PUBLIC NOTICE

AGENDA

LOCKHART CITY COUNCIL

April 1, 2025

CLARK LIBRARY ANNEX-COUNCIL CHAMBERS
217 SOUTH MAIN STREET, 3RD FLOOR
LOCKHART, TEXAS

6:30 P.M. WORK SESSION (No Action)

Work session will be held to receive briefings and to initially discuss all items contained on the Agenda posted for 7:30 p.m. Generally, this work session is to simplify issues as it relates to the agenda items. No vote will be taken on any issues discussed or reviewed during the work session except to the extent specifically authorized under the Texas Open Meetings Act.

DISCUSSION ONLY

A. Presentation of a proclamation declaring April 13 - 19, 2025 as National Public Safety Telecommunicators Week. **4**

B. Discuss the City Council minutes of the May 21, 2024 and June 4, 2024 meetings. **5-20**

C. Discuss the proposed Texas Monthly 2025 BBQ World's Fair Event Sponsorship Agreement for the November 1-2, 2025, Texas Monthly BBQ World's Fair Event. **21-29**

D. Discussion regarding amending the contract with GBRA to include a future second delivery point from the Gonzales Carrizo Groundwater Supply Project. **30-59**

E. Presentation and discussion of the City of Lockhart and the Lockhart Economic Development Corporation's Fiscal Year 2023-24 Annual Comprehensive Financial Report (annual financial audit) by BrooksWatson & Company, PLLC., an independent public accounting firm. **60-268**

F. Discussion regarding consideration for the purchase of a portable stage to be available for park, City-sponsored, and community events. **269-273**

7:30 P.M. REGULAR MEETING

1. **CALL TO ORDER**
Mayor Lew White

2. **INVOCATION, PLEDGE OF ALLEGIANCE**
Invocation. Pledge of Allegiance to the United States and Texas flags.

3. PUBLIC COMMENT

The purpose of this item is to allow the public an opportunity to address the City Council on issues that are or are not on the agenda. No discussion can be carried out on the citizen/visitor comment about items not on the agenda. Comments are limited to three minutes per speaker.

4. PUBLIC HEARING/COUNCIL ACTION

A. Hold a PUBLIC HEARING and consider approval of Ordinance 2025-07, for text amendments to Chapter 64, "Zoning" Article VII, Section 64-205, "Portable Food Establishments," of the Lockhart Code of Ordinances. **274-292**

5. DISCUSSION/ACTION ITEMS

A. Discussion and/or action to consider the City Council minutes of the May 21, 2024 and June 4, 2024 meetings. **293-308**

B. Discussion and/or action regarding the proposed Texas Monthly 2025 BBQ World's Fair Event Sponsorship Agreement for the November 1-2, 2025, Texas Monthly BBQ World's Fair Event. **309-317**

C. Discussion and/or action regarding amending the contract with GBRA to include a future second delivery point from the Gonzales Carrizo Groundwater Supply Project. **318-347**

D. Presentation, discussion and/or action regarding the City of Lockhart and the Lockhart Economic Development Corporation's Fiscal Year 2023-24 Annual Comprehensive Financial Report (annual financial audit) by BrooksWatson & Company, PLLC., an independent public accounting firm. **348-556**

E. Discussion and/or action regarding the purchase of a portable stage to be available for park, City-sponsored, and community events. **557-561**

6. CITY MANAGER'S REPORT, PRESENTATION AND POSSIBLE ACTION

- Update regarding City-wide Spring Clean Up event held on March 24.
- Splash pads opened for the season on April 1.
- Update on the selection process to hire design consulting engineers for the new aquatic center.
- Update on preparations for the release of Request for Qualifications (RFQ) for architectural services for indoor recreation center project.
- Update on new traffic light installation at FM 1322 and FM 20.

7. COUNCIL AND STAFF COMMENTS - ITEMS OF COMMUNITY INTEREST

8. **<u>EXECUTIVE SESSION IN ACCORDANCE WITH THE PROVISIONS OF THE GOVERNMENT CODE, TITLE 5, SUBCHAPTER D, SECTION 551.087 TO DELIBERATE OR FOR DISCUSSION REGARDING COMMERCIAL OR FINANCIAL INFORMATION THAT THE GOVERNMENTAL BODY HAS RECEIVED FROM A BUSINESS PROSPECT THAT THE GOVERNMENTAL BODY SEEKS TO HAVE LOCATE, STAY, OR EXPAND IN OR NEAR THE TERRITORY OF THE GOVERNMENTAL BODY AND WITH WHICH THE GOVERNMENTAL BODY IS CONDUCTING ECONOMIC DEVELOPMENT NEGOTIATIONS; OR TO DELIBERATE THE OFFER OF A FINANCIAL OR OTHER INCENTIVE TO A BUSINESS PROSPECT.</u>**

   A. Discussion regarding economic development negotiations with Project CA-241.

9. **<u>EXECUTIVE SESSION IN ACCORDANCE WITH THE PROVISIONS OF THE GOVERNMENT CODE, TITLE 5, SUBCHAPTER D, SECTION 551.072 - TO DELIBERATE THE PURCHASE, EXCHANGE, LEASE OR VALUE OF REAL PROPERTY IF DELIBERATION IN AN OPEN MEETING WOULD HAVE A DETRIMENTAL EFFECT ON THE POSITION OF THE GOVERNMENTAL BODY IN NEGOTIATIONS WITH A THIRD PERSON.</u>**

   A. Discussion regarding possible land acquisition related to public parks.

10. **<u>OPEN SESSION</u>**

   A. Discussion and/or action regarding economic development negotiations with Project CA-241.

   B. Discussion and/or action regarding possible land acquisition related to public parks.

11. **<u>ADJOURNMENT</u>**

City Council shall have the right at anytime to seek legal advice in Executive Session from its Attorney on any agenda item, whether posted for Executive Session or not.

Posted on the bulletin board in the Municipal Building, 308 West San Antonio Street, Lockhart, Texas, on March 28, 2025 at 3:45 p.m.

PROCLAMATION

WHEREAS, Congress and the President of the United States have established the second week of April as National Telecommunicators Week; and

WHEREAS, when an emergency occurs, the prompt response of police officers, firefighters and paramedics is critical to the protection of life and preservation of property, and the City of Lockhart Public Safety Telecommunicators are the single vital link between first responders and persons seeking immediate relief during an emergency; and

WHEREAS, the work of these "unseen first responders" is invaluable in emergency situations; and

WHEREAS, each dispatcher has exhibited compassion, understanding, and professionalism during the performance of their job in the past year.

NOW THEREFORE, I, Lew White, Mayor of the City of Lockhart, Texas, and on behalf of the entire City Council, do hereby proclaim the week of

April 13-19, 2025

as

"NATIONAL PUBLIC SAFETY TELECOMMUNICATORS WEEK"

In the City of Lockhart, Texas, and encourage the citizens of Lockhart to express their appreciation to the Lockhart Public Safety Telecommunicators for their diligence and professionalism in keeping our city and citizens safe.

PROCLAIMED this the 1st day of April, 2025.

Lew White
Mayor

Julie Bowermon
City Secretary

REGULAR MEETING
LOCKHART CITY COUNCIL **MAY 21, 2024** **6:30 P.M.**

CLARK LIBRARY ANNEX-COUNCIL CHAMBERS, 217 SOUTH MAIN STREET, 3RD FLOOR, LOCKHART, TEXAS

Council present:
Mayor Lew White
Councilmember John Castillo
Councilmember Brad Westmoreland
Councilmember Juan Mendoza
Councilmember John Lairsen
Councilmember Jeffry Michelson
Mayor Pro-Tem Angie Gonzales-Sanchez

Staff present:
Steve Lewis, City Manager
Patty Akers, City Attorney
Joseph Resendez, Assistant City Manager
Julie Bowermon, City Secretary
David Fowler, Planning Director
Sean Kelley, Public Works Director
Gary Williamson, Police Chief
Andrew Devaney, Building Official
Will Wachel, TRC Engineering

Citizens/Visitors Addressing the Council: Rise Broadband representatives; Citizens: Jesse Hernandez, Juan Martinez, Suzanne Rivas, Jonathan Gonzales, Jessica Henderson and Julia Dye; Mark Estrada, Lockhart Independent School District; and representatives of Rodg DT SeawillowPropCo.

Work Session 6:30 p.m.
Mayor White opened the work session and advised the Council, staff and the audience that staff would provide information and explanations about the following items:

DISCUSSION ONLY
A. PRESENTATION BY RISE BROADBAND REGARDING FUTURE RESIDENTIAL AND NON-RESIDENTIAL HIGH-SPEED INTERNET AND DIGITAL VOICE SERVICES.
Mr. Kelley stated that Rise Broadband (Rise) is a certified SPCOA (Service Provider Certificate of Operating Authority) with the Texas Public Utility Commission. Over the past few months, Rise has been working with staff to review the feasibility of installing fiber internet service within the city limits. They have already begun similar projects with other central Texas communities to expand their delivery of high-speed fiber internet services. Staff contacted several of these communities to review best practice strategies for managing a city-wide installation of fiber internet services. Projects of this proposed scale require constant communication with community stakeholders and accurate underground water and sewer utility locates to minimize the disruption to city utilities and other services (natural gas, underground cables, telephone lines). Staff have expressed concerns brought forth in other communities related to the challenges of implementing fiber internet to Rise, along with solutions that have been implemented to minimize impacts to customers. Rise has been receptive to staff's comments and expressed their willingness to operate based on the locating capabilities of city staff and phase in this project. Any utility/company that intends to provide local exchange telephone service, basic local telecommunications service, or switched access service to customers besides itself must obtain certification from the Texas Public Utilities Commission. There are two categories of certification: COA (Certificate of Operating Authority) and SPCOA (Service Provider Certificate of Operating Authority). These certifications must be renewed once every ten years. Rise operates under an SPCOA that is set to expire this year. They have already submitted their renewal materials to the PUC. The PUC may grant SPCOA's to applicants that meet certain technical, financial, and service requirements. Applicants must also demonstrate that they

have no history of violations of rules or misconduct such that the granting would be inconsistent with public interest. A full list of requirements can be found in Texas Administrative Code Section 26.111. Among other items, requirements include demonstrating shareholders' equity of not less than $1,000,000, showing that the applicant has principals, consultants, or permanent employees in managerial positions whose combined experience in the telecommunications industry equals or exceeds five years, and providing history of complaints, disciplinary records, bankruptcy and insolvency proceedings, and the like. Rise customers can file formal and informal complaints regarding telecommunications providers with the PUC. The process is the same if a City wishes to file a complaint against a telecommunications provider. However, the first step in the complaints process is typically to contact the provider. Rise and other fiber internet providers are not subject to standard franchising fees, which is most common for utility providers operating in municipalities. Their use of right-of-way is governed by Chapter 283 of the Local Government Code, which authorizes certified telecommunications providers in public right-of-way to operate without obtaining a license or franchise. However, cities are compensated by categorized City-Preferred Rates per customer on a per month charge based on the quantity of customers served and category of customer.

Municipality	**2023 City-Preferred Rates**		
	Category 1 (Residential)	**Category 2 (Commercial)**	**Category 3 (Point-to-Point)**
City of Lockhart	$ 0.80	$ 1.70	$ 2.56

The initial speeds for the high speed internet offered by Rise will be 1-gigabyte (GB) service with future capacity to offer up to 10-GB service. Upon completion of the installation, approximately 5,000 customers will have access to fiber internet if they choose. Staff will be finalizing installation protocols with Rise Broadband to effectively delegate responsibilities during the fiber installation process. Once the terms of operations have been mutually acknowledged and agreed upon, Rise will be permitted to start installation.

Rise Broadband representatives provided information and there was discussion about:

- Introduction of Rise Broadband
- Economic transformation through fiber connectivity
- From plan to reality
- Deployment process
- Notification process before and during the construction process
- Construction process
- Cost of the fiber connectivity city residents and businesses
- Protocols for outages and turnaround time for reactivation

B. DISCUSS CITY COUNCIL MINUTES OF THE AUGUST 1, 2023, AUGUST 15, 2023, AND AUGUST 21, 2023 MEETINGS.
Mayor White requested corrections to the minutes. There were none.

D. DISCUSS ORDINANCE 2024-13 CLARIFYING THE POLICE DEPARTMENT LATERAL ENTRY PAY CRITERIA.

Chief Williamson stated that on June 6, 2023, Council passed Ordinance 2023-10, permitting special seniority pay (also called lateral entry pay) for experienced police officer recruits. Questions arose about the ordinance's vagueness regarding prior agency service requirements. The City's Labor Attorney has revised the ordinance to specify the necessary years of service at each prior agency for eligibility, improving clarity and outlining the ordinance's intent. There was discussion.

C. DISCUSS RESOLUTION 2024-13 TO SELECT A PUBLIC IMPROVEMENT DISTRICT (PID) ADMINISTRATION SERVICE PROVIDER FOR THE MANAGEMENT AND ADMINISTRATION OF PUBLIC IMPROVEMENT DISTRICTS AND RELATED TAX INCREMENT REINVESTMENT ZONE (TIRZ) DISTRICTS REGARDING MASTER-PLANNED DEVELOPMENTS WITHIN THE CITY OF LOCKHART.

Mr. Resendez stated that city staff issued a Request for Proposals (RFP) for professional Public Improvement District (PID) Administration services on April 22, 2024 with an application deadline of May 10, 2024. These proposals were solicited to procure a professional services firm to assist the City with the following PID management requirements and other related services, according to the Council-adopted PID Policy:

- Prepare and submit a Budget and Five-Year Service Plan to the City Council for consideration and adoption. The budget shall provide for sufficient funding to pay for all costs above and beyond the City's ordinary costs, including additional administrative and/or operational costs as well as additional maintenance costs resulting from the PID.
- Provide for the calculation of the assessment and allocation to the respective parcels in the PID and shall provide for the billing of the assessments to the property owners or provide information to the County Tax Assessor if the City has contracted with that entity to collect the assessments.
- Prepare annual updates and reports for the Service and Assessment Plan as required by Chapter 372 of the Texas Local Government Code and submit an annual Service and Assessment Plan in a form appropriate for consideration and adoption by the City Council each year and assist the City Council and staff in adopting the annual Service and Assessment Plan updates.
- Prepare annual reports reflecting the expenditure of Bond Proceeds or the reimbursement of Developer expenditures as appropriate.
- Prepare annual reports reflecting the imposition and collection of the assessments and the balances in the various accounts related to the PID to be provided to City Council on a monthly or other periodic basis as may be required by the City.
- Prepare and provide any other reports or information required of the City or the Project under Chapter 372 of the Texas Local Government Code.

Additional details regarding the proposed services for PID Administration were issued with the RFP. Specifically, firms were requested to provide their experience in the creation and administration of Tax Increment Reinvestment Zones (TIRZ) as they may relate to the development and administration of PIDs. Staff received two responses from the following service providers (alphabetical): DTA and P3Works. Each proposal was reviewed and scored by a three-person committee. Based on these results, staff is recommending a contract with P3Works. With offices located in the Dallas-Fort Worth metroplex, Houston, and Austin, P3Works has implemented numerous districts, both statewide and nationally, ranging in size from $2 million to $102 million in a wide range of cities and counties. Specifically, P3Works indicated projects in Travis, Hays, and Comal counties and at least six projects that were a combined PID/TIRZ district. If approved by Council and an agreement is executed, staff will begin working with P3Works on two current proposed development projects that involve PID and PID/TIRZ considerations. As Council may recall, a PID, per the Texas Local Government Code Chapter 372, provides the City of Lockhart with an economic development tool that permits the financing of qualified public improvement costs which confer a special benefit on a definable part of the City. Proceeds from bonds issued by a PID can finance capital costs and fund supplemental services to meet the community needs which could not otherwise be constructed or provided. The bonds issued by the City to fund the costs of eligible capital improvements and/or supplemental services are paid entirely by property owners within the PID who receive special benefits from the capital improvements or services. A PID may only be used to pay for public improvements including road construction, water distribution systems, wastewater collection, landscaping, parks and recreational improvements, and more. Unlike Municipal Utility Districts (MUDs), which focus on water, sewer, and drainage infrastructure, PIDs can be used for a variety of community enhancements beyond utilities.

RECESS: Mayor White announced that the Council would recess for a break at 7:15 p.m.

ITEM 1. CALL TO ORDER,

Mayor Lew White called the meeting to order at 7:30 p.m.

ITEM 2. INVOCATION, PLEDGE OF ALLEGIANCE.

Councilmember Castillo gave the Invocation and led the Pledge of Allegiance to the United States and Texas flags.

ITEM 3. PUBLIC COMMENT.

Mayor White requested citizens to address the Council. There were none.

ITEM 4-A. HOLD A PUBLIC HEARING AND DISCUSSION AND/OR ACTION ON AN APPEAL TO THE PLANNING AND ZONING COMMISSION'S DENIAL OF SUP-24-02, A REQUEST BY JESSE HERNANDEZ FOR A SPECIFIC USE PERMIT TO ALLOW COMMERCIAL OUTDOOR RECREATION, ENTERTAINMENT AND AMUSEMENT 0.33 ACRES FOR O.T. LOCKHART, BLOCK 33, PART OF LOT 6, ZONED COMMERCIAL HEAVY BUSINESS DISTRICT AND LOCATED AT 203 EAST PECAN STREET.

Mayor White opened the public hearing at 7:32 p.m. and requested the staff background report.

Mr. Fowler stated that after receiving several complaints regarding the live music events being held at 4H Hat Company, located at 203 East Pecan Street, City staff requested the applicant file a Specific Use Permit request for Commercial Outdoor Recreation, Entertainment, and Amusement. This request was prompted by both the regularity of live music events being held on the site, as well as complaints received regarding noise, signage, and the sale of alcohol at the events. The applicant stated in his application that he intends to hold live music events on the first Friday of each month from 7-10 PM and the third Sunday of each month from 2-6 PM. The site includes a small wooden stage and a concrete slab used as a dance floor. The stage is located approximately 16 feet from the neighboring residential property. Beer is sold from a trailer used as a mobile bar that is located in the side yard to the west of the building. The applicant has a TABC permit issued for the subject address. Complaints from the next door neighbors have stated that sound levels inside their house exceeded 100 decibels, greatly exceeding the 55 decibels allowed in Section 64-198 for commercial properties adjacent to residentially-zoned properties. The parking pad in front of the store has room for four cars to park, but is not striped and has no accessible parking space available. The applicant, Jesse Hernandez, filed an appeal to the Planning and Zoning Commission's denial of the SUP within 10 days after the denial was issued. The appeal hearing has been notified, including letters, a sign on the site, and a hearing notice in the May 9, 2024 Lockhart Post-Register. One letter of opposition has been received from the neighbor abutting the property to the north. In considering the appeal, City Council should determine whether the Planning and Zoning Commission denied the SUP application in error or using improper criteria of evaluation. It should be noted that Section 64-128 of the City of Lockhart Code of Ordinances states that all SUP applications must be evaluated for compliance with city codes and that applications which do not or cannot meet all applicable standards of Chapter 64 may be denied. There was discussion.

Chief Williamson provided information and there was discussion about the Lockhart Police Department's protocols to handle loud music/noise complaints.

Mayor White requested the applicant to address the Council.

Jesse Hernandez stated that his business offers family friendly live music events hosted at the 4H Hat Company. He expressed concern about the possible inaccurate decibel readings that were reported during the music events. He stated that he would like to continue to host live music events and will willingly do what was necessary to be a good neighbor. He requested approval of the specific use permit. There was discussion.

Mayor White requested citizens to address the Council.

Juan Martinez, 824 W. Johnson Street, spoke in favor of 4H Hat Company offering music entertainment. He requested approval of the specific use permit.

Suzanne Rivas, 945 Clearfork Street, stated that she believes that the noise issues at the 4H Hat Company business location are primarily from the train and the traffic, not the live music. She expressed favorable comments about the Hernandez family and their business. She spoke in favor of approval of the specific use permit.

Jonathan Gonzales, 508 Shelley's Cove, spoke in favor of 4H Hat Company continuing to offer live music events, especially in conjunction with the downtown events.

Jessica Henderson, 1302 Keller Lane, Seguin, spoke in favor of 4H Hat Company continuing to offer live music events. She spoke in favor of approval of the specific use permit.

Julia Dye, 310 North Commerce, stated that she resides in the home behind the 4H Hat Company. She stated that she is not opposed to the live music, she requests that the volume of the music be lowered during the events. The loud music does not allow her to watch television in her living room or sleep in her bedroom without the noise level keeping her from relaxing in her house. She requested accommodation to the level of noise during the live music events.

Mayor White requested additional citizens to address the Council. There were none. He closed the public hearing at 8:47 p.m.

<u>Mayor Pro-Tem Sanchez made a motion to approve SUP-24-02 with the stipulation of two events per month, First Friday and third Sunday, and that the SUP be reviewed annually. Councilmember Lairsen seconded.</u> The motion passed by a vote of 7-0.

RECESS: There was a five minute recess.

ITEM 5-A. DISCUSSION AND/OR ACTION REGARDING CITY COUNCIL MINUTES OF THE AUGUST 1, 2023, AUGUST 15, 2023, AND AUGUST 21, 2023 MEETINGS.
Councilmember Westmoreland made a motion to approve the minutes. Councilmember Mendoza seconded. The motion passed by a vote of 7-0.

ITEM 5-B. DISCUSSION AND/OR ACTION REGARDING RESOLUTION 2024-13 TO SELECT A PUBLIC IMPROVEMENT DISTRICT (PID) ADMINISTRATION SERVICE PROVIDER FOR THE MANAGEMENT AND ADMINISTRATION OF PUBLIC IMPROVEMENT DISTRICTS AND RELATED TAX INCREMENT REINVESTMENT ZONE (TIRZ) DISTRICTS REGARDING MASTER-PLANNED DEVELOPMENTS WITHIN THE CITY OF LOCKHART.
Councilmember Michelson made a motion to approve Resolution 2024-13, as presented. Councilmember Westmoreland seconded. The motion passed by a vote of 7-0.

ITEM 5-C. DISCUSSION AND/OR ACTION TO CONSIDER ORDINANCE 2024-13 CLARIFYING THE POLICE DEPARTMENT LATERAL ENTRY PAY CRITERIA.
There was discussion.
Councilmember Lairsen made a motion to approve Ordinance 2024-13, as presented. Mayor Pro-Tem Sanchez seconded. The motion passed by a vote of 6-1, with Councilmember Castillo opposing.

ITEM 5-D. DISCUSS AND CONSIDER ACTION REGARDING A DEVELOPMENT AGREEMENT BETWEEN THE CITY AND RODG DT SEAWILLOWPROPCO LLC TO AUTHORIZE DEVELOPMENT OF THE SEAWILLOW PROJECT, CONSISTING OF APPROXIMATELY 586.778 ACRES OF LAND OUT OF THE JOHN A. NEILL SURVEY A020 FOR RESIDENTIAL AND COMMERCIAL PURPOSES, WHICH PROPERTY IS LOCATED EAST OF FM 1322 AND SOUTH AND WEST OF SEAWILLOW ROAD, APPROXIMATELY 2,000 FEET SOUTHEAST OF LAY ROAD.
Mr. Fowler stated that the proposed Seawillow project consists of approximately 498.78 acres with 88 acres located inside the city limits and the balance of the property located primarily in the City's ETJ. Development of the 88 acres is subject to compliance with the City's Code of Ordinances and has already been zoned for residential purposes while the ETJ portion of the property will be developed under The Seawillow Ranch Planned Development District Design Statement, which will be Exhibit E of the Development Agreement (DA) and specific performance standards contained therein. The Concept plan, Exhibit B, attached to the DA depicts the land uses proposed for the portion of the out of city property. The DA provides for annexation of the property not currently in the city limits. The DA also contemplates creation of a Public Improvement District (PID) and a Tax Increment Reinvestment Zone (TIRZ) which are financing mechanisms for the utilities, roads and other public improvements associated with the project. The project term is 30 years and the project will be developed in phases, beginning with phase one and ending with phase eight. The term of the TIRZ is 40 years to accommodate the length of PID bonds issued in subsequent phases of the project.

The land uses associated with the ETJ property are summarized below:

a. Single family detached residential homes: maximum of 2,132 Living Unit Equivalents (LUEs) located on 35', 40', 45' and 50' foot lots and approximately 131 acres;
b. Single family attached residential: maximum of 67 LUEs located on 25 foot x110 foot lots and approximately 8 acres;
c. Multifamily residential units: maximum 180 LUEs (360 units total) and approximately 15 acres;
d. School uses: maximum 107 LUEs and approximately 41 acres;

e. Commercial/Retail uses: maximum of 190 LUEs and approximately 39 acres;
f. Parks, open space and amenity areas of approximately 91 acres;

The balance of the remaining acreage is in the roads and public infrastructure that serves the project.

Mr. Fowler stated that the Public Improvements and Developer Contributions: The DA requires the Developer to pay the cost of the on-site utilities and roads that are necessary to serve the Project and to fund all or a portion of certain off-site utilities and road improvements. In some cases, the Developer is required to construct the improvements and in other cases the Developer will fund the improvement and the City will undertake the construction.

Mr. Kelley provided details about the following public improvements, property interests and funding will be provided by the Developer:

a. One acre site to be conveyed to City for placement of Elevated Water Storage Tank and Developer funded one million gallon capacity elevated storage tank. Anything larger would be considered oversizing and the City would cover the oversizing cost if it requests a larger tank. (Phase 2)
b. Construct new 12 inch water line connector to existing 12 inch water line at FM 1322. (Phase 2)
c. Construct an extension of the existing 12-inch water line on FM 1322 from the current line to the project site. (Phase 1)
d. Pay the City a community contribution of 5 million dollars to provide funds for the wastewater plant expansion. Developer is entitled to a credit against future impact fees for this payment.
e. Upgrade and increase the capacity of a lift station.
f. Replace and enlarge the off-site sewer line.
g. Dedication of between 127-133 acres of park land and open space to the City, which includes multiple 0.25-acre pocket parks (one pocket park for every 200 single-family residential lots).
h. Provide **1.5** million dollars towards park equipment and improvements.
i. Construction of 2,500 linear feet of 8-foot concrete hike and bike trials.
j. Developer will fund road improvements based on TIA as described in Exhibit M per TxDOT requirements.
k. Convey 41 acres to the School District, or to the City if the School District does not agree to accept the property for school purposes.
l. Authorizes City to conduct study on feasibility of developing groundwater wells and to develop, own and operate groundwater wells if the city determines it's feasible.
m. Commitment to provide discounts for teacher housing.
n. Development of commercial land uses that should increase city sales tax.

Impacts to City.

1. TIRZ - The purpose of the TIRZ is to create a fund which will allow the developers to buy down lot owner PID assessment costs to maintain competitive sales prices with other developments in the area. The funds that go into the TIRZ are created by the improvements constructed by the Developer. The TIRZ fund will consist of 55% of the "added value" the Developer improvements have in increasing ad valorem property taxes. If the property remains in the ETJ the City does not collect ad valorem property taxes. The remaining 45% of ad valorem property taxes created by the improvements to the property will be payable to the City together with the base rate (pre-improvement value) of ad valorem property taxes. The TIRZ will be in effect for 40 years, or retirement of the PID bonds, whichever occurs first.
2. Development Density - The smallest single-family detached lots allowed in residential zoning districts are 50-foot lots. The majority of single family lots will be narrower than 50 feet, thus

making the proposed development density at this project greater than is allowed in single-family districts elsewhere in the City.

Mayor White requested representatives of the Seawillow Project to address the Council.

Mark Estrada, Superintendent, Lockhart Independent School District, stated that the developer has offered to include a new school and affordable housing for teachers in the development. He spoke in favor of the project.

Representatives of the Seawillow Project, provided details and there was discussion about the development. Mike Miller of the Seawillow Project, stated that the developer is well known for establishing high quality, special and affordable communities. He spoke in favor of the development in Lockhart. Representatives also of the Seawillow Project provided information about the TIRZ phase.

ITEM 8-A. EXECUTIVE SESSION IN ACCORDANCE WITH TEXAS GOVT CODE SECTION 551.071 PRIVATE CONSULTATION WITH ITS ATTORNEY ON A MATTER IN WHICH THE DUTY OF THE ATTORNEY TO THE GOVERNMENTAL BODY UNDER THE TEXAS DISCIPLINARY RULES OF PROFESSIONAL CONDUCT OF THE STATE BAR OF TEXAS CLEARLY CONFLICTS WITH THE TEXAS OPENS MEETINGS ACT; TEXAS GOVT CODE SECTION 551.072 TO DISCUSS THE SALE, PURCHASE, OR LEASE OF REAL PROPERTY; TEXAS GOVT CODE SECTION 551.087 DELIBERATION OF ECONOMIC DEVELOPMENT NEGOTIATIONS, INCLUDING DISCUSSION OF COMMERCIAL OR FINANCIAL INFORMATION RECEIVED FROM A BUSINESS PROSPECT THAT THE GOVERNMENTAL BODY SEEKS TO HAVE LOCATE, STAY OR EXPAND IN OR NEAR THE TERRITORY OF THE GOVERNMENTAL BODY AND WITH WHICH THE GOVERNMENTAL BODY IS CONDUCTING ECONOMIC DEVELOPMENT NEGOTIATIONS AND TO DELIBERATE THE OFFER OF FINANCIAL OR OTHER INCENTIVES TO SAID BUSINESS PROSPECT. THE CITY COUNCIL WILL DISCUSS THE PROPOSED DEVELOPMENT OF THE SEAWILLOW PROJECT AND ASSOCIATED FACILITIES, INFRASTRUCTURE, AMENITIES AND PUBLIC IMPROVEMENTS.

Mayor White announced that the Council would enter Executive Session at 11:10 p.m.

ITEM 9. RECONVENE INTO OPEN SESSION - IN ACCORDANCE WITH TEXAS GOVERNMENT CODE, CHAPTER 551, THE CITY COUNCIL WILL RECONVENE INTO OPEN SESSION TO CONSIDER ACTION, IF ANY, ON MATTERS DISCUSSED IN EXECUTIVE SESSION.

Mayor White announced that the Council would enter Open Session at 12:15 a.m.

Mayor White stated that the consensus of the Council was to allow staff to continue negotiations on the proposed development of the Seawillow Project. There was no action.

ITEM 6. CITY MANAGER'S REPORT, PRESENTATION AND POSSIBLE ACTION

- Summer Fan Program begins May 22nd.
- City Park swimming pool open for the season on Saturday, May 25th.
- Grand opening event for the new soccer mini-pitch court at LaFleure Soccer Complex will be held May 25th at 10:00 a.m.
- Downtown Revitalization Project – sealed bids update.
- Update regarding Lockhart Farms Subdivision Phase 2.
- Update regarding Lockhart Farms Subdivision Phase 2.

ITEM 7. COUNCIL AND STAFF COMMENTS - ITEMS OF COMMUNITY INTEREST

Mayor Pro-Tem Sanchez expressed condolences to the family of Alfredo Munoz for their loss. She wished everyone a Happy Memorial Day and congratulated the graduating class of 2024.

Councilmember Lairsen congratulated the graduating class of 2024 and the Hays-Caldwell Women's Center for a successful gala.

Councilmember Castillo expressed condolences to the family of Alfredo Munoz for their loss. He thanked the Hays-Caldwell Women's Center for their service to the community. He thanked employees for their work.

Councilmember Michelson congratulated the graduating class of 2024.

Mayor White expressed appreciation that pen pal Emerson is improving with medical treatment.

ITEM 10. ADJOURNMENT

Mayor Pro-Tem Sanchez made a motion to adjourn the meeting. Councilmember Mendoza seconded. The motion passed by a vote of 7-0. The meeting was adjourned at 12:26 a.m.

PASSED and APPROVED this the 1st day of April, 2025.

CITY OF LOCKHART

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Lew White, Mayor

ATTEST:

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Julie Bowermon
City Secretary

REGULAR MEETING
LOCKHART CITY COUNCIL JUNE 4, 2024 6:30 P.M.

CLARK LIBRARY ANNEX-COUNCIL CHAMBERS, 217 SOUTH MAIN STREET, 3RD FLOOR, LOCKHART, TEXAS

Council present:
Councilmember John Castillo
Councilmember Juan Mendoza
Councilmember Jeffry Michelson
Councilmember Brad Westmoreland
Councilmember John Lairsen
Mayor Pro-Tem Angie Gonzales-Sanchez

Council absent:
Mayor Lew White

Staff present:
Steve Lewis, City Manager
Joseph Resendez, Assistant City Manager
David Fowler, Planning Director
Gary Williamson, Police Chief
Brad Bullock, City Attorney
Julie Bowermon, City Secretary
Sean Kelley, Public Works Director
Will Wachel, TRC Engineering

Citizens/Visitors Addressing the Council: Christian Palacios, Field Representative for Congressman Michael Cloud's office.

Work Session 6:30 p.m.
Mayor Pro-Tem Sanchez announced that Mayor White is on vacation, therefore he will not attend the meeting. She opened the work session and advised the Council, staff and the audience that staff would provide information and explanations about the following items:

DISCUSSION ONLY
A. DISCUSSION REGARDING A TREATED WATER SHARING AGREEMENT BETWEEN GUADALUPE BLANCO RIVER AUTHORITY, NEW BRAUNFELS UTILITY AND THE CITY OF LOCKHART FOR THE TEMPORARY SALES OF TREATED WATER FROM THE GONZALES CARRIZO WATER SUPPLY PROJECT, AND AUTHORIZING THE MAYOR TO SIGN THE AGREEMENT, IF APPROVED.
Mr. Kelley stated that in 2018, the Guadalupe-Blanco River Authority (GBRA) executed separate Gonzales Carrizo Water Supply Project Treated Water Supply Agreements with NBU, the City of Lockhart, and Goforth Special Utility District to supply up to 15,000 acre-feet/year of treated water from the project. The City of Lockhart stands to receive 3,000 acre-feet-year from this project, which is expected to be completed later this year during the first phase of the regional water project. Neighboring water providers such as Crystal Clear SUD, Maxwell SUD, County Line SUD, and Camino Real Utility have determined that they need a temporary source of treated water while awaiting the completion of some of Alliance's portions of the Project and the delivery of water therefrom. The City of Lockhart along with NBU were asked if they would separately determine, based on their best individual interest, to identify any excess water that could be sold on a short-term basis. The City of Lockhart's Engineer reviewed the request and conservatively identified 500 acre-feet/year (162,925,900 gallons) of the 3,000 acre-feet/year (977,553,000 gallons) of treated water that would not impact the system if it was sold on a short-term basis. The assessment was made by studying water use trends and adding in high-growth scenarios over the next five years. The 500 acre-feet/year of water identified does not impact the water available to Lockhart water customers and will not have an impact on water rates. This month NBU determined that

it can commit 4,000 acre-feet/year of treated water out of the 8,000 acre-feet/year they were scheduled to receive as part of the project and entered an agreement with GBRA to authorize the temporary sale of water to the neighboring entities. The water that is scheduled to be received from the project is take or pay, meaning that the charge is paid whether all, some, or any of the water is taken or not, the amount is paid in full by each entity that receives it. Section 3.8 of the 2018 Agreement gives authority to each entity to sublease or wholesale the water purchased from GBRA. Currently, the annual debt being paid by the City of Lockhart as part of the Original 2018 CGSP is $1.854 million due each year. Furthermore, the annual fixed rate for the Shared Water will be $668.79 per acre-feet/year.

The shared water agreement covers:

- An Administration Fee revenue of 5 percent (5%) over the cost/acre-foot. The Administrative fee of 5% may be increased on the anniversary of the Effective Date at the sole discretion of the Providers, provided the increase may not increase more than the Consumer Price Index (CPI) for the previous year.
- The "Term" of the Agreement to allow the temporary short-term sale of water would expire at midnight of December 31, 2028.
- Establishes the response to drought condition events, when water cannot be supplied to meet the demands of all project customers, treated water from the Project, including Shared Water, shall be divided pro rata among all GBRA customers of the Project.
- Defines the areas of the Shared Water Delivery Points.

Excess water sales are not uncommon in the region. Most recently, the City of San Marcos extended an agreement with the City of Kyle to sell short-term water. The sale of excess take or pay water can allow water service providers to reduce debt. The revenue from the sale of water can also be used to cover related Capital Improvement Projects, which would otherwise be collected and funded by the water customers. The Annual Debt Reduction for the sale of 500 acre-feet/year equals $334,395 plus and an addition of $16,719.75 in administrative fees, equaling a total of $351,114.75 in annual revenue.

There was discussion.

B. DISCUSS ENTERING A MEMORANDUM OF AGREEMENT (MOA) WITH THE GUADALUPE-BLANCO RIVER AUTHORITY FOR THE DEDICATION OF TWO UTILITY EASEMENTS ASSOCIATED WITH PHASE II OF THE GONZALES CARRIZO WATER SUPPLY PROJECT, AND AUTHORIZING THE MAYOR TO SIGN MOA, IF APPROVED.

Mr. Kelley stated that the Guadalupe-Blanco River Authority (GBRA) has completed the engineering design for the TX-130 Groundwater Supply Project in Caldwell County. This second phase of the regional water project includes expanding water supply to neighboring water providers north of Lockhart. GBRA's route for the project takes water around the east side of Lockhart and travels around the northern boundary of town. This route will require acquisition of easements from several property owners, including two requested easements from the City of Lockhart. Easement ER-02 is a 0.3508 acre permanent easement (30' wide) and a 0.23 acre temporary construction easement (20' wide), both situated in the James George Survey No. 7, Abstract No. 9, Caldwell County, also known as the Lockhart Water Treatment Plant (Shown in Exhibit “A”). Easement NR-37 is a 0.2593 acre permanent easement (30' wide) and a 0.40 acre temporary construction easement (20' wide), both situated in the Cornelius Crenshaw Survey, Abstract No. 68, Caldwell County, also known as the Cesar Chavez Elevated Storage Tank, near SH130. (Shown in Exhibit “B”). The appraised value of the two easements is approximately $134,350. GBRA asks that the City dedicate the easements to GBRA in consideration for a second delivery point provided to the City of Lockhart at the Cesar Chavez Elevated Storage Tank. The estimated cost for the second delivery point is $1.95M in construction costs, which GBRA can offer to the City as compensation for the dedicated permanent easements. The second delivery point would be treated water with a dedicated chemical treatment feed, and a metering station. The connection size has been designed as a 12" water main connection.

Establishing a second delivery point for treated water is important for several reasons, including:

- Create redundancy in the water system to make the utility more resilient.
- Diversify and increase the City's water supply pumping capacity beyond its current delivery point, which is centralized at the Water Treatment Plant's high service pump station.
- Provide additional water supply during outages, rehabilitation, or scheduled maintenance at the City's water treatment plant.

There was discussion.

C. DISCUSS AUTHORIZING CITY MANAGER TO SIGN A TWO-YEAR RENEWAL AGREEMENT WITH COMMUNITY ACTION, INC. FOR THE COMPREHENSIVE ENERGY ASSISTANCE PROGRAM (CEAP).

Mr. Resendez stated that every two years, the City of Lockhart partners with Community Action, Inc. to help the residents of Lockhart with the electric portion of their utility bills through a program known as the Comprehensive Energy Assistance Program (CEAP). Community Action is funded by the Texas Department of Housing and Community Affairs to assist eligible individuals in Hays, Caldwell, and Blanco counties. Prioirty is given to low-income households with high energy use, a high energy burden, or the presence of a child (age 5 or under), disabled, elderly individuals, or veterans. Other services that CEAP provides include energy education, needs assessment, budget counseling, and crisis-related purchase of portable heating and cooling units when available. CEAP does not help residents with water, wastewater, recycling, and solid waste fees, or deposits on new or existing accounts. There was discussion.

D. DISCUSSION AND POSSIBLE DIRECTION TO STAFF REGARDING CITY REGULATIONS OF SOUND LEVELS AND SPECIAL EVENT PERMIT REQUIREMENTS.

Mr. Fowler stated that the related issues of the regulation of special events and the control of sound levels related to music have become more prominent as the city has seen a recent increase in events held in locations other than the courthouse square involving live or amplified music. There has also been an increase in businesses holding live or other amplified music events on properties that had not been zoned in a manner that permitted live music without the granting of a Specific Use Permit. Additionally, there have been recent Specific Use Permit requests for Special Event Centers that would likely involve amplified music on sites that abut residential neighborhoods. These related occurrences have led to City staff receiving complaints regarding sound levels at events with amplified music. In some cases there have also been complaints or concerns regarding parking, traffic, crowd control, and food preparation/handling. Questions relating to these issues have led to City staff receiving several questions from residents and business owners regarding how the City regulates special events and the use of amplified sound, particularly in outdoor areas.

The intent of this discussion item is to provide City staff with direction on how to potentially revise city regulations regarding amplified sound and special event permitting to best address the increased interest in amplified music and outdoor events, especially events away from the Courthouse Square district.

AMPLIFIED SOUND

The City's standards limiting amplified sound are contained in several sections of the Code of ordinances. Chapter 18, Article II, Noise, enumerates noises that are to be considered nuisances. While no decibel limits are set in this article, the standard set is that noises which "are reasonably calculated to be detrimental to the life or health of any ordinary reasonable person," are prohibited. This article also states the requirement for obtaining a permit from the police for any bands, musical instruments, voices, records to be operated with the use of loudspeaking equipment. The restrictions in this section apply to all properties in the City.

In Chapter 64, Zoning, of the Code of Ordinances, Section 64-198 provides performance standards for commercial and industrial districts, which includes a nuisances section that includes restrictions on lighting, vibrations, and noise. This section sets maximum decibel limits for commercial and industrial properties based on the zoning of adjoining properties. If a non-residential property abuts a commercial or industrial property, the maximum decibel level allowed is 65 and 70 decibels, respectively. However, when a non-residential use abuts a residentially-zoned property, the maximum decibel level allowed is 55 decibels at the abutting property line between 7:00 AM and 7:00 PM and 50 decibels from 10:00 PM to 7:00 AM. This places a severe restriction on any source of amplified sound or music that is near a residential use. In researching the noise restrictions of other cities in central Texas, staff found that Lockhart's noise regulations are significantly stricter than those in several peer cities.

In discussing any potential revision to the city's noise ordinance, the following questions should be considered:

1) How should the recent increase in interest in outdoor music events and venues be balanced with residents' desire for quiet enjoyment of their properties?

2) What is the maximum overall sound level that should be allowed at the property line of commercial, industrial and residential properties?

3) Should permitted sound levels be lower when abutting residential properties? If so, how much lower?

4) Should special event centers on residential properties be considered the equivalent of commercial properties?

SPECIAL EVENTS

The City has a special event permit form that requests information regarding responsible parties, the size of attendance, food preparation, amusements, serving of alcohol, expected attendance, amplified sound, security, use of parks and parks personnel. The application does not state a deadline for filing a permit prior to a planned event, only stating that application processing may require up to three days. Neither the permit form nor City code specify which events require permits or how much notice the City requires based on the size and scope of an event. While there are questions regarding whether an event will employ police or other security at events, there are not standards detailing when security or police officers will be required at an event. The special event application does not have a processing fee.

When researching the special event permitting requirements in other central Texas cities, staff found that the cities often exclude special event permitting requirements for events held entirely on public property, of a smaller size, and/or if parking is available on site. Staff also found that the cities studied typically have much greater required advance notification processes, often requiring an application 60 days or more before an event. To guide the discussion of the permitting of special events, staff has compiled a list of questions regarding possible issues to be addressed in an updated special event permitting process:

1) Should there be a minimum event size to require filing a special event application? Are there sizes of events or locations of events, such as events held at churches or schools, that would be exempt from special event permitting requirements?
2) What should be the minimum number of days before an event that a permit is required to be filed? Should the application deadline be earlier for larger events?
3) When should security be required at events? Above a certain event size? When alcoholic beverages are served? If street closures or traffic direction are required? Other circumstances?
4) When are organizers required to have public restrooms and hand washing stations on-site?
5) Should the need for offsite parking trigger a special event permit?
6) Should Traffic Control Plans (TCP) be required for road closures, parades or diverted traffic?
7) Should special events be afforded a higher allowed sound level than uses that have amplified sound on a regular basis?
8) Should the special event permit have an application fee? Should there also be fees for in-kind services such as street closures, banner hanging and other services the City performs for organizers?
9) How should City-sponsored events be handled in comparison to non-sponsored events?

There was discussion.

RECESS: Mayor Pro-Tem Sanchez announced that the Council would recess for a break at 7:28 p.m.

ITEM 1. CALL TO ORDER,

Mayor Pro-Tem Sanchez called the meeting to order at 7:45 p.m.

ITEM 2. INVOCATION, PLEDGE OF ALLEGIANCE.

Councilmember Mendoza gave the Invocation and led the Pledge of Allegiance to the United States and Texas flags.

ITEM 3. PUBLIC COMMENT.

Mayor Pro-Tem Sanchez requested citizens to address the Council.

Christian Palacios, Victoria, Texas, Field Representative for Congressman Michael Cloud's office, offered assistance to the city in regard to government assistance, such as grant applications. Their office also assists residents with regard to issues such as social security benefit applications.

No additional citizens addressed the Council.

ITEM 4-A. DISCUSS AND CONSIDER ACTION REGARDING A TREATED WATER SHARING AGREEMENT BETWEEN GUADALUPE BLANCO RIVER AUTHORITY, NEW BRAUNFELS UTILITY AND THE CITY OF LOCKHART FOR THE TEMPORARY SALES OF TREATED WATER FROM THE GONZALES CARRIZO WATER SUPPLY PROJECT, AND AUTHORIZING THE MAYOR TO SIGN THE AGREEMENT, IF APPROVED.

Councilmember Lairsen made a motion to approve the Treated Water Sharing Agreement, as presented. Councilmember Castillo seconded. The motion passed by a vote of 6-0.

ITEM 4-B. DISCUSS AND CONSIDER ACTION REGARDING ENTERING A MEMORANDUM OF AGREEMENT (MOA) WITH THE GUADALUPE-BLANCO RIVER

AUTHORITY FOR THE DEDICATION OF TWO UTILITY EASEMENTS ASSOCIATED WITH PHASE II OF THE GONZALES CARRIZO WATER SUPPLY PROJECT, AND AUTHORIZING THE MAYOR TO SIGN MOA, IF APPROVED.

Councilmember Michelson made a motion to approve the Memorandum of Agreement, as presented. Councilmember Castillo seconded. The motion passed by a vote of 6-0.

ITEM 4-C. DISCUSSION AND/OR ACTION REGARDING AUTHORIZING CITY MANAGER TO SIGN A TWO-YEAR RENEWAL AGREEMENT WITH COMMUNITY ACTION, INC. FOR THE COMPREHENSIVE ENERGY ASSISTANCE PROGRAM (CEAP).

Councilmember Castillo made a motion to approve the two-year renewal agreement with Community Action, Inc., as presented. Councilmember Lairsen seconded. The motion passed by a vote of 6-0.

ITEM 4-D. DISCUSSION AND POSSIBLE DIRECTION TO STAFF REGARDING CITY REGULATIONS OF SOUND LEVELS AND SPECIAL EVENT PERMIT REQUIREMENTS.

After discussion, the consensus of the Council was to direct staff to create a recommended guideline document for Council's consideration in the future.

ITEM 5. CITY MANAGER'S REPORT, PRESENTATION AND POSSIBLE ACTION

- Petition to amend City Charter update.
- Grand opening event for the new Soccer Mini-Pitch Court at Lafleur Soccer Complex.
- Downtown Revitalization Project – bid analysis update.
- City/LISD Summer Teen Recreation Program starts June 3.
- June 11 – FY 24-25 Budget Workshop: General Fund.
- June 12 – FY 24-25 Budget Workshop: Utility and Special Revenue Funds.
- GBRA budget, Caldwell County Appraisal District budget, and presentations by Non-Profits will be included during the June 18th Regular City Council meeting.
- Annual Chisholm Trail Round-up will be held June 13 – 15.
- City Pool and City Park Splash Pad will be closed June 10-16 during Chisholm Trail Round Up events.

ITEM 6. COUNCIL AND STAFF COMMENTS - ITEMS OF COMMUNITY INTEREST

Councilmember Mendoza congratulated the City of Luling for a successful Memorial Day event and Radio Station FM 107.9 for a successful event.

Councilmember Lairsen wished Pride Caldwell the best for a successful event. He wished everyone a Happy 4th of July since he will not be attending the first meeting in July.

Councilmember Castillo wished Pride Caldwell luck on a successful event. He wished those with a birthday in June a Happy Birthday. He wished the Lockhart Chamber of Commerce luck with the upcoming Chisholm Trail Roundup. He assured the community and employees that the Council will review the upcoming budget carefully.

Councilmember Michelson thanked all entities involved with contributing to the Soccer Mini-Pitch. He announced that Splash Pad #2 will open soon. He wished the Lockhart Chamber of Commerce luck on a successful Chisholm Trail Roundup.

Mayor Pro-Tem Sanchez wished the Lockhart Chamber of Commerce luck for a successful Chisholm Trail Roundup event. She expressed condolences to families that have lost a loved one. She announced that McCoys Building Supply will open on June 10.

ITEM 7. ADJOURNMENT

Councilmember Castillo made a motion to adjourn the meeting. Councilmember Mendoza seconded. The motion passed by a vote of 6-0. The meeting was adjourned at 8:07 p.m.

PASSED and APPROVED this the 1st day of April, 2025.

CITY OF LOCKHART

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Lew White, Mayor

ATTEST:

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Julie Bowermon
City Secretary

City of Lockhart, Texas

Council Agenda Item
Cover Sheet

COUNCIL MEETING DATE: April 1, 2025

AGENDA ITEM CAPTION: Discuss the proposed Texas Monthly 2025 BBQ World's Fair Event Sponsorship Agreement for the November 1-2, 2025, Texas Monthly BBQ World's Fair Event.

ORIGINATING DEPARTMENT AND CONTACT: Public Works - Sean Kelley

ACTION REQUESTED: Agreement

BACKGROUND/SUMMARY/DISCUSSION: Since 2009, Texas Monthly BBQ Fest has brought together BBQ enthusiasts. In 2022, Texas Monthly held its first BBQ World's Fair in the BBQ Capital of Texas and is seeking to return to Lockhart for a fourth consecutive year.

The event is slated for November 1-2, 2025, to be held in the Historic Courthouse Square and City Park. Texas Monthly will provide the planning, production, staffing, event lineup, marketing, ticketing services and sponsorships. Other notable details in the agreement include:

- City contribution $25,000 of in-kind support (permit assistance, street closures, police and first responder staff, secure shuttle parking area and event locations)
- $20,000 in monetary sponsorship for digital promotion and $8,700 payment for (1) full page brand ad in Texas Monthly Magazine
- City logo to be placed on the promotional signage
- Minimum general liability insurance requirements

Staff will be working closely with the Downtown Revitalization Contractors to coordinate planning of the event between the event holder and the contractor. Texas Monthly has representatives to answer any questions regarding the 2025 Event Sponsorship Agreement.

PROJECT SCHEDULE (if applicable): N/A

AMOUNT & SOURCE OF FUNDING:
Funds Required: $28,700.00
Account Number: 100-5101-795-00
Funds Available: -
Account Name: Downtown Promotions

FISCAL NOTE (if applicable):

PREVIOUS COUNCIL ACTION: Council entered into previous sponsorship agreements on May 3, 2022, April 4, 2023, and March 5, 2024.

City of Lockhart, Texas

Council Agenda Item
Cover Sheet

COMMITTEE/BOARD/COMMISSION ACTION:

STAFF RECOMMENDATION/REQUESTED MOTION: Staff respectfully requests direction from the City Council.

LIST OF SUPPORTING DOCUMENTS: City of Lockhart BBQ Fest 2025 Agreement, Exhibit A City of Lockhart 2025 SP

TEXAS MONTHLY 2025 BBQ FEST
EVENT SPONSORSHIP AGREEMENT

This Event Sponsorship Agreement ("Agreement") is entered into by and between Texas Monthly LLC, a Texas limited liability company ("Texas Monthly") and the City of Lockhart, Texas, a municipality of the State of Texas ("Client"), and governs the terms of Texas Monthly's presentation of its 2025 BBQ Fest event at the Lockhart venues described in this Agreement (the "Event") and Client's sponsorship thereof, in each case on the terms provided in this Agreement.

For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

1. **Events.**

- **Event Description.** This 2-day event comprises (i) a "BBQ World's Fair" - an open-to-the-public street festival, showcasing barbecue, metalworks, marketplace vendors, and live music and (ii) the "Top 50 Picnic" – the classic, ticketed BBQ celebration that features pitmasters from Texas Monthly's latest quadrennial list of the Top Fifty barbecue joints in Texas.

- **Sponsorship Fee.** In consideration of Texas Monthly's presentation of the Event, Client shall pay Texas Monthly a sponsorship fee of $53,700, comprising the following (i) $25,000 of in-kind support as described below, (ii) a $20,000 cash payment in respect of one (1) interactive visual storytelling feature with photos and copy provided by Client, that will be heavily promoted via: 150,000 Brand ROS, 300,000 Promotional ROS, one (1) Homepage Takeover, one (1) ROS Takeover, one (1) sponsored lnstagram post, one (1) sponsored Facebook ad and two (2) Traveling Texan Trip Planners and (iii) a $8,700 cash payment in respect of one (1) full page brand ad in *Texas Monthly* magazine in form and content approved by Client 50% of these amounts are payable within ten (10) business days of the execution of this Agreement, with the remaining 50% payable no later than ten (10) business days prior to the Event.

- **Event Details –**
  - Day 1 – *BBQ World's Fair*. This part of the Event will be held in downtown Lockhart, Texas on Saturday, November 1, 2025 from 12 p.m. -7 p.m. This is a public event, with an estimated 7,000-10,000 attendees.
  - Day 2 - *Top 50 Picnic*. This part of the Event will be held at City Park in Lockhart, Texas on Sunday, November 2, 2025 from 12 p.m. – 4 p.m. This is a ticketed, public event, with an estimated 4,500 attendees.
  - Client will provide the above venues, and emergency services (police and fire) for each, at no cost to Texas Monthly, as part of its in-kind consideration payable under this Agreement.
  - Event times are subject to mutual agreement of the parties in advance.

- **Artist/Presenter lineup and Event content.** Texas Monthly shall be responsible for curating and engaging the line-up of artists/presenters for the Event and shall have sole decision-making authority for the content and curation of the Event.

- **In-Kind Support.** The in-kind support to be provided by Client includes the following:
  - All city permitting (street, fire, police, sound, building, parking, etc.) and assistance with all other permitting requirements for the Event. Street closures for downtown Lockhart will be mutually agreed upon by Texas Monthly and Client. Texas Monthly requests access to City Park for Event setup starting at 8am on

Wednesday, October 29, 2025 with exclusive use of the City Park started at 5pm on Friday, October 31, 2025 through 5pm on Sunday, November 2, 2025. All Event material equipment to be removed from City Park grounds by 5pm on Tuesday, November 4, 2025.

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- Staffing: police officers/cars for closure and security; fire watch, if needed. Texas Monthly to work with Client's safety teams to ensure the necessary personnel is onsite.
- Venues: securing access to utilities.
- Transportation: provision of sufficient parking locations with reasonable Event access;; creation of ride share locations; facilitation of any TX DOT meetings that may be required. Texas Monthly is envisioning using the High School as the main parking lot.
- Trash will be managed by Texas Monthly hired cleaning staff, who will also supply receptacles.
- Texas Monthly will supply portable restrooms at both venues.

- **Texas Monthly Services.** Texas Monthly will provide Client with sponsor logo placement on promotional signage and at the Event, including on digital promotions for the Event. Visual storytelling feature includes 100% share of voice of one interactive feature using photos and copy provided by Client, that will be heavily promoted via: 150,000 Brand ROS, 300,000 Promotional ROS, one (1) Homepage Takeover, one (1) ROS Takeover, one (1) sponsored lnstagram post, one (1) sponsored Facebook ad and two (2) Traveling Texan Trip Planners. One full page brand advertisement in *Texas Monthly* is also included in this sponsorship package.

2. **Term.** The term of this Agreement will commence on the date of the last signature below (the "Effective Date") and, unless earlier terminated as provided herein, will continue in full force and effect until December 31, 2025.

3. **Cancellation.** Either party may terminate this Agreement for any or no reason with not less than one hundred twenty (120) days prior written notice before Day 1 of the Event, with no further obligations, except that the terminating party shall be obligated to pay or promptly reimburse the other party for any unavoidable costs incurred by the non-terminating party as a consequence of such termination (e.g., guaranteed artist fees). Texas Monthly also retains the right to cancel any portion of or all of the Event at any time for cause, including, without limitation, safety concerns, Client's non-compliance with this Agreement, or for other reasons as set forth herein, after advance notice and opportunity to cure as follows: (a) more than two weeks prior to Day 1 of the Event, the notice and cure period shall be 72 hours; and (b) for the two weeks prior, the notice and cure period shall be 24 hours. Upon termination of this Agreement, all rights granted to Client under this Agreement, including any trademark rights, shall immediately cease. Client acknowledges that failure to comply with its trademark obligations under this Agreement will result in immediate and irreparable harm to Texas Monthly, entitling it to injunctive and any and all other appropriate relief.

4. **Event Revenues.** Texas Monthly shall be entitled to 100% of the proceeds of any third-party sponsorships it procures for the Event.

5. **Event Marketing.** Texas Monthly, at a minimum, will provide (i) six (6) full page print ads promoting the event and one full page print recap ad in *Texas Monthly* magazine, as well as TexasMonthly.com, promoting the Event and including logos of all Event sponsors; (ii) social media and email marketing consisting of four (4) Facebook posts, four (4) Instagram posts, four (4) twitter posts, and four (4) email blasts promoting the Event; (iv) a dedicated Facebook Event page; (v) an Event page on texasmonthly.com; an (vii) an Event program that includes Event sponsor logos for each day of the Event.

6. **Content Capture.** Texas Monthly shall have the sole and unlimited right to and permit others the right to record, stream, photograph or otherwise reproduce or distribute any audio, video or photographs of the Event. Except

to the extent otherwise expressly approved in writing by Texas Monthly, Client shall not record, reproduce, or transmit any portion of the Event in any manner or by any means whatsoever, nor permit or cause others to do so; provided, however, that Client may take photographs solely for use on its website, social media platforms, e-newsletters and year-end reporting, so long as no images of artists or performers at the Event are captured within such photography.

7. **Texas Monthly Trademarks.** Texas Monthly authorizes Client to use Texas Monthly's name and logo in connection with, and solely for purposes of, the promotion of the Event. Such use shall strictly comply with any use guidelines provided by Texas Monthly to Client. All rights not licensed herein are explicitly reserved by Texas Monthly.

8. **Compliance with Laws.** Client acknowledges that Texas Monthly reserves the right to impose rules and requirements applicable to the Event and/or the activities of Client in connection with the Event, and Client shall promptly take such corrective action as Texas Monthly may reasonably require in order to maintain and/or conform to any such rules or requirements. Client acknowledges that local, state and federal entities have rules and regulations which may impact activities and promotions during the Event. Each party shall ensure that its activities under this Agreement comply with all federal, state and local laws, ordinances, codes, rules, and regulations.

9. **Insurance.**

(a) Client will procure and maintain, at its own expense, Commercial General Liability ("CGL") insurance with a combined single limit of not less than $1 million per occurrence and $2 million in the aggregate, which policy must be in full force and effect for the Event and any associated load-in and load-out times before and after the Event. This policy must be taken out in the name of the Client and must specifically identify Texas Monthly LLC, and its officers, employees and agents as additional insureds. No later than thirty (30) days prior to the Event, Client shall provide Texas Monthly with proof of such insurance.

(b) Failure of Client to provide proof of liability insurance is grounds for termination of this Agreement by Texas Monthly but does not waive any other rights Texas Monthly has hereunder or otherwise.

(c) CLIENT WAIVES ALL RIGHTS OF SUBROGATION AGAINST TEXAS MONTHLY, ITS OFFICERS, DIRECTORS, SHAREHOLDERS OR EMPLOYEES AND REPRESENTATIVES TO THE EXTENT OF ALL LOSSES OR DAMAGE COVERED BY ANY POLICY OF INSURANCE. CLIENT AGREES TO ADVISE ITS INSURER OF SUCH WAIVER, AND OBTAIN ALL ENDORSEMENTS REQUIRED FOR SUCH WAIVER TO BE EFFECTIVE.

(d) Texas Monthly will procure and maintain, at its own expense, CGL insurance at the same coverage required of Client above.

10. **General Release.** Client expressly releases and discharges Texas Monthly from any and all liabilities for any loss, injury, or damages to any and all person(s) or property that may be sustained by reasons of Client's or its representatives' occupancy of the Event venue.

11. **Indemnification.** Client assumes full responsibility for and, to the extent allowed by law, shall indemnify, defend and hold harmless Texas Monthly and its successors, assigns, parents and subsidiaries, and the officers, directors and employees of each of them, from and against any and all claims, losses, actions, damages, expenses and all other liabilities, including, without limitation, costs and reasonable attorneys' fees arising out of or in connection with (a) any acts or omissions of Client or any of its agents, assigns, contractors or their employees; (b) any of the foregoing parties' unauthorized use of intellectual property, including without limitation, trademarks owned by Texas Monthly, or (c) Client's breach of any obligation, representation or warranty contained in this Agreement. This obligation to indemnify will survive the expiration or termination of this Agreement.

12. **Damages Waiver.** EXCEPT WITH RESPECT TO CLIENT'S INDEMNIFICATION OBLIGATIONS HEREUNDER, OR INFRINGEMENT OF TEXAS MONTHLY'S INTELLECTUAL PROPERTY, AND NOTWITHSTANDING ANY PROVISION OF THIS AGREEMENT TO THE CONTRARY, IN NO EVENT WILL EITHER PARTY BE LIABLE TO THE OTHER PARTY FOR ANY CONSEQUENTIAL, INCIDENTAL, SPECIAL, PUNITIVE, OR SIMILAR DAMAGES, WHETHER BASED ON CONTRACT, TORT, WARRANTY, OR OTHER LEGAL OR EQUITABLE GROUNDS, INCLUDING, WITHOUT LIMITATION, DAMAGES FOR LOSS OF BUSINESS PROFITS OR OTHER PECUNIARY LOSS, ARISING OUT OF THIS AGREEMENT OR THE SERVICES, EVEN IF THE OTHER PARTY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES AND EVEN IF CAUSED BY THE NEGLIGENCE OF THE OTHER PARTY.

13. **"As Is" Nature.** EXCEPT AS MAY BE EXPRESSLY SET FORTH IN THIS AGREEMENT, ANY PRODUCTS SERVICES, OR PROPERTY PROVIDED OR TO BE PROVIDED BY TEXAS MONTHLY HEREUNDER ARE PROVIDED "AS IS" WITHOUT ANY WARRANTY OF ANY KIND, AND NO OTHER WARRANTIES, WHETHER EXPRESS, IMPLIED, OR OTHERWISE, ARE MADE WITH RESPECT TO THE SAME, INCLUDING ANY IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE.

14. **Representations and Warranties.** Each party represents and warrants to the other party that: (a) it has the full power and authority to enter into this Agreement and to carry out the provisions thereof; (b) the person executing this Agreement on behalf of such party is authorized to do so; (c) the rights granted hereunder shall not violate any law or infringe upon the rights of any third parties; and (d) such party shall comply with all laws, ordinances, or governmental rules or regulations and order applicable to presentation of the Event.

15. **Notices.** All notices hereunder shall be given in writing and delivered by hand, email, mail, or overnight courier (e.g., FedEx, UPS or DHL) to the other party hereto. Notices so given and addressed shall be deemed to have been given and effective as follows: (i) if by hand, when personally delivered; (ii) if by email, on date of computer record, provided no rejection notice is issued by the sender's email server; (iii) if by mail, five (5) calendar days after dispatch by the sending party, or (iv) if by overnight courier, on the next business day after dispatch by the sending party. Notwithstanding the foregoing, if the day or time of transmission by email is not during the normal business hours of a business day, then such notice shall be conclusively deemed to have been received during the next business day. All notices shall be given to Texas Monthly and to Client, respectively, at the address below and shall be in writing, postage or delivery charges prepaid. The addresses for notices (until notice of a change thereof is provided in writing pursuant to the terms hereof) shall be as set forth below. Either party may change the address at which it is to receive notice by giving notice thereof to the other Party.

If to **CLIENT**:
City of Lockhart
Attn: Mayor (Lew White)
Address: 308 W. San Antonio Street
Lockhart, Texas 78644
Email: lwhite@lockhart-tx.org

If to **TEXAS MONTHLY**
Texas Monthly LLC
Attention: Joe D. Weir, Chief Revenue Officer
816 Congress Ave., Suite 1700
Austin, Texas 78701
Email: jweir@texasmonthly.com

with a copy, which shall not constitute notice, to Charlie San Miguel, General Counsel, at csanmiguel@eprod.com

16. **General Provisions.** Nothing contained in this Agreement establishes a partnership or joint venture with Texas Monthly. This Agreement shall be governed by the laws of the State of Texas and exclusive venue for all disputes arising under or related to it shall lie in a court of proper jurisdiction in Harris County, Texas. The obligations set forth herein relating to indemnification, limitations of liability, governing law and venue, and general provisions shall survive the expiration or earlier termination of this Agreement. If one or more provisions of this Agreement are held to be unenforceable under applicable law, such provisions shall be excluded from this Agreement and the balance of the Agreement shall be interpreted as if such provisions were so excluded and shall be enforceable in accordance with its terms. This document represents the entire agreement of the parties with respect to the subject matter hereof and cannot be amended except by a writing signed by both parties. Headings are included for convenience only and will not be used to construe this Agreement. This Agreement may be executed in counterparts, each of which shall be deemed an original and all of which together shall constitute one and the same instrument. Further, this Agreement may be executed by facsimile, email, electronic signature or other electronic means, and so executed shall have the full force and legal effect as an original. The language of this Agreement shall be construed simply and according to its fair meaning and shall not be construed for or against any party as a result of the source of draftsmanship.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the Effective Date.

ACCEPTED AND AGREED TO:

CITY OF LOCKHART

Signature:_______________________________________

Printed Name:____________________________________

Title:____

Date:____

TEXAS MONTHLY LLC

Signature:_______________________________

Printed Name: Joe D. Weir

Title: Chief Revenue Officer

Date: ___________________________________

TexasMonthly Lockhart TEXAS

EXHIBIT A

PRINT

HIGH IMPACT PRINT CAMPAIGN

Share your message in the pages of *Texas Monthly* alongside content which naturally aligns with your brand.

Texas Monthly recommends the following issue:

June 2025: Top 50 BBQ+ Texas History + Veterans

- Additional Content: Tacos and Summer Travel

Each Issue Includes:

1. One (1) full page, four color brand ad
2. Bonus paragraph in Travel planner
3. Listing on the in-book reader reply card
4. All leads generated from the reader reply card sent to the advertiser
5. Mark Your Calendar event listing on TexasMonthly.com
6. Creative provided by City of Lockhart

INVESTMENT: $8,700 NET PER FULL PAGE
FLIGHT DATES: JUNE 2025
IMPRESSIONS: 2.9 MM PER ISSUE

ADVERTISEMENT

Lockhart

HISTORY AND BEYOND

WHEN LOCKHART IS MENTIONED, MOUTHS ALL ACROSS TEXAS BEGIN TO WATER.

The city's contribution to Texas 'cue was recognized officially by the Texas Legislature in 2003 when lawmakers designated Lockhart as the "Barbecue Capital of Texas." The history of barbecue in Lockhart goes as far back as we can trace the history of barbecue anywhere in Texas, and the legacies of the fine joints in Lockhart continue to this day.

Combine the years of operation of Kreuz Market, Original Black's Barbecue, Smitty's Market, and Chisholm Trail Barbecue and you get a history of over 300 years of 'cue. The joints also serve a mindboggling 250,00 people a year. That's quite a boon to the Lockhart economy, but recent economic developments are ushering in an exciting new future for the city, ensuring that Lockhart will soon be as closely associated with business and culture as it is with barbecue.

Mill Scale Metal Works, a maker of fine crafted smokers, will bring new jobs to the city by building a new manufacturing facility and retail storefront. Revival Cycles is moving its corporate headquarters to a 30,000 square foot building in downtown Lockhart, creating upwards of 50 jobs. Iron Ox, a company that uses AI and robots to rethink agriculture, has one Lockhart location and is currently constructing a second.

New industry brings new residents. Lockhart is experiencing unprecedented growth as folks have begun to flock to the charming city.

Lockhart will always be the Barbecue Capital of Texas. After all, the Texas Legislature officially proclaimed its status as such—but Lockhart is rapidly becoming known for even more. Just as great food brings people together, so does a bustling cultural scene and an economy with an eye towards what lies ahead. Come for the historic BBQ, stay for the bright new future!

PHOTOGRAPHY BY ROBERT GOMEZ

CLOCKWISE:
1) Caldwell County Courthouse in downtown Lockhart.
2) Mill Scale Metal Works creates barbecue smokers out of old propane tanks.
3) A full plate from Chisholm Trail Barbecue.

Produced by *Texas Monthly Studio* in partnership with Lockhart

For more information, visit *TexasMonthly.com/Lockhart-Barbecue-and-Beyond*

TexasMonthly

Lockhart TEXAS

DIGITAL

VISUAL STORYTELLING FEATURE

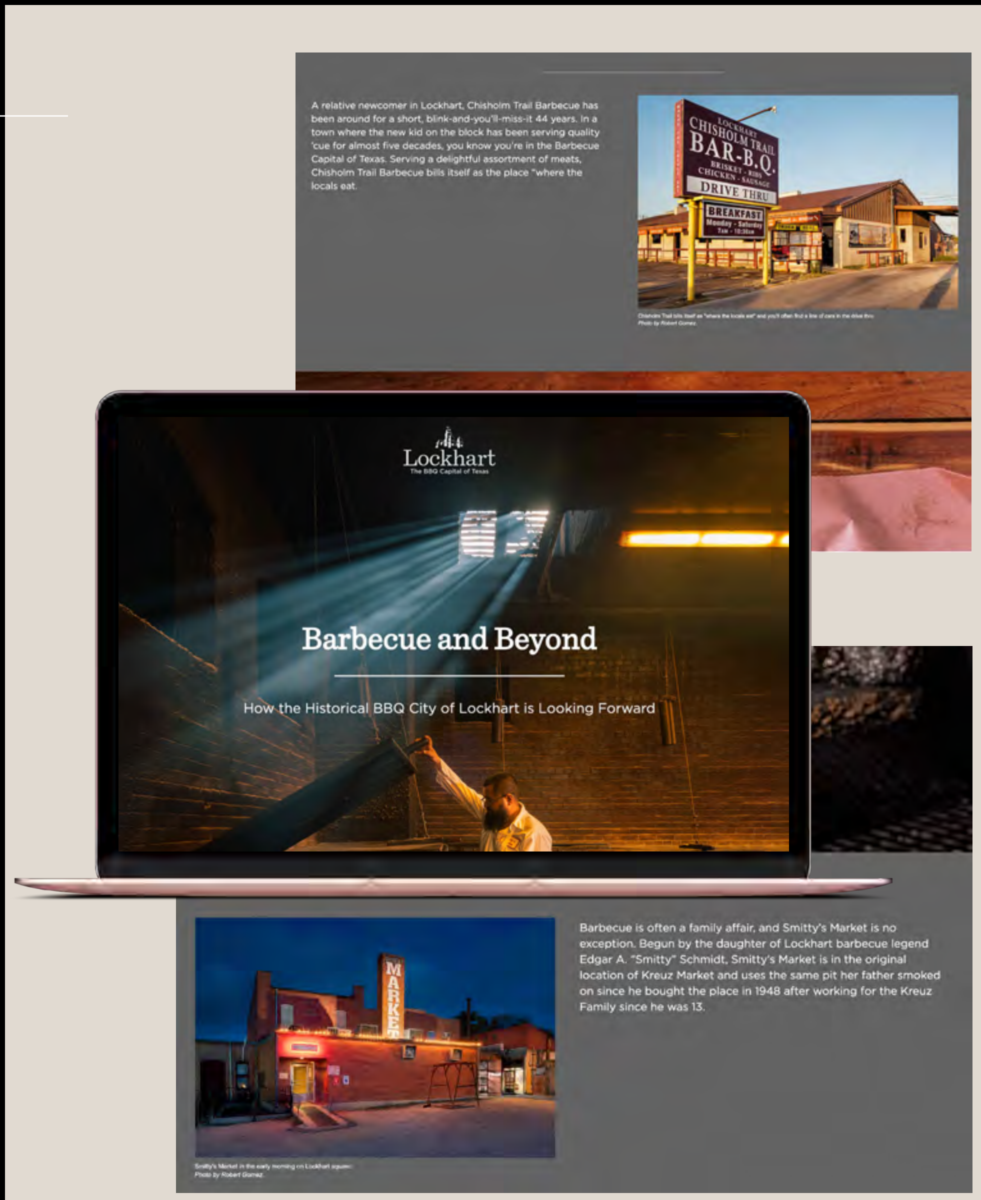
This visual and turnkey unit is the perfect way for Lockhart to engage with travelers across the state in a high-impact and interactive way. Utilizing photography, videos, infographics, illustrations, social feeds and more, this delivery invites *Texas Monthly* readers to understand both the place and feeling that come with visiting The Little City with the Big Heart.

With direction from Lockhart, this program is built by *TM Studio*, guaranteeing the closest alignment with *Texas Monthly's* voice possible.

Includes:

1. 100% SOV of one interactive visual story
    - Photos and copy provided by Lockhart
2. 150,000 Brand ROS and 300,000 Promo ROS
3. One (1) Homepage Takeover and one (1) ROS Takeover
4. One (1) Instagram post, one (1) Facebook ad and two (2) Traveling Texan Trip Planner Listings

INVESTMENT: $20,000 NET
VALUE: $21,000 NET
FLIGHT DATE: SEPTEMBER - NOVEMBER 2025
METRIC: 1MM + ESTIMATED IMPRESSIONS



Live Example

City of Lockhart, Texas

Council Agenda Item
Cover Sheet

COUNCIL MEETING DATE: April 1, 2025

AGENDA ITEM CAPTION: Discussion regarding amending the contract with GBRA to include a future second delivery point from the Gonzales Carrizo Groundwater Supply Project.

ORIGINATING DEPARTMENT AND CONTACT: Public Works - Sean Kelley

ACTION REQUESTED: Agreement

BACKGROUND/SUMMARY/DISCUSSION: The City of Lockhart entered the Gonzales Carrizo Groundwater Supply Project (CGSP) Agreement on February 6, 2018. The project consists of providing Lockhart customers with long-term treated water, up to 3,000 acre-feet per year. The City began receiving water from the project at the current delivery point at the Lockhart Water Treatment Plant in September 2024.

GBRA recently completed the design of the second phase of the regional project in Mid-2024, which includes expanding water supply to neighboring water providers north of Lockhart. GBRA's route for the project takes water around the east side of Lockhart and travels through an easement on the south side of the Cesar Chavez Elevated Storage Tank that the City of Lockhart dedicated to GBRA on June 4, 2024. The purpose of dedicating the easement was to establish a second delivery point that has the capability to receive "some or all" of the 3,000 acre-feet of water from the CGSP.

The proposed amendment conveys the ability to receive water at the second delivery point once developed. The transmission line for Phase II of the CGSP, including the 12" tap at the Cesar Chavez EST are anticipated to be complete by October 2026. The City is responsible for developing the connection between the new second delivery point and the City's water distribution system. Currently, the City Engineer is preparing a Preliminary Engineering Report for the secondary delivery point. Once the engineering report is complete, budgeting for secondary delivery point connection may begin.

Establishing the second delivery point for treated water is important for several reasons, including:

- Create redundancy in the water system to make the utility more resilient.
- Diversify and increase the City's water supply, which is centralized at the Water Treatment Plant's high service pump station, and
- Provide additional water supply during outages, rehabilitation, or scheduled maintenance of the City's water treatment plant.

PROJECT SCHEDULE (if applicable): Phase II of GBRA CGSP (City's Second Tap)-Anticipated Completion October 2026

City of Lockhart, Texas

Council Agenda Item
Cover Sheet

AMOUNT & SOURCE OF FUNDING:
Funds Required:
Account Number:
Funds Available:
Account Name:

FISCAL NOTE (if applicable): The City will be financially responsible to connect to the future tap to the City's distribution system. Anticipated costs will be determined following the engineering report.

PREVIOUS COUNCIL ACTION: June 4, 2024- Dedication of two Easements by the City to GBRA for Phase II of the CWSP

COMMITTEE/BOARD/COMMISSION ACTION:

STAFF RECOMMENDATION/REQUESTED MOTION: Staff respectfully recommends approval of the amendment to the Gonzales Carrizo Water Supply Project Agreement to define the second water source delivery point for the project.

LIST OF SUPPORTING DOCUMENTS: Amendment to GCWSP Water Supply Agreement GBRA and Lockhart , Exhibit A - Points of Delivery, Second Delivery Point Location, 2018-02-13_EXECUTED Carrizo Water Supply Agreement with City of Lockhart

Amendment to the
Gonzales Carrizo Water Supply Project Treated Water Supply Agreement
By and Between
The Guadalupe-Blanco River Authority and City of Lockhart

This Amendment to the Gonzales Carrizo Water Supply Project Treated Water Supply Agreement By and Between the Guadalupe-Blanco River Authority and City of Lockhart (“Amendment”) is made and entered into as of this ____ day of __________________, 2025 by and between the Guadalupe-Blanco River Authority (“GBRA”), a conservation and reclamation district and political subdivision of the State of Texas and the City of Lockhart, a municipal corporation (“Customer”) (individually, a “Party” and collectively, the “Parties”).

RECITALS

WHEREAS, On February 13, 2018, GBRA and Customer entered into the Gonzales Carrizo Water Supply Project Treated Water Supply Agreement By and Between the Guadalupe-Blanco River Authority and City of Lockhart (“Agreement”) pertaining to GBRA’s provision of treated water to the Customer to meet the Customer’s retail municipal and industrial water needs;

WHEREAS, pursuant to the Agreement, GBRA’s provides treated water to Customer by means of the Gonzales Carrizo Water Supply Project (the “Project”).

WHEREAS, pursuant to the Agreement, GBRA delivers up to 3,000 acre-feet of treated water per year (the “Annual Commitment”) to the Customer-designated Point of Delivery, which may be singular or multiple;

WHEREAS, as part of its current expansion of the Project, GBRA is currently constructing water supply facilities and infrastructure, including one or more additional pipelines and the North Lockhart booster pump station along Texas State Highway 130 (the “TX-130 pipeline and infrastructure”), which will allow GBRA to provide treated water to additional customers and at additional locations;

WHEREAS, following completion of construction of the TX-130 pipeline and infrastructure, GBRA will have the additional capability to provide a portion or all of the Annual Commitment to Customer at a second Point of Delivery, and the Parties desire that GBRA provide treated water to either Point of Delivery, or both, upon Customer’s request;

WHEREAS, the Parties agree that GBRA is constructing the TX-130 pipeline and infrastructure that will provide the Customer a second Point of Delivery, and as a result, Customer will be responsible for payment of additional Operations, Maintenance, and Administrative Expenses, which are related to the use of this infrastructure based on the pro-rata share of the Customer’s Annual Commitment that is delivered to said second Point of Delivery.

WHEREAS, the Parties have determined that it is necessary to amend the Agreement to: (1) allow the Customer to receive all or a portion of the Annual Commitment at one or both of the Points of Delivery; (2) provide the location of the second Point of Delivery, which is depicted in Exhibit A attached to this Amendment; and (3) reflect Customer's obligation to reimburse GBRA for additional Operation, Maintenance, and Administrative Expenses related to Customer's use of the TX-130 Pipeline and infrastructure to receive water at the second Point of Delivery.

NOW, THEREFORE, for and in consideration of the foregoing recitals, mutual promises, covenants, and conditions contained herein, and other good and valuable consideration, the Parties hereto agree to amend, modify, and change the Agreement as follows:

SECTION I. RECITALS; DEFINITIONS

1.1 Recitals. The foregoing recitals are incorporated herein and made a part of this Amendment for all purposes.

1.2 Definitions. Words and phrases used in this Amendment, if defined in the Agreement and not specifically modified in this Amendment, shall have the definition and meaning as provided in the Agreement.

SECTION II. AMENDMENTS

2.1 Add definitions of Initial Point of Delivery and Second Point of Delivery. Article I is hereby amended to include the following definitions of Initial Point of Delivery and Second Point of Delivery:

> **"Initial Point of Delivery" means the Point of Delivery connected to the Customer's water system at the completion of construction of the Project, and at which GBRA will deliver to the Customer a portion, or the entirety of, the Annual Commitment, as agreed to by the Customer and which will generally be described in Exhibit A attached hereto and incorporated herein for all purposes.**
>
> **"Second Point of Delivery" means the Point of Delivery which will be connected to the Customer's water system upon completion of construction of GBRA's TX-130 pipeline and infrastructure, and at which GBRA will deliver to the Customer a portion, or the entirety of, the Annual Commitment, as agreed to by the Customer and which will generally be described in Exhibit A attached hereto and incorporated herein for all purposes.**

2.2 Amend definition of Point of Delivery. Article I is hereby amended to clarify the definition of "Point of Delivery":

"Point of Delivery" means the point or points at which GBRA will deliver to the Customer the Annual Commitment, as agreed to by the Customer and which will be generally described in Exhibit A attached hereto and incorporated herein for all purposes~~.~~**, and is inclusive of both the Initial Point of Delivery and Second Point of Delivery.**

2.3 Section 3.1 of the Agreement is hereby revised as follows:

Quantity. GBRA shall sell to the Customer and the Customer shall purchase the Annual Commitment per year. Payments for the Annual Commitment shall be made pursuant to Section 5.1 of this Agreement and shall include the charges described in Article IV. GBRA will deliver up to the Annual Commitment, less de minimis losses associated with the transmission and treatment of the water, to ~~the Customer's Point of Delivery~~ **either Point of Delivery, or both, provided that the quantity of water delivered per year shall not exceed the Annual Commitment**. Notwithstanding the foregoing, GBRA's obligations to deliver up to the Annual Commitment to the Customer is subject to any restrictions and limitations in the Permit, and in any financing requirements associated with the Project. On or before July 1 of each yeah, the Customer shall notify GBRA in writing the amount of the Annual Commitment the Customer estimates it will need during the next Fiscal Year~~.~~**, the Point of Delivery at which Customer desires to receive the Annual Commitment amount, and the proportion of the Annual Commitment amount which Customer desires to receive at each Point of Delivery.** […]

2.4 Section 3.9(a) of the Agreement is hereby deleted in its entirety and replaced by the following:

(a) Connection of the Customer's water system to the Project at the **Initial** Point of Delivery shall be made by GBRA at the completion of the construction of the Project. **An additional connection at the Second Point of Delivery shall be made by GBRA at the completion of the construction of the TX-130 pipeline and infrastructure.** Connection shall be made in accordance with the plans, specifications, and requirements prepared and adopted by GBRA and shall be accomplished by GBRA setting the Water Meter and physically tying it to the Customer's water system at the Point of Delivery. GBRA will own, operate, and maintain the connecting facilities at the Point of Delivery.

2.5 Section 4.2(a) of the Agreement is hereby revised as follows:

(a) […] The Gonzales Carrizo Water Rate shall be sufficient to cover Groundwater Lease Payments, the District Fees, and the fixed Operation, Maintenance, and Administrative Expenses of the Project, as those payments, fees, and expenses are incurred. **The Gonzales Carrizo Water Rate shall be inclusive of all Operation, Maintenance, and Administrative Expenses of the Project, whether Customer elects to receive treated water during any Fiscal Year at the Initial Point of Delivery, Second Point of Delivery, or both.**

2.6 Section 4.3(a) of the Agreement is hereby revised as follows:

(a) [...] The Gonzales Carrizo Delivery Rate shall be sufficient to cover variable Operation, Maintenance, and Administrative Expenses related to the delivery of water through the Project that are not otherwise included in the Gonzales Carrizo Water Rate or the Gonzales Carrizo Debt Service Charge~~.~~ **The Gonzales Carrizo Delivery Rate shall be inclusive of all such variable Operation, Maintenance, and Administrative Expenses, whether Customer elects to receive treated water during any Fiscal Year at the Initial Point of Delivery, Second Point of Delivery, or both.**

2.7 Amendment to Point of Delivery. Exhibit A to the Agreement, which is designated "Point of Delivery," and depicts the Initial Point of Delivery, is hereby deleted in its entirety and replaced by the revised **Exhibit A**, which is designated "Points of Delivery," and depicts both the Initial Point of Delivery ("Lockhart Delivery Point #1) and Second Point of Delivery ("Proposed City of Lockhart Delivery Point #2).

2.8 All other obligations, rights, and privileges contained in the Agreement shall continue to remain in force as applicable to each Party, including, but not limited to, provision of and purchase of the total Annual Commitment, financing responsibilities, facility ownership and operation, and Customer's payment of the Gonzales Carrizo Water Charge and other fees and expenses.

SECTION III. GENERAL PROVISIONS

3.1 Entire Agreement. This Amendment, together with the Agreement, set forth the entire understanding of the Parties and supersede all prior agreements and understandings, whether written or oral, with respect to the subject matter thereof.

3.2 Binding Effect. The terms and provisions hereof shall be binding upon the Parties and their respective successors and assigns.

3.3 Effect of Amendment. The Parties agree that, except as modified hereby, the Agreement remains valid, binding, and in full force and effect. If there is any conflict or inconsistency between this Amendment and the Agreement, this Amendment will control and modify the Agreement.

3.4 Counterparts. This Amendment may be executed in any number of counterparts, including, without limitation, electronic counterparts, with the same effect as if the Parties had signed the same document, and all counterparts will constitute one and the same agreement.

This Amendment shall be effective upon execution by all Parties.

[signature page to follow]

GUADALUPE-BLANCO RIVER AUTHORITY

By: ______________________________________
Darrell Nichols, General Manager/CEO

Date: ___________________

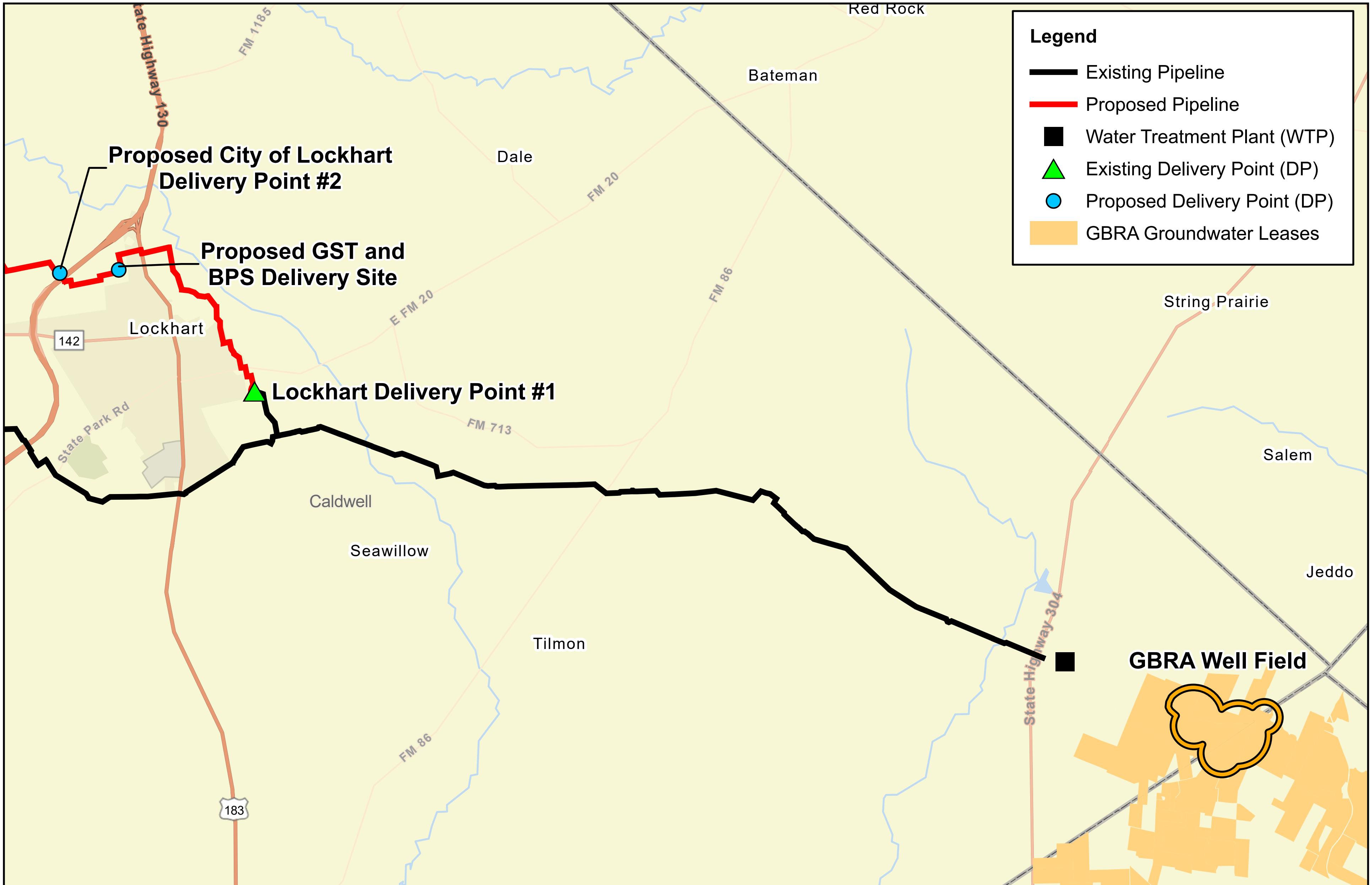
CITY OF LOCKHART
a municipal corporation

By: ______________________________________
Lew White, Mayor

Date: __________________

EXHIBIT A

POINTS OF DELIVERY



GBRA
Guadalupe-Blanco River Authority

HDR

GBRA CGSP TX-130 Facilities

\\sanpi-fs01\GIS_Projects\3173_GBRA\10350654_GBRA_CGSP_WA09_East Route\7.2_WIP\map_docs\GBRA_TX130_EFR_2023.aprx


Second Delivery Point Location
Proposed GBRA Booster Station (Phase II)
SH 130
130
183
Silent Valley Rd
Stueve Ln
Legend
GBRA Transmission Line (Phase II)
Proposed Second Delivery Point
Cesar Chavez EST
GBRA's Proposed Ground Storage Tank
Image © 2025 Airbus
Google Earth

GONZALES CARRIZO WATER SUPPLY PROJECT
TREATED WATER SUPPLY AGREEMENT
BY AND BETWEEN
THE GUADALUPE-BLANCO RIVER AUTHORITY AND
CITY OF LOCKHART

This Gonzales Carrizo Water Supply Project Treated Water Supply Agreement ("Agreement") is made and entered into by and between the Guadalupe-Blanco River Authority ("GBRA"), a Texas conservation and reclamation district organized under Article 16, Section 59 of the Texas Constitution, and City of Lockhart ("Customer"), a municipal corporation, (collectively, the "Parties"). The Effective Date of this Agreement is February 13, 2018.

RECITALS

GBRA has leased the right to produce groundwater from 42,000 acres of land in Gonzales and Caldwell counties, Texas.

GBRA is authorized by the Gonzales County Underground Water Conservation District, pursuant to Production and Transportation Permit No. 01-13-01 to produce and transport out of the District up to 15,000 acre-feet of leased groundwater from the land leased by GBRA, subject to the restrictions and limitations in Production and Transportation Permit No. 01-13-01.

GBRA is financing the acquisition of groundwater leases and the construction of facilities to pump, treat, and transport the groundwater from the well fields in Gonzales and Caldwell counties to the Customer.

GBRA intends to contract with Alliance Regional Water Authority to jointly construct, operate, and co-own groundwater treatment and transportation facilities to treat and transport the groundwater for GBRA and Alliance, and GBRA anticipates such joint construction and co-ownership will reduce the cost of the Project (as defined in Article I) and of Alliance's groundwater project.

GBRA anticipates completing the construction of the Project in 2023.

The Customer has determined that it needs an additional source of water to meet its retail water demands in the future.

The Customer has determined that obtaining water from the Project is in the best interest of the Customer.

GBRA and the Customer anticipate there will be other customers who will obtain water from the Project and because of the unique circumstances of each customer, the agreements regarding the Project and the supply of water may not be identical.

The Customer acknowledges that District Fees and Groundwater Lease Payments will begin in January 2019, before the construction of the Project is completed and delivery of water from the Project has commenced, and, at that time, the Customer may be required pursuant to Section 4.4(a) to begin paying the Gonzales Carrizo Water Charge, which will be based only on those costs being incurred by GBRA.

AGREEMENT

For and in consideration of the mutual promises, covenants, obligations, and benefits described in this Agreement, and other good and valuable consideration the receipt and sufficiency of which is hereby acknowledged, GBRA and the Customer agree as follows:

ARTICLE I
DEFINITIONS

"Alliance Regional Water Authority" or "Alliance" means the regional water authority created and operating under Texas Special District Local Laws Code Chapter 11010.

"Annual Commitment" means 3,000 acre-feet of treated water per year which GBRA agrees to produce for the Customer and the Customer agrees to purchase pursuant to this Agreement.

"Authorized Area of Use" means the Customer's retail water service area as it may exist from time to time.

"Bonds" means all bonds and other obligations issued, executed, and outstanding from time to time to finance or refinance the cost to acquire groundwater leases, and the cost to plan, design, construct, acquire, repair, improve, and upgrade the Gonzales Carrizo Water Supply Project, including without limitation of the generality of the foregoing, any costs necessary or desirable to maintain or increase capacity of the Project to 15,000 acre-feet per year and comply with applicable laws, rules, and regulations.

"District" means the Gonzales County Underground Water Conservation District.

"District Fees" means the fees charged by the District, as amended by the District from time to time, to pump and transport groundwater, including but not limited to permit fees, export fees, monitoring agreement fees, and export fee surcharges related to a mitigation agreement with the District.

"Effective Date" means the date identified in the preamble paragraph of this Agreement, being the same date that the later of GBRA or the Customer signs and enters into this Agreement.

"Fiscal Year" means September 1 to August 31 or such other 12-month period as determined by GBRA.

"Gonzales Carrizo Water Supply Project" or "Project" means the project described in Section 2.1 of this Agreement.

"Groundwater Lease Payments" means the payments for the right to produce 15,000 acre-feet of groundwater from land leased by GBRA in Gonzales and Caldwell counties, 3,000 acre-feet of which are for the Customer; such lease payments shall be subject to an annual consumer price index increase as reflected in the groundwater leases.

"Operation, Maintenance, and Administrative Expenses" means the reasonable, necessary, and actual costs incurred by GBRA for the operation, maintenance, and administration of the Project, including without limitation:

(a) wages and salaries, employee benefits, chemicals, the purchase and carrying of stores, materials, and supplies, power, supervision, engineering, testing, auditing, franchises, waste disposal charges and assessments, claims, insurance, contract operators and all other items and expenses of a like or different nature reasonably required for the efficient maintenance and operation of the Project and the performance of this Agreement;

(b) repairs and replacements of damaged, worn-out or obsolete parts or facilities of the Project, and any relocations of pipelines, or replacements of wells;

(c) improvements and betterments to keep the Project in operation to render adequate service to the Customer and other customers of the Project and to comply with the requirements of any rule, regulations, or permit issued by any regulatory body having jurisdiction; and

(d) the reasonable and necessary costs of GBRA's administration of the Project, which shall be based upon a formula, to be set by the Board of Directors of GBRA in the annual budget of GBRA, that fairly apportions GBRA's administration costs.

"Permit" means Gonzales County Underground Water Conservation District's Production and Transportation Permit No. 01-13-01, as it may be amended from time to time.

"Point of Delivery" means the point or points at which GBRA will deliver to the Customer the Annual Commitment, as agreed to by the Customer and which will be generally described in Exhibit A attached hereto and incorporated herein for all purposes.

ARTICLE II
GONZALES CARRIZO WATER SUPPLY PROJECT

2.1 Description of the Gonzales Carrizo Water Supply Project. The Gonzales Carrizo Water Supply Project primarily consists of groundwater leases for the Carrizo Aquifer water in Gonzales and Caldwell counties, facilities to pump, treat, and convey groundwater in and from Gonzales and Caldwell counties, including but not limited to water treatment plant(s) and associated facilities, and facilities to convey treated water through and to Gonzales, Guadalupe, Caldwell, Hays, and Comal counties. The Project may also include storage and blending facilities, and other facilities necessary or desirable for the supply of treated water to GBRA customers. The Project also includes all lands and interests in lands necessary and desirable for the construction, operation, and maintenance of the Project facilities.

2.2 GBRA Responsibilities and Ownership.

(a) GBRA shall own the Project, including all of the facilities and interest in the land comprising the Project, and shall be responsible for the operation, maintenance, design, permitting, financing, construction, expansions, extensions, and other modifications to the Project to provide a long-term water supply on behalf of the Customer and other Project participants. GBRA may co-own the Project with other water suppliers.

(b) GBRA will seek financing through the Texas Water Development Board and issue Bonds to finance the Project. Thereafter, GBRA may issue Bonds in the future, at the times and in the amounts determined by GBRA, to refinance the Project and to repair, extend and improve the Project as deemed necessary by GBRA, provided, however, in no event shall GBRA issue Bonds to refinance the Project which would extend the final maturity of any outstanding Bonds (and which would result in the extension of the Termination Date of this Agreement pursuant to Section 6.1(c) hereof) unless it receives the prior written consent of the Customer, which shall not be unreasonably withheld, and all other customers that would be similarly affected.

2.3 Contingency.

(a) Notwithstanding any other requirements in this Agreement, this Agreement is contingent on GBRA obtaining financing for the acquisition and construction of the Project.

(b) If, by July 1, 2018, GBRA and Alliance have not executed a contract for the joint construction, operation, and co-ownership of facilities to treat and transport GBRA's and Alliance's groundwater, the Parties may renegotiate the Customer's participation in the Project.

2.4 Customer Operational Meetings and Bond Consultation.

(a) At least once each quarter of the year, GBRA shall hold a meeting with the Customer and all other customers of the Project to provide information to and obtain information from the Customer regarding the operation and maintenance of the Project, the rates and charges for the Project, water supply matters, District matters, any operating or debt service reserve fund that GBRA reasonably expects will be created or funded pursuant to Section 4.1 within the next quarter, and other matters related to the Project. The Customer, by written notice to GBRA, may waive the meeting for any quarter of the year.

(b) Before issuing any Bonds for the Project, GBRA shall consult with the Customer regarding the need to issue Bonds, and the structure and terms of the Bonds. GBRA shall consider any issues or concerns raised by the Customer; however, subject to the requirements of Section 2.2(b) and 4.1, GBRA shall have the sole authority to issue Bonds, and to determine the structure, terms, and timing of the Bonds.

(c) No earlier than sixty (60) days before the Notice of Rate Change provided by Section 4.5, but no later than fifty (50) days before such notice, GBRA will provide the Customer with a draft budget for the next fiscal year. The Customer may provide comments on that draft budget, which GBRA will consider in the development of the final budget.

2.5 Future Water Supply Projects. GBRA will notify the Customer of any GBRA project to develop additional phases of the Mid-Basin Water Supply Project so that the Customer has a reasonable opportunity to participate and purchase water from such project.

ARTICLE III
WATER QUANTITY AND DELIVERY

3.1 Quantity. GBRA shall sell to the Customer and the Customer shall purchase the Annual Commitment per year. Payments for the Annual Commitment shall be made pursuant to Section 5.1 of this Agreement and shall include the charges described in Article IV. GBRA will deliver up to the Annual Commitment, less de minimis losses associated with the transmission and treatment of the water, to the Customer's Point of Delivery. Notwithstanding the foregoing, GBRA's obligation to deliver up to the Annual Commitment to the Customer is subject to any restrictions and limitations in the Permit, and in any financing requirements associated with the Project. On or before July 1 of each year, the Customer shall notify GBRA in writing the amount of the Annual Commitment the Customer estimates it will need during the next Fiscal Year. The purpose of the notification is to allow GBRA to prepare its operational budget for the next Fiscal Year and effectively plan for the next Fiscal Year's water supply demands, however, the estimate is not intended to obligate the Customer to take the estimated amount or to limit the Customer to the estimated amount, nor is the Customer's failure to communicate the estimate by the deadline a breach of this Agreement. The Customer agrees to communicate with GBRA on a regular basis to inform GBRA of the Customer's water supply requirements from the Project.

3.2 Quality. GBRA shall deliver to the Point of Delivery water of a quality that meets or exceeds the drinking water standards of the Texas Commission on Environmental Quality, or its successor agency, or any other applicable regulatory agency for potable water and using a disinfection method that makes the water suitable for blending with the Customer's other water supplies.

3.3 Source of Water. The water GBRA treats for delivery to the Customer under this Agreement may be from any source or combination of sources that may be available to GBRA, including, without limitation, groundwater, surface water from Canyon Reservoir under GBRA's Certificate of Adjudication 18-2074, run-of-river flows of the Guadalupe River or its tributaries under existing, amended or new water rights, and water obtained from sources other than surface waters of the Guadalupe River Basin.

3.4 Purpose of Use. Treated water delivered to the Customer under this Agreement may only be used for municipal and industrial use. No water delivered to the Customer under this Agreement may be used outside the boundaries of the Authorized Area of Use without prior written consent by GBRA, such consent shall not be unreasonably withheld. No water delivered to the Customer under this Agreement may be used to irrigate any golf course, unless it is first beneficially used for drinking water purposes.

3.5 Rate of Delivery. GBRA agrees to make the water available to the Customer under this Agreement in the amounts required by the Customer up to a rate of delivery of water which shall not exceed 1,860 gallons per minute at any instant in time. The Customer acknowledges that delivery of water at such a rate constantly throughout a calendar year would result in delivery of the Annual Commitment less de minimis losses, expected to be 1% or less during that year.

3.6 Measuring Equipment.

(a) Water Meter. GBRA shall furnish and install a meter or other equipment and devices at the Point of Delivery to measure quantity of water delivered under this Agreement (the "Water Meter"). The Water Meter shall remain the property of GBRA. GBRA shall operate and maintain the Water Meter in good operating condition. GBRA shall provide the Customer with written notice at least ten (10) days in advance of any replacement of the existing Water Meter. The written notice will include a description of the new Water Meter that will be installed.

(b) Meter Reading. The reading, calibration and adjustment of the meters described in this Section 3.6 shall be done only by the employees or agents of GBRA. The results of each reading of the Water Meter shall be recorded in a journal or other record book maintained in GBRA's office and representatives of the Customer may inspect the same at any time during reasonable business hours.

(c) Meter Calibration. GBRA will calibrate the Water Meter at least annually. GBRA shall give the Customer reasonable notice of the date and time when any such calibration shall occur, and at the request of the Customer, conduct the calibration in the presence of the Customer. In addition to the annual calibration, the Customer shall have the right to request that GBRA calibrate the Water Meter not more than once in each year, in the presence of a representative of the Customer. If, upon any test, the percentage of inaccuracy of any metering equipment is found to be in excess of five percent (5%), the registration thereof shall be corrected, and accounts adjusted, for a period extending back to the time when such inaccuracy began, if such time is ascertainable; and if such time is not ascertainable, then for a period extending back one-half (1/2) of the time elapsed since the last date of calibration, but in no event further back than a period of six (6) months. If, for any reason, the Water Meter is out of service or out of repair so that the amount of water delivered cannot be ascertained or computed from the reading thereof, the water delivered through the period Water Meter is out of service or out of repair shall be estimated and agreed upon by the Parties hereto upon the basis of the best data available. For such purpose, the best data available shall be deemed to be the registration of any check meter or meters if same have been installed and are accurately registering. Otherwise, the amount of water delivered during such period may be estimated (a) by correcting the error if the percentage of the error is ascertainable by calibration tests or mathematical calculation, or (b) by estimating the quantity of water delivered by deliveries during the preceding period under similar conditions when the Water Meter was registering accurately.

3.7 Title to and Responsibility for Water. Title to and responsibility for all water made available by GBRA under this Agreement shall be in GBRA to the Point of Delivery, at which point title shall pass to the Customer. The Customer and GBRA hereby agree to save and hold each other harmless from all claims, demands, and causes of action which may be asserted by anyone on account of the transportation, storage, delivery, processing and handling of such water while title to and responsibility for the water remains in the other Party.

3.8 Reuse and Resale. The Customer agrees that, at all times during the term of this Agreement, it shall not engage in, or seek regulatory approval to engage in, indirect reuse of water delivered to the Customer under this Agreement, unless the Customer and GBRA expressly agree to allow indirect reuse and prescribe the terms thereof in writing. As used in this subsection, "indirect reuse" as used herein means the use for one or more beneficial purposes of the water remaining after initial use at the time or after that water is discharged into a watercourse, lake, or other body of state-owned water. The Customer shall not resell water delivered to the Customer under this Agreement on a wholesale basis to any third party without GBRA's prior written consent, which shall not be unreasonably withheld. Notwithstanding the foregoing, the Customer shall not execute any wholesale water supply contract that will jeopardize the tax exempt status of the Bonds issued for this Project. Nothing in this Agreement shall impair the Customer's ability to directly reuse water delivered to the Customer under the terms of this Agreement.

3.9 Connection by GBRA; Responsibilities of Customer.

(a) Connection of the Customer's water system to the Project at the Point of Delivery shall be made by GBRA at the completion of the construction of the Project. Connection shall be made in accordance with the plans, specifications, and requirements prepared and adopted by GBRA and shall be accomplished by GBRA setting the Water Meter and physically tying it to the Customer's water system at the Point of Delivery. GBRA will own, operate, and maintain the connecting facilities at the Point of Delivery.

(b) The Customer shall construct, maintain, and operate at its own cost and expense, all facilities and equipment necessary to receive and take the treated water delivered under this Agreement. Any facilities and equipment connecting to the Project must be constructed with an air gap connection meeting GBRA's standard specifications.

3.10 Allocation of Water During Shortage. During conditions beyond GBRA's control when water cannot be supplied to meet the demands of all customers, the water to be distributed shall be divided among all customers of the Project, pro rata, according to the amount each may otherwise be entitled under their respective contracts with GBRA, subject to reasonable conservation and drought management plans and requirements based on particular purposes of use of the water, so that preference is given to no one and everyone suffers alike.

ARTICLE IV
RATES AND CHARGES

4.1 Gonzales Carrizo Debt Service Charge.

(a) The Gonzales Carrizo Debt Service Charge is the amount to be charged to the Customer during each Fiscal Year equal to the portion of the total principal and interest requirements on all outstanding Bonds due during such Fiscal Year, plus a coverage factor not to exceed 10% of such portion, that is allocated to the Customer by GBRA in accordance with this Section and to be paid pursuant to the provisions of all applicable bond resolutions. Such allocation shall be based on the percentage equal to the Customer's Annual Commitment divided by the annual commitment of all customers that enter into an agreement with GBRA to receive water from the Project (the "Customer's Pro Rata Portion") and taking into account preferences the Customer elects to exercise with respect to the structure of the debt service for each series of Bonds which differ from the structure of any other customer that enters into a similar agreement with GBRA to receive water from the Project, if any. The Gonzales Carrizo Debt Service Charge charged to the Customer, together with the similar charge that is charged to all other customers that receive water from the Project (but excluding the not to exceed 10% coverage amount charged to all customers), shall be sufficient to cover the annual debt service requirements on the Bonds during each Fiscal Year. Following the delivery of a series of Bonds, GBRA shall provide the Customer with a schedule showing the Gonzales Carrizo Debt Service Charge for all outstanding Bonds to be paid by the Customer that will be applicable for each Fiscal Year following the delivery of such series of Bonds. GBRA expects that such schedule will not change unless additional Bonds are issued or additional funds are required to fund deposits into a reserve account related to the Bonds (as described in Section 4.1(b) below), but GBRA reserves the right to modify such schedule to correct any ambiguities or mistakes or account for any other changes deemed necessary and appropriate.

(b) In the event it becomes necessary for GBRA to make deposits into an operating or debt service reserve fund established pursuant to a resolution authorizing a series of Bonds which will not be funded with proceeds of a series of Bonds, GBRA shall promptly notify the Customer of such event, and the Gonzales Carrizo Debt Service Charge charged to the Customer shall thereafter be adjusted for each applicable Fiscal Year by an amount equal to the Customer's Pro Rata Portion of the additional amount required to be deposited into such operating or debt service reserve fund.

4.2 Gonzales Carrizo Water Rate and Charge.

(a) The Gonzales Carrizo Water Rate is the rate per acre-foot of treated water determined by the Board of Directors of GBRA to then be in effect for the commitment of capacity in the Project. Subject to Section 4.5, the GBRA Board of Directors may at any time and from time to time change the Gonzales Carrizo Water Rate. The Gonzales Carrizo Water Rate shall be sufficient to cover Groundwater Lease Payments, the District Fees, and the fixed Operation, Maintenance, and Administrative Expenses of the Project, as those payments, fees, and expenses are incurred.

(b) The Gonzales Carrizo Water Charge is equal to the Gonzales Carrizo Water Rate multiplied by the Annual Commitment.

4.3 Gonzales Carrizo Delivery Rate and Charge.

(a) The Gonzales Carrizo Delivery Rate is the rate per 1000 gallons of water determined by the GBRA Board of Directors to then be in effect for the delivery of water through the Project. Subject to Section 4.5, the GBRA Board of Directors at any time and from time to time may change the Gonzales Carrizo Delivery Rate. The Gonzales Carrizo Delivery Rate shall be sufficient to cover variable Operation, Maintenance, and Administrative Expenses related to the delivery of water through the Project that are not otherwise included in the Gonzales Carrizo Water Rate or the Gonzales Carrizo Debt Service Charge.

(b) The Gonzales Carrizo Delivery Charge per month shall be calculated by multiplying the amount of Project water, expressed in thousands of gallons, delivered in the month to the Customer at the Point of Delivery as measured by the Water Meter by the then-current Gonzales Carrizo Delivery Rate.

4.4 Commencement of Payments.

(a) The assessment of the Gonzales Carrizo Water Charge shall commence the month that GBRA begins paying any Groundwater Lease Payments, District Fees, or any Operation, Maintenance, and Administrative Expenses of the Project, whichever is earlier, on the Project from funds other than Bond proceeds.

(b) The assessment of the Gonzales Carrizo Delivery Charge shall commence the month that GBRA begins to supply water to the Customer through the Project.

4.5 Notice of Rate Change. If GBRA desires to adjust the Gonzales Carrizo Debt Service Charge, the Gonzales Carrizo Water Rate, or the Gonzales Carrizo Delivery Charge, it shall, at least sixty (60) days before the first day on which such adjustment is to become effective, give written notice to the Customer; however, the failure to provide such notice shall not invalidate the adjusted charge or rate.

ARTICLE V
PAYMENT OF CHARGES

5.1 Billing and Payment. GBRA will render bills to the Customer once each month for the payments required by this Agreement. GBRA will bill the Customer and the Customer shall pay GBRA one-twelfth of the Gonzales Carrizo Debt Service Charge and the Gonzales Carrizo Water Charge each month during the year. GBRA will bill the Customer and the Customer shall pay the Gonzales Carrizo Delivery Charge each month during the year. Any prepayments shall be shown on the bill as a credit. GBRA shall, until further notice, render such bills on or before the 10th day of each month and such bills shall be due and payable at GBRA's office indicated below by the 20th day of each month or fifteen (15) days after such bill is deposited into the United States mail, properly stamped, addressed and postmarked to the Customer, whichever is later. GBRA may, however, by sixty (60) days written notice, change the monthly date by which it shall render bills, and all bills shall thereafter be due and payable ten (10) days after such date or fifteen (15) days after such bill is deposited into the United States mail, properly stamped, addressed and postmarked to the Customer, whichever is later. The Customer shall make all payments in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts and shall make payment to GBRA at its office in Seguin, Texas, or at such other place as GBRA may from time to time designate by sixty (60) days written notice.

5.2 Source of Payments. The Parties agree and the Customer represents and covenants that all moneys required to be paid by the Customer under this Agreement shall constitute reasonable and necessary operating expenses of the Customer's water utility system ("Customer's System"), as authorized by the Constitution and the laws of the State of Texas. All payments required to be made by the Customer to GBRA under this Agreement shall be payable from income of the Customer's System. GBRA shall never have the right to demand payment by the Customer of any obligations assumed by or imposed upon it under or by virtue of this Agreement from funds raised or to be raised by taxation and the Customer's obligation under this Agreement shall never be construed to be a debt of the Customer of such kind as to require it under the Constitution and the laws of the State of Texas to levy and collect a tax to discharge such obligation.

5.3 Payments Unconditional. The Customer recognizes that any debt instruments relating to the Project, including the Bonds, will be payable from and secured by pledges of the sums of money to be received by GBRA from the Customer under this Agreement and from other customers under similar contracts. In order to make such debt instruments marketable at the lowest available interest rate, it is to the mutual advantage of GBRA and the Customer that the Customer's obligation to make the payments required hereunder be, and the same is hereby, made unconditional. So long as any part of such debt instruments are outstanding and unpaid, all sums payable hereunder to GBRA shall be paid by the Customer without set-off, counterclaim, abatement, suspension or diminution. So long as any part of such debt instruments are outstanding and unpaid, the Customer shall have no right to terminate this Agreement or be entitled to the abatement of any payment or any reduction thereof, and the obligations hereunder of the Customer shall not be otherwise affected for any reason (including but not limited to the inability of GBRA to deliver water under this Agreement), it being the intention of the Parties that, so long as any portion of such debt instruments are outstanding and unpaid, all sums required to be paid by the Customer to GBRA shall continue to be payable in all events and the obligations of the Customer hereunder shall continue unaffected, unless the requirement to pay the same is reduced or terminated pursuant to an express provision of this Agreement. It is specifically provided, however, that this Section shall not prevent the Customer from exercising any rights related to breach of this Agreement by GBRA.

5.4 Covenant to Maintain Sufficient Income. The Customer agrees to fix and maintain rates and collect charges for the facilities and services provided by Customer's System as will be adequate to permit the Customer to make prompt payment of all expenses of operating and maintaining the Customer's System, including payments under this Agreement, and to make prompt payment of the interest on and principal of any debt instruments of the Customer payable, in whole or in part, from the revenues of the Customer's System. The Customer further agrees to comply with all of the provisions of the ordinances, resolutions, orders or indentures authorizing its debt instruments which are payable, in whole or in part, from the revenues of the Customer's System.

5.5 Continuing Disclosure Agreement. If GBRA is required by 17 C.F.R. § 240.15c2-12 ("Municipal Securities Disclosure Rule"), as that rule may be amended from time-to-time by the Securities and Exchange Commission, to enter into a "Continuing Disclosure Agreement" with the Customer to fulfill GBRA's obligations under the Municipal Securities Disclosure Rule, the Customer and GBRA agree to execute a Continuing Disclosure Agreement. The form of such Continuing Disclosure Agreement shall be approved by GBRA's bond counsel in order to comply with the then-current requirements of the Municipal Securities Disclosure Rule. Similarly, if the Municipal Securities Disclosure Rule does not technically apply to the initial purchaser of a series of Bonds but such initial purchaser otherwise requires GBRA to provide continuing disclosure from the Customer, the Customer and GBRA agree to execute an agreement detailing the continuing disclosure information to be provided by the Customer. The form of such agreement shall be approved by GBRA's bond counsel in order to comply with the requirements of such initial purchaser.

5.6 Delinquency of Payment. All amounts due and owing to GBRA by the Customer shall be billed and paid monthly, and if not paid when due, bear interest at the same rate as the post-judgment interest rate as set out in Section 304.003(c), Texas Finance Code, or any successor statute from the date when due until paid, provided that such rate shall never be usurious or exceed the maximum rate as otherwise permitted by law. If any amount due and owing by the Customer is placed with an attorney for collection by GBRA and GBRA prevails, then the Customer shall pay to GBRA, in addition to all other payments provided for by this Agreement, including interest, GBRA's reasonable collection expenses, including court costs and attorney's fees. The Customer further agrees that GBRA may, at its option, discontinue delivering treated water until all amounts due and unpaid are paid in full with interest as herein specified. Any such discontinuation shall not, however, relieve the Customer of its unconditional obligation to make the payments required hereunder, as provided by Section 5.3 of this Agreement. The Customer agrees that GBRA may, at its option, terminate this Agreement for the Customer's failure to pay due and unpaid amounts, and, notwithstanding anything to the contrary in Section 5.3, if GBRA terminates this agreement for default in payments, the unconditional obligation to make the future payments shall terminate except that the Customer shall continue to be obligated to make payments for amounts due and unpaid at the time of termination, which shall survive the termination of the Agreement. Notwithstanding anything in this Agreement to the contrary, the Parties agree that the Customer's default under this Section 5.6 shall not result in termination of this Agreement until thirty (30) days after the date that the Customer receives written notice from GBRA specifying the default and the requirements to cure the same.

ARTICLE VI
TERM AND TERMINATION

6.1 Term.

(a) This Agreement shall be in force and effect until the latter of 11:59 p.m. Central time on December 31, 2058, or as it may be extended pursuant to subsection (b) and (c) below ("Termination Date").

(b) Unless written notice to terminate this Agreement is provided by either Party to the other Party at least three (3) years before the Termination Date, this Agreement shall automatically renew for an additional ten (10) year period. Unless notice is provided as described in this subsection (b), this Agreement will automatically renew for perpetual successive renewal periods of ten (10) years.

(c) Notwithstanding subsections (a) and (b) of this Section, if all the Bonds (including principal and interest) will not be fully paid by the Termination Date then the Termination Date shall be extended to December 31 of the year in which the Bonds are to be paid. Any extension by GBRA pursuant to this subsection shall be effective as of the date that GBRA gives the Customer written notice of the extension.

6.2 Rights after Termination. Except as specifically provided otherwise in this Agreement, all of the rights and obligations of the Parties under this Agreement shall terminate upon termination of this Agreement, except that such termination shall not affect any rights or liabilities accrued prior to such termination.

ARTICLE VII
OTHER PROVISIONS

7.1 Water Conservation and Drought Contingency Plans. The Customer agrees to provide to the maximum extent practicable for the conservation of water, and agrees to design, construct, operate and maintain its facilities in a manner that will prevent waste of water. The

Customer shall develop and implement a water conservation plan or water conservation measures and a drought contingency plan using the elements of Chapter 288 of the TCEQ's rules that are applicable to the Customer and its uses, and that are consistent with GBRA's water conservation and drought contingency plans for wholesale customers in accordance with the provisions of Section 3.10. Such plans, at a minimum, shall comply with all minimum standards that may be required or recommended by the Texas Water Development Board (TWDB) and the TCEQ. If the Customer intends to resell the water to another wholesale customer, the Customer shall require the successive customer in the resale to implement water conservation and drought contingency plans in accordance with the applicable provision of Chapter 288 of the TCEQ's rules and the applicable provisions of GBRA's water conservation and drought contingency plans.

7.2 Regulatory Requirements. This Agreement is subject to all applicable federal, state, and local laws and any applicable ordinances, rules, orders, and regulations of any local, state, or federal governmental authority having jurisdiction. This Agreement is specifically subject to all applicable sections of the Texas Water Code and the rules of the TCEQ, or any successor agency subject to Section 7.10 below regarding severability and provided that changes in the law shall not be applied retroactively to amend this Agreement unless retroactivity is required by law.

7.3 Interest in Gonzales Carrizo Water Supply Project. The Customer is not entitled to any equity interest in GBRA's Project for any reason including, without limitation, the payments made to GBRA under this Agreement.

7.4 Remedies. It is not intended hereby to specify (and this Agreement shall not be considered as specifying) an exclusive remedy for any default by either Party, but all such other remedies existing at law or in equity shall be cumulative including, without limitation, specific performance may be availed of by either Party. The prevailing Party shall be entitled to any reasonable attorney's fees, court costs or other expenses incurred in bringing or defending any suit alleging such default or claim.

7.5 Actual Damages. No Party shall be liable or have any responsibility to the other for any indirect, special, consequential, punitive or delay-related or performance-related damages including, without limitation, lost earnings or profits. Such limitation on liability shall apply to any claim or action, whether it is based on whole or in part on agreement, negligence, strict liability, tort, statute or other theory of liability.

7.6 Assignability. No Party may assign its rights or obligations under this Agreement without first obtaining the written consent of the other Party, which consent shall not be unreasonably withheld or delayed. Further, the Customer may not assign its rights or obligations under this Agreement if such assignment is prohibited by the Project's Bonds or would alter the tax-exempt status of those Bonds.

7.7 Entire Agreement. This Agreement constitutes the entire agreement between the Parties, and supersedes any prior understanding or oral or written agreements between the Parties respecting the subject matter of this Agreement.

7.8 No Third Party Beneficiaries. This Agreement does not create any third party benefits to any person or entity other than the signatories hereto and their authorized successors in interest, and is solely for the consideration herein expressed.

7.9 Due Authorization and Binding Obligation. This Agreement has been duly authorized, executed and delivered by all necessary action of the Parties. This Agreement, and the terms, covenants, and conditions herein contained, shall inure to the benefit of and be binding upon the heirs, personal representatives, successors, and assigns of each of the Parties hereto.

7.10 Severability. If any provision of this Agreement shall be held or deemed to be or shall, in fact, be invalid, inoperative or unenforceable as applied in any particular case in any jurisdiction or jurisdictions, or in all jurisdictions because it conflicts with any provisions of any Constitution, statute, administrative rule, regulation or finding, rule of public policy, or for any other reason, this Agreement shall remain in effect and be construed as if the invalid, inoperative, or unenforceable provision had never been in the Agreement, and such circumstances shall not have the effect of rendering the provision in question invalid, inoperative or unenforceable in any other case or circumstance, or of rendering any other provision or provisions of this Agreement invalid, inoperative or unenforceable to any extent whatever.

7.11 Waiver and Amendment. Failure to enforce or the waiver of any provision of this Agreement or any breach or nonperformance by either Party shall not be deemed a waiver by the other Party of the right in the future to demand strict compliance and performance of any provision of this Agreement. No officer or agent of GBRA is authorized to waive or modify any provision of this Agreement. No modifications to or recession of this Agreement may be made except by a written document signed by all Parties' authorized representatives.

7.12 Force Majeure. If for any reason of force majeure, either Party is rendered unable, wholly or in part, to carry out its obligations under this Agreement, then that Party shall give notice of the reasons in writing to the other Party within a reasonable time after the occurrence of the force majeure event. The obligation of the Party giving the notice, so far as it is affected by the force majeure, shall be suspended during the continuance of the inability then claimed, but for no longer period, but only so long as the Party giving notice uses its best efforts to mitigate the impact and remedy the condition which constitutes the force majeure. The term "force majeure" as used in this Agreement shall mean acts of God, strikes, lockouts, or other industrial disturbances, acts of public enemy, order or actions of any kind of government of the United States or the State of Texas, or any civil or military authority, insurrection, riots, epidemics, landslides, lighting, earthquakes, fires, hurricanes, storms, floods, washouts, droughts, arrests, restraints of government and people, civil disturbances, explosions, breakage or accident to dams, machinery, pipelines, canals, or other structures, partial or entire failure of water supply including pollution (accidental or intentional), and any other cause not reasonably within the control of GBRA or the Customer.

7.13 Captions. The sections and captions contained herein are for convenience and reference only and are not intended to define, extend or limit any provision of this Agreement.

7.14 Necessary Documents and Actions. Each Party agrees to execute and deliver all such other and further instruments and undertake such actions as are or may become necessary or convenient to effectuate the purposes and intent of this Agreement. In particular, and without limiting the broader meaning of the preceding sentence, the Customer agrees to timely provide GBRA with all records, financial and operating information of the Customer reasonably requested by GBRA in connection with the issuance of Bonds to be provided to rating agencies, municipal bond insurance companies, potential purchasers of the Bonds (including the Texas Water Development Board), or other third parties.

7.15 Applicable Law and Venue. This Agreement shall be construed and enforced in accordance with the laws of the State of Texas. The obligations contained within this Agreement are performable in Hays County, Caldwell County, Comal County or Guadalupe County, Texas. Any action in law or equity brought to enforce or interpret any provision of this Agreement shall be brought in a court of competent jurisdiction with venue in Hays County, Caldwell County, Comal County or Guadalupe County, Texas.

7.16 Negotiation by Counsel. The Parties acknowledge that each Party and its counsel have reviewed and revised this Agreement, and agree that the normal rule of construction to the effect that any ambiguities are to be resolved against the drafting Party shall not be employed in the interpretation of this Agreement or any amendments or exhibits hereto.

7.17 Counterparts and Electronic Transmissions. This Agreement may be executed in one or more counterparts, each of which shall for all purposes be deemed to be an original and all of which shall constitute the same instrument. In making proof of this Agreement, it shall not be necessary to produce or account for more than one such counterpart. A telecopied or emailed electronically transmitted facsimile of an executed counterpart of this Agreement shall be sufficient to evidence the binding agreement of each Party to the terms hereof. However, each Party agrees to promptly deliver to the other Party an original, duly executed counterpart of this Agreement.

7.18 Legal Construction. Whenever context requires, the singular will include the plural and the neuter will include the masculine or feminine gender, and vice versa.

7.19 Notices. Any notice or payment required or permitted hereunder shall be in writing and shall be deemed to be delivered on the date received if delivered by hand to the address shown hereinafter for the Customer or GBRA, as appropriate, or such notice shall, if deposited in the mail, be deemed to be delivered, whether actually received or not, on the first business day after having been deposited in the United States mail, postage prepaid, registered or certified mail, return receipt requested, addressed to the Customer or GBRA, as appropriate, at the address shown hereinafter. For purposes of notice, the addresses of and the designated representative for receipt of notice for each of the parties shall be as follows:

For GBRA:

Guadalupe-Blanco River Authority
Attention: General Manager/CEO
933 E. Court Street
Seguin, Texas 78155

For the Customer:

City of Lockhart
Attention: City Manager
308 W. San Antonio St.
P.O. Box 239
Lockhart, Texas 78644

The Parties hereto shall have the right from time to time to change their respective addresses, and each shall have the right to specify as its address any other address within the United States of America by at least five (5) days' written notice to the other Party.

7.20 Business Days. In the event that any date or any period provided for in this Agreement shall end on a Saturday, Sunday or legal holiday, the applicable period shall be extended to the first business day following such Saturday, Sunday or legal holiday. As used herein, the term "legal holiday" means any state or federal holiday for which financial institutions or post offices are generally closed in the State of Texas.

GUADALUPE-BLANCO RIVER AUTHORITY

By: ______________________

Kevin Patteson, General Manager/CEO

Date: 2/13/18

ATTEST:

____

STATE OF TEXAS §
§
COUNTY OF GUADALUPE §

BEFORE ME, the undersigned, a Notary Public in and for said State, on this day personally appeared Kevin Patteson, General Manager and CEO of the GUADALUPE-BLANCO RIVER AUTHORITY, known to me to be the persons whose name is subscribed to the foregoing instrument and acknowledged to me that the same was the act of the GUADALUPE-BLANCO RIVER AUTHORITY, a conservation district and political subdivision, and that he executed the same as the act of such entity for the purposes and consideration therein expressed, and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this the 13th day of February, 20 18.

TRICIA L RAMIREZ
Notary Public, State of Texas
Comm. Expires 12-20-2020
Notary ID 13093864-5

Tricia L. Ramirez
Notary Public
The State of Texas

Notary Seal
&
I.D. No. 13093864-5

CITY OF LOCKHART

By: Lew White
Lew White, Mayor

Date: February 6, 2018

STATE OF TEXAS §
§
COUNTY OF CALDWELL §

BEFORE ME, the undersigned, a Notary Public in and for said State, on this day personally appeared Lew White, Mayor of CITY OF LOCKHART, known to me to be the persons whose name is subscribed to the foregoing instrument and acknowledged to me that the same was the act of the CITY OF LOCKHART, a municipal corporation, and that he executed the same as the act of such entity for the purposes and consideration therein expressed, and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this the 6th day of February, 2018.

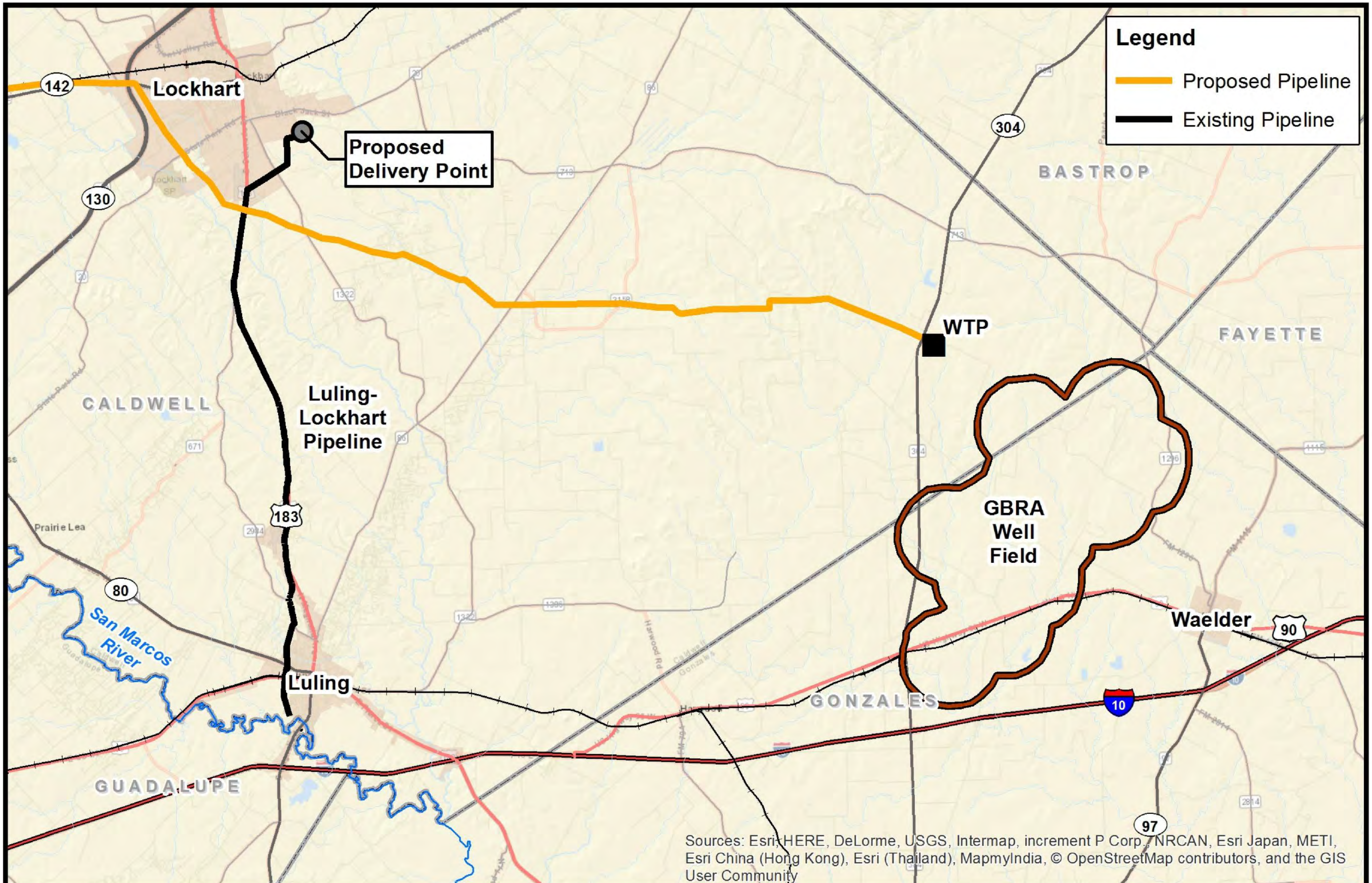
CONNIE CONSTANCIO
Notary ID # 5271582
My Commission Expires
May 25, 2021

Connie Constancio
Notary Public
The State of Texas

Notary Seal
&
I.D. No. 5271582

EXHIBIT A

POINT OF DELIVERY



Preliminary Transmission Facilities for Carrizo Groundwater

City of Lockhart, Texas

Council Agenda Item
Cover Sheet

COUNCIL MEETING DATE: April 1, 2025

AGENDA ITEM CAPTION: Presentation and discussion of the City of Lockhart and the Lockhart Economic Development Corporation's Fiscal Year 2023-24 Annual Comprehensive Financial Report (annual financial audit) by BrooksWatson & Company, PLLC., an independent public accounting firm.

ORIGINATING DEPARTMENT AND CONTACT: Finance - Keeli Michna

ACTION REQUESTED: Other

BACKGROUND/SUMMARY/DISCUSSION: According to City of Lockhart's Home Rule Charter, Article 3, Section 3.14 - Audit of City books and accounts, the City shall have its records and accounts audited annually and shall have an annual financial statement prepared based on the audit. In addition, Section 3.14 states that the accountant shall not maintain or keep any of the city's accounts or records and shall not perform the city's annual audit for more than five years in succession. This is the fourth year for BrooksWatson & Company, PLLC to perform the City's annual audit. City Council approved a two-year contract extension on October 15, 2024 which will retain BrooksWatson & Company, PLLC's audit services through fiscal year ending 2025.

BrooksWatson & Company, PLLC has issued an **unmodified (clean)** opinion. An unmodified opinion is presumed to be free from material misstatements and fairly represents its financial results, financial position, and cash flows.

The Annual Comprehensive Financial Report for FYE 2024 includes three sections: Introduction, Financial, and Statistical. The transmittal letter is one of the legal requirements for the annual report that typically includes the local government's profile, provides an economic update on the local economy, lists any major initiatives undertaken by the local government and states that the financial reports are management's responsibility. The financial section includes all necessary financial information, narratives explaining financials, and an auditor's report. The third section is the statistical section. It outlines financial trends, revenue capacity, debt capacity, demographic information and other operating indicators about the local government.

The City has been awarded a Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association (GFOA) for five consecutive years. The current Annual Comprehensive Financial Report for FYE 2024 will be submitted to the GFOA to determine eligibility for another certificate.

PROJECT SCHEDULE (if applicable):

AMOUNT & SOURCE OF FUNDING:

City of Lockhart, Texas

Council Agenda Item
Cover Sheet

Funds Required:
Account Number:
Funds Available:
Account Name:

FISCAL NOTE (if applicable):

PREVIOUS COUNCIL ACTION:

COMMITTEE/BOARD/COMMISSION ACTION:

STAFF RECOMMENDATION/REQUESTED MOTION: Staff recommends acceptance of the audited FY 2023-2024 Annual Comprehensive Financial Report.

LIST OF SUPPORTING DOCUMENTS: Annual Comprehensive Financial Report 9.30.2024

ANNUAL COMPREHENSIVE
FINANCIAL REPORT

of the

City of Lockhart, Texas

For the Year Ended
September 30, 2024

<u>Prepared by</u>

Finance Department

Lockhart
TEXAS

City of Lockhart, Texas

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September 30, 2024

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Lockhart

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INTRODUCTORY SECTION

Lockhart

March 27, 2025

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

The Texas Local Government Code states that a municipality shall have its records and accounts audited annually and shall have annual financial statements prepared based on the audit. The Code also states that the annual financial statements, including the auditor's opinion on the statements, shall be filed in the office of the municipal city secretary or clerk within 180 days after the last day of the municipality's fiscal year. The Annual Comprehensive Financial Report of the City of Lockhart, Texas (the City) for the year ended September 30, 2024, is hereby submitted to fulfill that requirement.

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

BrooksWatson & Company, PLLC has issued an **unmodified ("clean")** opinion on the City of Lockhart financial statements for the year ended September 30, 2024. The independent auditors' report is located at the front of the financial section of this report.

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

Profile of the Government

The City of Lockhart was founded in 1826 and officially incorporated as a city in 1852. Located in central Texas, Lockhart is 30 miles south of downtown Austin on U.S. Highway 183. It is 70 miles northeast of San Antonio and 156 miles west of Houston. According to the most recent U.S. Census Bureau reporting, the estimated population of the City of Lockhart is 15,318, and serves as the county seat of Caldwell County, Texas. Lockhart is a Home Rule Charter City and operates under the Council-Manager form of government. Lockhart is served by a seven-person city council. The elected body is made up of the mayor and two council members that are elected at large. The remaining four council members are elected from single-member districts. The length of office for all Council members and the Mayor are three-year terms. The City Council appoints the City Manager, the City Attorney, and the Municipal Court Judge. All other staff members work either directly or indirectly under the direction of the City Manager.

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

The City provides a full range of municipal government services to more than 15,318 residents and numerous visitors annually. Municipal services provided include police and fire protection; crime prevention, enforcement, and adjudication; electric services; water production and distribution; wastewater collection and treatment; solid waste collection, curbside recycling and disposal; city code enforcement and building inspection; maintenance of streets; maintenance of park land and recreational facilities; library services; cemetery; airport; and economic development.

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

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

FACTORS AFFECTING FINANCIAL CONDITION

Local Economy

The City of Lockhart is the county seat for Caldwell County. With this designation comes commercial growth not typically seen for populations of approximately 15,318 residents. Major industries located within the government's boundaries, or close proximately, include small and advanced manufacturing industries, information technology industries, retail and service industries, and agriculture. The school district has significant economic presence, employing in total more than 790 teachers, professionals, and support staff.

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

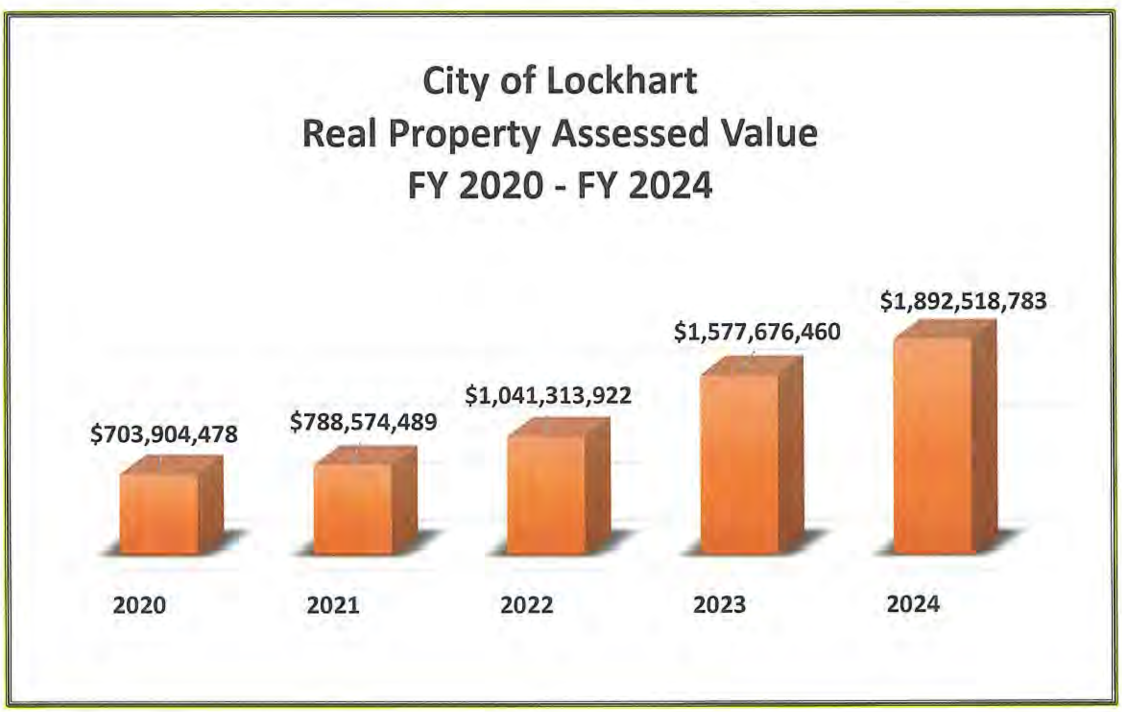
The City of Lockhart received an allotment from CARES of $763,895. After the final draw from the CARES Relief Program in 2021, the City of Lockhart was awarded federal grant money from the American Rescue Plan Act (ARPA). The total award was for $3,501,959 to be used for further economic relief from the COVID-19 pandemic. The broad eligible uses for ARPA funds include COVID-related expenses (directly or indirectly), premium pay for essential workers, government service programs under certain circumstances, necessary improvements in water, sewer, or broadband infrastructure (whether related or not to COVID-19), and revenue replacement. The City Council approved the spending of ARPA funds in Fiscal Year 2022 for the much needed improvements to water and sewer infrastructure and revenue replacement. Revenue replacement funds have been allocated towards multiple park improvements. These projects and improvements continued through Fiscal Year 2023 and 2024.

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

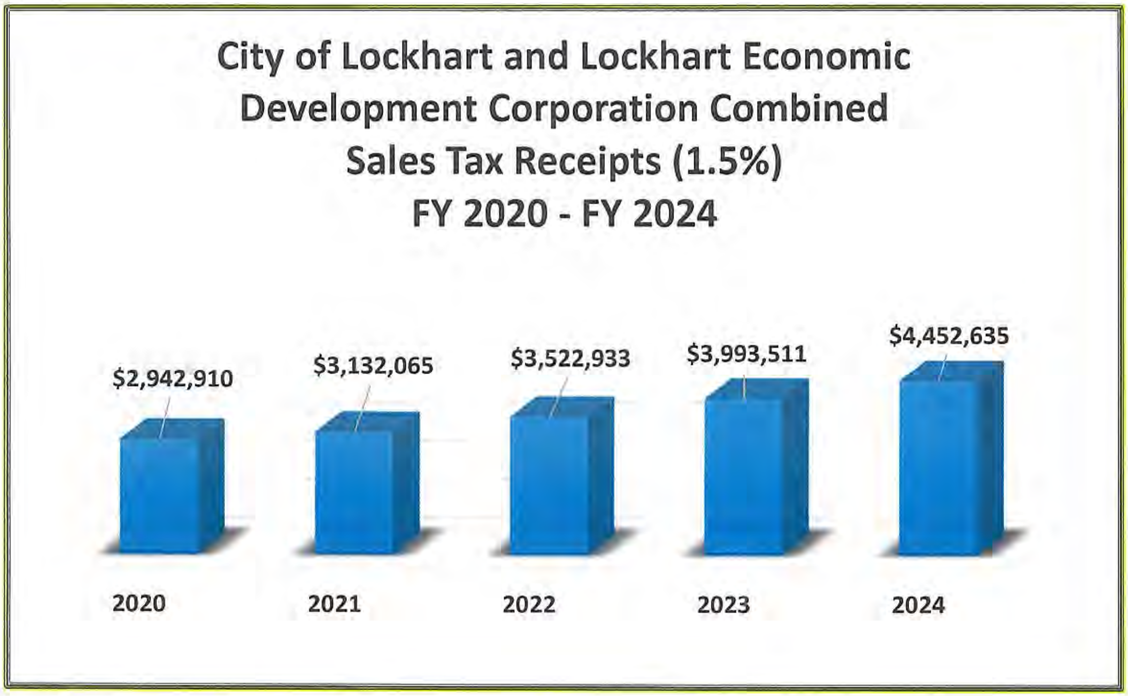
In 2024, the Lockhart Economic Development Corporation (LEDC) finalized a Targeted Retail and Grocer Incentive Policy. This policy will offer incentives to attract retailers, specifically quick service restaurants. In addition, LEDC made significant progress with the following projects:

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

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



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



Long-term Financial Planning

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

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

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

Relevant Financial Policies

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

In Fiscal Year 2024, an updated financial policy and investment policy were approved to include three revisions. The first concerned more comprehensive guidelines on monthly cash reconciliations and the second addressed additional internal accounting controls and procedures. These were established to ensure the City maintains proper separation of duties and multifactor approvals for payment authorizations. Lastly, the revision to the investment policy designated additional Investment Officers to act on behalf of the City in order to increase efficiency. These policy amendments reaffirm the City of Lockhart's commitment to strengthen our financial policies in alignment with current best practices in governmental accounting and incorporate recommendations from our annual audit review process.

Major Initiatives

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

Financial Procedures and Internal Controls

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

Budgetary Controls

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

Awards for Excellence in Financial Reporting

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

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

Acknowledgements

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

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

Respectfully Submitted,

Keeli Michna

Steve Lewis, City Manager

Keeli Michna, Finance Director

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Lockhart
Texas

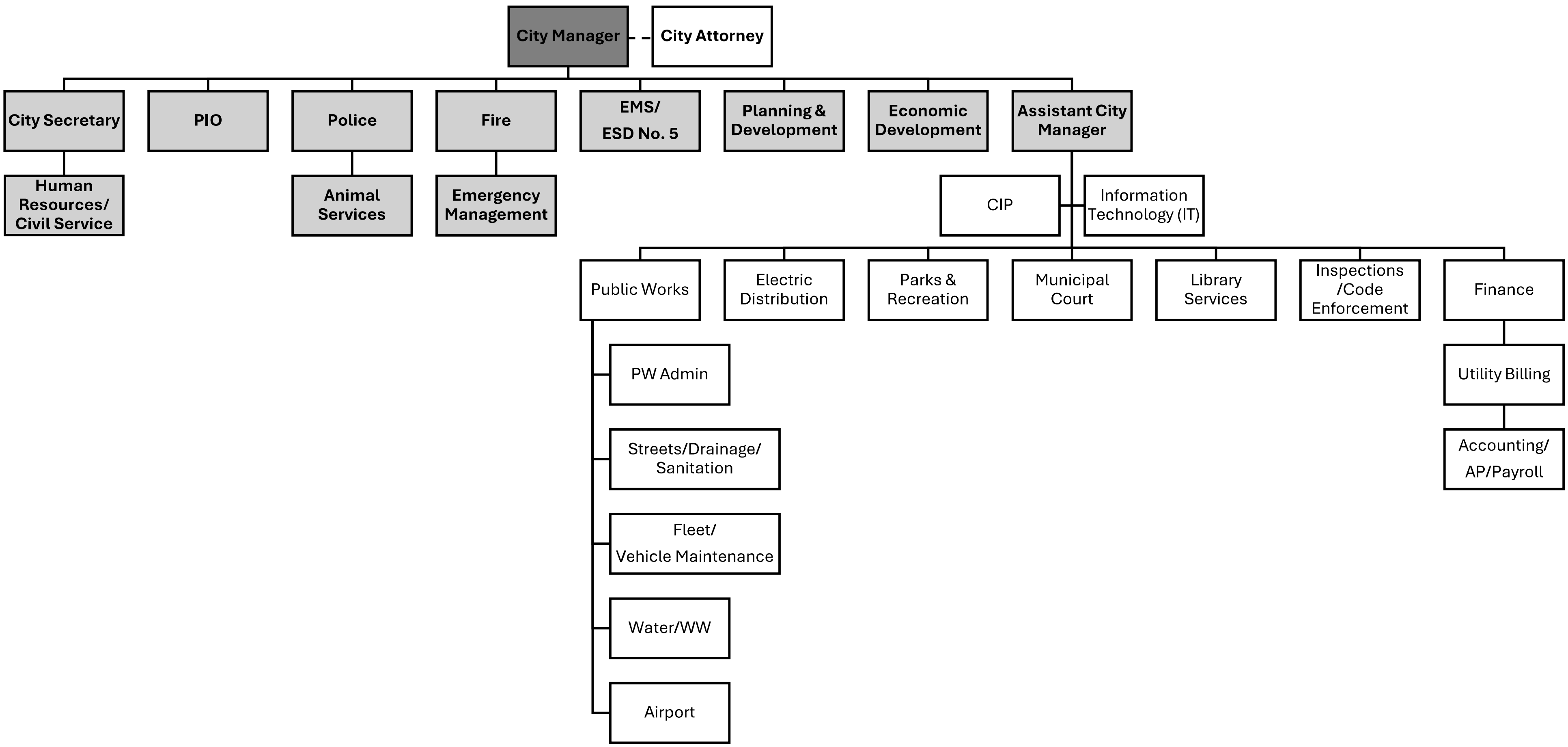
For its Annual Comprehensive Financial Report
For the Fiscal Year Ended

September 30, 2023

Christopher P. Morrill

Executive Director/CEO

City of Lockhart Organizational Chart



City of Lockhart, Texas

ELECTED AND PRINCIPAL OFFICIALS

September 30, 2024

City Council

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

Principal Officials

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

Lockhart
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FINANCIAL SECTION

Lockhart
TEXAS

BROOKSWATSON & CO.
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

Emphasis of Matter

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

Other Matters

Required Supplementary Information

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

Other Information

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

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

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

BrooksWatson & Co.

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

Lockhart
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City of Lockhart, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS

September 30, 2024

As management of the City of Lockhart, Texas (the "City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2024. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 1-6 of this report.

Financial Highlights

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources (net position) at September 30, 2024 by $69,822,625. Of this amount, $17,113,490 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.

- The City's total net position increased by $5,817,904. Approximately 50% of the City's net position is invested in capital assets and restricted for specific purposes.

- The City's governmental funds reported combined ending fund balances of $22,245,700 at September 30, 2024, an increase of $3,273,825 from the prior fiscal year; this includes an increase of $2,019,125 in the general fund and an increase of $1,254,700 in the nonmajor governmental funds.

- At the end of the fiscal year, unassigned fund balance for the general fund was $11,065,775 or 73% of total general fund expenditures.

Overview of the Financial Statements

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

Government-Wide Statements

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

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

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

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

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

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

FUND FINANCIAL STATEMENTS

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

Governmental Funds

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

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

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

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

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

Proprietary Funds

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

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

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

Component Units

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

Notes to Financial Statements

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

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

Other Information

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

The largest portion of the City's net position, $37,041,894 reflects its investments in capital assets (e.g., land, buildings, improvements other than buildings, machinery and equipment, construction in progress), less any debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City of Lockhart, Texas's net position of $15,667,241 represents resources that are subject to external restrictions on how they may be used. The remaining balance of $17,113,490 is unrestricted and may be used to meet the government's ongoing obligations to its citizens and creditors.

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

Statement of Net Position:

The following table reflects the condensed Statement of Net Position:

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

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

Statement of Activities:

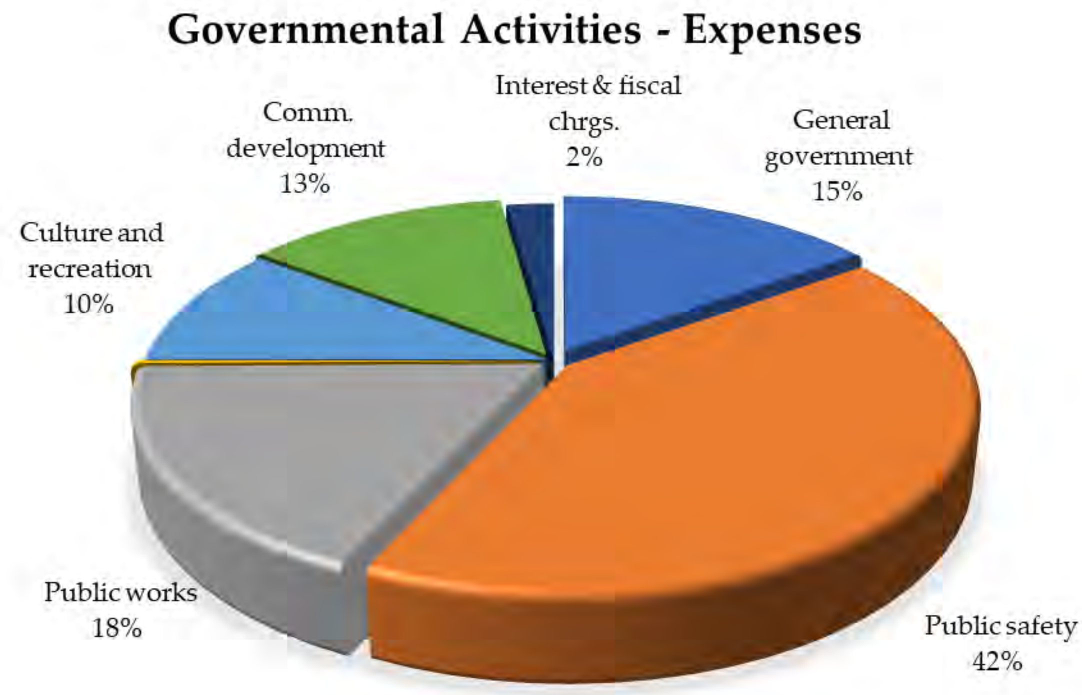
The following table provides a summary of the City's changes in net position:

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

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

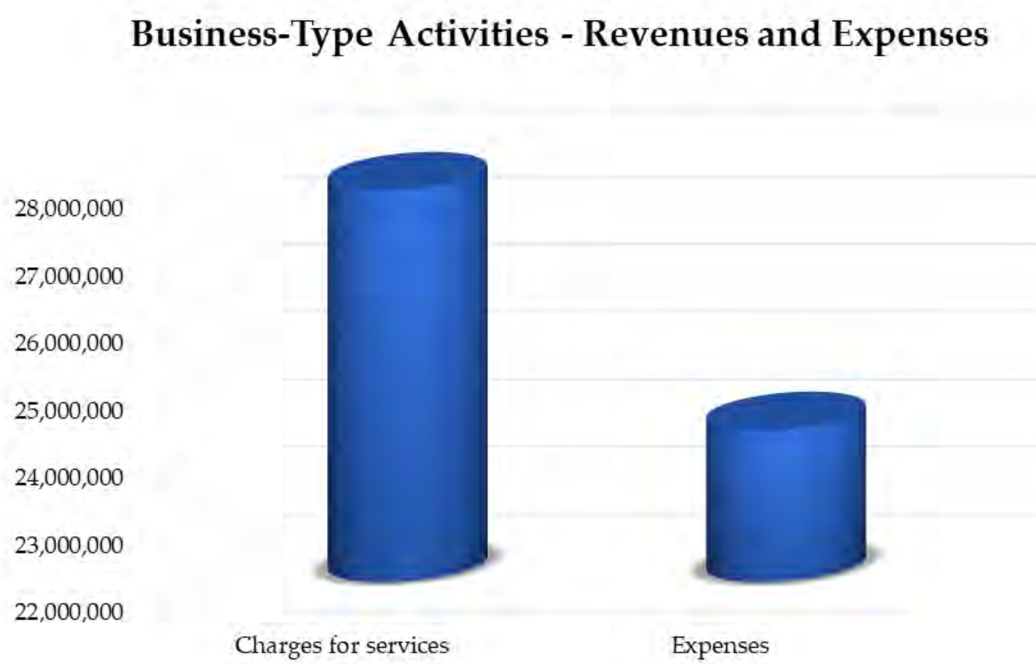
For the year ended September 30, 2024, revenues from governmental activities totaled $16,812,850. Property tax, charges for services, and sales tax are the City's largest general revenue sources. Overall revenue decreased $5,032,293 or 23% from the prior year. Charges for services increased by $350,699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

This graph shows the governmental function expenses of the City:



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

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



For the year ended September 30, 2024, charges for services by business-type activities totaled $27,803,120. This represents an increase of $892,603 or 3% from the previous year, which is a direct result of greater water and sewer service rates and increased utility service consumption in the current year. Capital contributions decreased by $5,600,113 as a result of nonrecurring developer contributions and impact fees received in the prior year.

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

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

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

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

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

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

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

GENERAL FUND BUDGETARY HIGHLIGHTS

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

CAPITAL ASSETS

As of the end of the year, the City's governmental activities funds had invested $27,585,771 in a variety of capital assets and infrastructure, net of accumulated depreciation. The City's business-type activities funds had invested $65,094,607 in a variety of capital assets and infrastructure, net of accumulated depreciation. This investment in capital assets includes land, buildings, vehicles, equipment, park improvements, and infrastructure.

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

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

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

LONG-TERM DEBT

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

There is no direct limit on debt in the City Charter. Statutes of the State of Texas do not provide any limitations on the dollar amount of debt cities issue, however, 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 51% since 2020 and property tax revenue has increased by 33.4%. Even with the 51% increase, the City continues to forecast sales tax in a conservative position. The total sales tax payments received in 2024 fiscal year equaled $4,452,635. The City anticipates a continued increase for 2025.

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

The City's capital plan for 2024-2025 continues to focus on infrastructure upgrades and improvements to streets, the electric distribution system and water and wastewater lines.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

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

BASIC FINANCIAL STATEMENTS

City of Lockhart, Texas

STATEMENT OF NET POSITION (Page 1 of 2)

September 30, 2024

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

Component Unit
Lockhart EDC
$ 7,243,381
263,968
-
-
-
-
5,000
7,512,349
-
1,008,082
4,193,529
5,201,611
12,713,960
37,946
-
-
37,946

City of Lockhart, Texas

STATEMENT OF NET POSITION (Page 2 of 2)

September 30, 2024

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

See Notes to Financial Statements.

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

City of Lockhart, Texas

STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2024

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

General Revenues:

Taxes

Property taxes

Sales taxes

Franchise and local taxes

Investment income

Gain on sale of capital assets

Other revenues

Transfers

Total General Revenues and Transfers

Change in Net Position

Beginning Net Position, as previously reported

Error correction

Beginning Net Position, as adjusted

Ending Net Position

See Notes to Financial Statements.

* Includes sanitation, airport, and EMS activities

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

City of Lockhart, Texas

BALANCE SHEET

GOVERNMENTAL FUNDS

September 30, 2024

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

See Notes to Financial Statements.

City of Lockhart, Texas

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

September 30, 2024

Fund Balances - Total Governmental Funds	$	22,245,700
Adjustments for the Statement of Net Position:		
Capital assets used in governmental activities are not current financial resources and, therefore, not reported in the governmental funds.		
Capital assets - non-depreciable		2,898,824
Capital assets - net depreciable		24,686,947
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the governmental funds.		
Property tax		692,905
Fines and fees		107,524
Other receivables		26,392
Deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenues) until that time		
Pension inflows		(220,797)
OPEB inflows-TMRS		(64,808)
OPEB inflows-Retiree Healthcare		(28,127)
Deferred outflows of resources, represent a consumption of net assets that applies to a future period(s) and is not recognized as an outflow of resources (expense/ expenditures) until then		
Pension outflows		1,255,900
OPEB outflows-TMRS		8,166
Deferred charge on refunding		117,211
Some liabilities, including bonds payable and deferred charges, are not reported as liabilities in the governmental funds.		
Accrued interest		(56,316)
Deferred charges:		
Bond premium		(343,716)
Net pension liability		(3,271,107)
OPEB liability-TMRS		(310,652)
OPEB liability-Retiree healthcare		(280,846)
Compensated absences		(577,852)
Non-current liabilities due in one year		(1,555,780)
Non-current liabilities due in more than one year		(8,911,132)
Net Position of Governmental Activities	$	36,418,436

See Notes to Financial Statements.

City of Lockhart, Texas

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

For the Year Ended September 30, 2024

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

See Notes to Financial Statements.

City of Lockhart, Texas

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

For the Year Ended September 30, 2024

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

Net changes in fund balances - total governmental funds	$	3,273,825
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Capital outlay		2,106,636
Depreciation expense		(2,090,136)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property tax		186,472
Fines and fees		44,605
Other receivables		2,627
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Compensated absences		(116,342)
Accrued interest		15,639
Pension expense		345,493
OPEB expense-TMRS		57,675
OPEB expense-retiree healthcare		4,098
The issuance of long-term debt (e.g., bonds, leases, certificates of obligation) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when they are first issued; whereas, these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		
Lease issuance		(320,532)
Amortization of deferred charge on refunding		(23,441)
Amortization of premium		61,511
Principal payments		1,483,572
Change in Net Position of Governmental Activities	$	5,031,702

See Notes to Financial Statements.

City of Lockhart, Texas

STATEMENT OF NET POSITION

PROPRIETARY FUNDS (Page 1 of 2)

September 30, 2024

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

See Notes to Financial Statements.

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

City of Lockhart, Texas

STATEMENT OF NET POSITION

PROPRIETARY FUNDS (Page 2 of 2)

September 30, 2024

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

See Notes to Financial Statements.

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

City of Lockhart, Texas

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

PROPRIETARY FUNDS

For the Year Ended September 30, 2024

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

See Notes to Financial Statements.

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

City of Lockhart, Texas

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS (Page 1 of 2)

For the Year Ended September 30, 2024

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

See Notes to Financial Statements.

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

City of Lockhart, Texas

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS (Page 2 of 2)

For the Year Ended September 30, 2024

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

See Notes to Financial Statements.

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

City of Lockhart, Texas

STATEMENT OF FIDUCIARY NET POSITION

FIDUCIARY FUNDS

September 30, 2024

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

See Notes to Financial Statements.

City of Lockhart, Texas

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

FIDUCIARY FUNDS

For the Year Ended September 30, 2024

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

See Notes to Financial Statements.

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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.

Discretely Presented Component Unit

Lockhart Economic Development Corporation ("LEDC")

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

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

The LEDC meets the criteria of a discretely presented component unit and is presented as a governmental fund type. Complete financial statements for the Lockhart Economic Development Corporation may be obtained at City Hall. No other organizations met the necessary criteria for inclusion as component units for the year ended September 30, 2024.

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

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

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

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

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

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

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

The government reports the following major governmental funds:

General Fund

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

The government reports the following major enterprise funds:

Electric Fund

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

Water Fund

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

Wastewater Fund

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

Additionally, the government reports the following fund types:

Debt Service Funds

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

Capital Project Funds

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

Special Revenue Funds

The City accounts for resources restricted to, or designated for, specific purposes in a special revenue fund. As of September 30, 2024, the City is maintaining eighteen special revenue funds.

Fiduciary Funds

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

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

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

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

D. Measurement focus and basis of accounting

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

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

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

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

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

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

1. Deposits and Investments

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

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

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

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

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

2. Fair Value

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

3. Receivables and Interfund Transactions

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

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

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

4. Inventories and Prepaid Items

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

5. Restricted Assets

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

6. Capital Assets

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

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

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

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

7. Deferred Outflows/Inflows of Resources

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

In addition to liabilities, the statement of financial position will sometimes report a separate section for *deferred inflows of resources*. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has only one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes, fines and forfeitures and ambulance fees. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. Deferred inflows of resources can also occur at the government wide level due to differences between investment gains and losses realized on pension investments compared to assumption used within the pension actuarial valuation model.

8. Long-Term Obligations

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

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

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

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

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

9. Pensions

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

10. Other Postemployment Benefits ("OPEB")

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

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

11. Leases

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

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

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

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

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

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

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

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

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

- The City uses its estimated incremental borrowing rate as the discount rate for leases.

- The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

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

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

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

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

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

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

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

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

13. Net Position Flow Assumption

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

14. Fund Balance Flow Assumptions

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

15. Fund Balance Policies

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

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

2. Property Taxes

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

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

3. Compensated Absences

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

4. Proprietary Funds Operating and Nonoperating Revenues and Expenses

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

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

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

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

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

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) for the general, debt service, hotel/motel tax, and the enterprise funds. The legal level of control as defined by the City Charter is the fund level. No funds can be transferred or added which affect the total fund expenditures without City Council approval. Appropriations lapse at the end of the year. One supplemental budget amendment was made during the year. The following funds exceeded appropriations at the level of control:

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

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

A. Restricted Fund Balance

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

B. Deficit Fund Equity

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

C. Public Funds Investment & Collateral Acts

State statues require that all deposits in financial institutions be insured or fully collateralized by U.S. government obligations or its agencies and instrumentalities or direct obligations of Texas or its agencies and instrumentalities that have a market value of not less than the principal amount of the deposits. As of September 30, 2024, the market values of pledged securities and FDIC exceeded bank balances. In addition, the City is required to adopt certain standards as it relates to the investment and maintenance of public funds. The City was in compliance with the requirement Public Funds Investment Act and the Public Funds Collateral Act.

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Deposits - The City's funds are required to be deposited and invested under the terms of a depository contract pursuant to the Texas Public Funds Investment Act. The depository bank pledges securities which comply with state law and these securities are held for safekeeping and trust with the City's and the depository bank's agent bank. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of FDIC insurance. The City's deposits, as well as those of the City’s component unit were fully insured or collateralized as required by the state statutes at September 30, 2024.

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

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

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

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

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

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

Credit risk: The City's investment policy requires that the investment portfolio shall be diversified in terms of investment instruments, maturity scheduling, and financial institutions to reduce the risk of loss resulting from over concentration of assets in a specific class of investments, specific maturity, or specific user. At year-end, the City was not exposed to concentration of credit risk. It is LEDC policy to limit its investment to those that are authorized under the Texas Public Funds Investment Act. Additionally, any money market mutual funds or local government investment pools must be rated no lower than AAA by at least one nationally recognized rating service. As of September 30, 2024, the investment pools were rated AAAm by Standard and Poor's.

Custodial credit risk – deposits: In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City's and LEDC's investment policy requires that deposits at financial institutions be insured by the FDIC and/or collateralized by securities pledged to the City by the depository in an amount equal to at least 102% of the carrying value of deposits held. During the fiscal year and at year-end, all deposits held in the depository bank were fully collateralized. The City's deposits are therefore not subject to custodial credit risk at September 30, 2024.

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

<u>TexPool</u>

TexPool was established as a trust company with the Treasurer of the State of Texas as trustee, segregated from all other trustees, investments, and activities of the trust company. The State Comptroller of Public Accounts exercises oversight responsibility over TexPool. Oversight includes the ability to significantly influence operations, designation of management, and accountability for fiscal matters. Additionally, the State Comptroller has established an advisory board composed of both participants in TexPool and other persons who do not have a business relationship with TexPool. The advisory board members review the investment policy and management fee structure. Finally, Standard & Poor's rate TexPool AAAm. As a requirement to maintain the rating, weekly portfolio information must be submitted to Standard & Poor's, as well as to the office of the Comptroller of Public Accounts for review. At September 30, 2024, the fair value of the portion in TexPool approximates fair value of the shares. There were no limitations or restrictions on withdrawals.

<u>TexSTAR</u>

TexSTAR has been established for governmental entities pursuant to the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and the Public Funds Investment Act, Chapter 2256 of the Texas Government Code and operates in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. TexSTAR's governing body is a five-member Board consisting of three representatives of participants and one member designated by each of the co-administrators. The Board holds legal title to all money, investments, and assets and has the authority to employ personnel, contract for services, and engage in other administrative activities necessary or convenient to accomplish the objectives of TexSTAR. Board oversight of TexSTAR is maintained through daily, weekly, and monthly reporting requirements. TexSTAR is rated

AAAm by Standard & Poor's. The City's fair value position is stated at the value of the position upon withdrawal. There were no limitations or restrictions on withdrawals.

Texas CLASS

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

B. Receivables

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

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

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

The component unit receivables balance consisted entirely of sales tax.

Lease Receivable

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

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

C. Capital Assets

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

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

Depreciation was charged to governmental functions as follows:

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

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

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

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

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

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

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

Depreciation was charged to the following activities as follows:

Lockhart EDC	$ 105,561
Total Depreciation Expense	$ 105,561

D. Long-term Debt

The following is a summary of changes in the City's total long-term liabilities for the year ended September 30, 2024. In general, the City uses the general fund to liquidate governmental long-term liabilities.

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

Long-term debt applicable to the City's governmental activities are not due and payable in the current period and accordingly, are not reported as fund liabilities in the governmental funds.

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

Lockhart-Luling Water Delivery System

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

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

Carrizo Groundwater Supply Project

The Guadalupe-Blanco River Authority (GBRA) has contracted with the City to assist with the financing for the development of the Carrizo Groundwater Supply Project. This groundwater development project will generate 15,000 acre-feet per year of groundwater which will be distributed to three customers that have contracts with GBRA – New Braunfels Utilities, City of Lockhart, and Goforth Special Utility District. The City is responsible for its proportional share of the contract revenue and board participation loans associated with the financing of the project. As of September 30, 2024, there was $38,695,000 of obligations outstanding.

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

	Governmental Activities	Business - Type Activities	Total
General Obligation Bonds:			
$6,530,000 General Obligation Refunding Bond, Series 2016, due in annual installments through August 2028, interest at 3.6%	$ 2,548,302	$ 856,696	$ 3,404,998
Total General Obligation Bonds	$ 2,548,302	$ 856,696	$ 3,404,998
Certificates of Obligation:			
$16,685,000 Certificates of Obligation, Series 2015, due in annual installments through August 2035 interest at 3.39%	$ 5,548,135	$ 6,486,867	$ 12,035,002
Total Certificates of Obligation	$ 5,548,135	$ 6,486,867	$ 12,035,002
Notes Payable:			
$3,600,000 2013 State Infrastructure Bank Loan due in annual installments through June 2033, interest at 2.50%	$ -	$ 1,840,710	$ 1,840,710
Total Notes Payable	$ -	$ 1,840,710	$ 1,840,710
Tax Notes:			
$4,050,000 Limited Tax Note, Series 2022, due in annual installments through 2029, interest at 2.61%	$ 1,708,666	$ 1,261,334	$ 2,970,000
Total Tax Notes	$ 1,708,666	$ 1,261,334	$ 2,970,000
GBRA Obligations:			
$4,950,000 GBRA Revenue Bond, Series 2014, due in installments through 2030, interest at 3.45%	$ -	$ 2,180,000	$ 2,180,000
$7,095,000 2018 Board Participation Loan due in installments through 2053, interest at 4.24%	-	7,095,000	7,095,000
$2,405,000 Contract Revenue Bond, Series 2018A, due in installments through 2048, interest at 3.96%	-	2,350,000	2,350,000
$2,095,000 Contract Revenue Bond, Series 2018B, due in installments through 2048, interest at 3.23%	-	1,780,000	1,780,000
$6,260,000 2019 Board Participation Loan due in installments through 2054, interest at 3.39%	-	6,260,000	6,260,000
$1,720,000 Contract Revenue Bond, Series 2019, due in installments through 2049, interest at 2.47%	-	1,515,000	1,515,000
$8,250,000 Contract Revenue Bond, Series 2020, due in installments through 2050, interest at 2.08%	-	7,145,000	7,145,000
$14,485,000 Contract Revenue Bond, Series 2021, due in installments through 2050, interest at 2.75%	-	12,550,000	12,550,000
Total GBRA Obligations	$ -	$ 40,875,000	$ 40,875,000

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

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

	Lockhart EDC
Sales Tax Revenue Bonds:	
$1,645,000 Sales Tax Revenue Bond, Series 2020, due in semi-annual installments through August 2035, interest at 2.47%	$ 1,250,000
Total Sales Tax Reveue Bonds	$ 1,250,000
Lease liabilities:	
$76,144 lease payable for building, due in monthly installments of $1,245-$1,470 through March 2025, interest at 2.61%	$ 8,754
Total Lease Liabilities	$ 8,754
Total Debt	$ 1,258,754

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

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

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

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

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

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

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

Business-Type Activities:

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

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

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

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

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

Lockhart Economic Development Corporation

Year ending September 30,	Leases Principal	Leases Interest
2025	$ 8,754	$ 67
	$ 8,754	$ 67

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

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

G. Other Long-term Liabilities

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

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due within One Year
Governmental Activities:					
Compensated absences	$ 461,510	$ 420,010	$ (303,668)	$ 577,852	$ 520,067
Total Governmental Activities	$ 461,510	$ 420,010	$ (303,668)	$ 577,852	$ 520,067
Other long-term liabilities due in more than one year				$ 57,785	
Business-Type Activities:					
Compensated absences	$ 75,153	$ 129,795	$ (82,883)	$ 122,065	$ 109,859
Total Business-Type Activities	$ 75,153	$ 129,795	$ (82,883)	$ 122,065	$ 109,859
Other long-term liabilities due in more than one year				$ 12,206	
EDC Activities:					
Compensated absences	$ -	$ 1,587	$ -	$ 1,587	$ 1,428
Total Business-Type Activities	$ -	$ 1,587	$ -	$ 1,587	$ 1,428
Other long-term liabilities due in more than one year				$ 159	

H. Deferred Charges on Refunding

Deferred charges resulting from the issuance of series 2016 GO revenue refunding bonds have been recorded as deferred outflows of resources and are being amortized to interest expense over the shorter of either the remaining term of the refunded debt or the refunding certificates of obligation. Current year balances for governmental and business-type activities totaled $117,211 and $82,239, respectively. Current year amortization expense for governmental and business-type activities totaled $23,441 and $16,448, respectively.

I. Interfund Transactions

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

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

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

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

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

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

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

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

V. OTHER INFORMATION

A. Risk Management

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

B. Contingent Liabilities

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

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

C. Commitments

Water Purchase Commitment

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

D. Pension Plans

Texas Municipal Retirement Systems

Plan Description

The City of Lockhart, Texas participates as one of 934 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code. TMRS issues a publicly available annual comprehensive financial report (ACFR) that can be obtained at www.tmrs.com.

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

Benefits Provided

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

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

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

Plan provisions for the City were as follows:

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

Employees covered by benefit terms

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

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

Contributions

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

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

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2023, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial assumptions:

The Total Pension Liability in the December 31, 2023 actuarial valuation was determined using the following actuarial assumptions:

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

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

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the period ending December 31, 2022. They were adopted in 2023 and first used in the December 31, 2022 actuarial valuation. The post-retirement mortality assumption for Annuity Purchase Rates (APRs) is based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income in order to satisfy the short-term and long-term funding needs of TMRS.

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Global Public Equity	35.0%	6.7%
Core Fixed Income	6.0%	4.7%
Non-Core Fixed Income	20.0%	8.0%
Other Public/Private Markets	12.0%	8.0%
Real Estate	12.0%	7.6%
Hedge Funds	5.0%	6.4%
Private Equity	10.0%	11.6%
Total	100.0%	

Discount Rate:

The discount rate used to measure the Total Pension Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability. Of the total pension liability, $4,717,367 is related to the primary government, and $98,836 is attributable to discretely presented component unit.

Changes in the Net Pension Liability:

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

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

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

Primary Government

1% Decrease 5.75%	Current Single Rate Assumption 6.75%	1% Increase 7.75%
$ 10,433,583	$ 4,717,367	$ 47,220

Component Unit

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

Total

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

Pension Plan Fiduciary Net Position:

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

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

For the year ended September 30, 2024, the City recognized pension expense of $880,159. Of this amount, $862,098 is related to the primary government and $18,061 is attributable to the discretely presented component unit.

At September 30, 2024, the City reported deferred outflows and inflows of resources related to pensions from the following sources:

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

The primary government and component units reported $836,995 and $17,536, respectively, as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability for the year ending September 30, 2025.

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

Year ended December 31:	Primary Government	Discretely Presented Component Units	Total
2024	$ 123,486	$ 2,587	$ 126,073
2025	128,238	2,687	130,925
2026	734,071	15,379	749,450
2027	(330,035)	(6,913)	(336,948)
2028	-	-	-
Thereafter	-	-	-
	$ 655,761	$ 13,739	$ 669,500

E. Other Postemployment Benefits

Supplemental Death Benefits Fund

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

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

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

Employees covered by benefit terms

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

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

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

Schedule of Contribution Rates

(RETIREE-only portion of the rate)

Plan/ Calendar Year	Annual Required Contribution (Rate)	Actual Contribution Made (Rate)	Percentage of ARC Contributed
2022	0.13%	0.13%	100.0%
2023	0.15%	0.15%	100.0%
2024	0.18%	0.18%	100.0%

Total OPEB Liability

The City's Postemployment Benefits Other Than Pensions Liability (OPEB) was measured as of December 31, 2023, and the Total OPEB Liability was determined by an actuarial valuation as of that date.

Actuarial assumptions:

The Total OPEB Liability in the December 31, 2023 actuarial valuation was determined using the following actuarial assumptions:

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

Administrative expenses	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68

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

Discount Rate:

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

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

The following presents the total OPEB liability of the City, calculated using the discount rate of 3.77%, as well as what the City's total OPEB liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (2.77%) or 1-percentage-point higher (4.77%) than the current rate:

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

Changes in the Total OPEB Liability:

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

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

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

At September 30, 2024, the City reported deferred outflows of resources related to the OPEB liability from the following sources:

		Deferred Outflows of Resources		Deferred (Inflows) of Resources
Difference between expected and actual experience	$	-	$	(14,646)
Changes in assumptions and other inputs		-		(78,818)
Contributions subsequent to measurement date		11,778		-
Total	$	11,778	$	(93,464)

The City reported $11,778 as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date that will be recognized as a reduction of the OPEB liability for the year ending September 30, 2025.

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

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

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

Actuarial Methods and Assumptions

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

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

The following is a summary of the actuarial assumptions:

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

Status	Employee	Employee & Spouse
Inactive employees or beneficiaries currently receiving benefits	4	0
Active employees	30	6
Total	**34**	**6**

Discount Rate

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

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

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

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

Healthcare Cost Trend

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

Changes in the Total OPEB Liability

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

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

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

At September 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to the OPEB liability from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ -	$ (18,617)
Change in assumptions	-	(16,792)
Total	$ -	$ (35,409)

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

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

F. Tax Abatement Disclosures

The City of Lockhart enters into tax abatement and rebate agreements with local businesses under the state local government code, title 12, subtitle A, chapter 380. Under the code, the governing body of a municipality may establish and provide for the administration of one or more programs, including programs for making loans or grants of public money and providing personnel and services of the municipality, to promote state or local economic development and to stimulate business and commercial activity in the municipality. The City has tax abatement/rebate agreements with three entities as of September 30, 2024:

$13,885 of real property and personal property taxes was rebated to a manufacturing company that commercializes fiber reactor technology to enhance and improve manufacturing environments by increasing the efficiency of existing refining operations utilizing two-phase chemistry.

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

G. Restatement

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

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

H. New Accounting Pronouncements

The City has adopted the provision of Governmental Accounting Standard Board (GASB) Statement No. 100, entitled Accounting Changes and Error Calculations. The requirements of this Statement are displayed within the government-wide and fund financial statements, where applicable.

I. Related Party Transactions

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

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

J. Subsequent Events

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

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

REQUIRED SUPPLEMENTARY INFORMATION

City of Lockhart, Texas

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

For the Year Ended September 30, 2024

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

City of Lockhart, Texas

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

For the Year Ended September 30, 2024

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

Notes to Required Supplementary Information

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

City of Lockhart, Texas

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

Years Ended:

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

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

City of Lockhart, Texas

SCHEDULE OF EMPLOYER CONTRIBUTIONS TO PENSION PLAN

Years Ended:

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

NOTES TO SCHEDULE OF EMPLOYER CONTRIBUTIONS TO PENSION PLAN

Valuation Date:

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

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	22 years (longest amortization ladder)
Asset Valuation Method	10 Year smoothed fair value; 12% soft corridor
Inflation	2.5%
Salary Increases	3.60% to 11.85% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2023 valuation pursuant to an experience study of the period ending 2022.
Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP. Pre-retirement: PUB(10) mortality tables, with the Public Safety table used for males and the General Employee table used for females. The rates are projected on a fully generational basis with scale UMP.

Other Information:

Notes	There were no benefit changes during the year.

9/30/2021	9/30/2020	9/30/2019	9/30/2018	9/30/2017	9/30/2016	9/30/2015
$ 941,155	$ 896,545	$ 872,807	$ 829,948	$ 754,327	$ 734,637	$ 692,664
$ 941,155	$ 896,545	$ 872,807	$ 829,948	$ 754,327	$ 734,637	$ 692,664
$ -	$ -	$ -	$ -	$ -	$ -	$ -
$ 7,490,384	$ 6,972,445	$ 6,687,118	$ 6,300,160	$ 5,911,532	$ 6,129,529	$ 5,617,224
12.56%	12.86%	13.05%	13.17%	12.76%	11.99%	12.33%

City of Lockhart, Texas

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

Years Ended:

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

Notes to schedule:

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

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

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

City of Lockhart, Texas

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

RETIREE HEALTHCARE

Years Ended:

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

Notes to schedule:

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

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

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

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COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES

NONMAJOR GOVERNMENTAL FUNDS

DEBT SERVICE FUND

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

RADIO TOWER EQUIPMENT REPLACEMENT

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

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, 2024

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

See Notes to Financial Statements.

City of Lockhart, Texas

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

For the Year Ended September 30, 2024

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

See Notes to Financial Statements.

City of Lockhart, Texas

COMBINING BALANCE SHEET (Page 1 of 2)

NONMAJOR SPECIAL REVENUE FUNDS

September 30, 2024

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

See Notes to Financial Statements.

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

City of Lockhart, Texas

COMBINING BALANCE SHEET (Page 2 of 2)

NONMAJOR SPECIAL REVENUE FUNDS

September 30, 2024

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

See Notes to Financial Statements.

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

City of Lockhart, Texas

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (Page 1 of 2)

NONMAJOR SPECIAL REVENUE FUNDS

For the Year Ended September 30, 2024

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

See Notes to Financial Statements.

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

City of Lockhart, Texas

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (Page 2 of 2)

NONMAJOR SPECIAL REVENUE FUNDS

For the Year Ended September 30, 2024

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

See Notes to Financial Statements.

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

City of Lockhart, Texas

COMBINING BALANCE SHEET

NONMAJOR CAPITAL PROJECT FUNDS

September 30, 2024

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

See Notes to Financial Statements.

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

City of Lockhart, Texas

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

For the Year Ended September 30, 2024

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

See Notes to Financial Statements.

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

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City of Lockhart, Texas

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

For the Year Ended September 30, 2024

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

Notes to Other Supplementary Information

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

* Expenditures exceeded appropriations at the legal level of control.

See Notes to Financial Statements.

City of Lockhart, Texas

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

HOTEL/MOTEL TAX

For the Year Ended September 30, 2024

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

Notes to Other Supplementary Information

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

* Expenditures exceeded appropriations at the legal level of control.

See Notes to Financial Statements.

COMBINING NONMAJOR ENTERPRISE FUNDS

City of Lockhart, Texas

COMBINING STATEMENT OF NET POSITION
NONMAJOR ENTERPRISE FUNDS (Page 1 of 2)

September 30, 2024

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

See Notes to Financial Statements.

Business-Type Activities
Total
$ 962,601
1,178,656
2,141,257
192,570
1,713,064
1,905,634
4,046,891
257,144
1,673
258,817

City of Lockhart, Texas

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

September 30, 2024

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

See Notes to Financial Statements.

Business-Type Activities Total
$ 240,557
10,839
5,000
30,993
3,276
48,531
339,196
3,443
669,754
63,608
6,037
742,842
1,082,038
45,208
13,271
605
59,084
1,902,358
1,262,228
$ 3,164,586

City of Lockhart, Texas

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

NONMAJOR PROPRIETARY FUNDS

For the Year Ended September 30, 2024

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

See Notes to Financial Statements.

Business-Type Activities
Total
$ 3,758,404
96,918
3,855,322
2,322,292
4,471
1,760,857
82,485
206,125
4,376,230
(520,908)
4,784
71,520
(234)
76,070
(444,838)
25,000
(322,182)
(296,561)
(741,399)
3,905,985
$ 3,164,586

City of Lockhart, Texas

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS (Page 1 of 2)

For the Year Ended September 30, 2024

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

See Notes to Financial Statements.

Business-Type Activities
Total
$ (1,829,025)
(1,867,951)
3,764,503
67,527
4,784
621
(322,182)
(316,777)
(134,567)
25,000
(23,625)
(234)
(133,426)
71,520
71,520
(311,156)
1,273,757
$ 962,601

City of Lockhart, Texas

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS (Page 2 of 2)

For the Year Ended September 30, 2024

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

See Notes to Financial Statements.

Business-Type Activities
Total
$ (520,908)
206,125
(90,819)
(199,084)
(1,102)
(63,463)
(5,206)
48,531
30,214
45,208
10,933
552,426
54,672
$ 67,527

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COMBINING STATEMENTS
FIDUCIARY FUNDS

City of Lockhart, Texas

COMBINING STATEMENT OF FIDUCIARY NET POSITION
PRIVATE-PURPOSE TRUSTS

September 30, 2024

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

See Notes to Financial Statements.

City of Lockhart, Texas

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

PRIVATE-PURPOSE TRUSTS

For the Year Ended September 30, 2024

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

See Notes to Financial Statements.

City of Lockhart, Texas

COMBINING STATEMENT OF FIDUCIARY NET POSITION

CUSTODIAL FUNDS

September 30, 2024

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

See Notes to Financial Statements.

City of Lockhart, Texas

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

CUSTODIAL FUNDS

For the Year Ended September 30, 2024

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

See Notes to Financial Statements.

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STATISTICAL SECTION

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

Contents **Page**

City of Lockhart, Texas

NET POSITION BY COMPONENT

Last Ten Fiscal Years (Unaudited)

(accrual basis of accounting)

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

(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.

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

City of Lockhart, Texas

CHANGES IN NET POSITION

Last Ten Fiscal Years (Unaudited)

(accrual basis of accounting)

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

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

City of Lockhart, Texas

CHANGES IN NET POSITION

Last Ten Fiscal Years (Unaudited)

(accrual basis of accounting)

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

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

City of Lockhart, Texas

FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years (Unaudited)

(modified accrual basis of accounting)

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

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

City of Lockhart, Texas

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years (Unaudited)

(modified accrual basis of accounting)

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

2019	2020	2021	2022	2023	2024
$ 4,676,453	$ 5,028,375	$ 5,274,506	$ 5,748,229	$ 7,010,249	$ 7,423,752
2,239,478	2,444,852	2,143,239	2,392,769	2,712,526	3,009,942
		511,709	585,018	582,849	625,958
1,127,998	1,190,406	414,578	275,647	236,897	219,056
142,721	243,196	650,521	852,003	2,298,116	2,546,060
2,200	2,200	738,869	916,271	852,308	939,469
554,354	866,355	3,061,756	2,379,234	647,533	647,636
283,700	119,746	20,739	125,718	893,878	1,083,776
275,443	223,199	186,781	235,092	249,470	76,197
9,302,347	10,118,329	13,002,698	13,509,981	15,483,826	16,571,846
2,107,937	2,333,952	1,777,924	2,121,509	1,899,022	2,226,415
5,631,506	5,579,302	6,052,616	6,066,612	6,530,409	7,289,495
1,601,001	1,948,586	1,571,151	913,011	2,914,291	2,673,775
13,320	139,685	20,539	35,312	9,086	33,778
912,739	1,150,716	1,022,863	1,038,803	1,803,531	1,474,707
-	-	707,075	955,377	1,933,286	1,993,255
690,799	727,163	797,305	1,006,761	1,416,609	1,483,572
456,409	432,504	413,447	393,470	434,928	401,807
800	800	-	25,220	-	-
1,238,106	551,827	1,442,886	2,189,333	757,984	93,808
12,652,617	12,864,535	13,805,806	14,745,408	17,699,146	17,670,612
(3,350,270)	(2,746,206)	(803,108)	(1,235,427)	(2,215,320)	(1,098,766)
-	-	383,923	2,652,861	-	320,532
-	-	-	-	-	-
-	-	-	-	-	-
-	-	251,942	-	34,000	7,300
3,796,267	4,360,894	3,793,615	3,644,993	4,694,559	4,797,571
(751,525)	(1,215,366)	(802,478)	(759,563)	(1,591,576)	(752,812)
3,044,742	3,145,528	3,627,002	5,538,291	3,136,983	4,372,591
$ (305,528)	$ 399,322	$ 2,823,894	$ 4,302,864	$ 921,663	$ 3,273,825
10.23%	10.14%	9.79%	11.15%	12.48%	12.73%

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City of Lockhart, Texas

TAX REVENUES BY SOURCE, GOVERNMENTAL FUNDS

Last Ten fiscal years

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

City of Lockhart, Texas

ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE

Last Ten fiscal years

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

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

SOURCE: Caldwell County Appraisal District

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

City of Lockhart, Texas

DIRECT AND OVERLAPPING PROPERTY TAX RATES

PER $100 OF ASSESSED VALUE

Last Ten tax years

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

SOURCE: Caldwell County Tax Office

City of Lockhart, Texas

PRINCIPAL PROPERTY TAXPAYERS

Current Year and Nine Years Ago (Unaudited)

2024

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

2015

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

SOURCE: Municipal Advisory Council (MAC)

City of Lockhart, Texas

PROPERTY TAX LEVIES AND COLLECTIONS

Last Ten fiscal years

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

NOTES: Collections do not include penalty and interest.

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

SOURCE: Caldwell County Tax Office

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

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City of Lockhart, Texas

ELECTRIC PURCHASED AND CONSUMED

Last Ten fiscal years

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

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

City of Lockhart, Texas

ELECTRIC RATES

Last Ten fiscal years

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

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

2020	2021	2022	2023	2024
$ 23.10	$ 23.10	$ 23.10	$ 23.10	$ 11.32
0.02156	0.02156	0.02156	0.02156	0.01896
0.03510	0.03510	0.03510	0.03510	0.03250
0.00225	0.00225	0.00225	0.00225	0.00225

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City of Lockhart, Texas

TEN LARGEST ELECTRIC CUSTOMERS

Current Year and Nine Years Ago

2024

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

2015

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

Source: City records.

City of Lockhart, Texas

WATER PRODUCED AND CONSUMED AND WASTEWATER TREATED

Last Ten fiscal years

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

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

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

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City of Lockhart, Texas

TEN LARGEST WATER CUSTOMERS

Current Year and Nine Years Ago (Unaudited)

2024

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

2015

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

City of Lockhart, Texas

WATER AND SEWER RATES

Last Ten Fiscal Years

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

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

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

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

City of Lockhart, Texas

RATIOS OF OUTSTANDING DEBT BY TYPE

Last Ten Fiscal Years

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

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

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

City of Lockhart, Texas

RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING

Last Ten Fiscal Years

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

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

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

City of Lockhart, Texas

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

September 30, 2024 (Unaudited)

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

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

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

SOURCE: https://emma.msrb.org `

City of Lockhart, Texas

DEMOGRAPHIC AND ECONOMIC STATISTICS

Last Ten Fiscal Years (Unaudited)

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

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

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

SOURCES: (1) Population based on U.S. Census Bureau

(2) U.S. Department of Commerce, Bureau of Economic Analysis (for Caldwell County)

(3) Lockhart Independent School District

(4) U.S. Department of Labor - Bureau of Labor (for Caldwell County)

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City of Lockhart, Texas

PRINCIPAL EMPLOYERS

Current Year and Nine Years Ago

2024

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

2015

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

SOURCE: Municipal Advisory Council of Texas

City of Lockhart, Texas

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

Last Ten Fiscal Years

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

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

City of Lockhart, Texas

OPERATING INDICATORS BY FUNCTION/PROGRAM

Last Ten Fiscal Years

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

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

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

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

City of Lockhart, Texas

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM

Last Ten Fiscal Years

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

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

City of Lockhart, Texas

Council Agenda Item
Cover Sheet

COUNCIL MEETING DATE: April 1, 2025

AGENDA ITEM CAPTION: Discussion regarding consideration for the purchase of a portable stage to be available for park, City-sponsored, and community events.

ORIGINATING DEPARTMENT AND CONTACT: Public Works - Sean Kelley

ACTION REQUESTED: Other

BACKGROUND/SUMMARY/DISCUSSION: The City holds numerous events downtown, at the City Park and other community gathering areas. Frequently, in-kind contributions are made to sponsor the event, improve the functionality of the event and even alleviate the financial burden of organizers producing community-wide events.

Courthouse Nights has verbally requested to replace the old wooden stage with a new wooden stage and would like the City to participate in repairing the existing stage or consider the purchase of a new stage. The current stage is set up for each Courthouse Nights event by Pegasus School. The stage has been used for decades for several events, requires frequent maintenance, and has reached its life expectancy. Courthouse Nights requires a stage that can handle an approximal weight load of 3,000 lbs with a minimum dimension of 8' x24' and an elevated surface.

Considerations for Stage Rentals vs. Purchase:

- Rental vs. Purchase: Renting a stage for events costs approximately $5,000 per event, while purchase of a mobile portable stage is estimated at $10,000.
- Setup & Liability: Determine responsibility for setting up and dismantling the stage, as well as any associated liability concern.
- Stage Features: Portable stage options include guardrails, skirt/cover, stair kits and storage trolleys. They typically support up to 200 lbs/sq ft and come with a 10-year manufacturer's warranty.
- Eligible Uses: Potential uses include City-sponsored events (e.g., A Christmas to Remember, MLK Jr. March, Courthouse Nights, Kid Fish), non-profit events on public property, and park events.

PROJECT SCHEDULE (if applicable): Stage rentals are available on demand per event. If purchased, stage delivery takes approximately 4-6 weeks.

AMOUNT & SOURCE OF FUNDING:
Funds Required:
Account Number:
Funds Available:

City of Lockhart, Texas

Council Agenda Item
Cover Sheet

Account Name:

FISCAL NOTE (if applicable):

PREVIOUS COUNCIL ACTION:

COMMITTEE/BOARD/COMMISSION ACTION:

STAFF RECOMMENDATION/REQUESTED MOTION: Direct staff and if approved, staff will return to Council with a budget amendment in the Mayor/Council budget.

LIST OF SUPPORTING DOCUMENTS: Stages

City of Lockhart, Texas

Council Agenda Item
Cover Sheet

COUNCIL MEETING DATE: April 1, 2025

AGENDA ITEM CAPTION: Hold a PUBLIC HEARING and consider approval of Ordinance 2025-07, for text amendments to Chapter 64, "Zoning" Article VII, Section 64-205, "Portable Food Establishments," of the Lockhart Code of Ordinances.

ORIGINATING DEPARTMENT AND CONTACT: Development Services - Andrew Devaney

ACTION REQUESTED: Ordinance

BACKGROUND/SUMMARY/DISCUSSION: Lockhart staff recommends updating the definition of a portable food establishment. Currently, per ordinance, a portable food establishment is defined as an enclosed trailer or motor vehicle designed and operated for the sale of food and/or beverages and which stays at one location for more than four consecutive days. Lockhart staff are requesting to remove the verbiage regarding location and duration to be considered a portable food establishment. This would ensure all current and potential portable food establishments within the City of Lockhart are properly permitted and inspected. Currently, portable food establishments that conduct business for less than four days are not subject to permit and inspection requirements.

The current permit fees for portable food establishments are twenty-five dollars for establishments with one to four employees and fifty dollars for establishments with five or more employees. The permit is valid from the date of application until December 31 of that same year.

Lockhart staff would also recommend amending Subsection (b) (1) to update the requirement for a portable food establishment permit from the City of Lockhart. This would make it a requirement for portable food establishments to be inspected by the city health inspector and have a current mobile food unit permit issued by the Texas Department of State Health Services, Retail Foods Division.

Sec. 64-205 Subsection (b) (1) proposed ordinance amendment would update the legal definitions according to state law. The update to the Texas Department of State Health Services, Retail Foods Division went into effect September 1, 2004, per House Bill 2292. This amendment would ensure compliance with city inspections as well as meet the minimum requirements of the Texas Department of State Health Services.

The standards set in Sec. 64-205 Subsection (b) (2-19) require no amendments.

At the Planning and Zoning Commission meeting on March 12th, the Planning and Zoning Commission approved these text amendments as proposed. This included the proposed deletion of Sec. 64-205 (e). Since this approval, Building Services staff have reexamined the proposed deletion of Sec. 64-205 (e) based on additional City Attorney feedback regarding the impact on annual, outdoor community events. Staff have recognized the need to keep this section in its entirety. This would continue to allow outdoor events lasting no longer than four consecutive days to be exempt from the zoning requirements of this section. Examples of events locally to continue to be exempt would include Cinco de Mayo, Chisholm Trail Roundup, Diez y Seis, First Friday, Courthouse Nights, Sip-n-Stroll, Texas Monthly Barbecue Festival, school fundraisers, church fundraisers, and city-sponsored events. These events will still be required to be compliant with all applicable health and sanitation regulations.

PROJECT SCHEDULE (if applicable): If approved, ordinance enforcement would become effective immediately.

FISCAL NOTE (if applicable):

PREVIOUS COUNCIL ACTION: No City Council previous action.

COMMITTEE/BOARD/COMMISSION ACTION: On March 12, 2025, the Lockhart Planning and Zoning Commission approved the proposed text amendments 4-0.

STAFF RECOMMENDATION/REQUESTED MOTION: Staff respectfully recommends approval of Ordinance 2025-07 as proposed with the exception of retaining Sec. 64-205 (e) as currently adopted.

LIST OF SUPPORTING DOCUMENTS: Sec. 64-205 FOOD ORDINANCE, Sec. 64-205 (PROPOSED), Sec. 64-205 (REVISIONS), CH 64-205 Power Point

ORDINANCE 2025-07

AN ORDINANCE OF THE CITY OF LOCKHART, TEXAS, AMENDING CHAPTER 64 "ZONING" OF THE CODE OF ORDINANCES, ARTICLE VII "ZONING DISTRICTS AND STANDARDS", SECTION 64-205 "PORTABLE FOOD ESTABLISHMENTS" TO REVISE THE REQUIREMENTS AND STANDARDS FOR PORTABLE FOOD ESTABLISHMENTS, INCLUDING UPDATING DEFINITIONS AND STANDARDS IN RELEVANT SECTIONS; PROVIDING FOR SEVERABILITY; PROVIDING A REPEALER; PROVIDING FOR PENALTY; PROVIDING FOR PUBLICATION; PROVIDING FOR A SAVINGS CLAUSE; AND ESTABLISHING AN EFFECTIVE DATE.

WHEREAS, the Lockhart City Council and the Lockhart Planning and Zoning Commission are interested in developing methods to update the City Code to enhance the quality of the built environment; and

WHEREAS, the quality of portable food establishments is an area of concern to the City during this period of strong growth; and

WHEREAS, the City anticipates an increase in the number of portable food establishment applications in the coming years; and

WHEREAS, the City wishes to protect the life, health, and safety of the customers of portable food establishments and

WHEREAS, the City wishes to modernize the standards for portable food establishments to protect the health, safety, and welfare of residents and visitors; and

WHEREAS, the Lockhart Planning and Zoning Commission held a public hearing on March 12, 2025, and voted to recommend these amendments and

WHEREAS, after a public hearing, the City Council has determined that such amendment serves a public purpose and desires to amend the Code of Ordinances accordingly,

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF LOCKHART, TEXAS, THAT:

I. The foregoing recitals are approved and adopted herein for all purposes.

II. Chapter 64 "Zoning", Article VII "Zoning Districts and Standards", Section 64-205 "Portable Food Establishments.", is hereby amended to read as follows:

(a) A portable food service establishment is defined as an enclosed trailer or motor vehicle designed and operated for the sale of food and/or beverages or other consumables. For the purpose of this section, two or more such establishments located on a single lot or parcel shall be known as a portable food court.

(b) The following standards apply to portable food establishments:

(1) Each trailer or motor vehicle used as a portable food establishment shall be inspected and approved by the city health inspector and have a current mobile food unit permit issued by the Texas Department of State Health Services, Retail Foods Division. The portable food establishment owner shall maintain a current annual food permit issued by the city health inspector.

(2) Each trailer or motor vehicle used as a portable food establishment shall be in current compliance with all applicable Texas inspection and license registration requirements for legal use on public streets.

(3) Portable food establishments are exempt from building, plumbing, and mechanical codes, but not from electrical, health and sanitation codes, and fire codes as they apply to portable food establishments.

(4) Portable food establishments shall operate only in zoning districts where eating establishments are allowed by right.

(5) Portable food establishment spaces shall be set back at least five feet from the front and rear lot lines, and set back from the side lot lines as specified in appendix II for the zoning district where located.

(6) Each portable food establishment shall be located at least ten feet from any other portable food establishment or any building, and at least 50 feet from any building containing a residential use. Portable food establishments in a portable food court shall be located together in the same general area of the lot in order to share common facilities such as utilities, parking, outdoor seating, and trash disposal.

(7) Each portable food establishment space shall be on a durable, nonerodible, low-maintenance surface capable of supporting the trailer or motor vehicle, and approved by the city, and shall not obstruct vehicular maneuvering or travel areas.

(8) Two marked off-street parking spaces per portable food establishment shall, in districts where off- street parking is required, be provided on an approved all-weather surface having adequate vehicular travel and maneuvering areas. If off-site, the parking spaces shall be within 300 feet of the portable food establishment or portable food court and be authorized in writing by the owner for the use of portable food establishment employees and customers. The parking spaces required for a portable food establishment or portable food court shall be in addition to the minimum number of spaces required for any other use on the same property.

(9) Pedestrian access to the serving counter of each portable food establishment shall be directly on the parking area, an existing paved sidewalk, or a durable, nonerodible, low-maintenance surface approved by the city.

(10) A year-round outdoor eating area with seating at one or more tables shall be provided for at least four customers per portable food establishment in a portable food court.

(11) Drive-up service directly from a portable food establishment counter to any occupied vehicle is prohibited.

(12) The wheels and tires of trailers and motor vehicles must remain on the axles, but the area below the floor-level may be skirted to improve its appearance.

(13) Signs on portable food establishments shall be mounted flat on the exterior, and not exceed 20 percent of the wall area to which they are affixed. For portable food courts, one freestanding sign is allowed per street frontage containing only the name and address of the portable food court in accordance with the standards of chapter 46 "Signs".

(14) Each portable food establishment shall obtain electricity from, and be within 50 feet of, an individual main-disconnect breaker mounted either on an individual pedestal served by underground wiring, or mounted on a central bank of multiple-disconnect breakers, as approved by the city. Any electric cable extending on the ground from a portable food establishment to its main-disconnect breaker shall not cross the path of intended pedestrian or vehicle traffic, nor rest on any surface that will be mowed.

(15) Each portable food establishment space shall obtain water from, and within 50 feet of, a hose bib connected directly to the city water supply, and the hose shall be connected for direct pressure to the establishment's plumbing without going through a holding tank. The hose shall not cross the path of intended pedestrian or vehicle traffic, nor rest on any surface that will be mowed.

(16) Portable food establishments shall not be connected directly to the city wastewater system. Each establishment shall have a self-contained wastewater holding tank that must be emptied by either taking it to an authorized dump station or by being pumped to an authorized wastewater-hauling vehicle.

(17) At least one covered trash receptacle must be provided for each portable food establishment, and within 20 feet of any outdoor eating area if the eating area is more than 20 feet from a portable food establishment.

(18) Portable food courts should have access to a common dumpster or other trash disposal facility, and to a common grease disposal container, approved by the city. All trash and grease disposal containers shall be emptied on a regular basis, located no more than 150 feet from any portable

food establishment, and adequate to serve the number of establishments within that distance. Common trash and grease disposal containers shall be enclosed within an area screened from view on at least three sides to a height of at least six feet.

(19) Each portable food establishment shall be located no more than 300 feet from a permanent facility having either one unisex restroom or separate men's and women's restrooms, all of which must have sinks with both hot and cold running water for hand-washing. Use of the restroom(s) by portable food establishment employees and customers must be authorized in writing by the owner of the building containing the facility if it is on property under different ownership than the location of the portable food establishment or portable food court.

(c) A site plan drawn to a conventional scale must be submitted to the planning department showing the location and surface type of the proposed portable food establishment locations, location of customer table-seating and any associated shelter structures, location of water hose bibs and electrical service connections, location and surface type of parking spaces and driveways, location and surface type of pedestrian access, location and description of outdoor lighting, location of restroom(s), location of individual trash receptacles and common trash/grease disposal facilities, and type and height of common trash/grease disposal screening. The site plan and all applicable permits must be approved prior to the construction of any new driveway access or parking area, prior to the construction of any permanent structures for a proposed portable food court, and prior to the installation of any portable food establishment on the property.

(d) Portable food establishments and portable food courts are subject to inspection by the city prior to the connection of utility service or prior to opening for business, as applicable. In addition, unannounced inspections for enforcement of health and safety codes may be conducted at any time during the operation of a portable food court or individual portable food establishments.

III. Severability: If any provision, section, clause, sentence, or phrase of this ordinance is for any reason held to be unconstitutional, void, invalid, or un-enforced, the validity of the remainder of this ordinance or its application shall not be affected, it being the intent of the City Council in adopting and of the Mayor in approving this ordinance that no portion, provision, or regulation contained herein shall become inoperative or fail by way of reasons of any unconstitutionality or invalidity of any other portion, provision or regulation.

IV. Repealer: That all other ordinances, sections, or parts of ordinances heretofore adopted by the City of Lockhart in conflict with the provisions set out above in this ordinance are hereby repealed or amended as indicated.

V. Penalty: Any person who violates any provision of this ordinance shall be guilty of a misdemeanor, and upon conviction shall be fined as provided in Section 1-8 of the City Code.

VI. Publication: That the City Secretary shall give notice of the enactment of this Ordinance by promptly publishing it or its description caption and penalty after final passage in the official newspaper of the City.

VII. Effective Date. This Ordinance shall take effect immediately from and after publication in accordance with the provisions of the City Charter and the Local Government Code.

VIII. Savings Clause. That nothing in this ordinance shall be constructed to affect any suit or proceeding pending in any court, or any rights acquired, or liability incurred, or any cause or causes of action acquired or existing, under any act or prior ordinance; nor shall any legal right or remedy of any character be lost, impaired, or affected by this Ordinance.

IX. Open Meeting: It is hereby officially found and determined that the meeting at which this Ordinance was passed was open to the public as required by law and that public notice of the time, place and purpose of said meeting was given as required by the Texas Open Meetings Act, Texas Government Code, Chapter 551.

PASSED, APPROVED, AND ADOPTED BY THE CITY COUNCIL OF THE CITY OF LOCKHART, TEXAS, ON THIS THE 1ST DAY OF APRIL 2025.

CITY OF LOCKHART

____
Lew White
Mayor

ATTEST:

____
Julie Bowermon
City Secretary

APPROVED AS TO FORM:

____
Brad Bullock
City Attorney

Sec. 64-205. Portable food establishments.

(a) A portable food service establishment is defined as an enclosed trailer or motor vehicle designed and operated for the sale of food and/or beverages or other consumables. For the purpose of this section, two or more such establishments located on a single lot or parcel shall be known as a portable food court.

(b) The following standards apply to portable food establishments:

(1) Each trailer or motor vehicle used as a portable food establishment shall be inspected and approved by the city health inspector and have a current mobile food unit permit issued by the Texas Department of State Health Services, Retail Foods Division. The portable food establishment owner shall maintain a current annual food permit issued by the city health inspector.

(2) Each trailer or motor vehicle used as a portable food establishment shall be in current compliance with all applicable Texas inspection and license registration requirements for legal use on public streets.

(3) Portable food establishments are exempt from building, plumbing, and mechanical codes, but not from electrical, health and sanitation codes, and fire codes as they apply to portable food establishments.

(4) Portable food establishments shall operate only in zoning districts where eating establishments are allowed by right.

(5) Portable food establishment spaces shall be set back at least five feet from the front and rear lot lines, and set back from the side lot lines as specified in appendix II for the zoning district where located.

(6) Each portable food establishment shall be located at least ten feet from any other portable food establishment or any building, and at least 50 feet from any building containing a residential use. Portable food establishments in a portable food court shall be located together in the same general area of the lot in order to share common facilities such as utilities, parking, outdoor seating, and trash disposal.

(7) Each portable food establishment space shall be on a durable, nonerodible, low-maintenance surface capable of supporting the trailer or motor vehicle, and approved by the city, and shall not obstruct vehicular maneuvering or travel areas.

(8) Two marked off-street parking spaces per portable food establishment shall, in districts where off-street parking is required, be provided on an approved all-weather surface having adequate vehicular travel and maneuvering areas. If off-site, the parking spaces shall be within 300 feet of the portable food establishment or portable food court and be authorized in writing by the owner for the use of portable food establishment employees and customers. The parking spaces required for a portable food establishment or portable food court shall be in addition to the minimum number of spaces required for any other use on the same property.

(9) Pedestrian access to the serving counter of each portable food establishment shall be directly on the parking area, an existing paved sidewalk, or a durable, nonerodible, low-maintenance surface approved by the city.

(10) A year-round outdoor eating area with seating at one or more tables shall be provided for at least four customers per portable food establishment in a portable food court.

(11) Drive-up service directly from a portable food establishment counter to any occupied vehicle is prohibited.

(12) The wheels and tires of trailers and motor vehicles must remain on the axles, but the area below the floor-level may be skirted to improve its appearance.

(13) Signs on portable food establishments shall be mounted flat on the exterior, and not exceed 20 percent of the wall area to which they are affixed. For portable food courts, one freestanding sign is allowed per street frontage containing only the name and address of the portable food court in accordance with the standards of chapter 46 "Signs".

(14) Each portable food establishment shall obtain electricity from, and be within 50 feet of, an individual main-disconnect breaker mounted either on an individual pedestal served by underground wiring, or mounted on a central bank of multiple-disconnect breakers, as approved by the city. Any electric cable extending on the ground from a portable food establishment to its main-disconnect breaker shall not cross the path of intended pedestrian or vehicle traffic, nor rest on any surface that will be mowed.

(15) Each portable food establishment space shall obtain water from, and within 50 feet of, a hose bibb connected directly to the city water supply, and the hose shall be connected for direct pressure to the establishment's plumbing without going through a holding tank. The hose shall not cross the path of intended pedestrian or vehicle traffic, nor rest on any surface that will be mowed.

(16) Portable food establishments shall not be connected directly to the city wastewater system. Each establishment shall have a self-contained wastewater holding tank that must be emptied by either taking it to an authorized dump station or by being pumped to an authorized wastewater-hauling vehicle.

(17) At least one covered trash receptacle must be provided for each portable food establishment, and within 20 feet of any outdoor eating area if the eating area is more than 20 feet from a portable food establishment.

(18) Portable food courts should have access to a common dumpster or other trash disposal facility, and to a common grease disposal container, approved by the city. All trash and grease disposal containers shall be emptied on a regular basis, located no more than 150 feet from any portable food establishment, and adequate to serve the number of establishments within that distance. Common trash and grease disposal containers shall be enclosed within an area screened from view on at least three sides to a height of at least six feet.

(19) Each portable food establishment shall be located no more than 300 feet from a permanent facility having either one unisex restroom or separate men's and women's restrooms, all of which must have sinks with both hot and cold running water for hand-washing. Use of the restroom(s) by portable food establishment employees and customers must be authorized in writing by the owner of the building containing the facility if it is on property under different ownership than the location of the portable food establishment or portable food court.

(c) A site plan drawn to a conventional scale must be submitted to the planning department showing the location and surface type of the proposed portable food establishment locations, location of customer table-seating and any associated shelter structures, location of water hose bibs and electrical service connections, location and surface type of parking spaces and driveways, location and surface type of pedestrian access, location and description of outdoor lighting, location of restroom(s), location of individual trash receptacles and common trash/grease disposal facilities, and type and height of common trash/grease disposal screening. The site plan and all applicable permits must be approved prior to the construction of any new driveway access or parking area, prior to the construction of any permanent structures for a proposed portable food court, and prior to the installation of any portable food establishment on the property.

(d) Portable food establishments and portable food courts are subject to inspection by the city prior to the connection of utility service or prior to opening for business, as applicable. In addition, unannounced inspections for enforcement of health and safety codes may be conducted at any time during the operation of a portable food court or individual portable food establishments.

(Ord. No. 2012-12, § II, 6-5-12)

Sec. 64-205. Portable food establishments.

(a) A portable food service establishment is defined as an enclosed trailer or motor vehicle designed and operated for the sale of food and/or beverages or other consumables.~~, and which stays at one location for more than four consecutive days.~~ For the purpose of this section, two or more such establishments located on a single lot or parcel shall be known as a portable food court.

(b) The following standards apply to portable food establishments:

(1) Each trailer or motor vehicle used as a portable food establishment shall be inspected and approved by the city health inspector, ~~or~~ and have a current mobile food unit permit issued by the Texas Department of ~~Health~~ State Health Services, Retail Foods Division.~~, and the~~ The portable food establishment owner shall maintain a current annual food permit issued by the city health inspector.

(2) Each trailer or motor vehicle used as a portable food establishment shall be in current compliance with all applicable Texas inspection and license registration requirements for legal use on public streets.

(3) Portable food establishments are exempt from building, plumbing, and mechanical codes, but not from electrical, health and sanitation codes, and fire codes as they apply to portable food establishments.

(4) Portable food establishments shall operate only in zoning districts where eating establishments are allowed by right.

(5) Portable food establishment spaces shall be set back at least five feet from the front and rear lot lines, and set back from the side lot lines as specified in appendix II for the zoning district where located.

(6) Each portable food establishment shall be located at least ten feet from any other portable food establishment or any building, and at least 50 feet from any building containing a residential use. Portable food establishments in a portable food court shall be located together in the same general area of the lot in order to share common facilities such as utilities, parking, outdoor seating, and trash disposal.

(7) Each portable food establishment space shall be on a durable, nonerodible, low-maintenance surface capable of supporting the trailer or motor vehicle, and approved by the city, and shall not obstruct vehicular maneuvering or travel areas.

(8) Two marked off-street parking spaces per portable food establishment shall, in districts where off-street parking is required, be provided on an approved all-weather surface having adequate vehicular travel and maneuvering areas. If off-site, the parking spaces shall be within 300 feet of the portable food establishment or portable food court and be authorized in writing by the owner for the use of portable food establishment employees and customers. The parking spaces required for a portable food establishment or portable food court shall be in addition to the minimum number of spaces required for any other use on the same property.

(9) Pedestrian access to the serving counter of each portable food establishment shall be directly on the parking area, an existing paved sidewalk, or a durable, nonerodible, low-maintenance surface approved by the city.

(10) A year-round outdoor eating area with seating at one or more tables shall be provided for at least four customers per portable food establishment in a portable food court.

(11) Drive-up service directly from a portable food establishment counter to any occupied vehicle is prohibited.

(12) The wheels and tires of trailers and motor vehicles must remain on the axles, but the area below the floor-level may be skirted to improve its appearance.

(13) Signs on portable food establishments shall be mounted flat on the exterior, and not exceed 20 percent of the wall area to which they are affixed. For portable food courts, one freestanding sign is allowed per street frontage containing only the name and address of the portable food court in accordance with the standards of chapter 46 "Signs".

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(15) Each portable food establishment space shall obtain water from, and within 50 feet of, a hose bib connected directly to the city water supply, and the hose shall be connected for direct pressure to the establishment's plumbing without going through a holding tank. The hose shall not cross the path of intended pedestrian or vehicle traffic, nor rest on any surface that will be mowed.

(16) Portable food establishments shall not be connected directly to the city wastewater system. Each establishment shall have a self-contained wastewater holding tank that must be emptied by either taking it to an authorized dump station or by being pumped to an authorized wastewater-hauling vehicle.

(17) At least one covered trash receptacle must be provided for each portable food establishment, and within 20 feet of any outdoor eating area if the eating area is more than 20 feet from a portable food establishment.

(18) Portable food courts should have access to a common dumpster or other trash disposal facility, and to a common grease disposal container, approved by the city. All trash and grease disposal containers shall be emptied on a regular basis, located no more than 150 feet from any portable food establishment, and adequate to serve the number of establishments within that distance. Common trash and grease disposal containers shall be enclosed within an area screened from view on at least three sides to a height of at least six feet.

(19) Each portable food establishment shall be located no more than 300 feet from a permanent facility having either one unisex restroom or separate men's and women's restrooms, all of which must have sinks with both hot and cold running water for hand-washing. Use of the restroom(s) by portable food establishment employees and customers must be authorized in writing by the owner of the building containing the facility if it is on property under different ownership than the location of the portable food establishment or portable food court.

(c) A site plan drawn to a conventional scale must be submitted to the planning department showing the location and surface type of the proposed portable food establishment locations, location of customer table-seating and any associated shelter structures, location of water hose bibs and electrical service connections, location and surface type of parking spaces and driveways, location and surface type of pedestrian access, location and description of outdoor lighting, location of restroom(s), location of individual trash receptacles and common trash/grease disposal facilities, and type and height of common trash/grease disposal screening. The site plan and all applicable permits must be approved prior to the construction of any new driveway access or parking area, prior to the construction of any permanent structures for a proposed portable food court, and prior to the installation of any portable food establishment on the property.

(d) Portable food establishments and portable food courts are subject to inspection by the city prior to the connection of utility service or prior to opening for business, as applicable. In addition, unannounced inspections for enforcement of health and safety codes may be conducted at any time during the operation of a portable food court or individual portable food establishments.

~~(e) Food booths and portable facilities used in conjunction with outdoor events lasting no longer than four consecutive days are exempt from this section, except for compliance with applicable health and sanitation regulations.~~

(Ord. No. 2012-12, § II, 6-5-12)

City Council Meeting

Council Chambers, Lockhart City Library

Tuesday, April 1, 2025

6:30 P.M.

Lockhart

TEXAS

Amendment Updates for Chapter 64-205 “Portable Food Establishments”

Amendment Updates for Chapter 64-205 "Portable Food Establishments"

- City of Lockhart staff recommends updating Chapter 64-205 "Portable Food Establishments" of Lockhart's Code of Ordinances
- Reason for the update is for the Inspection Department staff to protect the life, health, and safety of consumers within the city limits of Lockhart
- Additionally, the update will clarify outdated information that is contained in the current chapter of the Code of Ordinances

Amendment Updates for Chapter 64-205 "Portable Food Establishments"

- Amendment #1 is to remove the four (4) day exemption of a Mobile Food Unit (MFU) to acquire a Lockhart Health Permit, as well as the requirement of an inspection by the Lockhart Health Department, cited in Sec. 64-205 (a).
- Amendment #2 is to update the reference to the name "Texas Department of State Health Services" from the "Texas Department of Health", cited in Sec. 64-205 (b)(1). This name change took effect in September 2004.

Amendment Updates for Chapter 64-205 “Portable Food Establishments”

- Amendment #3 is to remove Sec. 64-205 (e) regarding Food Booths/Portable Facilities. These are not classified as MFU’s and are already covered in Chapter 26, “Health and Sanitation” of the Code of Ordinances. This will clarify that Chapter 64-205 is strictly applied to Mobile Food Units and their semi-permanent operation and location(s) within the city limits of Lockhart.

Amendment Updates for Chapter 64-205 “Portable Food Establishments”

- Questions?

Andrew Devaney, Building Official

Douglas Patrick, Health & Code Enforcement Officer

REGULAR MEETING
LOCKHART CITY COUNCIL **MAY 21, 2024** **6:30 P.M.**

CLARK LIBRARY ANNEX-COUNCIL CHAMBERS, 217 SOUTH MAIN STREET, 3RD FLOOR, LOCKHART, TEXAS

Council present:
Mayor Lew White
Councilmember John Castillo
Councilmember Brad Westmoreland
Councilmember Juan Mendoza
Councilmember John Lairsen
Councilmember Jeffry Michelson
Mayor Pro-Tem Angie Gonzales-Sanchez

Staff present:
Steve Lewis, City Manager
Patty Akers, City Attorney
Joseph Resendez, Assistant City Manager
Julie Bowermon, City Secretary
David Fowler, Planning Director
Sean Kelley, Public Works Director
Gary Williamson, Police Chief
Andrew Devaney, Building Official
Will Wachel, TRC Engineering

Citizens/Visitors Addressing the Council: Rise Broadband representatives; Citizens: Jesse Hernandez, Juan Martinez, Suzanne Rivas, Jonathan Gonzales, Jessica Henderson and Julia Dye; Mark Estrada, Lockhart Independent School District; and representatives of Rodg DT SeawillowPropCo.

Work Session 6:30 p.m.
Mayor White opened the work session and advised the Council, staff and the audience that staff would provide information and explanations about the following items:

DISCUSSION ONLY
A. PRESENTATION BY RISE BROADBAND REGARDING FUTURE RESIDENTIAL AND NON-RESIDENTIAL HIGH-SPEED INTERNET AND DIGITAL VOICE SERVICES.
Mr. Kelley stated that Rise Broadband (Rise) is a certified SPCOA (Service Provider Certificate of Operating Authority) with the Texas Public Utility Commission. Over the past few months, Rise has been working with staff to review the feasibility of installing fiber internet service within the city limits. They have already begun similar projects with other central Texas communities to expand their delivery of high-speed fiber internet services. Staff contacted several of these communities to review best practice strategies for managing a city-wide installation of fiber internet services. Projects of this proposed scale require constant communication with community stakeholders and accurate underground water and sewer utility locates to minimize the disruption to city utilities and other services (natural gas, underground cables, telephone lines). Staff have expressed concerns brought forth in other communities related to the challenges of implementing fiber internet to Rise, along with solutions that have been implemented to minimize impacts to customers. Rise has been receptive to staff's comments and expressed their willingness to operate based on the locating capabilities of city staff and phase in this project. Any utility/company that intends to provide local exchange telephone service, basic local telecommunications service, or switched access service to customers besides itself must obtain certification from the Texas Public Utilities Commission. There are two categories of certification: COA (Certificate of Operating Authority) and SPCOA (Service Provider Certificate of Operating Authority). These certifications must be renewed once every ten years. Rise operates under an SPCOA that is set to expire this year. They have already submitted their renewal materials to the PUC. The PUC may grant SPCOA's to applicants that meet certain technical, financial, and service requirements. Applicants must also demonstrate that they

have no history of violations of rules or misconduct such that the granting would be inconsistent with public interest. A full list of requirements can be found in Texas Administrative Code Section 26.111. Among other items, requirements include demonstrating shareholders' equity of not less than $1,000,000, showing that the applicant has principals, consultants, or permanent employees in managerial positions whose combined experience in the telecommunications industry equals or exceeds five years, and providing history of complaints, disciplinary records, bankruptcy and insolvency proceedings, and the like. Rise customers can file formal and informal complaints regarding telecommunications providers with the PUC. The process is the same if a City wishes to file a complaint against a telecommunications provider. However, the first step in the complaints process is typically to contact the provider. Rise and other fiber internet providers are not subject to standard franchising fees, which is most common for utility providers operating in municipalities. Their use of right-of-way is governed by Chapter 283 of the Local Government Code, which authorizes certified telecommunications providers in public right-of-way to operate without obtaining a license or franchise. However, cities are compensated by categorized City-Preferred Rates per customer on a per month charge based on the quantity of customers served and category of customer.

Municipality	**2023 City-Preferred Rates**		
	Category 1 (Residential)	**Category 2 (Commercial)**	**Category 3 (Point-to-Point)**
City of Lockhart	$ 0.80	$ 1.70	$ 2.56

The initial speeds for the high speed internet offered by Rise will be 1-gigabyte (GB) service with future capacity to offer up to 10-GB service. Upon completion of the installation, approximately 5,000 customers will have access to fiber internet if they choose. Staff will be finalizing installation protocols with Rise Broadband to effectively delegate responsibilities during the fiber installation process. Once the terms of operations have been mutually acknowledged and agreed upon, Rise will be permitted to start installation.

Rise Broadband representatives provided information and there was discussion about:

- Introduction of Rise Broadband
- Economic transformation through fiber connectivity
- From plan to reality
- Deployment process
- Notification process before and during the construction process
- Construction process
- Cost of the fiber connectivity city residents and businesses
- Protocols for outages and turnaround time for reactivation

B. DISCUSS CITY COUNCIL MINUTES OF THE AUGUST 1, 2023, AUGUST 15, 2023, AND AUGUST 21, 2023 MEETINGS.
Mayor White requested corrections to the minutes. There were none.

D. DISCUSS ORDINANCE 2024-13 CLARIFYING THE POLICE DEPARTMENT LATERAL ENTRY PAY CRITERIA.

Chief Williamson stated that on June 6, 2023, Council passed Ordinance 2023-10, permitting special seniority pay (also called lateral entry pay) for experienced police officer recruits. Questions arose about the ordinance's vagueness regarding prior agency service requirements. The City's Labor Attorney has revised the ordinance to specify the necessary years of service at each prior agency for eligibility, improving clarity and outlining the ordinance's intent. There was discussion.

C. DISCUSS RESOLUTION 2024-13 TO SELECT A PUBLIC IMPROVEMENT DISTRICT (PID) ADMINISTRATION SERVICE PROVIDER FOR THE MANAGEMENT AND ADMINISTRATION OF PUBLIC IMPROVEMENT DISTRICTS AND RELATED TAX INCREMENT REINVESTMENT ZONE (TIRZ) DISTRICTS REGARDING MASTER-PLANNED DEVELOPMENTS WITHIN THE CITY OF LOCKHART.

Mr. Resendez stated that city staff issued a Request for Proposals (RFP) for professional Public Improvement District (PID) Administration services on April 22, 2024 with an application deadline of May 10, 2024. These proposals were solicited to procure a professional services firm to assist the City with the following PID management requirements and other related services, according to the Council-adopted PID Policy:

- Prepare and submit a Budget and Five-Year Service Plan to the City Council for consideration and adoption. The budget shall provide for sufficient funding to pay for all costs above and beyond the City's ordinary costs, including additional administrative and/or operational costs as well as additional maintenance costs resulting from the PID.
- Provide for the calculation of the assessment and allocation to the respective parcels in the PID and shall provide for the billing of the assessments to the property owners or provide information to the County Tax Assessor if the City has contracted with that entity to collect the assessments.
- Prepare annual updates and reports for the Service and Assessment Plan as required by Chapter 372 of the Texas Local Government Code and submit an annual Service and Assessment Plan in a form appropriate for consideration and adoption by the City Council each year and assist the City Council and staff in adopting the annual Service and Assessment Plan updates.
- Prepare annual reports reflecting the expenditure of Bond Proceeds or the reimbursement of Developer expenditures as appropriate.
- Prepare annual reports reflecting the imposition and collection of the assessments and the balances in the various accounts related to the PID to be provided to City Council on a monthly or other periodic basis as may be required by the City.
- Prepare and provide any other reports or information required of the City or the Project under Chapter 372 of the Texas Local Government Code.

Additional details regarding the proposed services for PID Administration were issued with the RFP. Specifically, firms were requested to provide their experience in the creation and administration of Tax Increment Reinvestment Zones (TIRZ) as they may relate to the development and administration of PIDs. Staff received two responses from the following service providers (alphabetical): DTA and P3Works. Each proposal was reviewed and scored by a three-person committee. Based on these results, staff is recommending a contract with P3Works. With offices located in the Dallas-Fort Worth metroplex, Houston, and Austin, P3Works has implemented numerous districts, both statewide and nationally, ranging in size from $2 million to $102 million in a wide range of cities and counties. Specifically, P3Works indicated projects in Travis, Hays, and Comal counties and at least six projects that were a combined PID/TIRZ district. If approved by Council and an agreement is executed, staff will begin working with P3Works on two current proposed development projects that involve PID and PID/TIRZ considerations. As Council may recall, a PID, per the Texas Local Government Code Chapter 372, provides the City of Lockhart with an economic development tool that permits the financing of qualified public improvement costs which confer a special benefit on a definable part of the City. Proceeds from bonds issued by a PID can finance capital costs and fund supplemental services to meet the community needs which could not otherwise be constructed or provided. The bonds issued by the City to fund the costs of eligible capital improvements and/or supplemental services are paid entirely by property owners within the PID who receive special benefits from the capital improvements or services. A PID may only be used to pay for public improvements including road construction, water distribution systems, wastewater collection, landscaping, parks and recreational improvements, and more. Unlike Municipal Utility Districts (MUDs), which focus on water, sewer, and drainage infrastructure, PIDs can be used for a variety of community enhancements beyond utilities.

RECESS: Mayor White announced that the Council would recess for a break at 7:15 p.m.

ITEM 1. CALL TO ORDER,

Mayor Lew White called the meeting to order at 7:30 p.m.

ITEM 2. INVOCATION, PLEDGE OF ALLEGIANCE.

Councilmember Castillo gave the Invocation and led the Pledge of Allegiance to the United States and Texas flags.

ITEM 3. PUBLIC COMMENT.

Mayor White requested citizens to address the Council. There were none.

ITEM 4-A. HOLD A PUBLIC HEARING AND DISCUSSION AND/OR ACTION ON AN APPEAL TO THE PLANNING AND ZONING COMMISSION'S DENIAL OF SUP-24-02, A REQUEST BY JESSE HERNANDEZ FOR A SPECIFIC USE PERMIT TO ALLOW COMMERCIAL OUTDOOR RECREATION, ENTERTAINMENT AND AMUSEMENT 0.33 ACRES FOR O.T. LOCKHART, BLOCK 33, PART OF LOT 6, ZONED COMMERCIAL HEAVY BUSINESS DISTRICT AND LOCATED AT 203 EAST PECAN STREET.

Mayor White opened the public hearing at 7:32 p.m. and requested the staff background report.

Mr. Fowler stated that after receiving several complaints regarding the live music events being held at 4H Hat Company, located at 203 East Pecan Street, City staff requested the applicant file a Specific Use Permit request for Commercial Outdoor Recreation, Entertainment, and Amusement. This request was prompted by both the regularity of live music events being held on the site, as well as complaints received regarding noise, signage, and the sale of alcohol at the events. The applicant stated in his application that he intends to hold live music events on the first Friday of each month from 7-10 PM and the third Sunday of each month from 2-6 PM. The site includes a small wooden stage and a concrete slab used as a dance floor. The stage is located approximately 16 feet from the neighboring residential property. Beer is sold from a trailer used as a mobile bar that is located in the side yard to the west of the building. The applicant has a TABC permit issued for the subject address. Complaints from the next door neighbors have stated that sound levels inside their house exceeded 100 decibels, greatly exceeding the 55 decibels allowed in Section 64-198 for commercial properties adjacent to residentially-zoned properties. The parking pad in front of the store has room for four cars to park, but is not striped and has no accessible parking space available. The applicant, Jesse Hernandez, filed an appeal to the Planning and Zoning Commission's denial of the SUP within 10 days after the denial was issued. The appeal hearing has been notified, including letters, a sign on the site, and a hearing notice in the May 9, 2024 Lockhart Post-Register. One letter of opposition has been received from the neighbor abutting the property to the north. In considering the appeal, City Council should determine whether the Planning and Zoning Commission denied the SUP application in error or using improper criteria of evaluation. It should be noted that Section 64-128 of the City of Lockhart Code of Ordinances states that all SUP applications must be evaluated for compliance with city codes and that applications which do not or cannot meet all applicable standards of Chapter 64 may be denied. There was discussion.

Chief Williamson provided information and there was discussion about the Lockhart Police Department's protocols to handle loud music/noise complaints.

Mayor White requested the applicant to address the Council.

Jesse Hernandez stated that his business offers family friendly live music events hosted at the 4H Hat Company. He expressed concern about the possible inaccurate decibel readings that were reported during the music events. He stated that he would like to continue to host live music events and will willingly do what was necessary to be a good neighbor. He requested approval of the specific use permit. There was discussion.

Mayor White requested citizens to address the Council.

Juan Martinez, 824 W. Johnson Street, spoke in favor of 4H Hat Company offering music entertainment. He requested approval of the specific use permit.

Suzanne Rivas, 945 Clearfork Street, stated that she believes that the noise issues at the 4H Hat Company business location are primarily from the train and the traffic, not the live music. She expressed favorable comments about the Hernandez family and their business. She spoke in favor of approval of the specific use permit.

Jonathan Gonzales, 508 Shelley's Cove, spoke in favor of 4H Hat Company continuing to offer live music events, especially in conjunction with the downtown events.

Jessica Henderson, 1302 Keller Lane, Seguin, spoke in favor of 4H Hat Company continuing to offer live music events. She spoke in favor of approval of the specific use permit.

Julia Dye, 310 North Commerce, stated that she resides in the home behind the 4H Hat Company. She stated that she is not opposed to the live music, she requests that the volume of the music be lowered during the events. The loud music does not allow her to watch television in her living room or sleep in her bedroom without the noise level keeping her from relaxing in her house. She requested accommodation to the level of noise during the live music events.

Mayor White requested additional citizens to address the Council. There were none. He closed the public hearing at 8:47 p.m.

<u>Mayor Pro-Tem Sanchez made a motion to approve SUP-24-02 with the stipulation of two events per month, First Friday and third Sunday, and that the SUP be reviewed annually. Councilmember Lairsen seconded.</u> The motion passed by a vote of 7-0.

RECESS: There was a five minute recess.

ITEM 5-A. DISCUSSION AND/OR ACTION REGARDING CITY COUNCIL MINUTES OF THE AUGUST 1, 2023, AUGUST 15, 2023, AND AUGUST 21, 2023 MEETINGS.
Councilmember Westmoreland made a motion to approve the minutes. Councilmember Mendoza seconded. The motion passed by a vote of 7-0.

ITEM 5-B. DISCUSSION AND/OR ACTION REGARDING RESOLUTION 2024-13 TO SELECT A PUBLIC IMPROVEMENT DISTRICT (PID) ADMINISTRATION SERVICE PROVIDER FOR THE MANAGEMENT AND ADMINISTRATION OF PUBLIC IMPROVEMENT DISTRICTS AND RELATED TAX INCREMENT REINVESTMENT ZONE (TIRZ) DISTRICTS REGARDING MASTER-PLANNED DEVELOPMENTS WITHIN THE CITY OF LOCKHART.
Councilmember Michelson made a motion to approve Resolution 2024-13, as presented. Councilmember Westmoreland seconded. The motion passed by a vote of 7-0.

ITEM 5-C. DISCUSSION AND/OR ACTION TO CONSIDER ORDINANCE 2024-13 CLARIFYING THE POLICE DEPARTMENT LATERAL ENTRY PAY CRITERIA.
There was discussion.
Councilmember Lairsen made a motion to approve Ordinance 2024-13, as presented. Mayor Pro-Tem Sanchez seconded. The motion passed by a vote of 6-1, with Councilmember Castillo opposing.

ITEM 5-D. DISCUSS AND CONSIDER ACTION REGARDING A DEVELOPMENT AGREEMENT BETWEEN THE CITY AND RODG DT SEAWILLOWPROPCO LLC TO AUTHORIZE DEVELOPMENT OF THE SEAWILLOW PROJECT, CONSISTING OF APPROXIMATELY 586.778 ACRES OF LAND OUT OF THE JOHN A. NEILL SURVEY A020 FOR RESIDENTIAL AND COMMERCIAL PURPOSES, WHICH PROPERTY IS LOCATED EAST OF FM 1322 AND SOUTH AND WEST OF SEAWILLOW ROAD, APPROXIMATELY 2,000 FEET SOUTHEAST OF LAY ROAD.
Mr. Fowler stated that the proposed Seawillow project consists of approximately 498.78 acres with 88 acres located inside the city limits and the balance of the property located primarily in the City's ETJ. Development of the 88 acres is subject to compliance with the City's Code of Ordinances and has already been zoned for residential purposes while the ETJ portion of the property will be developed under The Seawillow Ranch Planned Development District Design Statement, which will be Exhibit E of the Development Agreement (DA) and specific performance standards contained therein. The Concept plan, Exhibit B, attached to the DA depicts the land uses proposed for the portion of the out of city property. The DA provides for annexation of the property not currently in the city limits. The DA also contemplates creation of a Public Improvement District (PID) and a Tax Increment Reinvestment Zone (TIRZ) which are financing mechanisms for the utilities, roads and other public improvements associated with the project. The project term is 30 years and the project will be developed in phases, beginning with phase one and ending with phase eight. The term of the TIRZ is 40 years to accommodate the length of PID bonds issued in subsequent phases of the project.

The land uses associated with the ETJ property are summarized below:

a. Single family detached residential homes: maximum of 2,132 Living Unit Equivalents (LUEs) located on 35', 40', 45' and 50' foot lots and approximately 131 acres;
b. Single family attached residential: maximum of 67 LUEs located on 25 foot x110 foot lots and approximately 8 acres;
c. Multifamily residential units: maximum 180 LUEs (360 units total) and approximately 15 acres;
d. School uses: maximum 107 LUEs and approximately 41 acres;

e. Commercial/Retail uses: maximum of 190 LUEs and approximately 39 acres;
f. Parks, open space and amenity areas of approximately 91 acres;

The balance of the remaining acreage is in the roads and public infrastructure that serves the project.

Mr. Fowler stated that the Public Improvements and Developer Contributions: The DA requires the Developer to pay the cost of the on-site utilities and roads that are necessary to serve the Project and to fund all or a portion of certain off-site utilities and road improvements. In some cases, the Developer is required to construct the improvements and in other cases the Developer will fund the improvement and the City will undertake the construction.

Mr. Kelley provided details about the following public improvements, property interests and funding will be provided by the Developer:

a. One acre site to be conveyed to City for placement of Elevated Water Storage Tank and Developer funded one million gallon capacity elevated storage tank. Anything larger would be considered oversizing and the City would cover the oversizing cost if it requests a larger tank. (Phase 2)
b. Construct new 12 inch water line connector to existing 12 inch water line at FM 1322. (Phase 2)
c. Construct an extension of the existing 12-inch water line on FM 1322 from the current line to the project site. (Phase 1)
d. Pay the City a community contribution of 5 million dollars to provide funds for the wastewater plant expansion. Developer is entitled to a credit against future impact fees for this payment.
e. Upgrade and increase the capacity of a lift station.
f. Replace and enlarge the off-site sewer line.
g. Dedication of between 127-133 acres of park land and open space to the City, which includes multiple 0.25-acre pocket parks (one pocket park for every 200 single-family residential lots).
h. Provide **1.5** million dollars towards park equipment and improvements.
i. Construction of 2,500 linear feet of 8-foot concrete hike and bike trials.
j. Developer will fund road improvements based on TIA as described in Exhibit M per TxDOT requirements.
k. Convey 41 acres to the School District, or to the City if the School District does not agree to accept the property for school purposes.
l. Authorizes City to conduct study on feasibility of developing groundwater wells and to develop, own and operate groundwater wells if the city determines it's feasible.
m. Commitment to provide discounts for teacher housing.
n. Development of commercial land uses that should increase city sales tax.

Impacts to City.

1. TIRZ - The purpose of the TIRZ is to create a fund which will allow the developers to buy down lot owner PID assessment costs to maintain competitive sales prices with other developments in the area. The funds that go into the TIRZ are created by the improvements constructed by the Developer. The TIRZ fund will consist of 55% of the “added value” the Developer improvements have in increasing ad valorem property taxes. If the property remains in the ETJ the City does not collect ad valorem property taxes. The remaining 45% of ad valorem property taxes created by the improvements to the property will be payable to the City together with the base rate (pre-improvement value) of ad valorem property taxes. The TIRZ will be in effect for 40 years, or retirement of the PID bonds, whichever occurs first.
2. Development Density - The smallest single-family detached lots allowed in residential zoning districts are 50-foot lots. The majority of single family lots will be narrower than 50 feet, thus

making the proposed development density at this project greater than is allowed in single-family districts elsewhere in the City.

Mayor White requested representatives of the Seawillow Project to address the Council.

Mark Estrada, Superintendent, Lockhart Independent School District, stated that the developer has offered to include a new school and affordable housing for teachers in the development. He spoke in favor of the project.

Representatives of the Seawillow Project, provided details and there was discussion about the development. Mike Miller of the Seawillow Project, stated that the developer is well known for establishing high quality, special and affordable communities. He spoke in favor of the development in Lockhart. Representatives also of the Seawillow Project provided information about the TIRZ phase.

ITEM 8-A. EXECUTIVE SESSION IN ACCORDANCE WITH TEXAS GOVT CODE SECTION 551.071 PRIVATE CONSULTATION WITH ITS ATTORNEY ON A MATTER IN WHICH THE DUTY OF THE ATTORNEY TO THE GOVERNMENTAL BODY UNDER THE TEXAS DISCIPLINARY RULES OF PROFESSIONAL CONDUCT OF THE STATE BAR OF TEXAS CLEARLY CONFLICTS WITH THE TEXAS OPENS MEETINGS ACT; TEXAS GOVT CODE SECTION 551.072 TO DISCUSS THE SALE, PURCHASE, OR LEASE OF REAL PROPERTY; TEXAS GOVT CODE SECTION 551.087 DELIBERATION OF ECONOMIC DEVELOPMENT NEGOTIATIONS, INCLUDING DISCUSSION OF COMMERCIAL OR FINANCIAL INFORMATION RECEIVED FROM A BUSINESS PROSPECT THAT THE GOVERNMENTAL BODY SEEKS TO HAVE LOCATE, STAY OR EXPAND IN OR NEAR THE TERRITORY OF THE GOVERNMENTAL BODY AND WITH WHICH THE GOVERNMENTAL BODY IS CONDUCTING ECONOMIC DEVELOPMENT NEGOTIATIONS AND TO DELIBERATE THE OFFER OF FINANCIAL OR OTHER INCENTIVES TO SAID BUSINESS PROSPECT. THE CITY COUNCIL WILL DISCUSS THE PROPOSED DEVELOPMENT OF THE SEAWILLOW PROJECT AND ASSOCIATED FACILITIES, INFRASTRUCTURE, AMENITIES AND PUBLIC IMPROVEMENTS.

Mayor White announced that the Council would enter Executive Session at 11:10 p.m.

ITEM 9. RECONVENE INTO OPEN SESSION - IN ACCORDANCE WITH TEXAS GOVERNMENT CODE, CHAPTER 551, THE CITY COUNCIL WILL RECONVENE INTO OPEN SESSION TO CONSIDER ACTION, IF ANY, ON MATTERS DISCUSSED IN EXECUTIVE SESSION.

Mayor White announced that the Council would enter Open Session at 12:15 a.m.

Mayor White stated that the consensus of the Council was to allow staff to continue negotiations on the proposed development of the Seawillow Project. There was no action.

ITEM 6. CITY MANAGER'S REPORT, PRESENTATION AND POSSIBLE ACTION

- Summer Fan Program begins May 22nd.
- City Park swimming pool open for the season on Saturday, May 25th.
- Grand opening event for the new soccer mini-pitch court at LaFleure Soccer Complex will be held May 25th at 10:00 a.m.
- Downtown Revitalization Project – sealed bids update.
- Update regarding Lockhart Farms Subdivision Phase 2.
- Update regarding Lockhart Farms Subdivision Phase 2.

ITEM 7. COUNCIL AND STAFF COMMENTS - ITEMS OF COMMUNITY INTEREST

Mayor Pro-Tem Sanchez expressed condolences to the family of Alfredo Munoz for their loss. She wished everyone a Happy Memorial Day and congratulated the graduating class of 2024.

Councilmember Lairsen congratulated the graduating class of 2024 and the Hays-Caldwell Women's Center for a successful gala.

Councilmember Castillo expressed condolences to the family of Alfredo Munoz for their loss. He thanked the Hays-Caldwell Women's Center for their service to the community. He thanked employees for their work.

Councilmember Michelson congratulated the graduating class of 2024.

Mayor White expressed appreciation that pen pal Emerson is improving with medical treatment.

ITEM 10. ADJOURNMENT

Mayor Pro-Tem Sanchez made a motion to adjourn the meeting. Councilmember Mendoza seconded. The motion passed by a vote of 7-0. The meeting was adjourned at 12:26 a.m.

PASSED and APPROVED this the 1st day of April, 2025.

CITY OF LOCKHART

____

Lew White, Mayor

ATTEST:

____

Julie Bowermon
City Secretary

REGULAR MEETING
LOCKHART CITY COUNCIL JUNE 4, 2024 6:30 P.M.

CLARK LIBRARY ANNEX-COUNCIL CHAMBERS, 217 SOUTH MAIN STREET, 3RD FLOOR, LOCKHART, TEXAS

Council present:
Councilmember John Castillo
Councilmember Juan Mendoza
Councilmember Jeffry Michelson
Councilmember Brad Westmoreland
Councilmember John Lairsen
Mayor Pro-Tem Angie Gonzales-Sanchez

Council absent:
Mayor Lew White

Staff present:
Steve Lewis, City Manager
Joseph Resendez, Assistant City Manager
David Fowler, Planning Director
Gary Williamson, Police Chief
Brad Bullock, City Attorney
Julie Bowermon, City Secretary
Sean Kelley, Public Works Director
Will Wachel, TRC Engineering

Citizens/Visitors Addressing the Council: Christian Palacios, Field Representative for Congressman Michael Cloud's office.

Work Session 6:30 p.m.
Mayor Pro-Tem Sanchez announced that Mayor White is on vacation, therefore he will not attend the meeting. She opened the work session and advised the Council, staff and the audience that staff would provide information and explanations about the following items:

DISCUSSION ONLY
A. DISCUSSION REGARDING A TREATED WATER SHARING AGREEMENT BETWEEN GUADALUPE BLANCO RIVER AUTHORITY, NEW BRAUNFELS UTILITY AND THE CITY OF LOCKHART FOR THE TEMPORARY SALES OF TREATED WATER FROM THE GONZALES CARRIZO WATER SUPPLY PROJECT, AND AUTHORIZING THE MAYOR TO SIGN THE AGREEMENT, IF APPROVED.
Mr. Kelley stated that in 2018, the Guadalupe-Blanco River Authority (GBRA) executed separate Gonzales Carrizo Water Supply Project Treated Water Supply Agreements with NBU, the City of Lockhart, and Goforth Special Utility District to supply up to 15,000 acre-feet/year of treated water from the project. The City of Lockhart stands to receive 3,000 acre-feet-year from this project, which is expected to be completed later this year during the first phase of the regional water project. Neighboring water providers such as Crystal Clear SUD, Maxwell SUD, County Line SUD, and Camino Real Utility have determined that they need a temporary source of treated water while awaiting the completion of some of Alliance's portions of the Project and the delivery of water therefrom. The City of Lockhart along with NBU were asked if they would separately determine, based on their best individual interest, to identify any excess water that could be sold on a short-term basis. The City of Lockhart's Engineer reviewed the request and conservatively identified 500 acre-feet/year (162,925,900 gallons) of the 3,000 acre-feet/year (977,553,000 gallons) of treated water that would not impact the system if it was sold on a short-term basis. The assessment was made by studying water use trends and adding in high-growth scenarios over the next five years. The 500 acre-feet/year of water identified does not impact the water available to Lockhart water customers and will not have an impact on water rates. This month NBU determined that

it can commit 4,000 acre-feet/year of treated water out of the 8,000 acre-feet/year they were scheduled to receive as part of the project and entered an agreement with GBRA to authorize the temporary sale of water to the neighboring entities. The water that is scheduled to be received from the project is take or pay, meaning that the charge is paid whether all, some, or any of the water is taken or not, the amount is paid in full by each entity that receives it. Section 3.8 of the 2018 Agreement gives authority to each entity to sublease or wholesale the water purchased from GBRA. Currently, the annual debt being paid by the City of Lockhart as part of the Original 2018 CGSP is $1.854 million due each year. Furthermore, the annual fixed rate for the Shared Water will be $668.79 per acre-feet/year.

The shared water agreement covers:

- An Administration Fee revenue of 5 percent (5%) over the cost/acre-foot. The Administrative fee of 5% may be increased on the anniversary of the Effective Date at the sole discretion of the Providers, provided the increase may not increase more than the Consumer Price Index (CPI) for the previous year.
- The "Term" of the Agreement to allow the temporary short-term sale of water would expire at midnight of December 31, 2028.
- Establishes the response to drought condition events, when water cannot be supplied to meet the demands of all project customers, treated water from the Project, including Shared Water, shall be divided pro rata among all GBRA customers of the Project.
- Defines the areas of the Shared Water Delivery Points.

Excess water sales are not uncommon in the region. Most recently, the City of San Marcos extended an agreement with the City of Kyle to sell short-term water. The sale of excess take or pay water can allow water service providers to reduce debt. The revenue from the sale of water can also be used to cover related Capital Improvement Projects, which would otherwise be collected and funded by the water customers. The Annual Debt Reduction for the sale of 500 acre-feet/year equals $334,395 plus and an addition of $16,719.75 in administrative fees, equaling a total of $351,114.75 in annual revenue.

There was discussion.

B. DISCUSS ENTERING A MEMORANDUM OF AGREEMENT (MOA) WITH THE GUADALUPE-BLANCO RIVER AUTHORITY FOR THE DEDICATION OF TWO UTILITY EASEMENTS ASSOCIATED WITH PHASE II OF THE GONZALES CARRIZO WATER SUPPLY PROJECT, AND AUTHORIZING THE MAYOR TO SIGN MOA, IF APPROVED.

Mr. Kelley stated that the Guadalupe-Blanco River Authority (GBRA) has completed the engineering design for the TX-130 Groundwater Supply Project in Caldwell County. This second phase of the regional water project includes expanding water supply to neighboring water providers north of Lockhart. GBRA's route for the project takes water around the east side of Lockhart and travels around the northern boundary of town. This route will require acquisition of easements from several property owners, including two requested easements from the City of Lockhart. Easement ER-02 is a 0.3508 acre permanent easement (30' wide) and a 0.23 acre temporary construction easement (20' wide), both situated in the James George Survey No. 7, Abstract No. 9, Caldwell County, also known as the Lockhart Water Treatment Plant (Shown in Exhibit "A"). Easement NR-37 is a 0.2593 acre permanent easement (30' wide) and a 0.40 acre temporary construction easement (20' wide), both situated in the Cornelius Crenshaw Survey, Abstract No. 68, Caldwell County, also known as the Cesar Chavez Elevated Storage Tank, near SH130. (Shown in Exhibit "B"). The appraised value of the two easements is approximately $134,350. GBRA asks that the City dedicate the easements to GBRA in consideration for a second delivery point provided to the City of Lockhart at the Cesar Chavez Elevated Storage Tank. The estimated cost for the second delivery point is $1.95M in construction costs, which GBRA can offer to the City as compensation for the dedicated permanent easements. The second delivery point would be treated water with a dedicated chemical treatment feed, and a metering station. The connection size has been designed as a 12" water main connection.

Establishing a second delivery point for treated water is important for several reasons, including:

- Create redundancy in the water system to make the utility more resilient.
- Diversify and increase the City's water supply pumping capacity beyond its current delivery point, which is centralized at the Water Treatment Plant's high service pump station.
- Provide additional water supply during outages, rehabilitation, or scheduled maintenance at the City's water treatment plant.

There was discussion.

C. DISCUSS AUTHORIZING CITY MANAGER TO SIGN A TWO-YEAR RENEWAL AGREEMENT WITH COMMUNITY ACTION, INC. FOR THE COMPREHENSIVE ENERGY ASSISTANCE PROGRAM (CEAP).

Mr. Resendez stated that every two years, the City of Lockhart partners with Community Action, Inc. to help the residents of Lockhart with the electric portion of their utility bills through a program known as the Comprehensive Energy Assistance Program (CEAP). Community Action is funded by the Texas Department of Housing and Community Affairs to assist eligible individuals in Hays, Caldwell, and Blanco counties. Prioirty is given to low-income households with high energy use, a high energy burden, or the presence of a child (age 5 or under), disabled, elderly individuals, or veterans. Other services that CEAP provides include energy education, needs assessment, budget counseling, and crisis-related purchase of portable heating and cooling units when available. CEAP does not help residents with water, wastewater, recycling, and solid waste fees, or deposits on new or existing accounts. There was discussion.

D. DISCUSSION AND POSSIBLE DIRECTION TO STAFF REGARDING CITY REGULATIONS OF SOUND LEVELS AND SPECIAL EVENT PERMIT REQUIREMENTS.

Mr. Fowler stated that the related issues of the regulation of special events and the control of sound levels related to music have become more prominent as the city has seen a recent increase in events held in locations other than the courthouse square involving live or amplified music. There has also been an increase in businesses holding live or other amplified music events on properties that had not been zoned in a manner that permitted live music without the granting of a Specific Use Permit. Additionally, there have been recent Specific Use Permit requests for Special Event Centers that would likely involve amplified music on sites that abut residential neighborhoods. These related occurrences have led to City staff receiving complaints regarding sound levels at events with amplified music. In some cases there have also been complaints or concerns regarding parking, traffic, crowd control, and food preparation/handling. Questions relating to these issues have led to City staff receiving several questions from residents and business owners regarding how the City regulates special events and the use of amplified sound, particularly in outdoor areas.

The intent of this discussion item is to provide City staff with direction on how to potentially revise city regulations regarding amplified sound and special event permitting to best address the increased interest in amplified music and outdoor events, especially events away from the Courthouse Square district.

AMPLIFIED SOUND

The City's standards limiting amplified sound are contained in several sections of the Code of ordinances. Chapter 18, Article II, Noise, enumerates noises that are to be considered nuisances. While no decibel limits are set in this article, the standard set is that noises which "are reasonably calculated to be detrimental to the life or health of any ordinary reasonable person," are prohibited. This article also states the requirement for obtaining a permit from the police for any bands, musical instruments, voices, records to be operated with the use of loudspeaking equipment. The restrictions in this section apply to all properties in the City.

In Chapter 64, Zoning, of the Code of Ordinances, Section 64-198 provides performance standards for commercial and industrial districts, which includes a nuisances section that includes restrictions on lighting, vibrations, and noise. This section sets maximum decibel limits for commercial and industrial properties based on the zoning of adjoining properties. If a non-residential property abuts a commercial or industrial property, the maximum decibel level allowed is 65 and 70 decibels, respectively. However, when a non-residential use abuts a residentially-zoned property, the maximum decibel level allowed is 55 decibels at the abutting property line between 7:00 AM and 7:00 PM and 50 decibels from 10:00 PM to 7:00 AM. This places a severe restriction on any source of amplified sound or music that is near a residential use. In researching the noise restrictions of other cities in central Texas, staff found that Lockhart's noise regulations are significantly stricter than those in several peer cities.

In discussing any potential revision to the city's noise ordinance, the following questions should be considered:

1) How should the recent increase in interest in outdoor music events and venues be balanced with residents' desire for quiet enjoyment of their properties?
2) What is the maximum overall sound level that should be allowed at the property line of commercial, industrial and residential properties?
3) Should permitted sound levels be lower when abutting residential properties? If so, how much lower?
4) Should special event centers on residential properties be considered the equivalent of commercial properties?

SPECIAL EVENTS

The City has a special event permit form that requests information regarding responsible parties, the size of attendance, food preparation, amusements, serving of alcohol, expected attendance, amplified sound, security, use of parks and parks personnel. The application does not state a deadline for filing a permit prior to a planned event, only stating that application processing may require up to three days. Neither the permit form nor City code specify which events require permits or how much notice the City requires based on the size and scope of an event. While there are questions regarding whether an event will employ police or other security at events, there are not standards detailing when security or police officers will be required at an event. The special event application does not have a processing fee.

When researching the special event permitting requirements in other central Texas cities, staff found that the cities often exclude special event permitting requirements for events held entirely on public property, of a smaller size, and/or if parking is available on site. Staff also found that the cities studied typically have much greater required advance notification processes, often requiring an application 60 days or more before an event. To guide the discussion of the permitting of special events, staff has compiled a list of questions regarding possible issues to be addressed in an updated special event permitting process:

1) Should there be a minimum event size to require filing a special event application? Are there sizes of events or locations of events, such as events held at churches or schools, that would be exempt from special event permitting requirements?
2) What should be the minimum number of days before an event that a permit is required to be filed? Should the application deadline be earlier for larger events?
3) When should security be required at events? Above a certain event size? When alcoholic beverages are served? If street closures or traffic direction are required? Other circumstances?
4) When are organizers required to have public restrooms and hand washing stations on-site?
5) Should the need for offsite parking trigger a special event permit?
6) Should Traffic Control Plans (TCP) be required for road closures, parades or diverted traffic?
7) Should special events be afforded a higher allowed sound level than uses that have amplified sound on a regular basis?
8) Should the special event permit have an application fee? Should there also be fees for in-kind services such as street closures, banner hanging and other services the City performs for organizers?
9) How should City-sponsored events be handled in comparison to non-sponsored events?

There was discussion.

RECESS: Mayor Pro-Tem Sanchez announced that the Council would recess for a break at 7:28 p.m.

ITEM 1. CALL TO ORDER,
Mayor Pro-Tem Sanchez called the meeting to order at 7:45 p.m.

ITEM 2. INVOCATION, PLEDGE OF ALLEGIANCE.
Councilmember Mendoza gave the Invocation and led the Pledge of Allegiance to the United States and Texas flags.

ITEM 3. PUBLIC COMMENT.
Mayor Pro-Tem Sanchez requested citizens to address the Council.

Christian Palacios, Victoria, Texas, Field Representative for Congressman Michael Cloud's office, offered assistance to the city in regard to government assistance, such as grant applications. Their office also assists residents with regard to issues such as social security benefit applications.

No additional citizens addressed the Council.

ITEM 4-A. DISCUSS AND CONSIDER ACTION REGARDING A TREATED WATER SHARING AGREEMENT BETWEEN GUADALUPE BLANCO RIVER AUTHORITY, NEW BRAUNFELS UTILITY AND THE CITY OF LOCKHART FOR THE TEMPORARY SALES OF TREATED WATER FROM THE GONZALES CARRIZO WATER SUPPLY PROJECT, AND AUTHORIZING THE MAYOR TO SIGN THE AGREEMENT, IF APPROVED.
Councilmember Lairsen made a motion to approve the Treated Water Sharing Agreement, as presented. Councilmember Castillo seconded. The motion passed by a vote of 6-0.

ITEM 4-B. DISCUSS AND CONSIDER ACTION REGARDING ENTERING A MEMORANDUM OF AGREEMENT (MOA) WITH THE GUADALUPE-BLANCO RIVER

AUTHORITY FOR THE DEDICATION OF TWO UTILITY EASEMENTS ASSOCIATED WITH PHASE II OF THE GONZALES CARRIZO WATER SUPPLY PROJECT, AND AUTHORIZING THE MAYOR TO SIGN MOA, IF APPROVED.

Councilmember Michelson made a motion to approve the Memorandum of Agreement, as presented. Councilmember Castillo seconded. The motion passed by a vote of 6-0.

ITEM 4-C. DISCUSSION AND/OR ACTION REGARDING AUTHORIZING CITY MANAGER TO SIGN A TWO-YEAR RENEWAL AGREEMENT WITH COMMUNITY ACTION, INC. FOR THE COMPREHENSIVE ENERGY ASSISTANCE PROGRAM (CEAP).

Councilmember Castillo made a motion to approve the two-year renewal agreement with Community Action, Inc., as presented. Councilmember Lairsen seconded. The motion passed by a vote of 6-0.

ITEM 4-D. DISCUSSION AND POSSIBLE DIRECTION TO STAFF REGARDING CITY REGULATIONS OF SOUND LEVELS AND SPECIAL EVENT PERMIT REQUIREMENTS.

After discussion, the consensus of the Council was to direct staff to create a recommended guideline document for Council's consideration in the future.

ITEM 5. CITY MANAGER'S REPORT, PRESENTATION AND POSSIBLE ACTION

- Petition to amend City Charter update.
- Grand opening event for the new Soccer Mini-Pitch Court at Lafleur Soccer Complex.
- Downtown Revitalization Project – bid analysis update.
- City/LISD Summer Teen Recreation Program starts June 3.
- June 11 – FY 24-25 Budget Workshop: General Fund.
- June 12 – FY 24-25 Budget Workshop: Utility and Special Revenue Funds.
- GBRA budget, Caldwell County Appraisal District budget, and presentations by Non-Profits will be included during the June 18th Regular City Council meeting.
- Annual Chisholm Trail Round-up will be held June 13 – 15.
- City Pool and City Park Splash Pad will be closed June 10-16 during Chisholm Trail Round Up events.

ITEM 6. COUNCIL AND STAFF COMMENTS - ITEMS OF COMMUNITY INTEREST

Councilmember Mendoza congratulated the City of Luling for a successful Memorial Day event and Radio Station FM 107.9 for a successful event.

Councilmember Lairsen wished Pride Caldwell the best for a successful event. He wished everyone a Happy 4th of July since he will not be attending the first meeting in July.

Councilmember Castillo wished Pride Caldwell luck on a successful event. He wished those with a birthday in June a Happy Birthday. He wished the Lockhart Chamber of Commerce luck with the upcoming Chisholm Trail Roundup. He assured the community and employees that the Council will review the upcoming budget carefully.

Councilmember Michelson thanked all entities involved with contributing to the Soccer Mini-Pitch. He announced that Splash Pad #2 will open soon. He wished the Lockhart Chamber of Commerce luck on a successful Chisholm Trail Roundup.

Mayor Pro-Tem Sanchez wished the Lockhart Chamber of Commerce luck for a successful Chisholm Trail Roundup event. She expressed condolences to families that have lost a loved one. She announced that McCoys Building Supply will open on June 10.

ITEM 7. ADJOURNMENT

Councilmember Castillo made a motion to adjourn the meeting. Councilmember Mendoza seconded. The motion passed by a vote of 6-0. The meeting was adjourned at 8:07 p.m.

PASSED and APPROVED this the 1st day of April, 2025.

CITY OF LOCKHART

____
Lew White, Mayor

ATTEST:

____
Julie Bowermon
City Secretary

City of Lockhart, Texas

Council Agenda Item
Cover Sheet

COUNCIL MEETING DATE: April 1, 2025

AGENDA ITEM CAPTION: Discussion and/or action regarding the proposed Texas Monthly 2025 BBQ World's Fair Event Sponsorship Agreement for the November 1-2, 2025, Texas Monthly BBQ World's Fair Event.

ORIGINATING DEPARTMENT AND CONTACT: Public Works - Sean Kelley

ACTION REQUESTED: Agreement

BACKGROUND/SUMMARY/DISCUSSION: Since 2009, Texas Monthly BBQ Fest has brought together BBQ enthusiasts. In 2022, Texas Monthly held its first BBQ World's Fair in the BBQ Capital of Texas and is seeking to return to Lockhart for a fourth consecutive year.

The event is slated for November 1-2, 2025, to be held in the Historic Courthouse Square and City Park. Texas Monthly will provide the planning, production, staffing, event lineup, marketing, ticketing services and sponsorships. Other notable details in the agreement include:

- City contribution $25,000 of in-kind support (permit assistance, street closures, police and first responder staff, secure shuttle parking area and event locations)
- $20,000 in monetary sponsorship for digital promotion and $8,700 payment for (1) full page brand ad in Texas Monthly Magazine
- City logo to be placed on the promotional signage
- Minimum general liability insurance requirements

Staff will be working closely with the Downtown Revitalization Contractors to coordinate planning of the event between the event holder and the contractor. Texas Monthly has representatives to answer any questions regarding the 2025 Event Sponsorship Agreement.

PROJECT SCHEDULE (if applicable): N/A

AMOUNT & SOURCE OF FUNDING:
Funds Required:
Account Number:
Funds Available:
Account Name:

FISCAL NOTE (if applicable):

PREVIOUS COUNCIL ACTION: Council entered into previous sponsorship agreements on May 3, 2022, April 4, 2023, and March 5, 2024.

City of Lockhart, Texas

Council Agenda Item
Cover Sheet

COMMITTEE/BOARD/COMMISSION ACTION:

STAFF RECOMMENDATION/REQUESTED MOTION: Staff respectfully requests direction from the City Council.

LIST OF SUPPORTING DOCUMENTS: City of Lockhart BBQ Fest 2025 Agreement, Exhibit A City of Lockhart 2025 SP

TEXAS MONTHLY 2025 BBQ FEST
EVENT SPONSORSHIP AGREEMENT

This Event Sponsorship Agreement ("Agreement") is entered into by and between Texas Monthly LLC, a Texas limited liability company ("Texas Monthly") and the City of Lockhart, Texas, a municipality of the State of Texas ("Client"), and governs the terms of Texas Monthly's presentation of its 2025 BBQ Fest event at the Lockhart venues described in this Agreement (the "Event") and Client's sponsorship thereof, in each case on the terms provided in this Agreement.

For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

1. **Events.**

- **Event Description.** This 2-day event comprises (i) a "BBQ World's Fair" - an open-to-the-public street festival, showcasing barbecue, metalworks, marketplace vendors, and live music and (ii) the "Top 50 Picnic" – the classic, ticketed BBQ celebration that features pitmasters from Texas Monthly's latest quadrennial list of the Top Fifty barbecue joints in Texas.

- **Sponsorship Fee.** In consideration of Texas Monthly's presentation of the Event, Client shall pay Texas Monthly a sponsorship fee of $53,700, comprising the following (i) $25,000 of in-kind support as described below, (ii) a $20,000 cash payment in respect of one (1) interactive visual storytelling feature with photos and copy provided by Client, that will be heavily promoted via: 150,000 Brand ROS, 300,000 Promotional ROS, one (1) Homepage Takeover, one (1) ROS Takeover, one (1) sponsored lnstagram post, one (1) sponsored Facebook ad and two (2) Traveling Texan Trip Planners and (iii) a $8,700 cash payment in respect of one (1) full page brand ad in *Texas Monthly* magazine in form and content approved by Client 50% of these amounts are payable within ten (10) business days of the execution of this Agreement, with the remaining 50% payable no later than ten (10) business days prior to the Event.

- **Event Details –**
  - Day 1 – *BBQ World's Fair*. This part of the Event will be held in downtown Lockhart, Texas on Saturday, November 1, 2025 from 12 p.m. -7 p.m. This is a public event, with an estimated 7,000-10,000 attendees.
  - Day 2 - *Top 50 Picnic*. This part of the Event will be held at City Park in Lockhart, Texas on Sunday, November 2, 2025 from 12 p.m. – 4 p.m. This is a ticketed, public event, with an estimated 4,500 attendees.
  - Client will provide the above venues, and emergency services (police and fire) for each, at no cost to Texas Monthly, as part of its in-kind consideration payable under this Agreement.
  - Event times are subject to mutual agreement of the parties in advance.

- **Artist/Presenter lineup and Event content.** Texas Monthly shall be responsible for curating and engaging the line-up of artists/presenters for the Event and shall have sole decision-making authority for the content and curation of the Event.

- **In-Kind Support.** The in-kind support to be provided by Client includes the following:
  - All city permitting (street, fire, police, sound, building, parking, etc.) and assistance with all other permitting requirements for the Event. Street closures for downtown Lockhart will be mutually agreed upon by Texas Monthly and Client. Texas Monthly requests access to City Park for Event setup starting at 8am on

Wednesday, October 29, 2025 with exclusive use of the City Park started at 5pm on Friday, October 31, 2025 through 5pm on Sunday, November 2, 2025. All Event material equipment to be removed from City Park grounds by 5pm on Tuesday, November 4, 2025.

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- Staffing: police officers/cars for closure and security; fire watch, if needed. Texas Monthly to work with Client's safety teams to ensure the necessary personnel is onsite.
- Venues: securing access to utilities.
- Transportation: provision of sufficient parking locations with reasonable Event access;; creation of ride share locations; facilitation of any TX DOT meetings that may be required. Texas Monthly is envisioning using the High School as the main parking lot.
- Trash will be managed by Texas Monthly hired cleaning staff, who will also supply receptacles.
- Texas Monthly will supply portable restrooms at both venues.

- **Texas Monthly Services.** Texas Monthly will provide Client with sponsor logo placement on promotional signage and at the Event, including on digital promotions for the Event. Visual storytelling feature includes 100% share of voice of one interactive feature using photos and copy provided by Client, that will be heavily promoted via: 150,000 Brand ROS, 300,000 Promotional ROS, one (1) Homepage Takeover, one (1) ROS Takeover, one (1) sponsored lnstagram post, one (1) sponsored Facebook ad and two (2) Traveling Texan Trip Planners. One full page brand advertisement in *Texas Monthly* is also included in this sponsorship package.

2. **Term.** The term of this Agreement will commence on the date of the last signature below (the "Effective Date") and, unless earlier terminated as provided herein, will continue in full force and effect until December 31, 2025.

3. **Cancellation.** Either party may terminate this Agreement for any or no reason with not less than one hundred twenty (120) days prior written notice before Day 1 of the Event, with no further obligations, except that the terminating party shall be obligated to pay or promptly reimburse the other party for any unavoidable costs incurred by the non-terminating party as a consequence of such termination (e.g., guaranteed artist fees). Texas Monthly also retains the right to cancel any portion of or all of the Event at any time for cause, including, without limitation, safety concerns, Client's non-compliance with this Agreement, or for other reasons as set forth herein, after advance notice and opportunity to cure as follows: (a) more than two weeks prior to Day 1 of the Event, the notice and cure period shall be 72 hours; and (b) for the two weeks prior, the notice and cure period shall be 24 hours. Upon termination of this Agreement, all rights granted to Client under this Agreement, including any trademark rights, shall immediately cease. Client acknowledges that failure to comply with its trademark obligations under this Agreement will result in immediate and irreparable harm to Texas Monthly, entitling it to injunctive and any and all other appropriate relief.

4. **Event Revenues.** Texas Monthly shall be entitled to 100% of the proceeds of any third-party sponsorships it procures for the Event.

5. **Event Marketing.** Texas Monthly, at a minimum, will provide (i) six (6) full page print ads promoting the event and one full page print recap ad in *Texas Monthly* magazine, as well as TexasMonthly.com, promoting the Event and including logos of all Event sponsors; (ii) social media and email marketing consisting of four (4) Facebook posts, four (4) Instagram posts, four (4) twitter posts, and four (4) email blasts promoting the Event; (iv) a dedicated Facebook Event page; (v) an Event page on texasmonthly.com; an (vii) an Event program that includes Event sponsor logos for each day of the Event.

6. **Content Capture.** Texas Monthly shall have the sole and unlimited right to and permit others the right to record, stream, photograph or otherwise reproduce or distribute any audio, video or photographs of the Event. Except

to the extent otherwise expressly approved in writing by Texas Monthly, Client shall not record, reproduce, or transmit any portion of the Event in any manner or by any means whatsoever, nor permit or cause others to do so; provided, however, that Client may take photographs solely for use on its website, social media platforms, e-newsletters and year-end reporting, so long as no images of artists or performers at the Event are captured within such photography.

7. **Texas Monthly Trademarks.** Texas Monthly authorizes Client to use Texas Monthly's name and logo in connection with, and solely for purposes of, the promotion of the Event. Such use shall strictly comply with any use guidelines provided by Texas Monthly to Client. All rights not licensed herein are explicitly reserved by Texas Monthly.

8. **Compliance with Laws.** Client acknowledges that Texas Monthly reserves the right to impose rules and requirements applicable to the Event and/or the activities of Client in connection with the Event, and Client shall promptly take such corrective action as Texas Monthly may reasonably require in order to maintain and/or conform to any such rules or requirements. Client acknowledges that local, state and federal entities have rules and regulations which may impact activities and promotions during the Event. Each party shall ensure that its activities under this Agreement comply with all federal, state and local laws, ordinances, codes, rules, and regulations.

9. **Insurance.**

(a) Client will procure and maintain, at its own expense, Commercial General Liability ("CGL") insurance with a combined single limit of not less than $1 million per occurrence and $2 million in the aggregate, which policy must be in full force and effect for the Event and any associated load-in and load-out times before and after the Event. This policy must be taken out in the name of the Client and must specifically identify Texas Monthly LLC, and its officers, employees and agents as additional insureds. No later than thirty (30) days prior to the Event, Client shall provide Texas Monthly with proof of such insurance.

(b) Failure of Client to provide proof of liability insurance is grounds for termination of this Agreement by Texas Monthly but does not waive any other rights Texas Monthly has hereunder or otherwise.

(c) CLIENT WAIVES ALL RIGHTS OF SUBROGATION AGAINST TEXAS MONTHLY, ITS OFFICERS, DIRECTORS, SHAREHOLDERS OR EMPLOYEES AND REPRESENTATIVES TO THE EXTENT OF ALL LOSSES OR DAMAGE COVERED BY ANY POLICY OF INSURANCE. CLIENT AGREES TO ADVISE ITS INSURER OF SUCH WAIVER, AND OBTAIN ALL ENDORSEMENTS REQUIRED FOR SUCH WAIVER TO BE EFFECTIVE.

(d) Texas Monthly will procure and maintain, at its own expense, CGL insurance at the same coverage required of Client above.

10. **General Release.** Client expressly releases and discharges Texas Monthly from any and all liabilities for any loss, injury, or damages to any and all person(s) or property that may be sustained by reasons of Client's or its representatives' occupancy of the Event venue.

11. **Indemnification.** Client assumes full responsibility for and, to the extent allowed by law, shall indemnify, defend and hold harmless Texas Monthly and its successors, assigns, parents and subsidiaries, and the officers, directors and employees of each of them, from and against any and all claims, losses, actions, damages, expenses and all other liabilities, including, without limitation, costs and reasonable attorneys' fees arising out of or in connection with (a) any acts or omissions of Client or any of its agents, assigns, contractors or their employees; (b) any of the foregoing parties' unauthorized use of intellectual property, including without limitation, trademarks owned by Texas Monthly, or (c) Client's breach of any obligation, representation or warranty contained in this Agreement. This obligation to indemnify will survive the expiration or termination of this Agreement.

12. **Damages Waiver.** EXCEPT WITH RESPECT TO CLIENT'S INDEMNIFICATION OBLIGATIONS HEREUNDER, OR INFRINGEMENT OF TEXAS MONTHLY'S INTELLECTUAL PROPERTY, AND NOTWITHSTANDING ANY PROVISION OF THIS AGREEMENT TO THE CONTRARY, IN NO EVENT WILL EITHER PARTY BE LIABLE TO THE OTHER PARTY FOR ANY CONSEQUENTIAL, INCIDENTAL, SPECIAL, PUNITIVE, OR SIMILAR DAMAGES, WHETHER BASED ON CONTRACT, TORT, WARRANTY, OR OTHER LEGAL OR EQUITABLE GROUNDS, INCLUDING, WITHOUT LIMITATION, DAMAGES FOR LOSS OF BUSINESS PROFITS OR OTHER PECUNIARY LOSS, ARISING OUT OF THIS AGREEMENT OR THE SERVICES, EVEN IF THE OTHER PARTY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES AND EVEN IF CAUSED BY THE NEGLIGENCE OF THE OTHER PARTY.

13. **"As Is" Nature.** EXCEPT AS MAY BE EXPRESSLY SET FORTH IN THIS AGREEMENT, ANY PRODUCTS SERVICES, OR PROPERTY PROVIDED OR TO BE PROVIDED BY TEXAS MONTHLY HEREUNDER ARE PROVIDED "AS IS" WITHOUT ANY WARRANTY OF ANY KIND, AND NO OTHER WARRANTIES, WHETHER EXPRESS, IMPLIED, OR OTHERWISE, ARE MADE WITH RESPECT TO THE SAME, INCLUDING ANY IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE.

14. **Representations and Warranties.** Each party represents and warrants to the other party that: (a) it has the full power and authority to enter into this Agreement and to carry out the provisions thereof; (b) the person executing this Agreement on behalf of such party is authorized to do so; (c) the rights granted hereunder shall not violate any law or infringe upon the rights of any third parties; and (d) such party shall comply with all laws, ordinances, or governmental rules or regulations and order applicable to presentation of the Event.

15. **Notices.** All notices hereunder shall be given in writing and delivered by hand, email, mail, or overnight courier (e.g., FedEx, UPS or DHL) to the other party hereto. Notices so given and addressed shall be deemed to have been given and effective as follows: (i) if by hand, when personally delivered; (ii) if by email, on date of computer record, provided no rejection notice is issued by the sender's email server; (iii) if by mail, five (5) calendar days after dispatch by the sending party, or (iv) if by overnight courier, on the next business day after dispatch by the sending party. Notwithstanding the foregoing, if the day or time of transmission by email is not during the normal business hours of a business day, then such notice shall be conclusively deemed to have been received during the next business day. All notices shall be given to Texas Monthly and to Client, respectively, at the address below and shall be in writing, postage or delivery charges prepaid. The addresses for notices (until notice of a change thereof is provided in writing pursuant to the terms hereof) shall be as set forth below. Either party may change the address at which it is to receive notice by giving notice thereof to the other Party.

If to **CLIENT**:
City of Lockhart
Attn: Mayor (Lew White)
Address: 308 W. San Antonio Street
Lockhart, Texas 78644
Email: lwhite@lockhart-tx.org

If to **TEXAS MONTHLY**
Texas Monthly LLC
Attention: Joe D. Weir, Chief Revenue Officer
816 Congress Ave., Suite 1700
Austin, Texas 78701
Email: jweir@texasmonthly.com

with a copy, which shall not constitute notice, to Charlie San Miguel, General Counsel, at csanmiguel@eprod.com

16. **General Provisions.** Nothing contained in this Agreement establishes a partnership or joint venture with Texas Monthly. This Agreement shall be governed by the laws of the State of Texas and exclusive venue for all disputes arising under or related to it shall lie in a court of proper jurisdiction in Harris County, Texas. The obligations set forth herein relating to indemnification, limitations of liability, governing law and venue, and general provisions shall survive the expiration or earlier termination of this Agreement. If one or more provisions of this Agreement are held to be unenforceable under applicable law, such provisions shall be excluded from this Agreement and the balance of the Agreement shall be interpreted as if such provisions were so excluded and shall be enforceable in accordance with its terms. This document represents the entire agreement of the parties with respect to the subject matter hereof and cannot be amended except by a writing signed by both parties. Headings are included for convenience only and will not be used to construe this Agreement. This Agreement may be executed in counterparts, each of which shall be deemed an original and all of which together shall constitute one and the same instrument. Further, this Agreement may be executed by facsimile, email, electronic signature or other electronic means, and so executed shall have the full force and legal effect as an original. The language of this Agreement shall be construed simply and according to its fair meaning and shall not be construed for or against any party as a result of the source of draftsmanship.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the Effective Date.

ACCEPTED AND AGREED TO:

CITY OF LOCKHART

Signature:______________________________________

Printed Name:___________________________________

Title:____

Date:____

TEXAS MONTHLY LLC

Signature:_______________________________

Printed Name: Joe D. Weir

Title: Chief Revenue Officer

Date: __________________________________

TexasMonthly Lockhart TEXAS

EXHIBIT A

PRINT

HIGH IMPACT PRINT CAMPAIGN

Share your message in the pages of *Texas Monthly* alongside content which naturally aligns with your brand.

Texas Monthly recommends the following issue:

June 2025: Top 50 BBQ+ Texas History + Veterans
- Additional Content: Tacos and Summer Travel

Each Issue Includes:
1. One (1) full page, four color brand ad
2. Bonus paragraph in Travel planner
3. Listing on the in-book reader reply card
4. All leads generated from the reader reply card sent to the advertiser
5. Mark Your Calendar event listing on TexasMonthly.com
6. Creative provided by City of Lockhart

INVESTMENT: $8,700 NET PER FULL PAGE
FLIGHT DATES: JUNE 2025
IMPRESSIONS: 2.9 MM PER ISSUE

ADVERTISEMENT

CLOCKWISE:
1) Caldwell County Courthouse in downtown Lockhart.
2) Mill Scale Metal Works creates barbecue smokers out of old propane tanks.
3) A full plate from Chisholm Trail Barbecue.

Lockhart

HISTORY AND BEYOND

WHEN LOCKHART IS MENTIONED, MOUTHS ALL ACROSS TEXAS BEGIN TO WATER.

The city's contribution to Texas 'cue was recognized officially by the Texas Legislature in 2003 when lawmakers designated Lockhart as the "Barbecue Capital of Texas." The history of barbecue in Lockhart goes as far back as we can trace the history of barbecue anywhere in Texas, and the legacies of the fine joints in Lockhart continue to this day.

Combine the years of operation of Kreuz Market, Original Black's Barbecue, Smitty's Market, and Chisholm Trail Barbecue and you get a history of over 300 years of 'cue. The joints also serve a mindboggling 250,00 people a year. That's quite a boon to the Lockhart economy, but recent economic developments are ushering in an exciting new future for the city, ensuring that Lockhart will soon be as closely associated with business and culture as it is with barbecue.

Mill Scale Metal Works, a maker of fine crafted smokers, will bring new jobs to the city by building a new manufacturing facility and retail storefront. Revival Cycles is moving its corporate headquarters to a 30,000 square foot building in downtown Lockhart, creating upwards of 50 jobs. Iron Ox, a company that uses AI and robots to rethink agriculture, has one Lockhart location and is currently constructing a second.

New industry brings new residents. Lockhart is experiencing unprecedented growth as folks have begun to flock to the charming city.

Lockhart will always be the Barbecue Capital of Texas. After all, the Texas Legislature officially proclaimed its status as such—but Lockhart is rapidly becoming known for even more. Just as great food brings people together, so does a bustling cultural scene and an economy with an eye towards what lies ahead. Come for the historic BBQ, stay for the bright new future!

PHOTOGRAPHY BY ROBERT GOMEZ

Produced by *Texas Monthly Studio* in partnership with Lockhart

For more information, visit *TexasMonthly.com/Lockhart-Barbecue-and-Beyond*

TexasMonthly | Lockhart TEXAS

DIGITAL

VISUAL STORYTELLING FEATURE

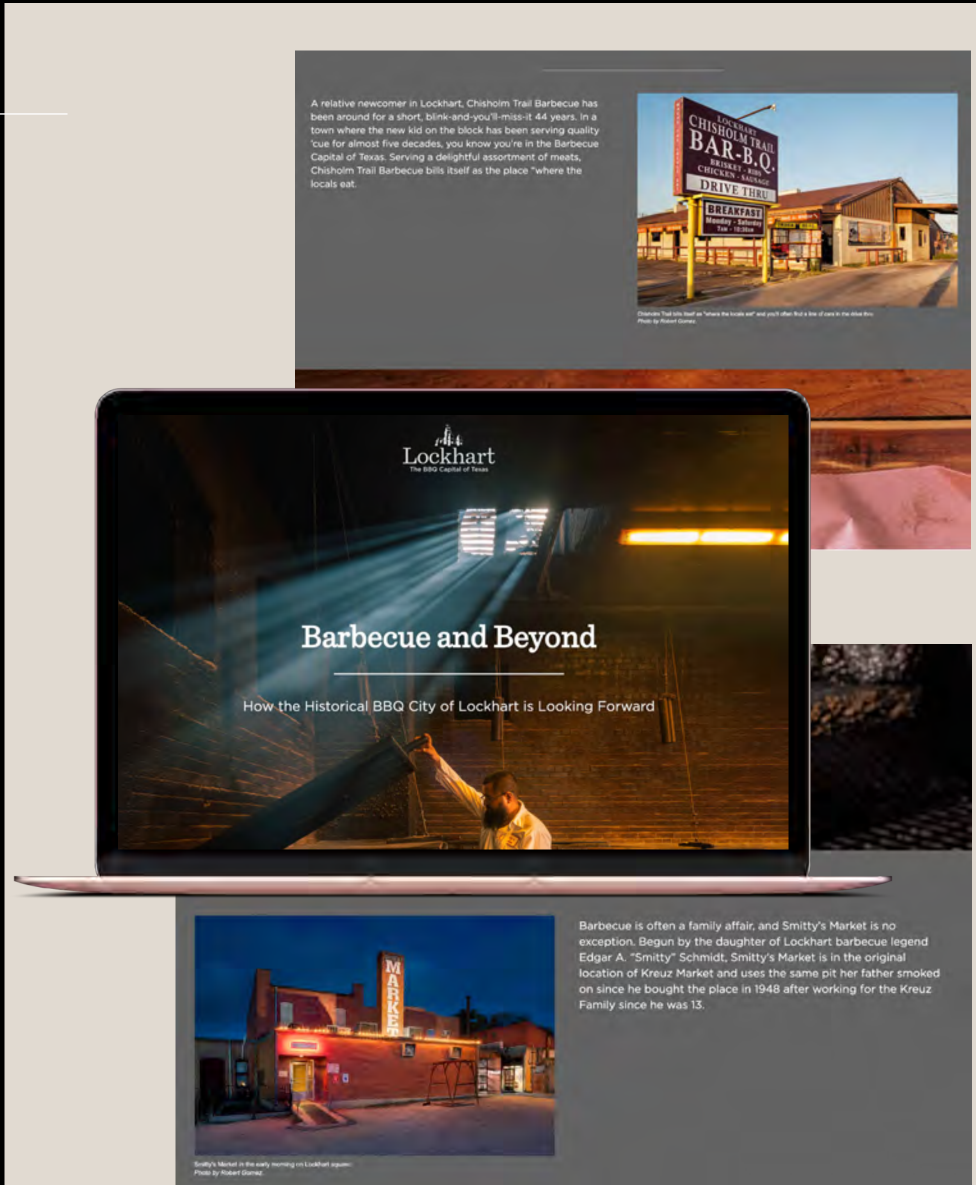
This visual and turnkey unit is the perfect way for Lockhart to engage with travelers across the state in a high-impact and interactive way. Utilizing photography, videos, infographics, illustrations, social feeds and more, this delivery invites *Texas Monthly* readers to understand both the place and feeling that come with visiting The Little City with the Big Heart.

With direction from Lockhart, this program is built by *TM Studio*, guaranteeing the closest alignment with *Texas Monthly's* voice possible.

Includes:

1. 100% SOV of one interactive visual story
    - Photos and copy provided by Lockhart
2. 150,000 Brand ROS and 300,000 Promo ROS
3. One (1) Homepage Takeover and one (1) ROS Takeover
4. One (1) Instagram post, one (1) Facebook ad and two (2) Traveling Texan Trip Planner Listings

INVESTMENT: $20,000 NET
VALUE: $21,000 NET
FLIGHT DATE: SEPTEMBER - NOVEMBER 2025
METRIC: 1MM + ESTIMATED IMPRESSIONS



Live Example

City of Lockhart, Texas

Council Agenda Item
Cover Sheet

COUNCIL MEETING DATE: April 1, 2025

AGENDA ITEM CAPTION: Discussion and/or action regarding amending the contract with GBRA to include a future second delivery point from the Gonzales Carrizo Groundwater Supply Project.

ORIGINATING DEPARTMENT AND CONTACT: Public Works - Sean Kelley

ACTION REQUESTED: Agreement

BACKGROUND/SUMMARY/DISCUSSION: The City of Lockhart entered the Gonzales Carrizo Groundwater Supply Project (CGSP) Agreement on February 6, 2018. The project consists of providing Lockhart customers with long-term treated water, up to 3,000 acre-feet per year. The City began receiving water from the project at the current delivery point at the Lockhart Water Treatment Plant in September 2024.

GBRA recently completed the design of the second phase of the regional project in Mid-2024, which includes expanding water supply to neighboring water providers north of Lockhart. GBRA's route for the project takes water around the east side of Lockhart and travels through an easement on the south side of the Cesar Chavez Elevated Storage Tank that the City of Lockhart dedicated to GBRA on June 4, 2024. The purpose of dedicating the easement was to establish a second delivery point that has the capability to receive "some or all" of the 3,000 acre-feet of water from the CGSP.

The proposed amendment conveys the ability to receive water at the second delivery point once developed. The transmission line for Phase II of the CGSP, including the 12" tap at the Cesar Chavez EST are anticipated to be complete by October 2026. The City is responsible for developing the connection between the new second delivery point and the City's water distribution system. Currently, the City Engineer is preparing a Preliminary Engineering Report for the secondary delivery point. Once the engineering report is complete, budgeting for secondary delivery point connection may begin.

Establishing the second delivery point for treated water is important for several reasons, including:

- Create redundancy in the water system to make the utility more resilient.
- Diversify and increase the City's water supply, which is centralized at the Water Treatment Plant's high service pump station, and
- Provide additional water supply during outages, rehabilitation, or scheduled maintenance of the City's water treatment plant.

PROJECT SCHEDULE (if applicable): Phase II of GBRA CGSP (City's Second Tap)-

City of Lockhart, Texas

Council Agenda Item
Cover Sheet

Anticipated Completion October 2026

AMOUNT & SOURCE OF FUNDING:
Funds Required:
Account Number:
Funds Available:
Account Name:

FISCAL NOTE (if applicable): The City will be financially responsible to connect to the future tap to the City's distribution system. Anticipated costs will be determined following the engineering report.

PREVIOUS COUNCIL ACTION: June 4, 2024- Dedication of two Easements by the City to GBRA for Phase II of the CWSP

COMMITTEE/BOARD/COMMISSION ACTION:

STAFF RECOMMENDATION/REQUESTED MOTION: Staff respectfully recommends approval of the amendment to the Gonzales Carrizo Water Supply Project Agreement to define the second water source delivery point for the project.

LIST OF SUPPORTING DOCUMENTS: Amendment to GCWSP Water Supply Agreement GBRA and Lockhart , Exhibit A - Points of Delivery, Second Delivery Point Location, 2018-02-13_EXECUTED Carrizo Water Supply Agreement with City of Lockhart

Amendment to the
Gonzales Carrizo Water Supply Project Treated Water Supply Agreement
By and Between
The Guadalupe-Blanco River Authority and City of Lockhart

This Amendment to the Gonzales Carrizo Water Supply Project Treated Water Supply Agreement By and Between the Guadalupe-Blanco River Authority and City of Lockhart ("Amendment") is made and entered into as of this ____ day of __________________, 2025 by and between the Guadalupe-Blanco River Authority ("GBRA"), a conservation and reclamation district and political subdivision of the State of Texas and the City of Lockhart, a municipal corporation ("Customer") (individually, a "Party" and collectively, the "Parties").

RECITALS

WHEREAS, On February 13, 2018, GBRA and Customer entered into the Gonzales Carrizo Water Supply Project Treated Water Supply Agreement By and Between the Guadalupe-Blanco River Authority and City of Lockhart ("Agreement") pertaining to GBRA's provision of treated water to the Customer to meet the Customer's retail municipal and industrial water needs;

WHEREAS, pursuant to the Agreement, GBRA's provides treated water to Customer by means of the Gonzales Carrizo Water Supply Project (the "Project").

WHEREAS, pursuant to the Agreement, GBRA delivers up to 3,000 acre-feet of treated water per year (the "Annual Commitment") to the Customer-designated Point of Delivery, which may be singular or multiple;

WHEREAS, as part of its current expansion of the Project, GBRA is currently constructing water supply facilities and infrastructure, including one or more additional pipelines and the North Lockhart booster pump station along Texas State Highway 130 (the "TX-130 pipeline and infrastructure"), which will allow GBRA to provide treated water to additional customers and at additional locations;

WHEREAS, following completion of construction of the TX-130 pipeline and infrastructure, GBRA will have the additional capability to provide a portion or all of the Annual Commitment to Customer at a second Point of Delivery, and the Parties desire that GBRA provide treated water to either Point of Delivery, or both, upon Customer's request;

WHEREAS, the Parties agree that GBRA is constructing the TX-130 pipeline and infrastructure that will provide the Customer a second Point of Delivery, and as a result, Customer will be responsible for payment of additional Operations, Maintenance, and Administrative Expenses, which are related to the use of this infrastructure based on the pro-rata share of the Customer's Annual Commitment that is delivered to said second Point of Delivery.

WHEREAS, the Parties have determined that it is necessary to amend the Agreement to: (1) allow the Customer to receive all or a portion of the Annual Commitment at one or both of the Points of Delivery; (2) provide the location of the second Point of Delivery, which is depicted in Exhibit A attached to this Amendment; and (3) reflect Customer's obligation to reimburse GBRA for additional Operation, Maintenance, and Administrative Expenses related to Customer's use of the TX-130 Pipeline and infrastructure to receive water at the second Point of Delivery.

NOW, THEREFORE, for and in consideration of the foregoing recitals, mutual promises, covenants, and conditions contained herein, and other good and valuable consideration, the Parties hereto agree to amend, modify, and change the Agreement as follows:

SECTION I. RECITALS; DEFINITIONS

1.1 Recitals. The foregoing recitals are incorporated herein and made a part of this Amendment for all purposes.

1.2 Definitions. Words and phrases used in this Amendment, if defined in the Agreement and not specifically modified in this Amendment, shall have the definition and meaning as provided in the Agreement.

SECTION II. AMENDMENTS

2.1 Add definitions of Initial Point of Delivery and Second Point of Delivery. Article I is hereby amended to include the following definitions of Initial Point of Delivery and Second Point of Delivery:

> **"Initial Point of Delivery" means the Point of Delivery connected to the Customer's water system at the completion of construction of the Project, and at which GBRA will deliver to the Customer a portion, or the entirety of, the Annual Commitment, as agreed to by the Customer and which will generally be described in Exhibit A attached hereto and incorporated herein for all purposes.**

> **"Second Point of Delivery" means the Point of Delivery which will be connected to the Customer's water system upon completion of construction of GBRA's TX-130 pipeline and infrastructure, and at which GBRA will deliver to the Customer a portion, or the entirety of, the Annual Commitment, as agreed to by the Customer and which will generally be described in Exhibit A attached hereto and incorporated herein for all purposes.**

2.2 Amend definition of Point of Delivery. Article I is hereby amended to clarify the definition of "Point of Delivery":

"Point of Delivery" means the point or points at which GBRA will deliver to the Customer the Annual Commitment, as agreed to by the Customer and which will be generally described in Exhibit A attached hereto and incorporated herein for all purposes~~.~~**, and is inclusive of both the Initial Point of Delivery and Second Point of Delivery.**

2.3 Section 3.1 of the Agreement is hereby revised as follows:

Quantity. GBRA shall sell to the Customer and the Customer shall purchase the Annual Commitment per year. Payments for the Annual Commitment shall be made pursuant to Section 5.1 of this Agreement and shall include the charges described in Article IV. GBRA will deliver up to the Annual Commitment, less de minimis losses associated with the transmission and treatment of the water, to ~~the Customer's Point of Delivery~~ **either Point of Delivery, or both, provided that the quantity of water delivered per year shall not exceed the Annual Commitment**. Notwithstanding the foregoing, GBRA's obligations to deliver up to the Annual Commitment to the Customer is subject to any restrictions and limitations in the Permit, and in any financing requirements associated with the Project. On or before July 1 of each yeah, the Customer shall notify GBRA in writing the amount of the Annual Commitment the Customer estimates it will need during the next Fiscal Year~~.~~**, the Point of Delivery at which Customer desires to receive the Annual Commitment amount, and the proportion of the Annual Commitment amount which Customer desires to receive at each Point of Delivery.** […]

2.4 Section 3.9(a) of the Agreement is hereby deleted in its entirety and replaced by the following:

(a) Connection of the Customer's water system to the Project at the **Initial** Point of Delivery shall be made by GBRA at the completion of the construction of the Project. **An additional connection at the Second Point of Delivery shall be made by GBRA at the completion of the construction of the TX-130 pipeline and infrastructure.** Connection shall be made in accordance with the plans, specifications, and requirements prepared and adopted by GBRA and shall be accomplished by GBRA setting the Water Meter and physically tying it to the Customer's water system at the Point of Delivery. GBRA will own, operate, and maintain the connecting facilities at the Point of Delivery.

2.5 Section 4.2(a) of the Agreement is hereby revised as follows:

(a) […] The Gonzales Carrizo Water Rate shall be sufficient to cover Groundwater Lease Payments, the District Fees, and the fixed Operation, Maintenance, and Administrative Expenses of the Project, as those payments, fees, and expenses are incurred. **The Gonzales Carrizo Water Rate shall be inclusive of all Operation, Maintenance, and Administrative Expenses of the Project, whether Customer elects to receive treated water during any Fiscal Year at the Initial Point of Delivery, Second Point of Delivery, or both.**

2.6 Section 4.3(a) of the Agreement is hereby revised as follows:

(a) [...] The Gonzales Carrizo Delivery Rate shall be sufficient to cover variable Operation, Maintenance, and Administrative Expenses related to the delivery of water through the Project that are not otherwise included in the Gonzales Carrizo Water Rate or the Gonzales Carrizo Debt Service Charge~~.~~ **The Gonzales Carrizo Delivery Rate shall be inclusive of all such variable Operation, Maintenance, and Administrative Expenses, whether Customer elects to receive treated water during any Fiscal Year at the Initial Point of Delivery, Second Point of Delivery, or both.**

2.7 Amendment to Point of Delivery. Exhibit A to the Agreement, which is designated "Point of Delivery," and depicts the Initial Point of Delivery, is hereby deleted in its entirety and replaced by the revised **Exhibit A**, which is designated "Points of Delivery," and depicts both the Initial Point of Delivery ("Lockhart Delivery Point #1) and Second Point of Delivery ("Proposed City of Lockhart Delivery Point #2).

2.8 All other obligations, rights, and privileges contained in the Agreement shall continue to remain in force as applicable to each Party, including, but not limited to, provision of and purchase of the total Annual Commitment, financing responsibilities, facility ownership and operation, and Customer's payment of the Gonzales Carrizo Water Charge and other fees and expenses.

SECTION III. GENERAL PROVISIONS

3.1 Entire Agreement. This Amendment, together with the Agreement, set forth the entire understanding of the Parties and supersede all prior agreements and understandings, whether written or oral, with respect to the subject matter thereof.

3.2 Binding Effect. The terms and provisions hereof shall be binding upon the Parties and their respective successors and assigns.

3.3 Effect of Amendment. The Parties agree that, except as modified hereby, the Agreement remains valid, binding, and in full force and effect. If there is any conflict or inconsistency between this Amendment and the Agreement, this Amendment will control and modify the Agreement.

3.4 Counterparts. This Amendment may be executed in any number of counterparts, including, without limitation, electronic counterparts, with the same effect as if the Parties had signed the same document, and all counterparts will constitute one and the same agreement.

This Amendment shall be effective upon execution by all Parties.

[signature page to follow]

GUADALUPE-BLANCO RIVER AUTHORITY

By: ______________________________________
Darrell Nichols, General Manager/CEO

Date: ___________________

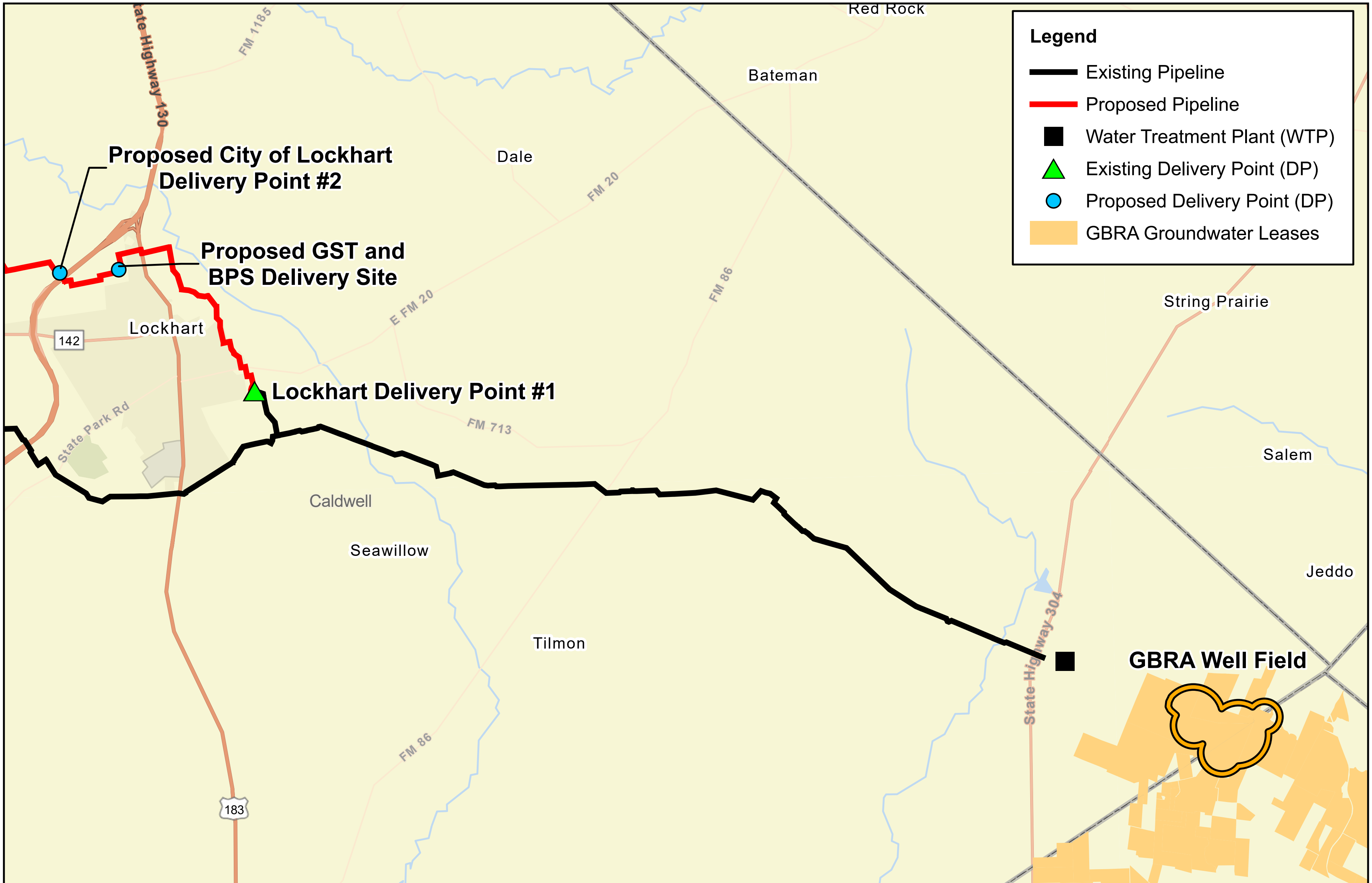
CITY OF LOCKHART
a municipal corporation

By: ______________________________________
Lew White, Mayor

Date: __________________

EXHIBIT A

POINTS OF DELIVERY



Guadalupe-Blanco River Authority

GBRA CGSP TX-130 Facilities

\\sanpi-fs01\GIS_Projects\3173_GBRA\10350654_GBRA_CGSP_WA09_East Route\7.2_WIP\map_docs\GBRA_TX130_EFR_2023.aprx

Second Delivery Point Location
Proposed GBRA Booster Station (Phase II)
SH 130
130
183
Silent Valley Rd
Silent Valley Rd
Stueve Ln
Legend
GBRA Transmission Line (Phase II)
Proposed Second Delivery Point
Cesar Chavez EST
GBRA's Proposed Ground Storage Tank
Image © 2025 Airbus
Google Earth

GONZALES CARRIZO WATER SUPPLY PROJECT
TREATED WATER SUPPLY AGREEMENT
BY AND BETWEEN
THE GUADALUPE-BLANCO RIVER AUTHORITY AND
CITY OF LOCKHART

This Gonzales Carrizo Water Supply Project Treated Water Supply Agreement ("Agreement") is made and entered into by and between the Guadalupe-Blanco River Authority ("GBRA"), a Texas conservation and reclamation district organized under Article 16, Section 59 of the Texas Constitution, and City of Lockhart ("Customer"), a municipal corporation, (collectively, the "Parties"). The Effective Date of this Agreement is February 13, 2018.

RECITALS

GBRA has leased the right to produce groundwater from 42,000 acres of land in Gonzales and Caldwell counties, Texas.

GBRA is authorized by the Gonzales County Underground Water Conservation District, pursuant to Production and Transportation Permit No. 01-13-01 to produce and transport out of the District up to 15,000 acre-feet of leased groundwater from the land leased by GBRA, subject to the restrictions and limitations in Production and Transportation Permit No. 01-13-01.

GBRA is financing the acquisition of groundwater leases and the construction of facilities to pump, treat, and transport the groundwater from the well fields in Gonzales and Caldwell counties to the Customer.

GBRA intends to contract with Alliance Regional Water Authority to jointly construct, operate, and co-own groundwater treatment and transportation facilities to treat and transport the groundwater for GBRA and Alliance, and GBRA anticipates such joint construction and co-ownership will reduce the cost of the Project (as defined in Article I) and of Alliance's groundwater project.

GBRA anticipates completing the construction of the Project in 2023.

The Customer has determined that it needs an additional source of water to meet its retail water demands in the future.

The Customer has determined that obtaining water from the Project is in the best interest of the Customer.

GBRA and the Customer anticipate there will be other customers who will obtain water from the Project and because of the unique circumstances of each customer, the agreements regarding the Project and the supply of water may not be identical.

The Customer acknowledges that District Fees and Groundwater Lease Payments will begin in January 2019, before the construction of the Project is completed and delivery of water from the Project has commenced, and, at that time, the Customer may be required pursuant to Section 4.4(a) to begin paying the Gonzales Carrizo Water Charge, which will be based only on those costs being incurred by GBRA.

AGREEMENT

For and in consideration of the mutual promises, covenants, obligations, and benefits described in this Agreement, and other good and valuable consideration the receipt and sufficiency of which is hereby acknowledged, GBRA and the Customer agree as follows:

ARTICLE I
DEFINITIONS

"Alliance Regional Water Authority" or "Alliance" means the regional water authority created and operating under Texas Special District Local Laws Code Chapter 11010.

"Annual Commitment" means 3,000 acre-feet of treated water per year which GBRA agrees to produce for the Customer and the Customer agrees to purchase pursuant to this Agreement.

"Authorized Area of Use" means the Customer's retail water service area as it may exist from time to time.

"Bonds" means all bonds and other obligations issued, executed, and outstanding from time to time to finance or refinance the cost to acquire groundwater leases, and the cost to plan, design, construct, acquire, repair, improve, and upgrade the Gonzales Carrizo Water Supply Project, including without limitation of the generality of the foregoing, any costs necessary or desirable to maintain or increase capacity of the Project to 15,000 acre-feet per year and comply with applicable laws, rules, and regulations.

"District" means the Gonzales County Underground Water Conservation District.

"District Fees" means the fees charged by the District, as amended by the District from time to time, to pump and transport groundwater, including but not limited to permit fees, export fees, monitoring agreement fees, and export fee surcharges related to a mitigation agreement with the District.

"Effective Date" means the date identified in the preamble paragraph of this Agreement, being the same date that the later of GBRA or the Customer signs and enters into this Agreement.

"Fiscal Year" means September 1 to August 31 or such other 12-month period as determined by GBRA.

"Gonzales Carrizo Water Supply Project" or "Project" means the project described in Section 2.1 of this Agreement.

"Groundwater Lease Payments" means the payments for the right to produce 15,000 acre-feet of groundwater from land leased by GBRA in Gonzales and Caldwell counties, 3,000 acre-feet of which are for the Customer; such lease payments shall be subject to an annual consumer price index increase as reflected in the groundwater leases.

"Operation, Maintenance, and Administrative Expenses" means the reasonable, necessary, and actual costs incurred by GBRA for the operation, maintenance, and administration of the Project, including without limitation:

(a) wages and salaries, employee benefits, chemicals, the purchase and carrying of stores, materials, and supplies, power, supervision, engineering, testing, auditing, franchises, waste disposal charges and assessments, claims, insurance, contract operators and all other items and expenses of a like or different nature reasonably required for the efficient maintenance and operation of the Project and the performance of this Agreement;

(b) repairs and replacements of damaged, worn-out or obsolete parts or facilities of the Project, and any relocations of pipelines, or replacements of wells;

(c) improvements and betterments to keep the Project in operation to render adequate service to the Customer and other customers of the Project and to comply with the requirements of any rule, regulations, or permit issued by any regulatory body having jurisdiction; and

(d) the reasonable and necessary costs of GBRA's administration of the Project, which shall be based upon a formula, to be set by the Board of Directors of GBRA in the annual budget of GBRA, that fairly apportions GBRA's administration costs.

"Permit" means Gonzales County Underground Water Conservation District's Production and Transportation Permit No. 01-13-01, as it may be amended from time to time.

"Point of Delivery" means the point or points at which GBRA will deliver to the Customer the Annual Commitment, as agreed to by the Customer and which will be generally described in Exhibit A attached hereto and incorporated herein for all purposes.

ARTICLE II
GONZALES CARRIZO WATER SUPPLY PROJECT

2.1 Description of the Gonzales Carrizo Water Supply Project. The Gonzales Carrizo Water Supply Project primarily consists of groundwater leases for the Carrizo Aquifer water in Gonzales and Caldwell counties, facilities to pump, treat, and convey groundwater in and from Gonzales and Caldwell counties, including but not limited to water treatment plant(s) and associated facilities, and facilities to convey treated water through and to Gonzales, Guadalupe, Caldwell, Hays, and Comal counties. The Project may also include storage and blending facilities, and other facilities necessary or desirable for the supply of treated water to GBRA customers. The Project also includes all lands and interests in lands necessary and desirable for the construction, operation, and maintenance of the Project facilities.

2.2 GBRA Responsibilities and Ownership.

(a) GBRA shall own the Project, including all of the facilities and interest in the land comprising the Project, and shall be responsible for the operation, maintenance, design, permitting, financing, construction, expansions, extensions, and other modifications to the Project to provide a long-term water supply on behalf of the Customer and other Project participants. GBRA may co-own the Project with other water suppliers.

(b) GBRA will seek financing through the Texas Water Development Board and issue Bonds to finance the Project. Thereafter, GBRA may issue Bonds in the future, at the times and in the amounts determined by GBRA, to refinance the Project and to repair, extend and improve the Project as deemed necessary by GBRA, provided, however, in no event shall GBRA issue Bonds to refinance the Project which would extend the final maturity of any outstanding Bonds (and which would result in the extension of the Termination Date of this Agreement pursuant to Section 6.1(c) hereof) unless it receives the prior written consent of the Customer, which shall not be unreasonably withheld, and all other customers that would be similarly affected.

2.3 Contingency.

(a) Notwithstanding any other requirements in this Agreement, this Agreement is contingent on GBRA obtaining financing for the acquisition and construction of the Project.

(b) If, by July 1, 2018, GBRA and Alliance have not executed a contract for the joint construction, operation, and co-ownership of facilities to treat and transport GBRA's and Alliance's groundwater, the Parties may renegotiate the Customer's participation in the Project.

2.4 Customer Operational Meetings and Bond Consultation.

(a) At least once each quarter of the year, GBRA shall hold a meeting with the Customer and all other customers of the Project to provide information to and obtain information from the Customer regarding the operation and maintenance of the Project, the rates and charges for the Project, water supply matters, District matters, any operating or debt service reserve fund that GBRA reasonably expects will be created or funded pursuant to Section 4.1 within the next quarter, and other matters related to the Project. The Customer, by written notice to GBRA, may waive the meeting for any quarter of the year.

(b) Before issuing any Bonds for the Project, GBRA shall consult with the Customer regarding the need to issue Bonds, and the structure and terms of the Bonds. GBRA shall consider any issues or concerns raised by the Customer; however, subject to the requirements of Section 2.2(b) and 4.1, GBRA shall have the sole authority to issue Bonds, and to determine the structure, terms, and timing of the Bonds.

(c) No earlier than sixty (60) days before the Notice of Rate Change provided by Section 4.5, but no later than fifty (50) days before such notice, GBRA will provide the Customer with a draft budget for the next fiscal year. The Customer may provide comments on that draft budget, which GBRA will consider in the development of the final budget.

2.5 Future Water Supply Projects. GBRA will notify the Customer of any GBRA project to develop additional phases of the Mid-Basin Water Supply Project so that the Customer has a reasonable opportunity to participate and purchase water from such project.

ARTICLE III
WATER QUANTITY AND DELIVERY

3.1 Quantity. GBRA shall sell to the Customer and the Customer shall purchase the Annual Commitment per year. Payments for the Annual Commitment shall be made pursuant to Section 5.1 of this Agreement and shall include the charges described in Article IV. GBRA will deliver up to the Annual Commitment, less de minimis losses associated with the transmission and treatment of the water, to the Customer's Point of Delivery. Notwithstanding the foregoing, GBRA's obligation to deliver up to the Annual Commitment to the Customer is subject to any restrictions and limitations in the Permit, and in any financing requirements associated with the Project. On or before July 1 of each year, the Customer shall notify GBRA in writing the amount of the Annual Commitment the Customer estimates it will need during the next Fiscal Year. The purpose of the notification is to allow GBRA to prepare its operational budget for the next Fiscal Year and effectively plan for the next Fiscal Year's water supply demands, however, the estimate is not intended to obligate the Customer to take the estimated amount or to limit the Customer to the estimated amount, nor is the Customer's failure to communicate the estimate by the deadline a breach of this Agreement. The Customer agrees to communicate with GBRA on a regular basis to inform GBRA of the Customer's water supply requirements from the Project.

3.2 Quality. GBRA shall deliver to the Point of Delivery water of a quality that meets or exceeds the drinking water standards of the Texas Commission on Environmental Quality, or its successor agency, or any other applicable regulatory agency for potable water and using a disinfection method that makes the water suitable for blending with the Customer's other water supplies.

3.3 Source of Water. The water GBRA treats for delivery to the Customer under this Agreement may be from any source or combination of sources that may be available to GBRA, including, without limitation, groundwater, surface water from Canyon Reservoir under GBRA's Certificate of Adjudication 18-2074, run-of-river flows of the Guadalupe River or its tributaries under existing, amended or new water rights, and water obtained from sources other than surface waters of the Guadalupe River Basin.

3.4 Purpose of Use. Treated water delivered to the Customer under this Agreement may only be used for municipal and industrial use. No water delivered to the Customer under this Agreement may be used outside the boundaries of the Authorized Area of Use without prior written consent by GBRA, such consent shall not be unreasonably withheld. No water delivered to the Customer under this Agreement may be used to irrigate any golf course, unless it is first beneficially used for drinking water purposes.

3.5 Rate of Delivery. GBRA agrees to make the water available to the Customer under this Agreement in the amounts required by the Customer up to a rate of delivery of water which shall not exceed 1,860 gallons per minute at any instant in time. The Customer acknowledges that delivery of water at such a rate constantly throughout a calendar year would result in delivery of the Annual Commitment less de minimis losses, expected to be 1% or less during that year.

3.6 Measuring Equipment.

(a) Water Meter. GBRA shall furnish and install a meter or other equipment and devices at the Point of Delivery to measure quantity of water delivered under this Agreement (the "Water Meter"). The Water Meter shall remain the property of GBRA. GBRA shall operate and maintain the Water Meter in good operating condition. GBRA shall provide the Customer with written notice at least ten (10) days in advance of any replacement of the existing Water Meter. The written notice will include a description of the new Water Meter that will be installed.

(b) Meter Reading. The reading, calibration and adjustment of the meters described in this Section 3.6 shall be done only by the employees or agents of GBRA. The results of each reading of the Water Meter shall be recorded in a journal or other record book maintained in GBRA's office and representatives of the Customer may inspect the same at any time during reasonable business hours.

(c) Meter Calibration. GBRA will calibrate the Water Meter at least annually. GBRA shall give the Customer reasonable notice of the date and time when any such calibration shall occur, and at the request of the Customer, conduct the calibration in the presence of the Customer. In addition to the annual calibration, the Customer shall have the right to request that GBRA calibrate the Water Meter not more than once in each year, in the presence of a representative of the Customer. If, upon any test, the percentage of inaccuracy of any metering equipment is found to be in excess of five percent (5%), the registration thereof shall be corrected, and accounts adjusted, for a period extending back to the time when such inaccuracy began, if such time is ascertainable; and if such time is not ascertainable, then for a period extending back one-half (1/2) of the time elapsed since the last date of calibration, but in no event further back than a period of six (6) months. If, for any reason, the Water Meter is out of service or out of repair so that the amount of water delivered cannot be ascertained or computed from the reading thereof, the water delivered through the period Water Meter is out of service or out of repair shall be estimated and agreed upon by the Parties hereto upon the basis of the best data available. For such purpose, the best data available shall be deemed to be the registration of any check meter or meters if same have been installed and are accurately registering. Otherwise, the amount of water delivered during such period may be estimated (a) by correcting the error if the percentage of the error is ascertainable by calibration tests or mathematical calculation, or (b) by estimating the quantity of water delivered by deliveries during the preceding period under similar conditions when the Water Meter was registering accurately.

3.7 Title to and Responsibility for Water. Title to and responsibility for all water made available by GBRA under this Agreement shall be in GBRA to the Point of Delivery, at which point title shall pass to the Customer. The Customer and GBRA hereby agree to save and hold each other harmless from all claims, demands, and causes of action which may be asserted by anyone on account of the transportation, storage, delivery, processing and handling of such water while title to and responsibility for the water remains in the other Party.

3.8 Reuse and Resale. The Customer agrees that, at all times during the term of this Agreement, it shall not engage in, or seek regulatory approval to engage in, indirect reuse of water delivered to the Customer under this Agreement, unless the Customer and GBRA expressly agree to allow indirect reuse and prescribe the terms thereof in writing. As used in this subsection, "indirect reuse" as used herein means the use for one or more beneficial purposes of the water remaining after initial use at the time or after that water is discharged into a watercourse, lake, or other body of state-owned water. The Customer shall not resell water delivered to the Customer under this Agreement on a wholesale basis to any third party without GBRA's prior written consent, which shall not be unreasonably withheld. Notwithstanding the foregoing, the Customer shall not execute any wholesale water supply contract that will jeopardize the tax exempt status of the Bonds issued for this Project. Nothing in this Agreement shall impair the Customer's ability to directly reuse water delivered to the Customer under the terms of this Agreement.

3.9 Connection by GBRA; Responsibilities of Customer.

(a) Connection of the Customer's water system to the Project at the Point of Delivery shall be made by GBRA at the completion of the construction of the Project. Connection shall be made in accordance with the plans, specifications, and requirements prepared and adopted by GBRA and shall be accomplished by GBRA setting the Water Meter and physically tying it to the Customer's water system at the Point of Delivery. GBRA will own, operate, and maintain the connecting facilities at the Point of Delivery.

(b) The Customer shall construct, maintain, and operate at its own cost and expense, all facilities and equipment necessary to receive and take the treated water delivered under this Agreement. Any facilities and equipment connecting to the Project must be constructed with an air gap connection meeting GBRA's standard specifications.

3.10 Allocation of Water During Shortage. During conditions beyond GBRA's control when water cannot be supplied to meet the demands of all customers, the water to be distributed shall be divided among all customers of the Project, pro rata, according to the amount each may otherwise be entitled under their respective contracts with GBRA, subject to reasonable conservation and drought management plans and requirements based on particular purposes of use of the water, so that preference is given to no one and everyone suffers alike.

ARTICLE IV
RATES AND CHARGES

4.1 Gonzales Carrizo Debt Service Charge.

(a) The Gonzales Carrizo Debt Service Charge is the amount to be charged to the Customer during each Fiscal Year equal to the portion of the total principal and interest requirements on all outstanding Bonds due during such Fiscal Year, plus a coverage factor not to exceed 10% of such portion, that is allocated to the Customer by GBRA in accordance with this Section and to be paid pursuant to the provisions of all applicable bond resolutions. Such allocation shall be based on the percentage equal to the Customer's Annual Commitment divided by the annual commitment of all customers that enter into an agreement with GBRA to receive water from the Project (the "Customer's Pro Rata Portion") and taking into account preferences the Customer elects to exercise with respect to the structure of the debt service for each series of Bonds which differ from the structure of any other customer that enters into a similar agreement with GBRA to receive water from the Project, if any. The Gonzales Carrizo Debt Service Charge charged to the Customer, together with the similar charge that is charged to all other customers that receive water from the Project (but excluding the not to exceed 10% coverage amount charged to all customers), shall be sufficient to cover the annual debt service requirements on the Bonds during each Fiscal Year. Following the delivery of a series of Bonds, GBRA shall provide the Customer with a schedule showing the Gonzales Carrizo Debt Service Charge for all outstanding Bonds to be paid by the Customer that will be applicable for each Fiscal Year following the delivery of such series of Bonds. GBRA expects that such schedule will not change unless additional Bonds are issued or additional funds are required to fund deposits into a reserve account related to the Bonds (as described in Section 4.1(b) below), but GBRA reserves the right to modify such schedule to correct any ambiguities or mistakes or account for any other changes deemed necessary and appropriate.

(b) In the event it becomes necessary for GBRA to make deposits into an operating or debt service reserve fund established pursuant to a resolution authorizing a series of Bonds which will not be funded with proceeds of a series of Bonds, GBRA shall promptly notify the Customer of such event, and the Gonzales Carrizo Debt Service Charge charged to the Customer shall thereafter be adjusted for each applicable Fiscal Year by an amount equal to the Customer's Pro Rata Portion of the additional amount required to be deposited into such operating or debt service reserve fund.

4.2 Gonzales Carrizo Water Rate and Charge.

(a) The Gonzales Carrizo Water Rate is the rate per acre-foot of treated water determined by the Board of Directors of GBRA to then be in effect for the commitment of capacity in the Project. Subject to Section 4.5, the GBRA Board of Directors may at any time and from time to time change the Gonzales Carrizo Water Rate. The Gonzales Carrizo Water Rate shall be sufficient to cover Groundwater Lease Payments, the District Fees, and the fixed Operation, Maintenance, and Administrative Expenses of the Project, as those payments, fees, and expenses are incurred.

(b) The Gonzales Carrizo Water Charge is equal to the Gonzales Carrizo Water Rate multiplied by the Annual Commitment.

4.3 Gonzales Carrizo Delivery Rate and Charge.

(a) The Gonzales Carrizo Delivery Rate is the rate per 1000 gallons of water determined by the GBRA Board of Directors to then be in effect for the delivery of water through the Project. Subject to Section 4.5, the GBRA Board of Directors at any time and from time to time may change the Gonzales Carrizo Delivery Rate. The Gonzales Carrizo Delivery Rate shall be sufficient to cover variable Operation, Maintenance, and Administrative Expenses related to the delivery of water through the Project that are not otherwise included in the Gonzales Carrizo Water Rate or the Gonzales Carrizo Debt Service Charge.

(b) The Gonzales Carrizo Delivery Charge per month shall be calculated by multiplying the amount of Project water, expressed in thousands of gallons, delivered in the month to the Customer at the Point of Delivery as measured by the Water Meter by the then-current Gonzales Carrizo Delivery Rate.

4.4 Commencement of Payments.

(a) The assessment of the Gonzales Carrizo Water Charge shall commence the month that GBRA begins paying any Groundwater Lease Payments, District Fees, or any Operation, Maintenance, and Administrative Expenses of the Project, whichever is earlier, on the Project from funds other than Bond proceeds.

(b) The assessment of the Gonzales Carrizo Delivery Charge shall commence the month that GBRA begins to supply water to the Customer through the Project.

4.5 Notice of Rate Change. If GBRA desires to adjust the Gonzales Carrizo Debt Service Charge, the Gonzales Carrizo Water Rate, or the Gonzales Carrizo Delivery Charge, it shall, at least sixty (60) days before the first day on which such adjustment is to become effective, give written notice to the Customer; however, the failure to provide such notice shall not invalidate the adjusted charge or rate.

ARTICLE V
PAYMENT OF CHARGES

5.1 Billing and Payment. GBRA will render bills to the Customer once each month for the payments required by this Agreement. GBRA will bill the Customer and the Customer shall pay GBRA one-twelfth of the Gonzales Carrizo Debt Service Charge and the Gonzales Carrizo Water Charge each month during the year. GBRA will bill the Customer and the Customer shall pay the Gonzales Carrizo Delivery Charge each month during the year. Any prepayments shall be shown on the bill as a credit. GBRA shall, until further notice, render such bills on or before the 10th day of each month and such bills shall be due and payable at GBRA's office indicated below by the 20th day of each month or fifteen (15) days after such bill is deposited into the United States mail, properly stamped, addressed and postmarked to the Customer, whichever is later. GBRA may, however, by sixty (60) days written notice, change the monthly date by which it shall render bills, and all bills shall thereafter be due and payable ten (10) days after such date or fifteen (15) days after such bill is deposited into the United States mail, properly stamped, addressed and postmarked to the Customer, whichever is later. The Customer shall make all payments in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts and shall make payment to GBRA at its office in Seguin, Texas, or at such other place as GBRA may from time to time designate by sixty (60) days written notice.

5.2 Source of Payments. The Parties agree and the Customer represents and covenants that all moneys required to be paid by the Customer under this Agreement shall constitute reasonable and necessary operating expenses of the Customer's water utility system ("Customer's System"), as authorized by the Constitution and the laws of the State of Texas. All payments required to be made by the Customer to GBRA under this Agreement shall be payable from income of the Customer's System. GBRA shall never have the right to demand payment by the Customer of any obligations assumed by or imposed upon it under or by virtue of this Agreement from funds raised or to be raised by taxation and the Customer's obligation under this Agreement shall never be construed to be a debt of the Customer of such kind as to require it under the Constitution and the laws of the State of Texas to levy and collect a tax to discharge such obligation.

5.3 Payments Unconditional. The Customer recognizes that any debt instruments relating to the Project, including the Bonds, will be payable from and secured by pledges of the sums of money to be received by GBRA from the Customer under this Agreement and from other customers under similar contracts. In order to make such debt instruments marketable at the lowest available interest rate, it is to the mutual advantage of GBRA and the Customer that the Customer's obligation to make the payments required hereunder be, and the same is hereby, made unconditional. So long as any part of such debt instruments are outstanding and unpaid, all sums payable hereunder to GBRA shall be paid by the Customer without set-off, counterclaim, abatement, suspension or diminution. So long as any part of such debt instruments are outstanding and unpaid, the Customer shall have no right to terminate this Agreement or be entitled to the abatement of any payment or any reduction thereof, and the obligations hereunder of the Customer shall not be otherwise affected for any reason (including but not limited to the inability of GBRA to deliver water under this Agreement), it being the intention of the Parties that, so long as any portion of such debt instruments are outstanding and unpaid, all sums required to be paid by the Customer to GBRA shall continue to be payable in all events and the obligations of the Customer hereunder shall continue unaffected, unless the requirement to pay the same is reduced or terminated pursuant to an express provision of this Agreement. It is specifically provided, however, that this Section shall not prevent the Customer from exercising any rights related to breach of this Agreement by GBRA.

5.4 Covenant to Maintain Sufficient Income. The Customer agrees to fix and maintain rates and collect charges for the facilities and services provided by Customer's System as will be adequate to permit the Customer to make prompt payment of all expenses of operating and maintaining the Customer's System, including payments under this Agreement, and to make prompt payment of the interest on and principal of any debt instruments of the Customer payable, in whole or in part, from the revenues of the Customer's System. The Customer further agrees to comply with all of the provisions of the ordinances, resolutions, orders or indentures authorizing its debt instruments which are payable, in whole or in part, from the revenues of the Customer's System.

5.5 Continuing Disclosure Agreement. If GBRA is required by 17 C.F.R. § 240.15c2-12 ("Municipal Securities Disclosure Rule"), as that rule may be amended from time-to-time by the Securities and Exchange Commission, to enter into a "Continuing Disclosure Agreement" with the Customer to fulfill GBRA's obligations under the Municipal Securities Disclosure Rule, the Customer and GBRA agree to execute a Continuing Disclosure Agreement. The form of such Continuing Disclosure Agreement shall be approved by GBRA's bond counsel in order to comply with the then-current requirements of the Municipal Securities Disclosure Rule. Similarly, if the Municipal Securities Disclosure Rule does not technically apply to the initial purchaser of a series of Bonds but such initial purchaser otherwise requires GBRA to provide continuing disclosure from the Customer, the Customer and GBRA agree to execute an agreement detailing the continuing disclosure information to be provided by the Customer. The form of such agreement shall be approved by GBRA's bond counsel in order to comply with the requirements of such initial purchaser.

5.6 Delinquency of Payment. All amounts due and owing to GBRA by the Customer shall be billed and paid monthly, and if not paid when due, bear interest at the same rate as the post-judgment interest rate as set out in Section 304.003(c), Texas Finance Code, or any successor statute from the date when due until paid, provided that such rate shall never be usurious or exceed the maximum rate as otherwise permitted by law. If any amount due and owing by the Customer is placed with an attorney for collection by GBRA and GBRA prevails, then the Customer shall pay to GBRA, in addition to all other payments provided for by this Agreement, including interest, GBRA's reasonable collection expenses, including court costs and attorney's fees. The Customer further agrees that GBRA may, at its option, discontinue delivering treated water until all amounts due and unpaid are paid in full with interest as herein specified. Any such discontinuation shall not, however, relieve the Customer of its unconditional obligation to make the payments required hereunder, as provided by Section 5.3 of this Agreement. The Customer agrees that GBRA may, at its option, terminate this Agreement for the Customer's failure to pay due and unpaid amounts, and, notwithstanding anything to the contrary in Section 5.3, if GBRA terminates this agreement for default in payments, the unconditional obligation to make the future payments shall terminate except that the Customer shall continue to be obligated to make payments for amounts due and unpaid at the time of termination, which shall survive the termination of the Agreement. Notwithstanding anything in this Agreement to the contrary, the Parties agree that the Customer's default under this Section 5.6 shall not result in termination of this Agreement until thirty (30) days after the date that the Customer receives written notice from GBRA specifying the default and the requirements to cure the same.

ARTICLE VI
TERM AND TERMINATION

6.1 Term.

(a) This Agreement shall be in force and effect until the latter of 11:59 p.m. Central time on December 31, 2058, or as it may be extended pursuant to subsection (b) and (c) below ("Termination Date").

(b) Unless written notice to terminate this Agreement is provided by either Party to the other Party at least three (3) years before the Termination Date, this Agreement shall automatically renew for an additional ten (10) year period. Unless notice is provided as described in this subsection (b), this Agreement will automatically renew for perpetual successive renewal periods of ten (10) years.

(c) Notwithstanding subsections (a) and (b) of this Section, if all the Bonds (including principal and interest) will not be fully paid by the Termination Date then the Termination Date shall be extended to December 31 of the year in which the Bonds are to be paid. Any extension by GBRA pursuant to this subsection shall be effective as of the date that GBRA gives the Customer written notice of the extension.

6.2 Rights after Termination. Except as specifically provided otherwise in this Agreement, all of the rights and obligations of the Parties under this Agreement shall terminate upon termination of this Agreement, except that such termination shall not affect any rights or liabilities accrued prior to such termination.

ARTICLE VII
OTHER PROVISIONS

7.1 Water Conservation and Drought Contingency Plans. The Customer agrees to provide to the maximum extent practicable for the conservation of water, and agrees to design, construct, operate and maintain its facilities in a manner that will prevent waste of water. The

Customer shall develop and implement a water conservation plan or water conservation measures and a drought contingency plan using the elements of Chapter 288 of the TCEQ's rules that are applicable to the Customer and its uses, and that are consistent with GBRA's water conservation and drought contingency plans for wholesale customers in accordance with the provisions of Section 3.10. Such plans, at a minimum, shall comply with all minimum standards that may be required or recommended by the Texas Water Development Board (TWDB) and the TCEQ. If the Customer intends to resell the water to another wholesale customer, the Customer shall require the successive customer in the resale to implement water conservation and drought contingency plans in accordance with the applicable provision of Chapter 288 of the TCEQ's rules and the applicable provisions of GBRA's water conservation and drought contingency plans.

7.2 Regulatory Requirements. This Agreement is subject to all applicable federal, state, and local laws and any applicable ordinances, rules, orders, and regulations of any local, state, or federal governmental authority having jurisdiction. This Agreement is specifically subject to all applicable sections of the Texas Water Code and the rules of the TCEQ, or any successor agency subject to Section 7.10 below regarding severability and provided that changes in the law shall not be applied retroactively to amend this Agreement unless retroactivity is required by law.

7.3 Interest in Gonzales Carrizo Water Supply Project. The Customer is not entitled to any equity interest in GBRA's Project for any reason including, without limitation, the payments made to GBRA under this Agreement.

7.4 Remedies. It is not intended hereby to specify (and this Agreement shall not be considered as specifying) an exclusive remedy for any default by either Party, but all such other remedies existing at law or in equity shall be cumulative including, without limitation, specific performance may be availed of by either Party. The prevailing Party shall be entitled to any reasonable attorney's fees, court costs or other expenses incurred in bringing or defending any suit alleging such default or claim.

7.5 Actual Damages. No Party shall be liable or have any responsibility to the other for any indirect, special, consequential, punitive or delay-related or performance-related damages including, without limitation, lost earnings or profits. Such limitation on liability shall apply to any claim or action, whether it is based on whole or in part on agreement, negligence, strict liability, tort, statute or other theory of liability.

7.6 Assignability. No Party may assign its rights or obligations under this Agreement without first obtaining the written consent of the other Party, which consent shall not be unreasonably withheld or delayed. Further, the Customer may not assign its rights or obligations under this Agreement if such assignment is prohibited by the Project's Bonds or would alter the tax-exempt status of those Bonds.

7.7 Entire Agreement. This Agreement constitutes the entire agreement between the Parties, and supersedes any prior understanding or oral or written agreements between the Parties respecting the subject matter of this Agreement.

7.8 No Third Party Beneficiaries. This Agreement does not create any third party benefits to any person or entity other than the signatories hereto and their authorized successors in interest, and is solely for the consideration herein expressed.

7.9 Due Authorization and Binding Obligation. This Agreement has been duly authorized, executed and delivered by all necessary action of the Parties. This Agreement, and the terms, covenants, and conditions herein contained, shall inure to the benefit of and be binding upon the heirs, personal representatives, successors, and assigns of each of the Parties hereto.

7.10 Severability. If any provision of this Agreement shall be held or deemed to be or shall, in fact, be invalid, inoperative or unenforceable as applied in any particular case in any jurisdiction or jurisdictions, or in all jurisdictions because it conflicts with any provisions of any Constitution, statute, administrative rule, regulation or finding, rule of public policy, or for any other reason, this Agreement shall remain in effect and be construed as if the invalid, inoperative, or unenforceable provision had never been in the Agreement, and such circumstances shall not have the effect of rendering the provision in question invalid, inoperative or unenforceable in any other case or circumstance, or of rendering any other provision or provisions of this Agreement invalid, inoperative or unenforceable to any extent whatever.

7.11 Waiver and Amendment. Failure to enforce or the waiver of any provision of this Agreement or any breach or nonperformance by either Party shall not be deemed a waiver by the other Party of the right in the future to demand strict compliance and performance of any provision of this Agreement. No officer or agent of GBRA is authorized to waive or modify any provision of this Agreement. No modifications to or recession of this Agreement may be made except by a written document signed by all Parties' authorized representatives.

7.12 Force Majeure. If for any reason of force majeure, either Party is rendered unable, wholly or in part, to carry out its obligations under this Agreement, then that Party shall give notice of the reasons in writing to the other Party within a reasonable time after the occurrence of the force majeure event. The obligation of the Party giving the notice, so far as it is affected by the force majeure, shall be suspended during the continuance of the inability then claimed, but for no longer period, but only so long as the Party giving notice uses its best efforts to mitigate the impact and remedy the condition which constitutes the force majeure. The term "force majeure" as used in this Agreement shall mean acts of God, strikes, lockouts, or other industrial disturbances, acts of public enemy, order or actions of any kind of government of the United States or the State of Texas, or any civil or military authority, insurrection, riots, epidemics, landslides, lighting, earthquakes, fires, hurricanes, storms, floods, washouts, droughts, arrests, restraints of government and people, civil disturbances, explosions, breakage or accident to dams, machinery, pipelines, canals, or other structures, partial or entire failure of water supply including pollution (accidental or intentional), and any other cause not reasonably within the control of GBRA or the Customer.

7.13 Captions. The sections and captions contained herein are for convenience and reference only and are not intended to define, extend or limit any provision of this Agreement.

7.14 Necessary Documents and Actions. Each Party agrees to execute and deliver all such other and further instruments and undertake such actions as are or may become necessary or convenient to effectuate the purposes and intent of this Agreement. In particular, and without limiting the broader meaning of the preceding sentence, the Customer agrees to timely provide GBRA with all records, financial and operating information of the Customer reasonably requested by GBRA in connection with the issuance of Bonds to be provided to rating agencies, municipal bond insurance companies, potential purchasers of the Bonds (including the Texas Water Development Board), or other third parties.

7.15 Applicable Law and Venue. This Agreement shall be construed and enforced in accordance with the laws of the State of Texas. The obligations contained within this Agreement are performable in Hays County, Caldwell County, Comal County or Guadalupe County, Texas. Any action in law or equity brought to enforce or interpret any provision of this Agreement shall be brought in a court of competent jurisdiction with venue in Hays County, Caldwell County, Comal County or Guadalupe County, Texas.

7.16 Negotiation by Counsel. The Parties acknowledge that each Party and its counsel have reviewed and revised this Agreement, and agree that the normal rule of construction to the effect that any ambiguities are to be resolved against the drafting Party shall not be employed in the interpretation of this Agreement or any amendments or exhibits hereto.

7.17 Counterparts and Electronic Transmissions. This Agreement may be executed in one or more counterparts, each of which shall for all purposes be deemed to be an original and all of which shall constitute the same instrument. In making proof of this Agreement, it shall not be necessary to produce or account for more than one such counterpart. A telecopied or emailed electronically transmitted facsimile of an executed counterpart of this Agreement shall be sufficient to evidence the binding agreement of each Party to the terms hereof. However, each Party agrees to promptly deliver to the other Party an original, duly executed counterpart of this Agreement.

7.18 Legal Construction. Whenever context requires, the singular will include the plural and the neuter will include the masculine or feminine gender, and vice versa.

7.19 Notices. Any notice or payment required or permitted hereunder shall be in writing and shall be deemed to be delivered on the date received if delivered by hand to the address shown hereinafter for the Customer or GBRA, as appropriate, or such notice shall, if deposited in the mail, be deemed to be delivered, whether actually received or not, on the first business day after having been deposited in the United States mail, postage prepaid, registered or certified mail, return receipt requested, addressed to the Customer or GBRA, as appropriate, at the address shown hereinafter. For purposes of notice, the addresses of and the designated representative for receipt of notice for each of the parties shall be as follows:

For GBRA:

Guadalupe-Blanco River Authority
Attention: General Manager/CEO
933 E. Court Street
Seguin, Texas 78155

For the Customer:

City of Lockhart
Attention: City Manager
308 W. San Antonio St.
P.O. Box 239
Lockhart, Texas 78644

The Parties hereto shall have the right from time to time to change their respective addresses, and each shall have the right to specify as its address any other address within the United States of America by at least five (5) days' written notice to the other Party.

7.20 Business Days. In the event that any date or any period provided for in this Agreement shall end on a Saturday, Sunday or legal holiday, the applicable period shall be extended to the first business day following such Saturday, Sunday or legal holiday. As used herein, the term "legal holiday" means any state or federal holiday for which financial institutions or post offices are generally closed in the State of Texas.

GUADALUPE-BLANCO RIVER AUTHORITY

By: ______________________
Kevin Patteson, General Manager/CEO

Date: 2/13/18

ATTEST:

____

STATE OF TEXAS §
§
COUNTY OF GUADALUPE §

BEFORE ME, the undersigned, a Notary Public in and for said State, on this day personally appeared Kevin Patteson, General Manager and CEO of the GUADALUPE-BLANCO RIVER AUTHORITY, known to me to be the persons whose name is subscribed to the foregoing instrument and acknowledged to me that the same was the act of the GUADALUPE-BLANCO RIVER AUTHORITY, a conservation district and political subdivision, and that he executed the same as the act of such entity for the purposes and consideration therein expressed, and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this the 13th day of February, 2018.

TRICIA L RAMIREZ
Notary Public, State of Texas
Comm. Expires 12-20-2020
Notary ID 13093864-5

Tricia L. Ramirez
Notary Public
The State of Texas

Notary Seal
&
I.D. No. 13093864-5

CITY OF LOCKHART

By: Lew White
Lew White, Mayor

Date: February 6, 2018

STATE OF TEXAS §
§
COUNTY OF CALDWELL §

BEFORE ME, the undersigned, a Notary Public in and for said State, on this day personally appeared Lew White, Mayor of CITY OF LOCKHART, known to me to be the persons whose name is subscribed to the foregoing instrument and acknowledged to me that the same was the act of the CITY OF LOCKHART, a municipal corporation, and that he executed the same as the act of such entity for the purposes and consideration therein expressed, and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this the 6th day of February, 20 18.

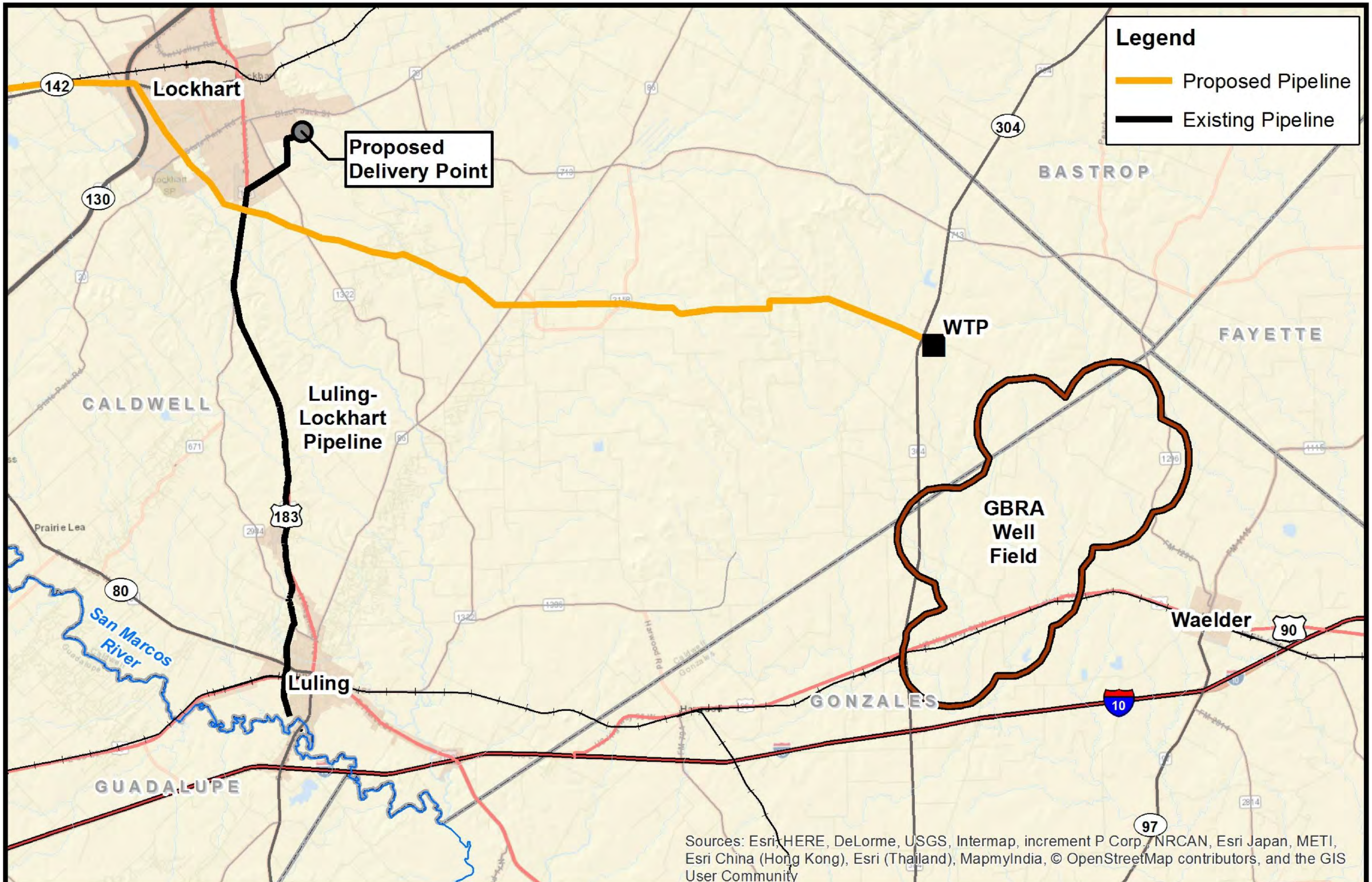
CONNIE CONSTANCIO
Notary ID # 5271582
My Commission Expires
May 25, 2021

Connie Constancio
Notary Public
The State of Texas

Notary Seal
&
I.D. No. 5271582

EXHIBIT A

POINT OF DELIVERY



GBRA

Preliminary Transmission Facilities for Carrizo Groundwater

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0 1.5 3 Miles

City of Lockhart, Texas

Council Agenda Item
Cover Sheet

COUNCIL MEETING DATE: April 1, 2025

AGENDA ITEM CAPTION: Presentation, discussion and/or action regarding the City of Lockhart and the Lockhart Economic Development Corporation's Fiscal Year 2023-24 Annual Comprehensive Financial Report (annual financial audit) by BrooksWatson & Company, PLLC., an independent public accounting firm.

ORIGINATING DEPARTMENT AND CONTACT: Finance - Keeli Michna

ACTION REQUESTED: Other

BACKGROUND/SUMMARY/DISCUSSION: According to City of Lockhart's Home Rule Charter, Article 3, Section 3.14 - Audit of City books and accounts, the City shall have its records and accounts audited annually and shall have an annual financial statement prepared based on the audit. In addition, Section 3.14 states that the accountant shall not maintain or keep any of the city's accounts or records and shall not perform the city's annual audit for more than five years in succession. This is the fourth year for BrooksWatson & Company, PLLC to perform the City's annual audit. City Council approved a two-year contract extension on October 15, 2024 which will retain BrooksWatson & Company, PLLC's audit services through fiscal year ending 2025.

BrooksWatson & Company, PLLC has issued an **unmodified (clean)** opinion. An unmodified opinion is presumed to be free from material misstatements and fairly represents its financial results, financial position, and cash flows.

The Annual Comprehensive Financial Report for FYE 2024 includes three sections: Introduction, Financial, and Statistical. The transmittal letter is one of the legal requirements for the annual report that typically includes the local government's profile, provides an economic update on the local economy, lists any major initiatives undertaken by the local government and states that the financial reports are management's responsibility. The financial section includes all necessary financial information, narratives explaining financials, and an auditor's report. The third section is the statistical section. It outlines financial trends, revenue capacity, debt capacity, demographic information and other operating indicators about the local government.

The City has been awarded a Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association (GFOA) for five consecutive years. The current Annual Comprehensive Financial Report for FYE 2024 will be submitted to the GFOA to determine eligibility for another certificate.

PROJECT SCHEDULE (if applicable):

AMOUNT & SOURCE OF FUNDING:

City of Lockhart, Texas

Council Agenda Item
Cover Sheet

Funds Required:
Account Number:
Funds Available:
Account Name:

FISCAL NOTE (if applicable):

PREVIOUS COUNCIL ACTION:

COMMITTEE/BOARD/COMMISSION ACTION:

STAFF RECOMMENDATION/REQUESTED MOTION: Staff recommends acceptance of the audited FY 2023-2024 Annual Comprehensive Financial Report.

LIST OF SUPPORTING DOCUMENTS: Annual Comprehensive Financial Report 9.30.2024

ANNUAL COMPREHENSIVE FINANCIAL REPORT

of the

City of Lockhart, Texas

For the Year Ended
September 30, 2024

Prepared by

Finance Department

Lockhart
TEXAS

City of Lockhart, Texas

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September 30, 2024

STATISTICAL SECTION

Lockhart

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INTRODUCTORY SECTION

Lockhart

March 27, 2025

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

The Texas Local Government Code states that a municipality shall have its records and accounts audited annually and shall have annual financial statements prepared based on the audit. The Code also states that the annual financial statements, including the auditor's opinion on the statements, shall be filed in the office of the municipal city secretary or clerk within 180 days after the last day of the municipality's fiscal year. The Annual Comprehensive Financial Report of the City of Lockhart, Texas (the City) for the year ended September 30, 2024, is hereby submitted to fulfill that requirement.

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

BrooksWatson & Company, PLLC has issued an **unmodified ("clean")** opinion on the City of Lockhart financial statements for the year ended September 30, 2024. The independent auditors' report is located at the front of the financial section of this report.

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

Profile of the Government

The City of Lockhart was founded in 1826 and officially incorporated as a city in 1852. Located in central Texas, Lockhart is 30 miles south of downtown Austin on U.S. Highway 183. It is 70 miles northeast of San Antonio and 156 miles west of Houston. According to the most recent U.S. Census Bureau reporting, the estimated population of the City of Lockhart is 15,318, and serves as the county seat of Caldwell County, Texas. Lockhart is a Home Rule Charter City and operates under the Council-Manager form of government. Lockhart is served by a seven-person city council. The elected body is made up of the mayor and two council members that are elected at large. The remaining four council members are elected from single-member districts. The length of office for all Council members and the Mayor are three-year terms. The City Council appoints the City Manager, the City Attorney, and the Municipal Court Judge. All other staff members work either directly or indirectly under the direction of the City Manager.

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

The City provides a full range of municipal government services to more than 15,318 residents and numerous visitors annually. Municipal services provided include police and fire protection; crime prevention, enforcement, and adjudication; electric services; water production and distribution; wastewater collection and treatment; solid waste collection, curbside recycling and disposal; city code enforcement and building inspection; maintenance of streets; maintenance of park land and recreational facilities; library services; cemetery; airport; and economic development.

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

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

FACTORS AFFECTING FINANCIAL CONDITION

Local Economy

The City of Lockhart is the county seat for Caldwell County. With this designation comes commercial growth not typically seen for populations of approximately 15,318 residents. Major industries located within the government's boundaries, or close proximately, include small and advanced manufacturing industries, information technology industries, retail and service industries, and agriculture. The school district has significant economic presence, employing in total more than 790 teachers, professionals, and support staff.

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

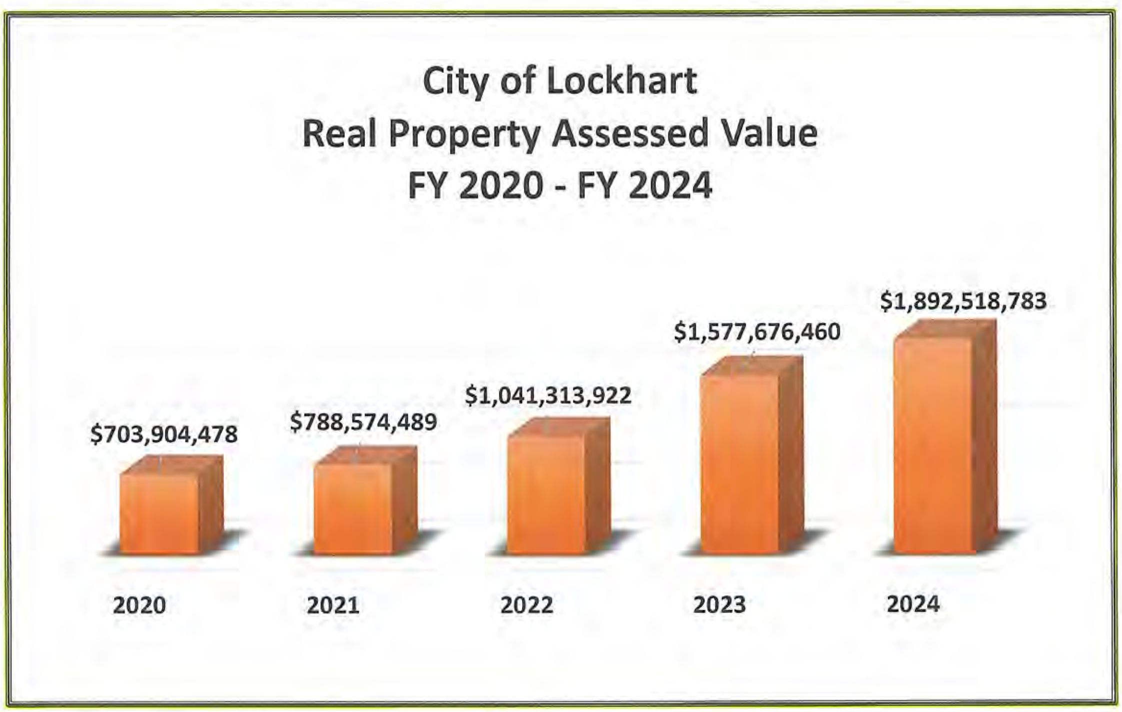
The City of Lockhart received an allotment from CARES of $763,895. After the final draw from the CARES Relief Program in 2021, the City of Lockhart was awarded federal grant money from the American Rescue Plan Act (ARPA). The total award was for $3,501,959 to be used for further economic relief from the COVID-19 pandemic. The broad eligible uses for ARPA funds include COVID-related expenses (directly or indirectly), premium pay for essential workers, government service programs under certain circumstances, necessary improvements in water, sewer, or broadband infrastructure (whether related or not to COVID-19), and revenue replacement. The City Council approved the spending of ARPA funds in Fiscal Year 2022 for the much needed improvements to water and sewer infrastructure and revenue replacement. Revenue replacement funds have been allocated towards multiple park improvements. These projects and improvements continued through Fiscal Year 2023 and 2024.

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

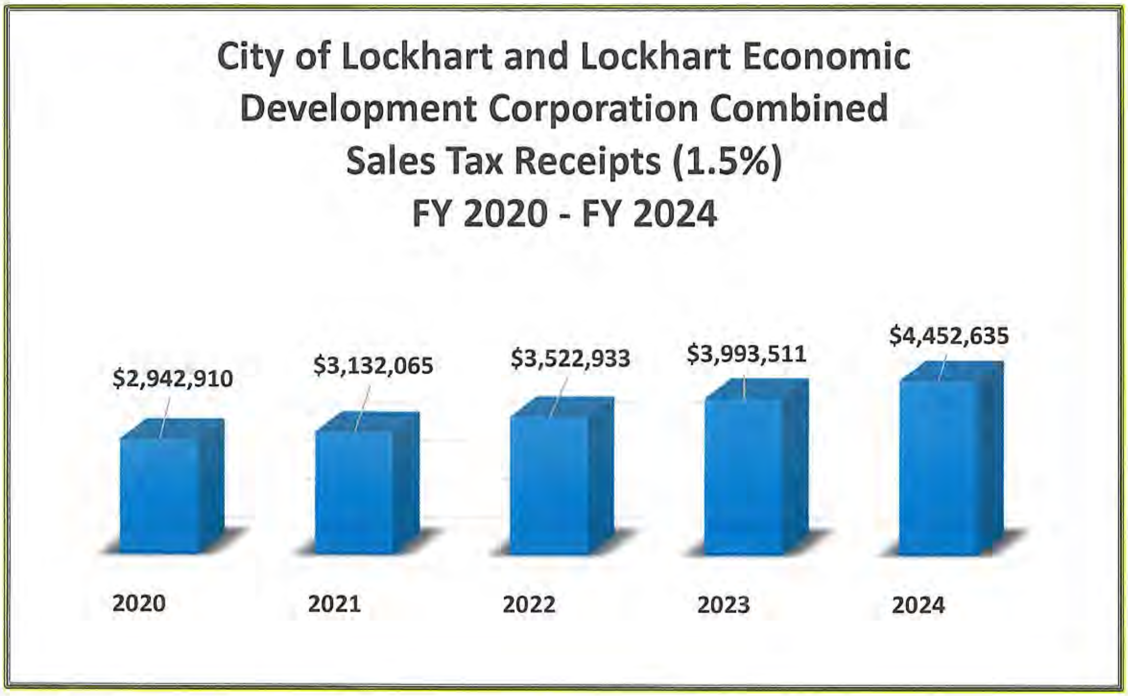
In 2024, the Lockhart Economic Development Corporation (LEDC) finalized a Targeted Retail and Grocer Incentive Policy. This policy will offer incentives to attract retailers, specifically quick service restaurants. In addition, LEDC made significant progress with the following projects:

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

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



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



Long-term Financial Planning

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

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

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

Relevant Financial Policies

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

In Fiscal Year 2024, an updated financial policy and investment policy were approved to include three revisions. The first concerned more comprehensive guidelines on monthly cash reconciliations and the second addressed additional internal accounting controls and procedures. These were established to ensure the City maintains proper separation of duties and multifactor approvals for payment authorizations. Lastly, the revision to the investment policy designated additional Investment Officers to act on behalf of the City in order to increase efficiency. These policy amendments reaffirm the City of Lockhart's commitment to strengthen our financial policies in alignment with current best practices in governmental accounting and incorporate recommendations from our annual audit review process.

Major Initiatives

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

Financial Procedures and Internal Controls

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

Budgetary Controls

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

Awards for Excellence in Financial Reporting

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

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

Acknowledgements

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

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

Respectfully Submitted,

Steve Lewis, City Manager

Keeli Michna

Keeli Michna, Finance Director

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Lockhart
Texas

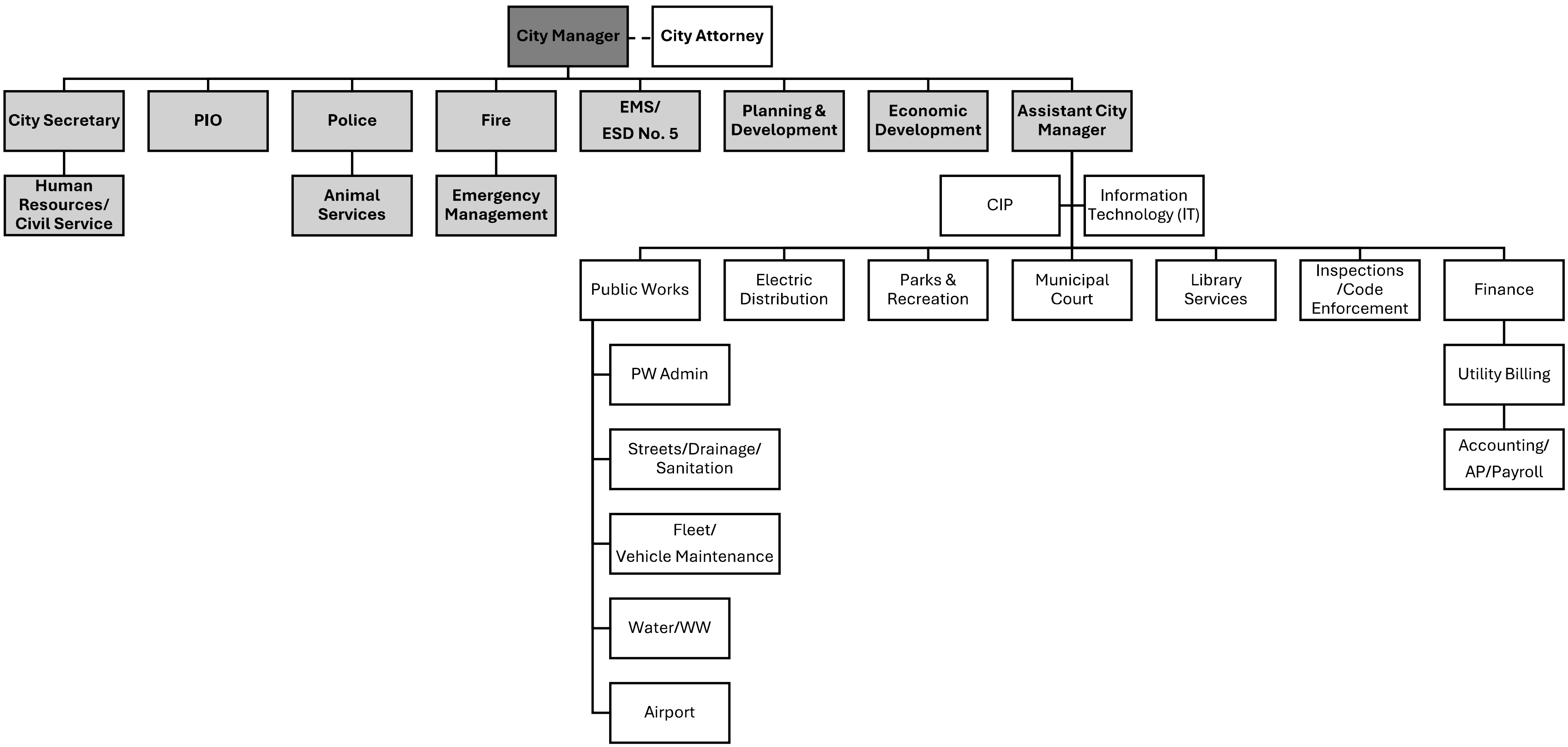
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2023

Christopher P. Morrill

Executive Director/CEO

City of Lockhart
Organizational Chart



City of Lockhart, Texas

ELECTED AND PRINCIPAL OFFICIALS

September 30, 2024

City Council

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

Principal Officials

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

Lockhart
TEXAS

FINANCIAL SECTION

Lockhart

TEXAS

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

Emphasis of Matter

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

Other Matters

Required Supplementary Information

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

Other Information

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

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

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

BrooksWatson & Co.

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

Lockhart
TEXAS

As management of the City of Lockhart, Texas (the "City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2024. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 1-6 of this report.

Financial Highlights

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources (net position) at September 30, 2024 by $69,822,625. Of this amount, $17,113,490 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.

- The City's total net position increased by $5,817,904. Approximately 50% of the City's net position is invested in capital assets and restricted for specific purposes.

- The City's governmental funds reported combined ending fund balances of $22,245,700 at September 30, 2024, an increase of $3,273,825 from the prior fiscal year; this includes an increase of $2,019,125 in the general fund and an increase of $1,254,700 in the nonmajor governmental funds.

- At the end of the fiscal year, unassigned fund balance for the general fund was $11,065,775 or 73% of total general fund expenditures.

Overview of the Financial Statements

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

Government-Wide Statements

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

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

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

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

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

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

FUND FINANCIAL STATEMENTS

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

Governmental Funds

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

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

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

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

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

Proprietary Funds

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

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

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

Component Units

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

Notes to Financial Statements

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

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

Other Information

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

The largest portion of the City's net position, $37,041,894 reflects its investments in capital assets (e.g., land, buildings, improvements other than buildings, machinery and equipment, construction in progress), less any debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City of Lockhart, Texas's net position of $15,667,241 represents resources that are subject to external restrictions on how they may be used. The remaining balance of $17,113,490 is unrestricted and may be used to meet the government's ongoing obligations to its citizens and creditors.

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

Statement of Net Position:

The following table reflects the condensed Statement of Net Position:

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

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

Statement of Activities:

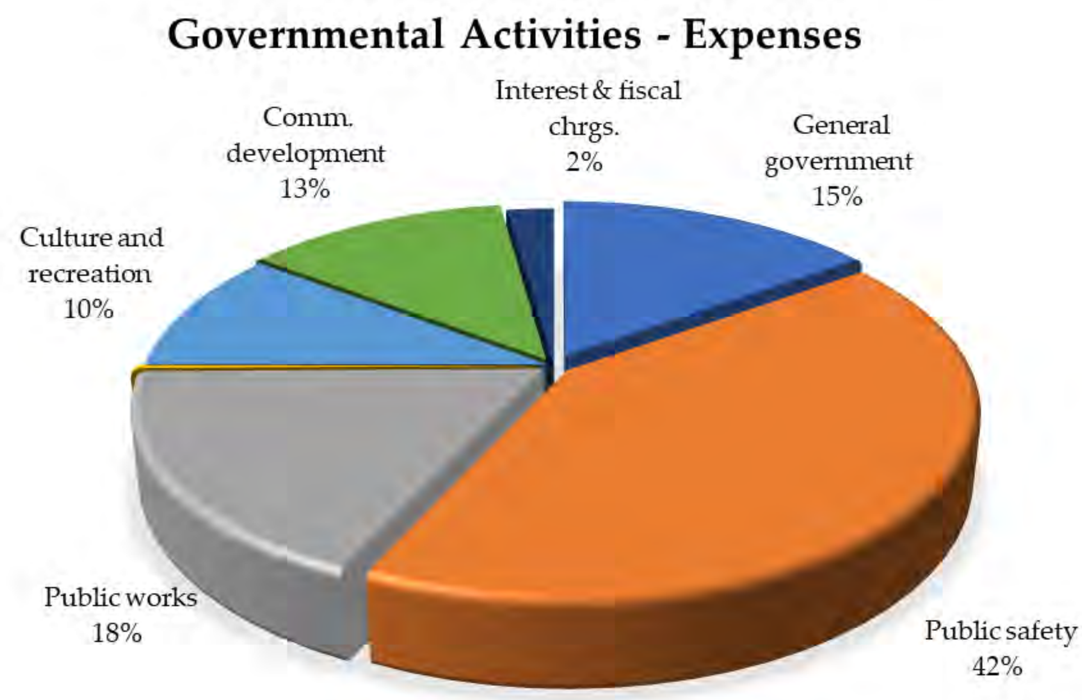
The following table provides a summary of the City's changes in net position:

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

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

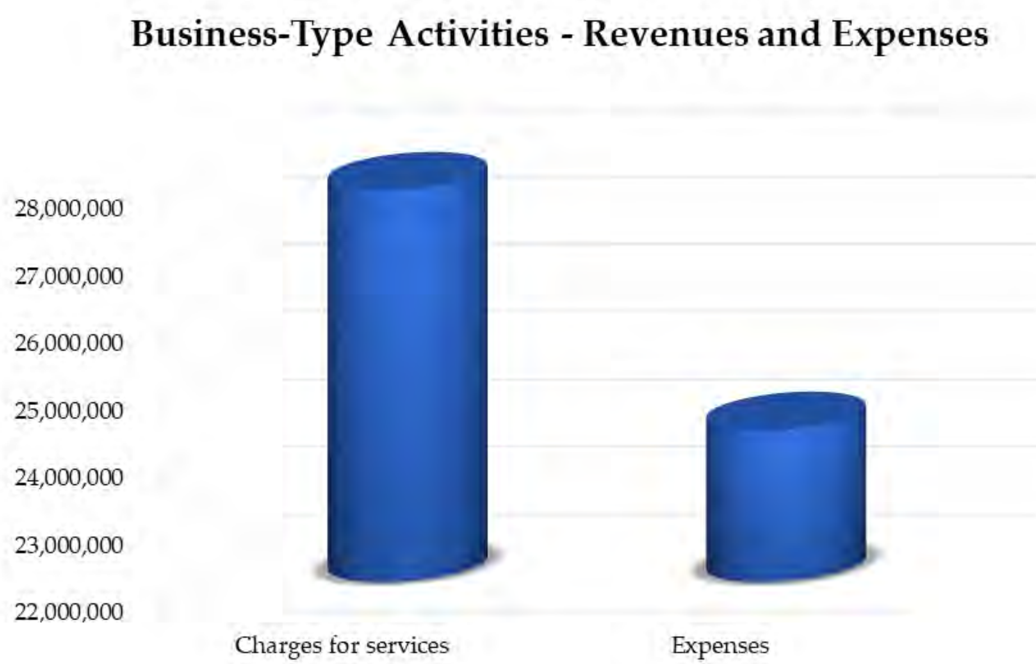
For the year ended September 30, 2024, revenues from governmental activities totaled $16,812,850. Property tax, charges for services, and sales tax are the City's largest general revenue sources. Overall revenue decreased $5,032,293 or 23% from the prior year. Charges for services increased by $350,699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

This graph shows the governmental function expenses of the City:



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

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



For the year ended September 30, 2024, charges for services by business-type activities totaled $27,803,120. This represents an increase of $892,603 or 3% from the previous year, which is a direct result of greater water and sewer service rates and increased utility service consumption in the current year. Capital contributions decreased by $5,600,113 as a result of nonrecurring developer contributions and impact fees received in the prior year.

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

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

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

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

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

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

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

GENERAL FUND BUDGETARY HIGHLIGHTS

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

CAPITAL ASSETS

As of the end of the year, the City's governmental activities funds had invested $27,585,771 in a variety of capital assets and infrastructure, net of accumulated depreciation. The City's business-type activities funds had invested $65,094,607 in a variety of capital assets and infrastructure, net of accumulated depreciation. This investment in capital assets includes land, buildings, vehicles, equipment, park improvements, and infrastructure.

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

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

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

LONG-TERM DEBT

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

There is no direct limit on debt in the City Charter. Statutes of the State of Texas do not provide any limitations on the dollar amount of debt cities issue, however, 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 51% since 2020 and property tax revenue has increased by 33.4%. Even with the 51% increase, the City continues to forecast sales tax in a conservative position. The total sales tax payments received in 2024 fiscal year equaled $4,452,635. The City anticipates a continued increase for 2025.

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

The City's capital plan for 2024-2025 continues to focus on infrastructure upgrades and improvements to streets, the electric distribution system and water and wastewater lines.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

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

BASIC FINANCIAL STATEMENTS

City of Lockhart, Texas

STATEMENT OF NET POSITION (Page 1 of 2)

September 30, 2024

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

Component Unit
Lockhart EDC
$ 7,243,381
263,968
-
-
-
-
5,000
7,512,349
-
1,008,082
4,193,529
5,201,611
12,713,960
37,946
-
-
37,946

City of Lockhart, Texas

STATEMENT OF NET POSITION (Page 2 of 2)

September 30, 2024

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

See Notes to Financial Statements.

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

City of Lockhart, Texas

STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2024

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

General Revenues:

Taxes

Property taxes

Sales taxes

Franchise and local taxes

Investment income

Gain on sale of capital assets

Other revenues

Transfers

Total General Revenues and Transfers

Change in Net Position

Beginning Net Position, as previously reported

Error correction

Beginning Net Position, as adjusted

Ending Net Position

See Notes to Financial Statements.

* Includes sanitation, airport, and EMS activities

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

City of Lockhart, Texas

BALANCE SHEET

GOVERNMENTAL FUNDS

September 30, 2024

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

See Notes to Financial Statements.

City of Lockhart, Texas

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

September 30, 2024

Fund Balances - Total Governmental Funds	$	22,245,700
Adjustments for the Statement of Net Position:		
Capital assets used in governmental activities are not current financial resources and, therefore, not reported in the governmental funds.		
Capital assets - non-depreciable		2,898,824
Capital assets - net depreciable		24,686,947
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the governmental funds.		
Property tax		692,905
Fines and fees		107,524
Other receivables		26,392
Deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenues) until that time		
Pension inflows		(220,797)
OPEB inflows-TMRS		(64,808)
OPEB inflows-Retiree Healthcare		(28,127)
Deferred outflows of resources, represent a consumption of net assets that applies to a future period(s) and is not recognized as an outflow of resources (expense/ expenditures) until then		
Pension outflows		1,255,900
OPEB outflows-TMRS		8,166
Deferred charge on refunding		117,211
Some liabilities, including bonds payable and deferred charges, are not reported as liabilities in the governmental funds.		
Accrued interest		(56,316)
Deferred charges:		
Bond premium		(343,716)
Net pension liability		(3,271,107)
OPEB liability-TMRS		(310,652)
OPEB liability-Retiree healthcare		(280,846)
Compensated absences		(577,852)
Non-current liabilities due in one year		(1,555,780)
Non-current liabilities due in more than one year		(8,911,132)
Net Position of Governmental Activities	$	36,418,436

See Notes to Financial Statements.

City of Lockhart, Texas

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

For the Year Ended September 30, 2024

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

See Notes to Financial Statements.

City of Lockhart, Texas

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

For the Year Ended September 30, 2024

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

Net changes in fund balances - total governmental funds	$	3,273,825
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Capital outlay		2,106,636
Depreciation expense		(2,090,136)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property tax		186,472
Fines and fees		44,605
Other receivables		2,627
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Compensated absences		(116,342)
Accrued interest		15,639
Pension expense		345,493
OPEB expense-TMRS		57,675
OPEB expense-retiree healthcare		4,098
The issuance of long-term debt (e.g., bonds, leases, certificates of obligation) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when they are first issued; whereas, these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		
Lease issuance		(320,532)
Amortization of deferred charge on refunding		(23,441)
Amortization of premium		61,511
Principal payments		1,483,572
Change in Net Position of Governmental Activities	$	5,031,702

See Notes to Financial Statements.

City of Lockhart, Texas

STATEMENT OF NET POSITION

PROPRIETARY FUNDS (Page 1 of 2)

September 30, 2024

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

See Notes to Financial Statements.

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

City of Lockhart, Texas

STATEMENT OF NET POSITION

PROPRIETARY FUNDS (Page 2 of 2)

September 30, 2024

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

See Notes to Financial Statements.

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

City of Lockhart, Texas

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

For the Year Ended September 30, 2024

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

See Notes to Financial Statements.

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

City of Lockhart, Texas

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS (Page 1 of 2)

For the Year Ended September 30, 2024

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

See Notes to Financial Statements.

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

City of Lockhart, Texas

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS (Page 2 of 2)

For the Year Ended September 30, 2024

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

See Notes to Financial Statements.

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

City of Lockhart, Texas

STATEMENT OF FIDUCIARY NET POSITION

FIDUCIARY FUNDS

September 30, 2024

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

See Notes to Financial Statements.

City of Lockhart, Texas

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

FIDUCIARY FUNDS

For the Year Ended September 30, 2024

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

See Notes to Financial Statements.

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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.

Discretely Presented Component Unit

Lockhart Economic Development Corporation ("LEDC")

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

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

The LEDC meets the criteria of a discretely presented component unit and is presented as a governmental fund type. Complete financial statements for the Lockhart Economic Development Corporation may be obtained at City Hall. No other organizations met the necessary criteria for inclusion as component units for the year ended September 30, 2024.

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

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

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

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

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

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

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

The government reports the following major governmental funds:

General Fund

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

The government reports the following major enterprise funds:

Electric Fund

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

Water Fund

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

Wastewater Fund

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

Additionally, the government reports the following fund types:

Debt Service Funds

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

Capital Project Funds

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

Special Revenue Funds

The City accounts for resources restricted to, or designated for, specific purposes in a special revenue fund. As of September 30, 2024, the City is maintaining eighteen special revenue funds.

Fiduciary Funds

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

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

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

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

D. Measurement focus and basis of accounting

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

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

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

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

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

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

1. Deposits and Investments

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

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

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

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

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

2. Fair Value

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

3. Receivables and Interfund Transactions

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

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

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

4. Inventories and Prepaid Items

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

5. Restricted Assets

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

6. Capital Assets

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

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

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

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

7. Deferred Outflows/Inflows of Resources

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

In addition to liabilities, the statement of financial position will sometimes report a separate section for *deferred inflows of resources*. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has only one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes, fines and forfeitures and ambulance fees. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. Deferred inflows of resources can also occur at the government wide level due to differences between investment gains and losses realized on pension investments compared to assumption used within the pension actuarial valuation model.

8. Long-Term Obligations

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

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

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

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

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

9. Pensions

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

10. Other Postemployment Benefits ("OPEB")

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

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

11. Leases

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

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

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

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

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

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

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

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

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

- The City uses its estimated incremental borrowing rate as the discount rate for leases.

- The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

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

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

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

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

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

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

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

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

13. Net Position Flow Assumption

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

14. Fund Balance Flow Assumptions

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

15. Fund Balance Policies

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

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

2. Property Taxes

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

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

3. Compensated Absences

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

4. Proprietary Funds Operating and Nonoperating Revenues and Expenses

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

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

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

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

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

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) for the general, debt service, hotel/motel tax, and the enterprise funds. The legal level of control as defined by the City Charter is the fund level. No funds can be transferred or added which affect the total fund expenditures without City Council approval. Appropriations lapse at the end of the year. One supplemental budget amendment was made during the year. The following funds exceeded appropriations at the level of control:

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

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

A. Restricted Fund Balance

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

B. Deficit Fund Equity

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

C. Public Funds Investment & Collateral Acts

State statues require that all deposits in financial institutions be insured or fully collateralized by U.S. government obligations or its agencies and instrumentalities or direct obligations of Texas or its agencies and instrumentalities that have a market value of not less than the principal amount of the deposits. As of September 30, 2024, the market values of pledged securities and FDIC exceeded bank balances. In addition, the City is required to adopt certain standards as it relates to the investment and maintenance of public funds. The City was in compliance with the requirement Public Funds Investment Act and the Public Funds Collateral Act.

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Deposits - The City's funds are required to be deposited and invested under the terms of a depository contract pursuant to the Texas Public Funds Investment Act. The depository bank pledges securities which comply with state law and these securities are held for safekeeping and trust with the City's and the depository bank's agent bank. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of FDIC insurance. The City's deposits, as well as those of the City’s component unit were fully insured or collateralized as required by the state statutes at September 30, 2024.

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

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

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

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

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

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

Credit risk: The City's investment policy requires that the investment portfolio shall be diversified in terms of investment instruments, maturity scheduling, and financial institutions to reduce the risk of loss resulting from over concentration of assets in a specific class of investments, specific maturity, or specific user. At year-end, the City was not exposed to concentration of credit risk. It is LEDC policy to limit its investment to those that are authorized under the Texas Public Funds Investment Act. Additionally, any money market mutual funds or local government investment pools must be rated no lower than AAA by at least one nationally recognized rating service. As of September 30, 2024, the investment pools were rated AAAm by Standard and Poor's.

Custodial credit risk – deposits: In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City's and LEDC's investment policy requires that deposits at financial institutions be insured by the FDIC and/or collateralized by securities pledged to the City by the depository in an amount equal to at least 102% of the carrying value of deposits held. During the fiscal year and at year-end, all deposits held in the depository bank were fully collateralized. The City's deposits are therefore not subject to custodial credit risk at September 30, 2024.

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

TexPool

TexPool was established as a trust company with the Treasurer of the State of Texas as trustee, segregated from all other trustees, investments, and activities of the trust company. The State Comptroller of Public Accounts exercises oversight responsibility over TexPool. Oversight includes the ability to significantly influence operations, designation of management, and accountability for fiscal matters. Additionally, the State Comptroller has established an advisory board composed of both participants in TexPool and other persons who do not have a business relationship with TexPool. The advisory board members review the investment policy and management fee structure. Finally, Standard & Poor's rate TexPool AAAm. As a requirement to maintain the rating, weekly portfolio information must be submitted to Standard & Poor's, as well as to the office of the Comptroller of Public Accounts for review. At September 30, 2024, the fair value of the portion in TexPool approximates fair value of the shares. There were no limitations or restrictions on withdrawals.

TexSTAR

TexSTAR has been established for governmental entities pursuant to the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and the Public Funds Investment Act, Chapter 2256 of the Texas Government Code and operates in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. TexSTAR's governing body is a five-member Board consisting of three representatives of participants and one member designated by each of the co-administrators. The Board holds legal title to all money, investments, and assets and has the authority to employ personnel, contract for services, and engage in other administrative activities necessary or convenient to accomplish the objectives of TexSTAR. Board oversight of TexSTAR is maintained through daily, weekly, and monthly reporting requirements. TexSTAR is rated

AAAm by Standard & Poor's. The City's fair value position is stated at the value of the position upon withdrawal. There were no limitations or restrictions on withdrawals.

Texas CLASS

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

B. Receivables

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

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

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

The component unit receivables balance consisted entirely of sales tax.

Lease Receivable

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

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

C. Capital Assets

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

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

Depreciation was charged to governmental functions as follows:

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

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

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

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

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

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

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

Depreciation was charged to the following activities as follows:

Lockhart EDC	$ 105,561
Total Depreciation Expense	$ 105,561

D. Long-term Debt

The following is a summary of changes in the City's total long-term liabilities for the year ended September 30, 2024. In general, the City uses the general fund to liquidate governmental long-term liabilities.

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

Long-term debt applicable to the City's governmental activities are not due and payable in the current period and accordingly, are not reported as fund liabilities in the governmental funds.

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

Lockhart-Luling Water Delivery System

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

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

Carrizo Groundwater Supply Project

The Guadalupe-Blanco River Authority (GBRA) has contracted with the City to assist with the financing for the development of the Carrizo Groundwater Supply Project. This groundwater development project will generate 15,000 acre-feet per year of groundwater which will be distributed to three customers that have contracts with GBRA – New Braunfels Utilities, City of Lockhart, and Goforth Special Utility District. The City is responsible for its proportional share of the contract revenue and board participation loans associated with the financing of the project. As of September 30, 2024, there was $38,695,000 of obligations outstanding.

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

	Governmental Activities		Business - Type Activities		Total	
General Obligation Bonds:						
$6,530,000 General Obligation Refunding Bond, Series 2016, due in annual installments through August 2028, interest at 3.6%	$	2,548,302	$	856,696	$	3,404,998
Total General Obligation Bonds	$	2,548,302	$	856,696	$	3,404,998
Certificates of Obligation:						
$16,685,000 Certificates of Obligation, Series 2015, due in annual installments through August 2035 interest at 3.39%	$	5,548,135	$	6,486,867	$	12,035,002
Total Certificates of Obligation	$	5,548,135	$	6,486,867	$	12,035,002
Notes Payable:						
$3,600,000 2013 State Infrastructure Bank Loan due in annual installments through June 2033, interest at 2.50%	$	-	$	1,840,710	$	1,840,710
Total Notes Payable	$	-	$	1,840,710	$	1,840,710
Tax Notes:						
$4,050,000 Limited Tax Note, Series 2022, due in annual installments through 2029, interest at 2.61%	$	1,708,666	$	1,261,334	$	2,970,000
Total Tax Notes	$	1,708,666	$	1,261,334	$	2,970,000
GBRA Obligations:						
$4,950,000 GBRA Revenue Bond, Series 2014, due in installments through 2030, interest at 3.45%	$	-	$	2,180,000	$	2,180,000
$7,095,000 2018 Board Participation Loan due in installments through 2053, interest at 4.24%		-		7,095,000		7,095,000
$2,405,000 Contract Revenue Bond, Series 2018A, due in installments through 2048, interest at 3.96%		-		2,350,000		2,350,000
$2,095,000 Contract Revenue Bond, Series 2018B, due in installments through 2048, interest at 3.23%		-		1,780,000		1,780,000
$6,260,000 2019 Board Participation Loan due in installments through 2054, interest at 3.39%		-		6,260,000		6,260,000
$1,720,000 Contract Revenue Bond, Series 2019, due in installments through 2049, interest at 2.47%		-		1,515,000		1,515,000
$8,250,000 Contract Revenue Bond, Series 2020, due in installments through 2050, interest at 2.08%		-		7,145,000		7,145,000
$14,485,000 Contract Revenue Bond, Series 2021, due in installments through 2050, interest at 2.75%		-		12,550,000		12,550,000
Total GBRA Obligations	$	-	$	40,875,000	$	40,875,000

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

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

	Lockhart EDC
Sales Tax Revenue Bonds:	
$1,645,000 Sales Tax Revenue Bond, Series 2020, due in semi-annual installments through August 2035, interest at 2.47%	$ 1,250,000
Total Sales Tax Reveue Bonds	$ 1,250,000
Lease liabilities:	
$76,144 lease payable for building, due in monthly installments of $1,245-$1,470 through March 2025, interest at 2.61%	$ 8,754
Total Lease Liabilities	$ 8,754
Total Debt	$ 1,258,754

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

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

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

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

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

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

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

Business-Type Activities:

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

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

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

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

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

Lockhart Economic Development Corporation

Year ending September 30,	Leases Principal	Leases Interest
2025	$ 8,754	$ 67
	$ 8,754	$ 67

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

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

G. Other Long-term Liabilities

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

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due within One Year
Governmental Activities:					
Compensated absences	$ 461,510	$ 420,010	$ (303,668)	$ 577,852	$ 520,067
Total Governmental Activities	$ 461,510	$ 420,010	$ (303,668)	$ 577,852	$ 520,067
Other long-term liabilities due in more than one year				$ 57,785	
Business-Type Activities:					
Compensated absences	$ 75,153	$ 129,795	$ (82,883)	$ 122,065	$ 109,859
Total Business-Type Activities	$ 75,153	$ 129,795	$ (82,883)	$ 122,065	$ 109,859
Other long-term liabilities due in more than one year				$ 12,206	
EDC Activities:					
Compensated absences	$ -	$ 1,587	$ -	$ 1,587	$ 1,428
Total Business-Type Activities	$ -	$ 1,587	$ -	$ 1,587	$ 1,428
Other long-term liabilities due in more than one year				$ 159	

H. Deferred Charges on Refunding

Deferred charges resulting from the issuance of series 2016 GO revenue refunding bonds have been recorded as deferred outflows of resources and are being amortized to interest expense over the shorter of either the remaining term of the refunded debt or the refunding certificates of obligation. Current year balances for governmental and business-type activities totaled $117,211 and $82,239, respectively. Current year amortization expense for governmental and business-type activities totaled $23,441 and $16,448, respectively.

I. Interfund Transactions

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

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

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

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

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

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

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

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

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

<u>Water Purchase Commitment</u>

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

<u>Texas Municipal Retirement Systems</u>

Plan Description

The City of Lockhart, Texas participates as one of 934 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code. TMRS issues a publicly available annual comprehensive financial report (ACFR) that can be obtained at www.tmrs.com.

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

Benefits Provided

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

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

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

Plan provisions for the City were as follows:

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

Employees covered by benefit terms

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

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

Contributions

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

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

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2023, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial assumptions:

The Total Pension Liability in the December 31, 2023 actuarial valuation was determined using the following actuarial assumptions:

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

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

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the period ending December 31, 2022. They were adopted in 2023 and first used in the December 31, 2022 actuarial valuation. The post-retirement mortality assumption for Annuity Purchase Rates (APRs) is based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income in order to satisfy the short-term and long-term funding needs of TMRS.

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Global Public Equity	35.0%	6.7%
Core Fixed Income	6.0%	4.7%
Non-Core Fixed Income	20.0%	8.0%
Other Public/Private Markets	12.0%	8.0%
Real Estate	12.0%	7.6%
Hedge Funds	5.0%	6.4%
Private Equity	10.0%	11.6%
Total	100.0%	

Discount Rate:

The discount rate used to measure the Total Pension Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability. Of the total pension liability, $4,717,367 is related to the primary government, and $98,836 is attributable to discretely presented component unit.

Changes in the Net Pension Liability:

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

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

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

Primary Government

1% Decrease 5.75%	Current Single Rate Assumption 6.75%	1% Increase 7.75%
$ 10,433,583	$ 4,717,367	$ 47,220

Component Unit

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

Total

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

Pension Plan Fiduciary Net Position:

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

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

For the year ended September 30, 2024, the City recognized pension expense of $880,159. Of this amount, $862,098 is related to the primary government and $18,061 is attributable to the discretely presented component unit.

At September 30, 2024, the City reported deferred outflows and inflows of resources related to pensions from the following sources:

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

The primary government and component units reported $836,995 and $17,536, respectively, as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability for the year ending September 30, 2025.

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

Year ended December 31:	Primary Government	Discretely Presented Component Units	Total
2024	$ 123,486	$ 2,587	$ 126,073
2025	128,238	2,687	130,925
2026	734,071	15,379	749,450
2027	(330,035)	(6,913)	(336,948)
2028	-	-	-
Thereafter	-	-	-
	$ 655,761	$ 13,739	$ 669,500

E. Other Postemployment Benefits

<u>Supplemental Death Benefits Fund</u>

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

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

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

Employees covered by benefit terms

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

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

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

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

Plan/ Calendar Year	Annual Required Contribution (Rate)	Actual Contribution Made (Rate)	Percentage of ARC Contributed
2022	0.13%	0.13%	100.0%
2023	0.15%	0.15%	100.0%
2024	0.18%	0.18%	100.0%

Total OPEB Liability

The City's Postemployment Benefits Other Than Pensions Liability (OPEB) was measured as of December 31, 2023, and the Total OPEB Liability was determined by an actuarial valuation as of that date.

Actuarial assumptions:

The Total OPEB Liability in the December 31, 2023 actuarial valuation was determined using the following actuarial assumptions:

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

Administrative expenses	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68

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

Discount Rate:

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

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

The following presents the total OPEB liability of the City, calculated using the discount rate of 3.77%, as well as what the City's total OPEB liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (2.77%) or 1-percentage-point higher (4.77%) than the current rate:

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

Changes in the Total OPEB Liability:

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

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

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

At September 30, 2024, the City reported deferred outflows of resources related to the OPEB liability from the following sources:

	Deferred Outflows of Resources	Deferred (Inflows) of Resources
Difference between expected and actual experience	$ -	$ (14,646)
Changes in assumptions and other inputs	-	(78,818)
Contributions subsequent to measurement date	11,778	-
Total	$ 11,778	$ (93,464)

The City reported $11,778 as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date that will be recognized as a reduction of the OPEB liability for the year ending September 30, 2025.

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

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

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

Actuarial Methods and Assumptions

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

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

The following is a summary of the actuarial assumptions:

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

Status	Employee	Employee & Spouse
Inactive employees or beneficiaries currently receiving benefits	4	0
Active employees	30	6
Total	**34**	**6**

Discount Rate

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

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

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

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

Healthcare Cost Trend

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

Changes in the Total OPEB Liability

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

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

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

At September 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to the OPEB liability from the following sources:

	Deferred Outflows of Resources		Deferred Inflows of Resources	
Difference between expected and actual experience	$	-	$	(18,617)
Change in assumptions		-		(16,792)
Total	$	-	$	(35,409)

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

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

F. Tax Abatement Disclosures

The City of Lockhart enters into tax abatement and rebate agreements with local businesses under the state local government code, title 12, subtitle A, chapter 380. Under the code, the governing body of a municipality may establish and provide for the administration of one or more programs, including programs for making loans or grants of public money and providing personnel and services of the municipality, to promote state or local economic development and to stimulate business and commercial activity in the municipality. The City has tax abatement/rebate agreements with three entities as of September 30, 2024:

$13,885 of real property and personal property taxes was rebated to a manufacturing company that commercializes fiber reactor technology to enhance and improve manufacturing environments by increasing the efficiency of existing refining operations utilizing two-phase chemistry.

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

G. Restatement

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

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

H. New Accounting Pronouncements

The City has adopted the provision of Governmental Accounting Standard Board (GASB) Statement No. 100, entitled Accounting Changes and Error Calculations. The requirements of this Statement are displayed within the government-wide and fund financial statements, where applicable.

I. Related Party Transactions

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

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

J. Subsequent Events

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

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

REQUIRED SUPPLEMENTARY INFORMATION

City of Lockhart, Texas

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

For the Year Ended September 30, 2024

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

City of Lockhart, Texas

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

For the Year Ended September 30, 2024

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

Notes to Required Supplementary Information

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

City of Lockhart, Texas

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

Years Ended:

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

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

City of Lockhart, Texas

SCHEDULE OF EMPLOYER CONTRIBUTIONS TO PENSION PLAN

Years Ended:

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

NOTES TO SCHEDULE OF EMPLOYER CONTRIBUTIONS TO PENSION PLAN

Valuation Date:

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

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	22 years (longest amortization ladder)
Asset Valuation Method	10 Year smoothed fair value; 12% soft corridor
Inflation	2.5%
Salary Increases	3.60% to 11.85% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2023 valuation pursuant to an experience study of the period ending 2022.
Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP. Pre-retirement: PUB(10) mortality tables, with the Public Safety table used for males and the General Employee table used for females. The rates are projected on a fully generational basis with scale UMP.

Other Information:

Notes	There were no benefit changes during the year.

9/30/2021	9/30/2020	9/30/2019	9/30/2018	9/30/2017	9/30/2016	9/30/2015
$ 941,155	$ 896,545	$ 872,807	$ 829,948	$ 754,327	$ 734,637	$ 692,664
$ 941,155	$ 896,545	$ 872,807	$ 829,948	$ 754,327	$ 734,637	$ 692,664
$ -	$ -	$ -	$ -	$ -	$ -	$ -
$ 7,490,384	$ 6,972,445	$ 6,687,118	$ 6,300,160	$ 5,911,532	$ 6,129,529	$ 5,617,224
12.56%	12.86%	13.05%	13.17%	12.76%	11.99%	12.33%

City of Lockhart, Texas

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

Years Ended:

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

Notes to schedule:

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

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

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

City of Lockhart, Texas

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

RETIREE HEALTHCARE

Years Ended:

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

Notes to schedule:

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

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

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

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COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES

NONMAJOR GOVERNMENTAL FUNDS

DEBT SERVICE FUND

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

RADIO TOWER EQUIPMENT REPLACEMENT

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

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.

JUVENILE CASE MANAGER

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

TRUANCY COURT

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

LOCAL MUNICIPAL JURY

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

CABLE EDUCATION

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

TRANSPORTATION

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

CARES RELIEF ACT

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

CLEARFORK SECTION 1 SIDEWALK

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

MAPLE 2201 TRAIL PROJECT

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

2015 CERTIFICATES OF OBLIGATION

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

MAPLE STREET PARK IMPROVEMENTS

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

City of Lockhart, Texas

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

September 30, 2024

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

See Notes to Financial Statements.

City of Lockhart, Texas

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

For the Year Ended September 30, 2024

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

See Notes to Financial Statements.

City of Lockhart, Texas

COMBINING BALANCE SHEET (Page 1 of 2)

NONMAJOR SPECIAL REVENUE FUNDS

September 30, 2024

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

See Notes to Financial Statements.

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

City of Lockhart, Texas

COMBINING BALANCE SHEET (Page 2 of 2)

NONMAJOR SPECIAL REVENUE FUNDS

September 30, 2024

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

See Notes to Financial Statements.

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

City of Lockhart, Texas

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (Page 1 of 2)

NONMAJOR SPECIAL REVENUE FUNDS

For the Year Ended September 30, 2024

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

See Notes to Financial Statements.

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

City of Lockhart, Texas

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (Page 2 of 2)

NONMAJOR SPECIAL REVENUE FUNDS

For the Year Ended September 30, 2024

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

See Notes to Financial Statements.

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

City of Lockhart, Texas

COMBINING BALANCE SHEET

NONMAJOR CAPITAL PROJECT FUNDS

September 30, 2024

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

See Notes to Financial Statements.

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

City of Lockhart, Texas

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

For the Year Ended September 30, 2024

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

See Notes to Financial Statements.

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

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City of Lockhart, Texas

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

DEBT SERVICE FUND

For the Year Ended September 30, 2024

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

Notes to Other Supplementary Information

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

* Expenditures exceeded appropriations at the legal level of control.

See Notes to Financial Statements.

City of Lockhart, Texas

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
HOTEL/MOTEL TAX

For the Year Ended September 30, 2024

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

Notes to Other Supplementary Information

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

* Expenditures exceeded appropriations at the legal level of control.

See Notes to Financial Statements.

COMBINING NONMAJOR ENTERPRISE FUNDS

City of Lockhart, Texas

COMBINING STATEMENT OF NET POSITION
NONMAJOR ENTERPRISE FUNDS (Page 1 of 2)

September 30, 2024

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

See Notes to Financial Statements.

Business-Type Activities
Total
$ 962,601
1,178,656
2,141,257
192,570
1,713,064
1,905,634
4,046,891
257,144
1,673
258,817

City of Lockhart, Texas

COMBINING STATEMENT OF NET POSITION

NONMAJOR ENTERPRISE FUNDS (Page 2 of 2)

September 30, 2024

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

See Notes to Financial Statements.

Business-Type Activities Total	
$	240,557
	10,839
	5,000
	30,993
	3,276
	48,531
	339,196
	3,443
	669,754
	63,608
	6,037
	742,842
	1,082,038
	45,208
	13,271
	605
	59,084
	1,902,358
	1,262,228
$	3,164,586

City of Lockhart, Texas

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

NONMAJOR PROPRIETARY FUNDS

For the Year Ended September 30, 2024

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

See Notes to Financial Statements.

Business-Type Activities
Total
$ 3,758,404
96,918
3,855,322
2,322,292
4,471
1,760,857
82,485
206,125
4,376,230
(520,908)
4,784
71,520
(234)
76,070
(444,838)
25,000
(322,182)
(296,561)
(741,399)
3,905,985
$ 3,164,586

City of Lockhart, Texas

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS (Page 1 of 2)

For the Year Ended September 30, 2024

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

See Notes to Financial Statements.

Business-Type Activities Total
$ (1,829,025)
(1,867,951)
3,764,503
67,527
4,784
621
(322,182)
(316,777)
(134,567)
25,000
(23,625)
(234)
(133,426)
71,520
71,520
(311,156)
1,273,757
$ 962,601

City of Lockhart, Texas

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS (Page 2 of 2)

For the Year Ended September 30, 2024

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

See Notes to Financial Statements.

Business-Type Activities Total
$ (520,908)
206,125
(90,819)
(199,084)
(1,102)
(63,463)
(5,206)
48,531
30,214
45,208
10,933
552,426
54,672
$ 67,527

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COMBINING STATEMENTS
FIDUCIARY FUNDS

City of Lockhart, Texas

COMBINING STATEMENT OF FIDUCIARY NET POSITION

PRIVATE-PURPOSE TRUSTS

September 30, 2024

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

See Notes to Financial Statements.

City of Lockhart, Texas

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

PRIVATE-PURPOSE TRUSTS

For the Year Ended September 30, 2024

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

See Notes to Financial Statements.

City of Lockhart, Texas

COMBINING STATEMENT OF FIDUCIARY NET POSITION
CUSTODIAL FUNDS
September 30, 2024

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

See Notes to Financial Statements.

City of Lockhart, Texas

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

CUSTODIAL FUNDS

For the Year Ended September 30, 2024

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

See Notes to Financial Statements.

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STATISTICAL SECTION

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

Contents **Page**

City of Lockhart, Texas

NET POSITION BY COMPONENT

Last Ten Fiscal Years (Unaudited)

(accrual basis of accounting)

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

(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.

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

City of Lockhart, Texas

CHANGES IN NET POSITION

Last Ten Fiscal Years (Unaudited)

(accrual basis of accounting)

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

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

City of Lockhart, Texas

CHANGES IN NET POSITION

Last Ten Fiscal Years (Unaudited)

(accrual basis of accounting)

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

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

City of Lockhart, Texas

FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years (Unaudited)

(modified accrual basis of accounting)

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

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

City of Lockhart, Texas

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years (Unaudited)

(modified accrual basis of accounting)

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

2019	2020	2021	2022	2023	2024
$ 4,676,453	$ 5,028,375	$ 5,274,506	$ 5,748,229	$ 7,010,249	$ 7,423,752
2,239,478	2,444,852	2,143,239	2,392,769	2,712,526	3,009,942
		511,709	585,018	582,849	625,958
1,127,998	1,190,406	414,578	275,647	236,897	219,056
142,721	243,196	650,521	852,003	2,298,116	2,546,060
2,200	2,200	738,869	916,271	852,308	939,469
554,354	866,355	3,061,756	2,379,234	647,533	647,636
283,700	119,746	20,739	125,718	893,878	1,083,776
275,443	223,199	186,781	235,092	249,470	76,197
9,302,347	10,118,329	13,002,698	13,509,981	15,483,826	16,571,846
2,107,937	2,333,952	1,777,924	2,121,509	1,899,022	2,226,415
5,631,506	5,579,302	6,052,616	6,066,612	6,530,409	7,289,495
1,601,001	1,948,586	1,571,151	913,011	2,914,291	2,673,775
13,320	139,685	20,539	35,312	9,086	33,778
912,739	1,150,716	1,022,863	1,038,803	1,803,531	1,474,707
-	-	707,075	955,377	1,933,286	1,993,255
690,799	727,163	797,305	1,006,761	1,416,609	1,483,572
456,409	432,504	413,447	393,470	434,928	401,807
800	800	-	25,220	-	-
1,238,106	551,827	1,442,886	2,189,333	757,984	93,808
12,652,617	12,864,535	13,805,806	14,745,408	17,699,146	17,670,612
(3,350,270)	(2,746,206)	(803,108)	(1,235,427)	(2,215,320)	(1,098,766)
-	-	383,923	2,652,861	-	320,532
-	-	-	-	-	-
-	-	-	-	-	-
-	-	251,942	-	34,000	7,300
3,796,267	4,360,894	3,793,615	3,644,993	4,694,559	4,797,571
(751,525)	(1,215,366)	(802,478)	(759,563)	(1,591,576)	(752,812)
3,044,742	3,145,528	3,627,002	5,538,291	3,136,983	4,372,591
$ (305,528)	$ 399,322	$ 2,823,894	$ 4,302,864	$ 921,663	$ 3,273,825
10.23%	10.14%	9.79%	11.15%	12.48%	12.73%

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City of Lockhart, Texas

TAX REVENUES BY SOURCE, GOVERNMENTAL FUNDS

Last Ten fiscal years

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

City of Lockhart, Texas

ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE

Last Ten fiscal years

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

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

SOURCE: Caldwell County Appraisal District

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

City of Lockhart, Texas

DIRECT AND OVERLAPPING PROPERTY TAX RATES

PER $100 OF ASSESSED VALUE

Last Ten tax years

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

SOURCE: Caldwell County Tax Office

City of Lockhart, Texas

PRINCIPAL PROPERTY TAXPAYERS

Current Year and Nine Years Ago (Unaudited)

2024

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

2015

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

SOURCE: Municipal Advisory Council (MAC)

City of Lockhart, Texas

PROPERTY TAX LEVIES AND COLLECTIONS

Last Ten fiscal years

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

NOTES: Collections do not include penalty and interest.

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

SOURCE: Caldwell County Tax Office

Collections in Subsequent Years	Total Collections to Date		Uncollected Balance
	Amount	Percentage of Levy	
$ 82,367	$ 3,495,308	99.65%	$ 12,391
75,785	3,696,153	99.67%	12,173
66,018	3,864,731	99.64%	13,836
93,129	4,319,139	99.66%	14,575
70,364	4,586,078	99.69%	14,460
98,473	4,980,041	99.55%	22,489
74,433	5,168,917	99.32%	35,518
63,191	5,683,397	98.88%	64,391
47,668	6,898,134	98.00%	140,819
-	7,179,863	96.17%	285,564

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City of Lockhart, Texas

ELECTRIC PURCHASED AND CONSUMED

Last Ten fiscal years

Fiscal Year		KWH Electric Purchased		KWH Electric Consumed		KWH Electric Unbilled	Average Percent Unbilled	Total Direct Rate Electric Base Rate	Total Direct Rate Electric Usage Rate
2015	$	113,918,033	$	104,171,535	$	9,746,498	9%	10.82	0.0202
2016		112,447,919		101,868,831		10,579,088	9%	11.32	0.0190
2017		114,910,305		104,995,443		9,914,862	9%	22.20	0.0190
2018		122,944,319		114,446,577		8,497,742	7%	22.60	0.0216
2019		122,837,459		114,115,638		8,721,821	7%	23.10	0.0216
2020		120,845,231		112,276,873		8,568,358	7%	23.10	0.0216
2021		115,850,641		107,243,944		8,606,697	7%	23.10	0.0216
2022		124,320,000		111,940,848		12,379,152	10%	23.10	0.0216
2023		126,656,586		117,417,620		9,238,966	7%	23.10	0.0216
2024		126,260,306		119,492,886		6,767,420	5%	11.32	0.0190

NOTE: Full detail of rate information can be found on schedule titled "Electric Rates".

City of Lockhart, Texas

ELECTRIC RATES

Last Ten fiscal years

	2015	2016	2017	2018	2019
Electric Rates (per KWH)					
Base Rate	$ 10.82	$ 11.32	$ 22.20	$ 22.60	$ 23.10
Electric Usage Rate					
0 - 1,200 kwh	0.02020	0.01896	0.01896	0.02156	0.02156
1,201 +	0.02910	0.03250	0.03250	0.03510	0.03510
+ all kwh	-	0.00225	0.00225	0.00225	0.00225

NOTE: Increases in electric rates are approved by the City Council.

2020		2021		2022		2023		2024	
$	23.10	$	23.10	$	23.10	$	23.10	$	11.32
	0.02156		0.02156		0.02156		0.02156		0.01896
	0.03510		0.03510		0.03510		0.03510		0.03250
	0.00225		0.00225		0.00225		0.00225		0.00225

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City of Lockhart, Texas

TEN LARGEST ELECTRIC CUSTOMERS

Current Year and Nine Years Ago

2024

Customer	Type of Business	12-Month Electric Consumption per kWh	Percent of Total Billed
MTC/LockhartCorrectional Facility	Service	3,865,080	3.23%
H.E.B. Stores	Retail	2,520,400	2.11%
Lockhart High School	Public School	2,413,240	2.02%
Pure Castings	Manufacturing	2,068,500	1.73%
Caldwell County	Government	1,276,058	1.07%
Arco Murray Construction	Construction	1,042,500	0.87%
G.B.R.A.	Service	1,208,899	1.01%
Bluebonnet Elementary	Public School	1,018,500	0.85%
Livingood Feeds	Retail	960,001	0.80%
Poco Loco, LLC	Retail	948,600	0.79%

2015

Customer	Type of Business	12-Month Electric Consumption per kWh	Percent of Total Billed
The GEO Group	Service	3,809,600	3.66%
H.E.B. Stores	Retail	2,656,400	2.55%
Caldwell County Annex	Government	1,947,300	1.87%
Dormae/Serta Products	Production	1,461,000	1.40%
Livingood Feeds	Retail	1,187,400	1.14%
Lockhart High School	Public School	1,000,000	0.96%
G.B.R.A.	Service	939,000	0.90%
Pinnacle Health	Healthcare	849,360	0.82%
Henderson Controls	Wholesale	672,960	0.65%
Bluebonnet Elementary	Public School	640,800	0.62%

Source: City records.

City of Lockhart, Texas

WATER PRODUCED AND CONSUMED AND WASTEWATER TREATED

Last Ten fiscal years

Fiscal Year	Gallons of Water Produced	Gallons of Water Consumed	Gallons of Water Unbilled	Average Percent Unbilled	Gallons of Wastewater Treated
2015	522	476	46	9%	482
2016	545	461	84	15%	487
2017	544	466	77	14%	451
2018	575	481	95	16%	399
2019	526	460	66	13%	367
2020	553	452	101	18%	373
2021	473	449	24	5%	412
2022	520	506	14	3%	381
2023	585	550	35	6%	388
2024	651	582	69	11%	529

NOTES: Water and sewer usage rates shown are for 2,001-6,000 gallon usage range.
Gallons produced and consumed are represented in million gallons.
Full detail of rate information can be found on schedule titled "Water and Sewer Rates".

Total Direct Rate			
Water		Sewer	
Base Rate	Usage Rate	Base Rate	Usage Rate
22.10	3.90	15.51	4.67
22.10	3.90	15.51	4.67
22.10	3.90	15.51	4.67
22.60	4.50	15.51	4.67
23.10	4.80	15.51	4.67
23.60	4.80	15.51	4.67
23.60	4.80	15.51	4.67
23.60	4.80	15.51	4.67
27.45	4.86	19.18	5.77
27.45	4.86	19.18	5.77

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City of Lockhart, Texas

TEN LARGEST WATER CUSTOMERS

Current Year and Nine Years Ago (Unaudited)

2024

Customer	Type of Business	12-Month Water Consumption	Percent of Total Billed
MTC/Lockhart Correctional Facility	Private Public Safety	45,287	8.20%
D.R. Horton Homes	Construction	10,959	1.98%
Lockhart Nursing & Rehab	Healthcare	8,866	1.60%
Sunchase Square Apartments	Housing	7,212	1.31%
Lockhart Farms, Lp	Housing	7,118	1.29%
Lennar Homes	Construction	6,841	1.24%
Diversicare Corp. of America	Healthcare	5,358	0.97%
Caldwell County	Government	4,330	0.78%
Pilot-Legacy Stanton, LLC	Housing	3,983	0.72%
Plum Creek Hospitality	Hospitality Service	3,357	0.61%

2015

Customer	Type of Business	12-Month Water Consumption	Percent of Total Billed
The GEO Group	Service	60,763	13.32%
Caldwell County	Government	9,007	1.97%
Zachry Construction Company	Construction	7,679	1.68%
Pinnacle Health Facility	Healthcare	5,007	1.10%
Wal-Mart Store	Retail	3,676	0.81%
Fairway Properties	Housing	3,158	0.69%
Lockhart High School Track	Public School	2,499	0.55%
MTC/Lockhart Correctional Facility	Private Public Safety	2,407	0.53%
The Town Laundromat	Service	2,027	0.44%
Kinlock, LLC DBA McDonald's	Food Service	2,001	0.44%

City of Lockhart, Texas
WATER AND SEWER RATES
Last Ten Fiscal Years

	2015	2016	2017	2018
Water Rates (per 2,000 gallons)				
Base Rate	$ 22.10	$ 22.10	$ 22.10	$ 22.60
Water Usage Rate				
2,001-6,000	3.90	3.90	3.90	4.50
6,001-8,000	4.15	4.15	4.15	4.75
8,001-10,000	4.40	4.40	4.40	5.00
>10,001	5.15	5.15	5.15	5.75
Sewer Rates (per 2,000 gallons)				
Base Rate	15.51	15.51	15.51	15.51
Sewer Usage Rate				
>2,000	4.67	4.67	4.67	4.67

NOTES: Increases in water and sewer are approved by the City Council.

Sewer consumption rates for residential customers are based on the average of the last three-month period of December, January, and February that preceded the billing date.

2019	2020	2021	2022	2023	2024
$ 23.10	$ 23.60	23.60	23.60	25.89	27.45
4.80	4.80	4.80	4.80	4.58	4.86
5.05	5.05	5.05	5.05	5.73	6.07
5.30	5.30	5.30	5.30	6.64	7.04
6.05	6.05	6.05	6.05	7.33	7.77
15.51	15.51	15.51	15.51	17.92	19.18
4.67	4.67	4.67	4.67	5.40	5.77

City of Lockhart, Texas

RATIOS OF OUTSTANDING DEBT BY TYPE

Last Ten Fiscal Years

	Governmental Activities						Business-type Activities	
Fiscal Year	Certificates of Obligation	General Obligation Bonds	Tax Notes	Lease Liabilities	SBITA Liabilities	Plus: Issuance Premiums	Certificates of Obligation	General Obligation Bonds
2015	$ 14,875,686	$ 476,031	$ -	$ -	$ -	$ 278,388	$ 9,089,313	$ 2,553,969
2016	9,381,395	4,887,402	-	-	-	835,806	9,073,608	1,877,593
2017	8,794,235	4,887,052	-	-	-	774,293	8,850,765	1,762,948
2018	8,192,765	4,887,052	-	-	-	712,782	8,607,235	1,642,948
2019	7,707,775	4,681,243	-	-	-	651,271	8,352,225	1,573,757
2020	7,208,875	4,452,980	-	-	-	589,760	8,091,125	1,497,018
2021	6,691,415	4,224,718	-	332,340	-	528,249	7,823,585	1,420,278
2022	6,327,225	3,685,870	2,330,000	551,478	151,988	466,738	7,397,775	1,239,126
2023	5,944,595	3,120,828	2,025,086	399,301	140,142	405,227	6,950,407	1,049,168
2024	5,548,135	2,548,302	1,708,666	534,607	127,202	343,716	6,486,867	856,696

NOTE: Details regarding the City's outstanding debt can be found in the notes to financial statements.

Business-type Activities							
Lease Liabilities	State Infrastructure Loan	Contractual Obligations	Tax Notes	Plus: Issuance Premiums	Total Primary Government	Percentage of Personal Income	Per Capita
$ 1,045,473	$ 3,314,617	$ 3,400,000	$ -	$ 324,792	$ 35,358,269	8.9%	2,787
643,534	3,166,553	3,400,000	-	500,572	33,766,463	8.4%	2,661
219,939	3,014,787	3,400,000	-	468,308	32,172,327	7.7%	2,535
104,350	2,859,227	3,400,000	-	436,047	30,842,406	6.7%	2,215
86,958	2,699,779	14,995,000	-	403,786	41,151,794	9.0%	2,955
69,566	2,536,344	22,975,000	-	371,510	47,792,178	16.3%	3,432
248,249	2,368,823	30,935,000	-	339,249	54,911,906	15.2%	3,819
174,964	2,197,114	45,120,000	1,720,000	306,988	71,669,266	18.3%	4,984
100,835	2,021,112	41,955,000	1,494,914	274,728	65,881,343	15.8%	4,396
25,850	1,840,710	40,875,000	1,261,334	242,466	62,399,551	14.1%	4,074

City of Lockhart, Texas

RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING

Last Ten Fiscal Years

	General Bonded Debt Outstanding						
Fiscal Year	**Certificates of Obligation**	**General Obligation Bonds**	**Tax Notes**	**Plus: Issuance Premiums**	**Total**	**Debt Service Monies Available**	**Net Bonded Debt**
2015	$ 14,875,686	$ 476,031	$ -	$ 278,388	$ 15,630,105	$ 429,226	$ 15,200,879
2016	9,381,395	4,887,402	-	835,806	15,104,603	362,919	14,741,684
2017	8,794,235	4,887,052	-	774,293	14,455,580	278,089	14,177,491
2018	8,192,765	4,887,052	-	712,782	13,792,599	285,621	13,506,978
2019	7,707,775	4,681,243	-	651,271	13,040,289	240,674	12,799,615
2020	7,208,875	4,452,980	-	589,760	12,251,615	203,016	12,048,599
2021	6,691,415	4,224,718	-	528,249	11,444,382	115,835	11,328,547
2022	6,327,225	3,685,870	2,330,000	466,738	10,479,833	-	10,479,833
2023	5,944,595	3,120,828	2,025,086	405,227	9,470,650	298,476	9,172,174
2024	5,548,135	2,548,302	1,708,666	343,716	8,440,153	787,882	7,652,271

NOTE: Details regarding the City's outstanding debt can be found in the notes to financial statements.

Percentage of Actual Taxable Value of Property	Per Capita
3.06%	1,198
2.84%	1,162
2.66%	1,117
2.21%	1,064
2.10%	919
1.80%	865
1.55%	814
1.24%	729
0.97%	638
0.53%	500

City of Lockhart, Texas

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

September 30, 2024 (Unaudited)

	Gross Debt Outstanding		Percentage Applicable	Amount Applicable
	Date	**Amount**	**to City**	**to City**
Direct Debt:				
City of Lockhart	9/30/2024	$ 10,810,628	100.00%	$ 10,810,628
Overlapping Debt:				
Caldwell County	9/30/2024	14,010,000	30.08%	4,214,208
Lockhart Independent School District	6/30/2024	126,664,961	45.25%	57,315,895
Total Overlapping Debt		140,674,961		61,530,103
Total		$ 151,485,589		$ 72,340,731

NOTES: There is no legal debt limit for the City. Texas municipalities are not bound by any direct constitutional or statutory maximums as to the amount of obligation bonds which may be issued; however, all local bonds must be submitted to and approved by the State Attorney General. It is the established practice of the Attorney General not to approve a prospective bond issue if it will result in a tax levy for general bonded debt of over $1.00 for cities under 5,000 population, or $1.50 for cities over 5,000 population.

The percentage of overlapping debt applicable is estimated using taxable property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable value that is within the City's boundaries and dividing it by each government's total taxable value.

SOURCE: https://emma.msrb.org `

City of Lockhart, Texas

DEMOGRAPHIC AND ECONOMIC STATISTICS

Last Ten Fiscal Years (Unaudited)

Fiscal Year	(1) Population	Personal Income	(2) Per Capita Personal Income	(3) School Enrollment	(4) Unemployment Rate
2015	12,689	398,637,624	31,416	5,393	4.0%
2016	12,689	404,131,961	31,849	5,699	4.0%
2017	12,689	417,328,521	32,889	5,910	3.4%
2018	13,924	457,946,436	32,889	6,120	3.4%
2019	13,924	457,946,436	32,889	6,160	3.2%
2020	13,924	292,974,884	21,041	6,160	3.2%
2021	14,379	360,711,594	25,086	6,167	6.0%
2022	14,379	391,137,558	27,202	6,465	6.5%
2023	14,985	415,968,615	27,759	6,619	3.5%
2024	15,318	443,548,008	28,956	6,768	3.4%

NOTES: The unemployment rates are a twelve month average from October through September for Caldwell County.

Decrease in personal income in fiscal year 2020 is due to the coronavirus pandemic.

SOURCES:
(1) Population based on U.S. Census Bureau

(2) U.S. Department of Commerce, Bureau of Economic Analysis (for Caldwell County)

(3) Lockhart Independent School District

(4) U.S. Department of Labor - Bureau of Labor (for Caldwell County)

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City of Lockhart, Texas

PRINCIPAL EMPLOYERS

Current Year and Nine Years Ago

2024

Employer	Employees	Percentage of Total City Employment
Lockhart ISD	790	7.73%
Walmart	225	2.20%
MTC (Lockhart Correctional)	175	1.71%
H.E.B Food Store	170	1.66%
Pegasus School, Inc	149	1.46%
City of Lockhart	149	1.46%
Ziegenfelder	100	0.98%
Student Transportation Specialist	85	0.83%
Pure Castings Company	75	0.73%
Fashion Glass & Mirror	70	0.69%
	1,988	19.46%

2015

Employer	Employees	Percentage of Total City Employment
Lockhart ISD	655	3.30%
Walmart	266	1.34%
H E Butt Grocery	180	0.91%
Serta/Dormae Products	177	0.89%
MTC (Lockhart Correctional)	168	0.85%
City of Lockhart	132	0.67%
Pegasus Schools	130	0.66%
Chisolm Trail Nursing	75	0.38%
Parkview Nursing	64	0.32%
Student Transportation	64	0.32%
	1,911	9.63%

SOURCE: Municipal Advisory Council of Texas

City of Lockhart, Texas

FULL-TIME-EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM

Last Ten Fiscal Years

	2015	2016	2017	2018	2019
Function/Program					
General government					
City manager	3.0	4.0	4.0	5.0	5.0
City secretary	1.0	1.0	1.0	1.0	1.0
Finance	5.0	5.0	5.0	4.0	5.0
Municipal court	5.0	5.0	4.0	4.0	4.0
Library	9.0	10.0	9.0	9.0	9.0
Parks and recreation	7.0	7.0	7.0	7.0	8.0
Code enforcement	2.0	3.0	3.0	3.0	3.0
Planning and development	4.0	4.0	4.0	4.0	4.0
Public safety					
Police	25.0	25.0	28.0	30.0	29.0
Communications	8.0	9.0	9.0	10.0	9.0
Fire	16.0	18.0	15.0	14.0	14.0
Public works					
Public works	3.0	3.0	3.0	2.0	2.0
Animal control	5.0	8.0	8.0	8.0	7.0
Garage	3.0	3.0	3.0	3.0	3.0
Streets	14.0	13.0	12.0	12.0	12.0
Electric					
Utility billing	6.0	6.0	5.0	6.0	6.0
Utility distribution	9.0	9.0	9.0	8.0	9.0
Water/wastewater					
Water operations	5.0	5.0	5.0	5.0	6.0
Sewer operations	2.0	3.0	3.0	4.0	3.0
Sanitation					
Operations	1.0	2.0	2.0	2.0	2.0
Recycle					
Economic Development	2.0	1.0	2.0	2.0	2.0
Total	135	144	141	143	143

2020	2021	2022	2023	2024
5.0	4.0	4.0	4.0	4.0
1.0	1.0	1.0	1.0	1.0
5.0	5.0	5.0	5.0	4.0
4.0	4.0	3.0	3.0	2.0
9.0	6.0	6.0	6.0	6.0
8.0	8.0	9.0	5.0	9.0
3.0	3.0	3.0	3.0	5.0
4.0	4.0	4.0	4.0	3.0
27.0	29.0	31.0	22.0	27.0
9.0	10.0	10.0	7.0	6.0
13.0	13.0	15.0	14.0	17.0
2.0	2.0	2.0	2.0	2.0
6.0	6.0	7.0	6.0	8.0
3.0	4.0	4.0	4.0	4.0
12.0	12.0	12.0	10.0	10.0
6.0	6.0	6.0	6.0	5.0
9.0	9.0	10.0	8.0	9.0
6.0	6.0	5.0	5.0	5.0
3.0	4.0	4.0	2.0	3.0
2.0	2.0	2.0	1.0	2.0
	1.0	1.0	1.0	1.0
2.0	2.0	2.0	0.0	1.0
139	141	146	119	119

City of Lockhart, Texas

OPERATING INDICATORS BY FUNCTION/PROGRAM

Last Ten Fiscal Years

Function/Program	**2015**	**2016**	**2017**	**2018**
General government				
Building permits issued	604	647	495	444
Building inspections conducted	1,784	1,613	1,716	2,179
Public safety				
Police				
Physical arrests	398	628	596	934
Traffic violations	1,701	2,149	3,251	5,708
Fire				
Fire calls	1,564	1,386	1,501	1,356
Public works				
Streets (miles)	65	65	65	65
Culture and recreation				
Parks and recreation				
Park rental	75	91	107	73
Swimming pool				
Single admissions	7,529	8,554	8,289	6,883
Party rentals	35	50	34	32
Electric				
New connections	7	9	11	18
Average daily consumption (kwh)	285,401	279,093	287,659	313,552
Water and wastewater				
Water				
New connections/taps	62	139	56	78
Average daily consumption	1.30 mgd	1.26 mgd	1.18 mgd	1.32 mgd
Peak daily consumption	2.192 mgd	2.075 mgd	2.118 mgd	2.263 mgd
Wastewater				
Average daily sewage treatment	1.32 mgd	1.34 mgd	1.24 mgd	1.09 mgd
EMS				
Ambulance loads	2,867	2,989	3,106	3,207

NOTES: * EMS Ambulance loads not available 2011-2012; EMS was operated by Seton Health Care

Increase in building permits issued in 2020 due to new subdivisions and apartments.

2019	2020	2021	2022	2023	2024
542	839	1,339	2,296	4,197	2,501
2,282	1,703	2,845	4,959	15,597	18,434
862	451	469	455	408	622
6,281	4,041	4,480	4,091	3,711	3,867
1,406	1,361	1,388	1,652	1,717	1,764
66	100	124.5	124.5	124.5	124.5
85	32	58	85	109	106
6,596	-	8,279	8,973	4,822	7,885
33	-	30	46	20	40
23	49	125	616	805	983
312,646	307,607	297,326	306,687	321,692	327,378
61	50	111	144	502	551
1.26 mgd	1.305 mgd	1.296 mgd	1.425 mgd	1.604 mgd	1.590 mgd
2.160 mgd	2.200 mgd	2.500 mgd	2.100 mgd	2.895 mgd	2.620 mgd
1.00 mgd	1.02 mgd	1.13 mgd	1.04 mgd	1.06 mgd	1.446 mgd
3,199	3,188	3,479	3,350	3,605	3,605

City of Lockhart, Texas

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM

Last Ten Fiscal Years

	2015	2016	2017	2018
Function/Program				
Public safety				
Police				
Stations	1	1	1	1
Patrol units	22	22	26	28
Fire stations	1	1	1	1
Highways and streets				
Streets (miles)	64.7	64.7	65.2	65.2
Streetlights	1,825	1,838	1,838	1,844
School zone flashers	2	2	2	2
Culture and recreation				
Acreage	115	115	115	115
Parks	10	10	10	10
Baseball/softball diamonds	6	6	6	6
Soccer fields	8	8	8	8
Swimming pools	1	1	1	1
Electric				
Electric lines (miles)	77	77	77	80
Number of distribution stations	2	2	2	2
Capacity sold (MwH)	104,172	101,869	104,995	114,447
Water and wastewater				
Water				
Water mains (miles)	87.4	87.4	92.1	92.1
Fire hydrants	660	675	685	700
Storage capacity	1.05 mgd	1.05 mgd	1.05 mgd	1.05 mgd
Wastewater				
Sanitary sewers (miles)	76	76	76	78
Storm sewers (miles)	0	0	0	0
Treatment capacity	2.6 mgd	2.6 mgd	2.6 mgd	2.6 mgd

2019	2020	2021	2022	2023	2024
1	1	1	1	1	1
29	26	31	31	31	34
2	2	2	2	2	2
65.9	100.0	124.5	124.5	124.5	124.5
1,856	1,856	1,856	1,872	1,872	1,881
2	2	2	2	2	2
115	115	115	115	115	115
10	10	10	10	10	10
6	6	6	6	6	6
8	8	8	8	8	8
1	1	1	1	1	1
80	80	82	82	82	84
2	2	2	2	2	2
114,116	112,276	107,243	111,941	117,418	117,295
93.7	100.0	100.5	100.5	105.8	105.8
729	721	721	721	877	892
1.05 mgd	1.05 mgd	1.55 mgd	1.55 mgd	1.55 mgd	1.55 mgd
79	80.6	80.8	80.8	85.8	85.8
0	0	0	0	0	0
2.6 mgd	2.6 mgd	2.6 mgd	2.6 mgd	2.6 mgd	2.6 mgd

City of Lockhart, Texas

Council Agenda Item
Cover Sheet

COUNCIL MEETING DATE: April 1, 2025

AGENDA ITEM CAPTION: Discussion and/or action regarding the purchase of a portable stage to be available for park, City-sponsored, and community events.

ORIGINATING DEPARTMENT AND CONTACT: Public Works - Sean Kelley

ACTION REQUESTED: Other

BACKGROUND/SUMMARY/DISCUSSION: The City holds numerous events downtown, at the City Park and other community gathering areas. Frequently, in-kind contributions are made to sponsor the event, improve the functionality of the event and even alleviate the financial burden of organizers producing community-wide events.

Courthouse Nights has verbally requested to replace the old wooden stage with a new wooden stage and would like the City to participate in repairing the existing stage or consider the purchase of a new stage. The current stage is set up for each Courthouse Nights event by Pegasus School. The stage has been used for decades for several events, requires frequent maintenance, and has reached its life expectancy. Courthouse Nights requires a stage that can handle an approximal weight load of 3,000 lbs with a minimum dimension of 8' x24' and an elevated surface.

Considerations for Stage Rentals vs. Purchase:

- Rental vs. Purchase: Renting a stage for events costs approximately $5,000 per event, while purchase of a mobile portable stage is estimated at $10,000.
- Setup & Liability: Determine responsibility for setting up and dismantling the stage, as well as any associated liability concern.
- Stage Features: Portable stage options include guardrails, skirt/cover, stair kits and storage trolleys. They typically support up to 200 lbs/sq ft and come with a 10-year manufacturer's warranty.
- Eligible Uses: Potential uses include City-sponsored events (e.g., A Christmas to Remember, MLK Jr. March, Courthouse Nights, Kid Fish), non-profit events on public property, and park events.

PROJECT SCHEDULE (if applicable): Stage rentals are available on demand per event. If purchased, stage delivery takes approximately 4-6 weeks.

AMOUNT & SOURCE OF FUNDING:
Funds Required:
Account Number:
Funds Available:

City of Lockhart, Texas

Council Agenda Item
Cover Sheet

Account Name:

FISCAL NOTE (if applicable):

PREVIOUS COUNCIL ACTION:

COMMITTEE/BOARD/COMMISSION ACTION:

STAFF RECOMMENDATION/REQUESTED MOTION: Direct staff and if approved, staff will return to Council with a budget amendment in the Mayor/Council budget.

LIST OF SUPPORTING DOCUMENTS: Stages, .

Lockhart
TEXAS

2022-2023 Strategic Work Plan

The Strategic Planning Process

From January through April 2022, the City of Lockhart embarked on a strategic planning process to create strategic priorities for 2022-2023. The following is the process used to reach the conclusions for the plan:

The process kicked off with a preliminary Zoom between the City Manager, Steve Lewis, Mayor Lew White, and professional facilitator Alysia A. Cook, PCED, IOM with Opportunity Strategies LLC. The three met to review key issues facing the city, understand the programs and projects currently underway, and to prepare the process and format for the planning session.

On April 8, 2022, the City of Lockhart Management Team met at the Library for Part 1 of the Strategic Work Planning Session for 2022-2023.

On April 9, 2022, the City of Lockhart City Council and City Manager met at the Library for Part 2 of the Strategic Work Planning Session for 2022-2023.

Day One – Management Team

Day One began with City Manager Steve Lewis reviewing with the Management Team the City of Lockhart's accomplishments and success stories of 2021.

Following that, the City Manager and the facilitator shared some leadership concepts and considerations with the Lockhart Management Team. This led to some group discussions about the importance of continuous learning and leadership development.

The City Manager discussed with the participants that when goals are adopted by the City Council, they provide a positive impact for the Management Team in at least 4 different ways:

a) Direction is clearly set by City Council
b) Once that direction is established, differences can be discussed in a more open, less polarizing manner
c) Saves time in decision making on projects/programs
d) City Manager's recommendations can be better aligned with ultimate objectives

Mission of Lockhart Management Team

To promote and influence the alignment of organizational resources by focusing on:

a) Organizational planning and issues
b) Open communication with elected officials, staff, boards, commissions, and citizens
c) Ensuring City of Lockhart is a leader in Central Texas regarding issues with community relevance
d) Implementing programs that derive from the City Council and community's goals

Start – Stop – Continue

The facilitator then engaged the Management Team in a group exercise called *Start – Stop – Continue* which divides participants into small groups and has them offer feedback on what the City needs to start doing, stop doing, and continue doing.

These are individual manager recommendations and not necessarily agreed to by all managers or by City Council members. The responses are as follows:

Start

- Long-term capital planning
- Increasing non-emergency communications
- Administering annual customer service surveys that are statistically valid
- Developing recreation programs
- Indoor community recreation center
- City facilities and community infrastructure improvements
- New spaces for city facilities
- Modernize Human Resources policies including technology
- A vehicle acquisition fund
- Decreasing steps in the hiring process
- Staff planning for future growth
- Modernizing our contracts, best practices, attorney, etc. including reviewing for mutually beneficial language and avoiding one-sided contracts

Stop

- Ineffective/outdated contracts
- Thinking small
- Six-month probationary period for personnel
- Reconnecting customers after 10pm
- Providing free services (such as banners and road closures) and establish a fee schedule for these special requests
- Requiring utility inspections for every change of occupant

Continue

- Longevity pay
- Forward-looking planning for quality growth
- Law enforcement outreach with community
- Contracting (sending RFPs) for solid waste collection
- Supporting tourism
- Modernizing technology, e.g. paperless, Go Green
- Enhancing community investment
- Planning our wayfinding and signage
- Growing events that enhance overnight stays in Lockhart and maximize HOT $ collections
- Economic growth including considering developing a 4th industrial park
- Striving for improved customer service
- Community engagement including public open houses and social media

Next, the Management Team embarked on a discussion around the following topics which also included some departmental reports on the status of various projects:

- Growth Trends
- Land Development
- Economic Development
- Service Delivery
- Workforce Development
- Long Range Financial Outlook

Following those discussions, the facilitator led the Management Team through a discussion of what they each thought should be the 2022-2023 goals City Council would establish the following day. She recorded those recommendations, then the group reached consensus on what would be put forth to the Council to consider.

The final decisions for 2022-2023 were made by City Council the following day and are listed below.

Day Two – City Council

Day Two began with City Manager Steve Lewis reviewing with City Council the City of Lockhart's accomplishments and success stories of 2021.

Expectations – City Council

Following that, the facilitator asked City Council to share any expectations for the day. Responses were as follows:

- TxDOT – Wayfinding and Signage
- Summerside Subdivision turn lane and traffic light
- Urgent Care facility
- Comprehensive mental health care for first responders
- Keeping City Staff wages competitive
- Need for an Assistant City Manager
- Need for a grantwriter
- Regional animal shelter
- Next industrial park and/or property

The following is the City of Lockhart 2022-2023 Strategic Work Plan.

City of Lockhart Vision:

- To be a first-class community that has maintained its integrity and sense of community characterized by livable neighborhoods and quality schools.
- To be a City that focuses on family by ensuring quality recreational and cultural activities, services, housing, economic, and educational opportunities that promote a well-rounded productive member of the community.
- To be a City that is friendly to visitors and future residents with a spirit of fellowship and cooperation by accommodating their needs and recognizing the wealth in cultural, ethnic and age diversity.
- To be a City committed to sustainability by diligently balancing community needs with available resources and managing growth in a smart and fiscally responsible manner.
- To be a City that celebrates and embraces its long and rich history by reinvesting in neighborhoods, preserving areas and buildings of historic significance and returning the Central Business District to an economically viable and lively activity center.
- To be a City recognized for the quality of its built environment and the integration of the natural landscape throughout the community.
- To be a City that ensures a good balance between residential, commercial, industrial, and public/institutional uses supported by quality infrastructure and transportation systems.
- To be a City known for its innovative solutions to managing growth, progressiveness of City government, and responsiveness to the needs of citizens and businesses.

Source: Lockhart 2020 Comprehensive Plan

Goal #1: City Facilities

Goal #2: Human Resources/ Staffing

Goal #3: Parks & Recreation

Goal #4: Infrastructure

Goal #5: Modernization & Communications

Goal #6: Development & Quality of Life

Goal #7: Revenue Sustainability

2022-2023 Goals:

Each of the following seven goals is guided by the values of diversity and inclusion. Diversity and inclusion are a tapestry that is woven through every goal, every service, and every program.

Goal #1: City Facilities
To begin planning for new city facilities and offices.

Goal #2: Human Resources/Staffing
To enhance our HR services to ensure Lockhart remains a competitive employer.

Goal #3: Parks & Recreation
To develop the Parks & Recreation program and services.

Goal #4: Infrastructure
To enhance physical infrastructure and branded wayfinding throughout Lockhart.

Goal #5: Modernization & Communications
To modernize our in-house and online technology, systems, and communications to serve residents more efficiently and tell the Lockhart story.

Goal #6: Development & Quality of Life
To continually improve the quality of life and employment opportunities of the people of Lockhart.

Goal #7: Revenue Sustainability
To ensure the long-term financial health and sustainability of the City of Lockhart.

Goal #1: City Facilities

To begin planning for new city facilities and offices.

1.1 Consider which facilities improvements should be funded by certificates of obligation vs. bonds
1.2 Begin plans to replace/update City Hall
1.3 Begin plans to replace/update Police/Fire/Training facilities
1.4 Begin plans to replace/update Maintenance/City Barn Utilities
1.5 Reclaim old space at the hospital
1.6 Lease additional space at the EDC building
1.7 Conduct a Facilities Study with architects and engineers
1.8 Consider Airport improvements (TxDOT Aviation) in the study

Goal #2: Human Resources/Staffing

To enhance our HR services to ensure Lockhart remains a competitive employer.

2.1 Hire ACM (Assistant City Manager) immediately
2.2 Hire City Manager Support Staff (Executive Assistant or Administrative Assistant)
2.3 Once new ACM is hired, assign him/her with developing a Staffing Plan
2.4 Once new ACM is hired, assign him/her with developing a Succession Plan
2.5 Consider adding additional staff city-wide as needed
2.6 Retain law enforcement officers by ensuring compensation competitiveness
2.7 Implement a formal EAP (Employee Assistance Program)
2.8 Secure a grantwriter (explore opportunities for hiring one vs. contractor)

Goal #3: Parks & Recreation

To develop the Parks & Recreation program and services.

3.1 Develop adult and youth programming that utilize existing facilities
3.2 Conduct successful outreach to sports leagues across Texas and neighboring states
3.3 Consider new Parks & Rec facilities such as pickleball, volleyball, and frisbee golf
3.4 Plan for and implement safety improvements of existing facilities
3.5 Plan for and implement aesthetic improvements of existing facilities
3.6 City Council requests to meet with Parks & Rec Director and City Manager to discuss ideas and brainstorm next steps in the Parks Plan including:
- Work session, then tour Parks facilities with Parks & Rec Director
- Discuss short-term vs. long-term Parks & Rec needs
- Develop plan to survey citizens including bond exploration

Goal #4: Infrastructure

To enhance physical infrastructure and branded wayfinding throughout Lockhart.

4.1 Conduct public open houses to determine public wishes for Downtown
4.2 Council to approve a final Downtown Conceptual Design and authorize staff to implement
4.3 Consider an additional commercial district with retail and mixed-use offerings
4.4 Issue the RFP for a Comprehensive Plan update (hire firm by January 2023, then CIP (capital improvement plan) to follow
4.5 Explore downtown WiFi options including geofencing

Goal #5: Modernization & Communications

To modernize our in-house and online technology, systems, and communications to serve residents more efficiently and tell the Lockhart story.

5.1 PIO (Public Information Officer) to secure proposals for a new website design including:
- Online forms and application portals (permitting, employment, variance requests, etc.)
- Must be mobile responsive platform
- Ensure ease of use and innovative utility of site
- Include a portal to the Lockhart Economic Development Corporation website

5.2 Hire a consultant to 1) build a survey to ask the public what information they seek to find on the City of Lockhart website and 2) compare Lockhart website to other communities with high utilization of an innovative website

5.3 Streamline application processes of permits, developer proposals, engineering, employment, etc. to be placed on website (see 5.1)

5.4 Verify internet access at all City facilities

Goal #6: Development & Quality of Life

To continually improve the quality of life and employment opportunities of the people of Lockhart.

6.1 Consider proposed sidewalk ordinance
6.2 Facilitate/incentivize more housing options including:
- Rental housing options
- Workforce housing options
- Higher-income housing
- Infill/revitalized housing within centers of commerce (existing or planned)
- Senior/retiree housing

6.3 Continue to promote family-friendly events in Downtown
6.4 Encourage higher development standards (within state legislature contraints) to research modernization techniques and make recommendations to City Manager for consideration
6.5 Continue to implement Animal Control Audit recommendations
6.6 Continue to provide concerts on the square

Goal #7: Revenue Sustainability

To ensure the long-term financial health and sustainability of the City of Lockhart.

7.1 Explore and increase film production permitting fees
7.2 Create and implement fees for banners, road closures, event special requests
7.3 Use grantwriter (see 2.8) to find and write grants that benefit the City of Lockhart and its residents
7.4 Conduct discussions between City Council and Staff regarding which items can/should be funded by certificates of obligation vs. bonds
7.5 Update/increase construction permit fees and impact fees
7.6 Explore a bond vote for the items proposed by Parks & Rec and Council from Goal #3
7.7 Explore the concept of a Community Foundation with community benefactor options including other communities who have successfully created and implemented a Community Foundation

City of Lockhart Leadership

The 2022 City Council and Management Team participating:

City Council:

Lew White, Mayor
Angie Gonzales-Sanchez, Mayor Pro-Tem
Brad Westmoreland, Councilmember At-Large
Juan Mendoza, Councilmember District 1
David Bryant, Councilmember District 2
Kara McGregor, Councilmember District 3
Jeffry Michelson, Councilmember District 4

Management Team:

Steve Lewis, City Manager
Julie Bowermon, Director of Human Resources
Connie Constancio, City Secretary
Travis Hughes, Director of Parks & Recreation
Randy Jenkins, Fire Chief
Mike Kamerlander, Economic Development Director
Sean Kelley, Public Works Director
Pam Larison, Director of Finance
Bobby Leos, Electric Superintendent
Victoria Maranan, Public Information Officer
Bertha Martinez, Director of Library Services
Ernest Pedraza, Chief of Police

Facilitated by Opportunity Strategies LLC

Lockhart
TEXAS

City of Lockhart

2020-2021 Strategic Priorities

Prepared by:

Opportunity Strategies LLC