<u>\$ 385,656</u>	<u>\$ (800,917)</u>

<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
\$ 2,455,580	\$ 1,931,497	\$ 1,967,143	\$ 2,165,947	\$ 2,383,519	\$ 2,945,892
5,703,143	6,202,140	6,168,414	6,937,475	6,628,423	8,309,527
3,153,763	2,970,230	2,684,964	2,930,612	2,826,765	4,018,383
144,615	26,352	23,439	18,264	42,956	38,098
1,052,444	683,483	1,215,110	1,481,117	1,632,347	1,727,577
-	1,189,072	905,103	2,003,675	1,963,799	1,257,404
391,300	371,174	390,198	396,858	348,098	745,842
<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>	<u>19,042,723</u>
730,384	-	-	-	-	-
355,773	366,887	208,287	248,067	263,661	428,207
358,837	649,986	664,402	688,987	732,320	758,836
-	-	-	-	-	-
8,943	88,883	251,869	163,321	207,149	130,306
-	650,521	852,003	2,298,116	2,546,060	1,064,586
1,037,366	2,485,671	2,205,060	472,563	475,639	532,505
257,055	177,865	211,854	6,386,889	171,997	128,235
<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>3,042,675</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>	<u>\$ (16,000,048)</u>
4,276,918	4,555,926	4,848,005	5,373,699	5,932,445	6,229,761
714,253	694,121	953,087	1,740,778	1,677,779	2,160,480
1,992,939	2,143,239	2,392,769	2,712,526	3,009,942	3,284,944
349,849	398,205	395,527	352,616	456,696	438,136
102,063	113,504	189,491	230,233	169,262	178,817
119,746	20,739	125,718	893,878	1,083,776	937,800
-	2,110	-	34,000	7,300	201
233,319	100,720	213,151	249,470	78,824	93,710
3,145,528	2,991,137	2,885,430	3,102,983	4,044,759	4,162,700
<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>17,486,549</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>	<u>\$ 1,486,501</u>

# City of Lockhart, Texas

## CHANGES IN NET POSITION

Last Ten Fiscal Years (Unaudited)

(accrual basis of accounting)

	2016	2017	2018	2019
<b>Business-type activities</b>				
Expenses				
Electric	\$ 8,664,234	\$ 8,722,211	\$ 9,132,038	\$ 9,242,068
Water	3,257,979	3,545,084	3,428,101	3,224,639
Wastewater	2,089,407	1,824,111	1,281,066	1,370,942
Sanitation	1,215,636	1,345,466	1,461,111	1,553,603
Airport	69,911	76,438	100,130	78,258
EMS	1,230,254	1,289,014	1,334,506	1,383,128
<b>Total business-type expenses</b>	<u>16,527,421</u>	<u>16,802,324</u>	<u>16,736,952</u>	<u>16,852,638</u>
Program revenues				
Charges for services				
Electric	10,974,720	11,444,388	12,238,369	12,193,929
Water	3,100,239	3,287,603	3,336,689	3,267,558
Wastewater	2,265,298	2,578,386	2,339,875	2,278,003
Sanitation	1,464,121	1,593,359	1,708,812	1,872,719
Airport	68,927	71,489	71,433	89,059
EMS	2,007,847	1,354,810	1,438,174	978,097
Operating grants and contributions	-	7,016	24,925	68,272
Capital grants and contributions	1,042,796	195,261	-	-
<b>Total business-type program revenues</b>	<u>20,923,948</u>	<u>20,532,312</u>	<u>21,158,277</u>	<u>20,747,637</u>
<b>Total business-type activities net program expense</b>	<u>\$ 4,396,527</u>	<u>\$ 3,729,988</u>	<u>\$ 4,421,325</u>	<u>\$ 3,894,999</u>
General revenues and other changes in net position				
Impact fees	263,817	83,585	244,561	195,808
Unrestricted investment earnings	61,357	118,159	236,101	368,594
Other revenue	-	-	23,598	-
Transfers	(2,448,575)	(2,896,410)	(3,094,654)	(3,044,742)
<b>Total general revenues and other changes in net position</b>	<u>(2,123,401)</u>	<u>(2,694,666)</u>	<u>(2,590,394)</u>	<u>(2,480,340)</u>
<b>Total business-type activities change in net position</b>	<u>\$ 2,273,126</u>	<u>\$ 1,035,322</u>	<u>\$ 1,830,931</u>	<u>\$ 1,414,659</u>
<b>Total primary government change in net position</b>	<u>\$ 1,280,131</u>	<u>\$ 187,370</u>	<u>\$ 2,216,587</u>	<u>\$ 613,742</u>

<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
\$ 8,564,816	\$ 11,350,044	\$ 9,978,485	\$ 10,884,211	\$ 11,167,367	\$ 12,576,631
3,908,621	5,066,674	5,565,359	6,401,698	7,021,330	8,255,328
1,444,482	1,635,537	1,805,990	1,589,668	1,697,831	2,136,980
1,592,412	1,690,298	1,615,564	1,797,864	1,900,196	2,260,872
80,607	76,546	93,143	283,503	86,381	156,290
1,407,549	1,408,385	1,425,088	1,507,988	2,389,887	430,052
<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>	<u>25,816,153</u>
11,039,153	11,560,085	12,608,272	13,153,265	13,007,971	14,062,850
3,555,391	3,758,322	4,132,398	5,672,000	6,413,438	8,146,651
2,277,346	2,478,077	2,880,275	3,951,370	4,623,307	4,191,724
1,981,863	2,040,494	1,906,522	1,944,417	2,083,734	2,161,692
82,809	85,953	92,532	102,387	132,073	140,645
1,071,931	1,136,903	1,414,727	1,780,405	1,542,597	444,833
44,680	-	-	1,133,983	6,111	-
23,750	432,657	196,038	4,519,241	47,000	462,408
<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>29,610,803</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>	\$ <u>3,794,650</u>
296,093	-	-	-	-	-
164,183	21,947	114,001	841,201	1,131,268	1,000,060
8,552	199,136	149,689	39,302	106,454	112,688
<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>(4,162,700)</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>(3,049,952)</u>
\$ <u>401,736</u>	\$ <u>(2,505,047)</u>	\$ <u>125,395</u>	\$ <u>7,569,656</u>	\$ <u>786,202</u>	\$ <u>744,698</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>	\$ <u>2,231,199</u>

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

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
General Fund				
Nonspendable				
Prepaid items	\$ 15,728	\$ 23,642	\$ 37,870	\$ 30,627
Inventory	13,699	11,272	11,563	13,572
Restricted	-	-	-	-
Committed	604,252	609,054	553,877	574,446
Unassigned	3,423,228	3,897,547	4,451,131	5,103,853
Total general fund	<u>\$ 4,056,907</u>	<u>\$ 4,541,515</u>	<u>\$ 5,054,441</u>	<u>\$ 5,722,498</u>
All Other Governmental Funds				
Nonspendable				
Prepaid items	\$ 4,512	\$ 680	\$ 2,765	\$ -
Restricted				
Debt service	278,089	285,621	240,674	203,016
Special revenue funds	-	-	-	-
General government	627,417	664,319	35,067	46,502
Public safety	180,153	206,068	227,044	206,600
Municipal court	-	-	-	-
Tourism	8,248	8,485	2,721	6,637
Public works	-	-	903,976	1,073,692
Various capital projects	6,792,536	5,160,201	4,531,457	3,437,195
Unassigned	-	-	-	(3,523)
Total all other governmental funds	<u>\$ 7,890,955</u>	<u>\$ 6,325,374</u>	<u>\$ 5,943,704</u>	<u>\$ 4,970,119</u>

<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
\$ 27,327	\$ 610,955	\$ 31,193	\$ 24,887	\$ 1,269,025	\$ 13,998
9,350	17,718	26,240	1,285,605	16,319	57,607
-	234,613	2,671,686	1,628,105	1,725,044	1,646,996
308,539	309,050	311,949	330,202	349,932	366,675
6,673,086	6,506,302	7,838,447	9,138,171	11,065,775	6,843,781
<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>	<u>\$ 8,929,057</u>
\$ -	\$ -	\$ -	\$ 10,227	\$ 16,050	\$ 24,289
115,835	-	-	298,475	787,881	1,764,912
-	-	-	-	-	-
59,773	63,160	69,453	84,552	76,482	95,689
179,496	18,994	20,649	23,351	30,669	25,392
-	118,506	126,794	135,713	150,431	181,650
64,016	98,198	130,191	172,985	152,073	87,496
1,063,841	-	-	-	-	-
2,914,631	5,857,283	6,962,353	5,866,568	6,669,760	26,210,524
(323,955)	(87,431)	(138,743)	(26,966)	(63,741)	(190,488)
<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>	<u>\$ 28,199,464</u>

# City of Lockhart, Texas

## CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years (Unaudited)

(modified accrual basis of accounting)

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Revenues				
Property taxes	\$ 3,757,254	\$ 3,971,301	\$ 4,352,825	\$ 4,676,453
Sales and other taxes	1,921,425	1,990,221	2,114,965	2,239,478
Franchise and local taxes				
Fines, fees and forfeitures	1,115,233	927,273	1,227,557	1,127,998
Licenses and permits	173,641	125,761	192,622	142,721
Charges for services	-	-	-	2,200
Intergovernmental and grants	184,438	202,393	458,624	554,354
Investment	59,851	99,353	190,320	283,700
Other revenue	550,390	288,003	323,296	275,443
Total revenues	<u>7,762,232</u>	<u>7,604,305</u>	<u>8,860,209</u>	<u>9,302,347</u>
Expenditures				
Current				
General government	1,853,485	1,847,858	1,933,687	2,107,937
Public safety	4,680,022	4,751,069	5,212,519	5,631,506
Public works	1,069,441	1,168,180	1,727,405	1,601,001
Health and welfare	12,138	17,207	11,396	13,320
Culture and recreation	834,815	890,047	949,731	912,739
Community development	-	-	-	-
Debt service				
Principal retirement	855,322	587,160	601,470	690,799
Interest and fiscal charges	566,342	500,948	483,207	456,409
Paying agent and issue costs	151,889	1,200	1,000	800
Capital outlay	1,589,287	1,818,019	828,872	1,238,106
Total expenditures	<u>11,612,741</u>	<u>11,581,688</u>	<u>11,749,287</u>	<u>12,652,617</u>
Excess (deficiency) of revenues over expenditures	<u>(3,850,509)</u>	<u>(3,977,383)</u>	<u>(2,889,078)</u>	<u>(3,350,270)</u>
Other financing sources (uses)				
Debt issued	4,887,402	-	-	-
Premium on issuance of bonds	593,157	-	-	-
Payment to escrow	(5,455,484)	-	-	-
Gain on sale of capital assets	-	-	-	-
Transfers in	3,451,810	3,440,098	3,688,600	3,796,267
Transfers out	(1,003,235)	(543,688)	(593,946)	(751,525)
Total other financing sources (uses)	<u>2,473,650</u>	<u>2,896,410</u>	<u>3,094,654</u>	<u>3,044,742</u>
Change in fund balances	<u>\$ (1,376,859)</u>	<u>\$ (1,080,973)</u>	<u>\$ 205,576</u>	<u>\$ (305,528)</u>
Debt service as a percentage of noncapital expenditures				
	14.68%	11.64%	10.42%	10.23%

<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
\$ 5,028,375	\$ 5,274,506	\$ 5,748,229	\$ 7,010,249	\$ 7,423,752	\$ 8,440,315
2,444,852	2,143,239	2,392,769	2,712,526	3,009,942	3,284,944
	511,709	585,018	582,849	625,958	616,953
1,190,406	414,578	275,647	236,897	219,056	341,213
243,196	650,521	852,003	2,298,116	2,546,060	1,064,586
2,200	738,869	916,271	852,308	939,469	889,142
866,355	3,061,756	2,379,234	647,533	647,636	660,740
119,746	20,739	125,718	893,878	1,083,776	937,800
223,199	186,781	235,092	249,470	76,197	93,710
<u>10,118,329</u>	<u>13,002,698</u>	<u>13,509,981</u>	<u>15,483,826</u>	<u>16,571,846</u>	<u>16,329,403</u>
2,333,952	1,777,924	2,121,509	1,899,022	2,226,415	2,814,820
5,579,302	6,052,616	6,066,612	6,530,409	7,289,495	8,475,426
1,948,586	1,571,151	913,011	2,914,291	2,673,775	5,555,646
139,685	20,539	35,312	9,086	33,778	28,920
1,150,716	1,022,863	1,038,803	1,803,531	1,474,707	1,679,333
-	707,075	955,377	1,933,286	1,993,255	1,238,878
727,163	797,305	1,006,761	1,416,609	1,483,572	1,578,522
432,504	413,447	393,470	434,928	401,807	371,486
800	-	25,220	-	-	278,056
551,827	1,442,886	2,189,333	757,984	93,808	4,189,659
<u>12,864,535</u>	<u>13,805,806</u>	<u>14,745,408</u>	<u>17,699,146</u>	<u>17,670,612</u>	<u>26,210,746</u>
<u>(2,746,206)</u>	<u>(803,108)</u>	<u>(1,235,427)</u>	<u>(2,215,320)</u>	<u>(1,098,766)</u>	<u>(9,881,343)</u>
-	383,923	2,652,861	-	320,532	19,275,354
-	-	-	-	-	1,325,909
-	-	-	-	-	-
-	251,942	-	34,000	7,300	201
4,360,894	3,793,615	3,644,993	4,694,559	4,797,571	4,903,290
<u>(1,215,366)</u>	<u>(802,478)</u>	<u>(759,563)</u>	<u>(1,591,576)</u>	<u>(752,812)</u>	<u>(740,590)</u>
<u>3,145,528</u>	<u>3,627,002</u>	<u>5,538,291</u>	<u>3,136,983</u>	<u>4,372,591</u>	<u>24,764,164</u>
<u>\$ 399,322</u>	<u>\$ 2,823,894</u>	<u>\$ 4,302,864</u>	<u>\$ 921,663</u>	<u>\$ 3,273,825</u>	<u>\$ 14,882,821</u>

10.14%

9.79%

11.15%

12.48%

12.73%

10.93%

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

<b>Fiscal Year</b>	<b>Ad Valorem</b>	<b>Penalty and Interest</b>	<b>Sales</b>	<b>Franchise</b>	<b>Hotel/Motel</b>	<b>Other</b>	<b>Total</b>
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
2025	8,342,169	98,146	3,284,944	375,080	178,817	63,056	12,342,212

**City of Lockhart, Texas**  
**ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE**  
**Last Ten fiscal years**

Fiscal Year	Tax Roll	Real Property				Minerals	Less: Tax Exempt Real Property	Total Taxable Assessed Value Before Freeze
		Residential Property	Non-Residential Property	Personal Property				
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	
2025	2024	945,689,893	1,215,196,144	87,623,500	37,473	558,287,270	1,690,259,740	

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

<b>Total Freeze Taxable</b>	<b>Freeze Adjusted Taxable</b>	<b>Total Direct Tax Rate</b>	<b>Estimated Tax Levy Before Freeze Ceiling</b>	<b>Freeze Ceiling</b>	<b>Estimated Tax Levy Including Freeze Ceiling</b>	<b>Assessed Value as a Percentage of Actual Value</b>
(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%
(254,383,243)	1,435,876,497	0.5093	7,312,919	997,288	8,310,207	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
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
2025	0.1428	0.4113	0.5541	0.9396	0.0170	0.0137	0.4390	0.0001	1.4094

SOURCE: Caldwell County Tax Office

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

2025		
Taxpayer	Taxable Assessed Valuation	Percentage of Total City Taxable Assessed Valuation
Exeter 130 Cahill LP	\$ 22,125,000	1.31%
Wal-Mart Stores Texas LP	17,779,830	1.05%
Pilot-Legacy Stanton LLC	14,985,000	0.89%
Economy Realty LTD	12,909,440	0.76%
Sunchase Square Apartments LLC	10,565,329	0.63%
H E Butt Grocery	8,507,616	0.50%
LCRA Transmission Srvcs Corp	7,737,840	0.46%
Evergen Equity 30 LP	7,700,000	0.46%
Lockhart Village Partners LP	7,759,796	0.46%
PHX15 LLC	7,723,835	0.46%
	<b>\$ 117,793,686</b>	<b>6.97%</b>

2016		
Taxpayer	Taxable Assessed Valuation	Percentage of Total City Taxable Assessed Valuation
Wal-Mart Stores Texas	\$ 7,198,110	1.39%
Economy Realty, LTD	6,987,720	1.35%
LCRA Transmission Svc. Corp	5,414,040	1.04%
H E Butt Grocery	4,886,480	0.94%
Dormae Products, Inc	4,419,890	0.85%
Lockhart DMA Housing LLC	4,258,000	0.82%
Lockhart Village Partners LP	3,122,191	0.60%
Tri-State Facilities Lockhart, LLC	2,521,220	0.49%
Green Acres Housing LLC	2,427,490	0.47%
Hirisers LLC	1,548,390	0.30%
	<b>\$ 42,783,531</b>	<b>8.25%</b>

SOURCE: Caldwell County Appraisal District

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

Fiscal Year	Taxes Levied for the Fiscal Year			Collections within the Fiscal Year of the Levy	
	(Original Levy)	Adjustments	Total Adjusted Levy	Amount	Percentage of Levy
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%
2025	8,304,453	(26,085)	8,278,368	8,047,397	97.21%

NOTES: Collections do not include penalty and interest.

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

SOURCE: Caldwell County Tax Office

Collections in Subsequent Years	Total Collections to Date		Uncollected Balance
	Amount	Percentage of Levy	
\$ 76,116	\$ 3,696,484	99.68%	\$ 11,842
67,133	3,865,846	99.67%	12,721
95,363	4,321,373	99.72%	12,341
73,239	4,588,953	99.75%	11,585
104,447	4,986,015	99.67%	16,515
89,777	5,184,261	99.61%	20,174
95,472	5,715,678	99.44%	32,110
121,676	6,972,142	99.05%	66,811
144,813	7,324,676	98.11%	140,751
-	8,047,397	97.21%	230,971

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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
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
2025	129,576,009	125,708,322	3,867,687	3%	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>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
<b>Electric Rates (per KWH)</b>					
<b>Base Rate</b>	\$ 11.32	\$ 22.20	\$ 22.60	\$ 23.10	\$ 23.10
<b>Electric Usage Rate</b>					
<b>0 - 1,200 kwh</b>	0.01896	0.01896	0.02156	0.02156	0.02156
<b>1,201 +</b>	0.03250	0.03250	0.03510	0.03510	0.03510
<b>+ all kwh</b>	0.00225	0.00225	0.00225	0.00225	0.00225

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

<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
\$ 23.10	\$ 23.10	\$ 23.10	\$ 11.32	\$ 11.32
0.02156	0.02156	0.02156	0.01896	0.01896
0.03510	0.03510	0.03510	0.03250	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**

2025

Customer	Type of Business	12-Month Electric Consumption per kWh	Percent of Total Billed
MTC/LockhartCorrectional Facility	Service	3,650,640	2.85%
H.E.B. Stores	Retail	2,596,000	2.03%
Lockhart High School	Public School	2,538,850	1.98%
Pure Castings	Manufacturing	1,580,250	1.23%
Caldwell County	Government	1,116,535	0.87%
Bluebonnet Elementary	Public School	1,093,200	0.85%
G.B.R.A.	Service	1,212,330	0.95%
Poco Loco, LLC	Retail	1,042,400	0.81%
Arco Murray Construction	Construction	1,042,500	0.81%
Livingood Feeds	Retail	960,001	0.75%

2016

Customer	Type of Business	12-Month Electric Consumption per kWh	Percent of Total Billed
MTC/LockhartCorrectional Facility	Service	4,233,520	4.06%
H.E.B. Stores	Retail	2,518,000	2.42%
Livingood Feeds	Retail	1,283,700	1.23%
Caldwell County Annex	Government	1,157,400	1.11%
Dormae/Serta Products	Production	1,104,000	1.06%
G.B.R.A.	Service	1,055,760	1.01%
Pinnacle Health	Healthcare	900,960	0.86%
Lockhart High School	Public School	896,450	0.86%
Caldwell County	Government	847,800	0.81%
Bluebonnet Elementary	Public School	698,100	0.67%

Source: City records.

# City of Lockhart, Texas

## WATER PRODUCED AND CONSUMED AND WASTEWATER TREATED

Last Ten fiscal years

<u>Fiscal Year</u>	<u>Gallons of Water Produced</u>	<u>Gallons of Water Consumed</u>	<u>Gallons of Water Unbilled</u>	<u>Average Percent Unbilled</u>	<u>Gallons of Wastewater Treated</u>
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
2025	683	611	179	26%	574

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**

<b>Water</b>		<b>Sewer</b>	
<b>Base Rate</b>	<b>Usage Rate</b>	<b>Base Rate</b>	<b>Usage Rate</b>
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
37.05	6.56	19.75	5.94

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

2025

<b>Customer</b>	<b>Type of Business</b>	<b>12-Month Water Consumption</b>	<b>Percent of Total Billed</b>
MTC/Lockhart Correctional Facility	Private Public Safety	46,724	8.06%
The Ziegenfelder Company Inc.	Manufacturing	13,649	2.36%
Southpark Village	Housing	12,523	2.16%
Lockhart Farms, Lp	Housing	10,189	1.76%
Lockhart Nursing & Rehab	Healthcare	5,954	1.03%
Pilot-Legacy Stanton, LLC	Housing	5,831	1.01%
Sunchase Square Apartments	Housing	5,196	0.90%
D.R. Horton Homes	Construction	4,916	0.85%
Federal Housing	Housing	4,733	0.82%
Lockhart Intermediate School	Public School	4,730	0.82%

2016

<b>Customer</b>	<b>Type of Business</b>	<b>12-Month Water Consumption</b>	<b>Percent of Total Billed</b>
MTC/Lockhart Correctional Facility	Private Public Safety	61,606	13.00%
Caldwell County	Government	9,067	1.91%
Wal-Mart Store	Retail	6,687	1.41%
Pinnacle Health Facility	Healthcare	4,213	0.89%
Federal Housing	Housing	4,154	0.88%
Lockhart High School Track	Public School	2,817	0.59%
Brite & Shiny Carwash	Service	2,573	0.54%
Meadow Park Village	Housing	2,475	0.52%
MLM Quilloy Properties, LLC	Construction	1,927	0.41%
Comfort Suites	Hotel	1,746	0.37%

# City of Lockhart, Texas

## WATER AND SEWER RATES

### Last Ten Fiscal Years

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Water Rates (per 2,000 gallons)				
Base Rate	\$ 22.10	\$ 22.10	\$ 22.60	\$ 23.10
Water Usage Rate				
2,001-6,000	3.90	3.90	4.50	4.80
6,001-8,000	4.15	4.15	4.75	5.05
8,001-10,000	4.40	4.40	5.00	5.30
>10,001	5.15	5.15	5.75	6.05
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>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
\$ 23.60	23.60	23.60	25.89	27.45	37.05
4.80	4.80	4.80	4.58	4.86	6.56
5.05	5.05	5.05	5.73	6.07	8.19
5.30	5.30	5.30	6.64	7.04	12.29
6.05	6.05	6.05	7.33	7.77	18.43
15.51	15.51	15.51	17.92	19.18	19.75
4.67	4.67	4.67	5.40	5.77	5.94

**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
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
2025	24,090,540	1,953,324	1,383,617	623,160	113,103	1,602,589	6,004,462	656,674

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

**Business-type Activities**

<b>Lease Liabilities</b>	<b>State Infrastructure Loan</b>	<b>Contractual Obligations</b>	<b>Tax Notes</b>	<b>Plus: Issuance Premiums</b>	<b>Total Primary Government</b>	<b>Percentage of Personal Income</b>	<b>Per Capita</b>
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
25,824	1,655,797	39,770,000	1,021,384	210,206	79,110,680	14.1%	4,255

**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		
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
2025	24,090,540	1,953,324	1,383,617	1,602,589	27,646,453	1,764,913	25,881,540

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

<b>Percentage of Actual Taxable Value of Property</b>	<b>Per Capita</b>
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
1.53%	1,392

# City of Lockhart, Texas

## DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

September 30, 2025(Unaudited)

	<u>Gross Debt Outstanding</u>		<u>Percentage Applicable to City</u>	<u>Amount Applicable to City</u>
	<u>Date</u>	<u>Amount</u>		
Direct Debt:				
City of Lockhart	9/30/2025	\$ 29,766,333	100.00%	\$ 29,766,333
Overlapping Debt:				
Austin CCD	9/30/2025	657,685,000	0.41%	2,696,509
Caldwell County	9/30/2025	66,190,000	28.76%	19,036,244
Lockhart Independent School District	9/30/2025	206,374,856	40.83%	84,262,854
Total Overlapping Debt		<u>930,249,856</u>		<u>105,995,606</u>
Total		<u>\$ 960,016,189</u>		<u>\$ 135,761,939</u>

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

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

SOURCE: Municipal Advisory Council of Texas

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

Fiscal Year	(1) Population	Personal Income	(2) Per Capita Personal Income	(3) School Enrollment	(4) Unemployment Rate
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%
2025	18,591	561,596,928	30,208	6,850	1.5%

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

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

- SOURCES: (1) Population based on U.S. Census Bureau  
(2) Per Capita Personal Income based on U.S. Census Bureau  
(3) Lockhart Independent School District  
(4) Texas Workforce Commission. Labor Force Statistics for Texas Counties

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# City of Lockhart, Texas

## PRINCIPAL EMPLOYERS

Current Year and Nine Years Ago

2025

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	145	1.42%
City of Lockhart	140	1.37%
Fashion Glass & Mirror	102	1.00%
RealCold	100	0.98%
Ziegenfelder	75	0.73%
Pure Castings Company	75	0.73%
	<u>1,997</u>	<u>19.55%</u>

2016

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

SOURCE: Municipal Advisory Council of Texas

\* 2016 information was not available. 2012 comparative information has been presented.

# City of Lockhart, Texas

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

Function/Program	2016	2017	2018	2019	2020
General government					
City manager	4.0	4.0	5.0	5.0	5.0
City secretary	1.0	1.0	1.0	1.0	1.0
Finance	5.0	5.0	4.0	5.0	5.0
Municipal court	5.0	4.0	4.0	4.0	4.0
Library	10.0	9.0	9.0	9.0	9.0
Parks and recreation	7.0	7.0	7.0	8.0	8.0
Code enforcement	3.0	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	28.0	30.0	29.0	27.0
Communications	9.0	9.0	10.0	9.0	9.0
Fire	18.0	15.0	14.0	14.0	13.0
Public works					
Public works	3.0	3.0	2.0	2.0	2.0
Animal control	8.0	8.0	8.0	7.0	6.0
Garage	3.0	3.0	3.0	3.0	3.0
Streets	13.0	12.0	12.0	12.0	12.0
Electric					
Utility billing	6.0	5.0	6.0	6.0	6.0
Utility distribution	9.0	9.0	8.0	9.0	9.0
Water/wastewater					
Water operations	5.0	5.0	5.0	6.0	6.0
Sewer operations	3.0	3.0	4.0	3.0	3.0
Sanitation					
Operations	2.0	2.0	2.0	2.0	2.0
Recycle					
Economic Development	1.0	2.0	2.0	2.0	2.0
EMS	-	-	-	-	-
<b>Total</b>	<b>144</b>	<b>141</b>	<b>143</b>	<b>143</b>	<b>139</b>

<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
4.0	4.0	4.0	4.0	3.0
1.0	1.0	1.0	1.0	1.0
5.0	5.0	5.0	4.0	5.0
4.0	3.0	3.0	2.0	2.0
6.0	6.0	6.0	6.0	6.0
8.0	9.0	5.0	9.0	9.0
3.0	3.0	3.0	5.0	5.0
4.0	4.0	4.0	3.0	3.0
29.0	31.0	22.0	27.0	26.0
10.0	10.0	7.0	6.0	9.0
13.0	15.0	14.0	17.0	15.0
2.0	2.0	2.0	2.0	2.0
6.0	7.0	6.0	8.0	8.0
4.0	4.0	4.0	4.0	3.0
12.0	12.0	10.0	10.0	10.0
6.0	6.0	6.0	5.0	8.0
9.0	10.0	8.0	9.0	9.0
6.0	5.0	5.0	5.0	5.0
4.0	4.0	2.0	3.0	4.0
2.0	2.0	1.0	2.0	2.0
1.0	1.0	1.0	1.0	1.0
2.0	2.0	0.0	1.0	2.0
-	-	-	15	13
<u>141</u>	<u>146</u>	<u>119</u>	<u>149</u>	<u>151</u>

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

<b>Function/Program</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
General government				
Building permits issued	647	495	444	542
Building inspections conducted	1,613	1,716	2,179	2,282
Public safety				
Police				
Physical arrests	628	596	934	862
Traffic violations	2,149	3,251	5,708	6,281
Fire				
Fire calls	1,386	1,501	1,356	1,406
Public works				
Streets (miles)	65	65	65	66
Culture and recreation				
Parks and recreation				
Park rental	91	107	73	85
Swimming pool				
Single admissions	8,554	8,289	6,883	6,596
Party rentals	50	34	32	33
Electric				
New connections	9	11	18	23
Average daily consumption (kwh)	279,093	287,659	313,552	312,646
Water and wastewater				
Water				
New connections/taps	139	56	78	61
Average daily consumption	1.26 mgd	1.18 mgd	1.32 mgd	1.26 mgd
Peak daily consumption	2.075 mgd	2.118 mgd	2.263 mgd	2.160 mgd
Wastewater				
Average daily sewage treatment	1.34 mgd	1.24 mgd	1.09 mgd	1.00 mgd
EMS				
Ambulance loads	2,989	3,106	3,207	3,199

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

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

<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
839	1,339	2,296	4,197	2,501	2,321
1,703	2,845	4,959	15,597	18,434	14,278
451	469	455	408	622	519
4,041	4,480	4,091	3,711	3,867	5,337
1,361	1,388	1,652	1,717	1,764	1,804
100	124.5	124.5	124.5	124.5	141.5
32	58	85	109	106	110
-	8,279	8,973	4,822	7,885	7,794
-	30	46	20	40	50
49	125	616	805	983	694
307,607	297,326	306,687	321,692	327,378	362,231
50	111	144	502	551	180
1.305 mgd	1.296 mgd	1.425 mgd	1.604 mgd	1.590 mgd	1.852 mgd
2.200 mgd	2.500 mgd	2.100 mgd	2.895 mgd	2.620 mgd	2.421 mgd
1.02 mgd	1.13 mgd	1.04 mgd	1.06 mgd	1.446 mgd	1.103 mgd
3,188	3,479	3,350	3,605	3,605	3,605

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

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
<b>Function/Program</b>				
Public safety				
Police				
Stations	1	1	1	1
Patrol units	22	26	28	29
Fire stations	1	1	1	2
Highways and streets				
Streets (miles)	64.7	65.2	65.2	65.9
Streetlights	1,838	1,838	1,844	1,856
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	80	80
Number of distribution stations	2	2	2	2
Capacity sold (MwH)	101,869	104,995	114,447	114,116
Water and wastewater				
Water				
Water mains (miles)	87.4	92.1	92.1	93.7
Fire hydrants	675	685	700	729
Storage capacity	1.05 mgd	1.05 mgd	1.05 mgd	1.05 mgd
Wastewater				
Sanitary sewers (miles)	76	76	78	79
Storm sewers (miles)	0	0	0	0
Treatment capacity	2.6 mgd	2.6 mgd	2.6 mgd	2.6 mgd

2020	2021	2022	2023	2024	2025
1	1	1	1	1	1
26	31	31	31	34	342
2	2	2	2	2	2
100.0	124.5	124.5	124.5	124.5	141.5
1,856	1,856	1,872	1,872	1,881	1,880
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	82	82	82	84	84
2	2	2	2	2	2
112,276	107,243	111,941	117,418	117,295	128,131
100.0	100.5	100.5	105.8	105.8	105.8
721	721	721	877	892	979
1.05 mgd	1.55 mgd	1.55 mgd	1.55 mgd	1.55 mgd	1.55 mgd
80.6	80.8	80.8	85.8	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