

An aerial photograph of a park. In the foreground, there is a playground with a blue and grey structure, a blue canopy, and a sign that reads "PLAY AREA CLOSED FOR MAINTENANCE". A paved path leads from the playground towards a large blue lake. In the background, there are several houses and trees under a clear blue sky.

City of Lake Jackson Comprehensive Annual Financial Report for fiscal year ended September 30, 2020

For further information, contact the City of Lake Jackson
25 Oak Drive Lake Jackson, TX 77566
Pam Eaves
Finance Director
979-415-2438

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CITY OF LAKE JACKSON

Lake Jackson, Texas

Comprehensive Annual Financial Report For the Year Ended September 30, 2020

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INTRODUCTORY SECTION

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CITY OF LAKE JACKSON

25 OAK DRIVE • LAKE JACKSON, TEXAS 77566-5289 • 979-415-2400 • FAX 979-297-9804

March 29, 2021

To the Honorable Mayor, Members of City Council,
and Citizens of Lake Jackson, Texas:

We are pleased to submit the Comprehensive Annual Financial Report for the City of Lake Jackson, Texas (the City) for the fiscal year ended September 30, 2020.

This report is published to provide to the City Council, City staff, our citizens, our bondholders and other interested parties detailed information concerning the financial condition and activities of the City government. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City.

To the best of our knowledge and belief, the data is accurate in all material aspects, and is organized in a manner designed to fairly present the financial position and results of operations of the City as measured by the financial activity of its various funds. We also believe that all disclosures necessary to enable the reader to gain the maximum understanding of the City's financial affairs have been included.

KM&L, LLC., Certified Public Accountants, has issued an unmodified ("clean") opinion on the city's financial statements for the year ended September 30, 2020.

Management's discussion and analysis (MD&A), which compliments this letter, immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements.

PROFILE OF THE CITY

Background

Lake Jackson is part of Texas history. The land that Lake Jackson is built on was part of Stephen F. Austin's original land grant from the Mexican government. The City of Lake Jackson derives its name from Major Abner Jackson, who, in the 1800's, built his home near an oxbow lake, which he called Lake Jackson. Development of the City began in December of 1941. The City incorporated in 1944.

Dow leaders with a great vision for a modern city created Lake Jackson in 1941. They wanted to build a community with a heart for progressive development, a spirit for economic diversity and an eye to protect natural resources. Seven decades later, Lake Jackson reigns as that city.

Location

The City of Lake Jackson encompasses 18 square miles and has produced an orderly, well planned residential community. Lake Jackson is located 50 miles south of Houston, 45 miles southwest of Galveston and 8 miles north of the Gulf of Mexico. The City is readily accessible via State Highway 332, State Highway 288, FM 2004, and the Port Freeport. The City has a population of approximately 29,000 people; and is part of a larger community of cities known as the Brazosport Area. This area represents a population of over 70,000 and includes: Lake Jackson, Clute, Freeport, Oyster Creek, Quintana, Angleton and Brazoria. Lake Jackson serves as the regional retail and medical center.

Structure

On January 30, 1954, the City adopted a Home Rule Charter and approved the Council/Manager form of government with a Mayor and five City Council members, elected on an “at-large”, non-partisan basis for a term of two years. Operating under a Home Rule Charter and the Council/Manager plan, the City Council is the legislative body of the City. The City Manager, who is responsible for the general administration of the City, is appointed by the City Council. The Basic Financial Statements of the City include all government activities, organizations and functions for which the City is financially responsible as defined by the Governmental Accounting Standards Board. Based on these criteria, no other governmental organizations are included in this report. For additional information on the reporting entity, refer to Note 1 to the basic financial statements.

Services Provided

The City provides a full range of municipal services. These services include police and fire protection, emergency ambulance service, the construction and maintenance of streets and drainage systems, building inspection, recreational facilities and activities, and park facilities and maintenance.

In addition, the City provides water, sewer and sanitation services, including curbside recycling for persons residing within its city limits. The City has an agreement with the Brazosport Water Authority (BWA) to obtain 2,000,000 gallons of surface water per day on a take or pay basis. The surface water is supplemented by the City’s twelve water wells. The water wells and BWA have a peak production capacity of 9.1 million gallons per day. Water storage capacity includes five elevated tanks (2.55 million gallons total capacity) and five ground storage tanks (4.6 million gallons total capacity). The City distributes an average of 2.96 million gallons per day.

Sewer treatment is provided for the City by one water reclamation facility. This facility has a permitted capacity of 5.89 million gallons per day. Average flows for fiscal year 2020 were 3.17 million gallons per day. Wastewater generated throughout the city flows through a series of lift stations prior to reaching the treatment plant. There are currently five “master” lift stations that pump directly to the treatment plant, and 42 lift stations that serve various subdivisions and convey wastewater to a “master” lift station. All effluent from the facility flows to Dow Chemical Company for use in its plant processes.

Each residence in the city receives regular garbage collection service two times per week; collection of large items and brush twice a month; and curbside recycling once a week. The recycling program includes the collection of co-mingled items. Each resident is asked to place plastic, aluminum, cardboard, newspaper and magazines in a blue bag.

AREA ECONOMY

Since 1940, when the Dow Chemical Company made the decision to its first chemical plant in southern Brazoria County, the area has been a major center for a variety of petrochemical plants and the manufacturing of critical chemicals used in the day-to-day lives of people in the U.S. and worldwide.

Lake Jackson serves as the main retail, medical and commercial center for this portion of the county.

Entering March of 2020, the economic outlook for the area was very bright, then the Covid Pandemic became our new reality for the next year. As we re-open Texas, the January 2021 county unemployment rate was 8.9%. One-year previous unemployment was at 4.6% and eventually fell to a record low of 3.4%, before rising to a record high of 13.4% as businesses shut down during the pandemic. During this time frame the number of people employed in the county fell 4.9% to 161,417.

As the nation prays we are nearing the post pandemic recovery phase, Port Freeport received notice from the U.S. Army Corps of Engineers that the first dredging contract of a \$295 million federal cost shared project to deepen, widen and make general improvements to the Freeport Harbor Channel, will begin this month. This project will make Port Freeport the deepest port in Texas and open them to receiving the larger ships in service today. This provides the Port opportunity to market to a wider range of vessels, expand capacity and customer base and potentially attract new liner services. This, in turn is expected to facilitate additional economic opportunities.

Economist are forecasting substantial growth in the petrochemical market in 2021 and sustained growth through 2025. The growth is mainly due to companies rearranging their operations and recovering from the COVID-19 impact, which had earlier led to restrictive containment measures and the closure of commercial activities that resulted in operational challenges. While oil price volatility is likely to have a negative impact on the petrochemicals market, it will benefit from the forecasted growth in the automobiles industry as petrochemical products are used in manufacturing of brake parts, and other components.

Due to the refinements made in horizontal drilling and fracking, there has been a historic expansion in the petrochemical industry over the last ten years. This expansion has resulted in \$35 billion of new chemical plants being constructed in Brazoria County. Much of the major construction was nearing completion when the pandemic struck and slowed the planning and project starts of additional construction. While not proceeding at the historic pace of the prior 10 years, the addition of petrochemical facilities in Brazoria county continues.

CITY ECONOMY

As the state's first master-planned community, Lake Jackson has become a Texas Gulf Coast jewel with a beautiful, family-friendly city and vibrant economy. As a result, we are the chosen residential and business hub for the nearby Brazosport area. Here, businesses and residents enjoy seaside resort living 50 miles south of Houston. Just 10 minutes away, the Gulf of Mexico makes Lake Jackson a seaside getaway with fishing, beaches and water sports. This natural amenity also makes Lake Jackson a strategic location for business. We are within miles of a deep-water port, a major railroad connection, the Texas Gulf Coast Regional Airport, and State Highway 288.

A part of Lake Jackson’s positive economic forecast is a result of the spinoff from the region’s major petrochemical investments. The projects include Dow’s Research and Development facility located in the City limits. This high-dollar investment infusion reveals the supreme confidence that prominent businesses have in Lake Jackson’s future. Lake Jackson can support scientists, engineers, safety and regulatory sectors and others that can find collaborators and partners in the city’s existing business climate. The city’s auxiliary system can provide software support, rapid prototyping facilities, a collaboration center, daycare and accommodations for the aging workforce.

The direct economic impact to the city from these projects has been substantial. Both Lex Lake Jackson LP (Dow research facility) and Cole OFC (Dow administration building) are now among our top taxpayers. The research facility is also among the city’s top water customers.

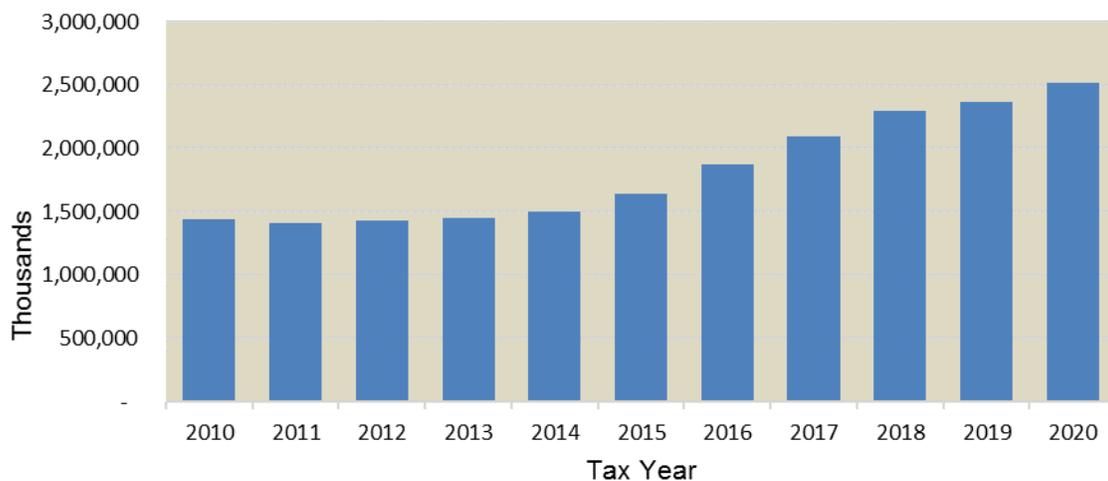
Olin Corporation recently opened its 62,500 square foot Technology and Administrative Center which will serve as their main building for Texas operations. This office building, converted from an abandoned grocery store, is designed to house 200 employees with room for growth. This facility and the Dow Innovation center in conjunction with the City’s Downtown Revitalization program of street replacement and improvements such as the South Parking Place Pavilion have encouraged visitors to downtown. The City will accept bids soon for the construction of the next \$9 million phase of downtown street revitalization.

The City is emerging from the pandemic in excellent financial condition and is taking a \$26.5 million bond package to the voters on May 1, 2021. Proposals include a small expansion of police facilities, an animal services facility, and \$20.1 million of neighborhood street, drainage, water, and sewer rehabilitation

The city welcomes planned neighborhoods, housing contractors and others who want to find opportunities. An unmet housing demand makes Lake Jackson a golden opportunity. To meet the growing need for more homes, the City is in discussion with a new developer regarding the 987-acre Alden track on the north side of town. The developer and City leaders are working towards agreement on a PUD (planned unit development) document to guide development of the property.

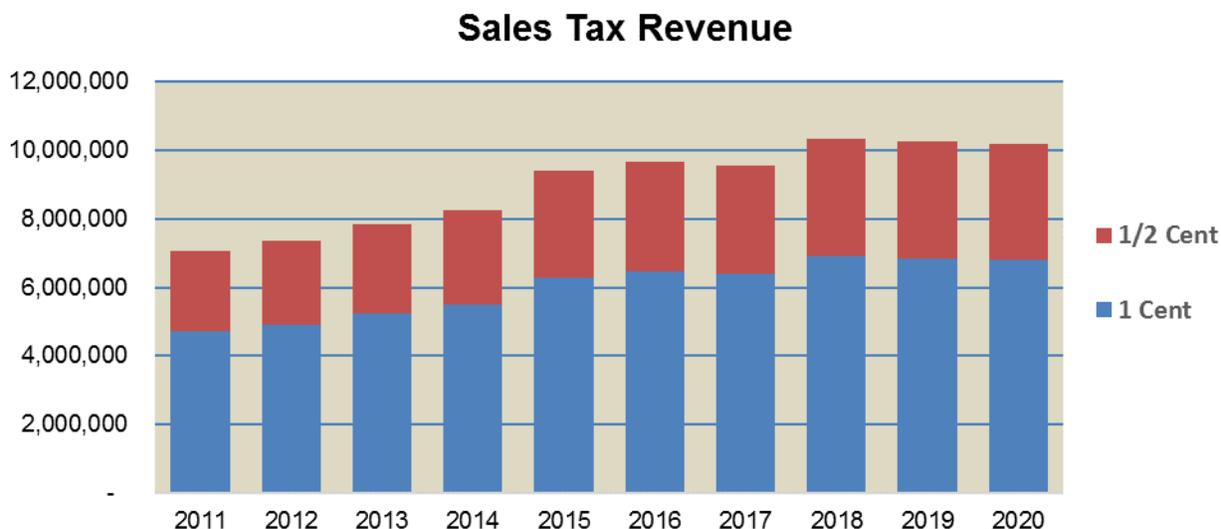
Overall, taxable assessed values increased 3% for FY2019 and 6.5% for FY 2020 with another new apartment complex, numerous smaller new and renovated commercial projects and continued residential construction, we anticipate values to maintain a steady growth.

Taxable Assessed Property Valuations



Despite the Covid 19 Pandemic, Sales Tax only decreased one-half percent. As we re-open Texas, we anticipate our sales tax revenue to recover, and begin to show steady increases.

The City's portion of the 8.25% sales tax rate is 1.5% -- of which 1% is allocated to the General Fund, and ½ % is allocated to the Economic Development Fund. Sales tax comprises 29% of the General Operating Fund budget.



MAJOR ISSUES AND INITIATIVES

As we re-open Texas, we are preparing bid documents for the next \$9 million phase of downtown revitalization as well as taking a new \$26.5 million GO bond authorization to the voters May 1, 2021. If voters approve, these will be issued in phases over the next four to five years. Preliminary planning is underway on a major wastewater improvement to replace the force main from Lift Station 1 to the wastewater plant. Within the next several years there will likely be another Revenue Bond issue for improvements to the Wastewater Treatment Plant.

There is also a new developer for the Alden tract north of town. They have just entered their option period on the property and will be working closely with Council, planners, and staff to develop a Planned Unit Development (PUD) agreement to guide development of the property.

Currently, the City is focusing on two elements – Maintain Infrastructure and Maintain a Well Managed City. One major problem identified by staff and City Council is infrastructure deterioration (street maintenance lagging, utilities aging, and facilities and equipment creating internal service demands/hampering external service requests). Another is employee vacancies / not reaching full staffing. To address these concerns, the City is now considering:

- Making compensation, employment requirements and scheduling adjustments.
- Establishing cost recovery standards for major service areas.
- Evaluating private sector service provider options.

The future of Lake Jackson and all Southern Brazoria County continues to be bright.

ACCOUNTING SYSTEM AND BUDGETARY CONTROLS

The City is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the City are protected from loss, theft or misuse, and to ensure adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that:

- (1.) The cost of a control should not exceed the benefits likely to be derived; and
- (2.) The valuation of costs and benefits requires estimates and judgments by management.

Budgetary Controls

The City Charter provides that the City Council shall adopt the annual budget prepared by City Management as revised by the City Council. This budget is reviewed and revised by the City Council and is formally adopted by the passage of a budget ordinance. The City Manager is authorized to transfer budgeted amounts between line items and departments within all funds. The City Council must authorize all increases in total spending in any fund. The budgets for the capital projects funds are prepared on a project basis with costs being incurred over the project period. The City's Finance Office monitors expenditure activity on a monthly basis against budgeted amounts and reports significant variances to the city manager, who in turn reports to the City Council. A financial report is submitted to the City Council on a quarterly basis. The City continues to follow and improve upon its strong and fiscally conservative policies that lead to its sound financial condition.

DEBT ADMINISTRATION

It is the City's policy to structure each new series of General Obligation Bonds, Revenue Bonds and Certificates of Obligation with a repayment schedule featuring level principal payments as opposed to level debt payments. This results in a declining debt service schedule. The required debt service payment will only increase if new debt is issued. As part of the annual budget a debt capacity analysis is performed. The objective of this analysis is to minimize the impact future bond issues have on the tax or utility rates. Because of the declining debt schedule, new issues are generally planned for years in which the largest decreases in debt service will take place.

INDEPENDENT AUDIT

Pursuant to Article III, Section 3.14 of the City Charter, an audit of the accounts and financial statements has been completed by the City's independent Certified Public Accountants – KM&L, LLC. Their opinion is included in this report.

CERTIFICATE OF ACHIEVEMENT

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 Lake Jackson for its comprehensive annual financial report for the fiscal year ended September 30, 2018. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report (CAFR), whose contents conform to program standards. The CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The City of Lake Jackson has received a Certificate of Achievement the last 25 years. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to GFOA to determine its eligibility for another certificate.

RESPONSIBILITY FOR FINANCIAL REPORTING

The City's Senior Management, including the City Manager and Finance Director, accept the responsibility for the accuracy, integrity, consistency, and reliability of the financial statements. They also acknowledge their responsibility for assuring the continuous monitoring of the City's system of internal controls for compliance in order to prevent misappropriation of assets and fraudulent financial reporting. Additionally, they confirm their commitment to fostering a strong ethical climate and communicating those standards to employees through personnel rules, administrative regulations and City law.

ACKNOWLEDGMENTS

The preparation of this report could not have been accomplished without the efforts of the entire Finance Department staff, especially our Controller, Toni Truly. Appreciation is also expressed to City employees throughout the organization, especially those employees instrumental in the successful completion of this report. Additionally, we would like to thank our auditors, KM&L, LLC; whose professional expertise and advice have resulted in continuing improvements in the quality of the City's financial reporting.

Respectfully submitted,

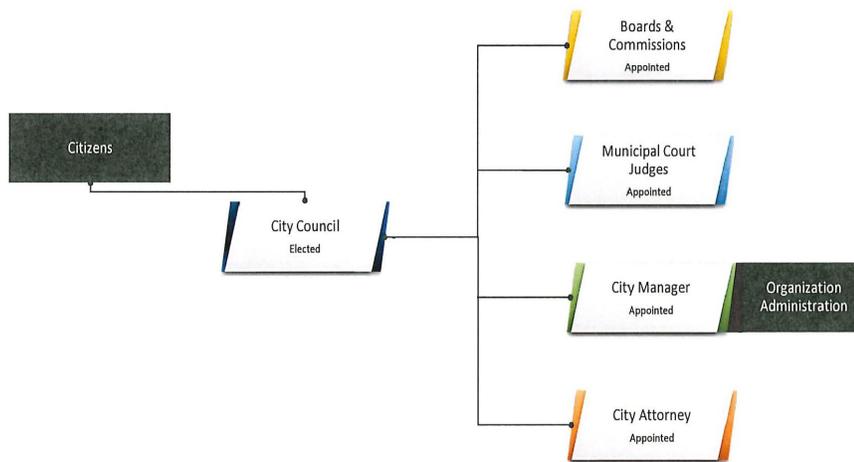


Modesto Mundo
City Manager

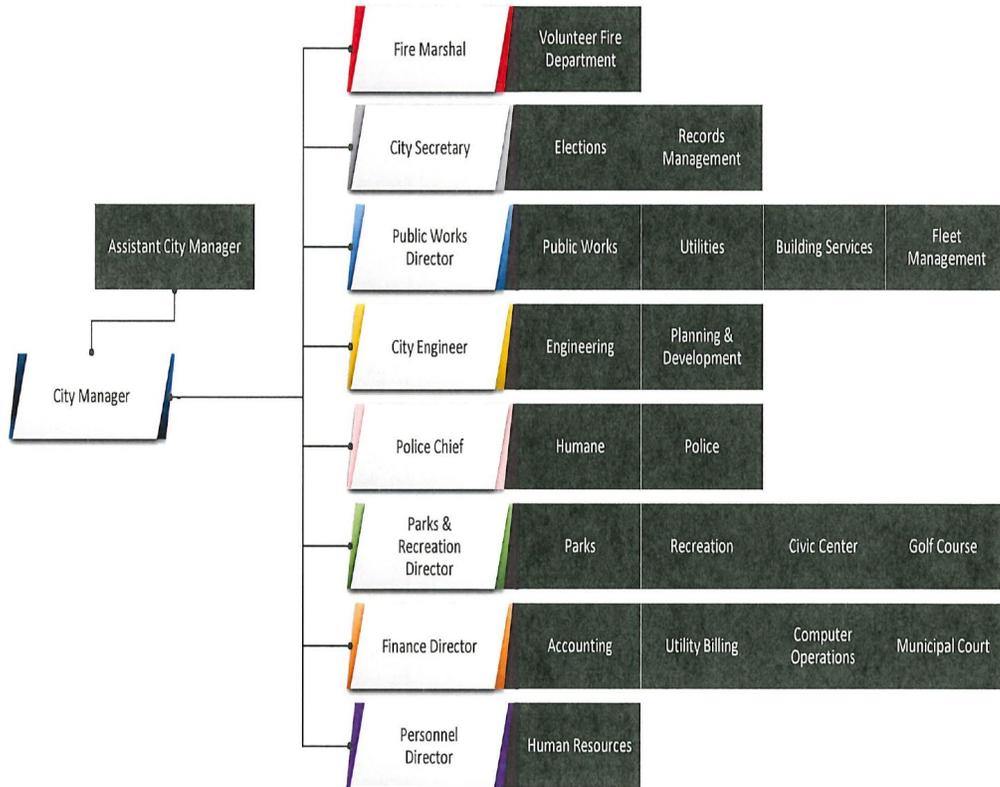


Pamela K. Eaves, CPA
Finance Director

Council-Manager Form of Government



Organization Administration



Elected Officials

	Official	Title	Years Of Service	Term Expire	Occupation
*	Gerald Roznovsky	Mayor	1	2022	Retired
	Matthew Broaddus	Councilmember	4	2021	Attorney
**	Vinay Singhania	Councilmember	3	2022	Manager/Sourcing
***	Vacant	Pos. 3		2021	
	Ralph “Buster” Buell	Councilmember	7	2022	Retired
****	Jon “JB” Baker	Councilmember	2	2021	Deputy Constable

* Previously served as Councilmember from 2005-2011 and 2013 to 2020 (13 years).

** Served as Councilmember from 2006-2011 and 2018 to present (7 years).

*** To be filed in May 2021 election.

**** Served as Councilmember from 2011-2017 and 2019 to present (7 years),

City Officials

	Name	Title	Length of Service
*	<i>Modesto Mundo</i>	<i>City Manager</i>	<i>Newly Appointed</i>
	<i>Meagan Borth</i>	<i>Asst. City Manager</i>	<i>Newly Appointed</i>
	<i>Pam Eaves, CPA</i>	<i>Finance Director</i>	<i>31 years</i>
	<i>Salvador Aguirre</i>	<i>City Engineer</i>	<i>42 years</i>
	<i>Sherri Russell</i>	<i>City Attorney</i>	<i>14 years</i>
	<i>Hilltop Securities</i>	<i>Financial Advisors</i>	<i>16 years</i>

* *Served 26 years as Assistant City Manager. Has been City Manager since 2020.*



Government Finance Officers Association

Certificate of
Achievement for
Excellence in
Financial
Reporting

Presented to

**City of Lake Jackson
Texas**

For its Comprehensive
Annual Financial Report
For the Fiscal Year Ended

September 30, 2019

Christopher P. Morill

Executive Director/CEO

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FINANCIAL SECTION

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Independent Auditor's Report

To The Honorable Mayor and
Members of City Council
City of Lake Jackson
Lake Jackson, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund, and budgetary comparison information of the City of Lake Jackson (the "City"), as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

Lake Jackson
8 W Way Ct.
Lake Jackson, TX 77566
979-297-4075

El Campo
201 W. Webb St.
El Campo, TX 77437
979-543-6836

Angleton
2801 N. Velasco, Suite C
Angleton, TX 77515
979-849-8297

Bay City
2245 Avenue G
Bay City, TX 77414
979-245-9236



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

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 17 and required pension and Other Post-Employment Benefit (OPEB) related schedules on 90 through 98 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 introductory section, combining and individual nonmajor fund financial statements, statistical section, and continuing financial disclosures are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

To The Honorable Mayor and
Members of Council
City of Lake Jackson
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The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 29, 2021, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City's internal control over financial reporting and compliance.

KM&L, LLC

Lake Jackson, Texas
March 29, 2021

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CITY OF LAKE JACKSON, TEXAS
Management's Discussion and Analysis
For the Year Ended September 30, 2020

As management of the City of Lake Jackson (the "City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2020. 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 ix-xv of this report.

Financial Highlights

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$ 105,055,358 (net position). This number must be viewed in the context that the vast majority of the City's net position of \$ 74,604,623 (71.01%) are investments in capital assets (e.g. land, buildings, improvements and other than buildings, furniture, equipment and vehicles, infrastructure, and construction in progress), less any debt used to acquire those assets that is still outstanding. Most capital assets in a government do not directly generate revenue nor can they be sold to generate liquid capital. The net position externally restricted for specific purposes totals \$ 4,937,550 (4.70%). The remaining \$ 25,513,185 (24.29%) is unrestricted net position and may be used to meet the City's ongoing obligations to citizens and creditors in accordance with the City's fund designation and fiscal policies.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$ 35,257,158. Within this total, \$ 88,957 is nonspendable, \$ 15,410,002 is restricted by specific legal requirements, \$ 951,063 has been committed for general contingency purpose, and \$ 11,720,633 has been assigned to specific types of expenditures.
- At the end of the current fiscal year, the general fund balance was \$ 16,420,763. Of this amount, \$ 88,957 is nonspendable, \$ 951,063 has been committed for general contingency purpose, and \$ 8,294,240 has been assigned primarily for equipment replacement. The remaining \$ 7,086,503 is unassigned and can be used for any lawful purpose.
- The City reported net pension liability of \$ 2,660,827 and a total OPEB (Other Post-Employment Benefits) liability of \$ 760,084, at September 30, 2020, with the implementation of GASB Statements Nos. 68, 71 and 75.

Overview of the Financial Statements

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

CITY OF LAKE JACKSON, TEXAS
Management's Discussion and Analysis
For the Year Ended September 30, 2020

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

The *statement of net position* presents information on all of the City's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference being reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

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

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from 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 and administration, public safety, public works, and cultural and recreation. The *business-type activities* of the City include Water and Sewer, Sanitation, and Golf Course operations.

The government-wide financial statements can be found on pages 20-23 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 two categories: governmental funds and proprietary 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 current sources and uses of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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

CITY OF LAKE JACKSON, TEXAS
Management's Discussion and Analysis
For the Year Ended September 30, 2020

The City maintains seventeen (17) individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Economic Development Fund (special revenue fund), General Debt Service Fund, and 2018 Downtown Improvement Fund (capital projects fund); all of which are considered to be major funds. Data from the other thirteen (13) funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report. The governmental funds financial statements can be found on pages 24-31 of this report.

Proprietary Funds. The City maintains two categories of *proprietary funds* - Enterprise Fund and Golf Course Operating Fund. Proprietary funds are used to report the same functions presented as business-type activities in government-wide financial statements. The City uses proprietary funds to account for its water and sewer, golf, and sanitation operations. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The basic proprietary fund financial statements can be found on pages 32-37 of this report.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 40-88 of this report.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. Required supplementary information can be found on pages 90-98 of this report. The combining and individual fund statements and schedules referred to earlier in connection with non-major governmental funds are presented following the required supplementary information. Combining and individual statements and schedules can be found on pages 102-182 of this report. The statistical section can be found on pages 184-207 of this report following the other schedules. The continuing financial disclosures can be found on pages 211-230 of this report following the statistical section.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$ 105,055,358 as of September 30, 2020.

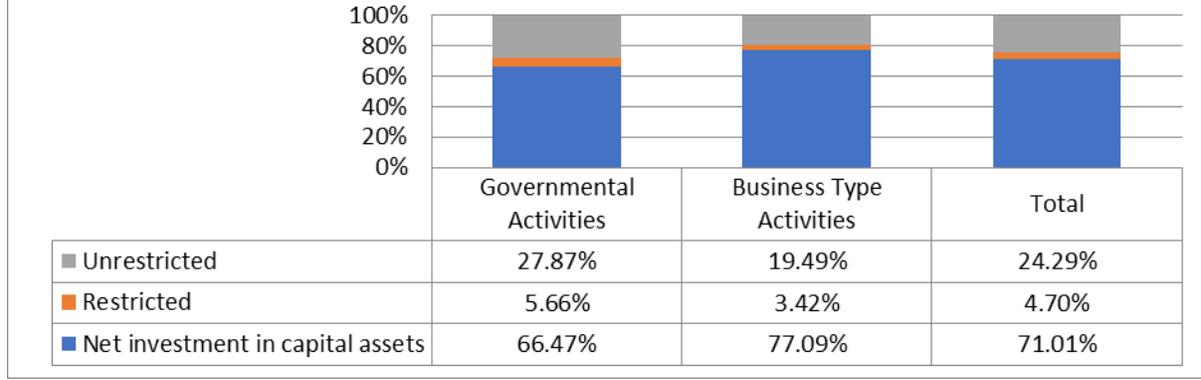
CITY OF LAKE JACKSON, TEXAS
Management's Discussion and Analysis
For the Year Ended September 30, 2020

CITY'S NET POSITION

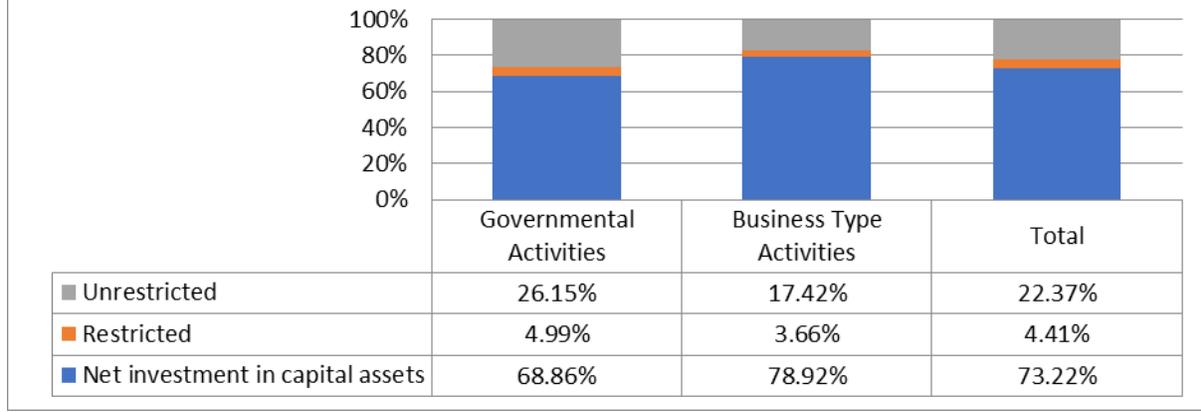
	Governmental Activities		Business-type Activities		Totals	
	September 30,		September 30		September 30,	
	2020	2019	2020	2019	2020	2019
ASSETS						
Current and other assets	\$ 37,712,909	\$ 37,899,815	\$ 23,706,514	\$ 18,268,379	\$ 61,419,423	\$ 56,168,194
Capital assets	<u>63,714,897</u>	<u>64,596,691</u>	<u>41,267,292</u>	<u>40,989,827</u>	<u>104,982,189</u>	<u>105,586,518</u>
Total assets	<u>101,427,806</u>	<u>102,496,506</u>	<u>64,973,806</u>	<u>59,258,206</u>	<u>166,401,612</u>	<u>161,754,712</u>
DEFERRED OUTFLOWS OF RESOURCES						
Deferred outflows of resources	<u>1,320,322</u>	<u>3,671,605</u>	<u>297,096</u>	<u>1,039,889</u>	<u>1,617,418</u>	<u>4,711,494</u>
Total deferred outflows of resources	<u>1,320,322</u>	<u>3,671,605</u>	<u>297,096</u>	<u>1,039,889</u>	<u>1,617,418</u>	<u>4,711,494</u>
LIABILITIES						
Current liabilities	1,717,367	2,130,476	2,408,254	1,898,866	4,125,621	4,029,342
Long-term liabilities	<u>39,055,284</u>	<u>46,718,959</u>	<u>17,377,254</u>	<u>14,696,829</u>	<u>56,432,538</u>	<u>61,415,788</u>
Total liabilities	<u>40,772,651</u>	<u>48,849,435</u>	<u>19,785,508</u>	<u>16,595,695</u>	<u>60,558,159</u>	<u>65,445,130</u>
DEFERRED INFLOWS OF RESOURCES						
Deferred inflows of resources	<u>1,881,419</u>	<u>59,045</u>	<u>524,094</u>	<u>12,439</u>	<u>2,405,513</u>	<u>71,484</u>
Total deferred inflows of resources	<u>1,881,419</u>	<u>59,045</u>	<u>524,094</u>	<u>12,439</u>	<u>2,405,513</u>	<u>71,484</u>
NET POSITION						
Net investment in capital assets	39,944,744	39,430,164	34,659,879	34,481,019	74,604,623	73,911,183
Restricted	3,400,316	2,857,520	1,537,234	1,599,229	4,937,550	4,456,749
Unrestricted	<u>16,748,998</u>	<u>14,971,947</u>	<u>8,764,187</u>	<u>7,609,713</u>	<u>25,513,185</u>	<u>22,581,660</u>
Total net position	<u>\$ 60,094,058</u>	<u>\$ 57,259,631</u>	<u>\$ 44,961,300</u>	<u>\$ 43,689,961</u>	<u>\$ 105,055,358</u>	<u>\$ 100,949,592</u>

CITY OF LAKE JACKSON, TEXAS
Management's Discussion and Analysis
For the Year Ended September 30, 2020

2020 Percentage of Net Position by Type



2019 Percentage of Net Position by Type



CITY OF LAKE JACKSON, TEXAS
Management's Discussion and Analysis
For the Year Ended September 30, 2020

As of September 30, 2020, the City is able to report positive balances in all three categories of net position, both for the government as a whole, as well as for its separate categories governmental and business-type activities.

The largest portion of the City's net position, \$ 74,604,623 (71.01%) reflects its investments in capital assets less any debt used to acquire those assets that is still outstanding. The City uses capital assets to provide service to citizens; consequently these assets are not available for future spending. An additional portion of the City's net position of \$ 4,937,550 (4.70%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position of \$ 25,513,185 (24.29%) may be used to meet the government's ongoing obligations to citizens and creditors.

There was an increase of \$ 480,807 in restricted net position and an increase of \$ 693,440 in net investment in capital assets. The increase in restricted net position and the increase in net investment in capital assets, resulted from the issuance of bonds, the new construction projects, payments of debt, and depreciation of capital assets.

Analysis of the City's Operations

Governmental Activities: Governmental activities increased the City's net position by \$ 2,834,427.

Total revenues for governmental activities decreased from the previous year by \$ 2,167,101 (7.04%).

Program revenues decreased from the previous year by \$ 2,002,940. This is a result of a decrease in operating and capital grants and contributions.

General revenues decreased from the previous year by \$ 164,161. This is primarily resulting from the net of an increase in property tax revenue from new values, decreased occupancy taxes, charges for services, and investment earnings.

Business-type Activities: Business activities increased the City's net position by \$ 1,271,339 (2.91%) which mainly resulted from an increase in chargers for services and capital contribution.

Total revenues increased from the prior year by \$ 2,007,224 and total expenses increased from the prior year by \$ 523,088 respectively. Total revenues increased from the prior year, due to an increase in water/sewer consumption and capital grants and contributions. Total expenses increased at a rate of about 3.30%. The major increases in 2020 expenses were water and sewer operating expenses.

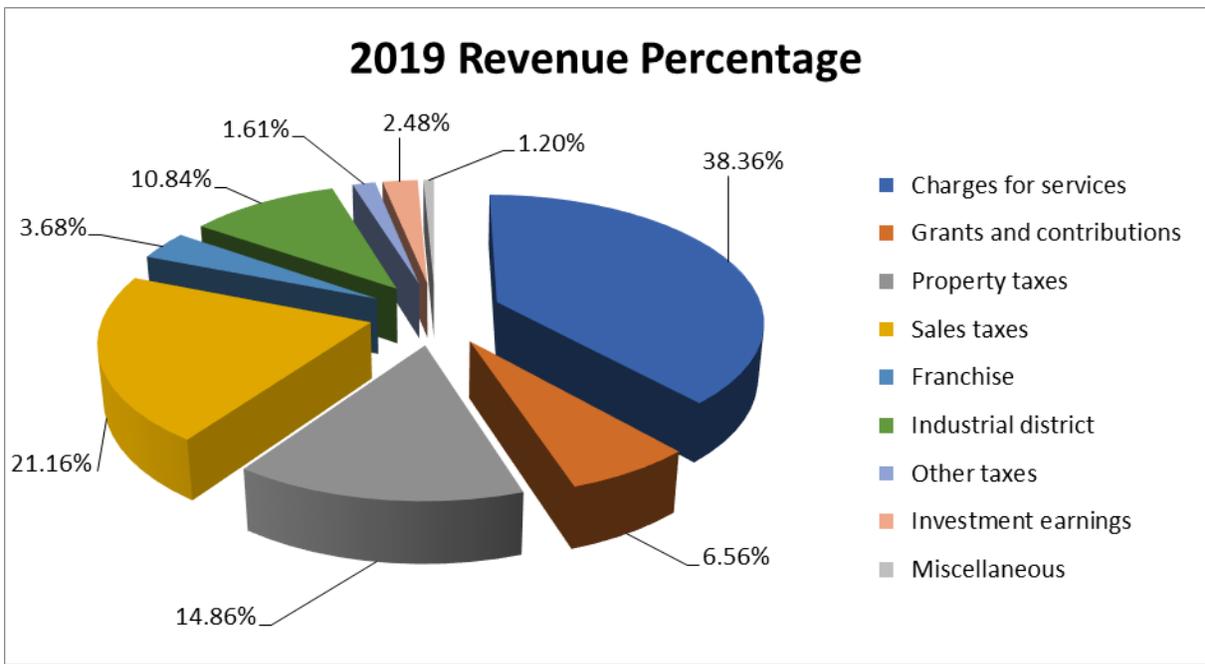
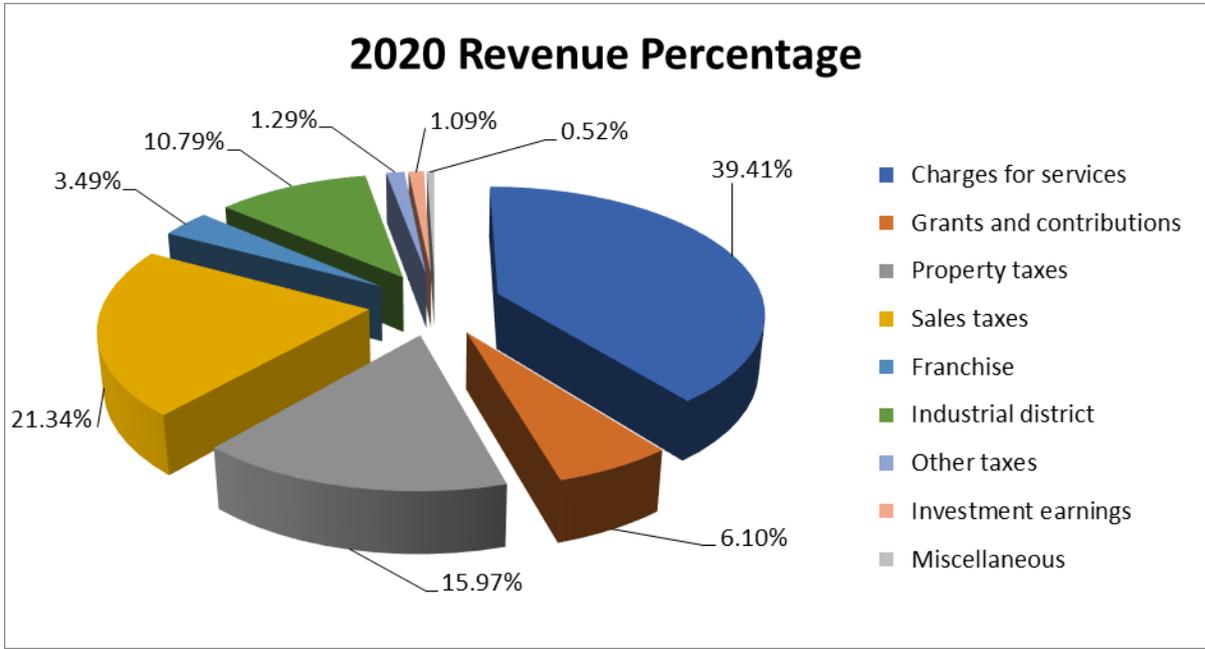
The following table provides a summary of the City's operations for the years ended September 30, 2020 and 2019.

CITY OF LAKE JACKSON, TEXAS
Management's Discussion and Analysis
For the Year Ended September 30, 2020

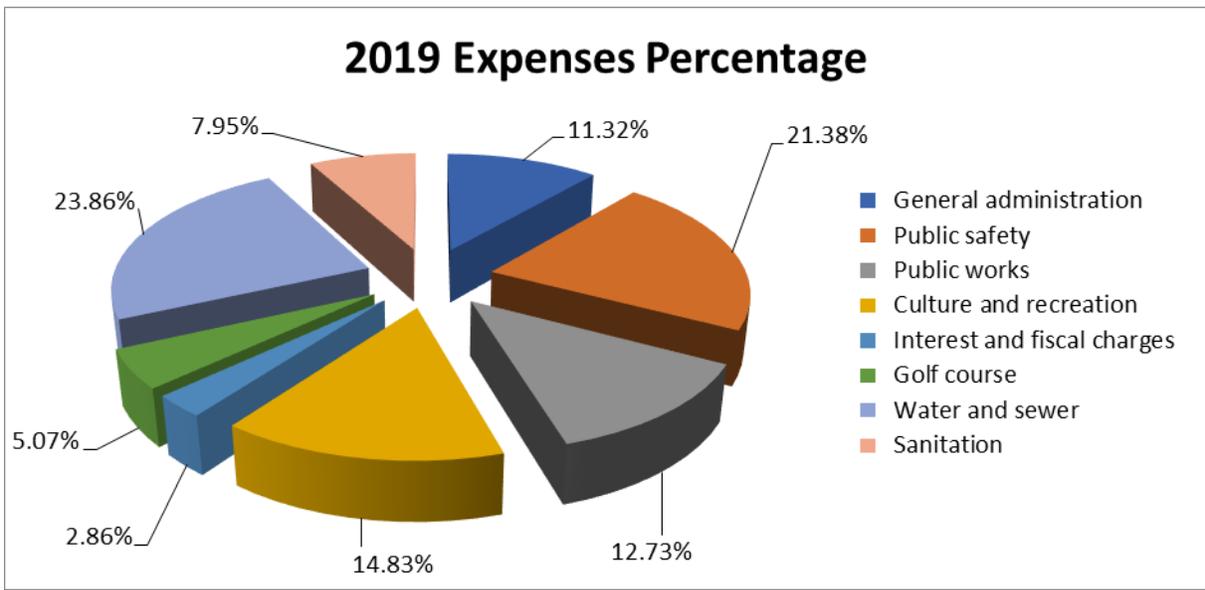
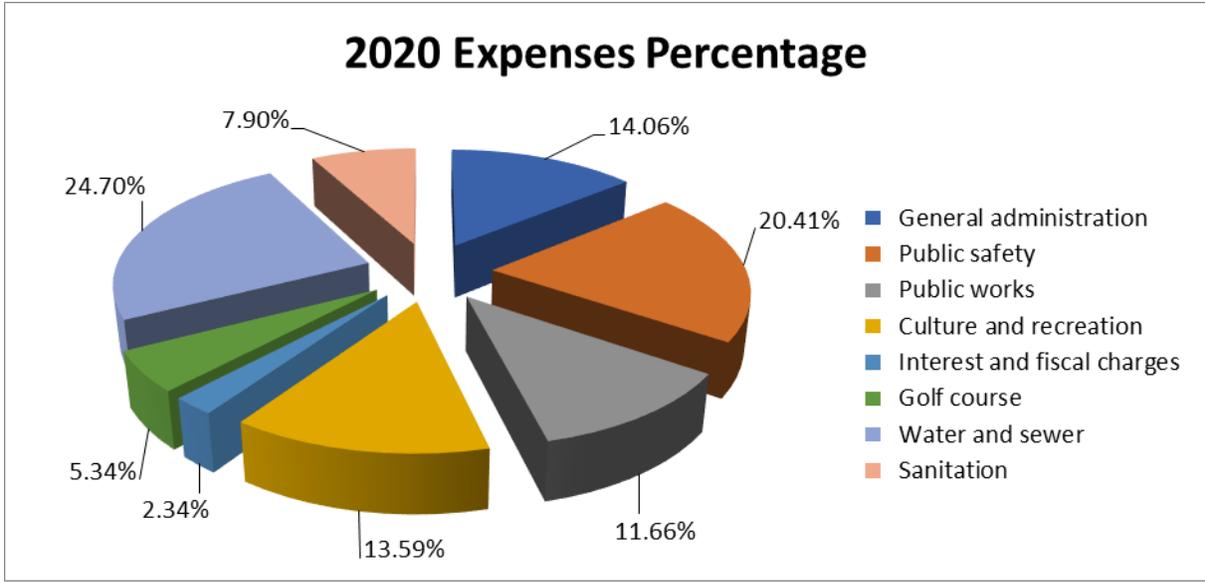
CITY'S ACTIVITIES

	Governmental Activities		Business-type Activities		Totals	
	September 30, 2020	2019	September 30, 2020	2019	September 30, 2020	2019
Revenues:						
Program Revenues:						
Charges for services	\$ 1,645,551	\$ 2,365,631	\$ 16,982,873	\$ 15,827,374	\$ 18,628,424	\$ 18,193,005
Operating grants and contributions	1,153,321	1,205,727			1,153,321	1,205,727
Capital grants and contributions	247,000	1,477,454	1,481,000	429,186	1,728,000	1,906,640
General Revenues:						
Property taxes	7,548,231	7,047,330			7,548,231	7,047,330
Sales taxes	10,084,371	10,033,280			10,084,371	10,033,280
Franchise taxes	1,650,098	1,744,435			1,650,098	1,744,435
Occupancy taxes	384,272	510,517			384,272	510,517
Other taxes	224,578	253,500			224,578	253,500
Industrial district	5,101,850	5,006,224			5,101,850	5,006,224
Investment earnings	321,323	781,232	192,674	392,763	513,997	1,173,995
Miscellaneous	180,814	349,277			180,814	349,277
Gain on disposition of capital assets	66,097	-0-			66,097	-0-
Total revenues	<u>28,607,506</u>	<u>30,774,607</u>	<u>18,656,547</u>	<u>16,649,323</u>	<u>47,264,053</u>	<u>47,423,930</u>
Expenses:						
General government and administration	6,069,375	4,864,266			6,069,375	4,864,266
Public safety	8,808,839	9,185,098			8,808,839	9,185,098
Public works	5,032,463	5,470,552			5,032,463	5,470,552
Culture and recreation	5,866,037	6,372,810			5,866,037	6,372,810
Interest and fiscal charges	1,009,362	1,228,818			1,009,362	1,228,818
Water and sewer			10,660,368	10,254,413	10,660,368	10,254,413
Sanitation			3,407,708	3,415,379	3,407,708	3,415,379
Golf course			2,304,135	2,179,331	2,304,135	2,179,331
Total expenses	<u>26,786,076</u>	<u>27,121,544</u>	<u>16,372,211</u>	<u>15,849,123</u>	<u>43,158,287</u>	<u>42,970,667</u>
Increase in net position before transfers	1,821,430	3,653,063	2,284,336	800,200	4,105,766	4,453,263
Transfers	<u>1,012,997</u>	<u>(655,441)</u>	<u>(1,012,997)</u>	<u>655,441</u>	<u>-0-</u>	<u>-0-</u>
Changes in net position	2,834,427	2,997,622	1,271,339	1,455,641	4,105,766	4,453,263
Net position - beginning	<u>57,259,631</u>	<u>54,262,009</u>	<u>43,689,961</u>	<u>42,234,320</u>	<u>100,949,592</u>	<u>96,496,329</u>
Net position - ending	<u>\$ 60,094,058</u>	<u>\$ 57,259,631</u>	<u>\$ 44,961,300</u>	<u>\$ 43,689,961</u>	<u>\$ 105,055,358</u>	<u>\$ 100,949,592</u>

CITY OF LAKE JACKSON, TEXAS
Management's Discussion and Analysis
For the Year Ended September 30, 2020



CITY OF LAKE JACKSON, TEXAS
Management's Discussion and Analysis
For the Year Ended September 30, 2020



CITY OF LAKE JACKSON, TEXAS
Management's Discussion and Analysis
For the Year Ended September 30, 2020

Financial Analysis of the City's Funds

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

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

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$ 35,257,158, 20.10% of this total amount (\$ 7,086,503) constitutes unassigned fund balance. The remainder of the fund balance has been categorized as 1) nonspendable (\$ 88,957), 2) restricted (\$ 15,410,002), 3) committed (\$ 951,063), and 4) assigned (\$ 11,720,633).

In the General Fund, the City budgeted for a fund balance decrease of \$ 365,085. This included budgeting \$ 680,000 to transfer FY 2019 budget savings to General Capital Projects and budget revenues exceeding expenditures in other general fund sub-funds by \$ 314,915. The actual fund balance change was an increase for fiscal year 2020 of \$ 2,082,509 and was \$ 2,447,594 more than the budgeted amount. This was due to expenditures in all categories being less than expectations and the increase in industrial district revenue.

The Economic Development fund is used to account for revenue from the half-cent sales tax. In 2020, the revenues in the Economic Development fund were less than the budget by \$ 11,930 due to the decrease in taxes revenue, and total expenditures in the Economic Development fund were less than the budget by \$ 358,690. As a result, the Economic Development fund balance increased by \$ 757,764 and was \$ 543,684 more increase than the budgeted amount.

The Debt Service fund balance decreased by \$ 6,598, which was consistent with the City's budget.

2018 Downtown Improvement fund balance decreased by \$ 23,585 due to capital project expenditures.

Proprietary funds. The City's proprietary fund statements provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position at September 30, 2020 amounted to \$ 8,764,187. Total net position increased \$ 1,271,339. In 2020, the increase in net position for proprietary funds was a combination of a \$ 1,715,405 increase in the Enterprise Fund and a \$ 444,066 decrease in the Golf Course Fund. Other factors concerning these funds have previously been addressed in the discussion of the City's business-type activities.

CITY OF LAKE JACKSON, TEXAS
Management's Discussion and Analysis
For the Year Ended September 30, 2020

General Fund Budgetary Highlights.

During the year, the City did not make amendments to budgeted revenue and appropriations except that the City recommended and the Board approved 680,000 transfer from General Fund to General Construction Fund.

The City's general fund actual revenues were less than the final budget by \$ 858,020 mainly due to sale taxes, franchise taxes, and revenue producing facilities were less than expectation. The City's expenditure budget exceeded the actual expenditures by \$ 3,295,013 primarily due to overall spending control. It is the City's policy to transfer budget savings in the General Fund to the Capital Project Fund and/or the Park Fund. In fiscal year 2020, \$680,000 was transfer from the General Fund to the General Construction Fund.

Capital Assets

The City's investment in capital assets for its governmental and business-type activities as of September 30, 2020, amounts to \$ 104,982,189 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements other than buildings, furniture, equipment and vehicles, infrastructure, and construction in progress. The total decrease in the City's investment in capital assets for the current fiscal year was \$ 604,329. (\$ 881,794 decrease for governmental activities and \$ 277,465 increase in business-type activities).

Major capital asset events during the current fiscal year included the following:

- Developer contributed infrastructure \$ 1,481,000
- Plantation Willow/Blossom drainage \$ 804,383
- Replace waste water repairs and rehabilitation \$ 1,835,887
- Water system repairs and rehabilitation \$\$ 800,284

**CAPITAL ASSETS AT YEAR-END
NET OF ACCUMULATED DEPRECIATION**

	Governmental Activities		Business-type Activities		Totals	
	September 30,		September 30,		September 30,	
	2020	2019	2020	2019	2020	2019
Land	\$ 2,551,017	\$ 2,551,017	\$ 3,821,585	\$ 3,821,585	\$ 6,372,602	\$ 6,372,602
Buildings	16,139,092	16,867,378	510,884	704,012	16,649,976	17,571,390
Improvements other than buildings	3,316,136	2,911,773	24,342,840	22,619,436	27,658,976	25,531,209
Furniture, equipment and vehicles	4,022,881	4,931,017	2,591,884	3,121,063	6,614,765	8,052,080
Infrastructure	34,626,579	33,629,948	8,750,139	9,362,833	43,376,718	42,992,781
Construction in progress	<u>3,059,192</u>	<u>3,705,558</u>	<u>1,249,960</u>	<u>1,360,898</u>	<u>4,309,152</u>	<u>5,066,456</u>
Total	<u>\$ 63,714,897</u>	<u>\$ 64,596,691</u>	<u>\$ 41,267,292</u>	<u>\$ 40,989,827</u>	<u>\$ 104,982,189</u>	<u>\$ 105,586,518</u>

Additional information on the City's capital assets can be found in Note 5 on pages 60-63 of this report.

CITY OF LAKE JACKSON, TEXAS
Management's Discussion and Analysis
For the Year Ended September 30, 2020

Debt Administration

At the end of the current fiscal year, the City had a total bonded debt of \$ 49,995,000. Of this amount, \$34,505,000 is comprised of bonded debt backed by the full faith and credit of the City. These bonds will be retired with revenues from property and sales taxes. The remaining \$ 15,490,000 represents bonds secured by water and sewer revenues.

OUTSTANDING LONG-TERM BONDS AT YEAR END

	Governmental Activities		Business-type Activities		Totals	
	2020	2019	2020	2019	2020	2019
General obligation bonds	\$ 8,375,000	\$ 9,420,000	\$	\$	\$ 8,375,000	\$ 9,420,000
Limited tax bonds	26,130,000	28,540,000			26,130,000	28,540,000
Revenue bonds			15,490,000	11,955,000	15,490,000	11,955,000
Bond premium	1,415,725	1,587,019	766,888	487,033	2,182,613	2,074,052
Net pension liability	1,825,233	5,986,789	835,594	1,983,533	2,660,827	7,970,322
Total OPEB liability	603,783	495,239	156,301	126,060	760,084	621,299
Compensated absences	705,543	689,912	128,471	145,203	834,014	835,115
Total	<u>\$ 39,055,284</u>	<u>\$ 46,718,959</u>	<u>\$ 17,377,254</u>	<u>\$ 14,696,829</u>	<u>\$ 56,432,538</u>	<u>\$ 61,415,788</u>

During the fiscal year, the City's total bonded debt increased \$ 80,000 due to the net of issuance of bonds and current debt payments. The underlying rating on all of such Bonds and other obligations payable from such source are "AA+" on the General Obligations and "AA" on the Revenue Bonds by S&P.

Additional information on the City's long term debt can be found in Note 7 on pages 65-71 of this report.

Economic Factors and Next Year's Budgets and Rates

The single biggest economic factor is the COVID pandemic. By the time we were preparing the 2020-21 budget, we were in the midst of economic shut down. Bars and restaurants were closed or delivery only and may other business activities were severely curtailed. Given the uncertainty of this environment, the 2020-21 budget was described as "bare bones". The budget includes what it takes to provide our basic services to citizens. No employee raises were included. The total General Fund budget was decreased by 3.1% from the 2019-20 budget. Sales tax continues to be the largest revenue source for the General Fund at 29%, industrial district revenues are 24%, and property tax revenues are third at 23%. Certified assessed values increased by 5.9% with new value accounting for 1% of the increase, The "no new revenue" tax rate was adopted (\$.328977) which lowered the tax rate \$.0192 from the 2019-20 rate of \$.3482.

The Utility Fund 2020-21 budget is 1.5% less than the 2019-20 budget. The Brazosport Water Authority agreed to hold their rates for water supplied to the City steady. This enabled us the City to maintain water and sewer rates as they were for 2019-20.

CITY OF LAKE JACKSON, TEXAS
Management's Discussion and Analysis
For the Year Ended September 30, 2020

The City's comparative water and sewer rates are as follows:

Water Rates	<u>Fiscal Year 2020-21</u>	<u>Fiscal Year 2019-20</u>
Residential base (2,000 gallons)	\$ 13.85	\$ 13.85
Commercial & Multi-family base	\$ 27.70	\$ 27.70
2,000 to 20,000 gallons	\$ 4.50	\$ 4.50
Over 20,000 gallons	\$ 5.00	\$ 5.00

Sewer Rates	<u>Fiscal Year 2020-21</u>	<u>Fiscal Year 2019-20</u>
Residential base (2,000 gallons)	\$ 14.00	\$ 14.00
Commercial & Multi-family base	\$ 28.00	\$ 28.00
Over 2,000 gallons	\$ 5.00	\$ 5.00

Request for Information

This financial report is designed to provide a general overview of the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Finance Director, 25 Oak Drive, Lake Jackson, Texas, 77566, or call (979) 415-2400.

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BASIC FINANCIAL STATEMENTS

CITY OF LAKE JACKSON

Lake Jackson, Texas

STATEMENT OF NET POSITION

September 30, 2020

	Governmental Activities	Business- Type Activities	Total
Assets:			
Cash and cash equivalents	\$ 34,765,739	\$ 9,322,533	\$ 44,088,272
Taxes receivable (net)	1,916,955		1,916,955
Accounts receivable (net)	795,285	1,106,993	1,902,278
Due from other governments	708,229		708,229
Investments	100,000		100,000
Inventories	88,957	60,450	149,407
Internal balances	(662,256)	662,256	-0-
Prepaid expenses		10,342	10,342
Restricted Assets:			
Temporarily Restricted:			
Cash and cash equivalents		12,543,940	12,543,940
Capital Assets (Net of Accumulated Depreciation):			
Land	2,551,017	3,821,585	6,372,602
Buildings	16,139,092	510,884	16,649,976
Improvements other than buildings	3,316,136	24,342,840	27,658,976
Furniture, equipment, and vehicles	4,022,881	2,591,884	6,614,765
Infrastructure	34,626,579	8,750,139	43,376,718
Construction in progress	<u>3,059,192</u>	<u>1,249,960</u>	<u>4,309,152</u>
Total assets	<u>101,427,806</u>	<u>64,973,806</u>	<u>166,401,612</u>
Deferred Outflows of Resources:			
Deferred outflows of resources - debt refunding cost	155,113		155,113
Deferred outflows of resources - pension	1,064,542	269,050	1,333,592
Deferred outflows of resources - OPEB	<u>100,667</u>	<u>28,046</u>	<u>128,713</u>
Total deferred outflows of resources	<u>1,320,322</u>	<u>297,096</u>	<u>1,617,418</u>

(continued)

CITY OF LAKE JACKSON

Lake Jackson, Texas

STATEMENT OF NET POSITION - Continued

September 30, 2020

	Governmental Activities	Business- Type Activities	Total
Liabilities:			
Accounts payable	\$ 731,605	\$ 1,049,119	\$ 1,780,724
Cash bonds and taxes	196,263		196,263
Accrued wages	643,216	166,919	810,135
Accrued interest	44,937	227,996	272,933
Unearned revenue	101,346	156,481	257,827
Liabilities payable from restricted assets		807,739	807,739
Noncurrent liabilities:			
Due within one year	4,036,423	1,442,878	5,479,301
Due in more than one year:			
Bonds payable and other	32,589,845	14,942,481	47,532,326
Net pension liability	1,825,233	835,594	2,660,827
Total OPEB liability	<u>603,783</u>	<u>156,301</u>	<u>760,084</u>
Total liabilities	<u>40,772,651</u>	<u>19,785,508</u>	<u>60,558,159</u>
Deferred Inflows of Resources:			
Deferred inflows of resources - pension	1,830,535	509,917	2,340,452
Deferred inflows of resources - OPEB	<u>50,884</u>	<u>14,177</u>	<u>65,061</u>
Total deferred inflows of resources	<u>1,881,419</u>	<u>524,094</u>	<u>2,405,513</u>
Net Position:			
Net investment in capital assets	39,944,744	34,659,879	74,604,623
Restricted For:			
Debt service	730,965	1,537,234	2,268,199
Economic development	2,115,751		2,115,751
Other	553,600		553,600
Unrestricted	<u>16,748,998</u>	<u>8,764,187</u>	<u>25,513,185</u>
Total net position	<u>\$ 60,094,058</u>	<u>\$ 44,961,300</u>	<u>\$ 105,055,358</u>

The notes to the financial statements are an integral part of this statement.

CITY OF LAKE JACKSON

Lake Jackson, Texas

STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2020

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
General government and administration	\$ 6,069,375	\$ 542,158	\$	\$
Public safety	8,808,839		21,483	247,000
Public works	5,032,463	599,601	1,131,838	
Culture and recreation	5,866,037	503,792		
Interest and fiscal charges	<u>1,009,362</u>			
Total governmental activities	<u>26,786,076</u>	<u>1,645,551</u>	<u>1,153,321</u>	<u>247,000</u>
Business-type Activities:				
Water and sewer	10,660,368	11,226,474		1,481,000
Sanitation	3,407,708	4,315,988		
Golf course	<u>2,304,135</u>	<u>1,440,411</u>		
Total business-type activities	<u>16,372,211</u>	<u>16,982,873</u>	<u>-0-</u>	<u>1,481,000</u>
Total	<u>\$ 43,158,287</u>	<u>\$ 18,628,424</u>	<u>\$ 1,153,321</u>	<u>\$ 1,728,000</u>

General Revenue:

Taxes:	
Property	
Sales	
Franchise	
Occupancy	
Other	
Industrial district	
Investment earnings	
Gain on the disposition of capital assets	
Miscellaneous	
Transfers	
Total general revenues and transfers	

Change in net position

Net position - beginning

Net position - ending

The notes to the financial statements are an integral part of this statement.

Net (Expense) Revenue and
Changes in Net Position

Governmental Activities	Business- Type Activities	Total
\$(5,527,217)	\$	\$(5,527,217)
(8,540,356)		(8,540,356)
(3,301,024)		(3,301,024)
(5,362,245)		(5,362,245)
(1,009,362)		(1,009,362)
<u>(23,740,204)</u>	<u>-0-</u>	<u>(23,740,204)</u>
	2,047,106	2,047,106
	908,280	908,280
	<u>(863,724)</u>	<u>(863,724)</u>
<u>-0-</u>	<u>2,091,662</u>	<u>2,091,662</u>
<u>(23,740,204)</u>	<u>2,091,662</u>	<u>(21,648,542)</u>
7,548,231		7,548,231
10,084,371		10,084,371
1,650,098		1,650,098
384,272		384,272
224,578		224,578
5,101,850		5,101,850
321,323	192,674	513,997
66,097		66,097
180,814		180,814
<u>1,012,997</u>	<u>(1,012,997)</u>	<u>-0-</u>
<u>26,574,631</u>	<u>(820,323)</u>	<u>25,754,308</u>
2,834,427	1,271,339	4,105,766
<u>57,259,631</u>	<u>43,689,961</u>	<u>100,949,592</u>
<u>\$ 60,094,058</u>	<u>\$ 44,961,300</u>	<u>\$ 105,055,358</u>

CITY OF LAKE JACKSON

Lake Jackson, Texas

**BALANCE SHEET -
GOVERNMENTAL FUNDS**

September 30, 2020

	General Fund	Economic Development Fund	General Debt Service Fund	2018 Downtown Improvements Fund	Other Governmental Funds	Total Governmental Funds
<u>Assets and Deferred Outflows of Resources</u>						
Assets:						
Cash and cash equivalents	\$ 16,178,693	\$ 1,569,036	\$ 772,153	\$ 9,164,039	\$ 7,081,818	\$ 34,765,739
Receivables (net of allowance for uncollectibles):						
Taxes	1,320,968	548,665	30,710		16,612	1,916,955
Accounts	91,184				8,138	99,322
Grants	8,213				700,016	708,229
Investments	100,000					100,000
Inventories	88,957					88,957
Total assets	<u>17,788,015</u>	<u>2,117,701</u>	<u>802,863</u>	<u>9,164,039</u>	<u>7,806,584</u>	<u>37,679,202</u>
Deferred Outflows of Resources:						
Deferred outflows of resources						-0-
Total deferred outflows of resources	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total assets and deferred outflows of resources	<u>\$ 17,788,015</u>	<u>\$ 2,117,701</u>	<u>\$ 802,863</u>	<u>\$ 9,164,039</u>	<u>\$ 7,806,584</u>	<u>\$ 37,679,202</u>
<u>Liabilities, Deferred Inflows of Resources and Fund Balances</u>						
Liabilities:						
Accounts payable	\$ 369,779	\$ 1,950	\$ 26,961	\$ 13,980	\$ 318,935	\$ 731,605
Cash bonds and taxes	196,263					196,263
Accrued wages	643,216					643,216
Unearned revenue	101,346					101,346
Due to other funds					662,256	662,256
Total liabilities	<u>1,310,604</u>	<u>1,950</u>	<u>26,961</u>	<u>13,980</u>	<u>981,191</u>	<u>2,334,686</u>
Deferred Inflows of Resources:						
Deferred inflows of resources	<u>56,648</u>		<u>30,710</u>			<u>87,358</u>
Total deferred inflows of resources	<u>56,648</u>	<u>-0-</u>	<u>30,710</u>	<u>-0-</u>	<u>-0-</u>	<u>87,358</u>
Fund Balances:						
Nonspendable	88,957					88,957
Restricted		2,115,751	745,192	9,150,059	3,399,000	15,410,002
Committed	951,063					951,063
Assigned	8,294,240				3,426,393	11,720,633
Unassigned	7,086,503					7,086,503
Total fund balances	<u>16,420,763</u>	<u>2,115,751</u>	<u>745,192</u>	<u>9,150,059</u>	<u>6,825,393</u>	<u>35,257,158</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 17,788,015</u>	<u>\$ 2,117,701</u>	<u>\$ 802,863</u>	<u>\$ 9,164,039</u>	<u>\$ 7,806,584</u>	<u>\$ 37,679,202</u>

The notes to the financial statements are an integral part of this statement.

CITY OF LAKE JACKSON

Lake Jackson, Texas

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

September 30, 2020

Total fund balances - governmental funds balance sheet	\$ 35,257,158
Amounts reported for <i>governmental activities</i> in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. Capital assets include \$ 176,653,667 assets less \$ 112,938,770 in accumulated depreciation.	63,714,897
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds. Deferred property tax revenues for the general fund and the general debt service fund amounted to \$ 56,648 and \$ 30,710, respectively.	87,358
Judicial accounts receivables net of related allowance for uncollectible are unavailable to pay for current period expenditures and availability of funds are uncertain as to availability are not recorded in the funds. Judicial receivables of \$ 1,732,611 net of allowance for uncollectible accounts of \$ 1,036,648 of the general fund amounted to \$ 695,963.	695,963
Debt refunding cost paid in advance is an expenditure in the governmental funds, but the amount decreases long-term position in the statement of net position. This amount is amortized over the life of the bond. Net refunding costs were \$ 155,113 (issuance costs of \$ 340,491 less amortization of \$ 185,378).	155,113
Premium on the issuance of bonds provide current financial resources to governmental funds but the proceeds decrease long-term position in the statement of net position. This amount is amortized over the life of the bonds. Net premium on the issuance of bonds were \$ 1,415,725 (premium on the sale of bonds of \$ 2,632,956 less amortization of \$ 1,217,231).	(1,415,725)
Pension deferred outflows of resources	1,064,542
OPEB deferred outflows of resources	100,667
Pension deferred inflows of resources	(1,830,535)
OPEB deferred inflows of resources	(50,884)
Payable for bond principal and other long-term debt are not reported in the funds.	(34,505,000)
Payable for bond interest is not reported in the funds.	(44,937)
Net pension liability is not reported in the funds.	(1,825,233)
Net OPEB liability is not reported in the funds.	(603,783)
Payable for long-term compensated absences is not reported in the funds.	(705,543)
Net position of governmental activities - statement of net position.	<u>\$ 60,094,058</u>

The notes to the financial statements are an integral part of this statement.

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CITY OF LAKE JACKSON

Lake Jackson, Texas

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

For the Year Ended September 30, 2020

	<u>General Fund</u>	<u>Economic Development Fund</u>	<u>General Debt Service Fund</u>	<u>2018 Downtown Improvements Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues						
Taxes:						
Property	\$ 4,765,356	\$	\$ 2,766,535	\$	\$	\$ 7,531,891
Sales	6,685,758	3,398,613				10,084,371
Franchise	1,581,094				69,004	1,650,098
Occupancy					384,272	384,272
Other	224,578					224,578
Industrial district	5,101,850					5,101,850
Intergovernmental	21,483	89,063			1,042,775	1,153,321
Revenue producing facilities	503,792					503,792
Fines and fees	544,436					544,436
Licenses and permits	599,601					599,601
Investment earnings	134,451	12,414	16,356	80,606	77,496	321,323
Miscellaneous	94,693	20,000			66,121	180,814
	<u>20,257,092</u>	<u>3,520,090</u>	<u>2,782,891</u>	<u>80,606</u>	<u>1,639,668</u>	<u>28,280,347</u>
Expenditures:						
Current:						
General government and administration	4,316,225				1,238,958	5,555,183
Public safety	7,521,764				69,953	7,591,717
Public works	2,467,106				3,352	2,470,458
Culture and recreation	4,347,480	146,723			371,155	4,865,358
Capital outlay	708,063	142,087		104,191	3,182,845	4,137,186
Debt Service:						
Principal retirement			1,995,000		1,460,000	3,455,000
Interest and fiscal charges			794,489		360,440	1,154,929
	<u>19,360,638</u>	<u>288,810</u>	<u>2,789,489</u>	<u>104,191</u>	<u>6,686,703</u>	<u>29,229,831</u>
Excess (deficiency) of revenues over expenditures	<u>896,454</u>	<u>3,231,280</u>	<u>(6,598)</u>	<u>(23,585)</u>	<u>(5,047,035)</u>	<u>(949,484)</u>
Other Financing Sources (Uses):						
Proceeds from sale of capital assets	45,575	71,924				117,499
Transfers in	2,057,435				2,500,440	4,557,875
Transfers out	<u>(916,955)</u>	<u>(2,545,440)</u>			<u>(55,889)</u>	<u>(3,518,284)</u>
Total other financing sources (uses)	<u>1,186,055</u>	<u>(2,473,516)</u>	<u>-0-</u>	<u>-0-</u>	<u>2,444,551</u>	<u>1,157,090</u>
Net change in fund balances	2,082,509	757,764	(6,598)	(23,585)	(2,602,484)	207,606
Fund balances - beginning	<u>14,338,254</u>	<u>1,357,987</u>	<u>751,790</u>	<u>9,173,644</u>	<u>9,427,877</u>	<u>35,049,552</u>
Fund balances - ending	<u>\$ 16,420,763</u>	<u>\$ 2,115,751</u>	<u>\$ 745,192</u>	<u>\$ 9,150,059</u>	<u>\$ 6,825,393</u>	<u>\$ 35,257,158</u>

The notes to the financial statements are an integral part of this statement.

CITY OF LAKE JACKSON

Lake Jackson, Texas

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

For the Year Ended September 30, 2020

Net change in fund balances - total governmental funds \$ 207,606

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

Governmental funds report capital outlays as expenditures. However, in the governmental activities statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. The amount by which capital outlay of \$ 4,137,186 less depreciation of \$ 5,187,984 in the current period.	(1,050,798)
Property tax revenues in the governmental activities statement of activities do not provide current financial resources and are not reported as revenues in the funds. Deferred property tax revenues for the general fund and the general debt service fund increased by \$ 10,413 and \$ 5,927, respectively.	16,340
Judicial revenues (resulting from accounts receivables net of related allowance for uncollectible) in the governmental activities statements of activities do not provide current available resources and are not reported as revenues in the funds. The change in these net receivables resulted in a decrease in revenues reported in the governmental activities statement of activities.	(2,278)
Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the governmental activities statement of net position. These amounts were for general obligation bonded debt \$ 3,455,000.	3,455,000
Debt refunding cost paid in advance is an expenditure in the governmental funds, but the amount decreases long-term position in the statement of net position. This amount is amortized over the life of the bond. Change in net refunding costs were \$ 30,262.	(30,262)
Premium on the issuance of bonds provide current financial resources to governmental funds but the proceeds decrease long-term assets in the statement of net position. This amount is amortized over the life of the bonds. Current amortization of \$ 171,294.	171,294
Governmental funds report pension payments as expenditures. However, in the governmental activities statement of activities, the pension cost is calculated by an actuary and involves multiple factors. The amount of pension expense reported was \$ 44,755 more than the amount reported in the funds.	(44,755)
Governmental funds report OPEB payments as expenditures. However, in the governmental activities statement of activities, the OPEB cost is calculated by an actuary and involves multiple factors. The amount of OPEB expense reported was \$ 45,628 more than the amount reported in the funds.	(45,628)

(continued)

CITY OF LAKE JACKSON

Lake Jackson, Texas

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

For the Year Ended September 30, 2020

Some expenses reported in the governmental activities statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. This is the change in accrued interest on long-term debt.	\$ 4,535
Some expenses reported in the governmental activities statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. This is the change in compensated absences.	(15,631)
Capital asset transfer out reported in the government activities statement of activities does not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.	(26,594)
Capital asset contribution reported in the governmental activities statement of activities does not provide current financial resources and therefore are not reported as revenue in governmental funds.	247,000
Governmental funds report proceeds from the sale of assets as revenue. However, in the governmental activities statement of activities, the cost of the assets disposed is offset against the proceeds to report gain or loss on the disposition of assets. The cost of assets disposed was \$ 51,402 (cost of \$ 287,617 less accumulated depreciation of \$ 236,215).	(<u>51,402</u>)
Change in net position of governmental activities	\$ <u><u>2,834,427</u></u>

The notes to the financial statements are an integral part of this statement.

CITY OF LAKE JACKSON

Lake Jackson, Texas

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND**

For the Year Ended September 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Taxes:				
Property	\$ 4,796,720	\$ 4,796,720	\$ 4,765,356	\$(31,364)
Sales	6,920,040	6,920,040	6,685,758	(234,282)
Franchise	1,687,410	1,687,410	1,581,094	(106,316)
Other	160,000	160,000	224,578	64,578
Industrial district	5,106,400	5,106,400	5,101,850	(4,550)
Intergovernmental			21,483	21,483
Revenue producing facilities	1,100,600	1,100,600	503,792	(596,808)
Fines and fees	547,400	547,400	544,436	(2,964)
Licenses and permits	485,050	485,050	599,601	114,551
Investment earning	215,992	215,992	134,451	(81,541)
Miscellaneous	95,500	95,500	94,693	(807)
Total revenues	<u>21,115,112</u>	<u>21,115,112</u>	<u>20,257,092</u>	<u>(858,020)</u>
Expenditures:				
Current:				
General government and administration	4,413,585	4,413,585	4,316,225	97,360
Public safety	8,180,231	8,180,231	7,521,764	658,467
Public works	3,376,521	3,376,521	2,467,106	909,415
Culture and recreation	5,115,900	5,115,900	4,347,480	768,420
Capital outlay	1,569,414	1,569,414	708,063	861,351
Total expenditures	<u>22,655,651</u>	<u>22,655,651</u>	<u>19,360,638</u>	<u>3,295,013</u>
Excess (deficiency) of revenue over expenditures	<u>(1,540,539)</u>	<u>(1,540,539)</u>	<u>896,454</u>	<u>2,436,993</u>
Other Financing sources (Uses):				
Proceeds from sale of capital assets			45,575	45,575
Transfers in	2,074,945	2,074,945	2,057,435	(17,510)
Transfers out	(219,491)	(899,491)	(916,955)	(17,464)
Total other financing sources (uses)	<u>1,855,454</u>	<u>1,175,454</u>	<u>1,186,055</u>	<u>10,601</u>
Net change in fund balance	314,915	(365,085)	2,082,509	2,447,594
Fund balance - beginning	<u>14,338,254</u>	<u>14,338,254</u>	<u>14,338,254</u>	<u>-0-</u>
Fund balance - ending	<u>\$ 14,653,169</u>	<u>\$ 13,973,169</u>	<u>\$ 16,420,763</u>	<u>\$ 2,447,594</u>

The notes to the financial statements are an integral part of this statement.

CITY OF LAKE JACKSON

Lake Jackson, Texas

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
ECONOMIC DEVELOPMENT SPECIAL REVENUE FUND

For the Year Ended September 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 3,520,020	\$ 3,520,020	\$ 3,398,613	\$(121,407)
Intergovernmental			89,063	89,063
Investment earning	12,000	12,000	12,414	414
Miscellaneous			20,000	20,000
Total revenues	<u>3,532,020</u>	<u>3,532,020</u>	<u>3,520,090</u>	<u>(11,930)</u>
Expenditures:				
Current:				
Culture and recreation	175,000	175,000	146,723	28,277
Capital outlay	<u>472,500</u>	<u>472,500</u>	<u>142,087</u>	<u>330,413</u>
Total expenditures	<u>647,500</u>	<u>647,500</u>	<u>288,810</u>	<u>358,690</u>
Excess of revenues over expenditures	<u>2,884,520</u>	<u>2,884,520</u>	<u>3,231,280</u>	<u>346,760</u>
Other Financing Sources (Uses):				
Proceeds from sale of capital assets			71,924	71,924
Transfers out	<u>(2,670,440)</u>	<u>(2,670,440)</u>	<u>(2,545,440)</u>	<u>125,000</u>
Total other financing sources (uses)	<u>(2,670,440)</u>	<u>(2,670,440)</u>	<u>(2,473,516)</u>	<u>196,924</u>
Net change in fund balance	214,080	214,080	757,764	543,684
Fund balance - beginning	<u>1,357,987</u>	<u>1,357,987</u>	<u>1,357,987</u>	<u>-0-</u>
Fund balance - ending	<u>\$ 1,572,067</u>	<u>\$ 1,572,067</u>	<u>\$ 2,115,751</u>	<u>\$ 543,684</u>

The notes to the financial statements are an integral part of this statement.

CITY OF LAKE JACKSON

Lake Jackson, Texas

STATEMENT OF NET POSITION - PROPRIETARY FUNDS

September 30, 2020

	Business-Type Activities		
	Enterprise	Golf Course Operating	Total
Assets:			
Current Assets:			
Cash and cash equivalents	\$ 9,136,239	\$ 186,294	\$ 9,322,533
Receivables (net of allowance for uncollectibles):			
Accounts	1,104,225	2,768	1,106,993
Due from other funds	662,256		662,256
Inventories		60,450	60,450
Prepaid expenses		10,342	10,342
	<u>10,902,720</u>	<u>259,854</u>	<u>11,162,574</u>
Current Restricted Assets:			
Cash and cash equivalents	<u>10,188,258</u>		<u>10,188,258</u>
Total current restricted assets	<u>10,188,258</u>	<u>-0-</u>	<u>10,188,258</u>
Total current assets	<u>21,090,978</u>	<u>259,854</u>	<u>21,350,832</u>
Noncurrent Assets:			
Restricted Cash and Cash Equivalents:			
Revenue bond covenant accounts	<u>2,355,682</u>		<u>2,355,682</u>
Total noncurrent restricted assets	<u>2,355,682</u>	<u>-0-</u>	<u>2,355,682</u>
Capital Assets:			
Property, plant and equipment	81,671,645	10,169,321	91,840,966
Construction in progress	1,217,720	32,240	1,249,960
Less accumulated depreciation	(47,422,932)	(4,400,702)	(51,823,634)
Total capital assets (net of accumulated depreciation)	<u>35,466,433</u>	<u>5,800,859</u>	<u>41,267,292</u>
Total noncurrent assets	<u>37,822,115</u>	<u>5,800,859</u>	<u>43,622,974</u>
Total assets	<u>58,913,093</u>	<u>6,060,713</u>	<u>64,973,806</u>
Deferred Outflows of Resources:			
Deferred outflows of resources - pension	269,050		269,050
Deferred outflows of resources - OPEB	<u>28,046</u>		<u>28,046</u>
Total deferred outflows of resources	<u>297,096</u>	<u>-0-</u>	<u>297,096</u>

(continued)

CITY OF LAKE JACKSON

Lake Jackson, Texas

STATEMENT OF NET POSITION - PROPRIETARY FUNDS - Continued

September 30, 2020

	Business-Type Activities		
	Enterprise	Golf Course Operating	Total
Liabilities:			
Current Liabilities:			
Accounts payable	\$ 1,007,137	\$ 41,982	\$ 1,049,119
Accrued wages	166,919		166,919
Unearned revenue	2,786	153,695	156,481
Accrued compensated absences	102,843		102,843
Revenue bonds payable	<u>749,583</u>		<u>749,583</u>
	<u>2,029,268</u>	<u>195,677</u>	<u>2,224,945</u>
Current Liabilities Payable from Restricted Assets:			
Accrued interest	227,996		227,996
Customer deposits	807,739		807,739
Revenue bonds payable	<u>590,452</u>		<u>590,452</u>
Total current liabilities payable from restricted assets	<u>1,626,187</u>	<u>-0-</u>	<u>1,626,187</u>
Total current liabilities	<u>3,655,455</u>	<u>195,677</u>	<u>3,851,132</u>
Noncurrent Liabilities:			
Revenue bonds payable	14,916,853		14,916,853
Accrued compensated absences	25,628		25,628
Net pension liability	835,594		835,594
Total OPEB liability	<u>156,301</u>		<u>156,301</u>
Total noncurrent liabilities	<u>15,934,376</u>	<u>-0-</u>	<u>15,934,376</u>
Total liabilities	<u>19,589,831</u>	<u>195,677</u>	<u>19,785,508</u>
Deferred Inflows of Resources:			
Deferred inflows of resources - pension	509,917		509,917
Deferred inflows of resources - OPEB	<u>14,177</u>		<u>14,177</u>
Total deferred inflows of resources	<u>524,094</u>	<u>-0-</u>	<u>524,094</u>
Net Position:			
Net investment in capital assets	28,859,020	5,800,859	34,659,879
Restricted For:			
Revenue bond retirement	1,537,234		1,537,234
Unrestricted	<u>8,700,010</u>	<u>64,177</u>	<u>8,764,187</u>
Total net position	<u>\$ 39,096,264</u>	<u>\$ 5,865,036</u>	<u>\$ 44,961,300</u>

The notes to the financial statements are an integral part of this statement.

CITY OF LAKE JACKSON

Lake Jackson, Texas

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

For the Year Ended September 30, 2020

	Business-Type Activities		
	Enterprise	Golf Course Operating	Total
Operating Revenues:			
Water service	\$ 5,184,843	\$	\$ 5,184,843
Sewer service	5,541,015		5,541,015
Garbage fees	4,315,988		4,315,988
Tapping and connection fees	217,913		217,913
Golf course fees and charges		1,440,411	1,440,411
Other	<u>282,703</u>		<u>282,703</u>
Total operating revenues	<u>15,542,462</u>	<u>1,440,411</u>	<u>16,982,873</u>
Operating Expenses:			
Utility administration	666,970		666,970
Water production and treatment	3,737,187		3,737,187
Sewer collection	2,135,755		2,135,755
Sanitation	3,407,708		3,407,708
Golf course		1,775,105	1,775,105
Depreciation	<u>3,493,820</u>	<u>529,030</u>	<u>4,022,850</u>
Total operating expenses	<u>13,441,440</u>	<u>2,304,135</u>	<u>15,745,575</u>
Operating income (loss)	<u>2,101,022</u>	<u>(863,724)</u>	<u>1,237,298</u>
Non-Operating Revenues (Expenses):			
Investment earnings	192,074	600	192,674
Loss on disposition of capital assets	(18,400)		(18,400)
Interest and fiscal charges	<u>(608,236)</u>		<u>(608,236)</u>
Total non-operating revenues (expenses)	<u>(434,562)</u>	<u>600</u>	<u>(433,962)</u>
Income (loss) before contributions and transfers	1,666,460	(863,124)	803,336
Capital contributions	1,481,000	26,594	1,507,594
Transfers in	219,491	392,464	611,955
Transfers out	<u>(1,651,546)</u>		<u>(1,651,546)</u>
Change in net position	1,715,405	(444,066)	1,271,339
Net position - beginning	<u>37,380,859</u>	<u>6,309,102</u>	<u>43,689,961</u>
Net position - ending	<u>\$ 39,096,264</u>	<u>\$ 5,865,036</u>	<u>\$ 44,961,300</u>

The notes to the financial statements are an integral part of this statement.

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CITY OF LAKE JACKSON

Lake Jackson, Texas

**STATEMENT OF CASH FLOWS -
PROPRIETARY FUNDS**

For the Year Ended September 30, 2020

	Business-Type Activities		
	Enterprise	Golf Course Operating	Total
Cash Flows from Operating Activities:			
Receipts from customers and users	\$ 15,333,547	\$ 1,436,541	\$ 16,770,088
Payments for other funds	(662,256)		(662,256)
Payments to suppliers	(6,772,809)	(901,051)	(7,673,860)
Payments to employees	(2,556,071)	(879,147)	(3,435,218)
Net cash provided (used) by operating activities	<u>5,342,411</u>	<u>(343,657)</u>	<u>4,998,754</u>
Cash Flows from Non-Capital Financing Activities:			
Transfers in	219,491	375,000	594,491
Transfers out	<u>(1,651,546)</u>		<u>(1,651,546)</u>
Net cash provided (used) by non-capital and related financing activities	<u>(1,432,055)</u>	<u>375,000</u>	<u>(1,057,055)</u>
Cash Flows from Capital and Related Financing Activities:			
Purchases of capital assets	(2,793,657)		(2,793,657)
Proceeds from sale of bonds	6,096,847		6,096,847
Principal paid on capital debt	(2,281,993)		(2,281,993)
Interest and fiscal charges paid on capital debt	<u>(546,224)</u>		<u>(546,224)</u>
Net cash provided by capital and related financing activities	<u>474,973</u>	<u>-0-</u>	<u>474,973</u>
Cash Flows from Investing Activities:			
Interest received	<u>192,074</u>	<u>600</u>	<u>192,674</u>
Net cash provided by investing activities	<u>192,074</u>	<u>600</u>	<u>192,674</u>
Change in cash and cash equivalents	4,577,403	31,943	4,609,346
Cash and cash equivalents - beginning	<u>17,102,776</u>	<u>154,351</u>	<u>17,257,127</u>
Cash and cash equivalents - ending	<u>\$ 21,680,179</u>	<u>\$ 186,294</u>	<u>\$ 21,866,473</u>

(continued)

CITY OF LAKE JACKSON

Lake Jackson, Texas

**STATEMENT OF CASH FLOWS -
PROPRIETARY FUNDS - Continued**

For the Year Ended September 30, 2020

	Business-Type Activities		
	Enterprise	Golf Course Operating	Total
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:			
Operating income (loss)	\$ 2,101,022	\$(863,724)	\$ 1,237,298
Adjustment to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:			
Depreciation	3,493,820	529,030	4,022,850
(Increase) decrease in:			
Accounts receivable	(200,407)	26,280	(174,127)
Due from other funds	(662,256)		(662,256)
Inventories		4,357	4,357
Prepaid items		3,237	3,237
Increase (decrease) in:			
Accounts payable	474,587	(12,687)	461,900
Accrued wages payable	37,622		37,622
Unearned revenue	2,786	(30,150)	(27,364)
Net pension and OPEB liability	120,477		120,477
Accrued compensated absences	(16,732)		(16,732)
Customer deposits	(8,508)		(8,508)
 Total adjustments	 <u>3,241,389</u>	 <u>520,067</u>	 <u>3,761,456</u>
 Net cash provided (used) by operating activities	 <u>\$ 5,342,411</u>	 <u>\$(343,657)</u>	 <u>\$ 4,998,754</u>
Non-cash Investing, Capital, and Financing Activities:			
Contribution of capital assets	\$ 1,481,000	\$ 26,594	\$ 1,507,594
 Net effect of non-cash transactions	 <u>\$ 1,481,000</u>	 <u>\$ 26,594</u>	 <u>\$ 1,507,594</u>

The notes to the financial statements are an integral part of this statement.

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CITY OF LAKE JACKSON

Lake Jackson, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2020

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CITY OF LAKE JACKSON

Lake Jackson, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General Statement

The City of Lake Jackson (the City) operates under a Home Rule Charter adopted in a special election on April 1, 1958. The City operates under a Council-Manager form of government and provides the following services as authorized by its charter: public services, streets and drainage, sanitation, health and building inspections, culture-recreation, public improvements, planning and zoning, and general administrative services.

The City prepares its basic financial statements in conformity with generally accepted accounting principles (GAAP) promulgated by the Governmental Accounting Standards Board (GASB) and other authoritative sources.

The following is a summary of the most significant accounting policies.

Reporting Entity

The City is considered an independent entity for financial reporting purposes and is considered a primary government. As required by GAAP, these basic financial statements have been prepared, based on considerations regarding the potential for inclusion of other entities, organizations, or functions, as part of the City's financial reporting entity. Based on these considerations, the City's basic financial statements do not include any other entities. Additionally, as the City is considered a primary government for financial reporting purposes, its activities are not considered a part of any other governmental or other type of reporting entity.

Considerations regarding the potential for inclusion of other entities, organizations, or functions in the City's financial reporting entity are based on criteria prescribed by GAAP. These same criteria are evaluated in considering whether the City is part of any other governmental or other type of reporting entity. The overriding elements associated with prescribed criteria considered in determining that the City's financial reporting entity status is that of a primary government are: that it has a separately elected governing body; it is legally separate; and it is fiscally independent of other state and local governments.

Additionally prescribed criteria under GAAP include considerations pertaining to organizations for which the primary government is financially accountable; and considerations pertaining to other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Based upon the application of these criteria, the following entity is considered a blended component unit. Blended component units, although legally separate entities, are, in substance, part of the government's operations. Financial statements for this component unit can be obtained from the office of the City.

CITY OF LAKE JACKSON

Lake Jackson, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Reporting Entity - continued

Blended component unit - The Lake Jackson Development Corporation, Inc.

On June 5, 1995, the City Council authorized the creation and approved the Articles of Incorporation and the Bylaws of the Lake Jackson Development Corporation, Inc. (the "Corporation"). The Articles of Incorporation were filed with the Office of the Secretary Of State of Texas on June 23, 1995. The Corporation, a nonprofit corporation, organized under Section 4b of the Development Corporation Act of 1979 was created to act on behalf of the City in the financing of projects.

The Corporation is governed by a seven-member board of directors appointed by the City Council, which includes three members of the City Council. All projects must have prior approval of the City Council. On May 6, 1995, the voters of Lake Jackson approved the levy and collection of a one-half cent sales tax, effective October 1, 1995, to fund the cost of land, buildings, equipment, facilities, and improvements for public park purposes, recreational facilities, and for infrastructure improvements for development of new or expanded business enterprises. The Corporation provides funding for the City's debt service payments of these approved projects. When the Corporation directly finances construction, the completed facilities are donated to the City upon completion. As the Corporation provides financing services entirely to the City, the Corporation is considered a blended component unit for financial reporting purposes and is reported as if it were part of the City's operations.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report financial information of the primary government and its component unit. Except for balances between governmental activities and business-type activities, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given program are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given program and 2) operating or capital grants and contributions that are restricted to meeting operational or capital requirements of a particular program. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

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

CITY OF LAKE JACKSON

Lake Jackson, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

Property taxes, 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. Only the portion of special assessment receivable due within the current fiscal period is considered to be susceptible to accrual as revenues of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The City has presented the following major governmental funds:

The *General Fund* is the City's primary operating fund. It accounts for all financial resources of the City, except those required to be accounted for in another fund. All general tax revenues and other receipts that are not restricted by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures, fixed charges and capital improvement costs that are not paid through other funds are paid from the General Fund.

The *Economic Development Special Revenue Fund* accounts for the one-half cent Economic Development Sales tax and approved expenditures for providing parks and recreation facilities and infrastructure projects.

The *General Debt Service Fund* accounts for the accumulation of resources for the annual payment of general long-term debt principal and interest of governmental funds and to provide a reserve for such payment.

The *2018 Downtown Improvement Fund* accounts for the proceeds of the 2018 Limited Tax Bonds issue for financing the permanent public improvements in the downtown area, including providing streets, drainage, parking, and sidewalks improvements.

CITY OF LAKE JACKSON

Lake Jackson, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Measurement Focus, Basis of Accounting, and Financial Statement Presentation - Continued

The City reports the following major proprietary funds:

The *Enterprise Fund* is used to account for the provision of water, sewer and sanitation services to the residents of the City. Activities of the fund include administration, operations and maintenance of the water and sewer 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 and sewer debt. All costs are financed through charges to utility and sanitation customers with rates reviewed regularly and adjusted if necessary to ensure integrity of the funds.

The *Golf Course Operating Fund* is used to account for the operations of the City's Wilderness Golf Course. Activities of the fund include administration, operations and maintenance of the Wilderness Golf Course. All costs are financed through charges for customer's use of the golf course and government capital contributions and transfers.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, and 2) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's Enterprise Fund and Golf Course Operating Fund are charges to customers for sales and services. The City also recognized as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the water and sewer system.

Operating expenses for the Enterprise Fund and the Golf Course Operating Fund includes the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, and then unrestricted resources as they are needed.

New Pronouncements

GASB issues statements on a routine basis with the intent to provide authoritative guidance on the preparation of financial statements and to improve governmental accounting and financial reporting of governmental entities. Management reviews these statements to ensure that preparation of its financial statements are in conformity with GAAP and to anticipate changes in those requirements.

CITY OF LAKE JACKSON

Lake Jackson, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

New Pronouncements - Continued

The following recent GASB Statements reflect the action and consideration of management regarding these requirements:

GASB No. 83 “Certain Asset Retirement Obligations” was issued in November 2016. This statement was implemented and did not have a material effect on the City’s financial statements. The requirements of this Statement are effective for periods beginning after June 15, 2019.

GASB No. 84 “Fiduciary Activities” was issued in January 2017. The management of the City does not expect the implementation of this standard to have a material effect on the financial statements of the City. The requirements of this Statement are effective for periods beginning after December 15, 2019.

GASB No. 87 “Leases” was issued in June 2017. The management of the City does not expect the implementation of this standard to have a material effect on the financial statements of the City. The requirements of this Statement are effective for periods beginning after June 15, 2021.

GASB No. 88 “Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements” was issued in April 2018. This statement was implemented and did not have a material effect on the City’s financial statements. The requirements of this statement are effective for reporting periods beginning after June 15, 2019.

GASB No. 89 “Accounting for Interest Cost Incurred before the End of a Construction Period” was issued in June 2018. The management of the City does not expect the implementation of this standard to have a material effect on the financial statements of the City. The requirements of this statement are effective for reporting periods beginning after December 15, 2020.

GASB No. 90 “Majority Equity Interests – an amendment of GASB Statements No. 14 and No. 61” was issued in August 2018. The management of the City does not expect the implementation of this standard to have a material effect on the financial statements of the City. The requirements of this statement are effective for reporting periods beginning after December 15, 2019.

GASB No. 91 “Conduit Debt Obligations” was issued in May 2019. The management of the City does not expect the implementation of this standard to have a material effect on the financial statements of the District. The requirements of this statement are effective for reporting periods beginning after December 15, 2021.

GASB No. 92 “Omnibus 2020” was issued in January 2020. The management of the City does not expect the implementation of this standard to have a material effect on the financial statements of the City. The requirements of this statement are effective for reporting periods beginning after June 15, 2021.

GASB No. 93 “Replacement of Interbank Offered Rates” was issued in March 2020. The management of the City does not expect the implementation of this standard to have a material effect on the financial statement of the City. The requirements of this statement are effective for reporting periods beginning after June 15, 2022.

CITY OF LAKE JACKSON

Lake Jackson, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

New Pronouncements - Continued

GASB No. 94 “Public-Private and Public-Public Partnerships and Availability Payment Arrangements” was issued in March 2020. The management of the City does not expect the implementation of this standard to have a material effect on the financial statements of the City. The requirements of this statement are effective for reporting periods beginning after June 15, 2022.

GASB No. 95 “Postponement of the Effective Dates of Certain Authoritative Guidance” was issued in May 2020. The statement was implemented and did not have a material effect on the financial statements of the City. The requirements of this statement are effective immediately.

GASB No. 96 “Subscription-Based Information Technology Arrangements” was issued in May 2020. The management of the City does not expect the implementation of this standard to have a material effect on the financial statements of the City. The requirements of this statement are effective for reporting periods beginning after June 15, 2022.

GASB No. 97 “Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans” was issued in June 2020. The management of the City does not expect the implementation of this standard to have a material effect on the financial statements of the City. The requirements of this statement are effective for reporting periods beginning after June 15, 2021.

Budgetary Data

All departments of the City submit requests for appropriation to the City Manager so that a budget may be prepared. The budget is prepared by fund and includes requested appropriations for the next year. The proposed budget is presented to members of the City Council for review. The City Council holds budget workshops and may add to, subtract from, or change appropriations. A public hearing is held prior to adoption.

Once the budget is adopted, expenditures may not legally exceed total appropriations at the fund level without approval of a majority of the Council. Line item and department budgets may exceed appropriated amounts at the discretion of management as long as total expenditures for the fund do not exceed appropriated amounts. Revisions to the budget were made during the year. Appropriations not exercised in the current year lapse at the end of the year.

The City adopts annual budgets for all significant governmental fund types (general fund, special revenue funds, and debt service funds) and proprietary fund types (Enterprise Fund and Golf Course Operating Fund). The budgets for the capital projects funds are prepared on a project basis with costs being incurred over the project period.

The City prepares its annual budget on GAAP basis for governmental funds and a basis (budget basis) for proprietary funds, which differs from GAAP basis. The budget and all transactions are presented in accordance with the City’s method (GAAP or budget basis) in the Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - General, Economic Development Special Revenue, Enterprise Fund and Golf Course Operating Fund to provide a meaningful comparison of actual results with the budget.

CITY OF LAKE JACKSON

Lake Jackson, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Budgetary Data - Continued

The following reconciles the differences between the legally enacted budget basis and the GAAP basis of accounting for the year ended September 30, 2020:

Proprietary Fund Types:

	<u>Enterprise Fund</u>
Change in net position - GAAP basis	\$ 1,715,405
Provisions for Current Adjustments To:	
Depreciation	3,493,820
Amortization of loss on refunding debt	<u>16,273</u>
Change in net position - budgetary basis	<u>\$ 5,225,498</u>
	<u>Golf Course Operating Fund</u>
Change in net position - GAAP basis	\$(444,066)
Provisions for Current Adjustments To:	
Depreciation	<u>529,030</u>
Change in net position - budgetary basis	<u>\$ 84,964</u>

Encumbrances

Encumbrances represent commitments related to contracts not yet performed (executor contracts), and are used to control expenditures for the period and to enhance cash management. A City often issues purchase orders or signs contracts for the purchase of goods and services to be received in the future. At the time these commitments are made, which in its simplest form means that when a purchase order is prepared, the appropriate account is checked for available funds. If an adequate balance exists, the amount of the order is immediately charged to the account to reduce the available balance for control purposes. The encumbrance account does not represent any expenditure for the period, only a commitment to expend resources.

Prior to the end of the current period, every effort should be made to liquidate outstanding encumbrances. When encumbrances are outstanding at the current period end, the City likely will honor the open purchase orders or contracts that support the encumbrances. For reporting purposes, as noted earlier, outstanding encumbrances are not considered expenditures for the current period.

CITY OF LAKE JACKSON

Lake Jackson, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Budgetary Data - Continued

If the City allows encumbrances to lapse, even though it plans to honor the encumbrances, the appropriations authority expires and the items represented by the encumbrances are usually re-appropriated in the following year's budget. Open encumbrances at current period-end are included in restricted, committed or assigned fund balance, as appropriate. The city canceled all the open purchase orders at the end of fiscal year, therefore, the city had no outstanding encumbrances as of September 30, 2020.

Cash and Cash Equivalents

Cash and cash equivalents include amounts in demand deposits and short-term investments with an original maturity date of three months or less. Temporary investments are stated at cost. State statutes authorize the government to invest in obligations of the U. S. Treasury, commercial paper, corporate bonds and repurchase agreements.

The City maintains a cash and investment pool that is available for use by all funds. Substantially all cash and/or investment transactions of the various funds are conducted through the general fund. During the year, these transactions are recorded in the participating funds due to/from accounts. At year-end, the cash and temporary investments, and investments are prorated to participating funds, thus eliminating related due to/from balances. Negative cash and temporary investments, and investment balances remain in that fund's due to/from accounts.

The City elected to implement GASB Statement No. 31 (GASB 31), *"Accounting and Financial Reporting for Certain Investments and for External Investment Pools"* as of September 30, 1996. As a governmental entity other than an external investment pool in accordance with GASB 31, the City's investments are stated at fair value, except for interest-earning investment contracts and external investment pools (See Note 2). In applying GASB 31, the City utilizes the following methods and assumptions as of September 30, 2020:

1. Fair value is based on quoted market prices as of the valuation date.
2. The portfolio did not hold investments in any of the following:
 - a. Items required to be reported at amortized cost,
 - b. Items in external pools that are not SEC-registered,
 - c. Items subject to involuntary participation in an external pool,
 - d. Items associated with a fund other than the fund to which the income is assigned;
3. Aside from investments clearly identified as belonging to a specific fund, any unrealized gain/loss resulting from the valuation will be recognized within the General Fund to the extent its cash and investments' balance exceeds the cumulative value of those investments subject to GASB 31;
4. The gain/loss resulting from valuation is reported within the revenue account "investment income" on the Statement of Revenues, Expenditures and Changes in Fund Balances.

The City's policy is to hold investments until maturity, or until fair values equal or exceed cost.

CITY OF LAKE JACKSON

Lake Jackson, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Interfund Receivables, Payables and Transfers

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the non-current portion of interfund loans). All outstanding balances between funds are reported as “due to/from other funds”. The City had no advances between funds. All activity between funds was for short-term cash flow requirements. See Note 4 for additional discussion of interfund receivables, payables and transfers.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the fund financial statements for proprietary funds. All capital assets are valued at historical cost or estimated historical cost if actual historical is not available. Donated assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value. Repairs and maintenance are recorded as expenses. Renewals and betterments are capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. The amount of interest cost to be capitalized on assets with tax-exempt borrowing is equal to the cost of the borrowing less interest earned on the related tax-exempt borrowing. No interest was capitalized during the year ended September 30, 2019.

Assets capitalized have an original cost of \$ 5,000 or more and over three years of useful life. Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:

Buildings	20-50 Years
Improvements other than buildings	10-25 Years
Furniture, equipment and vehicles	5-10 Years
Infrastructure	20-40 Years

Deferred Outflows and Inflows of Resources

Guidance for deferred outflows of resources and deferred inflows of resources is provided by GASB No. 63, “Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position”. Concepts Statement No. 4, Elements of Financial Statements, introduced and defined those elements as a consumption of net position by the government that is applicable to a future reporting period, and an acquisition of net position by the government that is applicable to a future period, respectively. Previous financial reporting standards do not include guidance for reporting those financial statement elements, which are distinct from assets and liabilities. Further, GASB No. 65, “Items Previously Reported as Assets and Liabilities”, had an objective to either (a) properly classify certain items that were previously reported as assets and liabilities as deferred outflows of resources or deferred inflows of resources or (b) recognize certain items that were previously reported as assets and liabilities as outflows of resources (expenses or expenditures) or inflows of resources (revenues).

CITY OF LAKE JACKSON

Lake Jackson, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Property Taxes

Property taxes are levied by October 1 on the assessed value listed as of January 1 for all real and business property located in the City in conformity with Subtitle E, Texas Property Tax Code. Taxes are due upon receipt of the tax bill and are past due and subject to interest if not paid by February 1 of the year following the October 1 levy date. On January 31 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed.

The appraisal and recording of all property within the City is the responsibility of the Brazoria County Appraisal District (BCAD), an independent governmental unit with a board of directors appointed by the taxing jurisdictions within the county and funded from assessments against those taxing jurisdictions. BCAD is required by law to assess property at 100% of its appraised value. Real property must be reappraised at least every two years. Under certain circumstances taxpayers and taxing units, including the City, may challenge orders of the BCAD Review Board through various appeals and, if necessary, legal action.

The assessed value of the property tax roll on August 1, 2019, upon which the levy for the 2019-20 fiscal year was based, was \$ 2,337,263,672. Taxes are delinquent if not paid by June 30. Delinquent taxes are subject to penalty and interest charges plus 20% delinquent collection fees for attorney costs.

The tax rates assessed for the year ended September 30, 2020, to finance general fund operations and the payment of principal and interest on general obligation long-term debt were \$ 0.230169 and \$ 0.118031 per \$ 100 valuation, respectively, for a total of \$ 0.3482 per \$ 100 valuation.

Current tax collections for the year ended September 30, 2020, were 99.7% of the year-end adjusted tax levy. Delinquent taxes are prorated between maintenance and debt service based on rates adopted for the year of the levy. Allowances for uncollectible taxes within the general and debt service funds are based on historical experience in collecting taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the City is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature. As of September 30, 2020, property taxes receivable, net of estimated uncollectible taxes, totaled \$ 56,648 and \$ 30,710 for the general and debt service funds, respectively.

Compensated Absences

The City's vacation policy provides that employees are credited with vacation at rates of from 12 to 20 days each calendar year, depending on their length of employment by the City. The maximum number of days an employee is allowed to have in their bank at any point in time range from 22 to 40 days and depends on the number of years they have been employed with the City. Employees may sell back 6 days accumulated vacation days after having used 6 days during the calendar year. Upon termination, employees are paid for all days of unused accumulated vacation.

The City's sick leave policy provides that employees are credited with sick leave at the rate of 12 days each calendar year. Employees may accumulate up to 120 sick days, however, upon termination, employees are not eligible for payment of accumulated sick days.

CITY OF LAKE JACKSON

Lake Jackson, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Compensated Absences - Continued

The estimated liabilities include required salary related payments. Compensated absences are reported as accrued in the government-wide and proprietary fund financial statements. Governmental funds report only matured compensated absences payable to currently terminating employees and are included in wages and benefits payable.

As of September 30, 2020, accrued compensated absences reported in the Governmental Activities totaled \$ 705,543. Accrued compensated absences reported in the Enterprise Fund totaled \$ 128,471.

Pension Plans and OPEB Plan

For purposes of measuring the net pension liability, total OPEB liability, deferred outflows of resources and deferred inflows of resources related to pensions and OPEB, and pension and OPEB expense, information about the Fiduciary Net Position of the Texas Municipal Retirement System (TMRS) and Texas Emergency Services Retirement System (TESRS) and additions to/deductions from TMRS's and TESRS's Fiduciary Net Position have been determined on the same basis as they are reported by TMRS and TESRS. 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.

Inventories

The City employs the consumption method of accounting for inventory. Inventories are valued at cost using the first-in first-out method. Purchases are recorded at cost as inventory when purchased, and then charged out as expenditures when used. The reserve for inventory has been recognized to signify that a portion of fund balance is not available for other subsequent expenditures. Inventory at September 30, 2019, consisted of the following:

	<u>Governmental Activities</u>	<u>Business Type Activities</u>
Supplies	\$ 76,654	\$
Supplies held for resale	<u>12,303</u>	<u>60,450</u>
	<u>\$ 88,957</u>	<u>\$ 60,450</u>

Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts, are deferred and amortized over the life of the bonds using the straight line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as expenditures or expenses in the current period.

CITY OF LAKE JACKSON

Lake Jackson, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Long-Term Obligations - Continued

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

Fund Balances and Budget Stabilization Arrangements

The City Council of Members meets on a regular basis to manage and review cash financial activities and to ensure compliance with established policies. The City's unassigned General Fund Balance is maintained to provide the City with sufficient working capital and a margin of safety to address local and regional emergencies without borrowing. The unassigned General Fund Balance may only be appropriated by resolution of the City Council. Fund balance of the City may be committed for a specific source by formal action of the City Council. Amendments or modifications of the committed fund balance must also be approved by formal action by the City Council. In circumstances where an expenditure is to be made for a purpose for which amounts are available in multiple fund balance classifications, the order in which resources will be expended is as follows: restricted fund balance, followed by committed fund balance, followed by assigned fund balance, and lastly, unassigned fund balance.

Nonspendable Fund Balance - Includes amounts that cannot be spent because they are either not in spendable form, or, for legal or contractual reasons, must be kept intact. This classification includes inventories, prepaid amounts, assets held for sale, and long-term receivables.

Restricted Fund Balance - Constraints placed on the use of these resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors or other governments; or are imposed by law (through constitutional provisions enabling legislation).

Committed Fund Balance - Includes spendable net resources that can only be used for specific purposes pursuant to constraints imposed by formal City Council actions, no later than the close of the fiscal year. Those constraints remain binding unless removed or changed in the same manner employed to previously commit those resources. At September 30, 2020, the City Council approved to commit the total fund balance of General Contingency Fund during the council meeting.

Assigned Fund Balance - Amounts that are constrained by the City's intent to be used for specific purposes, but that do not meet the criteria to be classified as restricted or committed. Intent can be stipulated by the governing body, or by an official to whom that authority has been given. The City Council delegates authority to the City Manager or the Finance Director to assign funds, when it is appropriate.

Unassigned Fund Balance - This is the residual classification of the General Fund. Only the General Fund reports a positive unassigned fund balance. Other governmental funds might report a negative balance in this classification, as the result of overspending for specific purposes for which amounts had been restricted, committed, or assigned.

CITY OF LAKE JACKSON

Lake Jackson, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

The following schedule presents details of fund balance components at September 30, 2020:

	<u>General Fund</u>	<u>Economic Development Fund</u>	<u>General Debt Service Fund</u>	<u>2018 Downtown Improvements Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Fund Balances:						
Nonspendable:						
Inventories	\$ 88,957					\$ 88,957
Restricted:						
Debt service			745,192			745,192
Capital projects				9,150,059	2,845,400	11,995,459
Economic development		2,115,751				2,115,751
Program education					390,076	390,076
Encourage tourism					85,284	85,284
Law enforcement					78,240	78,240
Committed:						
Contingencies	951,063					951,063
Assigned:						
General construction					3,426,393	3,426,393
Unemployment insurance	62,388					62,388
Equipment replacement	8,092,279					8,092,279
Special events	37,877					37,877
Park improvement	101,696					101,696
Unassigned	<u>7,086,503</u>					<u>7,086,503</u>
 Total fund balances	 <u>\$ 16,420,763</u>	 <u>\$ 2,115,751</u>	 <u>\$ 745,192</u>	 <u>\$ 9,150,059</u>	 <u>\$ 6,825,393</u>	 <u>\$ 35,257,158</u>

In accordance with City Resolution 11-624, the City committed the total fund balance of General Contingency Fund, a sub fund of the General Fund, for emergency use and in the event purchases cannot be accommodated through current year savings. The City Council delegates authority to the City Manager or the Finance Director to assign funds, when it is appropriate. By establishing a sub fund of the General Fund, the city manager has assigned balances in these sub funds for the purposes of purchasing new and replacement equipment, paying unemployment claims, conducting or hosting special events and making Park improvements. No additional sub funds were established in the current fiscal year.

Net Position

Net position represents the differences between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net investment in capital assets, consists of capital assets, net of accumulated depreciations, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. Restricted net position, as presented in the government-wide Statement of Net Position, are reported when constraints placed on the use of net position are either 1) externally imposed by creditors (such as through debt covenants, grantors, contributors, or laws or regulations of other governments), or 2) imposed by law through constitutional provisions or enabling legislation.

CITY OF LAKE JACKSON

Lake Jackson, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

The following schedule presents details of net position balance components at September 30, 2020:

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>
Net Position:			
Net investment in capital assets	\$ 39,944,744	\$ 34,659,879	\$ 74,604,623
Restricted:			
Debt service	730,965		730,965
Economic development	2,115,751		2,115,751
Program education	390,076		390,076
Encourage tourism	85,284		85,284
Law enforcement	78,240		78,240
Revenue bond retirement		1,537,234	1,537,234
Unrestricted	<u>16,748,998</u>	<u>8,764,187</u>	<u>25,513,185</u>
Total net position	<u>\$ 60,094,058</u>	<u>\$ 44,961,300</u>	<u>\$ 105,055,358</u>

NOTE 2 - DEPOSITS AND INVESTMENTS

The City classifies deposits and investments for financial statement purposes as cash and temporary investments, and investments based upon both liquidity (demand deposits) and maturity date (deposits and investments) of the asset at the date of purchase. For this purpose, a temporary investment is one that when purchased it has maturity of three months or less. Cash and temporary investments, and investments, as reported on the government-wide Statement of Net Position at September 30, 2020, are as follows:

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total</u>
Cash and Cash Equivalents:			
Cash (petty cash accounts)	\$ 7,373	\$	\$ 7,373
Financial Institution Deposits:			
Demand deposits	2,984,213	849,206	3,833,419
Local Government Investment Pools:			
Texpool	15,747,994	4,481,349	20,229,343
First Public Investment Pool	8,036,935	2,287,041	10,323,976
TexSTAR	<u>17,311,757</u>	<u>4,926,344</u>	<u>22,238,101</u>
	<u>\$ 44,088,272</u>	<u>\$ 12,543,940</u>	<u>\$ 56,632,212</u>
Investments:			
Financial Institution Deposits:			
Certificates of deposit	<u>\$ 100,000</u>	<u>\$</u>	<u>\$ 100,000</u>
	<u>\$ 100,000</u>	<u>\$ -0-</u>	<u>\$ 100,000</u>

CITY OF LAKE JACKSON

Lake Jackson, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2020

NOTE 2 - DEPOSITS AND INVESTMENTS - Continued

Deposits

Custodial Credit Risk - Deposits. Custodial credit risk is the risk that in the event of a financial institution failure, the City's deposits may not be returned to them. The City requires that all deposits with financial institutions be collateralized in an amount equal to 100 percent of uninsured balances.

Under Texas state law, a bank serving as the depository must have a bond or in lieu thereof, deposited or pledged securities (or other security) with the City or an independent third party agent, an amount equal to the highest daily balance of all deposits the City may have during the term of the depository contract, less any applicable FDIC insurance.

At September 30, 2020, in addition to petty cash of \$ 7,373, the carrying amount of the City's cash, savings, and time deposits was \$ 3,933,419. The financial institutions balances were \$ 4,472,094 at September 30, 2020. Bank balances of \$ 350,000 were covered by federal depository insurance, and \$ 4,122,094 was covered by collateral pledged in the City's name. The pledged collateral was held in safekeeping departments of unrelated banks, which act as the pledging bank's agent.

Investments

Chapter 2256 of the Texas Government Code (the Public Funds Investment Act) authorizes the City to invest its funds under written investment policy (the "investment policy") that primarily emphasizes safety of principal and liquidity, addresses investment diversification, yield, and maturity and addresses the quality and capability of investment personnel. This investment policy defines what constitutes the legal list of investments allowed under the policies, which excludes certain instruments allowed under chapter 2256 of the Texas Government Code.

The City's deposits and investments are invested pursuant to the investment policy, which is approved by the Council. The investment policy includes lists of authorized investment instruments and allowable stated maturity of individual investments. In addition it includes an "Investment Strategy Statement" that specifically addresses each investment option and describes the priorities of suitability of investment type, preservation and safety of principal, liquidity, marketability, diversification and yield. Additionally, the soundness of financial institutions (including broker/dealers) in which the City will deposit funds is addressed. The City's investment policy and types of investments are governed by the Public Funds Investment Act (PFIA). The City's management believes it complied with the requirements of the PFIA and the City's investment policy.

The City's Investment Officer submits an investment report each quarter to the Council. The report details the investment positions of the City and the compliance of the investment portfolio's as they relate to both the adopted investment strategy statements and Texas State law.

The City is authorized to invest in the following investment instruments provided that they meet the guidelines of the investment policy:

1. Obligations of the United States, or its agencies and instrumentalities, and government sponsored enterprises; and have a maximum stated maturity of five (5) years or less;

CITY OF LAKE JACKSON

Lake Jackson, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2020

NOTE 2 - DEPOSITS AND INVESTMENTS - Continued

Investments - Continued

2. Certificates of deposit of state and national banks domiciled in Texas, guaranteed or insured by the Federal Deposit Insurance Corporation or its successor or secured by obligations that are described in Section 2256.009 (a) of the Government Code;
3. Fully collateralized direct repurchase agreements with a defined termination date secured by obligations of the United States or its agencies and instrumentalities. These shall be pledged to the City, held in the City's name, and deposited at the time the investment is made with the City or with a third party selected and approved by the City. Repurchase agreements must be purchased through a primary government securities dealer, as defined by the Federal Reserve, or a bank domiciled in Texas. A masters repurchase agreement must be signed by the bank/dealer prior to investment in a repurchase agreement;
4. No load money market mutual funds that are registered and regulated by the Securities and Exchange Commission, with a dollar weighted average stated maturity of 90 days or fewer and includes in its investment objectives the maintenance of a stable net asset value of \$1 for each share. Money market mutual funds must provide the City with a prospectus and other information required by the Securities and Exchange Act of 1934 (Section 2256.014 (a) Government Code);
5. Local government investment pools that have been authorized by the governing body by rule, ordinance or resolution. The investment pool must maintain a rating no lower than AAA, AAA-m or an equivalent rating by at least one nationally recognized rating agency; and
6. Interest bearing checking accounts at the City's banking services provider.

The City participates in three Local Government Investment Pools (LGIP): TexPool, Lone Star Investment Pool, and TexSTAR. The State Comptroller oversees TexPool and Federated Investors managing the daily operations of the pool under a contract with the State Comptroller. Although there is no regulatory oversight over Lone Star investment Pool and TexSTAR, advisory boards consisting of participants or their designees, maintains oversight responsibility for Lone Star and TexSTAR.

The City invests in TexPool, Lone Star Investment Pool, and TexSTAR to provide its liquidity needs. TexPool, Lone Star Investment Pool, and TexSTAR are local government investment pools that were established in conformity with the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code and the Public Funds Investment Act, Chapter 2256 of the Code. TexPool, Lone Star Investment Pool, and TexSTAR are 2(a)7 like funds, meaning that they are structured similar to a money market mutual fund. Such funds allow shareholders the ability to deposit or withdraw funds on a daily basis. Interest rates are also adjusted on a daily basis. Such funds seek to maintain a constant net asset value of \$ 1.00, although this cannot be fully guaranteed. TexPool, Lone Star Investment Pool, and TexSTAR are rated AAAM and must maintain a dollar weighted average maturity not to exceed 60 days, which is the limit. At September 30, 2020 TexPool, Lone Star investment Pool, and TexSTAR, had a weighted average maturity of 31 days, 40 days, and 46 days, respectively. Although TexPool, Lone Star Investment Pool, and TexSTAR portfolios had a weighted average maturity of 31 days, 40 days, and 46 days, respectively, the City considers holdings in these funds to have a one day weighted average maturity. This is due to the fact that the share position can usually be redeemed each day at the discretion of the shareholder, unless there has been a significant change in value.

CITY OF LAKE JACKSON

Lake Jackson, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2020

NOTE 2 - DEPOSITS AND INVESTMENTS - Continued

Investments - Continued

The City is invested in certificate of deposit at a local financial institution for diversification. All of the City's investments are insured, registered, or the City's agent holds the securities in the City's name; therefore, the City is not exposed to custodial credit risk.

The following table includes the portfolio balances of all investment types of the City at September 30, 2020.

	<u>Maturity Date</u>	<u>Rate %</u>	<u>Weighted Average Maturity (Days)</u>	<u>Fair Value</u>
Investments:				
Local Government Investment Pools:				
Texpool	N/A	Varies daily	31	\$ 20,229,343
Lone Star Investment Pool	N/A	Varies daily	40	10,323,976
TexSTAR	N/A	Varies daily	46	<u>22,238,101</u>
Total local government investment pools			39	<u>52,791,420</u>
Certificate of deposit	06/18/21	0.250 %	261	<u>100,000</u>
Total investments			39	<u>\$ 52,891,420</u>

Credit Risk - The City's policy requires that the investment pool must maintain a rating no lower than AAA, AAA-m or an equivalent rating by at least one nationally recognized rating agency. As of September 30, 2020, the LGIP's (which represent approximately 99.8% of the portfolio) are rated AAAM by Standard and Poor's, while the certificates of deposits (0.2% of the portfolio) are fully insured.

Interest Rate Risk - As a means of minimizing risk of loss due to interest rate fluctuations, the City's investment policy requires that the investment maturities will not exceed the lesser of a dollar weighted average maturity of 365 days or the anticipated cash flow requirements of the funds. Quality short-to-medium term securities should be purchased, which complement each other in a structured manner that minimizes risk and meets the City's cash flow requirements.

Fair Value

The City categorizes its fair value measurements within the fair value hierarchy established by GASB No 72. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access.

CITY OF LAKE JACKSON

Lake Jackson, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2020

NOTE 2 - DEPOSITS AND INVESTMENTS - Continued

Fair Value - Continued

Level 2 Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. The City holds no investments which are measured at fair value at September 30, 2020.

NOTE 3 - DEFERRED INFLOWS/OUTFLOWS OF RESOURCES AND UNEARNED REVENUE

Government Funds

Governmental funds defer the recognition of revenue in connection with receivables that are considered to be unavailable to liquidate liabilities of the current period and report these amounts as deferred inflows of resources. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned and report these amounts as a liability (unearned revenue). As of September 30, 2020, the following components of deferred inflows of resources/unearned revenue were reported in the governmental funds:

	<u>Deferred Inflows of Resources</u>	<u>Unearned Revenue</u>
Delinquent property taxes receivable (general fund)	\$ 56,648	\$
Delinquent property taxes receivable (general debt service fund)	30,710	
Recreation memberships and deposits	<u> </u>	<u>101,346</u>
Total	<u>\$ 87,358</u>	<u>\$ 101,346</u>

Governmental and Business-Type Activities

Governmental and business-type activities defer the recognition of pension expense for contributions made from the measurement date to the current year-end of September 30, 2020 and report these as deferred outflows of resources. Governmental and business-type activities also defer revenue recognition in connection with resources that have been received, but not yet earned and report these amounts as a deferred inflow of resources. Further, for governmental and business-type activities, like governmental funds, defer revenue recognition in connection with resources that have been received, but not yet earned and report these amounts as a liability (unearned revenue).

CITY OF LAKE JACKSON

Lake Jackson, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2020

NOTE 3 - DEFERRED INFLOWS/OUTFLOWS OF RESOURCES AND UNEARNED REVENUE - Continued

Governmental and Business-Type Activities - Continued

As of September 30, 2020, the various components of deferred inflows and outflows of resources reported in the governmental and business-type activities were as follows:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Unearned Revenue</u>
<u>Governmental Activities</u>			
Deferred refunding cost	\$ 155,113	\$	\$
Pension deferred outflows and inflows of resources less amortization - TMRS	134,729	1,830,226	
Pension contributions subsequent to the measurement date - TMRS	831,078		
Pension deferred outflows and inflows of resources less amortization - TESRS	32,962	309	
Pension contributions subsequent to the measurement date - TESRS	65,773		
OPEB deferred outflows and inflows of resources less amortization	97,216	25,884	
OPEB contributions subsequent to the measurement date	3,451		
Recreation memberships and deposits			<u>101,346</u>
Totals	<u>\$ 1,320,322</u>	<u>\$ 1,881,419</u>	<u>\$ 101,346</u>
<u>Business-Type Activities</u>			
Pension deferred outflows and inflows of resources less amortization - TMRS	\$ 37,537	\$ 509,917	\$
Pension contributions subsequent to the measurement date - TMRS	231,513		
OPEB deferred outflows and inflows of resources less amortization	27,085	14,177	
OPEB contributions subsequent to the measurement date	961		
Golf course memberships and deposits			<u>156,481</u>
Totals	<u>\$ 297,096</u>	<u>\$ 524,094</u>	<u>\$ 156,481</u>
Total TMRS pension deferred outflows and inflows of resources	<u>\$ 1,234,857</u>	<u>\$ 2,340,143</u>	
Total TESRS pension deferred outflows and inflows of resources	<u>\$ 98,735</u>	<u>\$ 309</u>	
Total OPEB pension deferred outflows and inflows of resources	<u>\$ 128,713</u>	<u>\$ 65,061</u>	

CITY OF LAKE JACKSON

Lake Jackson, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2020

NOTE 4 - INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund balances at September 30, 2020 consisted of the following individual fund receivables and payables:

<u>Fund</u>	<u>Receivables</u>	<u>Payables</u>
Special Revenue Fund:		
Enterprise fund	\$	\$ 662,256
Enterprise Fund:		
Special revenue fund	<u>662,256</u>	<u> </u>
 Total	 <u>\$ 662,256</u>	 <u>\$ 662,256</u>

Interfund transfers for the year ended September 30, 2020 consisted of the following individual fund transfers in and transfers out.

<u>Transfers Out</u>	<u>Transfers In</u>				<u>Total</u>
	<u>Governmental Funds</u>			<u>Proprietary Funds</u>	
	<u>General Fund</u>	<u>Non-major Governmental Funds</u>	<u>Enterprise Fund</u>	<u>Golf Course Fund</u>	
Governmental Funds:					
General Fund	\$	\$ 680,000	\$ 219,491	\$ 17,464	\$ 916,955
Economic development	350,000	1,820,440		375,000	2,545,440
Non-major governmental	55,889				55,889
Proprietary Funds:					
Enterprise	<u>1,651,546</u>	<u> </u>	<u> </u>	<u> </u>	<u>1,651,546</u>
	<u>\$ 2,057,435</u>	<u>\$ 2,500,440</u>	<u>\$ 219,491</u>	<u>\$ 392,464</u>	<u>\$ 5,169,830</u>

These transfers were approved by the City Council as transfers of operational funds to cover planned expenditures/expenses.

CITY OF LAKE JACKSON

Lake Jackson, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2020

NOTE 5 - CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2020, was as follows:

	<u>Balance</u> <u>10/01/19</u>	<u>Additions</u>	<u>Retirements</u> <u>& Transfers</u>	<u>Balance</u> <u>09/30/20</u>
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 2,551,017	\$	\$	\$ 2,551,017
Construction in progress	<u>3,705,558</u>	<u>3,488,558</u>	<u>(4,134,924)</u>	<u>3,059,192</u>
Total capital assets, not being depreciated	<u>6,256,575</u>	<u>3,488,558</u>	<u>(4,134,924)</u>	<u>5,610,209</u>
Capital Assets, Being Depreciated:				
Buildings	32,535,770	174,714		32,710,484
Improvements other than buildings	14,262,636	898,108		15,160,744
Furniture, equipment and vehicles	14,991,257	657,696	(287,617)	15,361,336
Infrastructure	<u>104,537,454</u>	<u>3,273,440</u>	<u> </u>	<u>107,810,894</u>
Total capital assets, being depreciated	<u>166,327,117</u>	<u>5,003,958</u>	<u>(287,617)</u>	<u>171,043,458</u>
Less Accumulated Depreciation For:				
Buildings	15,668,392	903,000		16,571,392
Improvements other than buildings	11,350,963	493,745		11,844,608
Furniture, equipment and vehicles	10,060,240	1,514,430	(236,215)	11,338,455
Infrastructure	<u>70,907,506</u>	<u>2,276,809</u>	<u> </u>	<u>73,184,315</u>
Total accumulated depreciation	<u>107,987,001</u>	<u>5,187,984</u>	<u>(236,215)</u>	<u>112,938,770</u>
Total capital assets, being depreciated, net	<u>58,340,116</u>	<u>(184,026)</u>	<u>(51,402)</u>	<u>58,104,688</u>
Governmental activities capital assets, net	\$ <u>64,596,691</u>	\$ <u>3,304,532</u>	\$ <u>(4,186,326)</u>	\$ <u>63,714,897</u>

CITY OF LAKE JACKSON

Lake Jackson, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2020

NOTE 5 - CAPITAL ASSETS - Continued

	<u>Balance</u> <u>10/01/19</u>	<u>Additions</u>	<u>Retirements</u> <u>& Transfers</u>	<u>Balance</u> <u>09/30/20</u>
Business-type Activities (Utility Fund):				
Capital Assets, Not Being Depreciated:				
Construction in progress	\$ <u>1,328,658</u>	\$ <u>2,574,166</u>	\$ <u>(2,685,104)</u>	\$ <u>1,217,720</u>
Total capital assets, not being depreciated	<u>1,328,658</u>	<u>2,574,166</u>	<u>(2,685,104)</u>	<u>1,217,720</u>
Capital Assets, Being Depreciated:				
Buildings	5,399,947			5,399,947
Improvements other than buildings	44,941,068	4,117,174		49,058,242
Furniture, equipment and vehicles	7,907,366	268,421	(293,815)	7,881,972
Infrastructure	<u>19,331,484</u>			<u>19,331,484</u>
Total capital assets, being depreciated	<u>77,579,865</u>	<u>4,385,595</u>	<u>(293,815)</u>	<u>81,671,645</u>
Less Accumulated Depreciation:				
Buildings	4,968,618	132,533		5,101,151
Improvements other than buildings	24,207,957	1,978,288		26,186,245
Furniture, equipment and vehicles	5,059,301	770,305	(275,415)	5,554,191
Infrastructure	<u>9,968,651</u>	<u>612,694</u>		<u>10,581,345</u>
Total accumulated depreciation	<u>44,204,527</u>	<u>3,493,820</u>	<u>(275,415)</u>	<u>47,422,932</u>
Total capital assets, being depreciated, net	<u>33,375,338</u>	<u>891,775</u>	<u>(18,400)</u>	<u>34,248,713</u>
Business-type activities capital assets, net	\$ <u>34,703,996</u>	\$ <u>3,465,941</u>	\$ <u>(2,703,504)</u>	\$ <u>35,466,433</u>
	<u>Balance</u> <u>10/01/19</u>	<u>Additions</u>	<u>Retirements</u> <u>& Transfers</u>	<u>Balance</u> <u>09/30/20</u>
Business-type Activities (Golf Course Fund):				
Capital Assets, Not Being Depreciated:				
Land	\$ 3,821,585	\$	\$	\$ 3,821,585
Construction in progress	<u>32,240</u>	<u>26,594</u>	<u>(26,594)</u>	<u>32,240</u>
Total capital assets, not being depreciated	<u>3,853,825</u>	<u>26,594</u>	<u>(26,594)</u>	<u>3,853,825</u>
Capital Assets, Being Depreciated:				
Buildings	1,222,546			1,222,546
Improvements other than buildings	4,667,691	44,058		4,711,749
Furniture, equipment and vehicles	<u>413,441</u>			<u>413,441</u>
Total capital assets, being depreciated	<u>6,303,678</u>	<u>44,058</u>	<u>-0-</u>	<u>6,347,736</u>

(continued)

CITY OF LAKE JACKSON

Lake Jackson, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2020

NOTE 5 - CAPITAL ASSETS - Continued

	<u>Balance</u> <u>10/01/19</u>	<u>Additions</u>	<u>Retirements</u> <u>& Transfers</u>	<u>Balance</u> <u>09/30/20</u>
Less Accumulated Depreciation:				
Buildings	\$ 949,863	\$ 60,595	\$	\$ 1,010,458
Improvements other than buildings	2,781,366	459,540		3,240,906
Furniture, equipment and vehicles	<u>140,443</u>	<u>8,895</u>		<u>149,338</u>
Total accumulated depreciation	<u>3,871,672</u>	<u>529,030</u>	<u>-0-</u>	<u>4,400,702</u>
Total capital assets, being depreciated, net	<u>2,432,006</u>	<u>(484,972)</u>	<u>-0-</u>	<u>1,947,034</u>
Business-type activities capital assets, net	<u>\$ 6,285,831</u>	<u>\$(458,378)</u>	<u>\$(26,594)</u>	<u>\$ 5,800,859</u>
	<u>Balance</u> <u>10/01/19</u>	<u>Additions</u>	<u>Retirements</u> <u>& Transfers</u>	<u>Balance</u> <u>09/30/20</u>
Business-type Activities (Combined):				
Capital Assets, Not Being Depreciated:				
Land	\$ 3,821,585	\$	\$	\$ 3,821,585
Construction in progress	<u>1,360,898</u>	<u>2,600,760</u>	<u>(2,711,698)</u>	<u>1,249,960</u>
Total capital assets, not being depreciated	<u>5,182,483</u>	<u>2,600,760</u>	<u>(2,711,698)</u>	<u>5,071,545</u>
Capital Assets, Being Depreciated:				
Buildings	6,622,493			6,622,493
Improvements other than buildings	49,608,759	4,161,232		53,769,991
Furniture, equipment and vehicles	8,320,807	268,421	(293,815)	8,295,413
Infrastructure	<u>19,331,484</u>			<u>19,331,484</u>
Total capital assets, being depreciated	<u>83,883,543</u>	<u>4,429,653</u>	<u>(293,815)</u>	<u>88,019,381</u>
Less Accumulated Depreciation:				
Buildings	5,918,481	193,128		6,111,609
Improvements other than buildings	26,989,323	2,437,828		29,427,151
Furniture, equipment and vehicles	5,199,744	779,200	(275,415)	5,703,529
Infrastructure	<u>9,968,651</u>	<u>612,694</u>		<u>10,581,345</u>
Total accumulated depreciation	<u>48,076,199</u>	<u>4,022,850</u>	<u>(275,415)</u>	<u>51,823,634</u>
Total capital assets, being depreciated, net	<u>35,807,344</u>	<u>406,803</u>	<u>(18,400)</u>	<u>36,195,747</u>
Business-type activities capital assets, net	<u>\$ 40,989,827</u>	<u>\$ 3,007,563</u>	<u>\$(2,730,098)</u>	<u>\$ 41,267,292</u>

CITY OF LAKE JACKSON

Lake Jackson, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2020

NOTE 5 - CAPITAL ASSETS - Continued

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

Governmental Activities:

General government	\$ 459,456
Public safety	1,226,704
Public works, including depreciation of infrastructure	2,542,102
Culture and recreation	<u>959,722</u>
Total depreciation expense-governmental activities	<u>\$ 5,187,984</u>

Business-type Activities:

Water and sewer	\$ 2,994,684
Sanitation	499,136
Golf course	<u>529,030</u>
Total depreciation expense-business-type activities	<u>\$ 4,022,850</u>

During the year ended September 30, 2020, the City received contributed capital in the amount of \$ 1,728,000 of which \$ 247,000 was reported in governmental activities and \$ 1,481,000 was reported in business-type activities as construction in progress.

The City has entered into contracts for construction as of September 30, 2020, as follows:

Governmental Fund Construction Commitments

	<u>Project Authorization</u>	<u>Expended to Date</u>	<u>Commitment</u>
Downtown Revitalization Engineering	\$ 936,000	\$ 748,110	\$ 187,890
Woodland Park rehab	<u>3,146,220</u>	<u>2,631,032</u>	<u>515,188</u>
Total	<u>\$ 4,082,220</u>	<u>\$ 3,379,142</u>	<u>\$ 703,078</u>

Proprietary Fund Construction Commitments

	<u>Project Authorization</u>	<u>Expended to Date</u>	<u>Commitment</u>
Lake Forest Sanitary Sewer rehab	\$ 1,207,383	\$ 365,570	\$ 841,813
Basin and Sewer rehab	<u>888,909</u>	<u>705,975</u>	<u>182,934</u>
Total	<u>\$ 2,096,292</u>	<u>\$ 1,071,545</u>	<u>\$ 1,024,747</u>

CITY OF LAKE JACKSON

Lake Jackson, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2020

NOTE 6 - RECEIVABLES AND ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS

Governmental Funds

Ad valorem taxes receivable are reserved based on historical experience and evaluation of collectivity as the lesser of a percentage of the original levy and the current receivable for each levy year.

The special assessments against property owners for capital improvements were financed with currently available resources of the capital projects funds. As only special assessments received are considered both measurable and available, the balance of the special assessment is recorded as unearned revenue. The allowance for uncollectible special assessment receivables related to special assessments against property owners for capital improvements in prior years is determined based on historical experience and evaluation of collectability in relation to aging of the special assessments.

The following is a summary of the receivables and allowance for uncollectible accounts by fund:

	<u>General Fund</u>	<u>Economic Development Fund</u>	<u>Debt Service Fund</u>	<u>Other Governmental Fund</u>	<u>Total</u>
Taxes:					
Property	\$ 83,400	\$	\$ 47,352	\$	\$ 130,752
Sales	1,097,329	548,665			1,645,994
Franchise	166,991			16,612	183,603
Allowance for uncollectible	<u>(26,752)</u>	<u> </u>	<u>(16,642)</u>	<u> </u>	<u>(43,394)</u>
Net taxes	<u>1,320,968</u>	<u>548,665</u>	<u>30,710</u>	<u>16,612</u>	<u>1,916,955</u>
Accounts	119,151			76,563	195,714
Allowance for uncollectible	<u>(27,967)</u>	<u> </u>	<u> </u>	<u>(68,425)</u>	<u>(96,392)</u>
Net account	<u>91,184</u>	<u>-0-</u>	<u>-0-</u>	<u>8,138</u>	<u>99,322</u>
Net total receivable	<u>\$ 1,412,152</u>	<u>\$ 548,665</u>	<u>\$ 30,710</u>	<u>\$ 24,750</u>	<u>\$ 2,016,277</u>

Proprietary Funds

The allowance for uncollectible receivables related to City services is determined based on historical experience and evaluation of collectability in relation to the aging of customer accounts.

The following is a summary of the receivables and allowance for uncollectible accounts by fund:

	<u>Enterprise Fund</u>	<u>Golf Course Fund</u>	<u>Total</u>
Accounts	\$ 1,149,874	\$ 10,419	\$ 1,160,293
Allowance for uncollectible	<u>(45,649)</u>	<u>(7,651)</u>	<u>(53,300)</u>
Net total receivable	<u>\$ 1,104,225</u>	<u>\$ 2,768</u>	<u>\$ 1,106,993</u>

CITY OF LAKE JACKSON

Lake Jackson, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2020

NOTE 6 - RECEIVABLES AND ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS - Continued

Judicial Receivables

Municipal Court Receivables - Municipal court receivables are reported in the governmental activities statements of net position. Since these receivables do not represent current available resources, they are not reported in the governmental funds balance sheet. The allowance for uncollectible receivables related to municipal court assessments is determined based on historical experience and evaluation of collectability in relation to the aging of customer accounts. The municipal court receivables and allowance for uncollectible receivables for the year ended September 30, 2020, were \$ 1,732,611 and \$ 1,036,648, respectively.

NOTE 7 - LONG-TERM DEBT

General Obligation Bonds\Certificates of Obligation

In July 2010, the City issued City of Lake Jackson, Texas, Limited Tax Bonds, Series 2010, in the amount of \$ 3,000,000 for drainage projects and arterial street spot repairs.

On October 18, 2011, the City sold \$ 7,360,000 of Limited Tax Refunding Bonds, Series 2011. The net proceeds of \$ 8,015,573 along with \$ 97,731 from the general fund, a total of \$ 8,113,304, were placed in escrow for the defeasement of the City of Lake Jackson, Texas, General Obligation Bond, Series 2001; the Limited Tax Bond, Series 2002; the Certificates of Obligation, Series 2002A; and the Certificates of Obligation, Series 2003 (Golf Course) bonds, for \$ 1,800,000, \$ 3,650,000, \$ 1,620,000, and \$ 660,000 respectfully. These refunding bonds were issued for the purpose of generating resources and decreasing the total debt service payments. This refunding issue defeased the bond issuances noted above. All future debt service payments on the original bonds were provided for by placing the proceeds of the refunding bonds in an irrevocable trust. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the City's basic financial statements. The difference between the cash flow required to service the old debt and that required to service the new debt and complete the refunding was a decrease of \$ 925,425. The economic gain resulting from the transaction was \$ 781,257. The liability for the defeased bonds was paid off during the year ended September 30, 2013.

On June 4, 2013, the City issued City of Lake Jackson, Texas Certificates of Obligation, Series 2013 in the amount of \$ 2,000,000 for financing the completion of phase III of the downtown plan - South Parking Place.

On June 4, 2013, the City issued City of Lake Jackson, Texas, Limited Tax Bonds, Series 2013, in the amount of \$ 4,000,000 for financing the replacement of streets and associated water, sewer and sidewalks. The Bonds were authorized at an election held in May, 2010.

CITY OF LAKE JACKSON

Lake Jackson, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2020

NOTE 7 - LONG-TERM DEBT - Continued

General Obligation Bonds\Certificates of Obligation - Continued

On October 15, 2013, the City issued City of Lake Jackson, Texas Certificates of Obligation, Series 2013A in the amount of \$ 1,500,000 for financing the extension of water to the airport.

On November 4, 2014, the City issued City of Lake Jackson, Texas Certificates of Obligation, Series 2014 in the amount of \$ 5,500,000 for financing the economic incentives for the Dow Chemical and HEB projects (offsite infrastructure).

On December 30, 2015, the City sold \$ 7,870,000 of Limited Tax Refunding Bonds, Series 2015. The net proceeds of \$ 8,252,325 along with \$ 48,408 from the debt service fund, a total of \$ 8,300,733, were placed in escrow for the defeasement of the City of Lake Jackson, Texas, Limited Tax Bond, Series 2004; the Limited Tax Bond, Series 2007; Limited Tax Bond, Series 2009' and the Certificates of Obligation, Series 2009; for \$ 1,440,000, \$ 2,915,000, \$ 1,080,000, and \$ 2,500,000 respectfully. These refunding bonds were issued for the purpose of generating resources and decreasing the total debt service payments. This refunding issue defeased the bond issuances noted above. All future debt service payments on the original bonds were provided for by placing the proceeds of the refunding bonds in an irrevocable trust. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the City's basic financial statements. The difference between the cash flow required to service the old debt and that required to service the new debt and complete the refunding was a decrease of \$ 901,489. The economic gain resulting from the transaction was \$ 764,187.

On December 7, 2016, the City issued City of Lake Jackson, Texas Certificates of Obligation, Series 2016 in the amount of \$ 3,855,000 and Limited Tax General Obligation Bonds, Series 2016 in the amount of \$ 2,965,000 to finance Force Main Lift station #25; sewer service extension; street and bridge; drainage; traffic signals; streets and sidewalks; and Downtown Area improvements.

On November 14, 2017, the City issued City of Lake Jackson, Texas Limited Tax Bonds, Series 2017 in the amount of \$ 3,935,000 to finance the downtown revitalization proposition, the plantation bridge proposition, the residential streets proposition, the drainage proposition, and the traffic proposition.

On December 6, 2018, the City issued City of Lake Jackson, Texas Limited Tax Bonds, Series 2018 in the amount of \$ 8,800,000 to finance the permanent public improvements in the downtown area, including providing streets, drainage, parking, and sidewalks improvements.

CITY OF LAKE JACKSON

Lake Jackson, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2020

NOTE 7 - LONG-TERM DEBT - Continued

General Obligation Bonds\Certificates of Obligation - Continued

General obligation bonds and certificates of obligation payable for governmental activities at September 30, 2020, are summarized as follows:

	Interest Rates %	Series Dates			Bonds Outstanding 09/30/20
		Issued	Maturity	Callable	
Limited Tax Series 2010	3.50-5.00	2010	2030	2020	\$ 1,500,000
Limited Tax Refunding Series 2011	2.00-4.00	2011	2023	2020	1,670,000
Limited Tax Refunding Series 2013	1.50-3.00	2013	2033	2023	2,600,000
Certificate of Obligation Series 2013	2.00-3.00	2013	2033	2023	1,300,000
Certificate of Obligation Series 2013A	2.00-3.00	2013	2023	2021	450,000
Certificates of Obligation Series 2014	2.00-3.00	2014	2034	2022	3,850,000
Limited Tax Refunding Series 2015	2.00-4.00	2015	2030	2026	5,895,000
Limited Tax Refunding Series 2016	2.00-3.00	2016	2037	2025	2,775,000
Certificates of Obligation Series 2016	2.00-3.00	2016	2036	2025	2,515,000
Limited Tax Series 2017	3.00-4.00	2017	2038	2026	3,535,000
Limited Tax Series 2018	3.50-5.00	2017	2039	2028	<u>8,415,000</u>
Total					<u>\$ 34,505,000</u>

General obligation bond transactions for the year ended September 30, 2020, were as follows:

Bonds outstanding, October 1,	\$ 37,960,000
Maturities	<u>(3,455,000)</u>
Bonds outstanding, September 30,	<u>\$ 34,505,000</u>

CITY OF LAKE JACKSON

Lake Jackson, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2020

NOTE 7 - LONG-TERM DEBT - Continued

General Obligation Bonds\Certificates of Obligation - Continued

The bond ordinances require that a tax be levied sufficient to pay current interest and create a sinking fund of not less than two percent of the principal of the outstanding bonds or the amount to pay current principal, whichever is greater. For the year ended September 30, 2020, the amount of ad valorem taxes collected for interest and sinking was \$ 2,766,535. The debt service requirements for principal and interest were \$ 4,609,929. In addition, \$ 1,820,440 transferred to the debt service funds. The bond resolutions provide no express remedies in the event of default and make no provision for acceleration of maturity of the bonds.

The following is a summary of general obligation bond requirements for governmental activities by year as of September 30, 2020:

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2021	\$ 3,535,000	\$ 1,032,191	\$ 4,567,191
2022	3,315,000	919,404	4,234,404
2023	3,125,000	815,616	3,940,616
2024	2,590,000	725,885	3,315,885
2025	2,405,000	647,885	3,052,885
2026-2030	10,310,000	2,254,088	12,564,088
2031-2035	6,475,000	961,850	7,436,850
2036-2039	<u>2,750,000</u>	<u>169,975</u>	<u>2,919,975</u>
Total	<u>\$ 34,505,000</u>	<u>\$ 7,526,894</u>	<u>\$ 42,031,894</u>

Revenue Bonds Payable

In May 2010, the City refunded the remaining of Revenue Bonds, Series 2000 for \$ 8,800,000. The City issued \$ 9,600,000 of Waterworks and Sewer System Revenue Refunding Bonds, Series 2010 to provide resources to provide full payment of the debt and the liability has been removed from the City's accounts. This refunding was undertaken to reduce total debt services payment over next ten years by \$ 553,269 and to obtain an economic gain (difference between the present value of one debt service payment of the refunded and refunding bonds) of \$ 463,714.

On June 4, 2013, the City issued City of Lake Jackson, Texas, Waterworks and Sewer System Revenue bonds, Series 2013 in the amount of \$ 2,000,000 for the funding of the Northwest water system expansion, sewer line replacements, local lift station renovations, and repair and repainting of the Dow water tower.

On December 7, 2016, the City issued City of Lake Jackson, Waterworks and Sewer System Revenue Refunding Bonds, Series 2016 in the amount of \$ 970,000 and Waterworks and Sewer System Revenue Bonds, Series 2016 in the amount of \$ 2,915,000 to refund \$ 1,000,000 of Waterworks and Sewer System Revenue Bonds, Series 2007 and finance various Utility Construction projects. This refunding was undertaken to reduce total debt services payment over the next ten years by \$ 102,153 and to obtain an economic gain (difference between the present value of debt service payment of the refunded and refunding bonds) of \$ 89,874.

CITY OF LAKE JACKSON

Lake Jackson, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2020

NOTE 7 - LONG-TERM DEBT - Continued

Revenue Bonds Payable - Continued

On November 17, 2017, the City issued City of Lake Jackson, Waterworks and Sewer System Revenue Bonds, Series 2017 in the amount of \$ 4,950,000 to finance various utility construction projects.

On December 17, 2019, the City issued City of Lake Jackson, Waterworks and Sewer System Revenue and Refunding Bonds, Series 2019 in the amount of \$ 5,755,000 to refund \$ 925,000 of Waterworks and Sewer System Revenue Bonds, Series 2009 and to finance various Utility Construction projects. This refunding was undertaken to reduce total debt services payment over the next ten years by \$ 101,795 and to obtain an economic gain (difference between the present value of debt service payment of the refunded and refunding bonds) of \$ 91,094.

Revenue bonds payable for business-type activities at September 30, 2020, are summarized as follows:

	Interest Rates %	Series Dates			Bonds Outstanding 09/30/20
		Issued	Maturity	Callable	
Revenue Bonds Refunding - Series 2010	2.00-4.00	2010	2021	N/A	\$ 755,000
Revenue Bonds - Series 2013	3.50-3.00	2013	2033	2022	1,300,000
Revenue Bonds Refunding- Series 2016	3.00	2016	2033	2025	3,015,000
Revenue Bonds - Series 2017	3.00-4.00	2017	2038	2026	4,750,000
Revenue & Refunding Bonds - Series 2019	2.10-4.00	2019	2039	N/A	<u>5,670,000</u>
Total					<u>\$ 15,490,000</u>

Revenue bond transactions for the year ended September 30, 2020 were as follows:

Bonds outstanding, October 1	\$ 11,955,000
Issued	5,755,000
Refunded	(925,000)
Maturities	<u>(1,295,000)</u>
Bonds outstanding, September 30	<u>\$ 15,490,000</u>

The bond ordinances require that amounts sufficient to pay the next scheduled principal and interest payment be paid into a sinking account in equal monthly installments. At September 30, 2020, the required balance in the sinking fund was \$ 741,842. Additionally, bond ordinances require a Reserve Fund in an amount equal to the succeeding fiscal year's interest and principal payment be accumulated and maintained. This fund is to be accumulated within sixty-one months from the date additional bonds are issued. At September 30, 2020, the required balance in the reserve fund was \$ 1,400,584. At September 30, 2020, the balance in the City's reserve/sinking accounts designated for interest and sinking totaled \$ 741,842; and the designated amount for the reserve totaled \$ 1,400,584. The total account balance of \$ 2,355,682 is sufficient to cover the combined reserve and sinking requirement of \$ 2,142,426.

CITY OF LAKE JACKSON

Lake Jackson, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2020

NOTE 7 - LONG-TERM DEBT - Continued

Revenue Bonds Payable - Continued

The bond ordinances require that before new revenue bonds can be issued, the net earnings of the system for the last fiscal year, or for any twelve consecutive calendar month period ending not more than ninety days prior to the adoption of the ordinance authorizing the issuance of such additional bonds, were at least 1.25 times the average annual principal and interest requirements for all then outstanding parity bonds and for the series of additional bonds then proposed to be issued.

The following is a summary of revenue bond requirements for business-type activities by year as of September 30, 2020:

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2021	\$ 1,285,000	\$ 495,420	\$ 1,780,420
2022	1,195,000	448,770	1,643,770
2023	1,000,000	407,470	1,407,470
2024	1,000,000	371,170	1,371,170
2025	955,000	334,870	1,289,870
2026-2030	4,450,000	1,180,300	5,630,300
2031-2035	3,650,000	559,600	4,209,600
2036-2039	<u>1,955,000</u>	<u>116,388</u>	<u>2,071,388</u>
Total	<u>\$ 15,490,000</u>	<u>\$ 3,913,988</u>	<u>\$ 19,403,988</u>

Transactions for the year ended September 30, 2020, are summarized as follows:

	<u>Balance 10-01-19</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 09-30-20</u>	<u>Due Within One Year</u>
Governmental Type Activities:					
Certificates of obligation bonds	\$ 9,420,000	\$	\$ 1,045,000	\$ 8,375,000	\$ 795,000
Limited tax bonds	28,540,000		2,410,000	26,130,000	2,660,000
Premiums on bonds	1,587,019		171,294	1,415,725	167,495
Net pension liability	5,986,789	749,873	4,911,429	1,825,233	
Total OPEB liability	495,239	136,569	28,025	603,783	
Compensated absences	<u>689,912</u>	<u>429,559</u>	<u>413,928</u>	<u>705,543</u>	<u>413,928</u>
Total governmental activities	<u>46,718,959</u>	<u>1,316,001</u>	<u>8,979,676</u>	<u>39,055,284</u>	<u>4,036,423</u>
Business-Type Activities:					
Revenue bonds	11,955,000	5,755,000	2,220,000	15,490,000	1,285,000
Premium on bonds	487,033	341,847	61,992	766,888	55,035
Net pension liability	1,983,533	199,971	1,347,910	835,594	
Total OPEB liability	126,060	38,049	7,808	156,301	
Compensated absences	<u>145,203</u>	<u>86,111</u>	<u>102,843</u>	<u>128,471</u>	<u>102,843</u>
Total business-type activities	14,696,829	6,420,978	3,740,553	17,377,254	1,442,878

(continued)

CITY OF LAKE JACKSON

Lake Jackson, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2020

NOTE 7 - LONG-TERM DEBT - Continued

Revenue Bonds Payable - Continued

	<u>Balance</u> <u>10-01-19</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>09-30-20</u>	<u>Due Within</u> <u>One Year</u>
Less Portion Payable from Restricted Assets:					
Revenue bonds payable	\$ 539,583	\$ 535,417	\$ 539,583	\$ 535,417	\$ 535,417
Premium on bonds	<u>46,461</u>	<u>61,993</u>	<u>46,461</u>	<u>61,993</u>	<u>55,035</u>
Net business-type activities	<u>14,110,785</u>	<u>5,823,568</u>	<u>3,154,509</u>	<u>16,779,844</u>	<u>852,426</u>
Total government (net)	<u>\$ 60,829,744</u>	<u>\$ 7,139,569</u>	<u>\$ 12,134,185</u>	<u>\$ 55,835,128</u>	<u>\$ 4,888,849</u>

Compensated Absences

Compensated absences represent the estimated liability for employees' accrued vacation for which employees are entitled to be paid upon termination. The retirement of this liability is paid from the General Fund and Enterprise Funds based on the assignment of an employee at termination.

Net Pension and total OPEB Liability

General fund and water and sewer enterprise fund have been used to liquidate the net pension liability and total OPEB liability. Total aggregate expenses/expenditures were \$ 1,773,827 and \$ 64,185 for the period associated with the net pension liability and total OPEB liability, respectively. See Note 9 and Note 10 for net pension liability and note 11 for total OPEB liability information.

NOTE 8 - LEASING OPERATIONS

Lessor

The City is involved in various operating leases as lessor. These rental facilities are leased through 2037. The City has not determined the cost of these facilities as of September 30, 2020. Minimum future rentals to be received on noncancelable leases, as of September 30, 2020, for each of the next five years and in the aggregate are as follows:

<u>Year Ended</u> <u>September 30,</u>	<u>Amount</u>
2021	\$ 177,702
2022	182,834
2023	188,120
2024	193,563
2025	199,169
2026-2030	903,711
2031-2035	501,705
2036-2037	<u>43,928</u>
	<u>\$ 2,390,732</u>

CITY OF LAKE JACKSON

Lake Jackson, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2020

NOTE 8 - LEASING OPERATIONS - Continued

Lessee

The City is involved in various operating leases as lessee. These leases include copier equipment, postage equipment, and golf cart and other golf course equipment. Minimum future rentals to be paid on noncancelable leases, as of September 30, 2020, for each of the next five years and in the aggregate are as follows:

<u>Year Ended</u> <u>September 30,</u>	<u>Amount</u>
2021	\$ 142,229
2022	88,426
2023	51,385
2024	<u>1,408</u>
	<u>\$ 283,448</u>

NOTE 9 - DEFINED BENEFIT PENSION PLANS

A. Plan Description

The City participates as one of 888 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 comprehensive annual financial report (CAFR) that can be obtained at www.tMrs.com.

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

B. 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.

CITY OF LAKE JACKSON

Lake Jackson, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2020

NOTE 9 - DEFINED BENEFIT PENSION PLANS - Continued

The plan provisions are adopted by the governing body of the city, within the options available in the state statutes governing TMRS. Members in the city can retire at age 60 and above with 5 or more years of service or with 20 years of service regardless of age. The plan also provides death benefits and disability benefits. Effective January 1, 2002, members are vested after 5 years. Members may work for more than one TMRS city during their career. If an individual has become vested in one TMRS city, he or she is immediately vested upon employment with another TMRS city. Similarly, once a member has met the eligibility requirements for retirement in a TMRS city, he or she is eligible in other TMRS cities as well.

Employees covered by benefit terms.

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

Inactive employees or beneficiaries currently receiving benefits	136
Inactive employees entitled to but not yet receiving benefits	183
Active employees	<u>234</u>
	553

C. Contributions

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

Employees for the City were required to contribute 6% of their annual gross earnings during the fiscal year. The contribution rates for the City were 12.04% and 11.98% in calendar years 2020 and 2019, respectively. The city's contributions to TMRS for the year ended September 30, 2020, were \$ 1,466,849, and were equal to the required contributions.

D. Net Pension Liability

The city's Net Pension Liability (NPL) was measured as of December 31, 2019, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial assumptions:

The Total Pension Liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions:

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

CITY OF LAKE JACKSON

Lake Jackson, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2020

NOTE 9 - DEFINED BENEFIT PENSION PLANS - Continued

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 mortality rate is applied, for males and females respectively, to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2014 to December 31, 2018. They were adopted in 2019 and first used in the December 31, 2109 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 2019 are summarized in the following table:

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

CITY OF LAKE JACKSON

Lake Jackson, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2020

NOTE 9 - DEFINED BENEFIT PENSION PLANS - Continued

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 benefits 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.

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balance at 12/31/2018	\$ 66,403,343	\$ 58,730,282	\$ 7,673,061
Changes for the Year:			
Service cost	1,709,877		1,709,877
Interest	4,451,456		4,451,456
Difference between expected and actual experience	(394,418)		(394,418)
Changes in assumptions	169,049		169,049
Contributions - employer		1,454,852	(1,454,852)
Contributions - employee		728,641	(728,641)
Net investment income		9,073,511	(9,073,511)
Benefit payment, including refunds of employee contributions	(2,621,578)	(2,621,578)	
Administrative expense		(51,304)	51,304
Other changes		(1,542)	1,542
Net changes	3,314,386	8,582,580	(5,268,194)
Balance at 12/31/2019	\$ 69,717,729	\$ 67,312,862	\$ 2,404,867

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's the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

	1% Decrease In Discount Rate (5.75%)	Discount Rate (6.75%)	1% Increase In Discount Rate (7.75%)
City's Net Pension Liability	\$ 12,146,674	\$ 2,404,867	\$(5,583,394)

CITY OF LAKE JACKSON

Lake Jackson, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2020

NOTE 9 - DEFINED BENEFIT PENSION PLANS - Continued

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.

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

For the year ended September 30, 2020, the City recognized pension expense of \$ 1,713,175.

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 52,791	\$ 278,753
Changes in actuarial assumptions	119,475	
Net difference between projected and actual earnings		2,061,390
Contributions subsequent to the measurement date	<u>1,062,591</u>	
Total	<u>\$ 1,234,857</u>	<u>\$ 2,340,143</u>

\$ 1,062,591 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2021. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended September 30,</u>	
2021	\$(619,632)
2022	(663,617)
2023	137,217
2024	(1,021,845)

CITY OF LAKE JACKSON

Lake Jackson, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2020

NOTE 10 - TEXAS EMERGENCY SERVICES RETIREMENT SYSTEM PENSION PLAN

A Plan Description

The Texas Emergency Services Retirement System (TESRS) administers a cost-sharing multiple employer pension system (the System) established and administered by the State of Texas to provide pension benefits for emergency services personnel who serve without significant monetary remuneration. Direct financial activity for the System is classified in the financial statements as pension trust funds. The System issues a stand-alone financial report that is available to the public at www.tesrs.org.

Of the nine member state board of trustees, at least five trustees must be active members of the pension system, one of whom must represent emergency medical services personnel. One trustee may be a retiree of the pension system, and three trustees must be persons who have experience in the fields of finance, securities investment, or pension administration. On August 31, 2018, there were 238 fire and/or emergency services member departments participating in TESRS. Eligible participants include volunteer emergency services personnel who are members in good standing of a member department.

B Benefits Provided

Senate Bill 411, 65th Legislature, Regular Session (1977), created TESRS and established the applicable benefit provisions. The 79th Legislature, Regular Session (2005), re-codified the provisions and gave the TESRS Board of Trustees authority to establish vesting requirements, contribution levels, benefit formulas, and eligibility requirements by board rule. The benefit provisions include retirement benefits as well as death and disability benefits. Members are 50% vested after the tenth year of service, with the vesting percent increasing 10% for each of the next five years of service so that a member becomes 100% vested with 15 years of service.

Upon reaching age 55, each vested member may retire and receive a monthly pension equal to his vested percent multiplied by six times the governing body's average monthly contribution over the member's years of qualified service. For years of service in excess of 15 years, this monthly benefit is increased at the rate of 6.2% compounded annually. There is no provision for automatic postretirement benefit increases.

On and off-duty death benefits and on-duty disability benefits are dependent on whether or not the member was engaged in the performance of duties at the time of death or disability. Death benefits include a lump sum amount or continuing monthly payments to a member's surviving spouse and dependent children paid by the System.

CITY OF LAKE JACKSON

Lake Jackson, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2020

NOTE 10 - TEXAS EMERGENCY SERVICES RETIREMENT SYSTEM PENSION PLAN - Continued

C Contributions Required and Contributions Made

The contribution requirement per active emergency services personnel member per month is not actuarially determined. Rather, the minimum contribution provisions are set by board rule, and there is no maximum contribution rate. The City is not an employer of the members under the TESRS Plan. However, the City makes contributions directly to the TESRS Plan for members of the participating fire or emergency services departments in the City. During the measurement period of 2019 for fiscal 2020 reporting, the amount of the City's contributions recognized by the plan was \$ 40,466.

D Net Pension Liability

The System's net pension liability was measured as of August 31, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of August 31, 2018 rolled forward to August 31, 2019. The City's proportionate share of net pension liability was \$ 255,960.

Actuarial Assumptions

The total pension liability in the August 31, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0%
Salary increases	N/A
Investment rate of return	7.75%, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2000 Combined Healthy Lives Mortality Tables for males and for females projected to 2024 by scale AA.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future net real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These components 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 (currently 5.01%) and by adding expected inflation (3.0%). In addition, the final 7.75% assumption was selected by "rounding down" and thereby reflected a reduction of 0.26% for adverse deviation. The target allocation and expected arithmetic real rates of return for each major asset class are summarized in the following table:

CITY OF LAKE JACKSON

Lake Jackson, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2020

NOTE 10 - TEXAS EMERGENCY SERVICES RETIREMENT SYSTEM PENSION PLAN - Continued

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Net Real Rate of Return</u>
Equities:		
Large cap domestic	32%	5.81%
Small cap domestic	15	5.92
Development international	15	6.21
Emerging markets	5	7.18
Master limited partnership	5	7.61
Real Estate	5	4.46
Fixed Income	23	1.61
Cash	<u>0</u>	0.00
Total	100%	
Weighted average		5.01%

Discount Rate

The discount rate used to measure the total pension liability was 7.75%. No projection of cash flows was used to determine the discount rate because the August 31, 2018 actuarial valuation showed that expected contributions would pay the normal cost and amortize the unfunded actuarial accrued liability (UAAL) in 30 years using the conservative level dollar amortization method. Because of the 30-year amortization period with the conservative amortization method, the pension plan's fiduciary net position is expected to be available to make all projected future benefit payments of current active and inactive members. 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.

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 7.75%, 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 (6.75%) or 1 percentage point higher (8.75%) than the current rate:

	1% Decrease In Discount Rate <u>(6.75%)</u>	Discount Rate <u>(7.75%)</u>	1% Increase In Discount Rate <u>(8.75%)</u>
City's Net Pension Liability	\$ <u>454,930</u>	\$ <u>255,960</u>	\$ <u>122,774</u>

CITY OF LAKE JACKSON

Lake Jackson, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2020

NOTE 10 - TEXAS EMERGENCY SERVICES RETIREMENT SYSTEM PENSION PLAN - Continued

F Pension Expenses, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$	\$ 309
Net differences between projected and actual earnings	32,962	
Contributions subsequent to the measurement date	<u>65,773</u>	<u> </u>
Total	<u>\$ 98,735</u>	<u>\$ 309</u>

\$ 65,773 reported as deferred outflows of resources related to pensions relating from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2021. Other amounts reported as deferred outflows/(inflows) of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended September 30,</u>	
2021	\$ 6,949
2022	3,644
2023	8,101
2024	13,958

For the year ended September 30 2020, the City recognized pension expense of \$ 60,652.

NOTE 11 - DEFINED OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN

A. Plan Description

The City also participates in the defined benefit group-term life insurance plan operated by TMRS known as the Supplemental Death Benefits Fund (SDBF). 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 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 and there are no assets accumulated for OPEB. As such the SDBF is considered to be a single employer unfunded OPEB plan with benefit payments treated as being equal to the employer's yearly contributions for retirees.

CITY OF LAKE JACKSON

Lake Jackson, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2020

NOTE 11 - DEFINED OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN - Continued

B. Benefits Provided

Payments from this fund are similar to group-term life insurance benefits, and are paid to the designated beneficiaries upon the receipt of an approved application for payment. The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings for the 12-month period preceding the month of death). The death benefit for retirees is considered another employment benefit and is a fixed amount of \$ 7,500.

Employees covered by benefit terms

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

Inactive employees currently receiving benefits	101
Inactive employees entitled to but not yet receiving benefits	34
Active employees	<u>234</u>
	369

C. Contributions

The City contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation, which was 0.21% in the calendar years 2020 and 2019, of which 0.05% represented the retiree-only portion, as a percentage of annual covered payroll. 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 prefund retiree term life insurance during employees' entire careers. The City's contributions to the SDBF for the years ended September 30, 2020, 2019 and 2018 were \$ 25,620, \$ 25,459, and \$ 23,795, respectively, representing contributions for both active and retiree coverage which equaled the required contributions each year contributions. The City's contribution for retiree portion as of September 30, 2020 was \$ 6,100.

D. Total OPEB Liability

The City's total OPEB liability of \$ 760,084 was measured as of December 31, 2019, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs

The Total OPEB Liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

CITY OF LAKE JACKSON

Lake Jackson, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2020

NOTE 11 - DEFINED OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN - Continued

Inflation	2.50%
Salary increases	3.50% to 11.5% including inflation
Discount rate	2.75%
Retirees' share of benefit-related costs	\$ 0
Administrative expenses	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68.
Mortality rates - service retirees	2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP.
Mortality rates - disabled retirees	2019 Municipal Retirees of Texas Mortality Tables with a 4 year set forward for males and a 3 year set-forward for females. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

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

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

Changes in the Total OPEB Liability

	<u>Total OPEB Liability (a)</u>
Balance at 12/31/2018	\$ <u>621,299</u>
Changes for the Year:	
Service cost	24,288
Interest on total OPEB liability	23,388
Difference between expected and actual experience	(29,761)
Changes in assumption or other inputs	126,942
Benefit payments	<u>(6,072)</u>
 Net changes	 <u>138,785</u>
Balance at 12/31/2019	\$ <u><u>760,084</u></u>

CITY OF LAKE JACKSON

Lake Jackson, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2020

NOTE 11 - DEFINED OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN - Continued

Sensitivity of the total OPEB liability to changes in the discount rate

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

	1% Decrease In Discount Rate <u>(1.75%)</u>	Discount Rate <u>(2.75%)</u>	1% Increase In Discount Rate <u>(3.75%)</u>
City's Total OPEB Liability	\$ <u>927,016</u>	\$ <u>760,084</u>	\$ <u>631,204</u>

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

For the year ended September 30, 2020, the City recognized OPEB expense of \$ 64,185.

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$	\$ 36,151
Differences in assumption changes	124,301	28,910
Contributions subsequent to the measurement date	<u>4,412</u>	<u></u>
Total	\$ <u>128,713</u>	\$ <u>65,061</u>

\$ 4,412 reported as deferred outflows of resources related to OPEB relating from contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability for the year ending September 30, 2021. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ended September 30,</u>	
2021	\$ 16,509
2022	16,509
2023	7,796
2024	17,085
2025	1,341

CITY OF LAKE JACKSON

Lake Jackson, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2020

NOTE 12 - DEFERRED COMPENSATION PLAN

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The Plan is administered by the ICMA Retirement Corporation (ICMA). On January 1, 1997, ICMA transferred all Plan assets and income, as described in IRC Section 457, subsection (b)(6), into a trust for the exclusive benefit of the participants and their beneficiaries. At that time, the City adopted GASB Statement No. 32. As the City does not hold the Plan assets in a trustee capacity, the Plan is not considered a Trust and Agency Fund and is not included in the City's financial statements.

The plan, available to all City employees, permits employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are solely the property and rights of the participants and their beneficiaries. The City has no liability for losses under the plan but does have the duty of care that would be required of an ordinary prudent investor.

NOTE 13 - CONTINGENT LIABILITIES

The City is contingently liable in respect to lawsuits and other claims in the ordinary course of its operations. The potential settlement (if any) of such contingencies under the budgetary process would require appropriation of revenues yet to be realized and would not materially affect the financial position of the City at September 30, 2020.

A large number of Brazoria County residents have filed a lawsuit claiming the City and the drainage district are liable in tort and inverse condemnation for the flooding of their property during Hurricane Harvey. The City is contesting the case through litigation and expects to prevail. See note 20 on page 88 for additional contingent liability disclosures.

NOTE 14 - RISK POOL PARTICIPATION

The City is a participant in the Texas Municipal League Intergovernmental Risk Pool for coverage of liability, property, worker's compensation and medical insurance claims. The City pays annual premiums to the pool for the coverage stated. The agreement with the Texas Municipal League Intergovernmental Risk Pool requires the pool to be self-sustaining. Property and liability insurance provide varying and appropriate coverage, with most claims subject to a \$ 5,000 deductible. Workers compensation claims are managed by the Texas Municipal League. For medical insurance claims, the City pays insurance premiums for full coverage and has no liability for claims filed by employees or their covered dependents.

NOTE 15 - INDUSTRIAL DISTRICT CONTRACT

In 2011, the City of Lake Jackson, in conjunction with the Cities of Clute and Freeport, entered into a new contract with the Dow Chemical Company (Dow), BASF Corporation, and the Brock interests.

In this contract the City removed the need to determine what value was in each City's jurisdiction and instead simply created an all inclusive "district" where all industrial value is "taxed" at 50% of value at a set 55 cent district "tax rate" as one of the potential growth factors.

CITY OF LAKE JACKSON

Lake Jackson, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2020

NOTE 15 - INDUSTRIAL DISTRICT CONTRACT - Continued

This 15 year contract set a floor payment of \$ 9 million. The floor payment stayed in place for the first two years of the contract. Since 2013, the payment has been based on the higher percentage growth factor of either the Department of Labor’s CPI-U or the value based formula described above.

A ceiling was also set in which no payment could exceed what would be generated by the industrial values at 80% at the 55 cent Industrial District tax rate.

Payments could only drop below the \$ 9 million floor in the event of a natural disaster (such as a hurricane) negatively affecting property values.

The 2020 payment of \$ 11,198,091 is split as follows:

Clute	\$ 1,741,303
Freeport	4,354,938
Lake Jackson	<u>5,101,850</u>
Total	<u>\$ 11,198,091</u>

In year three of the contract the higher percentage of the CPI-U or growth in the Industrial District values will be applied to each City’s allotment to determine that year’s payment.

This contract will help provide certainty to both the cities and industry for the 15 year term of the contract. It also keeps our Industrial District among the most competitive along the Gulf Coast, in order to encourage industry’s efforts to grow this site. Recent announcements by industry seem to indicate this had the desired effect – at least it wasn’t a hindrance.

The industrial district revenues received during the year ended September 30, 2020 amounted to \$ 5,101,850.

NOTE 16 - GRANTS, LOANS, ENTITLEMENTS AND SHARED REVENUES

During the year ended September 30, 2020, the City applied for and received federal and state grants related to various activities. The operations of these grants are reported in the General Fund, Special Revenue Fund, and Capital Project Fund.

The following is a schedule of federal and state source revenue:

<u>Source</u>	<u>Total</u>
Federal	\$ 1,149,298
State	<u>4,023</u>
Total	<u>\$ 1,153,321</u>

CITY OF LAKE JACKSON

Lake Jackson, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2020

NOTE 17 - INTERLOCAL AGREEMENT

During the year ended September 30, 2003, the City entered into an Interlocal Agreement with the City of Freeport, City of Clute, and the Society for the Prevention of Cruelty of Animals of Brazoria County (the SPCA), and the Southern Brazoria County Animal Shelter (the Shelter) to provide an animal shelter and related programs facility. This agreement is for twenty (20) years, being effective as of March 1, 2003 and ending on February 28, 2023. The Cities of Clute and Freeport each contributed \$ 150,000, with the SPCA contributing \$ 250,000 to the City of Lake Jackson as a cash grant to pay for the design and construction of the facility. The City of Lake Jackson agreed as its capital contribution to enter into a twenty (20) year lease subject to renewal on the same terms, as the agreement is renewed, for 5 acres of land and a \$ 1.1 million dollar facility that the City of Lake Jackson will own. The City of Lake Jackson's capital contribution has an agreed cash value of \$ 565,000.

The Shelter hired the SPCA to provide all administrative services necessary to administer the programs on behalf of the Cities and the SPCA. Each of the three Cities and the SPCA agreed to appropriate to the Shelter for the first year of the term of the agreement, in addition to their capital contribution, a stated amount for use in carrying out the programs developed by the Shelter and for its administrative operating services. For the year ending September 30, 2020, the City paid the Shelter \$ 261,737 under this agreement.

NOTE 18 - ECONOMIC DEVELOPMENT AGREEMENTS

On November 13, 2013 the City entered into an Economic Development Agreement with The Dow Chemical Company (Dow) in accordance with Chapter 380 of the Texas Local Government Code. Under terms of the agreement, Dow was expected to expend up to \$ 2,500,000 on infrastructure cost related to a project in the City and the City would reimburse them. Total reimbursable infrastructure costs were \$ 2,344,103. In addition the City will provide certain rebates according to terms of the agreement for real and personal property taxes. The term of the agreement is fifteen (15) years. Both the City and Dow have agreed to various covenants, warranties, obligations and duties as a part of this agreement. As of September 30, 2020, the City made a rebate payment of \$ 612,329 under this agreement, all of which was paid during the fiscal year 2020

On December 2, 2013 the City entered into an Economic Development Agreement with Brazosport Creekside, LLC (the Developer) in accordance with Chapter 380 of the Texas Local Government Code. Under terms of the agreement, the Developer will construct approximately 224 new homes in a development in the City. As a part of the development the City will reimburse the Developer up to six hundred seventy five thousand five hundred dollars (\$ 675,500) for the construction of a bridge. The reimbursement will occur based on additional property taxes collected over a period of fifteen (15) years along with the City will providing the Developer five yearly payments of seventy thousand dollars (\$ 70,000). In no event will the reimbursement exceed \$ 675,500 plus interest at the rate of five percent (5%) per annum. As of September 30, 2020, the City paid a total of \$ 448,165 under this agreement and \$ 51,112 was paid during the fiscal year 2020.

CITY OF LAKE JACKSON

Lake Jackson, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2020

NOTE 18 - ECONOMIC DEVELOPMENT AGREEMENTS - Continued

On December 9, 2013 the City entered into an Economic Development Agreement with HEB Grocery Company, LP (HEB) in accordance with Chapter 380 of the Texas Local Government Code. Under terms of the agreement, HEB constructed a HEB store and retail center in the City and the City reimbursed HEB three million dollars (\$ 3,000,000) in infrastructure costs related to the project. In addition the City will provide certain rebates according to terms of the agreement for real and personal property taxes and sales taxes. In no event shall the sum total of the tax rebates exceed five million dollars (\$ 5,000,000). Both the City and HEB have agreed to various covenants, warranties, obligations and duties as a part of this agreement. \$ 3,000,000 reimbursement was paid in 2018. As of September 30, 2020, the City paid a total of \$ 434,266 under this agreement, and \$ 125,589 was paid during fiscal year 2020.

On August 3, 2015 the city entered into a hotel occupancy tax (HOT) agreement with Omkar Enterprise Management LLC. The terms of the agreement are for 15 years or a maximum total hotel occupancy tax reimbursements of \$ 2,750,000, whichever is reached first. The maximum HOT reimbursed for any year is 75% of the total of the city's assessed HOT collected and remitted to the city by Courtyard by Marriott. Under the agreement Omkar agreed to build a Courtyard by Marriott with a minimum investment of \$ 12 million. Omkar agreed to employ a minimum of 25 employees and build the Courtyard by Marriott to include at least 108 guest rooms, 18 of which will be executive suites. At least 6 of the executive suites that are a minimum of 450 sq. ft. and at least 12 executive suites that are a minimum of 550 sq.ft. All guest rooms shall have a refrigerator and microwave and 5% of all guest rooms shall have a separate shower and jacuzzi type bath tub. The hotel shall have a minimum 6,500 sq. ft. meeting space inclusive of pre-event areas, restrooms, catering/serving kitchen, main meeting room and at least one boardroom or break out room. The hotel shall also have a bar/lounge; sit down restaurant/room service; full kitchen, minimum 600 sq. ft. workout room; guest laundry; home theatre area in lobby, business area with computer access; and, swimming pool. The hotel formally opened in January 2018, As of September 30, 2020, the City paid a total of \$ 397,831 under this agreement of which \$ 150,679 was paid during the fiscal year 2020.

On November 16, 2015 the City entered into a hotel occupancy tax (HOT) agreement with Vighnershwerll,lc (Staybridge). The term of the agreement is 15 years or when the HOT reimbursement reaches \$1,500,000, whichever is first. The first day of the term is May 14th, 2018, the day Staybridge received their Certificate of Occupancy. The maximum hotel tax reimbursed for any quarter is 65% of the City HOT collected and remitted to the City by Staybridge. The reimbursement will be for Staybridge's marketing expenses that meet the guidelines established by the Texas Tax Code section 351.101(a)(3), which are advertising and conducting solicitations and promotional programs to attract tourists and convention delegates or registrants to the municipality or its vicinity. As of September 30, 2020, the City paid a total of \$ 141,092 under this agreement, of which \$ 73,273 was paid in fiscal year 2020.

NOTE 19 - TAX ABATEMENTS

The City has not entered into any property tax abatement agreements with local businesses. The City has worked with local businesses through their Industrial District Contracts (see Note 15) and Economic Development Agreements (see Note 18).

CITY OF LAKE JACKSON

Lake Jackson, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2020

NOTE 20 - EVALUATION OF SUBSEQUENT EVENTS

The City has evaluated subsequent events through March 29, 2021, the date which the financial statements were available to be issued.

A boy was tragically killed by a brain-eating amoeba infection contracted by exposure to contaminated water allegedly at a city-owned and operated splash pad. The Plaintiffs have sued for unspecified damages in excess of \$1 million claiming that the City was negligent and grossly negligent in preventing contamination of the water source for the splash pad. The case was filed on November 19, 2020 and is currently in the early stages of litigation. The City recently prevailed on a preliminary motion that recognized the City's immunity from the Plaintiffs' negligence claims. The negligence claims were dismissed and the Court ruled that the Plaintiffs can prevail only if they prove gross negligence. An implicit aspect of the Court's recognition of municipal immunity in this case is the applicability of the Texas Tort Claims Act's damage caps, which limit a city's liability to \$250,000 where, as here, only one person was physically injured. The City's defense in this case is covered by TML Risk Pool.

NOTE 21 - EXCESS OF EXPENDITURES OVER APROPRIATIONS

During the year ended September 30, 2020, expenditures exceeded appropriations in the funds as follows:

Police Seizure Fund	\$	51,753
Coronavirus Relief Fund	\$	966,945
Golf Course Operating Fund	\$	43,084

The budget was not amended, however, the City Council approved theses expenditures as required by City budget procedures.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF LAKE JACKSON

Lake Jackson, Texas

**TMRS SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
FOR THE LAST TEN YEARS ⁽¹⁾**

WITH MEASUREMENT DATE OF DECEMBER 31,

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Total Pension Liability				
Service cost	\$ 1,709,877	\$ 1,628,211	\$ 1,625,159	\$ 1,470,736
Interest (on the Total Pension Liability)	4,451,456	4,219,875	3,989,640	3,770,178
Difference between expected and actual experience	(394,418)	28,033	223,108	458,906
Changes in assumptions	169,049			
Benefit payments, including refunds of employee contributions	<u>(2,621,578)</u>	<u>(2,350,684)</u>	<u>(2,506,390)</u>	<u>(2,545,111)</u>
Net Change in Total Pension Liability	3,314,386	3,525,435	3,331,517	3,154,709
Total Pension Liability - Beginning	<u>66,403,343</u>	<u>62,877,908</u>	<u>59,546,391</u>	<u>56,391,682</u>
Total Pension Liability - Ending (a)	<u>\$ 69,717,729</u>	<u>\$ 66,403,343</u>	<u>\$ 62,877,908</u>	<u>\$ 59,546,391</u>
Plan Fiduciary Net Position				
Contributions - Employer	\$ 1,454,852	\$ 1,389,070	\$ 1,356,015	\$ 1,213,201
Contributions - Employee	728,641	686,526	687,171	620,564
Net Investment Income	9,073,511	(1,822,401)	7,467,864	3,458,936
Benefit payments, including refunds of employee contributions	(2,621,578)	(2,350,684)	(2,506,390)	(2,545,111)
Administrative expense	(51,304)	(35,236)	(38,715)	(39,074)
Other	<u>(1,542)</u>	<u>(1,842)</u>	<u>(1,962)</u>	<u>(2,105)</u>
Net Change in Plan Fiduciary Net Position	8,582,580	(2,134,567)	6,963,983	2,706,411
Plan Fiduciary Net Position - Beginning	<u>58,730,282</u>	<u>60,864,849</u>	<u>53,900,866</u>	<u>51,194,455</u>
Plan Fiduciary Net Position - Ending (b)	<u>\$ 67,312,862</u>	<u>\$ 58,730,282</u>	<u>\$ 60,864,849</u>	<u>\$ 53,900,866</u>
Net Pension Liability (a-b)	<u>\$ 2,404,867</u>	<u>\$ 7,673,061</u>	<u>\$ 2,013,059</u>	<u>\$ 5,645,525</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	<u>96.55%</u>	<u>88.44%</u>	<u>96.80%</u>	<u>90.52%</u>
Covered Payroll	<u>\$ 12,144,015</u>	<u>\$ 11,442,099</u>	<u>\$ 11,452,850</u>	<u>\$ 10,342,727</u>
Net Pension Liability as a Percentage of Covered Payroll	<u>19.80%</u>	<u>67.06%</u>	<u>17.58%</u>	<u>54.58%</u>

Notes to Schedule:

N/A

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

<u>2015</u>	<u>2014</u>
\$ 1,395,740	\$ 1,235,156
3,720,766	3,586,517
(455,995)	(864,997)
268,594	
<u>(1,986,637)</u>	<u>(2,251,635)</u>
2,942,438	1,705,041
<u>53,449,244</u>	<u>51,744,203</u>
<u>\$ 56,391,682</u>	<u>\$ 53,449,244</u>

\$ 1,274,547	\$ 1,276,545
606,865	557,850
75,651	2,798,520
(1,986,637)	(2,251,635)
(46,082)	(29,219)
<u>(2,275)</u>	<u>(2,402)</u>
(77,931)	2,349,659
<u>51,272,386</u>	<u>48,922,727</u>
<u>\$ 51,194,455</u>	<u>\$ 51,272,386</u>
<u>\$ 5,197,227</u>	<u>\$ 2,176,858</u>

90.78% 95.93%

\$ 10,099,421 \$ 9,297,496

51.46% 23.41%

CITY OF LAKE JACKSON

Lake Jackson, Texas

**TMRS SCHEDULE OF CONTRIBUTIONS
FOR THE LAST TEN YEARS ⁽¹⁾
SEPTEMBER 30,**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Actuarially determined contribution	\$ 1,466,849	\$ 1,464,706	\$ 1,357,569	\$ 1,336,648
Contributions in relation to the actuarially determined contribution	<u>1,466,849</u>	<u>1,464,706</u>	<u>1,357,569</u>	<u>1,336,648</u>
Contribution deficiency (excess)	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>
Covered payroll	\$ <u>12,199,945</u>	\$ <u>11,970,987</u>	\$ <u>11,257,155</u>	\$ <u>11,316,010</u>
Contributions as a percentage of covered payroll	<u>12.02%</u>	<u>12.24%</u>	<u>12.06%</u>	<u>11.81%</u>

Notes to Schedule of Contributions

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	N/A
Asset valuation method	10 Year smoothed market; 12% soft corridor
Inflation	2.50%
Salary increases	3.50% to 11.5% including inflation
Investment rate of return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2019 valuation pursuant to an experience study of the period 2014 - 2018.
Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP. Pre-retirement: PUB(10) mortality tables, with the Public Safety table used for males and the General Employee table used for females. The rates are projected on a fully generational basis with scale UMP.

Other Information

Notes There were no benefit changes during the year.

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

<u>2016</u>	<u>2015</u>
\$ 1,224,103	\$ 1,226,556
<u>1,224,103</u>	<u>1,226,556</u>
\$ <u>-0-</u>	\$ <u>-0-</u>
\$ <u>10,226,026</u>	\$ <u>9,526,517</u>
<u>11.97%</u>	<u>12.88%</u>

CITY OF LAKE JACKSON

Lake Jackson, Texas

TESRS SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
AND RELATED RATIOS

THE CITY AS NON-EMPLOYER CONTRIBUTION ENTITY
FOR THE LAST TEN YEARS ⁽¹⁾ WITH MEASUREMENT DATE OF AUGUST 31,

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
City's proportion of the net pension liability	0.903%	1.373%	1.215%	1.426%
City' proportionate share of the net pension liability	\$ 255,960	\$ 297,261	\$ 291,620	\$ 415,367
Plan fiduciary position as a percentage of total pension liability	80.20 %	84.30%	81.40%	76.30%

Notes to Schedule:

N/A

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

<u>2015</u>	<u>2014</u>
1.491%	1.287%
\$ 397,986	\$ 233,869
76.90%	83.50%

CITY OF LAKE JACKSON

Lake Jackson, Texas

TESRS SCHEDULE OF REQUIRED CONTRIBUTIONS
THE CITY AS NON-EMPLOYER CONTRIBUTION ENTITY
FOR THE LAST TEN YEARS ⁽¹⁾
SEPTEMBER 30,

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually required contributions	\$ 65,774	\$ 59,048	\$ 96,681	\$ 77,681
Contributions in relation to the contractually required contribution	<u>65,774</u>	<u>59,048</u>	<u>96,681</u>	<u>77,681</u>
Contribution deficiency (excess)	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

Notes to Schedule:

N/A

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

<u>2016</u>	<u>2015</u>
\$ 82,103	\$ 78,528
<u>82,103</u>	<u>78,528</u>
\$ <u><u>-0-</u></u>	\$ <u><u>-0-</u></u>

CITY OF LAKE JACKSON

Lake Jackson, Texas

**SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
FOR THE LAST TEN YEARS⁽¹⁾**

WITH MEASUREMENT DATE OF DECEMBER 31,

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Service cost	\$ 24,288	\$ 25,173	\$ 21,760
Interest	23,388	21,767	21,378
Changes in benefit terms		(20,020)	
Difference between expected and actual experience	(29,761)		
Changes in assumptions or other inputs	126,942	(47,208)	53,507
Benefit payments	<u>(6,072)</u>	<u>(6,865)</u>	<u>(5,726)</u>
Net Change in Total OPEB Liability	138,785	(27,153)	90,919
Total OPEB Liability - Beginning	<u>621,299</u>	<u>648,452</u>	<u>557,533</u>
Total OPEB Liability - Ending	<u>\$ 760,084</u>	<u>\$ 621,299</u>	<u>\$ 648,452</u>
Covered Payroll	<u>\$ 12,144,015</u>	<u>\$ 11,442,099</u>	<u>\$ 11,452,850</u>
Total OPEB Liability as a Percentage of Covered Payroll	<u>6.26%</u>	<u>5.43%</u>	<u>5.66%</u>

Notes to Schedule:

The Supplemental Death Benefits Fund (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 and there are no assets accumulated for OPEB.

Changes in assumptions or other inputs reflect the effects of changes in the discount rates each period. The following are the discount rates used in each period:

2019	2.75%
2018	3.71%
2017	3.78%

⁽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

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

COMBINING FINANCIAL STATEMENTS

NON-MAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Motel Occupancy Tax Fund - This fund is used to account for resources generated from the local hotel/motel occupancy tax. Revenue from this fund has been distributed to the Fine Arts Council, the Museum of Natural Science, Brazosport Area Chamber of Commerce and other pursuits as determined by the City Council pursuant to State law.

Police Seizure Fund - This fund is used to account for monies obtained through a federal equitable share program for assistance in federal narcotics investigations and monies obtained from local narcotics investigations, authorized by state chapter 59 C.C.P. These monies must be used for law enforcement purposes according to the guidelines set forth in Chapter 59 C.C.P. and the federal equitable sharing agreement.

Program Education Fund - This fund is used to account for revenue generated from a 1% fee paid by local video providers. In addition, the video providers are required to provide PEG channels. PEG revenue may only be spent as allowed by federal law, which provides that expenditures must be for capital costs for PEG facilities.

Coronavirus Relief Fund - This fund is used to account for grant allocated through the CARES Act for local government navigating the impact of the COVID-19 outbreak.

Debt Service Funds

Economic Development Debt Service Fund - This fund is used to account for the accumulation of resources for the annual payment of economic development principal and interest and to provide a reserve for such payment.

Golf Course Debt Service Fund - This fund is used to account for the accumulation of resources for the annual payment of the golf course principal and interest and to provide a reserve for such payment.

Capital Projects Funds

General Construction Fund - This fund is used to account for resources and expenditures dedicated to small general capital improvements. Projects primarily include street rehabilitation and drainage projects, as well as some public facility enhancements. Projects supported by this fund are typically small and do not warrant a bond issue.

Court/Emergency Operations Center/Brazos Oaks Construction Fund - This fund accounts for the proceeds of the \$ 5.3 million bond issue for providing renovations of the old fire station into an expanded municipal court facility, emergency dispatch and operation center, and reconstruction of streets and drainage in the Brazos Oaks subdivision.

COMBINING FINANCIAL STATEMENTS

NON-MAJOR GOVERNMENTAL FUNDS

Capital Projects Funds - Continued

2013 Infrastructure Fund - This fund accounts for the proceeds of the 2013 Limited Tax Bonds issued for financing the replacement of streets and associated water, sewer and sidewalks.

2017 Infrastructure Improvement - This fund accounts for the proceeds of the 2016 Limited Tax Bonds issue for financing the infrastructure improvements.

2010 Drainage Infrastructure Fund - This fund accounts for the proceeds of the 2010 Limited Tax Bonds issued for financing drainage projects and arterial street spot repairs.

2014 Economic Incentive Fund - This fund accounts for the proceeds of the Series 2014 Texas Certificates of Obligation issued for financing the redevelopment of the Oak Woods subdivision and the development of the Dow Texas Innovation Center.

2013 Downtown Improvement Fund - This fund accounts for the proceeds of the 2013 Certificates of Obligation issued for the completion of phase III of the downtown plan – South Parking Place.

CITY OF LAKE JACKSON

Lake Jackson, Texas

COMBINING BALANCE SHEET- NONMAJOR GOVERNMENTAL FUNDS

September 30, 2020

	Special Revenue Funds			
	Motel Occupancy Tax	Police Seizure	Program Education	Coronavirus Relief Fund
<u>Assets and Deferred Outflows of Resources</u>				
Assets:				
Cash and cash equivalents	\$ 110,179	\$ 78,240	\$ 422,049	\$
Receivables (net of allowance for uncollectibles):				
Taxes			16,612	
Accounts				
Grants				662,256
Total assets	110,179	78,240	438,661	662,256
Deferred Outflows of Resources:				
Deferred outflows of resources				
Total deferred outflows of resources	-0-	-0-	-0-	-0-
Total assets and deferred outflows of resources	\$ 110,179	\$ 78,240	\$ 438,661	\$ 662,256
<u>Liabilities, Deferred Inflows of Resources and Fund Balances</u>				
Liabilities:				
Accounts payable	\$ 24,895	\$	\$ 48,585	\$
Due to other funds				662,256
Total liabilities	24,895	-0-	48,585	662,256
Deferred Inflows of Resources:				
Deferred inflows of resources				
Total deferred inflows of resources	-0-	-0-	-0-	-0-
Fund Balances:				
Restricted:				
Capital projects				
Program education			390,076	
Encourage tourism	85,284			
Law enforcement		78,240		
Assigned				
Total fund balances	85,284	78,240	390,076	-0-
Total liabilities, deferred inflows of resources and fund balances	\$ 110,179	\$ 78,240	\$ 438,661	\$ 662,256

Debt Sservice		Capital Projects Funds			
Economic Development	Golf Course	General Construction	Court/Emergency Operations Center/ Brazos Oaks Construction	2013 Infrastructure	2017 Infrastructure Improvements
\$	\$	\$ 3,435,928	\$ 3,685	\$ 997	\$ 2,480,306
		8,138			
		37,760			
<u>-0-</u>	<u>-0-</u>	<u>3,481,826</u>	<u>3,685</u>	<u>997</u>	<u>2,480,306</u>
<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 3,481,826</u>	<u>\$ 3,685</u>	<u>\$ 997</u>	<u>\$ 2,480,306</u>
\$	\$	\$ 55,433	\$	\$	\$ 190,022
<u>-0-</u>	<u>-0-</u>	<u>55,433</u>	<u>-0-</u>	<u>-0-</u>	<u>190,022</u>
<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
			3,685	997	2,290,284
		3,426,393			
<u>-0-</u>	<u>-0-</u>	<u>3,426,393</u>	<u>3,685</u>	<u>997</u>	<u>2,290,284</u>
<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 3,481,826</u>	<u>\$ 3,685</u>	<u>\$ 997</u>	<u>\$ 2,480,306</u>

(continued)

CITY OF LAKE JACKSON

Lake Jackson, Texas

COMBINING BALANCE SHEET- NONMAJOR GOVERNMENTAL FUNDS - Continued

September 30, 2020

	Capital Projects Funds			Total
	2010 Drainage Infrastructure	2014 Economic Incentive	2013 Downtown Improvement	Non-major Governmental Funds
<u>Assets and Deferred Outflows of Resources</u>				
Assets:				
Cash and cash equivalents	\$ 432,128	\$ 93,059	\$ 25,247	\$ 7,081,818
Receivables (net of allowance for uncollectibles):				
Taxes				16,612
Accounts				8,138
Grants				700,016
Total assets	432,128	93,059	25,247	7,806,584
Deferred Outflows of Resources:				
Deferred outflows of resources				-0-
Total deferred outflows of resources	-0-	-0-	-0-	-0-
Total assets and deferred outflows of resources	\$ 432,128	\$ 93,059	\$ 25,247	\$ 7,806,584
<u>Liabilities, Deferred Inflows of Resources and Fund Balances</u>				
Liabilities:				
Accounts payable	\$	\$	\$	\$ 318,935
Due to other funds				662,256
Total liabilities	-0-	-0-	-0-	981,191
Deferred Inflows of Resources:				
Deferred inflows of resources				-0-
Total deferred inflows of resources	-0-	-0-	-0-	-0-
Fund Balances:				
Restricted:				
Capital projects	432,128	93,059	25,247	2,845,400
Program education				390,076
Encourage tourism				85,284
Law enforcement				78,240
Assigned				3,426,393
Total fund balances	432,128	93,059	25,247	6,825,393
Total liabilities, deferred inflows of resources and fund balances	\$ 432,128	\$ 93,059	\$ 25,247	\$ 7,806,584

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CITY OF LAKE JACKSON

Lake Jackson, Texas

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

For the Year Ended September 30, 2020

	Special Revenue Funds			
	Motel Occupancy Tax	Police Seizure	Program Education	Coronavirus Relief Fund
Revenues:				
Franchise tax	\$	\$	\$ 69,004	\$
Motel occupancy tax	384,272			
Intergovernmental				966,945
Investment earning	1,290	114	3,699	
Miscellaneous		54,661		
Total revenues	385,562	54,775	72,703	966,945
Expenditures:				
Current:				
General government and administration			49,500	963,593
Public safety		69,953		
Public works				3,352
Cultural and Recreation:				
Contribution to Fine Arts Council	55,889			
Contribution to Museum of Natural Science	83,833			
Contribution to Chamber of Commerce	115,769			
Contribution to Historical Museum	83,833			
Other	31,831			
Capital outlay				
Debt Service:				
Principal retirement				
Interest and fiscal charges				
Total expenditures	371,155	69,953	49,500	966,945
Excess (deficiency) of revenues over expenditures	14,407	(15,178)	23,203	-0-
Other Financing Sources (Uses):				
Transfers in				
Transfers out	(55,889)			
Total other financing sources (uses)	(55,889)	-0-	-0-	-0-
Net change in fund balances	(41,482)	(15,178)	23,203	-0-
Fund balances - beginning	126,766	93,418	366,873	-0-
Fund balances - ending	\$ 85,284	\$ 78,240	\$ 390,076	\$ -0-

Debt Service Funds		Capital Projects Funds			
Economic Development	Golf Course	General Construction	Court/Emergency Operations Center/ Brazos Oaks Construction	2013 Infrastructure	2017 Infrastructure Improvements
\$	\$	\$	\$	\$	\$
		75,830			37,846
		26,077			11,460
<u>-0-</u>	<u>-0-</u>	<u>101,907</u>	<u>-0-</u>	<u>-0-</u>	<u>49,306</u>
		214,765			
		774,721			1,871,124
1,045,000	415,000				
<u>304,140</u>	<u>56,300</u>				
<u>1,349,140</u>	<u>471,300</u>	<u>989,486</u>	<u>-0-</u>	<u>-0-</u>	<u>1,871,124</u>
(<u>1,349,140</u>)	(<u>471,300</u>)	(<u>887,579</u>)	<u>-0-</u>	<u>-0-</u>	(<u>1,821,818</u>)
1,349,140	471,300	680,000			
<u>1,349,140</u>	<u>471,300</u>	<u>680,000</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
-0-	-0-	(<u>207,579</u>)	-0-	-0-	(<u>1,821,818</u>)
		<u>3,633,972</u>	<u>3,685</u>	<u>997</u>	<u>4,112,102</u>
<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 3,426,393</u>	<u>\$ 3,685</u>	<u>\$ 997</u>	<u>\$ 2,290,284</u>

(continued)

CITY OF LAKE JACKSON

Lake Jackson, Texas

**COMBINING STATEMENT OF REVENUES, EXPENDITURE AND
CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS - Continued**

For the Year Ended September 30, 2020

	Capital Projects Funds			
	2010 Drainage Infrastructure	2014 Economic Incentive	2013 Downtown Improvement	Total Non-major Governmental Funds
Revenues:				
Franchise Tax	\$	\$	\$	\$ 69,004
Motel occupancy tax				384,272
Intergovernmental				1,042,775
Investment earnings	7,349	811	310	77,496
Miscellaneous				66,121
Total revenues	<u>7,349</u>	<u>811</u>	<u>310</u>	<u>1,639,668</u>
Expenditures:				
Current:				
General government and administration			11,100	1,238,958
Public safety				69,953
Public works				3,352
Cultural and Recreation:				
Contribution to Fine Arts Council				55,889
Contribution to Museum of Natural Science				83,833
Contribution to Chamber of Commerce				115,769
Contribution to Historical Museum				83,833
Other				31,831
Capital outlay	537,000			3,182,845
Debit Service:				
Principal				1,460,000
Interest and fiscal charges				360,440
Total expenditures	<u>537,000</u>	<u>-0-</u>	<u>11,100</u>	<u>6,686,703</u>
Excess (deficiency) of revenues over expenditures	<u>(529,651)</u>	<u>811</u>	<u>(10,790)</u>	<u>(5,047,035)</u>
Other Financing Sources (Uses):				
Transfers in				2,500,440
Transfers out				<u>(55,889)</u>
Total other financing sources (uses)	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>2,444,551</u>
Net change in fund balances	<u>(529,651)</u>	<u>811</u>	<u>(10,790)</u>	<u>(2,602,484)</u>
Fund balances - beginning	<u>961,779</u>	<u>92,248</u>	<u>36,037</u>	<u>9,427,877</u>
Fund balances - ending	<u>\$ 432,128</u>	<u>\$ 93,059</u>	<u>\$ 25,247</u>	<u>\$ 6,825,393</u>

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

Special Revenue and Debt Service Funds

CITY OF LAKE JACKSON

Lake Jackson, Texas

**SCHEDULES OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
Motel Occupancy Tax Fund**

For the Year Ended September 30, 2020
With Comparative Actual Totals for 2019

	2020			Variance with Final Budget- Positive (Negative)	2019
	Budgeted Amounts		Actual		Actual GAAP Basis
	Original	Final			
Revenues:					
Motel occupancy tax	\$ 524,250	\$ 524,250	\$ 384,272	\$ (139,978)	\$ 510,517
Investment earnings	100	100	1,290	1,190	3,928
Total revenues	<u>524,350</u>	<u>524,350</u>	<u>385,562</u>	<u>(138,788)</u>	<u>514,445</u>
Expenditures:					
Current:					
Culture and recreation	<u>515,890</u>	<u>515,890</u>	<u>371,155</u>	<u>144,735</u>	<u>471,558</u>
Total expenditures	<u>515,890</u>	<u>515,890</u>	<u>371,155</u>	<u>144,735</u>	<u>471,568</u>
Excess of revenues over expenditures	<u>8,460</u>	<u>8,460</u>	<u>14,407</u>	<u>5,947</u>	<u>42,887</u>
Other Financing Uses:					
Transfers out	<u>(73,400)</u>	<u>(73,400)</u>	<u>(55,889)</u>	<u>17,511</u>	<u>(71,313)</u>
Total other financing uses	<u>(73,400)</u>	<u>(73,400)</u>	<u>(55,889)</u>	<u>17,511</u>	<u>(71,313)</u>
Net changes in fund balance	<u>(64,940)</u>	<u>(64,940)</u>	<u>(41,482)</u>	<u>23,458</u>	<u>(28,426)</u>
Fund balance - beginning	<u>126,766</u>	<u>126,766</u>	<u>126,766</u>	<u>-0-</u>	<u>155,192</u>
Fund balance - ending	<u>\$ 61,826</u>	<u>\$ 61,826</u>	<u>\$ 85,284</u>	<u>\$ 23,458</u>	<u>\$ 126,766</u>

CITY OF LAKE JACKSON

Lake Jackson, Texas

SCHEDULES OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
Police Seizure Fund

For the Year Ended September 30, 2020
With Comparative Actual Totals for 2019

	2020			Variance with Final Budget- Positive (Negative)	2019
	Budgeted Amounts		Actual		Actual GAAP Basis
	Original	Final			
Revenues:					
Investment earnings	\$ 100	\$ 100	\$ 114	\$ 14	\$ 94
Other	<u>52,000</u>	<u>52,000</u>	<u>54,661</u>	<u>2,661</u>	<u>54,687</u>
Total revenues	<u>52,100</u>	<u>52,100</u>	<u>54,775</u>	<u>2,675</u>	<u>54,781</u>
Expenditures:					
Current:					
Public Safety:					
Seizures administration	<u>18,200</u>	<u>18,200</u>	<u>69,953</u>	<u>(51,753)</u>	<u>23,352</u>
Total expenditures	<u>18,200</u>	<u>18,200</u>	<u>69,953</u>	<u>(51,753)</u>	<u>23,352</u>
Net changes in fund balance	<u>33,900</u>	<u>33,900</u>	<u>(15,178)</u>	<u>(49,078)</u>	<u>31,429</u>
Fund balance - beginning	<u>93,418</u>	<u>93,418</u>	<u>93,418</u>	<u>-0-</u>	<u>61,989</u>
Fund balance - ending	<u>\$ 127,318</u>	<u>\$ 127,318</u>	<u>\$ 78,240</u>	<u>\$ (49,078)</u>	<u>\$ 93,418</u>

CITY OF LAKE JACKSON

Lake Jackson, Texas

SCHEDULES OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
Program Education Fund

For the Year Ended September 30, 2020
With Comparative Actual Totals for 2019

	2020			Variance with Final Budget- Positive (Negative)	2019
	Budgeted Amounts		Actual		Actual GAAP Basis
	Original	Final			
Revenues:					
Franchise tax	\$ 80,000	\$ 80,000	\$ 69,004	\$(10,996)	\$ 73,759
Investment earnings	<u>2,500</u>	<u>2,500</u>	<u>3,699</u>	<u>1,199</u>	<u>6,797</u>
Total revenues	<u>82,500</u>	<u>82,500</u>	<u>72,703</u>	<u>(9,797)</u>	<u>80,556</u>
Expenditures:					
Current:					
General administration	<u>69,000</u>	<u>69,000</u>	<u>49,500</u>	<u>19,500</u>	<u>915</u>
Total expenditures	<u>69,000</u>	<u>69,000</u>	<u>49,500</u>	<u>19,500</u>	<u>915</u>
Net changes in fund balance	<u>13,500</u>	<u>13,500</u>	<u>23,203</u>	<u>9,703</u>	<u>79,641</u>
Fund balance - beginning	<u>366,873</u>	<u>366,873</u>	<u>366,873</u>	<u>-0-</u>	<u>287,232</u>
Fund balance - ending	<u>\$ 380,373</u>	<u>\$ 380,373</u>	<u>\$ 390,076</u>	<u>\$ 9,703</u>	<u>\$ 366,873</u>

CITY OF LAKE JACKSON

Lake Jackson, Texas

SCHEDULES OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
Coronavirus Relief Fund

For the Year Ended September 30, 2020
With Comparative Actual Totals for 2019

	2020			Variance with Final Budget- Positive (Negative)	2019
	Budgeted Amounts		Actual		Actual GAAP Basis
	Original	Final			
Revenues:					
Intergovernmental	\$ _____	\$ _____	\$ 966,945	\$ 966,945	\$ _____
Total revenues	<u>-0-</u>	<u>-0-</u>	<u>966,945</u>	<u>966,945</u>	<u>-0-</u>
Expenditures:					
Current:					
General government and administration			963,593	(963,593)	
Public works			<u>3,352</u>	<u>(3,352)</u>	<u>9</u>
Total expenditures	<u>-0-</u>	<u>-0-</u>	<u>966,945</u>	<u>966,945</u>	<u>-0-</u>
Net changes in fund balance	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Fund balance - beginning				<u>-0-</u>	
Fund balance - ending	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

CITY OF LAKE JACKSON

Lake Jackson, Texas

SCHEDULES OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
Economic Development Debt Service Fund

For the Year Ended September 30, 2020
With Comparative Actual Total for 2019

	2020			Variance with Final Budget- Positive (Negative)	2019
	Budgeted Amounts		Actual		Actual GAAP Basis
	Original	Final			
Revenues	\$ _____	\$ _____	\$ _____	\$ -0-	\$ _____
Expenditures:					
Debt Service:					
Principal retirement	1,045,000	1,045,000	1,045,000	-0-	1,045,000
Interest and fiscal charges	304,140	304,140	304,140	-0-	331,478
Total expenditures	1,349,140	1,349,140	1,349,140	-0-	1,376,478
Deficiency of revenues over expenditures	(1,349,140)	(1,349,140)	(1,349,140)	-0-	(1,376,478)
Other Financing Sources:					
Transfers in	1,349,140	1,349,140	1,349,140	-0-	1,376,478
Total other financing sources	1,349,140	1,349,140	1,349,140	-0-	1,396,039
Net changes in fund balance	-0-	-0-	-0-	-0-	-0-
Fund balance - beginning	_____	_____	_____	-0-	_____
Fund balance - ending	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-

CITY OF LAKE JACKSON

Lake Jackson, Texas

SCHEDULES OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
Golf Course Debt Service Fund

For the Year Ended September 30, 2020
With Comparative Actual Totals for 2019

	2020			Variance with Final Budget- Positive (Negative)	2019
	Budgeted Amounts		Actual		Actual GAAP Basis
	Original	Final			
Revenues	\$ _____	\$ _____	\$ _____	\$ -0-	\$ _____
Expenditures:					
Debt Service:					
Principal retirement	415,000	415,000	415,000	-0-	405,000
Interest and fiscal charges	<u>56,300</u>	<u>56,300</u>	<u>56,300</u>	<u>-0-</u>	<u>72,700</u>
Total expenditures	<u>471,300</u>	<u>471,300</u>	<u>471,300</u>	<u>-0-</u>	<u>477,700</u>
Deficiency of revenues over expenditures	<u>(471,300)</u>	<u>(471,300)</u>	<u>(471,300)</u>	<u>-0-</u>	<u>(477,700)</u>
Other Financing Sources:					
Transfers in	<u>471,300</u>	<u>471,300</u>	<u>471,300</u>	<u>-0-</u>	<u>477,700</u>
Total other financing sources	<u>471,300</u>	<u>471,300</u>	<u>471,300</u>	<u>-0-</u>	<u>477,700</u>
Net changes in fund balance	-0-	-0-	-0-	-0-	-0-
Fund balance - beginning	_____	_____	_____	<u>-0-</u>	_____
Fund balance - ending	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

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**SUPPLEMENTARY INDIVIDUAL FUND
FINANCIAL STATEMENTS AND SCHEDULES**

General Fund

These supplementary statements and schedules are included to provide management additional information for financial analysis.

CITY OF LAKE JACKSON

Lake Jackson, Texas

**COMPARATIVE BALANCE SHEETS -
General Fund**

September 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
<u>Assets and Deferred Outflows of Resources</u>		
Assets:		
Cash and cash equivalents	\$ 16,178,693	\$ 14,217,382
Receivable (net of allowance for uncollectibles):		
Taxes	1,320,968	1,334,884
Accounts	91,184	75,938
Grants	8,213	
Investments	100,000	201,511
Inventories	<u>88,957</u>	<u>97,186</u>
 Total assets	 <u>17,788,015</u>	 <u>15,926,901</u>
Deferred Outflows of Resources:		
Deferred outflows of resources		
 Total deferred outflows of resources	 <u>-0-</u>	 <u>-0-</u>
 Total assets and deferred outflows of resources	 <u>\$ 17,788,015</u>	 <u>\$ 15,926,901</u>

(continued)

CITY OF LAKE JACKSON

Lake Jackson, Texas

**COMPARATIVE BALANCE SHEETS -
General Fund - Continued**

September 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
<u>Liabilities, Deferred Inflows of Resources and Fund Balance</u>		
Liabilities:		
Accounts payable	\$ 369,779	\$ 393,190
Cash bonds and taxes	196,263	364,379
Accrued wages	643,216	670,417
Unearned revenue	<u>101,346</u>	<u>114,426</u>
Total liabilities	<u>1,310,604</u>	<u>1,542,412</u>
Deferred Inflows of Resources:		
Deferred inflows of resources - property taxes	<u>56,648</u>	<u>46,235</u>
Total deferred inflows of resources	<u>56,648</u>	<u>46,235</u>
Fund Balance:		
Nonspendable:		
Inventories	88,957	97,186
Committed:		
General contingencies	951,063	941,824
Assigned:		
Unemployment insurance	62,388	108,305
Equipment replacement	8,092,279	6,788,333
Special events	37,877	9,289
Park improvement	101,696	123,175
Unassigned	<u>7,086,503</u>	<u>6,270,142</u>
Total fund balance	<u>16,420,763</u>	<u>14,338,254</u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 17,788,015</u>	<u>\$ 15,926,901</u>

CITY OF LAKE JACKSON

Lake Jackson, Texas

SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL

General Fund

For the Year Ended September 30, 2020

With Comparative Actual Totals for 2019

	2020	
	Budgeted Amounts	
	Original	Final
Revenues:		
Taxes:		
Property	\$ 4,796,720	\$ 4,796,720
Sales	6,920,040	6,920,040
Franchise	1,687,410	1,687,410
Other	160,000	160,000
Industrial district	5,106,400	5,106,400
Intergovernmental		
Revenue producing facilities	1,100,600	1,100,600
Fines and fees	547,400	547,400
Licenses and permits	458,050	485,050
Investment earnings	215,992	215,992
Miscellaneous	95,500	95,500
Total revenues	21,115,112	21,115,112
Expenditures:		
Current:		
General government and administration	4,413,585	4,413,585
Public safety	8,180,231	8,180,231
Public works	3,376,521	3,376,521
Culture and recreation	5,115,900	5,115,900
Capital outlay	1,569,414	1,569,414
Total expenditures	22,655,651	22,655,651
Excess (deficiency) of revenues over expenditures	(1,540,539)	(3,540,539)
Other Financing Sources (Uses):		
Sale of capital assets		
Transfers in	2,074,945	2,074,945
Transfers out	(219,491)	(899,491)
Total other financing sources (uses)	1,855,454	1,175,454
Net change in fund balance	314,915	(365,085)
Fund balance - beginning	14,338,254	14,338,254
Fund balance - ending	\$ 14,653,166	\$ 13,973,169

		2019	
Actual	Variance with Final Budget- Positive (Negative)	Actual GAAP Basis	
\$ 4,765,356	\$(31,364)	\$ 4,590,408	
6,685,758	(234,282)	6,616,364	
1,581,094	(106,316)	1,670,676	
224,578	64,578	253,500	
5,101,850	(4,550)	5,006,224	
21,483	21,483	34,997	
503,792	(596,808)	1,098,384	
544,436	(2,964)	589,588	
599,601	114,551	556,953	
134,451	(81,541)	380,677	
94,693	(807)	157,027	
<u>20,257,092</u>	<u>(858,020)</u>	<u>20,954,798</u>	
4,316,225	97,360	4,062,570	
7,521,764	658,457	7,543,824	
2,467,106	909,415	2,936,613	
4,347,480	768,420	4,728,984	
<u>708,063</u>	<u>861,351</u>	<u>1,153,367</u>	
<u>19,360,638</u>	<u>3,295,013</u>	<u>20,425,359</u>	
<u>896,545</u>	<u>2,436,993</u>	<u>529,439</u>	
45,575	45,575	108,488	
2,057,435	(17,510)	1,978,258	
<u>(916,955)</u>	<u>(17,464)</u>	<u>(2,713,878)</u>	
<u>1,186,055</u>	<u>10,601</u>	<u>(627,132)</u>	
2,082,509	2,447,594	(97,693)	
<u>14,338,254</u>	<u>-0-</u>	<u>14,435,947</u>	
<u>\$ 16,420,763</u>	<u>\$ 2,447,594</u>	<u>\$ 14,338,254</u>	

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**SUPPLEMENTARY INDIVIDUAL FUND
FINANCIAL STATEMENTS AND SCHEDULES**

Economic Development Fund

These supplementary statements and schedules are included to provide management additional information for financial analysis.

CITY OF LAKE JACKSON

Lake Jackson, Texas

COMPARATIVE BALANCE SHEETS-
Economic Development Fund

September 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
<u>Assets and Deferred Outflows of Resources</u>		
Assets:		
Cash and cash equivalents	\$ 1,569,036	\$ 894,049
Receivable (net of allowance for uncollectibles):		
Taxes	<u>548,665</u>	<u>547,180</u>
Total assets	<u>2,117,701</u>	<u>1,441,229</u>
Deferred Outflows of Resources:		
Deferred outflows of resources	<u> </u>	<u> </u>
Total deferred outflows of resources	<u>-0-</u>	<u>-0-</u>
Total assets and deferred outflows of resources	<u>\$ 2,117,701</u>	<u>\$ 1,441,229</u>
<u>Liabilities, Deferred Inflows of Resources and Fund Balance</u>		
Liabilities:		
Accounts payable	\$ <u>1,950</u>	\$ <u>83,242</u>
Total liabilities	<u>1,950</u>	<u>83,242</u>
Deferred Inflows of Resources:		
Deferred inflows of resources	<u> </u>	<u> </u>
Total deferred inflows of resources	<u>-0-</u>	<u>-0-</u>
Fund Balances:		
Restricted For:		
Economic development	<u>2,115,751</u>	<u>1,357,987</u>
Total fund balances	<u>2,115,751</u>	<u>1,357,987</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 2,117,701</u>	<u>\$ 1,441,229</u>

CITY OF LAKE JACKSON

Lake Jackson, Texas

SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
Economic Development Fund

For the Year Ended September 30, 2020
With Comparative Actual Totals for 2019

	2020			Variance with Final Budget- Positive (Negative)	2019
	Budgeted Amounts		Actual GAAP Basis		Actual GAAP Basis
	Original	Final			
Revenues:					
Sales taxes	\$ 3,520,020	\$ 3,520,020	\$ 3,398,613	\$ (121,407)	\$ 3,416,916
Intergovernmental			89,063	89,063	214,503
Investment earnings	12,000	12,000	12,414	414	11,944
Miscellaneous			20,000	20,000	63,200
Total revenues	<u>3,532,020</u>	<u>3,532,020</u>	<u>3,520,000</u>	<u>(11,930)</u>	<u>3,705,563</u>
Expenditures:					
Current:					
Culture and recreation	175,000	175,000	146,723	28,277	57,614
Capital outlay	<u>472,500</u>	<u>472,500</u>	<u>142,087</u>	<u>330,413</u>	<u>1,411,040</u>
Total expenditures	<u>647,500</u>	<u>647,500</u>	<u>288,810</u>	<u>358,690</u>	<u>1,468,654</u>
Excess of revenues over expenditures	<u>2,884,520</u>	<u>2,884,520</u>	<u>3,231,280</u>	<u>346,760</u>	<u>2,237,909</u>
Other Financing Uses:					
Proceeds from sale of capital assets			71,924	71,924	-0-
Transfers out	<u>(2,670,440)</u>	<u>(2,670,440)</u>	<u>(2,545,440)</u>	<u>125,000</u>	<u>(2,704,178)</u>
Total other financing uses	<u>(2,670,440)</u>	<u>(2,670,440)</u>	<u>(2,473,516)</u>	<u>196,924</u>	<u>(2,704,178)</u>
Net changes in fund balance	214,080	214,080	757,764	543,684	(466,269)
Fund balances - beginning	<u>1,357,987</u>	<u>1,357,987</u>	<u>1,357,987</u>	<u>-0-</u>	<u>1,824,256</u>
Fund balances - ending	<u>\$ 1,572,067</u>	<u>\$ 1,572,067</u>	<u>\$ 2,115,751</u>	<u>\$ 543,684</u>	<u>\$ 1,357,987</u>

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***SUPPLEMENTARY INDIVIDUAL FUND
FINANCIAL STATEMENTS AND SCHEDULES***

General Debt Service Fund

These supplementary statements and schedules are included to provide management additional information for financial analysis.

CITY OF LAKE JACKSON

Lake Jackson, Texas

**COMPARATIVE BALANCE SHEETS-
General Debt Service Fund**

September 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
<u>Assets and Deferred Outflows of Resources</u>		
Assets:		
Cash and cash equivalents	\$ 772,153	\$ 768,879
Receivable (net of allowance for uncollectibles):		
Taxes	<u>30,710</u>	<u>24,783</u>
Total assets	<u>802,863</u>	<u>793,662</u>
Deferred Outflows of Resources:		
Deferred outflows of resources	<u> </u>	<u> </u>
Total deferred outflows of resources	<u>-0-</u>	<u>-0-</u>
Total assets and deferred outflows of resources	<u>\$ 802,863</u>	<u>\$ 793,662</u>
<u>Liabilities, Deferred Inflows of Resources and Fund Balance</u>		
Liabilities:		
Accrued interest	\$ <u>26,961</u>	\$ <u>17,089</u>
Total liabilities	<u>26,961</u>	<u>17,089</u>
Deferred Inflows of Resources:		
Deferred inflows of resources	<u>30,710</u>	<u>24,783</u>
Total deferred inflows of resources	<u>30,710</u>	<u>24,783</u>
Fund Balance:		
Restricted For:		
Debt service	<u>745,192</u>	<u>751,790</u>
Total fund balance	<u>745,192</u>	<u>751,790</u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 802,863</u>	<u>\$ 793,662</u>

CITY OF LAKE JACKSON

Lake Jackson, Texas

**SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
General Debt Service Fund**

For the Year Ended September 30, 2020
With Comparative Actual Totals for 2019

	2020			Variance with Final Budget- Positive (Negative)	2019
	Budgeted Amounts		Actual GAAP Basis		Actual GAAP Basis
	Original	Final			
Revenues:					
Taxes	\$ 2,779,889	\$ 2,779,889	\$ 2,766,535	\$ (13,354)	\$ 2,446,243
Investment income	10,000	10,000	16,356	6,356	21,975
Total revenues	<u>2,789,889</u>	<u>2,789,889</u>	<u>2,782,891</u>	<u>(6,998)</u>	<u>2,468,218</u>
Expenditures:					
Debt Service:					
Principal retirement	1,995,000	1,995,000	1,995,000	-0-	1,685,000
Interest and fiscal charges	<u>794,889</u>	<u>794,889</u>	<u>794,489</u>	<u>400</u>	<u>959,939</u>
Total expenditures	<u>2,789,889</u>	<u>2,789,889</u>	<u>2,789,489</u>	<u>400</u>	<u>2,644,939</u>
Deficiency of revenue over expenditures	<u>-0-</u>	<u>-0-</u>	<u>(6,598)</u>	<u>(6,598)</u>	<u>(176,721)</u>
Other Financing Sources:					
Bond issuance premium				-0-	192,162
Total other financing sources	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>192,162</u>
Net changes in fund balances			(6,598)	(6,598)	15,441
Fund balance - beginning	<u>751,790</u>	<u>751,790</u>	<u>751,790</u>	<u>-0-</u>	<u>736,349</u>
Fund balance - ending	<u>\$ 751,790</u>	<u>\$ 751,790</u>	<u>\$ 745,192</u>	<u>\$ (6,598)</u>	<u>\$ 751,790</u>

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**SUPPLEMENTARY INDIVIDUAL FUND
FINANCIAL STATEMENTS AND SCHEDULES**

Proprietary Funds

These supplementary statements and schedules are included to provide management additional information for financial analysis.

CITY OF LAKE JACKSON

Lake Jackson, Texas

COMPARATIVE STATEMENTS OF NET POSITION
Enterprise Fund

September 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Assets:		
Current Assets:		
Cash and cash equivalents	\$ 9,136,239	\$ 8,532,437
Receivables (net of allowance for uncollectibles):		
Accounts	1,104,225	903,818
Due from other funds	<u>662,256</u>	<u> </u>
	<u>10,902,720</u>	<u>9,436,255</u>
Current Restricted Assets:		
Cash and cash equivalents	<u>10,188,258</u>	<u>6,202,058</u>
Total current restricted assets	<u>10,188,258</u>	<u>6,202,058</u>
Total current assets	<u>21,090,978</u>	<u>15,638,313</u>
Noncurrent Assets:		
Restricted Cash and Cash Equivalents:		
Revenue bond covenant accounts	<u>2,355,682</u>	<u>2,368,281</u>
Total noncurrent restricted assets	<u>2,355,682</u>	<u>2,368,281</u>
Capital Assets:		
Property, plant and equipment	81,671,645	76,668,627
Construction in process	1,217,720	1,328,658
Less accumulated depreciation	<u>(47,422,932)</u>	<u>(43,293,289)</u>
Total capital assets (net of accumulated depreciation)	<u>35,466,433</u>	<u>34,703,996</u>
Total noncurrent assets	<u>37,822,115</u>	<u>37,072,277</u>
Total assets	<u>58,913,093</u>	<u>52,710,590</u>
Deferred Outflows of Resources:		
Deferred outflows of resources - bond refunding		16,273
Deferred outflows of resources - pension	269,050	1,011,871
Deferred outflows of resources - OPEB	<u>28,046</u>	<u>11,745</u>
Total deferred outflows of resources	<u>297,096</u>	<u>1,039,889</u>

(continued)

CITY OF LAKE JACKSON

Lake Jackson, Texas

COMPARATIVE STATEMENTS OF NET POSITION
Enterprise Fund - Continued

September 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Liabilities:		
Current Liabilities:		
Accounts payable	\$ 1,007,137	\$ 532,551
Unearned revenue	2,786	
Accrued wages	166,919	129,297
Accrued compensated absences	102,843	100,425
Revenue bonds payable	<u>749,583</u>	<u>755,417</u>
	<u>2,029,268</u>	<u>1,517,690</u>
Current Liabilities Payable from Restricted Assets:		
Accrued interest	227,996	182,257
Customer deposits	807,739	816,247
Revenue bonds payable	<u>590,452</u>	<u>586,044</u>
Total current liabilities payable from restricted assets	<u>1,626,187</u>	<u>1,584,548</u>
Total current liabilities	<u>3,655,455</u>	<u>3,102,238</u>
Noncurrent Liabilities:		
Revenue bonds payable	14,916,853	11,100,572
Accrued compensated absences	25,628	44,778
Net pension liability	835,594	1,983,533
Total OPEB liability	<u>156,301</u>	<u>126,060</u>
Total noncurrent liabilities	<u>15,934,376</u>	<u>13,254,943</u>
Total liabilities	<u>19,589,831</u>	<u>16,357,181</u>
Deferred Inflows of Resources:		
Deferred inflows of resources - pension	509,917	12,439
Deferred inflows of resources - OPEB	<u>14,177</u>	
Total deferred inflows of resources	<u>524,094</u>	<u>12,439</u>
Net Position:		
Net investment in capital assets	28,859,020	28,195,188
Restricted For:		
Revenue bond retirement	1,537,234	1,599,229
Unrestricted	<u>8,700,010</u>	<u>7,586,442</u>
Total net position	<u>\$ 39,096,264</u>	<u>\$ 37,380,859</u>

CITY OF LAKE JACKSON

Lake Jackson, Texas

**COMPARATIVE STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION**

Enterprise Fund

For the Years Ended September 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Operating Revenues:		
Water service	\$ 5,184,843	\$ 4,839,438
Sewer service	5,541,015	5,173,625
Garbage fees	4,315,988	4,067,481
Tapping and connection fees	217,913	274,098
Other	<u>282,703</u>	<u>172,492</u>
Total operating revenues	<u>15,542,462</u>	<u>14,527,134</u>
Operating Expenses:		
Utility administration	666,970	658,268
Water production and treatment	3,737,187	3,623,112
Sewer collection	2,135,755	2,420,484
Sanitation	3,407,708	3,415,379
Depreciation	<u>3,493,820</u>	<u>3,149,645</u>
Total operating expenses	<u>13,441,440</u>	<u>13,266,888</u>
Operating income	<u>2,101,022</u>	<u>1,260,246</u>
Non-Operating Revenues (Expenses):		
Investment earnings	192,074	390,969
Loss on disposal of capital assets	(18,400)	
Interest expense and fiscal charges	<u>(608,236)</u>	<u>(402,904)</u>
Total non-operating revenues (expenses)	<u>(434,562)</u>	<u>(11,935)</u>
Income before contributions and transfers	1,666,460	1,248,311
Capital contributions	1,481,000	429,186
Transfers in	219,491	1,104,898
Transfers out	<u>(1,651,546)</u>	<u>(1,556,945)</u>
Change in net position	1,715,405	1,225,450
Net position - beginning -	<u>37,380,859</u>	<u>36,155,408</u>
Net position - ending	<u>\$ 39,096,264</u>	<u>\$ 37,380,859</u>

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CITY OF LAKE JACKSON

Lake Jackson, Texas

**COMPARATIVE STATEMENTS OF CASH FLOWS -
Enterprise Fund**

For the Years Ended September 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Cash Flows from Operating Activities:		
Receipts from customers and users	\$ 15,333,547	\$ 14,462,549
Payments to other funds	(662,256)	
Payments to suppliers	(6,772,809)	(7,501,017)
Payments to employees	(2,556,071)	(2,777,844)
Net cash provided by operating activities	<u>5,342,411</u>	<u>4,183,688</u>
Cash Flows from Non-Capital Financing Activities:		
Transfers in	219,491	1,104,898
Transfers out	(1,651,546)	(1,556,945)
Net cash used by non-capital financing activities	<u>(1,432,055)</u>	<u>(452,047)</u>
Cash Flows from Capital and Related Financing Activities:		
Purchases of capital assets	(2,793,657)	(2,967,453)
Proceeds from sale of bonds	6,096,847	
Principal and premium paid on capital debt	(2,281,993)	(1,346,460)
Interest and fiscal charges paid on capital debt	(546,224)	(400,765)
Net cash used by capital and related financing activities	<u>474,973</u>	<u>(4,714,678)</u>
Cash Flows from Investing Activities:		
Interest received	<u>192,074</u>	<u>390,969</u>
Net cash provided by investing activities	<u>192,074</u>	<u>390,969</u>
Change in cash and cash equivalents	4,577,403	(592,068)
Cash and cash equivalents - beginning	<u>17,102,776</u>	<u>17,694,844</u>
Cash and cash equivalents - ending	<u>\$ 21,680,179</u>	<u>\$ 17,102,776</u>

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CITY OF LAKE JACKSON

Lake Jackson, Texas

**COMPARATIVE STATEMENTS OF CASH FLOWS -
Enterprise Fund - Continued**

For the Years Ended September 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Reconciliation of Operating Income to Net Cash		
Provided (Used) by Operating Activities:		
Operating income	\$ <u>2,101,022</u>	\$ <u>2,686,076</u>
Adjustments to Reconcile Operating Income to Net Cash		
Provided (Used) by Operating Activities:		
Depreciation	3,493,820	2,625,219
(Increase) decrease in:		
Accounts receivable	(200,407)	(85,663)
Due from other funds	(662,256)	
Increase (decrease) in:		
Accounts payable	474,587	172,132
Accrued wages payable	37,622	9,201
Unearned revenue	2,786	
Net pension and OPEB liability	120,477	265,439
Accrued compensated absences	(16,732)	7,628
Customer deposits	(<u>8,508</u>)	<u>16,410</u>
Total adjustments	<u>3,241,389</u>	<u>3,010,366</u>
Net cash provided by operating activities	\$ <u><u>5,342,411</u></u>	\$ <u><u>5,696,442</u></u>
Non-cash Investing, Capital, and Financing Activities:		
Capital contributions	\$ <u>1,481,000</u>	\$ <u>429,186</u>
Net effect of non-cash transactions	\$ <u><u>1,481,000</u></u>	\$ <u><u>429,186</u></u>

CITY OF LAKE JACKSON

Lake Jackson, Texas

SCHEDULES OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - ACTUAL COMPARED TO BUDGETARY BASIS Enterprise Fund

For the Year Ended September 30, 2020
With Comparative Actual Totals for 2019

	Budgeted Amounts	
	Original	Final
Operating Revenues:		
Water service	\$ 4,791,098	\$ 4,791,098
Sewer service	5,238,210	5,238,210
Garbage fees	4,216,105	4,216,105
Tapping and connection fees	266,300	266,300
Other	86,003	86,003
Total revenues	14,597,716	14,597,716
Operating Expenses:		
Utility administration	740,305	740,305
Water production, treatment and distribution	4,053,925	4,394,425
Sewer collection and treatment	2,712,165	2,712,165
Sanitation	3,822,630	3,822,630
Depreciation		
Total operating expenses	11,329,025	11,669,525
Operating income	3,268,691	2,928,191
Non-Operating Revenues (Expenses):		
Investment earnings	86,376	86,376
Loss on disposal of capital assets		
Interest expense and fiscal charge	(599,975)	(599,975)
Total non-operating revenues (expenses)	(513,599)	(513,599)
Income before contributions and transfers	2,755,092	2,414,592
Contributions		
Transfers in		
Transfers out	(1,000,000)	(1,450,000)
Change in net position	1,755,092	964,592
Net position - beginning	37,380,859	37,380,859
Net position - ending	\$ 39,135,951	\$ 38,345,451

2020			2019	
Actual	Adjustments to Budgetary Basis	Actual on Budgetary Basis	Variance with Final Budget-Positive (Negative)	Actual GAAP Basis
\$ 5,184,843	\$	\$ 5,184,843	\$ 393,745	\$ 4,839,438
5,541,015		5,541,015	302,805	5,173,625
4,315,988		4,315,988	99,883	4,067,481
217,913		217,913	(48,387)	274,098
282,703		282,703	196,700	172,492
<u>15,542,462</u>	<u>-0-</u>	<u>15,542,462</u>	<u>944,746</u>	<u>14,527,134</u>
666,970		666,970	73,335	658,268
3,737,187		3,737,187	657,238	3,623,112
2,135,755		2,135,755	576,410	2,420,484
3,407,708		3,407,708	414,922	3,415,379
3,493,820	(3,493,820)			3,149,645
<u>13,441,440</u>	<u>(3,493,820)</u>	<u>9,947,620</u>	<u>1,721,905</u>	<u>13,266,888</u>
<u>2,101,022</u>	<u>3,493,820</u>	<u>5,594,842</u>	<u>2,666,651</u>	<u>1,260,246</u>
192,074		192,074	105,698	390,969
(18,400)		(18,400)	(18,400)	-0-
(608,236)	16,273	(591,963)	8,012	(402,904)
<u>(434,562)</u>	<u>16,273</u>	<u>(418,289)</u>	<u>95,310</u>	<u>(11,935)</u>
1,666,460	3,510,093	5,176,553	2,761,961	1,248,311
1,481,000		1,481,000	1,481,000	429,186
219,491		219,491	219,491	1,104,898
(1,651,546)		(1,651,546)	(201,546)	(1,556,945)
1,715,405	3,510,093	5,225,498	4,260,906	1,225,450
<u>37,380,859</u>		<u>37,380,859</u>	<u>-0-</u>	<u>36,155,409</u>
<u>\$ 39,096,264</u>	<u>\$ 3,510,093</u>	<u>\$ 42,606,357</u>	<u>\$ 4,260,906</u>	<u>\$ 37,380,859</u>

CITY OF LAKE JACKSON

Lake Jackson, Texas

COMPARATIVE STATEMENTS OF NET POSITION
Golf Course Operating Fund

September 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Assets:		
Current Assets:		
Cash and cash equivalents	\$ 186,294	\$ 154,351
Receivables (net of allowance for uncollectibles):		
Accounts	2,768	29,048
Inventories	60,450	64,807
Prepaid expenses	<u>10,342</u>	<u>13,579</u>
Total current assets	<u>259,854</u>	<u>261,785</u>
Capital Assets:		
Property, plant and equipment	10,169,321	10,125,263
Construction in progress	32,240	32,240
Less accumulated depreciation	<u>(4,400,702)</u>	<u>(3,871,672)</u>
Total capital assets (net of accumulated depreciation)	<u>5,800,859</u>	<u>6,285,831</u>
Total noncurrent assets	<u>5,800,859</u>	<u>6,285,831</u>
Total assets	<u>6,060,713</u>	<u>6,547,616</u>
Deferred Outflows of Resources:		
Deferred outflows of resources	<u> </u>	<u> </u>
Total deferred outflows of resources	<u>-0-</u>	<u>-0-</u>

(continued)

CITY OF LAKE JACKSON

Lake Jackson, Texas

COMPARATIVE STATEMENTS OF NET POSITION

Golf Course Operating Fund - Continued

September 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Liabilities:		
Current Liabilities:		
Accounts payable	\$ 41,982	\$ 54,669
Unearned revenues	<u>153,695</u>	<u>183,845</u>
Total current liabilities	195,677	238,514
Noncurrent Liabilities:		
Total noncurrent liabilities	<u> </u>	<u> </u>
Total liabilities	<u>-0-</u>	<u>-0-</u>
Deferred Inflows of Resources:		
Deferred inflows of resources	<u> </u>	<u> </u>
Total deferred inflows of resources	<u>-0-</u>	<u>-0-</u>
Net Position:		
Net investment in capital assets	5,800,859	6,285,831
Unrestricted	<u>64,177</u>	<u>23,271</u>
Total net position	<u>\$ 5,865,036</u>	<u>\$ 6,309,102</u>

CITY OF LAKE JACKSON

Lake Jackson, Texas

**COMPARATIVE STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
Golf Course Operating Fund**

For the Years Ended September 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Operating Revenues:		
Course and ground	\$ 892,444	\$ 757,060
Cart	129,824	137,714
Pro shop	151,332	139,905
Range	41,024	53,133
Food and beverage	<u>225,787</u>	<u>212,428</u>
Total operating revenues	<u>1,440,411</u>	<u>1,300,240</u>
Operating Expenses:		
Cost of Sales:		
Pro shop	97,403	89,955
Food and beverage	90,249	88,513
Payroll and related benefits	878,173	849,364
Other expenses	615,338	606,209
Management fee	93,942	90,540
Depreciation	<u>529,030</u>	<u>454,750</u>
Total operating expenses	<u>2,304,135</u>	<u>2,179,331</u>
Operating loss	<u>(863,724)</u>	<u>(879,091)</u>
Non-Operating Revenues :		
Investment earnings	<u>600</u>	<u>1,794</u>
Total non-operating revenues	<u>600</u>	<u>1,794</u>
Loss before contributions and transfers	<u>(863,124)</u>	<u>(877,297)</u>
Capital contributions	26,594	598,508
Transfers in	<u>392,464</u>	<u>508,980</u>
Change in net position	<u>(444,066)</u>	230,191
Net position - beginning	<u>6,309,102</u>	<u>6,078,911</u>
Net position - ending	<u>\$ 5,865,036</u>	<u>\$ 6,309,102</u>

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CITY OF LAKE JACKSON

Lake Jackson, Texas

**COMPARATIVE STATEMENTS OF CASH FLOWS -
Golf Course Operating Fund**

For the Years Ended September 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Cash Flows from Operating Activities:		
Receipts from customers and users	\$ 1,436,541	\$ 1,290,698
Payments to suppliers	(901,051)	(909,549)
Payments to employees	(879,147)	(808,473)
Net cash used by operating activities	<u>(343,657)</u>	<u>(427,324)</u>
Cash Flows from Non-Capital Financing Activities:		
Transfers in	<u>375,000</u>	<u>500,000</u>
Net cash provided by non-capital financing activities	<u>375,000</u>	<u>500,000</u>
Cash Flows from Capital and Related Financing Activities:		
Net cash used by capital and related financing activities	<u>-0-</u>	<u>-0-</u>
Cash Flows from Investing Activities:		
Interest received	<u>600</u>	<u>1,794</u>
Net cash provided by investing activities	<u>600</u>	<u>1,794</u>
Change in cash and cash equivalents	31,943	74,470
Cash and cash equivalents - beginning	<u>154,351</u>	<u>79,881</u>
Cash and cash equivalents - ending	<u>\$ 186,294</u>	<u>\$ 154,351</u>

(continued)

CITY OF LAKE JACKSON

Lake Jackson, Texas

**COMPARATIVE STATEMENTS OF CASH FLOWS -
Golf Course Operating Fund - Continued**

For the Years Ended September 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Reconciliation of Operating Loss to Net Cash		
Provided (Used) by Operating Activities:		
Operating loss	\$(<u>863,724</u>)	\$(<u>879,091</u>)
Adjustments to Reconcile Operating Loss to Net Cash		
Provided (Used) by Operating Activities:		
Depreciation	529,030	454,750
(Increase) decrease in:		
Accounts receivable	26,280	(9,542)
Inventories	4,357	(11,344)
Prepaid expenses	3,237	(5,905)
Increase (decrease) in:		
Accounts payable	(12,687)	(11,222)
Unearned revenues	<u>(30,150)</u>	<u>35,030</u>
Total adjustments	<u>520,067</u>	<u>451,767</u>
Net cash used by operating activities	\$(<u><u>343,657</u></u>)	\$(<u><u>427,324</u></u>)
Noncash Investing, Capital, and Financing Activities:		
Capital contributions	\$ <u>26,594</u>	\$ <u>598,508</u>
Net effect of noncash transactions	\$ <u><u>26,594</u></u>	\$ <u><u>598,508</u></u>

CITY OF LAKE JACKSON

Lake Jackson, Texas

SCHEDULES OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - ACTUAL COMPARED TO BUDGETARY BASIS Golf Course Operating Fund

For the Year Ended September 30, 2020
With Comparative Actual Totals for 2019

	Budgeted Amounts	
	Original	Final
Operating Revenues:		
Course and ground	\$ 772,791	\$ 772,791
Cart	139,320	139,320
Pro shop	141,730	141,730
Range	54,858	54,858
Food and beverage	220,010	220,010
Total operating revenues	<u>1,328,709</u>	<u>1,328,709</u>
Operating Expenses:		
Cost of Sales:		
Pro shop	89,256	89,256
Food and beverage	86,899	86,899
Payroll and related benefits	863,385	863,385
Other expenses	598,533	598,533
Management fee	93,948	93,948
Total operating expenses	<u>1,732,021</u>	<u>1,732,021</u>
Operating loss	<u>(403,312)</u>	<u>(403,312)</u>
Non-Operating Revenues:		
Investment earnings		
Total non-operating revenues	<u>-0-</u>	<u>-0-</u>
Loss before contributions and transfers	<u>(403,312)</u>	<u>(403,312)</u>
Capital contributions		
Transfers in	<u>500,000</u>	<u>500,000</u>
Change in net position	96,688	96,688
Net position - beginning	<u>6,309,102</u>	<u>6,309,102</u>
Net position - ending	<u>\$ 6,405,790</u>	<u>\$ 6,405,790</u>

2020			2019	
Actual	Adjustments to Budgetary Basis	Actual on Budgetary Basis	Variance with Final Budget-Positive (Negative)	Actual GAAP Basis
\$ 892,444	\$	\$ 892,444	\$ 119,653	\$ 757,060
129,824		129,824	(9,496)	137,714
151,332		151,332	9,602	139,905
41,024		41,024	(13,834)	53,133
<u>225,787</u>		<u>225,787</u>	<u>5,777</u>	<u>212,428</u>
<u>1,440,411</u>	<u>-0-</u>	<u>1,440,411</u>	<u>111,702</u>	<u>1,300,240</u>
97,403		97,403	(8,147)	89,555
90,249		90,249	(3,350)	88,513
878,173		878,173	(14,788)	849,364
612,338		615,338	(16,805)	606,209
93,942		93,942	6	90,540
<u>529,030</u>	<u>(529,030)</u>		<u>-0-</u>	<u>454,750</u>
<u>2,304,135</u>	<u>(529,030)</u>	<u>1,775,105</u>	<u>(43,084)</u>	<u>2,179,331</u>
<u>(863,724)</u>	<u>529,030</u>	<u>(334,694)</u>	<u>68,618</u>	<u>(879,091)</u>
<u>600</u>		<u>600</u>	<u>600</u>	<u>1,794</u>
<u>600</u>	<u>-0-</u>	<u>600</u>	<u>600</u>	<u>1,794</u>
<u>(863,124)</u>	<u>529,030</u>	<u>(334,094)</u>	<u>69,218</u>	<u>(877,297)</u>
26,594		26,594	26,594	598,508
<u>392,464</u>		<u>392,464</u>	<u>(107,536)</u>	<u>508,980</u>
<u>(444,066)</u>	<u>529,030</u>	<u>84,964</u>	<u>(11,724)</u>	<u>230,191</u>
<u>6,309,102</u>		<u>6,309,102</u>	<u>-0-</u>	<u>6,078,911</u>
<u>\$ 5,865,036</u>	<u>\$ 529,030</u>	<u>\$ 6,394,066</u>	<u>\$ (11,724)</u>	<u>\$ 6,309,102</u>

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CAPITAL ASSET SCHEDULES

These schedules present the capital asset balances related to governmental activities. A capital asset is presented in this schedule when it has been purchased using general governmental resources and is used for general governmental purposes. Assets are recorded at historical cost if purchased, or if historical cost is not available, estimated historical cost, or fair market value on the date donated, if donated.

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CITY OF LAKE JACKSON

Lake Jackson, Texas

**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL ACTIVITIES
COMPARATIVE SCHEDULES BY SOURCE**

September 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Governmental Activities Capital Assets:		
Land	\$ 2,551,017	\$ 2,551,017
Buildings	32,710,484	32,535,770
Improvements other than buildings	15,160,744	14,262,636
Furniture, equipment and vehicles	15,361,336	14,991,257
Infrastructure	107,810,894	104,537,454
Construction in progress	<u>3,059,192</u>	<u>3,705,558</u>
Total governmental activities capital assets	<u>\$ 176,653,667</u>	<u>\$ 172,583,692</u>
Investments in Governmental Activities Capital Assets by Source:		
General fund	\$ 13,287,637	\$ 13,179,224
Special revenue fund	18,354,126	17,827,469
Capital projects fund	112,744,729	109,550,193
Contributed	<u>32,267,175</u>	<u>32,026,806</u>
Total governmental activities capital assets	<u>\$ 176,653,667</u>	<u>\$ 172,583,692</u>

This schedule presents only the capital asset balances related to governmental activities.

CITY OF LAKE JACKSON

Lake Jackson, Texas

**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL ACTIVITIES
SCHEDULE BY FUNCTION
September 30, 2020**

<u>Function</u>	<u>Land</u>	<u>Buildings</u>	<u>Improvements Other Than Buildings</u>
General government	\$ 1,094,732	\$ 7,734,614	\$ 1,446,370
Public safety		7,808,790	626,608
Public works		1,977,771	734,663
Culture and recreation	<u>1,456,285</u>	<u>15,189,309</u>	<u>12,353,103</u>
 Total governmental activities capital assets	 <u>\$ 2,551,017</u>	 <u>\$ 32,710,484</u>	 <u>\$ 15,160,744</u>

This schedule presents only the capital asset balances related to governmental activities.

<u>Furniture, Equipment and Vehicles</u>	<u>Infrastructure</u>	<u>Construction in Progress</u>	<u>Total</u>
\$ 1,287,747	\$ 1,667,597	\$ 56,577	\$ 13,287,637
9,393,111	218,945	306,672	18,354,126
2,894,173	104,495,369	2,642,753	112,744,729
<u>1,786,305</u>	<u>1,428,983</u>	<u>53,190</u>	<u>32,267,175</u>
<u>\$ 15,361,336</u>	<u>\$ 107,810,894</u>	<u>\$ 3,059,192</u>	<u>\$ 176,653,667</u>

CITY OF LAKE JACKSON

Lake Jackson, Texas

**CAPITAL ASSETS USED
IN THE OPERATIONS OF GOVERNMENTAL ACTIVITIES
SCHEDULE OF CHANGES BY FUNCTION
For the Year Ended September 30, 2020**

<u>Function</u>	<u>Governmental Activities Capital Assets 10/01/19</u>	<u>Additions</u>	<u>Deductions/ Transfers</u>	<u>Governmental Activities Capital Assets 09/30/20</u>
General government	\$ 13,179,224	\$ 108,413	\$	\$ 13,287,637
Public safety	17,827,469	671,731	145,074	18,354,126
Public works	109,550,193	3,301,002	106,466	112,744,729
Culture and recreation	<u>32,026,806</u>	<u>276,446</u>	<u>36,077</u>	<u>32,267,175</u>
Total governmental activities capital assets	<u>\$ 172,583,692</u>	<u>\$ 4,357,592</u>	<u>\$ 287,617</u>	<u>\$ 176,653,667</u>

This schedule presents only the capital asset balances related to governmental activities.

OTHER SCHEDULES

CITY OF LAKE JACKSON

Lake Jackson, Texas

**CONSOLIDATED SCHEDULE OF ASSETS AND DEFERRED OUTFLOWS
OF RESOURCES, AND LIABILITIES AND DEFERRED INFLOWS OF RESOURCES,
AND FUND BALANCES - GENERAL FUND - SUB-FUNDS**

September 30, 2020

	<u>General</u>	<u>Clearing</u>	<u>Payroll</u>	<u>General Contingencies</u>
<u>Assets and Deferred Outflows of Resources</u>				
Assets:				
Cash and cash equivalents	\$ 247,085	\$ 15,931,608	\$	\$
Receivables (net of allowance for uncollectibles):				
Property taxes	56,648			
Accounts	87,554			
Sales tax	1,097,329			
Franchise tax	166,991			
Grants	8,213			
Due from clearing fund	6,641,820	104,069	33,883	951,063
Investments		100,000		
Inventories:				
Resale items	12,303			
Supplies	76,654			
	<u>8,394,597</u>	<u>16,135,677</u>	<u>33,883</u>	<u>951,063</u>
Total assets				
Deferred Outflows of Resources:				
Deferred outflows of resources				
	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total deferred outflows of resources				
Total assets and deferred outflows of resources	<u>\$ 8,394,597</u>	<u>\$ 16,135,677</u>	<u>\$ 33,883</u>	<u>\$ 951,063</u>

<u>Equipment Replacement</u>	<u>Unemployment Insurance</u>	<u>Special Events</u>	<u>Park</u>	<u>Consolidation</u>	<u>Total</u>
\$	\$	\$	\$	\$	\$ 16,178,693
		3,630			56,648
					91,184
					1,097,329
					166,991
					8,213
8,193,254	75,645	34,247	101,696	(16,135,677)	-0-
					100,000
					12,303
					<u>76,654</u>
<u>8,193,254</u>	<u>75,645</u>	<u>37,877</u>	<u>101,696</u>	<u>(16,135,677)</u>	<u>17,788,015</u>
					-0-
<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
<u>\$ 8,193,254</u>	<u>\$ 75,645</u>	<u>\$ 37,877</u>	<u>\$ 101,696</u>	<u>\$ (16,135,677)</u>	<u>\$ 17,788,015</u>

(continued)

CITY OF LAKE JACKSON

Lake Jackson, Texas

**CONSOLIDATED SCHEDULE OF ASSETS AND DEFERRED OUTFLOWS
OF RESOURCES, AND LIABILITIES AND DEFERRED INFLOWS OF RESOURCES,
AND FUND BALANCES - GENERAL FUND - SUB-FUNDS - Continued**

September 30, 2020

	<u>General</u>	<u>Clearing</u>	<u>Payroll</u>	<u>General Contingencies</u>
<u>Liabilities, Deferred Inflows of Resources and Fund Balances</u>				
Liabilities:				
Accounts payable	\$ 255,547	\$	\$	\$
Cash bonds and taxes	196,263			
Accrued wages	614,333		28,883	
Unearned revenue	101,346			
Due to other funds		<u>16,135,677</u>		
 Total liabilities	 <u>1,167,489</u>	 <u>16,135,677</u>	 <u>28,883</u>	 <u>-0-</u>
Deferred Inflows of Resources:				
Deferred inflows of resources - property taxes	<u>56,648</u>			
 Total deferred inflows of resources	 <u>56,648</u>	 <u>-0-</u>	 <u>-0-</u>	 <u>-0-</u>
Fund Balances:				
Nonspendable:				
Inventory	88,957			
Committed:				
Contingencies				951,063
Assigned:				
Unemployment insurance				
Equipment replacement				
Special events				
Park improvement				
Unassigned	<u>7,081,503</u>		<u>5,000</u>	
 Total fund balances	 <u>7,170,460</u>	 <u>-0-</u>	 <u>5,000</u>	 <u>951,063</u>
 Total liabilities, deferred inflows of resources and fund balances	 <u>\$ 8,394,597</u>	 <u>\$ 16,135,677</u>	 <u>\$ 33,883</u>	 <u>\$ 951,063</u>

<u>Equipment Replacement</u>	<u>Unemployment Insurance</u>	<u>Special Events</u>	<u>Park</u>	<u>Consolidation</u>	<u>Total</u>
\$ 100,975	\$ 13,257	\$	\$	\$	\$ 369,779
					196,263
					643,216
					101,346
				(16,135,677)	-0-
<u>100,975</u>	<u>13,257</u>	<u>-0-</u>	<u>-0-</u>	<u>(16,135,677)</u>	<u>1,310,604</u>
					56,648
<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>56,648</u>
					88,957
					951,063
8,092,279	62,388				62,388
		37,877			8,092,279
			101,696		37,877
					101,696
					7,086,503
<u>8,092,279</u>	<u>62,388</u>	<u>37,877</u>	<u>101,696</u>	<u>-0-</u>	<u>16,420,763</u>
<u>\$ 8,193,254</u>	<u>\$ 75,645</u>	<u>\$ 37,877</u>	<u>\$ 101,696</u>	<u>\$(16,135,677)</u>	<u>\$ 17,788,015</u>

CITY OF LAKE JACKSON

Lake Jackson, Texas

CONSOLIDATED SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GENERAL FUND - SUB-FUNDS

For the Year Ended September 30, 2020

	General	Clearing	Payroll	General Contingencies
Revenues:				
Taxes:				
Property	\$ 4,765,356	\$	\$	\$
Sales	6,685,758			
Franchise	1,581,094			
Other	224,578			
Industrial district	5,101,850			
Intergovernmental	21,483			
Revenue producing facilities	503,792			
Fines and fees	544,436			
Licenses and permits	599,601			
Investment earnings	51,579			9,239
Miscellaneous	74,024			
Total revenues	20,153,551	-0-	-0-	9,239
Expenditures:				
Current:				
General government and administration				
General administration	1,693,378			
Finance	1,258,767			
Elections	2,197			
Legal	221,330			
Municipal court	415,045			
Engineering	561,918			
Flood Related Expenditures	82,355			
Public Safety:				
Police	5,972,742			
Fire	688,573			
EMS department	414,692			
Humane	429,994			
Public works:				
Garage	670,364			
Street	585,311			
Drainage	551,873			
Building inspection	626,878			
Culture and recreation:				
Parks	1,353,060			
Recreation	2,119,601			
Civic Center & Jasmine Hall	555,285			
Commissions and Boards	237,818			
Special events				
Capital outlay	68,913			
Total expenditures	18,510,094	-0-	-0-	-0-

<u>Equipment Replacement</u>	<u>Unemployment Insurance</u>	<u>Special Events</u>	<u>Park</u>	<u>Consolidation</u>	<u>Total</u>
\$	\$	\$	\$	\$	\$ 4,765,356
					6,685,758
					1,581,094
					224,578
					5,101,850
					21,483
					503,792
					544,436
					599,601
71,341	1,028	77	1,187		134,451
		<u>20,669</u>			<u>94,693</u>
<u>71,341</u>	<u>1,028</u>	<u>20,746</u>	<u>1,187</u>	<u>-0-</u>	<u>20,257,092</u>
32,409	46,945				1,772,732
					1,258,767
					2,197
					221,330
					415,045
					561,918
					82,355
15,763					5,988,505
					688,573
					414,692
					429,994
					670,364
					585,311
					551,873
32,680					659,558
					1,353,060
					2,119,601
					555,285
					237,818
		78,047	5,550		83,597
<u>622,034</u>			<u>17,116</u>		<u>708,063</u>
<u>702,886</u>	<u>46,945</u>	<u>78,047</u>	<u>22,666</u>	<u>-0-</u>	<u>19,360,638</u>

CITY OF LAKE JACKSON

Lake Jackson, Texas

**CONSOLIDATED SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - GENERAL FUND - SUB-FUNDS - Continued**

For the Year Ended September 30, 2020

	<u>General</u>	<u>Clearing</u>	<u>Payroll</u>	<u>General Contingencies</u>
Excess (deficiency) of revenues over (under) expenditures	\$ <u>1,643,457</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>9,239</u>
Other Financing Sources (Uses):				
Proceeds from sale of capital assets				
Transfers in	1,350,000			
Transfers out	<u>(2,185,325)</u>			
Total other financing sources (uses)	<u>(835,325)</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Net changes in fund balances	808,132	-0-	-0-	9,239
Fund balances - beginning	<u>6,362,328</u>		<u>5,000</u>	<u>941,824</u>
Fund balances - ending	<u><u>\$ 7,170,460</u></u>	<u><u>\$ -0-</u></u>	<u><u>\$ 5,000</u></u>	<u><u>\$ 951,063</u></u>

<u>Equipment Replacement</u>	<u>Unemployment Insurance</u>	<u>Special Events</u>	<u>Park</u>	<u>Consolidation</u>	<u>Total</u>
<u>\$ (631,545)</u>	<u>\$ (45,917)</u>	<u>\$ (57,301)</u>	<u>\$ (21,479)</u>	<u>\$ -0-</u>	<u>\$ 896,454</u>
45,575					45,575
2,126,871		85,889		(1,505,325)	2,057,435
<u>(236,955)</u>				<u>1,505,325</u>	<u>(916,955)</u>
<u>1,935,491</u>	<u>-0-</u>	<u>85,889</u>	<u>-0-</u>	<u>-0-</u>	<u>1,186,055</u>
1,303,946	(45,917)	28,588	(21,479)	-0-	2,082,509
<u>6,788,333</u>	<u>108,305</u>	<u>9,289</u>	<u>123,175</u>		<u>14,338,254</u>
<u>\$ 8,092,279</u>	<u>\$ 62,388</u>	<u>\$ 37,877</u>	<u>\$ 101,696</u>	<u>\$ -0-</u>	<u>\$ 16,420,763</u>

CITY OF LAKE JACKSON

Lake Jackson, Texas

**CONSOLIDATED SCHEDULE OF NET POSITION
ENTERPRISE FUND - SUB-FUNDS**

September 30, 2020

	<u>Utility</u>	<u>Utility Contingency</u>	<u>Utility Revenue Bond Interest and Sinking</u>
Assets:			
Current Assets:			
Cash and cash equivalents	\$ 5,067,659	\$ 420,865	\$
Receivables (Net of Allowance for Uncollectibles):			
Accounts	1,102,641		
Due from other funds	<u>662,256</u>		
	<u>6,832,556</u>	<u>420,865</u>	<u>-0-</u>
Current Restricted Assets:			
Cash and cash equivalents	<u>807,739</u>		
Total current restricted assets	<u>807,739</u>	<u>-0-</u>	<u>-0-</u>
Total current assets	<u>7,640,295</u>	<u>420,865</u>	<u>-0-</u>
Noncurrent Assets:			
Restricted Cash and Temporary Investments:			
Revenue bond covenant accounts			<u>2,355,682</u>
Total noncurrent restricted assets	<u>-0-</u>	<u>-0-</u>	<u>2,355,682</u>
Capital Assets:			
Property, plant and equipment	81,671,645		
Construction in progress			
Less accumulated depreciation	<u>(47,422,932)</u>		
Total capital assets (net of accumulated depreciation)	<u>34,248,713</u>	<u>-0-</u>	<u>-0-</u>
Total noncurrent assets	<u>34,248,713</u>	<u>-0-</u>	<u>2,355,682</u>
Total assets	<u>41,889,008</u>	<u>420,865</u>	<u>2,355,682</u>
Deferred Outflows of Resources:			
Deferred outflows of resources - pension	269,050		
Deferred outflows of resources - OPEB	<u>28,046</u>		
Total deferred outflows of resources	<u>297,096</u>	<u>-0-</u>	<u>-0-</u>

<u>Utility Construction</u>	<u>2013 Revenue Bond</u>	<u>2019 Revenue Bond</u>	<u>North Sewer Extension</u>	<u>2017 Utility Bond</u>	<u>Total</u>
\$ 3,647,715	\$	\$	\$	\$	\$ 9,136,239
1,584					1,104,225
					662,256
<u>3,649,299</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>10,902,720</u>
	<u>164,970</u>	<u>5,025,880</u>	<u>849,720</u>	<u>3,339,949</u>	<u>10,188,258</u>
<u>-0-</u>	<u>164,970</u>	<u>5,025,880</u>	<u>849,720</u>	<u>3,339,949</u>	<u>10,188,258</u>
<u>3,649,299</u>	<u>164,970</u>	<u>5,025,880</u>	<u>849,720</u>	<u>3,339,949</u>	<u>21,090,978</u>
					<u>2,355,682</u>
<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>2,355,682</u>
					81,671,645
463,410			82,136	672,174	1,217,720
					(47,422,932)
<u>463,410</u>	<u>-0-</u>	<u>-0-</u>	<u>82,136</u>	<u>672,174</u>	<u>35,466,433</u>
<u>463,410</u>	<u>-0-</u>	<u>-0-</u>	<u>82,136</u>	<u>672,174</u>	<u>37,822,115</u>
<u>4,112,709</u>	<u>164,970</u>	<u>5,025,880</u>	<u>931,856</u>	<u>4,012,123</u>	<u>58,913,093</u>
					269,050
					28,046
<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>297,096</u>

(continued)

CITY OF LAKE JACKSON

Lake Jackson, Texas

**CONSOLIDATED SCHEDULE OF NET POSITION
ENTERPRISE FUND - SUB-FUNDS - Continued**

September 30, 2020

	<u>Utility</u>	<u>Utility Contingency</u>	<u>Utility Revenue Bond Interest and Sinking</u>
Liabilities:			
Current Liabilities:			
Accounts payable	\$ 684,757	\$	\$
Accrued wages	166,919		
Accrued compensated absences	102,843		
Unearned revenue	2,786		
Revenue bonds payable	<u>749,583</u>		
	<u>1,706,888</u>	<u>-0-</u>	<u>-0-</u>
Current Liabilities Payable from Restricted Assets:			
Accrued interest			227,996
Customer deposits	807,739		
Revenue bonds payable			<u>590,452</u>
Total current liabilities payable from restricted assets	<u>807,739</u>	<u>-0-</u>	<u>818,448</u>
Total current liabilities	<u>2,514,627</u>	<u>-0-</u>	<u>818,448</u>
Noncurrent Liabilities:			
Revenue bonds payable	14,205,000		711,853
Accrued compensated absences	25,628		
Net pension liabilities	835,594		
Net OPEB liabilities	<u>156,301</u>		
Total noncurrent liabilities	<u>15,222,523</u>	<u>-0-</u>	<u>711,853</u>
Total liabilities	<u>17,737,150</u>	<u>-0-</u>	<u>1,530,301</u>
Deferred Inflows of Resources:			
Deferred inflows of resources - pension	509,917		
Deferred inflows of resources - OPEB	<u>14,177</u>		
Total deferred inflows of resources	<u>524,094</u>	<u>-0-</u>	<u>-0-</u>
Net Position:			
Net investment in capital assets	19,294,130		(711,853)
Restricted For:			
Revenue bond retirement			1,537,234
Unrestricted	<u>4,630,730</u>	<u>420,865</u>	
Total net position	<u>\$ 23,924,860</u>	<u>\$ 420,865</u>	<u>\$ 825,381</u>

Utility Construction	2013 Revenue Bond	2019 Revenue Bond	North Sewer Extension	2017 Utility Bond	Total
\$ 884	\$	\$	\$	\$ 321,496	\$ 1,007,137
					166,919
					102,843
					2,786
					749,583
<u>884</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>321,496</u>	<u>2,029,268</u>
					227,996
					807,739
					590,452
<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>1,626,187</u>
<u>884</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>321,496</u>	<u>3,655,455</u>
					14,916,853
					25,628
					835,594
					156,301
<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>15,934,376</u>
<u>884</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>321,496</u>	<u>19,589,831</u>
					509,917
					14,177
<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>524,094</u>
463,410	164,970	5,025,880	931,856	3,690,627	28,859,020
<u>3,648,415</u>					<u>1,537,234</u>
					<u>8,700,010</u>
<u>\$ 4,111,825</u>	<u>\$ 164,970</u>	<u>\$ 5,025,880</u>	<u>\$ 931,856</u>	<u>\$ 3,690,627</u>	<u>\$ 39,096,264</u>

CITY OF LAKE JACKSON

Lake Jackson, Texas

**CONSOLIDATED SCHEDULE OF REVENUES, EXPENSES, AND CHANGES
IN NET POSITION - ENTERPRISE FUND - SUB-FUNDS**

For the Year Ended September 30, 2020

	<u>Utility</u>	<u>Utility Contingency</u>	<u>Utility Revenue Bond Interest and Sinking</u>
Operating Revenues:			
Water service	\$ 5,184,843	\$	\$
Sewer service	5,541,015		
Garbage fees	4,315,988		
Tapping and connection fees	217,913		
Other	<u>282,703</u>		
Total operating revenues	<u>15,542,462</u>	<u>-0-</u>	<u>-0-</u>
Operating Expenses:			
Utility administration	666,970		
Water production and treatment	3,737,187		
Sewer collection	2,135,755		
Sanitation	3,407,708		
Depreciation	<u>3,493,820</u>		
Total operating expenses	<u>13,441,440</u>	<u>-0-</u>	<u>-0-</u>
Operating income	<u>2,101,022</u>	<u>-0-</u>	<u>-0-</u>
Non-Operating Revenues (Expenses):			
Interest revenue	54,986	4,088	25,954
Loss on sale/retirement of capital assets	(18,400)		
Interest expense and fiscal charges			<u>(608,236)</u>
Total non-operating revenues (expenses)	<u>36,586</u>	<u>4,088</u>	<u>(582,282)</u>
Income (loss) before contributions and transfers	2,137,608	4,088	(582,282)
Capital Contributions	1,481,000		
Transfers in	219,491		
Transfers out	(1,651,546)		
Intrafund transfers	<u>(3,643,235)</u>		<u>232,733</u>
Change in net position	<u>(1,456,682)</u>	<u>4,088</u>	<u>(349,549)</u>
Net position - beginning	<u>25,381,542</u>	<u>416,777</u>	<u>1,174,930</u>
Net position - ending	<u>\$ 23,924,860</u>	<u>\$ 420,865</u>	<u>\$ 825,381</u>

Utility Construction	2013 Revenue Bond	2019 Revenue Bond	North Sewer Extension	2017 Utility Bond	Total
\$	\$	\$	\$	\$	\$ 5,184,843
					5,541,015
					4,315,988
					217,913
					282,703
<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>		15,542,462
					666,970
					3,737,187
					2,135,755
					3,407,708
					3,493,820
<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	13,441,440
<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	2,101,022
34,091	1,438	25,880	9,321	36,316	192,074
					(18,400)
					(608,236)
<u>34,091</u>	<u>1,438</u>	<u>25,880</u>	<u>9,321</u>	<u>38,316</u>	(434,562)
34,091	1,438	25,880	9,321	36,316	1,666,460
					1,481,000
					219,491
					(1,651,546)
<u>143,343</u>		<u>5,000,000</u>	<u>(837,506)</u>	<u>(895,335)</u>	<u>-0-</u>
177,434	1,438	5,025,880	(828,185)	(859,019)	1,715,405
<u>3,934,391</u>	<u>163,532</u>	<u>-0-</u>	<u>1,760,041</u>	<u>4,549,646</u>	<u>37,380,859</u>
<u>\$ 4,111,825</u>	<u>\$ 164,970</u>	<u>\$ 5,025,880</u>	<u>\$ 931,856</u>	<u>\$ 3,690,627</u>	<u>\$ 39,096,264</u>

CITY OF LAKE JACKSON

Lake Jackson, Texas

CONSOLIDATED SCHEDULE OF CASH FLOWS ENTERPRISE FUND - SUB-FUNDS

For the Year Ended September 30, 2020

	Utility	Utility Contingency	Utility Revenue Bond Interest and Sinking
Cash Flows from Operating Activities:			
Receipts from customers and users	\$ 15,332,538	\$	\$
Payments to suppliers	(622,256)		
Payments to suppliers	(7,023,036)		(750)
Payments to employees	(2,556,071)		
Net cash provided (used) by operating activities	5,091,175	-0-	(750)
Cash Flows from Non-Capital Financing Activities:			
Transfers in	219,491		
Transfers out	(1,651,546)		
Intrafund transfers	(6,052,733)		232,733
Net cash provided (used) by non-capital financing activities	(7,484,788)	-0-	232,733
Cash Flows from Capital and Related Financing Activities:			
Purchases of capital assets	(495,097)		
Proceeds from sale of revenue bonds and premium	5,821,159		275,688
Principal and premium paid on capital debt	(2,281,993)		
Interest and fiscal charges paid on capital debt			(546,224)
Net cash provided (used) by capital and related financing activities	3,044,069	-0-	(270,536)
Cash Flows from Investing Activities:			
Investment earnings	54,986	4,088	25,954
Net cash provided by investing activities	54,986	4,088	25,954
Change in cash and cash equivalents	705,442	4,088	(12,599)
Cash and cash equivalents - beginning	5,169,956	416,777	2,368,281
Cash and cash equivalents - ending	\$ 5,875,398	\$ 420,865	\$ 2,355,682

<u>Utility Construction</u>	<u>2013 Revenue Bond</u>	<u>2019 Revenue Bond</u>	<u>North Sewer Extension</u>	<u>2017 Utility Bond</u>	<u>Total</u>
\$ 1,009	\$	\$	\$	\$	\$ 15,333,547
(15,616)			(27,803)	294,396	(662,256)
<u>(14,607)</u>	<u>-0-</u>	<u>-0-</u>	<u>(27,803)</u>	<u>294,396</u>	<u>(2,556,071)</u>
					219,491
<u>820,000</u>		<u>5,000,000</u>			(1,651,546)
<u>820,000</u>	<u>-0-</u>	<u>5,000,000</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
					(1,432,055)
(953,720)			(211,752)	(1,133,088)	(2,793,657)
					6,096,847
					(2,281,993)
<u>(953,720)</u>	<u>-0-</u>	<u>-0-</u>	<u>(211,752)</u>	<u>(1,133,088)</u>	<u>(546,224)</u>
					474,973
<u>34,091</u>	<u>1,438</u>	<u>25,880</u>	<u>9,321</u>	<u>36,316</u>	<u>192,074</u>
<u>34,091</u>	<u>1,438</u>	<u>25,880</u>	<u>9,321</u>	<u>36,316</u>	<u>192,074</u>
(114,236)	1,438	5,025,880	(230,234)	(802,376)	4,577,403
<u>3,761,951</u>	<u>163,532</u>	<u>-0-</u>	<u>1,079,954</u>	<u>4,142,325</u>	<u>17,102,776</u>
<u>\$ 3,647,715</u>	<u>\$ 164,970</u>	<u>\$ 5,025,880</u>	<u>\$ 849,720</u>	<u>\$ 3,339,949</u>	<u>\$ 21,680,179</u>

CITY OF LAKE JACKSON

Lake Jackson, Texas

**CONSOLIDATED SCHEDULE OF CASH FLOWS
ENTERPRISE FUND - SUB-FUNDS - Continued**

For the Year Ended September 30, 2020

	<u>Utility</u>	<u>Utility Contingency</u>	<u>Utility Revenue Bond Interest and Sinking</u>
Reconciliation of Operating Income to Net Cash Provided			
(used) by Operating Activities:			
Operating income	\$ 2,101,022	\$ -0-	\$ -0-
Adjustments to Reconcile Operating Income to Net Cash			
Provided (Used) by Operating Activities:			
Depreciation	3,493,820		
(Increase) decrease in:			
Accounts receivable	(200,407)		
Due from other funds	(662,256)		
Increase (decrease) in:			
Accounts payable	224,360		(750)
Accrued wages payable	37,622		
Unearned revenue	2,786		
Net pension and OPEB liability	120,477		
Accrued compensated absences	(16,732)		
Customer deposits	(8,508)		
Total adjustments	<u>2,990,153</u>	<u>-0-</u>	<u>(750)</u>
Net cash provided (used) by operating activities	\$ <u>5,091,175</u>	\$ <u>-0-</u>	\$ <u>(750)</u>
Non-cash Investing, Capital, and Financing Activities:			
Capital contributions	\$ 1,481,000		
Net effect of non-cash transactions	\$ <u>1,481,000</u>	\$ <u>-0-</u>	\$ <u>-0-</u>

<u>Utility Construction</u>	<u>2013 Revenue Bond</u>	<u>2019 Revenue Bond</u>	<u>North Sewer Extension</u>	<u>2017 Utility Bond</u>	<u>Total</u>
\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ <u>2,101,022</u>
					3,493,820
1,009					(200,407) (662,256)
(15,616)			(27,803)	294,396	474,587 37,622 2,786 120,477 (16,732) (8,508)
<u>(14,607)</u>	<u>-0-</u>	<u>-0-</u>	<u>(27,803)</u>	<u>294,396</u>	<u>3,241,389</u>
<u>\$(14,607)</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$(27,803)</u>	<u>\$ 294,396</u>	<u>\$ 5,342,411</u>
\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>1,481,000</u>
\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>1,481,000</u>

CITY OF LAKE JACKSON

Lake Jackson, Texas

**GENERAL OBLIGATION BONDS
DEBT SERVICE SCHEDULE**

September 30, 2020

<u>Year Ending</u> <u>09/30</u>	<u>Series 2010</u>		<u>Series 2011</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2021	\$ 150,000	\$ 57,375	\$ 740,000	\$ 52,000
2022	150,000	51,375	555,000	26,100
2023	150,000	45,375	375,000	7,500
2024	150,000	39,375		
2025	150,000	33,375		
2026	150,000	27,375		
2027	150,000	21,375		
2028	150,000	15,375		
2029	150,000	9,281		
2030	150,000	3,094		
2031				
2032				
2033				
2034				
2035				
2036				
2037				
2038				
2039				
TOTAL	<u>\$ 1,500,000</u>	<u>\$ 303,375</u>	<u>\$ 1,670,000</u>	<u>\$ 85,600</u>

(continued)

<u>Series 2013 LTB</u>		<u>Series 2013 Certificate</u>		<u>Series 2013A Certificate</u>	
<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
\$ 200,000	\$ 62,000	\$ 100,000	\$ 33,750	\$ 150,000	\$ 10,875
200,000	58,000	100,000	31,750	150,000	6,750
200,000	54,000	100,000	29,625	150,000	2,250
200,000	50,000	100,000	27,375		
200,000	46,000	100,000	24,875		
200,000	41,500	100,000	22,125		
200,000	38,500	100,000	19,375		
200,000	31,500	100,000	16,500		
200,000	26,500	100,000	13,500		
200,000	21,000	100,000	10,500		
200,000	15,000	100,000	7,500		
200,000	9,000	100,000	4,500		
200,000	3,000	100,000	1,500		
<hr/>		<hr/>		<hr/>	
<u>\$ 2,600,000</u>	<u>\$ 454,000</u>	<u>\$ 1,300,000</u>	<u>\$ 242,875</u>	<u>\$ 450,000</u>	<u>\$ 19,875</u>

CITY OF LAKE JACKSON

Lake Jackson, Texas

**GENERAL OBLIGATION BONDS
DEBT SERVICE SCHEDULE - Continued**

September 30, 2020

Year Ending 09/30	Series 2014 Certificate		Series 2015 Refunding Bonds	
	Principal	Interest	Principal	Interest
2021	\$ 275,000	\$ 104,844	\$ 825,000	\$ 159,413
2022	275,000	98,656	820,000	134,737
2023	275,000	92,468	810,000	110,288
2024	275,000	85,938	800,000	86,137
2025	275,000	79,063	615,000	64,912
2026	275,000	72,188	605,000	47,369
2027	275,000	65,141	595,000	30,869
2028	275,000	57,922	320,000	18,287
2029	275,000	50,187	315,000	9,556
2030	275,000	41,594	190,000	2,613
2031	275,000	32,656		
2032	275,000	23,719		
2033	275,000	14,438		
2034	275,000	4,812		
2035				
2036				
2037				
2038				
2039				
TOTAL	<u>\$ 3,850,000</u>	<u>\$ 823,626</u>	<u>\$ 5,895,000</u>	<u>\$ 664,181</u>

(continued)

<u>Series 2016 Refunding Bonds</u>		<u>Series 2016LT Certificate</u>		<u>Series 2017LT Tax Bonds</u>	
<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
\$ 150,000	\$ 62,824	\$ 270,000	\$ 65,100	\$ 200,000	\$ 107,685
150,000	58,326	270,000	59,700	200,000	100,685
150,000	53,825	270,000	54,300	200,000	92,685
150,000	49,325	270,000	47,550	200,000	84,685
150,000	44,825	270,000	39,450	200,000	77,685
150,000	41,074	270,000	32,700	195,000	71,760
150,000	38,075	120,000	28,800	195,000	65,910
150,000	35,075	115,000	26,450	195,000	60,060
150,000	32,075	115,000	24,150	195,000	54,210
150,000	28,700	115,000	21,563	195,000	48,360
145,000	25,012	115,000	18,687	195,000	42,900
145,000	21,388	115,000	15,525	195,000	37,830
145,000	17,763	115,000	12,075	195,000	32,565
145,000	13,956	115,000	8,625	195,000	27,105
145,000	9,969	115,000	5,175	195,000	21,450
145,000	5,981	115,000	1,725	195,000	15,600
145,000	1,994			195,000	9,506
				195,000	3,169
<hr/>		<hr/>		<hr/>	
<u>\$ 2,515,000</u>	<u>\$ 540,187</u>	<u>\$ 2,775,000</u>	<u>\$ 461,575</u>	<u>\$ 3,535,000</u>	<u>\$ 953,850</u>

CITY OF LAKE JACKSON

Lake Jackson, Texas

**GENERAL OBLIGATION BONDS
DEBT SERVICE SCHEDULE - Continued**

September 30, 2020

Year Ending 09/30	Series 2018LT Tax Bonds		Totals		
	Principal	Interest	Principal	Interest	Total
2021	\$ 475,000	\$ 316,325	\$ 3,535,000	\$ 1,032,191	\$ 4,567,191
2022	445,000	293,325	3,315,000	919,404	4,234,404
2023	445,000	273,300	3,125,000	815,616	3,940,616
2024	445,000	255,500	2,590,000	725,885	3,315,885
2025	445,000	237,700	2,405,000	647,885	3,052,885
2026	440,000	220,000	2,385,000	576,091	2,961,091
2027	440,000	202,400	2,225,000	508,445	2,733,445
2028	440,000	185,900	1,945,000	447,069	2,392,069
2029	440,000	170,500	1,940,000	389,959	2,329,959
2030	440,000	155,100	1,815,000	332,524	2,147,524
2031	440,000	139,700	1,470,000	281,455	1,751,455
2032	440,000	123,750	1,470,000	235,712	1,705,712
2033	440,000	107,250	1,470,000	188,591	1,658,591
2034	440,000	90,750	1,170,000	145,248	1,315,248
2035	440,000	74,250	895,000	110,844	1,005,844
2036	440,000	57,750	895,000	81,056	976,056
2037	440,000	41,250	780,000	52,750	832,750
2038	440,000	24,750	635,000	27,919	662,919
2039	440,000	8,250	440,000	8,250	448,250
	<u>\$ 8,415,000</u>	<u>\$ 2,977,750</u>	<u>\$ 34,505,000</u>	<u>\$ 7,526,894</u>	<u>\$ 42,031,894</u>

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CITY OF LAKE JACKSON

Lake Jackson, Texas

**WATERWORKS AND SEWER SYSTEM
REVENUE BONDS - DEBT SERVICE SCHEDULE**

September 30, 2020

Year Ending 09/30	Series 2010 Refunding		Series 2013		Series 2016 Refunding	
	Principal	Interest	Principal	Interest	Principal	Interest
2021	\$ 755,000	\$ 30,200	\$ 100,000	\$ 38,000	\$ 250,000	\$ 90,450
2022			100,000	35,250	250,000	82,950
2023			100,000	32,500	245,000	75,500
2024			100,000	29,750	245,000	68,100
2025			100,000	27,000	245,000	60,750
2026			100,000	24,000	240,000	53,400
2027			100,000	21,000	235,000	46,200
2028			100,000	18,000	145,000	39,150
2029			100,000	15,000	145,000	34,800
2030			100,000	12,000	145,000	30,450
2031			100,000	9,000	145,000	26,100
2032			100,000	6,000	145,000	21,750
2033			100,000	3,000	145,000	17,400
2034					145,000	13,050
2035					145,000	8,700
2036					145,000	4,350
2037						
2038						
TOTAL	<u>\$ 755,000</u>	<u>\$ 30,200</u>	<u>\$ 1,300,000</u>	<u>\$ 270,500</u>	<u>\$ 3,015,000</u>	<u>\$ 673,050</u>

Series 2017 Refunding Bonds		Series 2019 Revenue Bonds		Totals		
Principal	Interest	Principal	Interest	Principal	Interest	Total
\$ 100,000	\$ 154,175	\$ 80,000	\$ 182,595	\$ 1,285,000	\$ 495,420	\$ 1,780,420
275,000	151,175	570,000	179,395	1,195,000	448,770	1,643,770
275,000	142,925	380,000	156,595	1,000,000	407,470	1,407,470
275,000	131,925	380,000	141,395	1,000,000	371,170	1,371,170
275,000	120,925	335,000	126,195	955,000	334,870	1,289,870
275,000	109,925	335,000	112,795	950,000	300,120	1,250,120
275,000	98,925	335,000	99,395	945,000	265,520	1,210,520
275,000	90,675	335,000	85,995	855,000	233,820	1,088,820
275,000	82,425	330,000	72,595	850,000	204,820	1,054,820
275,000	74,175	330,000	59,395	850,000	176,020	1,026,020
275,000	65,925	255,000	52,465	775,000	153,490	928,490
275,000	57,675	255,000	47,110	775,000	132,535	907,535
275,000	49,425	250,000	41,500	770,000	111,325	881,325
270,000	41,175	250,000	36,000	665,000	90,225	755,225
270,000	33,075	250,000	30,250	665,000	72,025	737,025
270,000	24,975	250,000	24,500	665,000	53,825	718,825
270,000	16,875	250,000	18,500	520,000	35,375	555,375
270,000	8,438	250,000	12,500	520,000	20,938	540,938
		<u>250,000</u>	<u>6,250</u>	<u>250,000</u>	<u>6,250</u>	<u>256,250</u>
<u>\$ 4,750,000</u>	<u>\$ 1,454,813</u>	<u>\$ 5,670,000</u>	<u>\$ 1,485,425</u>	<u>\$ 15,490,000</u>	<u>\$ 3,913,988</u>	<u>\$ 19,403,988</u>

CITY OF LAKE JACKSON

Lake Jackson, Texas

INSURANCE COVERAGE

September 30, 2020

<u>Type of Coverage</u>	<u>Amount of Coverage</u>	<u>Expiration Date</u>
Texas Municipal League:		
General and Auto Liability:		
General liability	\$ 5,000,000	10/01/21
Automobile liability	5,000,000	10/01/21
Other Liability:		
Law enforcement liability	5,000,000	10/01/21
Errors and omissions	2,000,000	10/01/21
Property coverage	55,942,002	10/01/21
Mobil equipment	2,673,890	10/01/21
Boiler and machinery	8,000,000	10/01/21
American Governmental Risk and Insurance Programs:		
Windstorm and hail coverage on property, buildings and contents	58,153,945	01/26/21
Pollution liability insurance	2,000,000	10/01/21
Cyber Liability	1,000,000	10/01/21

STATISTICAL SECTION

The Statistical Section presents detailed information as a context for understanding what information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health. It includes five categories of information:

Financial Trends (tables 1-4) - contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.

Revenue Capacity (tables 5-9) - contain information to help the reader assess the government's most significant local revenue source.

Debt Capacity (tables 10-13) - present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.

Demographic and Economic Information (tables 14-15) - offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.

Operating Information (tables 16-18) - contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to services the government provides and the activities it performs.

CITY OF LAKE JACKSON

Lake Jackson, Texas

Table 1
Net Position by Component - Last Ten Fiscal Years
(accrual basis of accounting)

	<u>2011</u>	(Restated) <u>2012</u>	<u>2013</u>	(Restated) <u>2014</u>	<u>2015</u>
Governmental Activities:					
Net investment in capital assets	\$ 30,758,109	\$ 31,925,095	\$ 32,758,260	\$ 32,216,296	\$ 33,568,778
Restricted	3,492,533	2,954,878	3,336,660	3,555,361	3,770,121
Unrestricted	<u>11,811,249</u>	<u>12,831,196</u>	<u>13,720,520</u>	<u>13,914,437</u>	<u>15,824,959</u>
Total governmental activities net Position	<u>\$ 46,061,891</u>	<u>\$ 47,711,169</u>	<u>\$ 49,815,440</u>	<u>\$ 49,686,094</u>	<u>\$ 53,163,858</u>
Business-type Activities Net Position:					
Net investment in capital assets	\$ 28,073,361	\$ 27,647,349	\$ 25,127,439	\$ 25,271,709	\$ 25,797,977
Restricted	2,108,449	2,203,481	4,128,057	5,098,779	4,277,148
Unrestricted	<u>3,474,825</u>	<u>3,249,031</u>	<u>3,459,981</u>	<u>2,667,740</u>	<u>2,789,247</u>
Total business-type activities net position	<u>\$ 33,656,635</u>	<u>\$ 33,099,861</u>	<u>\$ 32,715,477</u>	<u>\$ 33,038,228</u>	<u>\$ 32,864,372</u>
Primary Government:					
Net investment in capital assets	\$ 58,831,470	\$ 59,572,444	\$ 57,885,699	\$ 57,488,005	\$ 59,366,755
Restricted	5,600,982	5,158,359	7,464,717	8,654,140	8,047,269
Unrestricted	<u>15,286,074</u>	<u>16,080,227</u>	<u>17,180,501</u>	<u>16,582,177</u>	<u>18,614,206</u>
Total primary government net position	<u>\$ 79,718,526</u>	<u>\$ 80,811,030</u>	<u>\$ 82,530,917</u>	<u>\$ 82,724,322</u>	<u>\$ 86,028,230</u>

<u>2016</u>	(Restated) <u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
\$ 36,518,760	\$ 34,776,336	\$ 36,842,141	\$ 39,430,164	\$ 39,944,744
3,156,731	3,135,742	3,280,276	2,857,520	3,400,316
<u>14,662,475</u>	<u>12,962,925</u>	<u>14,139,592</u>	<u>14,971,947</u>	<u>16,748,998</u>
<u>\$ 54,337,966</u>	<u>\$ 50,875,003</u>	<u>\$ 54,262,009</u>	<u>\$ 57,259,631</u>	<u>\$ 60,094,058</u>
\$ 30,118,830	\$ 31,654,276	\$ 27,429,024	\$ 34,480,019	\$ 34,659,879
2,315,334	4,156,093	8,285,251	1,599,229	1,537,234
<u>4,122,879</u>	<u>4,558,480</u>	<u>6,520,045</u>	<u>7,609,713</u>	<u>8,764,187</u>
<u>\$ 36,557,043</u>	<u>\$ 40,368,849</u>	<u>\$ 42,234,320</u>	<u>\$ 43,689,961</u>	<u>\$ 44,961,300</u>
\$ 66,637,590	\$ 66,430,612	\$ 64,271,165	\$ 73,911,183	\$ 74,604,623
5,472,065	7,291,835	11,565,527	4,456,749	4,937,550
<u>18,785,354</u>	<u>17,521,405</u>	<u>20,659,637</u>	<u>22,581,660</u>	<u>25,513,185</u>
<u>\$ 90,895,009</u>	<u>\$ 91,243,852</u>	<u>\$ 96,496,329</u>	<u>\$ 100,949,592</u>	<u>\$ 105,055,358</u>

CITY OF LAKE JACKSON

Lake Jackson, Texas

Table 2
Changes in Net Position - Last Ten Fiscal Years
(accrual basis of accounting)

	2011	(Restated) 2012	2013	2014	2015
Expenses					
Governmental Activities:					
General government and administration	\$ 3,079,021	\$ 3,338,677	\$ 3,644,824	\$ 3,963,493	\$ 3,976,659
Public safety	6,140,172	6,146,043	6,260,664	6,391,647	6,364,951
Public works	4,288,666	4,378,048	4,827,784	4,467,635	4,466,925
Culture and recreation	4,961,616	4,896,044	4,501,507	5,173,328	5,561,349
Interest on long-term debt	<u>1,293,892</u>	<u>1,629,413</u>	<u>1,258,756</u>	<u>985,786</u>	<u>1,071,742</u>
Total governmental activities expenses	<u>19,763,367</u>	<u>20,388,225</u>	<u>20,493,538</u>	<u>20,981,889</u>	<u>21,441,626</u>
Business-type Activities:					
Water and sewer	7,410,839	7,811,698	7,774,236	7,775,096	8,122,897
Sanitation	2,432,879	2,219,316	2,278,112	2,442,771	2,551,608
Golf Course	<u>2,060,021</u>	<u>1,922,542</u>	<u>1,972,608</u>	<u>1,951,623</u>	<u>1,952,353</u>
Total business-type activities expenses	<u>11,903,739</u>	<u>11,953,556</u>	<u>12,024,956</u>	<u>12,169,490</u>	<u>12,636,858</u>
Total primary government expenses	<u>\$ 31,667,106</u>	<u>\$ 32,341,781</u>	<u>\$ 32,518,494</u>	<u>\$ 33,151,379</u>	<u>\$ 34,078,484</u>
Program Revenues					
Governmental Activities:					
Charges for Services:					
General government and administration	\$ 459,598	\$ 550,251	\$ 657,598	\$ 678,652	\$ 584,423
Public safety					
Public works	213,772	227,672	587,897	501,138	666,610
Culture and recreation	1,005,931	1,042,830	1,043,331	1,135,711	1,186,243
Operating grants and contributions	405,794	131,528	304,854	6,613	111,615
Capital grants and contributions		<u>100,168</u>			
Total governmental activities program revenues	<u>2,085,095</u>	<u>2,052,449</u>	<u>2,251,680</u>	<u>2,322,114</u>	<u>2,548,891</u>
Business-type Activities:					
Charges for Services:					
Water and sewer	7,784,450	7,362,306	7,393,568	7,303,337	8,060,180
Sanitation	3,036,999	3,052,811	3,161,165	3,163,629	3,287,706
Golf	1,571,415	1,519,738	1,608,396	1,446,320	1,386,531
Operating grants and contributions		143,858			
Capital grants and contributions	<u>14,445</u>	<u>28,969</u>	<u>36,214</u>	<u>133,195</u>	<u>38,897</u>
Total business-type activities program revenues	<u>12,407,309</u>	<u>12,107,682</u>	<u>12,199,343</u>	<u>12,046,481</u>	<u>12,773,314</u>
Total primary government program revenues	<u>\$ 14,492,404</u>	<u>\$ 14,160,131</u>	<u>\$ 14,451,023</u>	<u>\$ 14,368,595</u>	<u>\$ 15,322,205</u>

<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
\$ 4,637,221	\$ 5,185,914	\$ 4,469,968	\$ 4,864,266	\$ 6,069,375
6,996,740	8,116,735	8,014,355	9,185,098	8,808,839
4,800,673	5,013,485	4,815,157	5,470,552	5,032,463
5,934,908	6,197,113	6,259,805	6,372,810	5,866,037
<u>1,177,942</u>	<u>788,505</u>	<u>962,144</u>	<u>1,228,818</u>	<u>1,009,362</u>
<u>23,547,484</u>	<u>25,301,752</u>	<u>24,521,429</u>	<u>27,121,544</u>	<u>26,786,076</u>
8,717,505	9,321,589	9,670,841	10,254,413	10,660,368
2,864,997	3,014,234	3,240,185	3,415,379	3,407,708
<u>1,895,258</u>	<u>1,985,245</u>	<u>2,038,347</u>	<u>2,179,331</u>	<u>2,304,135</u>
<u>13,477,760</u>	<u>14,321,068</u>	<u>14,949,373</u>	<u>15,849,123</u>	<u>16,372,211</u>
<u>\$ 37,025,244</u>	<u>\$ 39,622,820</u>	<u>\$ 39,470,802</u>	<u>\$ 42,970,667</u>	<u>\$ 43,158,287</u>

\$ 444,607	\$ 553,511	\$ 627,106	\$ 710,294	\$ 542,158
496,068	341,122	334,908	556,953	599,601
1,263,879	1,236,652	1,150,568	1,098,384	503,792
254,433	130,185	394,666	1,205,727	1,153,321
<u>2,011,011</u>	<u>296,861</u>	<u>554,207</u>	<u>1,477,454</u>	<u>247,000</u>
<u>4,469,998</u>	<u>2,558,331</u>	<u>3,061,455</u>	<u>5,048,812</u>	<u>3,045,872</u>
8,610,062	9,448,487	11,048,240	10,459,653	11,226,474
3,765,504	3,849,309	3,920,214	4,067,481	4,315,988
1,276,932	1,286,124	1,309,422	1,300,240	1,440,411
<u>945,311</u>	<u>209,122</u>	<u>232,540</u>	<u>429,186</u>	<u>1,481,000</u>
<u>14,597,809</u>	<u>14,793,042</u>	<u>16,510,416</u>	<u>16,256,560</u>	<u>18,463,873</u>
<u>\$ 19,067,807</u>	<u>\$ 17,351,373</u>	<u>\$ 19,571,871</u>	<u>\$ 21,305,572</u>	<u>\$ 21,509,745</u>

CITY OF LAKE JACKSON

Lake Jackson, Texas

Table 2 - Continued
Changes in Net Position - Last Ten Fiscal Years
(accrual basis of accounting)

	(Restated) 2011	2012	2013	2014	2015
Net (Expense)/Revenue:					
Governmental activities	\$(17,678,272)	\$(18,335,776)	\$(18,241,858)	\$(18,659,775)	\$(18,892,735)
Business-type activities	<u>503,570</u>	<u>154,126</u>	<u>174,387</u>	<u>(123,009)</u>	<u>136,456</u>
Total primary governmental net expense	<u>(17,174,702)</u>	<u>(18,181,650)</u>	<u>(18,067,471)</u>	<u>(18,782,784)</u>	<u>(18,756,279)</u>
General Revenues & Other Changes in Net Position					
Governmental Activities:					
Taxes:					
Property	5,640,962	5,537,580	5,606,122	5,687,918	5,827,889
Sales	5,918,501	7,230,131	7,712,671	7,978,873	9,129,362
Occupancy	226,240	219,915	274,101	311,774	498,844
Franchise	1,619,883	1,593,448	1,616,709	1,657,659	1,734,149
Other	130,638	130,992	141,546	164,284	206,901
Industrial district	3,984,300	4,100,000	4,100,000	4,186,100	4,249,304
Investment earnings	100,646	106,725	107,960	61,941	57,363
Miscellaneous	165,279	22,367	191,495	142,508	333,321
Gain (loss) on sale/retirement of capital assets			290,564	29,403	7,314
Transfers	<u>420,114</u>	<u>753,332</u>	<u>595,525</u>	<u>(623,332)</u>	<u>326,052</u>
Total governmental activities	<u>19,206,563</u>	<u>19,985,054</u>	<u>20,346,129</u>	<u>19,597,128</u>	<u>22,370,499</u>
Business-type Activities:					
Investment earnings	36,825	42,432	36,754	14,192	15,740
Gain on disposition of capital assets					
Miscellaneous					
Transfers	<u>(420,114)</u>	<u>(753,332)</u>	<u>(595,525)</u>	<u>623,332</u>	<u>(326,052)</u>
Total business-type activities	<u>(383,289)</u>	<u>(710,900)</u>	<u>558,771</u>	<u>637,524</u>	<u>(310,312)</u>
Total primary government	<u>18,823,274</u>	<u>19,274,154</u>	<u>19,787,358</u>	<u>20,234,552</u>	<u>22,060,187</u>
Change in Net Position					
Governmental activities	1,528,281	1,649,278	2,104,271	937,353	3,477,764
Business-type activities	120,281	(556,774)	(384,384)	514,515	(173,856)
Adjustments				<u>(1,258,463)</u>	
Total primary government	<u>\$ 1,648,572</u>	<u>\$ 1,092,504</u>	<u>\$ 1,719,887</u>	<u>\$ 193,405</u>	<u>\$ 3,303,908</u>

Source: Comprehensive Annual Financial Report

<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
\$(19,077,486)	\$(22,743,421)	\$(21,459,974)	\$(22,072,732)	\$(23,740,204)
<u>1,120,049</u>	<u>471,974</u>	<u>1,561,043</u>	<u>407,437</u>	<u>2,091,662</u>
<u>(17,957,437)</u>	<u>(22,271,447)</u>	<u>(19,898,931)</u>	<u>(21,665,295)</u>	<u>(21,648,542)</u>
5,879,917	6,090,100	6,619,739	7,047,330	7,548,231
9,417,731	9,489,693	10,266,971	10,033,280	10,084,371
526,662	539,553	590,629	510,517	384,272
1,720,294	1,687,768	1,693,598	1,744,435	1,650,098
217,926	222,443	254,155	253,500	224,578
4,317,295	4,394,560	4,501,353	5,006,224	5,101,850
96,689	171,392	387,708	781,232	321,323
613,002	473,897	553,819	349,277	180,814
		1,666	10,467	66,097
<u>(2,537,922)</u>	<u>(3,360,087)</u>	<u>(31,459)</u>	<u>(655,441)</u>	<u>1,012,997</u>
<u>20,251,594</u>	<u>19,710,985</u>	<u>24,846,980</u>	<u>25,070,354</u>	<u>26,574,631</u>
34,700	98,251	272,969	392,763	192,674
	8,500			
<u>2,537,922</u>	<u>3,360,087</u>	<u>31,459</u>	<u>655,441</u>	<u>(1,012,997)</u>
<u>2,572,622</u>	<u>3,466,838</u>	<u>304,428</u>	<u>1,048,204</u>	<u>(820,323)</u>
<u>22,824,216</u>	<u>23,177,823</u>	<u>25,151,406</u>	<u>26,118,558</u>	<u>25,754,308</u>
1,174,108	(3,032,436)	3,387,006	2,997,622	2,834,427
3,692,671	3,938,812	1,865,471	1,455,641	1,271,339
	<u>(557,533)</u>			
<u>\$ 4,866,779</u>	<u>\$ 348,843</u>	<u>\$ 5,252,477</u>	<u>\$ 4,453,263</u>	<u>\$ 4,105,766</u>

CITY OF LAKE JACKSON

Lake Jackson, Texas

Table 3
Fund Balances, Governmental Funds - Last Ten Fiscal Years
(modified accrual basis of accounting)

	2011	2012	2013	2014	2015
General Fund:					
Nonspendable	\$ 179,575	\$ 135,790	\$ 88,399	\$ 90,320	\$ 100,472
Committed:					
General contingencies	1,032,819	1,037,756	800,085	801,448	903,264
Assigned:					
Unemployment insurance	203,627	194,179	176,847	165,785	144,302
Equipment replacement	4,033,149	4,909,100	5,544,711	5,813,661	6,193,352
Special events	6,660	31,881	12,308	12,937	32,652
Parks	336,842	284,576	245,889	295,836	172,762
Unassigned	5,503,023	5,636,513	6,240,900	6,644,409	7,480,835
 Total general fund	 \$ 11,295,695	 \$ 12,229,795	 \$ 13,109,139	 \$ 13,824,396	 \$ 15,027,639
 All Other Governmental Funds:					
Restricted:					
Debt Service	\$ 671,628	\$ 608,056	\$ 707,536	\$ 717,734	\$ 714,676
Capital Projects	5,562,372	3,321,850	7,526,486	5,112,819	9,510,524
Economic Development	2,526,505	2,207,924	2,292,698	2,412,766	2,519,353
Encourage tourism	60,661	39,718	42,375	45,523	49,798
Law enforcement	121,667	142,911	122,313	108,418	70,847
Traffic safety	131,313	48,533	26,738	23,492	
Contributor purpose	4,157				
Program education		75,138	124,901	196,245	281,104
Assigned:					
General construction	1,353,206	1,475,196	1,370,332	1,903,546	2,102,001
 Total all other governmental funds	 \$ 10,431,509	 \$ 7,919,326	 \$ 12,313,379	 \$ 10,520,543	 \$ 15,248,303

<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
\$ 80,608	\$ 248,341	\$ 117,040	\$ 97,186	\$ 88,957
906,260	910,307	921,955	941,824	951,063
125,052	116,289	114,181	108,305	62,388
6,284,423	6,648,936	6,831,217	6,788,333	8,092,279
50,934	64,943	6,468	9,289	37,877
146,532	87,573	73,458	123,175	101,696
<u>6,763,696</u>	<u>4,918,169</u>	<u>6,371,628</u>	<u>6,270,142</u>	<u>7,086,503</u>
<u>\$ 14,357,505</u>	<u>\$ 12,994,558</u>	<u>\$ 14,435,947</u>	<u>\$ 14,338,254</u>	<u>\$ 16,420,763</u>

\$ 693,467	\$ 3,304,455	\$ 736,349	\$ 751,790	\$ 745,192
3,126,573	2,543,712	6,534,635	14,380,492	11,995,459
1,901,916	1,708,061	1,824,256	1,357,987	2,115,751
45,333	77,791	155,192	126,766	85,284
96,797	89,425	61,989	93,418	78,240
366,271	284,202	287,232	366,873	390,076
<u>2,044,549</u>	<u>2,644,777</u>	<u>2,015,677</u>	<u>3,633,972</u>	<u>3,426,393</u>
<u>\$ 8,274,906</u>	<u>\$ 10,652,423</u>	<u>\$ 11,615,330</u>	<u>\$ 20,711,298</u>	<u>\$ 18,836,395</u>

CITY OF LAKE JACKSON

Lake Jackson, Texas

Table 4
Changes in Fund Balances, Governmental Funds - Last Ten Fiscal Years
(modified accrual basis of accounting)

	2011	2012	2013	2014	2015
Revenues:					
Taxes and industrial district	\$ 18,526,662	\$ 18,824,139	\$ 19,468,703	\$ 19,985,385	\$ 21,638,472
Intergovernmental	405,794	131,528	304,854	6,613	111,615
Charges for services	1,005,931	1,042,830	1,043,331	1,135,711	1,186,243
Fines and fees	418,536	504,603	569,700	625,201	573,801
Licenses and permits	213,772	227,672	245,897	501,138	666,810
Special assessment	4,712				
Investment earnings	100,646	106,725	107,960	61,941	57,363
Contributions		100,168			
Miscellaneous	160,567	290,564	191,495	142,508	333,321
	<u>20,836,620</u>	<u>21,228,229</u>	<u>21,931,940</u>	<u>22,458,497</u>	<u>24,565,425</u>
Total revenues					
Expenditures:					
General government administration	2,862,240	3,068,045	3,478,670	3,762,435	2,787,952
Public safety	5,559,479	5,600,724	5,686,957	5,751,812	5,966,657
Public works	2,671,957	2,717,025	2,618,713	2,697,647	2,578,564
Culture and recreation	4,067,243	4,105,287	4,101,500	4,236,809	4,812,107
Capital outlay	5,355,135	4,181,783	3,736,077	4,111,550	3,166,664
Debt Service:					
Principal retirement	2,715,000	2,830,000	2,785,000	2,805,000	3,150,000
Interest and fiscal charges	1,272,263	1,187,465	1,068,892	1,115,999	1,163,523
	<u>24,503,317</u>	<u>23,690,329</u>	<u>23,475,809</u>	<u>24,481,252</u>	<u>24,625,467</u>
Total expenditures					
Excess (deficiency) of revenues over (under) expenditures	<u>(3,666,697)</u>	<u>(2,462,100)</u>	<u>(1,543,869)</u>	<u>(2,022,755)</u>	<u>(60,042)</u>
Other Financing Sources (Uses):					
Issuance of bonds		7,360,000	6,000,000	1,500,000	5,550,000
Bond issuance premium		810,870	106,996	40,920	83,600
Proceeds from sale of capital assets	28,330	73,120	14,745	127,588	81,393
Payment to bond refunding escrow agent		(8,113,305)			
Transfers in	4,058,123	4,071,614	3,929,614	4,315,121	4,646,206
Transfers out	<u>(3,638,009)</u>	<u>(3,318,282)</u>	<u>(3,334,089)</u>	<u>(4,938,453)</u>	<u>(4,320,154)</u>
Total other financing sources (uses)	<u>448,444</u>	<u>884,017</u>	<u>6,717,266</u>	<u>1,045,176</u>	<u>5,991,045</u>
Net change in fund balances	<u>\$ (3,218,253)</u>	<u>\$ (1,578,083)</u>	<u>\$ 5,173,397</u>	<u>\$ (977,579)</u>	<u>\$ (5,931,003)</u>
Debt Service as a percentage of noncapital Expenditures	20.8%	20.6%	19.5%	19.2%	20.1%

<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
\$ 22,073,188	\$ 22,421,836	\$ 23,917,953	\$ 24,584,607	\$ 24,977,060
254,433	130,185	394,666	1,205,727	1,153,321
1,263,879	1,236,652	1,150,568	1,098,384	503,792
472,117	535,164	553,806	589,588	544,436
496,068	341,122	334,908	556,953	599,601
96,689	171,392	387,708	781,232	321,323
<u>613,002</u>	<u>473,897</u>	<u>553,819</u>	<u>349,277</u>	<u>180,814</u>
<u>25,269,376</u>	<u>25,310,248</u>	<u>27,293,428</u>	<u>29,165,768</u>	<u>28,280,347</u>
4,039,007	4,645,330	4,078,465	4,201,120	5,555,183
6,038,765	7,005,479	7,182,671	7,567,176	7,591,717
2,837,563	2,795,351	2,681,410	2,936,613	2,470,459
5,068,207	5,318,988	5,406,493	5,258,156	4,865,358
10,051,261	3,820,985	5,913,695	4,949,028	4,137,186
3,210,000	3,395,000	3,175,000	3,135,000	3,455,000
<u>1,000,440</u>	<u>1,128,293</u>	<u>1,095,273</u>	<u>1,364,117</u>	<u>1,154,929</u>
<u>32,245,243</u>	<u>28,109,426</u>	<u>29,533,007</u>	<u>29,411,210</u>	<u>29,229,831</u>
(6,975,867)	(2,799,178)	(2,239,579)	(245,442)	(949,84)
7,870,000	6,820,000	3,935,000	8,800,000	
537,550	268,528	173,307	392,162	
41,105	30,142	75,328	108,488	117,499
(8,300,732)				
4,930,442	5,162,794	3,955,595	5,432,436	4,557,875
<u>(5,829,749)</u>	<u>(8,467,716)</u>	<u>(3,495,355)</u>	<u>(5,489,369)</u>	<u>(3,518,284)</u>
<u>(751,384)</u>	<u>3,813,748</u>	<u>4,643,875</u>	<u>9,243,717</u>	<u>1,157,090</u>
<u>\$(7,727,251)</u>	<u>\$ 1,014,570</u>	<u>\$ 2,404,296</u>	<u>\$ 8,998,275</u>	<u>\$ 207,606</u>
19.0%	18.60%	18.1%	18.4%	18.4%

CITY OF LAKE JACKSON

Lake Jackson, Texas

Table 5
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year	Estimated Market Value		Less: Tax-Exempt Property	Taxable Assessed Value	Total Direct Tax Rate
	Real Property	Personal Property			
2011	\$ 1,619,266,640	\$ 120,047,810	\$ 299,801,676	\$ 1,439,512,774	\$ 0.39000
2012	1,608,903,194	115,032,120	312,052,094	1,411,883,220	0.39000
2013	1,567,292,079	119,916,600	315,852,118	1,371,356,561	0.39000
2014	1,689,132,358	120,394,220	360,227,700	1,449,298,878	0.39000
2015	1,762,892,528	121,122,020	387,056,318	1,496,958,230	0.38750
2016	1,891,672,481	126,898,430	380,347,986	1,638,222,925	0.36000
2017	2,181,716,658	148,736,930	431,167,524	1,899,286,064	0.33750
2018	2,346,973,604	213,594,960	438,685,773	2,121,882,791	0.33750
2019	2,535,273,409	229,136,090	445,956,710	2,317,452,789	0.33520
2020	3,046,935,548	235,288,670	492,560,669	2,789,663,549	0.34820

Source: Brazoria County Appraisal District and City's budget document.

CITY OF LAKE JACKSON

Lake Jackson, Texas

Table 6
Direct and Overlapping Property Tax Rates (per \$100 of assessed value)
Last Ten Fiscal Years

Fiscal Year	City Direct Rates			Overlapping Rates				
	Operating/ General Rate	General Obligation Debt Service	Total Direct	Brazoria County	Brazosport ISD	Brazos River Navigation	Brazosport College	Velasco Drainage
2011	\$ 0.2345	\$ 0.1555	\$ 0.3900	\$ 0.4131	\$ 1.2415	\$ 0.0535	\$ 0.2392	\$ 0.0942
2012	0.2315	0.1585	0.3900	0.4259	1.2595	0.0515	0.2594	0.0948
2013	0.2323	0.1577	0.3900	0.4302	1.2553	0.0450	0.2673	0.1002
2014	0.2376	0.1524	0.3900	0.4920	1.2553	0.0450	0.2673	0.1002
2015	0.2408	0.1467	0.3875	0.4985	1.2553	0.0450	0.2809	0.0980
2016	0.2323	0.1277	0.3600	0.5174	1.2553	0.0401	0.2850	0.0915
2017	0.2251	0.1124	0.3375	0.4574	1.2553	0.0401	0.3032	0.0850
2018	0.2295	0.1080	0.3375	0.4402	1.2553	0.0401	0.3032	0.0850
2019	0.2280	0.1072	0.3352	0.4279	1.2553	0.0401	0.2985	0.0841
2020	0.2316	0.1166	0.3482	0.3920	1.1817	0.0401	0.2979	0.0815

Source: Brazoria County Appraisal District

CITY OF LAKE JACKSON
Lake Jackson, Texas

Table 7
Principal Property Tax Payers
Current Year and Ten Years Ago

2020			2010		
Taxpayer	Taxable Assessed Value	Percentage of Total City Taxable Assessed Value	Taxpayer	Taxable Assessed Value	Percentage of Total City Taxable Assessed Value
Les Lake Jackson LP	\$ 126,861,140	4.99%	Brazos Outlets (Mall)	\$ 17,354,580	1.19%
Dow Chemical Company	99,044,230	3.89%	Wal-Mart Stores, Inc.	16,702,550	1.15%
Cole Ofc Lake Jackson	37,103,430	1.46%	Edgewater Apts.	13,637,440	0.94%
Plantation Park	31,642,280	1.24%	Fazio Peter & Shari (Lowe's)	11,567,492	0.79%
Urban Crest	30,056,127	1.18%	Texas Dow Employees CU	10,078,120	0.69%
AC Brazos Mall Partners LLC	27,615,890	1.09%	Home Depot	9,718,418	0.67%
Redwood Edgewater DST	23,586,790	0.93%	Dow Chemical Company	9,583,100	0.66%
The Residence of Lake Jackson	20,457,010	0.80%	Centerpoint Energy Inc.	8,723,150	0.60%
Napa Ventures Oyster Creek LLC	16,860,840	0.66%	Villages of Lake Jackson.	6,840,210	0.47%
Napa Ventures Treasure Bay LLC	15,491,590	0.61%	Buc-ee's LTD	6,667,070	0.46%
Total	\$ <u>428,719,327</u>	<u>16.85%</u>	Total	\$ <u>110,873,130</u>	<u>7.61%</u>

Source: Brazoria County Appraisal District

CITY OF LAKE JACKSON

Lake Jackson, Texas

Table 8
Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year	Taxes Levied for the Fiscal Year ¹	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2011	\$ 5,599,633	\$ 5,545,788	99.0%	\$ 40,204	\$ 5,585,992	99.8%
2012	5,506,055	5,468,387	99.3%	32,611	5,500,998	99.9%
2013	5,581,007	5,546,523	99.4%	27,429	5,573,952	99.9%
2014	5,652,730	5,617,595	99.4%	24,495	5,642,090	99.8%
2015	5,800,884	5,762,010	99.3%	22,840	5,784,850	99.7%
2016	5,897,602	5,852,979	99.2%	26,377	5,879,356	99.7%
2017	6,339,467	6,300,623	99.4%	17,986	6,318,609	99.7%
2018	7,071,936	7,032,982	99.5%	17,403	7,050,385	99.7%
2019	7,699,155	7,657,580	99.5%	6,877	7,664,457	99.6%
2020	8,240,262	8,195,520	99.5%		8,195,520	99.5%

Source: Brazoria County Tax Office

¹ Adjusted Tax Levy

CITY OF LAKE JACKSON

Lake Jackson, Texas

Table 9
Sales Tax Analysis
Last Ten Fiscal Years

Fiscal Year	General Fund Sales Tax Collections ³	Half-Cent Sales Tax Collections ¹	Total Sales Tax Collections	Percentage Growth	Sales Tax as a % of Total Revenues	Per Capita ²
2011	\$ 4,562,725	\$ 2,355,777	\$ 6,918,501	3.1%	33.2%	\$ 257.64
2012	4,772,141	2,457,990	7,230,131	4.5%	34.1%	262.47
2013	5,093,359	2,619,312	7,712,671	6.7%	35.2%	279.04
2014	5,226,636	2,752,237	7,978,872	3.5%	35.5%	287.87
2015	5,991,129	3,138,233	9,129,362	14.4%	37.1%	328.75
2016	6,190,272	3,227,460	9,417,732	3.2%	37.3%	337.24
2017	6,377,917	3,188,958	9,566,875	1.6%	37.8%	343.97
2018	6,815,971	3,451,000	10,266,971	7.3%	37.6%	373.71
2019	6,833,831	3,416,916	10,250,747	(.16%)	34.4%	321.78
2020	6,685,758	3,398,616	10,084,371	(.17%)	35.7%	343.15

Source: Finance Department

¹ The half-cent sales tax is accounted for in the Economic Development fund. Voters approved the half-cent sales tax on May 6, 1995. This revenue is limited to payment of the costs of land, building, equipment, facilities, improvements, and maintenance and operation costs for public park purposes, recreational facilities, and infrastructure improvements for the development of new or expanded business enterprises.

² See Table 14 for population data.

³ Net of Sales Tax Rebate agreements.

CITY OF LAKE JACKSON

Lake Jackson, Texas

Table 10
Ratio of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year	Governmental Activities		Business-Type Activities		Total Primary Government	Percentage of Personal Income*	Per Capita*
	General Obligation Bonds	Certificates of Obligation	Water and Sewer Revenue Bonds	Capital Leases			
2011	\$ 24,540,000	\$ 5,785,000	\$ 11,765,000	\$ 230,875	42,320,875	4.54%	\$ 1,576
2012	22,740,000	4,655,000	10,550,000	-0-	37,945,000	3.92%	1,377
2013	24,090,000	6,250,000	11,345,000	-0-	41,685,000	4.39%	1,508
2014	21,785,000	7,250,000	10,145,000	-0-	39,180,000	4.15%	1,414
2015	20,311,193	11,975,000	9,129,371	-0-	41,415,564	4.29%	1,192
2016	20,658,003	8,700,000	7,941,333	-0-	37,299,336	3.58%	999
2017	21,386,772	11,510,000	9,870,009	-0-	42,766,781	3.89%	1,082
2018	23,200,542	10,465,000	13,788,494	-0-	47,454,036	4.17%	1,145
2019	30,027,019	9,420,000	12,422,033	-0-	51,869,052	3.74%	1,190
2020	29,415,826	8,544,174	11,030,000	-0-	48,970,000	4.80%	1,422

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

*See Table 14 for personal income and population data.

CITY OF LAKE JACKSON

Lake Jackson, Texas

Table 11
Ratio of Net General Bonded Debt Outstanding
Last Ten Fiscal Years

Fiscal Year	Gross Bonded Debt ¹	Less: Amounts Available in Debt Service Fund	Net Bonded Debt	Percentage of Actual Taxable Value of Property ²	Per Capita ³
2011	\$ 30,325,000	\$ 648,230	\$ 29,676,770	2.06%	1,129
2012	27,395,000	608,056	26,786,944	1.90%	994
2013	30,340,000	707,537	29,632,463	2.16%	1,098
2014	29,035,000	715,235	28,319,765	1.95%	1,048
2015	31,385,000	705,319	30,679,681	2.05%	1,130
2016	28,110,000	685,096	27,424,904	1.67%	1,007
2017	31,535,000	728,509	30,806,491	1.62%	1,134
2018	32,295,000	749,331	31,545,669	1.37%	1,176
2019	37,960,000	768,879	37,191,121	1.60%	1,168
2020	34,505,000	765,172	33,739,828	1.21%	1,174

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

⁰ Does not include Revenue Bonds

¹ Includes Series 2013, 2013A, 2014 & 2016 Certificates of Obligation and 2011 & 2015 refunding; all of which are being repaid from revenues generated from the half-cent optional sales tax. Does not include Revenue bonds.

² See Table 5 for property value data.

³ See Table 14 for population data

CITY OF LAKE JACKSON

Lake Jackson, Texas

Table 12
Direct and Overlapping Governmental Activities Debt
As of September 30, 2020

Governmental Unit	Debt Outstanding	As of	Estimated Percentage Applicable**	Estimated Share of Overlapping Debt
Debt repaid with property taxes:				
Angleton Danbury Medical	\$ 4,090,000	09/30/20	0.01%	\$ 409
Angleton ISD	140,985,000	09/30/20	0.01%	14,099
Brazoria County	139,678,313	09/30/20	5.48%	7,654,372
Brazosport College District	49,155,000	09/30/20	14.14%	6,950,517
Brazosport ISD	343,414,985	09/30/20	14.14%	48,558,879
Columbia-Brazoria ISD	38,520,000	09/30/20	1.07%	412,164
Port Freeport	31,665,000	09/30/20	9.42%	2,982,943
Velasco DD	4,850,000	09/30/20	14.19%	<u>688,215</u>
Subtotal, overlapping debt				67,261,497
City of Lack Jackson (direct debt)	34,505,000	* 09/30/20	100.00%	<u>34,505,000</u>
Total direct and overlapping debt				<u>\$ 101,721,497</u>

Source: Taxing jurisdictions, and the *Texas Municipal Advisory Council of Texas*.

* Gross Debt

** The percentage of overlapping debt applicable is estimated using taxable assessed property values.

CITY OF LAKE JACKSON
Lake Jackson, Texas

Table 13
Pledged Revenue Coverage
Last Ten Fiscal Years

Fiscal Year	Water and Sewer System Revenue Bonds						
	Utility Revenue and Other ⁰	Less: Operating Expenses ¹	Net Available Revenue	Average Annual Requirement	Average Coverage	Maximum Annual Requirements	Maximum Coverage
2011	\$ 7,819,019	\$ 5,116,318	\$ 2,702,701	\$ 763,512	3.54	\$ 1,603,350	1.69
2012	7,546,012	5,249,307	2,296,705	716,854	3.20	1,564,350	1.47
2013	7,427,529	5,315,927	2,111,602	697,008	3.03	1,579,676	1.34
2014	7,316,364	5,341,519	1,974,845	650,551	3.04	1,539,275	1.28
2015	8,075,590	5,674,608	2,400,962	601,175	3.99	1,486,875	1.61
2016	8,644,107	6,222,344	2,421,763	643,455	3.76	1,526,375	1.59
2017	9,554,486	6,694,433	2,860,053	872,517	3.28	1,742,975	1.64
2018	11,319,328	6,416,974	4,902,354	836,176	5.86	1,742,975	2.81
2019	10,850,622	6,701,864	4,148,758	1,056,809	3.93	1,780,420	2.33
2020	11,418,549	6,539,912	4,878,636	1,021,262	4.78	1,780,420	2.74

Source: Lake Jackson Finance Department

⁰ Utility Revenue and Other include water, sewer, connection fees, investment earnings; and excludes garbage fees.

¹ Excludes sanitation, interest, depreciation, and debt service charges.

CITY OF LAKE JACKSON

Lake Jackson, Texas

Table 14
Demographic and Economic Statistics
Last Ten Calendar Years

Year	Estimated Population	Estimated Personal Income	Per Capita Personal Income	Median Age ¹	School Enrollment	Unemploy- ment Rate	Labor Force
2011	26,853	932,175,042	\$ 34,714	--	6,867	7.5%	14,462
2012	27,547	967,175,170	35,110	--	6,338	6.2%	13,714
2013	27,640	950,594,880	34,392	--	6,268	6.1%	13,649
2014	27,717	943,292,661	34,033	--	6,172	5.0%	13,970
2015	27,770	964,840,880	34,744	--	6,150	4.2%	13,947
2016	27,926	1,043,091,952	37,352	36.9	6,300	4.5%	14,080
2017	27,813	1,099,114,134	39,518	—	6,125	3.2%	15,149
2018	27,473	1,138,591,012	41,444	38.0	6,053	4.2%	16,092
2019	31,856	1,388,443,760	43,585	37.8	6,506	4.9%	14,095
2020	29,388	1,011,946,392	34,434	37.0	6,117	5.2%	14,137

Source: Estimated Population, per capita income, and median age provided by U.S. Census and the Economic Development Alliance for Brazoria County.

Estimated personal income is derived from per capita personal income and estimated population.

School enrollment provided by Brazosport Independent School District.

Unemployment rate and Labor Force provided by the Texas Employment Commission website.

¹ Median age only available in Census Years, otherwise it is estimated.

CITY OF LAKE JACKSON
Lake Jackson, Texas

Table 15
Principal Employers
Current Year and Ten Years Ago

2020			2010		
Employer	Employees	Percentage of Total County Employment	Employer	Employees	Percentage of Total County Employment
Various Industrial Contractors	4,802	3.0%	Brazosport Memorial Hospital	676	4.69%
The Dow Chemical Company	3,610	2.2%	Wal-Mart	470	3.26%
Texas Dept of Criminal Justice	2,102	1.3%	Brazosport I.S.D.	380	2.63%
Olin Corporation	1,250	.80%	Dow Credit Union	215	1.49%
Phillips Corp	1,039	.64%	City of Lake Jackson	206	1.43%
Wood Group	1,000	.61%	Target	158	1.10%
BASF Corporation	906	.60%	Lowes	135	.94%
Brock Group	792	.50%	Home Depot	95	.66%
CHI St. Lukes	526	.32%	Ryan's Steakhouse	70	.49%
TDECU	<u>342</u>	<u>.21%</u>	Randall's	63	.44%
			Jerry's Food King	<u>38</u>	<u>.26%</u>
Total	<u><u>16,269</u></u>	<u><u>10.18%</u></u>	Total	<u><u>2,506</u></u>	<u><u>17.37%</u></u>

Source: Economic Development Alliance for Brazoria County

CITY OF LAKE JACKSON

Lake Jackson, Texas

Table 16
Full-time City Government Employees by
Function/Program
Last Ten Fiscal Years

<u>Function/Program</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
General Government and Administration	35	35	35	35	35	35	36	37	34	34
Public Safety:										
Police	60	60	60	60	60	60	62	62	65	68
Fire	1	1	1	1	1	2	2	2	2	2
Humane	3	3	3	3	1	3	3	3	3	3
Culture and Recreation	27	27	27	27	27	28	29	29	33	33
Public Works:										
Streets	7	7	7	7	7	7	7	7	7	7
Drainage	15	15	15	15	15	15	15	15	15	16
Building/Code	8	8	8	8	8	8	8	8	8	8
Garage	9	9	9	9	9	9	9	6	9	10
Water and Sewer	37	37	37	37	37	37	40	40	41	41
Sanitation	<u>25</u>									
	<u>227</u>	<u>227</u>	<u>227</u>	<u>227</u>	<u>222</u>	<u>229</u>	<u>236</u>	<u>237</u>	<u>242</u>	<u>247</u>

Source: City Budget

CITY OF LAKE JACKSON

Lake Jackson, Texas

Table 17
Operating Indicators by Function/Program
Last Ten Fiscal Years

Function/Program	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Public Safety:										
Police:										
% Criminal Offenses ³										
Cleared	41%	39%	40% ²	45% ²	30%	49%	75%	58%	57%	57% ⁸
Traffic contacts ³	22,500	18,523	16,074	16,000	14,599	9,204	16,137	16,894	15,121	9,008
Fire:										
Fire calls	502	441	525	688	688	650	517	578	599	469
EMS calls	2,811	2,907	2,958	3,719	3,719	3,904	4,177	4,662	5,099	4,656
Inspections	341	289	247	436	425	450	343	322	201	230
Public Works:										
Streets:										
Potholes repaired ⁴	665	301	436	547	852	660	550	269	399	183
Gutter sweeping (cu yd) ⁵	2,178	1,820	1,759	1,520	100%	100%	100%	100%	100%	100%
Culture and Recreation:										
Recreation Center members	3,861	4,434	4,600	4,327	4,900	5,889	8,388	7,250	6,727	3,088 ⁷
Recreation Center Attendance	207,189	175,528	187,990	205,762	197,838	211,676	211,884	212,840	181,358	14,707 ⁷
Water and Sewer:										
Number of sewer leaks Repaired ⁶	6	1	4	9	3	N/A	N/A	9	N/A	N/A
Linear feet of sewer mains cleaned	25,000	67,726	7,188	9,205	4,820	30,565	19,054	56,283	2,500	66,435
Millions of gallons of wastewater treated					845	950	915	1,213	1,260	979
Sanitation:										
Refuse Collected:⁶										
Residential garbage (cu yd)	24,000	20,331	20,120	22,000	N/A	N/A	N/A	N/A	N/A	N/A
Commercial garbage ⁶ (cu yd)	36,000	33,389	35,027	35,500	N/A	N/A	N/A	N/A	N/A	N/A
Garbage collected (compacted yd ³)					61,000	65,888	65,584	69,696	75,525	68,906
Large trash to landfill (non-compacted yd ³)					36,183	60,530	55,515	44,011	47,653	69,285

Source: City Departments

² Represents actual percentage; not estimate

³ Uniform Crime Report (Beginning 2017)

⁴ Man Hours (Beginning 2015)

⁵ Swept 4 times a year (Beginning 2015)

⁶ Operating indicator no longer recorded in this format

⁷ No day pass sales 6/1/20 – 9/30/20; closed for 3 months for Covid.

⁸. Due to pandemic.

CITY OF LAKE JACKSON
Lake Jackson, Texas

Table 18
Capital Asset Statistics by Function/Program
Last Ten Fiscal Years

Function/Program	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Public Safety:										
Police Stations	1	1	1	1	1	1	1	1	1	1
Fire Stations	2	2	2	2	2	2	2	2	2	2
Culture and Recreation:										
Tennis Courts	8	8	8	8	8	8	8	8	8	8
Swimming Pools	2	2	2	2	2	2	2	2	2	2
Community Center	2	2	2	2	2	2	2	2	2	2
Recreation Center	1	1	1	1	1	1	1	1	1	1
Parks Acreage ¹	1,306	1,306	1,306	1,306	1,306	1,306	1,643	1,643	1,643	1,643
Parks	23	23	23	23	23	23	23	23	23	23
Baseball/softball fields	23	23	23	23	23	23	23	23	23	23
Soccer fields	24	24	24	24	24	24	24	24	24	24
Water:										
Water mains (miles)	130	130	130	130	130	130	134	140	140	140
Fire Hydrants	917	917	1,000	1,000	1,000	1,015	1,015	1,020	1,020	1,021
Wastewater²										
Maximum daily treatment capacity (thousands of gallons)	5,890	5,890	5,890	5,890	5,890	5,890	5,890	5,890	5,890	5,890

Source: Various City departments

¹ In 2007 Dow donated 9.86 acres of land.

² The expansion and upgrade of the Wastewater treatment plant was completed in 2005.

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CONTINUING FINANCIAL DISCLOSURES

As of 02/28/21

The Continuing Financial Disclosure Tables present various financial data originally distributed in a debt official statement. The City is required to update financial tables originally distributed in a debt official statement within six months after the end of each fiscal year. This information is also sent to the Municipal Securities Rulemaking Board via the Electronic Municipal Market Access system (EMMA) as required under Securities and Exchange Commission Rule 15c2-12.

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CITY OF LAKE JACKSON
Lake Jackson, Texas

Table CD-1
Bond Summary and Authorization
(As of 2/28/21)

Summary of Bonds Outstanding

General Obligation Bonds and Certificates of Obligation

2010 Limited Tax Bonds	\$ 1,500,000
2011 Limited Tax Refunding Bonds (\$ 1,200,000)*	1,670,000
2013 Limited Tax Bonds	2,600,000
2013 Limited Tax Bonds*	1,300,000
2013 Limited Tax Bonds*	450,000
2014 Certificates of Obligation*	3,850,000
2015 Limited Tax Refunding Bonds (\$ 2,332,087)*	5,895,000
2016 Limited Tax General Obligation Bonds	2,515,000
2016 Certificates of Obligation *	2,775,000
2017 Limited Tax General Obligation Bonds	3,535,000
2018 Limited Tax General Obligation Bonds	<u>8,415,000</u>
Total Ad Valorem Tax Secured Debt Outstanding	\$ <u>34,505,000</u>

* Secured by a pledge of Ad Valorem Tax Revenues; but paid from revenues generated from Optional Half Cent Sales Tax. In the case of Refunding bonds, a portion indicated in parenthesis is repaid from the Half Cent Sales Tax.

Waterworks and Sewer System Bonds

2010 Waterworks and Sewer System Refunding Bonds	\$ 755,000
2013 Waterworks and Sewer System Bonds	1,300,000
2016 Waterworks and Sewer System Bonds	3,015,000
2017 Waterworks and Sewer System Bonds	4,750,000
2019 Waterworks and Sewer System Refunding Bonds	<u>5,670,000</u>
Total Waterworks and Sewer System Debt Outstanding	\$ <u>15,490,000</u>

General Obligation Bonds Authorized but not Issued as of 02/28/21

None.

Waterworks and Sewer System Bonds Authorized but not Issued as of 02/28/21

None.

CITY OF LAKE JACKSON

Lake Jackson, Texas

Table CD-2
Financial Information
(As of 2/28/2021)

2020 (fiscal year 20-21) Assessed Valuation (100% of Actual) ¹	\$ <u>2,520,839,956</u>
<u>General Obligation Bonds Outstanding</u> ²	
Presently outstanding (02/28/21)	\$ 34,505,000
Other Bonds issued to date	<u>-0-</u>
Gross debt	34,505,000
Less: Amounts payable from ½ Cent Optional Tax	11,907,087
Less: Debt Service Cash Balance	<u>3,266,204</u>
Net Debt	\$ <u>19,331,709</u>
Ratio of Net Debt to 2019 Assessed Valuation	0.77%
2020 Estimated Population	29,388
2020 Assessed Valuation per Capita	\$ 85,777
Net Debt per Capita	\$ 658
Area of the City	18 square miles

¹ Tax Year; Net of exemptions in the amount of \$ 492,560,669.

² Excludes the Waterworks and Sewer System Revenue Bonds outstanding.

CITY OF LAKE JACKSON

Lake Jackson, Texas

Table CD-3
Estimated Direct & Overlapping Debt Statement

Political Subdivision	Net Debt		Estimated Percent Overlapping	Amount Overlapping
	Amount	As of		
Angleton-Danbury Hospital District	\$ 4,090,000	09/30/20	0.01%	\$ 409
Angleton ISD	140,985,000	09/30/20	0.01%	14,099
Brazoria County	139,678,313	09/30/20	5.48%	7,654,372
Brazosport College District	49,155,000	09/30/20	14.14%	6,950,517
Brazosport ISD.	343,414,985	09/30/20	14.14%	48,558,879
Columbia-Brazoria ISD	38,520,000	09/30/20	1.07%	412,164
Port Freeport	31,665,000	09/30/20	9.42%	2,982,843
Velasco Drainage District	4,850,000	09/30/20	14.19%	<u>688,215</u>
Total Overlapping Debt				67,261,496
City of Lake Jackson as of 2/28/21				<u>34,505,000</u>
Total Direct and Overlapping Debt				\$ <u>101,766,496</u>
Ratio of Total Direct and Overlapping Debt to 2020 Assessed Valuation				4.04%
Per Capita Total Direct and Overlapping Debt				\$ 3,463
Assessed Valuation per Capita				\$ 85,778

Source: Taxing jurisdictions, and the *Texas Municipal Advisory Council of Texas*.

* Gross Debt

** The percentage of overlapping debt applicable is estimated using taxable assessed property values.

CITY OF LAKE JACKSON

Lake Jackson, Texas

Table CD-4 Outstanding Debt Service Requirements As of February 28, 2021 General Obligation Debt

<u>Fiscal Year Ending 09/30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service Requirements</u>
2021	\$ 3,535,000	\$ 1,032,191	\$ 4,567,191
2022	3,315,000	919,404	4,234,404
2023	3,125,000	815,616	3,940,616
2024	2,590,000	725,885	3,315,885
2025	2,405,000	647,885	3,052,885
2026	2,385,000	576,091	2,961,091
2027	2,225,000	508,444	2,733,444
2028	1,945,000	447,069	2,392,069
2029	1,940,000	389,960	2,329,960
2030	1,815,000	332,523	2,147,523
2031	1,470,000	281,456	1,751,456
2032	1,470,000	235,711	1,705,711
2033	1,470,000	188,590	1,658,590
2034	1,170,000	145,249	1,315,249
2035	895,000	110,844	1,005,844
2036	895,000	81,056	976,056
2037	780,000	52,750	832,750
2038	635,000	27,919	662,919
2039	440,000	8,250	448,250
	<u>\$ 34,505,000</u>	<u>\$ 7,526,894</u>	<u>\$ 42,031,894</u>

CITY OF LAKE JACKSON

Lake Jackson, Texas

Table CD-5
Water and Sewer System
As of February 28, 2021
Revenue Bonds Debt Service Schedule

<u>Fiscal Year Ending 09/30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service Requirements</u>
2021	\$ 1,285,000	\$ 247,710	\$ 1,532,710
2022	1,195,000	448,770	1,643,770
2023	1,000,000	407,470	1,407,470
2024	1,000,000	371,170	1,371,170
2025	955,000	334,870	1,289,870
2026	950,000	300,120	1,250,120
2027	945,000	265,520	1,210,520
2028	855,000	233,820	1,088,820
2029	850,000	204,820	1,054,820
2030	850,000	176,020	1,026,020
2031	775,000	153,490	928,490
2032	775,000	132,535	907,535
2033	770,000	111,325	881,325
2034	665,000	90,225	755,225
2035	665,000	72,025	737,025
2036	665,000	53,825	718,815
2037	520,000	35,375	555,375
2038	520,000	20,937	540,937
2039	<u>250,000</u>	<u>6,250</u>	<u>256,250</u>
	<u>\$ 15,490,000</u>	<u>\$ 3,666,277</u>	<u>\$ 19,156,277</u>

CITY OF LAKE JACKSON

Lake Jackson, Texas

Table CD-6
Tax Adequacy

The following calculation does not include the estimated fund balance as of 9/30/20, nor any of the debt to be repaid from the half-cent sales tax as indicated on CD-1.

	<u>Average Requirements (2021-2039)</u>	<u>Maximum Requirement 2021</u>
General Obligation Debt Service Requirements	\$ 1,566,254	\$ 2,781,517
Debt Service Fund tax rate required on 2020 Assessed Taxable Valuation @ 98% collection	\$ 0.06340	\$ 0.11259

Including the Certificates of Obligation and the General Obligation bond amounts to be repaid from the half cent sales tax, the calculation is as follows:

	<u>Average Requirements (2021-2039)</u>	<u>Maximum Requirement 2021</u>
General Obligation Debt Service Requirements	\$ 814,078	\$ 1,785,674
Debt Service Fund tax rate required on 2020 Assessed Taxable Valuation @ 98% collection	\$ 0.03295	\$ 0.07228

CITY OF LAKE JACKSON

Lake Jackson, Texas

Table CD-7 Tax Rate and Tax Collection Information

Tax Collection Period

Taxes are due October 1 and are delinquent after January 31. No discounts are given on early payments. Penalty and interest on delinquent payments are rigidly enforced.

Tax Collection Record

Tax Year	Fiscal Year	Assessed Taxable Valuation	Tax Rate	Percent Tax Collections		Year Ending
				Current	Total	
2006	2007	\$ 1,354,217,330	0.3700	99.2%	99.9%	09/30/07
2007	2008	1,391,605,040	0.3850	99.0%	99.8%	09/30/08
2008	2009	1,451,257,205	0.3900	99.0%	99.7%	09/30/09
2009	2010	1,456,655,358	0.3900	99.0%	99.7%	09/30/10
2010	2011	1,439,512,774	0.3900	98.2%	99.7%	09/30/11
2011	2012	1,414,924,084	0.3900	85.6%	99.7%	09/30/12
2012	2013	1,431,169,883	0.3900	99.4%	99.9%	09/30/13
2013	2014	1,451,619,228	0.3900	98.8%	99.8%	09/30/14
2014	2015	1,498,799,409	0.3875	99.3%	99.8%	09/30/15
2015	2016	1,638,222,925	0.3600	99.2%	99.7%	09/30/16
2016	2017	1,878,358,842	0.3375	99.4%	99.6%	09/30/17
2017	2018	2,095,371,788	0.3375	99.4%	99.5%	09/30/18
2018	2019	2,296,883,965	0.3352	99.5%	99.5%	09/30/19
2019	2020	2,366,531,329	0.3482	99.5%	99.6%	09/30/20
2020	2021	2,520,839,956	0.3875	90.9%		thru 02/28/21

Tax Rate Limitations

The City is a Home Rule City with a maximum authorized rate for all purposes of \$ 2.50 per \$ 100 assessed valuation. This maximum tax rate is imposed both by the Constitution of the State of Texas and the City Charter. Under the rules of the Texas attorney general, the City may issue general obligation debt in an amount no greater than that which can be serviced by a debt tax of \$ 1.50 per \$ 100 assessed valuation, based on 90% collections.

Tax Rate Distribution

Tax Year	2020	2019	2018	2017	2016	2015
General Fund	\$ 0.2302 <u>0.1180</u>	\$ 0.2280 <u>0.1072</u>	\$ 0.2280 <u>0.1072</u>	\$ 0.2295 <u>0.1080</u>	\$ 0.2255 <u>0.1120</u>	\$ 0.2323 <u>0.1277</u>
Total Tax Rate	\$ <u>0.3482</u>	\$ <u>0.3352</u>	\$ <u>0.3352</u>	\$ <u>0.3375</u>	\$ <u>0.3375</u>	\$ <u>0.3600</u>

CITY OF LAKE JACKSON
Lake Jackson, Texas

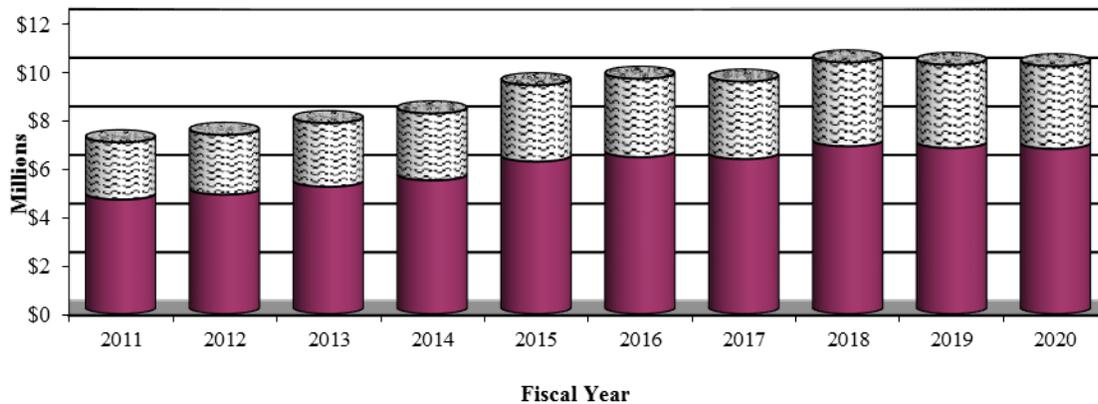
Table CD-8
Sales Tax Collection History

City Sales Tax Collection

The City adopted the provisions of Article 1066c, VACS, Section 9, authorizing a 1% sales tax. In addition, on May 6, 1995, the voters of Lake Jackson approved the levy and collection of a one-half cent sales tax to fund the cost of land, buildings, equipment, facilities, improvements and maintenance and operation for public park purposes, recreational facilities, and for infrastructure improvements for development of new or expanded business enterprises.

Sales Tax Collection History

Fiscal Year	One Cent Sales Tax	Optional Half Cent Sales Tax ¹
2011	\$ 4,711,554	\$ 2,355,777
2012	4,915,980	2,457,990
2013	5,238,624	2,619,312
2014	5,504,474	2,752,237
2015	6,276,466	3,138,233
2016	6,454,920	3,227,460
2017	6,377,916	3,188,958
2018	6,902,000	3,451,000
2019	6,833,831	3,416,916
2020	6,797,226	3,398,613
2021	2,904,953	1,452,476



¹ The Economic Development Fund is used to account for the revenue from the Optional Half Cent Sales Tax.

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CITY OF LAKE JACKSON

Lake Jackson, Texas

Table CD-9
Economic Development Fund

<u>Resources</u>	<u>ACTUAL 2017-18</u>	<u>ACTUAL 2018-19</u>	<u>ACTUAL 2019-20</u>	<u>AMENDED 2021-21</u>
Fund Balance	\$ <u>1,708,061</u>	\$ <u>1,824,257</u>	\$ <u>1,357,988</u>	\$ <u>2,115,750</u>
Revenues:				
FEMA 2016 Flood			89,063	
FEMA – Harvey		277,703		
Dog park contributions			20,000	
Insurance reimbursements			71,924	
Interest income	18,380	11,944	12,414	12,000
Miscellaneous	542,611			
Half Cent sales tax	<u>3,451,000</u>	<u>3,416,916</u>	<u>3,398,613</u>	<u>3,114,429</u>
	<u>4,011,991</u>	<u>3,706,563</u>	<u>3,592,013</u>	<u>3,126,429</u>
Total Resources	\$ <u><u>5,720,052</u></u>	\$ <u><u>5,530,820</u></u>	\$ <u><u>4,950,001</u></u>	\$ <u><u>5,242,179</u></u>

(continued)

CITY OF LAKE JACKSON

Lake Jackson, Texas

Table CD-9
Economic Development Fund - Continued

Expenditures	ACTUAL 2017-18	ACTUAL 2018-19	ACTUAL 2019-20	ADOPTED 2020-21
Transfer to Economic Development Debt Service	\$ 1,396,039	\$ 1,376,478	\$ 1,349,140	\$ 13,26,074
Electronic Reader Board	1,532	-0-	-0-	-0-
Rec Repairs and Maintenance	23,950	-0-	-0-	-0-
Landscaping and Maintenance	79,941	57,614	66,428	70,000
New Skate Park at MacLean/Repairs	-0-	45,000	-0-	-0-
Phase Protection	7,563	-0-	-0-	-0-
MacLean Park Improvements	426,647	8,190	-0-	-0-
Dog Park	15,988	676,359	4,250	-0-
Cart Barn	43,916	415,398	-0-	-0-
Golf Cart Path Restroom	23,365	-0-	-0-	-0-
Golf Course Well Repairs	17,424	-0-	-0-	-0-
Misc Repairs at Golf Course	119,848	-0-	54,570	-0-
202 Winding Way	4,894	-0-	-0-	-0-
Bunker Reconstruction	292,162	-0-	-0-	-0-
S. Parking Place - Design	-0-	-0-	-0-	-0-
Golf Course & Bunker Renovations – 2016 Flood	-0-	-0-	-0-	-0-
Golf Course Pump House	103,725	94,353	11,594	-0-
A/C Replacement Golf Course	-0-	-0-	-0-	-0-
Golf Course Lake Dredging	-0-	32,240	-0-	-0-
Con Vault Fuel Containment System	-0-	42,500	-0-	-0-
Rec Center Boiler	-0-	35,000	-0-	-0-
Rec Center Chiller repairs	-0-	62,000	-0-	-0-
Rec Center Air Handlers & Controllers	-0-	-0-	-0-	-0-
This Way – Center Way to 332	-0-	-0-	-0-	-0-
Rec Center Pool Slide	-0-	-0-	40,725	-0-
Rec Center Renovations	-0-	-0-	-0-	-0-
Park Facility Signs	-0-	-0-	-0-	-0-
MacLean Park Pavilion Repairs	-0-	-0-	-0-	-0-
Parking Lots/Trails Asphalt Overlays	-0-	-0-	11,142	-0-
Playground Replacement	-0-	-0-	100,100	-0-
Jasmine Tennis Complex Renovations	-0-	-0-	-0-	-0-
JSL Park Picnic Shelter	-0-	-0-	-0-	-0-
Downtown Maintenance	-0-	-0-	-0-	-0-
Recreation Center - A/C Rooftops	-0-	-0-	-0-	-0-
Recreation Center Natatorium Lighting	-0-	-0-	-0-	-0-
Purchase 202 Winding Way	-0-	-0-	-0-	-0-
Transfer to Golf Course Debt Service	488,800	477,700	471,300	459,600
Golf Course Operating	500,000	500,000	375,000	500,000
Transfer to General Fund	350,000	350,000	350,000	350,000
Total Expenditures	<u>\$ 3,895,796</u>	<u>\$ 4,172,832</u>	<u>\$ 2,834,250</u>	<u>\$ 2,705,674</u>
Ending Fund Balance	<u>\$ 1,824,256</u>	<u>\$ 1,357,987</u>	<u>\$ 2,115,750</u>	<u>\$ 2,536,505</u>

CITY OF LAKE JACKSON

Lake Jackson, Texas

Table CD-10
Debt Service Fund Management Index

General Debt Service Fund

Debt Service Fund Balance as of 9/30/20	\$ 772,153
Debt Service Tax Levy of \$.1180 per \$ 100 of Assessed Valuation on 2020 Assessed Valuation of \$ 2,520,839,956 at 90.9% collection	2,974,591
Interest Earnings on Debt Service Fund	<u>8,500</u>
Total Available for 2021 Debt Service	3,755,244
Less: 2021 Debt Service Requirements	<u>2,790,018</u>
Projected Debt Service Fund Balance at 9/30/21	<u>\$ 965,226</u>

Economic Development and Golf Course Debt Service Funds

These funds were established to account for the debt service on all bond issues which are to be repaid with the revenue from the optional half-cent sales tax. As of 02/28/21, there are six outstanding issues, the 2011 Limited Tax Refunding Bonds originally for the Golf Course, the 2013 CO's for the Downtown Project (South Parking Place), the 2013A CO's for the extension of water for further development, the 2014 CO's for infrastructure improvement incentives for Dow and HEB, the 2015 Refunding Bonds, and the 2016 CO's for replacement of force main from Lift Station 25 to the Wastewater Treatment Plant and Extension of Sewer to the northwest.

	<u>Golf Course</u>	<u>Economic Development</u>
Debt Service Fund Balance as of 9/30/20	\$ -0-	\$ -0-
Transfer from Economic Development Fund (Sales Tax Revenue)	<u>459,600</u>	<u>1,326,074</u>
Total Available for 2021 Debt Service	459,600	1,326,074
Less: 2021 Debt Service Requirements	<u>459,600</u>	<u>326,074</u>
Projected Debt Service Fund Balance at 9/30/21	<u>\$ -0-</u>	<u>\$ -0-</u>

CITY OF LAKE JACKSON

Lake Jackson, Texas

Table CD-11

Utility Debt Service Fund Management Index

Utility Revenue Interest and Sinking Fund (Including Reserve Balance)

Debt Service Fund Balance as of 9/30/20	\$ 2,355,682
Transfer from Utility Operating Fund (as budgeted)	1,800,000
2021 Projected Interest Earnings	<u>6,0550</u>
Total Available for 2021 Debt Service	4,162,182
Less: 2021 Debt Service Requirements (including agent fees)	<u>1,842,420</u>
Projected Debt Service Fund Balance at 9/30/21	\$ <u><u>2,377,762</u></u>

The above fund accounts for the interest and sinking portion for all Utility bonds. It also represents the reserve portion for all outstanding bonds.

CITY OF LAKE JACKSON

Lake Jackson, Texas

Table CD-12
Changes in Fund Balances
Governmental Funds (Modified Accrual Basis)

	Fiscal Year	
	2019	2020
Revenues:		
Taxes	\$ 24,584,607	\$ 24,977,060
Intergovernmental	1,205,727	1,153,321
Charges for services	1,098,384	503,792
Fines and fees	589,588	544,436
Licenses and permits	556,953	599,601
Investment earnings	781,232	321,323
Miscellaneous	349,277	180,814
Total revenues	<u>29,165,768</u>	<u>28,280,347</u>
Expenditures:		
General government and administration	4,201,120	5,555,183
Public safety	7,567,176	7,591,177
Public works	2,936,613	2,470,458
Culture and recreation	5,258,156	4,865,358
Capital Outlay	4,949,028	4,137,186
Debt Service:		
Principal	3,135,000	3,455,000
Interest and fiscal charges	1,364,117	1,154,929
Total expenditures	<u>29,411,210</u>	<u>29,229,831</u>
Excess of revenues over expenditures	<u>(245,442)</u>	<u>(949,484)</u>
Other Financing Sources (Uses):		
Issuance of bonds	8,800,000	
Bonds issued premium	392,162	
Sale of capital assets	108,488	117,499
Transfers in	5,432,436	4,557,875
Transfers out	<u>(5,489,369)</u>	<u>(3,518,284)</u>
Total other financing sources (uses)	<u>9,243,717</u>	<u>1,157,090</u>
Net change in fund balances	<u>\$ 8,998,275</u>	<u>\$ 207,606</u>

CITY OF LAKE JACKSON

Lake Jackson, Texas

Table CD-13
Proprietary Fund - Statement of Revenues and Expenses

The following schedule presents a summary of the Proprietary Funds for the fiscal year ended September 30, 2019 and 2020.

	<u>2019</u>	<u>2020</u>
Revenues:		
Water and sewer services	\$ 10,013,063	\$ 10,725,858
Sanitation service	4,067,481	4,315,988
Tapping and connection fees	274,098	217,913
Golf course fees and charges	1,300,240	1,440,411
Other	<u>172,492</u>	<u>282,703</u>
	<u>15,827,374</u>	<u>16,982,873</u>
Operating Expenses:		
Utility administration	658,268	666,970
Water production and treatment	3,623,112	3,737,187
Sewer collection and treatment	2,420,484	2,135,755
Golf course	1,724,581	1,775,105
Sanitation	3,415,379	3,407,708
Depreciation	<u>3,604,395</u>	<u>4,022,850</u>
	<u>15,446,219</u>	<u>15,745,575</u>
Net revenues	<u>381,155</u>	<u>1,237,298</u>
Nonoperating Revenues (Expenses):		
Interest earnings	392,763	192,674
Gain on disposition of capital assets		(18,400)
Interest expense and fiscal charges	(402,904)	(608,236)
Contributions	429,186	1,481,000
Transfers:		
for franchise fee	(150,000)	(150,000)
for water and w/w admin fee	(850,000)	(850,000)
for equipment replacement	(556,945)	(651,546)
for golf course operation	1,107,488	419,058
Assets purchased by general fund	<u>1,104,898</u>	<u>219,491</u>
	<u>1,074,486</u>	<u>34,041</u>
Net income	<u>\$ 1,455,641</u>	<u>\$ 1,271,339</u>

CITY OF LAKE JACKSON
Lake Jackson, Texas

Table CD-14
Water and Sewer Information

Water and Sewer Rates

Current water and sewer rates became effective October 1, 2020.

Water:	First 2000 gallons	\$ 13.85 Minimum
	Over 2000 gallons	\$ 4.50 per 1,000 gallons
	Over 20,000 gallons	\$ 5.00 per 1,000 gallons
Sewer:	First 2000 gallons	\$ 14.00 Minimum
	Over 2000 gallons	\$ 5.00 per 1,000 gallons

Water Supply Facilities

The City continues to purchase two million gallons of treated surface water per day from the Brazosport Water Authority. The current cost per 1,000 gallons is \$ 3.28.

In addition to the above, the City operates 12 water wells with a peak production capacity of 7,345 gpd. Water storage capacity includes five elevated tanks (2.55 million gallons of capacity) and 4 ground storage tanks (4.5 million gallons total capacity).

Wastewater Treatment Plant

Sewer treatment is provided to the City by one water reclamation facility. This facility has a permitted capacity of 5.89 million gallons per day. Wastewater generated throughout the City flows through a series of lift stations prior to reaching the treatment plant. There are currently five “master” lift stations that pump directly to the treatment plant, and 42 lift stations that serve various subdivisions and convey wastewater to a “master” lift station.

Water and Sewer Customers

Currently, the City has 26 apartment complexes (3,708 units); 438 Commercial businesses, 65 institutions (churches, schools, etc.) and 8,490 residences utilizing the City’s water and sewer services.

CITY OF LAKE JACKSON

Lake Jackson, Texas

Table CD-15
Top Ten Utility Customers

<u>Name of Business</u>	<u>Type of Business</u>	<u>FY 2020 Consumption in 1000's</u>	<u>Total Percent of Water Consumed</u>
Dow Innovation Center	Office Building/Labs	52,532	5.38%
Buc-ee's #29	Gas Station/Car Wash	22,118	2.26%
Brazosport Hospital	Hospital	17,218	1.76 %
Oyster Creek Apartments	Apartments	18,290	1.87%
Pearl Grove Villas	Apartments	16,882	1.71%
Gateway Housing	Apartments	11,742	1.20%
Brazosport College	College	13,224	1.35%
Edgewater	Apartments	9,567	0.98%
Villages of Lake Jackson	Apartments	8,517	0.87%
Raintree	Apartments	<u>7,312</u>	<u>0.75%</u>
		<u>177,202</u>	<u>12.77%</u>

Total water consumption for the period October 1, 2019 to September 30, 2020 in thousands of gallons was 976,573.

CITY OF LAKE JACKSON

Lake Jackson, Texas

Table CD-16
Principal Taxpayers and Assessed Valuation

Principal Taxpayers

<u>Taxpayer</u>	<u>Type of Business</u>	<u>Tax Year 2020 Assessed Taxable Valuation</u>	<u>Percent of Assessed Valuation</u>
Lex Lake Jackson LP Dow Research	Industrial	\$ 126,861,140	4.99%
Dow Chemical Company	Various Properties	99,044,230	3.89%
Cole Ofc Lake Jackson TX	Industrial	37,103,430	1.46%
BR & F&B Cactus Street/Plantation Park	Apartments	31,642,280	1.24%
Urban Crest Apartments	Apartments	30,056,127	1.18%
AC Brazos Mall Partners	Apartments	27,615,890	1.09%
Edgewater Apartments	Apartments	23,586,790	0.93%
The Residence of Lake Jackson	Apartments	20,457,010	0.80%
Oyster Creek Apartments	Apartments	16,860,840	0.66%
Treasure Bay Apartments	Apartments	15,491,590	0.61%
		<u>\$ 428,719,327</u>	<u>16.85%</u>

Assessed Valuation by Classification

<u>Classification</u>	<u>2020 Assessed Taxable Valuation</u>	<u>Percent of Total</u>
Residential	\$ 1,851,756,317	63.73%
Real, Vacant Platted Lots/Tracts	11,405,700	0.39%
Commercial & Industrial	693,617,616	23.87%
Real, Acreage (Land only)	15,695,882	0.54%
Utilities & Pipelines	27,810,270	0.96%
Special Inventory & Other	305,363,919	10.51%
Total Market/Appraised Value	\$ 2,905,649,704	<u>100.00%</u>
Less Exemptions	<u>513,352,465</u>	
	2,392,297,239	
Under protest at certification	<u>139,974,430</u>	
Net Taxable Value	<u>\$ 2,532,271,669</u>	

CITY OF LAKE JACKSON
Lake Jackson, Texas

Table CD-17
General Fund - Budget Summary

On August 17, 2020 the 2020-21 budget was adopted by the City Council. The following General Fund Operating Budget is presented on a budget basis presentation.

	2018-19 <u>Actual</u>	2019-20 <u>Actual</u>	2020-21 <u>Adopted Budget</u>
Revenues:			
Property tax	\$ 4,590,408	\$ 4,765,356	\$ 5,009,305
Sales tax	6,616,364	6,685,758	6,300,000
Franchise fees	1,820,676	1,639,274	1,802,607
Industrial district	5,006,224	5,101,850	5,203,881
Licenses and permits	556,953	559,601	446,350
Fines and fees	585,734	536,613	494,000
Civic Center fees	270,093	219,260	171,675
Recreation Center fees	821,966	388,185	659,500
Intergovernmental *	176,527	163,549	46,500
Interest and other	434,302	157,643	253,000
Utility Administrative fee	850,000	850,000	900,000
Transfer from Economic Development	350,000	350,000	350,000
Transfer from General Contingency	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
 Total revenues	 <u>\$ 22,079,248</u>	 <u>\$ 21,417,090</u>	 <u>\$ 21,636,818</u>
Expenditures:			
General government services	\$ 1,779,204	\$ 1,831,590	\$ 2,430,877
Financial services	1,666,350	1,739,517	1,801,740
Legal services	212,028	222,130	234,548
Public safety services *	8,548,897	8,589,721	9,139,716
Engineering services	503,007	575,653	539,815
Public works services	3,182,469	2,654,325	3,238,170
Storm damage clean up/flood	34,701	-0-	-0-
Parks & recreation services	4,371,851	4,164,665	3,939,272
Miscellaneous services	320,695	237,816	312,680
Prior Year Budget saving transfers	<u>1,600,000</u>	<u>680,000</u>	<u>-0-</u>
 Total expenditures	 <u>\$ 22,219,202</u>	 <u>\$ 20,695,417</u>	 <u>\$ 21,636,818</u>

CITY OF LAKE JACKSON
Lake Jackson, Texas

Table CD-18
Utility Fund - Budget Summary

On September 4, 2018 the 2020-21 budget was adopted by the City Council. The following Utility Fund Operating Budget is presented on a budget basis presentation.

	<u>2018-19</u> Actual	<u>2018-20</u> Actual	<u>2020-21</u> Adopted Budget
Revenues:			
Plumbing fees	\$ 38,875	\$ 35,800	\$ 20,000
Tap fees	42,355	22,910	30,000
Administrative fees	192,869	159,203	200,000
Water sales	5,089,552	5,437,559	4,921,575
Sewer sales	5,173,625	5,541,015	5,149,876
Senior discount	(250,114)	(252,716)	(250,000)
Sanitation sales	4,138,974	4,315,988	4,233,361
Other revenues	99,694	231,346	86,003
Interest and sales tax discount	<u>139,231</u>	<u>56,342</u>	<u>60,000</u>
Total revenues	<u>\$ 14,665,061</u>	<u>\$ 15,597,448</u>	<u>\$ 14,450,815</u>
Expenditures:			
Utility administration	\$ 693,192	\$ 715,647	\$ 797,245
Water	3,663,967	4,140,438	4,145,200
Wastewater	2,456,615	2,327,822	2,684,935
Sanitation	3,657,278	3,768,388	3,818,435
Non-departmental	2,992,763	2,961,967	3,005,000
Budget savings transfer to Capital	<u>1,750,000</u>	<u>820,000</u>	<u>-0-</u>
Total expenditures	<u>\$ 15,203,815</u>	<u>\$ 14,734,262</u>	<u>\$ 14,450,815</u>

FEDERAL AWARDS SECTION

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Independent Auditor's Report
On Internal Control over Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in Accordance
with *Government Auditing Standards*

To the Honorable Mayor
and Members of City Council
City of Lake Jackson
Lake Jackson, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Lake Jackson, Texas (the "City"), as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 29, 2021.

Internal Control over Financial Reporting

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

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

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

Lake Jackson
8 W Way Ct.
Lake Jackson, TX 77566
979-297-4075

El Campo
201 W. Webb St.
El Campo, TX 77437
979-543-6836

Angleton
2801 N. Velasco, Suite C
Angleton, TX 77515
979-849-8297

Bay City
2245 Avenue G
Bay City, TX 77414
979-245-9236



The Honorable Mayor
and Members of City Council
Lake Jackson, Texas

Compliance and Other Matters

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

Purpose of this Report

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

KM&L, LLC

Lake Jackson, Texas
March 29, 2021



Independent Auditor's Report
On Compliance for each Major Program and on Internal Control
over Compliance Required by the Uniform Guidance

The Honorable Mayor
and Members of City Council
City of Lake Jackson
Lake Jackson, Texas

Report on Compliance for Each Major Federal Program

We have audited the City of Lack Jackson, Texas' (the "City") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended September 30, 2020. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

Lake Jackson
8 W Way Ct.
Lake Jackson, TX 77566
979-297-4075

El Campo
201 W. Webb St.
El Campo, TX 77437
979-543-6836

Angleton
2801 N. Velasco, Suite C
Angleton, TX 77515
979-849-8297

Bay City
2245 Avenue G
Bay City, TX 77414
979-245-9236



The Honorable Mayor
and Members of City Council
Lake Jackson, Texas

Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2020.

Report on Internal Control over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

KM&L, LLC

Lake Jackson, Texas
March 29, 2021

CITY OF LAKE JACKSON, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended September 30, 2020

I. Summary of auditor's results:

1. Type of auditor's report issued on the financial statements: Unmodified.
2. No internal control findings, that were required to be reported in this schedule, was disclosed in the audit of the financial statements.
3. Noncompliance, which is material to the financial statements: None.
4. No internal control findings, that were required to be reported in this schedule, was disclosed in the audit of the major programs.
5. Type of auditor's report on compliance for major programs: Unmodified.
6. Did the audit disclose findings which are required to be reported in accordance with Uniform Guidance 2 CFR 200.516(a): No
7. Major Programs Include:
 - CFDA 21.019 Coronavirus Relief Fund
8. Dollar threshold used to distinguish between Type A and Type B programs: \$750,000.
9. Low Risk Auditee: No.

II. Findings related to the financial statements

None.

III. Findings and questioned costs related to the federal awards

None.



CITY OF LAKE JACKSON

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In accordance with Title 2 U.S. Code of Federal Regulations §200.511, the auditee is responsible for follow-up and corrective action on all audit findings. As part of this responsibility, the auditee must prepare a summary schedule of prior audit findings. This summary schedule of prior audit findings must report the status of the following:

- All audit findings included in the prior audit's schedule of findings and questioned costs
- All audit findings reported in the prior audit's summary schedule of prior audit findings except audit findings listed as corrected.

The schedule of status of prior audit findings is as follows:

None.



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In accordance with Title 2 U.S. Code of Federal Regulations §200.511, the auditee must prepare, in a document separate from the auditor's findings described in §200.516 Audit findings, a corrective action plan must be presented to address each finding included in the current year auditor's reports. The corrective action plan is as follows:

None.

CITY OF LAJE JACKSON, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended September 30, 2020

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-through Program Number	Expenditures Indirect Costs or Award Amount
U.S. Department of Treasury: Passed Through Texas Division of Emergency management: Coronavirus Relief Fund	21.019	--	\$ <u>966,945</u>
U.S. Department of Justice: Direct Program: Bullet Proof Vest Partnership (BVP)	16.607	--	
Organized Crime Drug Reinforcement Task Force (OCDETF)	N/A	--	<u>6,400</u>
Total U.S. Department of Justice			<u>17,460</u>
U.S. Department of Homeland Security: Passed Through the Texas Department of Public Safety: Disaster Grants - Public Assistance	97.036	TX-4332	<u>164,893</u>
TOTAL FEDERAL ASSISTANCE			\$ <u><u>1,149,298</u></u>
TOTAL MAJOR PROGRAMS			\$ <u><u>966,945</u></u>
TYPE A PROGRAM			\$ <u><u>750,000</u></u>

CITY OF LAKE JACKSON

NOTES ON ACCOUNTING POLICIES FOR FEDERAL AWARDS

Year Ended September 30, 2020

1. The City uses funds and account groups to report its financial position and the results of its operations. Fund accounting is designated to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designated to provide accountability for certain assets and deferred outflows of resources, and liabilities and deferred inflows of resources that are not recorded in the funds because they do not directly affect net expendable available resources. Funds are classified into two categories: governmental and proprietary. Each category, in turn is divided into separate "fund types". The following fund types were utilized to account for federal awards.

Governmental Fund Types:

General Fund - is the general operating fund of the City. All financial resources, except those required to be accounted for in another fund, are accounted for in the General Fund. Federal financial assistance not required to be reported in other funds is accounted for in the General Fund.

Special Revenue Funds - used to account for proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes. Federal financial assistance generally is accounted for in a Special Revenue Fund unless required to be reported in a Capital Projects Fund or a proprietary fund type. Generally, unused balances are returned to the grantor at the close of specified project periods.

Capital Projects Funds - used to account for financial resources to be used for the acquisition or construction of major capital facilities which are not financed by Proprietary Fund. Federal financial assistance for the construction of major capital facilities generally is accounted for in a Capital Projects Fund. Generally, unused balances are returned to the grantor at the close of specified project periods.

2. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The Governmental Fund types are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and deferred outflows of resources, and current liabilities and deferred inflows of resources generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in fund balance. Federal grant funds were accounted for in the General Fund, Special Revenue Fund, and Capital Project Fund, a component of the Governmental Fund type.
3. The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of the City under programs of the federal government for the year ended September 30, 2020. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Because the schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position or cash flows of the City.

CITY OF LAKE JACKSON

NOTES ON ACCOUNTING POLICIES FOR FEDERAL AWARDS - Continued

Year Ended September 30, 2020

4. As of September 30, 2020, the City included \$ 164,893 on the schedule of expenditures of federal awards from the Disaster Grants - Public Assistance CFDA #97.036 for expenditures that were incurred in previous fiscal years. The Federal Emergency Management Agency approved the project worksheets related to the \$ 164,893 in the current fiscal year.
5. Indirect Cost Rate - The City did not elected to use the 10 percent de minimis indirect cost rate as covered in 2.CFR.200.414. Uniform Guidance 200.510(6).