

City of Lake Jackson

**Annual Comprehensive Financial Report
for fiscal year ended September 30, 2022**



For further information, contact

The City of Lake Jackson

25 Oak Drive, Lake Jackson, TX 77566

James Bryson

Finance Director

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CITY OF LAKE JACKSON

Lake Jackson, Texas

*Annual Comprehensive Financial Report
For the Year Ended September 30, 2022*

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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 30, 2023

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

We are pleased to submit the Annual Comprehensive Financial Report for the City of Lake Jackson, Texas (the City) for the fiscal year ended September 30, 2022.

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, 2022.

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 73,000 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 5.85 million gallons per day. Average flows for fiscal year 2021-22 were 2.5 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 44 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 build 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.

In April 2021, Port Freeport began groundbreaking on a \$295 million federal cost shared project to deepen, widen and make general improvements to the Freeport Harbor Channel. 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 2022 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 prior 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.

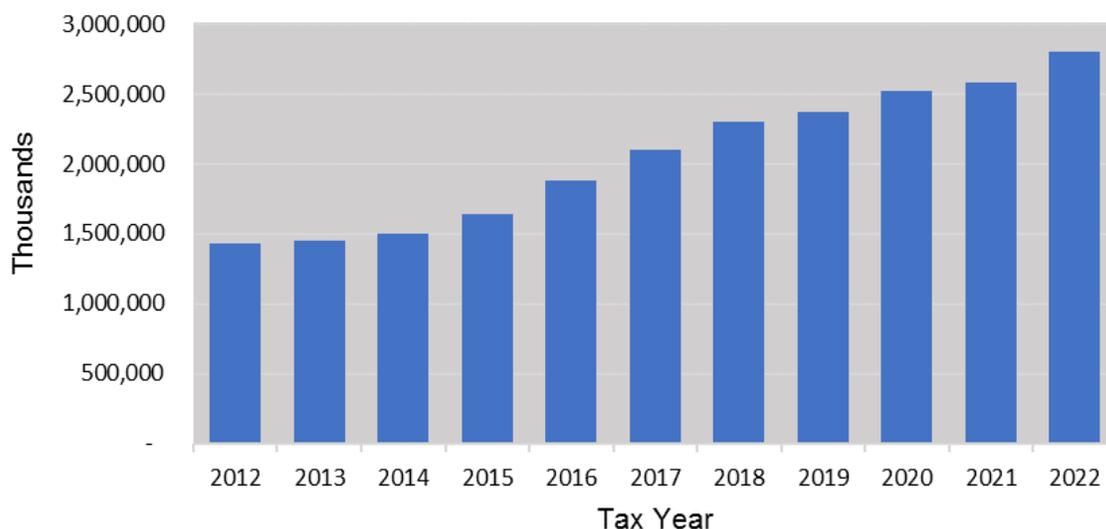
The City awarded a bid for the construction of the next \$9 million phase of downtown street revitalization. As of September 2022, the project is approximately half way completed with a finalization scheduled for mid- spring 2023.

Voters approved a \$26.5 million bond package on May 1, 2021. Projects in the bond package include a small expansion of police facilities, a brand-new animal services facility, and \$20.1 million of neighborhood street, drainage, water, and sewer rehabilitation. Engineering for the animal shelter and completion of the flooring for the City Library are complete as of September 2022.

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 entered into its first Public Investment District (PID) with a developer for a subdivision on the north side of town.

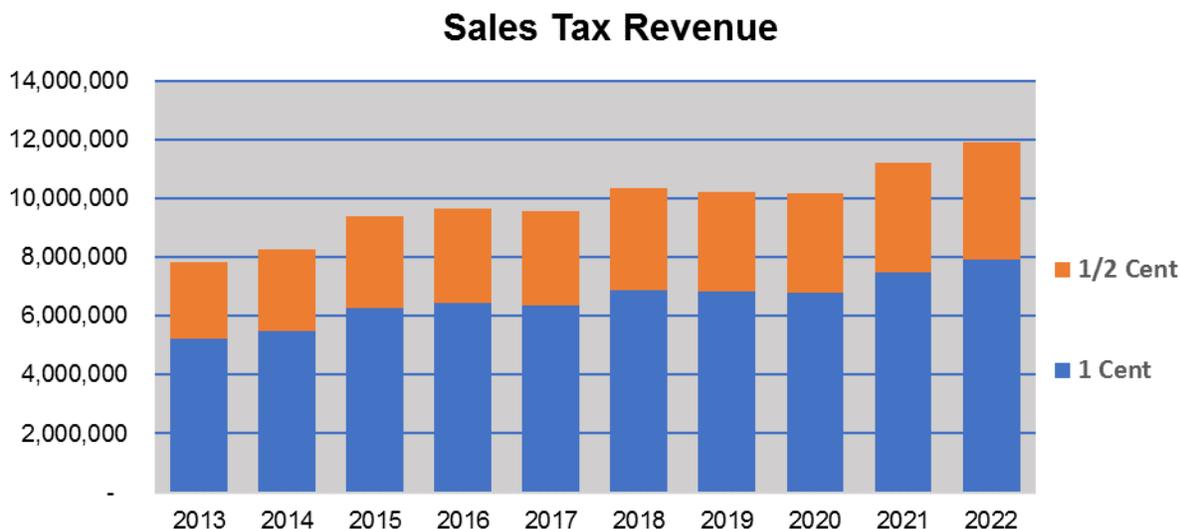
Overall, taxable assessed values increased for FY2021 and FY 2022 with another new apartment complex, numerous smaller new and renovated commercial projects and continued residential construction, we anticipate values to maintain a steady growth.

Taxable Assessed Property Valuations



Sales Tax has remained strong in FY 2021-2022. In FY 2022, the local economy has remained solid and continued an increasing trend in our Sales Tax revenue.

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 30% of the General Operating Fund budget.



MAJOR ISSUES AND INITIATIVES

Engineering is underway for design on a major wastewater improvement to replace Lift Station 1 and the force main to the wastewater plant. Within the next several years there will likely be another Revenue Bond issue for improvements to the Wastewater Treatment Plant.

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:

- Making compensation, employment requirements and scheduling adjustments.
- Establishing cost recovery standards for major service areas.

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 annual comprehensive financial report for the fiscal year ended September 30, 2021. 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 Annual Comprehensive Financial Report (ACFR) , whose contents conform to program standards. The ACFR 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 27 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

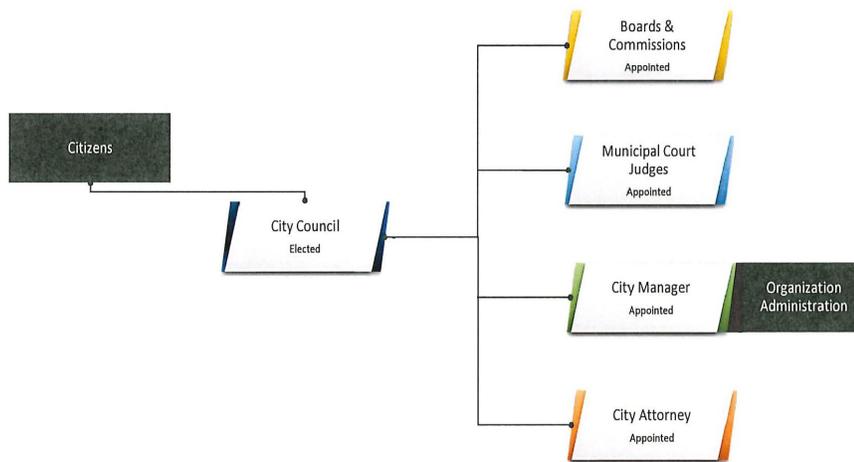
The preparation of this report could not have been accomplished without the efforts of the entire Finance Department staff, especially our Controller, Toni Truly. Appreciation is also expressed to City employees throughout the organization, especially those employees instrumental in the successful completion 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,

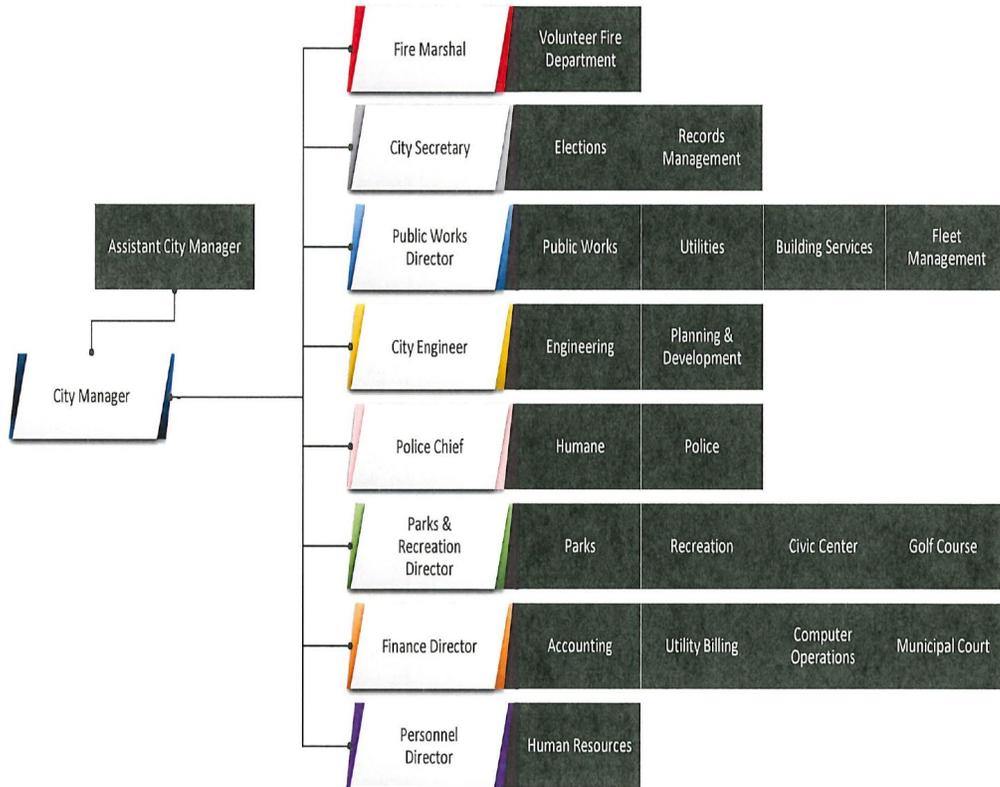
Modesto Mundo
City Manager

James E. Bryson III
Finance Director

Council-Manager Form of Government



Organization Administration



Elected Officials

	Official	Title	Years Of Service	Term Expire	Occupation
*	Gerald Roznovsky	Mayor	3	2022	Retired
	Matthew Broaddus	Councilmember	6	2023	Attorney
**	Vinay Singhanian	Councilmember	5	2022	Retired
	Rhonda Seth	Councilmember	3	2023	Nurse
	Chase Blanchard	Councilmember	1	2022	Firefighter
***	Jon “JB” Baker	Councilmember	4	2023	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 (9 years).

*** Served as Councilmember from 2011-2017 and 2019 to present (9 years),

City Officials

	Name	Title	Length of Service
*	<i>Modesto Mundo</i>	<i>City Manager</i>	<i>2.0 years</i>
	<i>Meagan Borth</i>	<i>Asst. City Manager</i>	<i>2.0 years</i>
	<i>James Bryson</i>	<i>Finance Director</i>	<i>.5 years</i>
	<i>Salvador Aguirre</i>	<i>City Engineer</i>	<i>44 years</i>
	<i>Sherri Russell</i>	<i>City Attorney</i>	<i>16 years</i>
	<i>Hilltop Securities</i>	<i>Financial Advisors</i>	<i>18 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 Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2021

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 Audit of the Financial Statements

Opinions

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, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the 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, as of September 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Change in Accounting Principle

As described in Note 22 to the financial statements, in 2022, the City adopted new accounting guidance, GASB Statement No. 87, *Leases*. Our opinion is not modified with respect to this matter.

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



Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

Auditor's Responsibilities for the Audit of the Financial Statements - Continued

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required pension and Other Post-Employment Benefit (OPEB) related schedules on pages 5 through 17 and 96 through 105 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary 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 accompanying combining and individual nonmajor fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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.

To The Honorable Mayor and
Members of Council
City of Lake Jackson
Page 4

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory, statistical sections, and continuing financial disclosures but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 30, 2023 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 30 ,2023

CITY OF LAKE JACKSON, TEXAS
Management's Discussion and Analysis
For the Year Ended September 30, 2022

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, 2022. 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 \$ 113,416,040 (net position). The unrestricted net position, which represents the amounts available to meet the City's ongoing obligations to citizens and creditors, was \$ 31,951,533.
- The City's total net position increased \$ 4,403,018.
- At the close of the current fiscal year, the City's governmental funds reported combined fund balances of \$ 43,867,537, an increase of \$ 7,087,163 in comparison with the prior year. Of this amount, \$ 7,140,905, or 16.28%, is available for spending at the government's discretion (*unassigned fund balance*).
- At the end of the current fiscal year, the general fund balance was \$ 18,925,127. Of this amount, \$ 236,405 is nonspendable, \$ 955,693 has been committed for general contingency purpose, and \$ 10,592,124 has been assigned primarily for equipment replacement. The remaining \$ 7,140,905 is unassigned and can be used for any lawful purpose. Unassigned fund balance for general fund was 32.23% of the total general fund expenditures.

Overview of the Financial Statements

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

Government-wide 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-sector business.

The *statement of net position* presents financial information on all of the City's assets, liabilities, and deferred inflows/outflows of resources, with the difference 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 most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

CITY OF LAKE JACKSON, TEXAS
Management's Discussion and Analysis
For the Year Ended September 30, 2022

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 through 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 three categories: governmental funds, proprietary funds, and fiduciary funds.

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

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

The City maintains nineteen (19) 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), Coronavirus Recovery Fund (special revenue fund), 2018 Downtown Improvement Fund (capital projects fund) and 2021 Infrastructure Improvements Fund (capital projects fund); all of which are considered to be major funds. Data from the other fourteen (14) 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 City adopts an annual appropriated budget for its general fund and major special revenue fund. A budgetary comparison statement has been provided for the general fund and economic development special revenue fund to demonstrate compliance with this budget.

The basic governmental funds financial statements can be found on pages 24-30 of this report.

CITY OF LAKE JACKSON, TEXAS
Management's Discussion and Analysis
For the Year Ended September 30, 2022

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 34 through 39 of this report.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside of the government. Fiduciary funds are *not* reported in the government-wide financial statements because the resources of those funds *are* not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The City maintains no fiduciary funds.

Notes to the Financial Statements. The notes provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 42 through 93 of this report.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents *required supplementary information* concerning the City's progress in funding its obligations to provide pension and OPEB benefits to its employees. Required supplementary information can be found immediately after the notes to the financial statements on pages 96 through 105.

The combining and individual fund statements and schedules referred to earlier in connection with nonmajor governmental funds, are presented immediately following the required supplementary information on pensions and OPEB. Combining and individual fund statements and schedules can be found on pages 110 through 178 of this report.

The statistical section and the continuing financial disclosures can be found on pages 180 through 224.

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 \$ 113,416,040, at the close of the most recent fiscal year.

As of September 30, 2022, 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.

CITY OF LAKE JACKSON, TEXAS
Management's Discussion and Analysis
For the Year Ended September 30, 2022

CITY'S NET POSITION

	Governmental Activities		Business-type Activities		Totals	
	September 30,		September 30,		September 30,	
	2022	2021	2022	2021	2022	2021
ASSETS						
Current and other assets	\$ 54,182,048	\$ 41,026,756	\$ 24,790,159	\$ 21,840,392	\$ 78,972,207	\$ 62,867,148
Capital assets	<u>66,061,379</u>	<u>61,858,706</u>	<u>39,031,414</u>	<u>40,881,287</u>	<u>105,092,793</u>	<u>102,739,993</u>
Total assets	<u>120,243,427</u>	<u>102,885,462</u>	<u>63,821,573</u>	<u>62,721,679</u>	<u>184,065,000</u>	<u>165,607,141</u>
Total deferred outflows of resources	<u>1,624,652</u>	<u>1,169,079</u>	<u>394,751</u>	<u>285,288</u>	<u>2,019,403</u>	<u>1,454,367</u>
LIABILITIES						
Other liabilities	7,284,312	3,559,913	1,819,955	1,841,048	9,104,267	5,400,961
Long-term liabilities	<u>41,758,729</u>	<u>34,647,040</u>	<u>14,461,455</u>	<u>15,851,512</u>	<u>56,220,184</u>	<u>50,498,552</u>
Total liabilities	<u>49,043,041</u>	<u>38,206,953</u>	<u>16,281,410</u>	<u>17,692,560</u>	<u>65,324,451</u>	<u>55,899,513</u>
Total deferred inflows of resources	<u>3,915,306</u>	<u>1,673,901</u>	<u>3,428,606</u>	<u>475,072</u>	<u>7,343,912</u>	<u>2,148,973</u>
NET POSITION						
Net investment in capital assets	41,473,527	40,206,296	33,095,598	34,047,825	74,569,125	74,254,121
Restricted	5,506,922	4,791,545	1,388,460	1,967,789	6,895,382	6,759,334
Unrestricted	<u>21,929,283</u>	<u>19,175,846</u>	<u>10,022,250</u>	<u>8,823,721</u>	<u>31,951,533</u>	<u>27,999,567</u>
Total net position	<u>\$ 68,909,732</u>	<u>\$ 64,173,687</u>	<u>\$ 44,506,308</u>	<u>\$ 44,839,335</u>	<u>\$ 113,416,040</u>	<u>\$ 109,013,022</u>

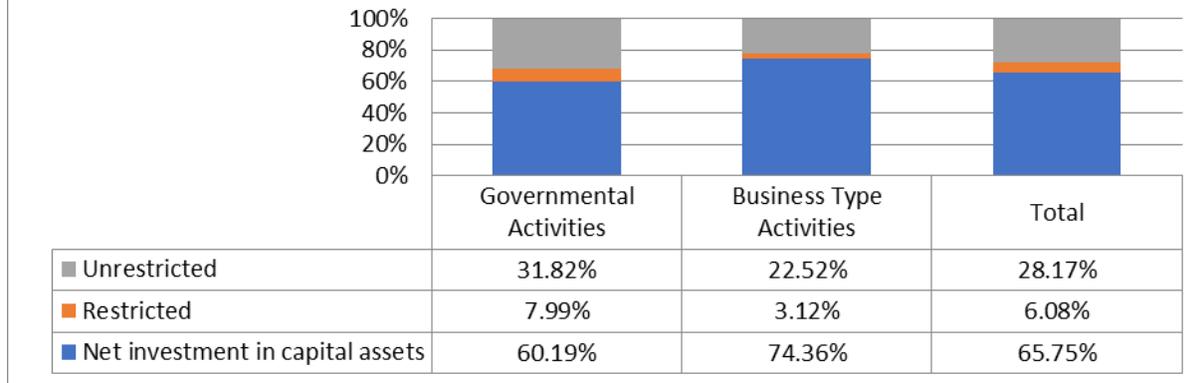
The largest portion of the City's net position, \$ 74,569,125 (65.75%) reflects its investments in capital assets less any debt used to acquire those assets that is still outstanding. The City uses capital assets to provide service to citizens; consequently these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources used to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position of \$ 6,895,382 (6.08%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position of \$ 31,951,533 (28.17%) may be used to meet the government's ongoing obligations to citizens and creditors.

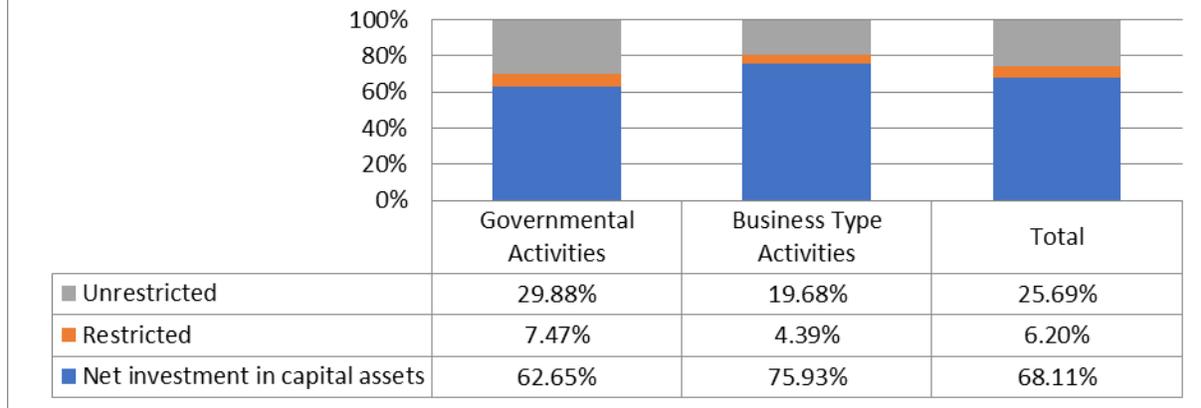
There was an increase of \$ 136,048 in restricted net position and an increase of \$ 315,004 in net investment in capital assets. The increase in restricted net position and in net investment in capital assets resulted from the proceeds of new bonds, new construction projects, payments of debt, and depreciation of capital assets.

CITY OF LAKE JACKSON, TEXAS
Management's Discussion and Analysis
For the Year Ended September 30, 2022

2022 Percentage of Net Position by Type



2021 Percentage of Net Position by Type



CITY OF LAKE JACKSON, TEXAS
Management's Discussion and Analysis
For the Year Ended September 30, 2022

Analysis of the City's Operations

Governmental Activities: During the current fiscal year, net position for governmental activities increased \$ 4,736,045 from the prior fiscal year for an ending balance of \$ 68,909,732.

Total revenues for governmental activities decreased from the previous year by \$ 47,755 (0.16%).

Program revenues decreased from the previous year by \$ 2,141,615. This was a result of a decrease in operating grants and contributions. The City received Coronavirus State and Local Fiscal Recovery Fund. \$ 1.8 million from the fund was expensed in previous fiscal year, the remaining fund of \$ 5.0 million was deferred to next fiscal year.

General revenues increased from the previous year by \$ 2,093,860. This was primarily resulting from the increase in property tax revenues and sales tax revenues. Property tax revenues for the year increased due to increase in taxable property values and rate charged to property owners. Sales tax makes up the largest category of City revenues. Sales revenues increased due to our economy recovering from the pandemic.

Expenses increased during the current year, increasing from \$ 25.7 million in the previous year to \$ 27.0 million in the current year. The most significant increases were \$ 0.4 million in public work function and \$ 0.6 million in culture and recreation function. Labor costs, fuel, and infrastructure repairs were the main contributing factors to these expense increases.

Business-type Activities: During the current fiscal year, business activities decreased the City's net position by \$ 333,024 (0.74%) which mainly resulted from a transfer out.

Total revenues increased from the previous year by \$ 1,903,931 and total expenses increased from the previous year by \$ 71,694 respectively. Total revenues increased from the previous year, due to an increase in charges for services driven from increasing in water and sewer rates. Total expenses increased at a rate of about 0.42%. The major increases in 2022 expenses were sanitation and golf course expenses. Fuel and labor costs attributed to most of these increases.

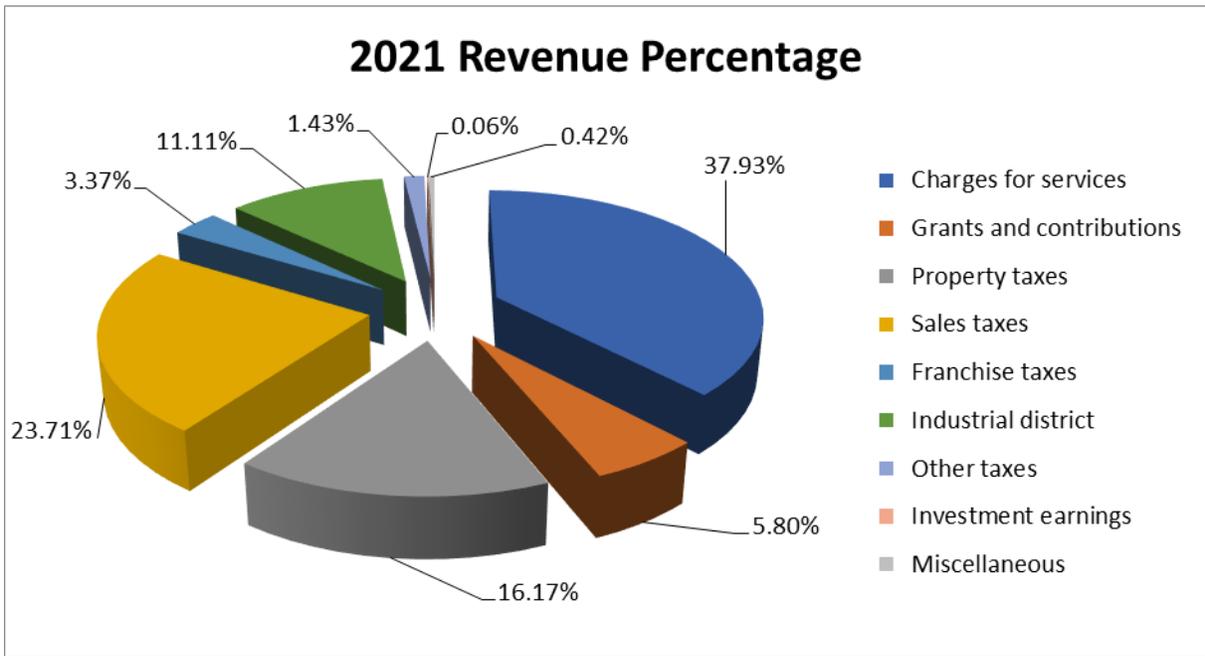
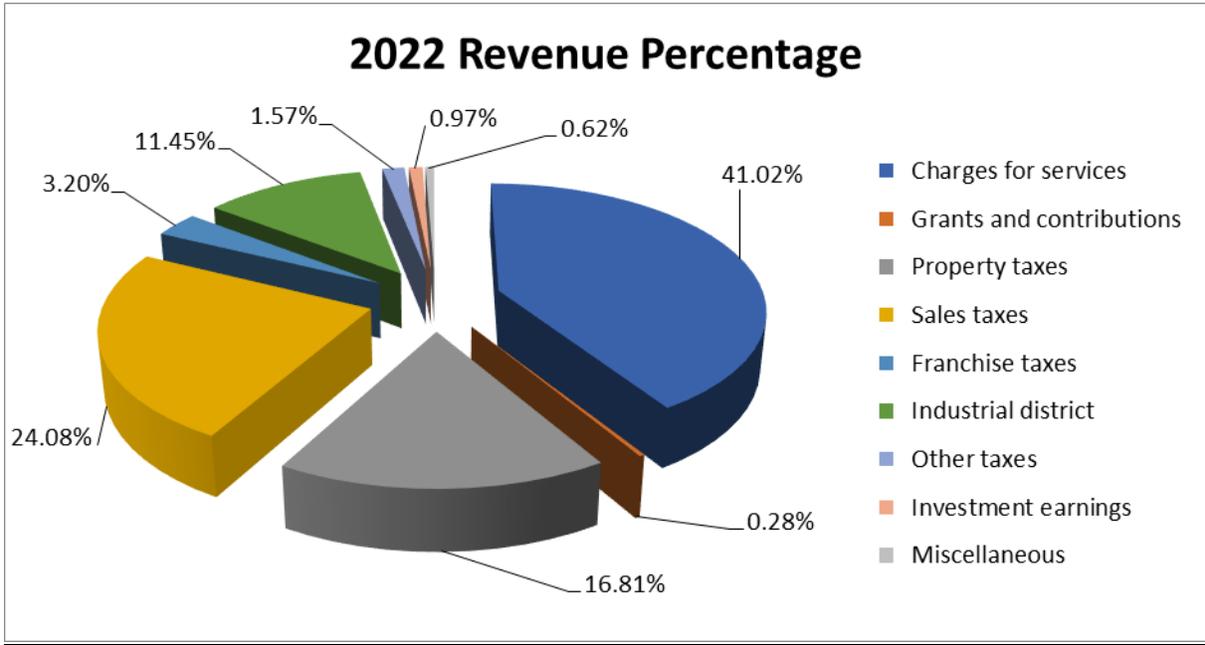
The following table provides a summary of the City's operations for the years ended September 30, 2022 and 2021.

CITY OF LAKE JACKSON, TEXAS
Management's Discussion and Analysis
For the Year Ended September 30, 2022

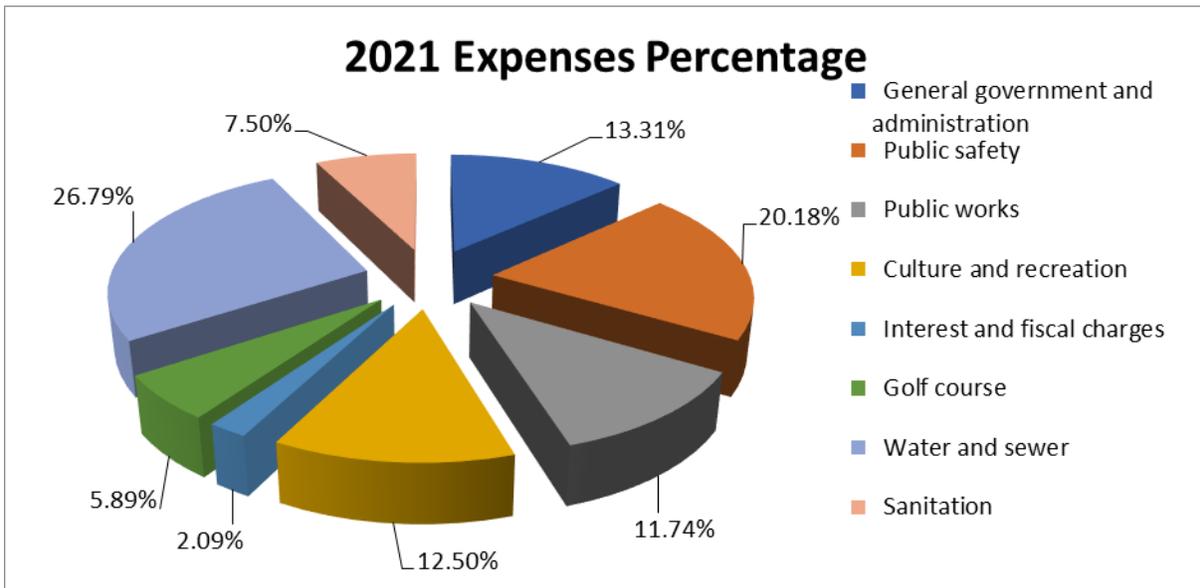
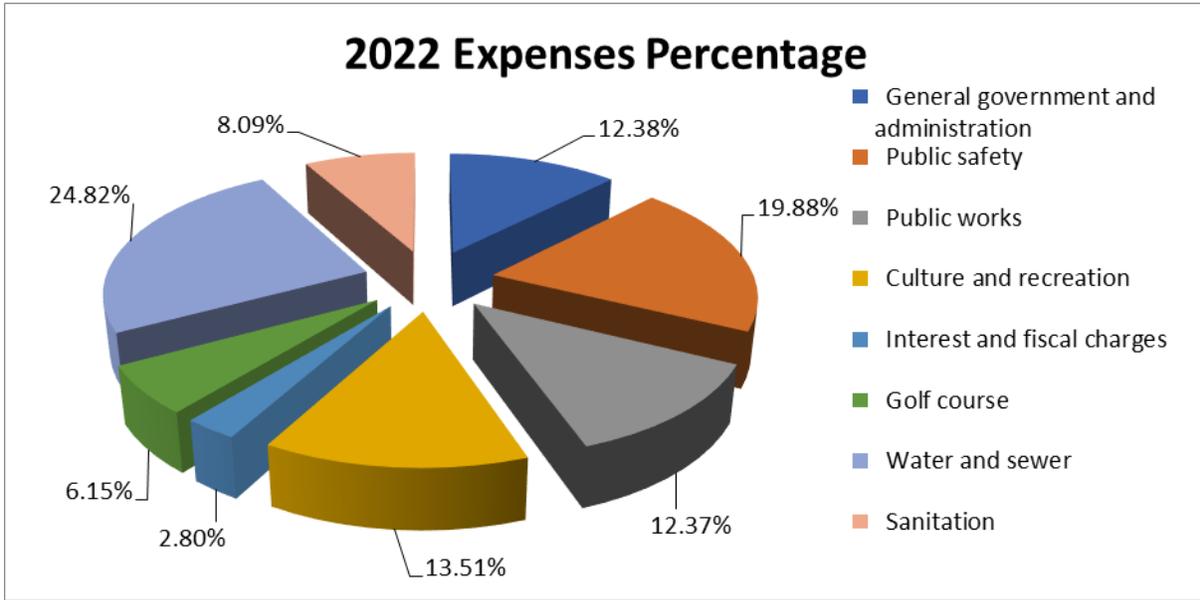
CITY'S CHANGES IN NET POSITION

	Governmental Activities		Business-type Activities		Totals	
	September 30,		September 30,		September 30,	
	2022	2021	2022	2021	2022	2021
Revenues:						
Program Revenues:						
Charges for services	\$ 1,779,056	\$ 1,342,383	\$ 18,218,431	\$ 16,446,840	\$ 19,997,487	\$ 17,789,223
Operating grants and contributions	142,985	2,721,273	-	-	142,985	2,721,273
General Revenues:						
Property taxes	8,196,599	7,585,128	-	-	8,196,599	7,585,128
Sales taxes	11,739,782	11,121,684	-	-	11,739,782	11,121,684
Franchise taxes	1,560,850	1,580,134	-	-	1,560,850	1,580,134
Occupancy taxes	489,704	421,451	-	-	489,704	421,451
Other taxes	274,089	251,413	-	-	274,089	251,413
Industrial district	5,583,516	5,208,506	-	-	5,583,516	5,208,506
Investment earnings	331,298	18,535	142,759	10,419	474,057	28,954
Miscellaneous	222,600	144,237	-	-	222,600	144,237
Gain on disposition of capital assets	73,625	47,115	-	-	73,625	47,115
Total revenues	30,394,104	30,441,859	18,361,190	16,457,259	48,755,294	46,899,118
Expenses:						
General government and administration						
General government and administration	5,490,852	5,715,450	-	-	5,490,852	5,715,450
Public safety	8,814,132	8,662,929	-	-	8,814,132	8,662,929
Public works	5,486,432	5,041,461	-	-	5,486,432	5,041,461
Culture and recreation	5,993,872	5,368,704	-	-	5,993,872	5,368,704
Interest and fiscal charges	1,240,078	897,694	-	-	1,240,078	897,694
Water and sewer	-	-	11,008,302	11,505,879	11,008,302	11,505,879
Sanitation	-	-	3,588,880	3,220,607	3,588,880	3,220,607
Golf course	-	-	2,729,728	2,528,730	2,729,728	2,528,730
Total expenses	27,025,366	25,686,238	17,326,910	17,255,216	44,352,276	42,941,454
Increase (decrease) in net position before transfers	3,368,738	4,755,621	1,034,280	(797,957)	4,403,018	3,957,664
Transfers	1,367,307	(675,992)	(1,367,307)	675,992	-	-
Changes in net position	4,736,045	4,079,629	(333,027)	(121,965)	4,403,018	3,957,664
Net position - beginning	64,173,687	60,094,058	44,839,335	44,961,300	109,013,022	105,055,358
Net position - ending	\$ 68,909,732	\$ 64,173,687	\$ 44,506,308	\$ 44,839,335	\$ 113,416,040	\$ 109,013,022

CITY OF LAKE JACKSON, TEXAS
Management's Discussion and Analysis
For the Year Ended September 30, 2022



CITY OF LAKE JACKSON, TEXAS
Management's Discussion and Analysis
For the Year Ended September 30, 2022



CITY OF LAKE JACKSON, TEXAS
Management's Discussion and Analysis
For the Year Ended September 30, 2022

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 \$ 43,867,537, 16.28% of this total amount (\$ 7,140,905) constitutes unassigned fund balance. The remainder of the fund balance has been categorized as 1) nonspendable (\$ 236,405), 2) restricted (\$ 20,954,651), 3) committed (\$ 955,693), and 4) assigned (\$ 14,579,883).

In the General Fund, the City budgeted for a fund balance decrease of \$ 1,741,560. This included budgeting \$ 1,200,000 to transfer FY 2021 budget savings to General Capital Projects. The actual fund balance change was an increase for fiscal year 2022 of \$ 1,381,295 and was \$ 3,122,855 more than the budgeted amount. This was due to expenditures in most categories being less than expectations and sales revenue was being more than expectation.

The Economic Development fund is used to account for revenue from the half-cent sales tax. In 2022, the revenues in the Economic Development fund were more than the budget by \$ 535,094 due to the increase in taxes revenue, and total expenditures in the Economic Development fund were less than the budget by \$ 364,281. As a result, the Economic Development fund balance increased by \$ 549,371 and was \$ 1,244,370 more increase than the budgeted amount.

The Coronavirus Recovery grant is used to account for proceeds awarded from the American Rescue Plan Act of 2021 through the United States Department of the Treasury. The funds under this grant provide support for local governments to meet local needs related to continued Covid-19 pandemic response efforts, economic stabilization, water, sewer and broadband infrastructure, and public health and safety. The fund balance increased by \$ 31,274 which was resulted in investment earning. In the current year, the City did not budget to use the grant received and deferred the grant to next year.

2018 Downtown Improvement fund balance decreased by \$ 4,784,654 due to capital project expenditures.

2021 Infrastructure Improvement fund balance increased by \$ 7,019,030 due to issuance of new bonds and capital project expenditures.

CITY OF LAKE JACKSON, TEXAS
Management's Discussion and Analysis
For the Year Ended September 30, 2022

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.

Enterprise Fund's unrestricted net position at September 30, 2022 amounted to \$ 10,354,793. Total net position increased \$ 42,680. Other factors concerning these funds have previously been addressed in the discussion of the City's business-type activities.

Golf Course Operating's unrestricted net position at September 30, 2022 was deficit of \$ 332,543. Total net position decreased \$ 375,707. Other factors concerning these funds have previously been addressed in the discussion of the City's business-type activities.

General Fund Budgetary Highlights.

During the year, the City did not make amendments to budgeted revenue. Appropriations were amended by City Council to transfer \$ 1,200,000 of fiscal year 2021 budget savings to the General Construction Fund and to increase \$ 7,500 for public safety and \$ 729,175 for capital outlay.

The City's general fund actual revenues were more than the final budget by \$ 1,261,823 mainly due to sale taxes were more than expectation. The City's expenditure budget exceeded the actual expenditures by \$ 917,206 primarily due to overall spending control. It is the City's policy to transfer budget savings in the General Fund to the General Construction Fund. The saving generated in fiscal year 2022 will be transferred in fiscal year 2023.

Capital Assets and Debt Administration

Capital Assets. The City's investment in capital assets for its governmental and business-type activities as of September 30, 2022, amounts to \$ 105,092,793 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements other than buildings, furniture, equipment and vehicles, right to use leased assets, infrastructure, and construction in progress. The total increase in the City's investment in capital assets for the current fiscal year was \$ 2,352,800. (\$ 4,202,673 increase for governmental activities and \$ 1,849,873 decrease in business-type activities).

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

- Phase 4, Downtown Revitalization \$ 5,199,355
- Waste-Water Treatment Plant Generator Replacement \$ 552,500
- Library Flooring Replacement \$ 299,555
- Recreation Center Roof Replacement \$ 443,476
- Creekside Bridge Payoff \$ 239,369

CITY OF LAKE JACKSON, TEXAS
Management's Discussion and Analysis
For the Year Ended September 30, 2022

CITY "S CAPITAL ASSETS (NET OF DEPRECIATION/AMORTIZATION)

	Governmental Activities		Business-type Activities		Totals	
	September 30,		September 30,		September 30,	
	2022	2021	2022	2021	2022	2021
Land	\$ 2,551,017	\$ 2,551,017	\$ 3,821,585	\$ 3,821,585	\$ 6,372,602	\$ 6,372,602
Buildings	14,499,890	15,382,070	785,031	1,033,797	15,284,921	16,415,867
Improvements other than buildings	4,604,722	3,180,806	22,867,813	22,874,221	27,472,535	26,055,027
Furniture, equipment and vehicles	3,971,395	4,251,372	2,535,397	3,162,928	6,506,792	7,414,300
Right to use leased assets	80,177	-	460,110	-	540,287	-
Infrastructure	32,525,280	34,621,782	7,487,808	8,120,975	40,013,088	42,742,757
Construction in progress	<u>7,828,898</u>	<u>1,871,659</u>	<u>1,073,670</u>	<u>1,867,781</u>	<u>8,902,568</u>	<u>3,739,440</u>
Total	<u>\$ 66,061,379</u>	<u>\$ 61,858,706</u>	<u>\$ 39,031,414</u>	<u>\$ 40,881,287</u>	<u>\$ 105,092,793</u>	<u>\$ 102,739,993</u>

Additional information on the City's capital assets can be found in Note 6 on pages 66 through 70 of this report.

Long-term Debt. At the end of the current fiscal year, the City had a total bonded debt of \$ 50,915,000. Of this amount, \$ 37,905,000 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 \$ 13,010,000 represents bonds secured by water and sewer revenues.

CITY'S OUTSTANDING DEBT

	Governmental Activities		Business-type Activities		Totals	
	September 30,		September 30,		September 30,	
	2022	2021	2022	2021	2022	2021
General obligation bonds	\$ 5,620,000	\$ 7,580,000	\$ -	\$ -	\$ 5,620,000	\$ 7,580,000
Limited tax bonds	32,285,000	23,390,000	-	-	32,285,000	23,390,000
Revenue bonds	-	-	13,010,000	14,205,000	13,010,000	14,205,000
Lease liability	81,226	-	465,247	-	546,473	-
Bond premium	2,215,966	1,248,231	667,295	711,852	2,883,261	1,960,083
Net pension liability	108,963	1,066,384	-	622,810	108,963	1,689,194
Total OPEB liability	801,124	738,164	211,978	194,713	1,013,102	932,877
Compensated absences	<u>646,450</u>	<u>624,261</u>	<u>106,935</u>	<u>117,137</u>	<u>753,385</u>	<u>741,398</u>
Total	<u>\$ 41,758,729</u>	<u>\$ 34,647,040</u>	<u>\$ 14,461,455</u>	<u>\$ 15,851,512</u>	<u>\$ 56,220,184</u>	<u>\$ 50,498,552</u>

During the fiscal year, the City's total bonded debt increased \$ 5,740,000 due to the proceeds from new 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 70 through 75 of this report.

CITY OF LAKE JACKSON, TEXAS
Management's Discussion and Analysis
For the Year Ended September 30, 2022

Economic Factors and Next Year's Budgets and Rates

The 22-23 budget will raise more revenue from property taxes than the 21-22 budget by an amount of \$ 274,299, which is a 6.08% increase from last year's budget. The property tax revenue to be raised from new property added to the tax roll this year is \$ 109,011 more than the 21-22 budget. At \$ 24,550,427, the general fund budget is \$ 1,986,015 more than the FY 21-22 budget or an 8.8% increase. At \$16,667,166 the utility operating budget is \$1,542,361 more than the previous budget or a 10.2% increase. The Utility base rate will increase \$ 2 per month and the per thousand-gallon rate will increase 11.5%. The Brazosport Water Authority rate for the water Lake Jackson buys is increasing from \$ 3.46 per thousand gallons to \$ 3.88 per thousand gallons or \$ 306,600 per year. The monthly residential garbage rate will increase \$ 2 per month from \$ 19 to \$ 21 per month. The residential recycling rate is increasing \$ 1 per month from \$ 3 to \$ 4 per month. The Seabreeze Landfill rate is increasing 8.9% or \$ 94,610. The City's solid waste disposal contract allows rates to be adjusted each year to reflect changes in the CPI-U (May to May). The 22-23 budget focuses on providing a 5% market adjustment to all salary positions and funding the pay-for-performance plan.

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

Water Rates	<u>Fiscal Year</u> <u>2021-22</u>	<u>Fiscal Year</u> <u>2022-23</u>
Residential base (2,000 gallons)	\$ 14.50	\$ 15.5
Commercial & Multi-family base	\$ 29.00	\$ 31.00
2,000 to 20,000 gallons	\$ 4.75	\$ 5.30
Over 20,000 gallons	\$ 5.35	\$ 5.95

Sewer Rates	<u>Fiscal Year</u> <u>2021-22</u>	<u>Fiscal Year</u> <u>2022-23</u>
Residential base (2,000 gallons)	\$ 14.75	\$ 15.75
Commercial & Multi-family base	\$ 29.50	\$ 31.5
Over 2,000 gallons (15,000 max for residential)	\$ 5.25	\$ 5.80

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, 2022

	Governmental Activities	Business- Type Activities	Total
Assets:			
Cash and cash equivalents	\$ 48,573,725	\$ 10,891,703	\$ 59,465,428
Taxes receivable (net)	2,185,849	-	2,185,849
Lease receivable	-	2,451,104	2,451,104
Accounts receivable (net)	705,069	904,067	1,609,136
Due from other governments	41,566	-	41,566
Investments	100,000	-	100,000
Inventories	127,232	72,683	199,915
Prepaid items	109,173	15,035	124,208
Restricted Assets:			
Temporarily Restricted:			
Cash and cash equivalents	-	10,210,694	10,210,694
Net pension asset	2,339,434	244,873	2,584,307
Capital Assets (Net of Accumulated Depreciation):			
Land	2,551,017	3,821,585	6,372,602
Buildings	14,499,890	785,031	15,284,921
Improvements other than buildings	4,604,722	22,867,813	27,472,535
Furniture, equipment, and vehicles	3,971,395	2,535,397	6,506,792
Right to use leased assets	80,177	460,110	540,287
Infrastructure	32,525,280	7,487,808	40,013,088
Construction in progress	7,828,898	1,073,670	8,902,568
Total assets	<u>120,243,427</u>	<u>63,821,573</u>	<u>184,065,000</u>
Deferred Outflows of Resources:			
Debt refunding cost	96,944	-	96,944
Pension related	1,385,634	355,793	1,741,427
OPEB related	142,074	38,958	181,032
Total deferred outflows of resources	<u>1,624,652</u>	<u>394,751</u>	<u>2,019,403</u>

(continued)

CITY OF LAKE JACKSON

Lake Jackson, Texas

STATEMENT OF NET POSITION - Continued

September 30, 2022

	Governmental Activities	Business- Type Activities	Total
Liabilities:			
Accounts payable	\$ 1,708,128	\$ 554,929	\$ 2,263,057
Cash bonds and taxes	253,720	-	253,720
Accrued wages	207,582	52,532	260,114
Accrued interest	48,784	187,548	236,332
Unearned revenue	5,066,098	161,739	5,227,837
Liabilities payable from restricted assets	-	863,207	863,207
Noncurrent liabilities:			
Due within one year	4,518,718	1,301,828	5,820,546
Due in more than one year:			
Bonds payable and other	36,329,924	12,947,649	49,277,573
Net pension liability	108,963	-	108,963
Total OPEB liability	801,124	211,978	1,013,102
Total liabilities	49,043,041	16,281,410	65,324,451
Deferred Inflows of Resources:			
Lease related	-	2,384,192	2,384,192
Pension related	3,890,965	1,037,740	4,928,705
OPEB related	24,341	6,674	31,015
Total deferred inflows of resources	3,915,306	3,428,606	7,343,912
Net Position:			
Net investment in capital assets	41,473,527	33,095,598	74,569,125
Restricted For:			
Debt service	809,682	1,388,460	2,198,142
Grant	31,361	-	31,361
Economic development	4,053,530	-	4,053,530
Other	612,349	-	612,349
Unrestricted	21,929,283	10,022,250	31,951,533
Total net position	\$ 68,909,732	\$ 44,506,308	\$ 113,416,040

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, 2022

Functions/Programs	Expenses	Program Revenues	
		Charges for Services	Operating Grants and Contributions
Primary Government:			
Governmental Activities:			
General government and administration	\$ 5,490,852	\$ 477,216	\$ -
Public safety	8,814,132	-	5,408
Public works	5,486,432	409,046	137,577
Culture and recreation	5,993,872	892,794	-
Interest and fiscal charges	1,240,078	-	-
Total governmental activities	27,025,366	1,779,056	142,985
Business-type Activities:			
Water and sewer	11,008,302	11,526,990	-
Sanitation	3,588,880	4,501,891	-
Golf course	2,729,728	2,189,550	-
Total business-type activities	17,326,910	18,218,431	-
Total	\$ 44,352,276	\$ 19,997,487	\$ 142,985

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
\$(5,013,636)	\$ -	\$(5,013,636)
(8,808,724)	-	(8,808,724)
(4,939,809)	-	(4,939,809)
(5,101,078)	-	(5,101,078)
(1,240,078)	-	(1,240,078)
<u>(25,103,325)</u>	<u>-</u>	<u>(20,103,325)</u>
-	518,688	518,688
-	913,011	913,011
<u>-</u>	<u>(540,178)</u>	<u>(540,178)</u>
<u>-</u>	<u>891,521</u>	<u>891,521</u>
<u>(25,103,325)</u>	<u>891,521</u>	<u>(24,211,804)</u>
8,196,599	-	8,196,599
11,739,782	-	11,739,782
1,560,850	-	1,560,850
489,704	-	489,704
274,089	-	274,089
5,583,516	-	5,583,516
331,298	142,759	474,057
73,625	-	73,625
222,600	-	222,600
<u>1,367,307</u>	<u>(1,367,307)</u>	<u>-</u>
<u>29,839,370</u>	<u>(1,224,548)</u>	<u>28,614,822</u>
4,736,045	(333,027)	4,403,018
<u>64,173,687</u>	<u>44,839,335</u>	<u>109,013,022</u>
<u>\$ 68,909,732</u>	<u>\$ 44,506,308</u>	<u>\$ 113,416,040</u>

CITY OF LAKE JACKSON

Lake Jackson, Texas

**BALANCE SHEET -
GOVERNMENTAL FUNDS**

September 30, 2022

	General Fund	Economic Development Fund	Coronavirus Recovery Fund	2018 Downtown Improvements Fund	2021 Infrastructure Improvements Fund
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Assets:					
Cash and cash equivalents	\$ 18,488,766	\$ 3,395,790	\$ 5,010,966	\$ 4,734,739	\$ 7,021,069
Receivables (Net of Allowance for Uncollectibles):					
Taxes	1,471,455	661,835	-	-	-
Accounts	70,947	-	-	-	-
Grants	3,806	-	-	-	-
Investments	100,000	-	-	-	-
Inventories	127,232	-	-	-	-
Prepaid items	<u>109,173</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 20,371,379</u>	<u>\$ 4,057,625</u>	<u>\$ 5,010,966</u>	<u>\$ 4,734,739</u>	<u>\$ 7,021,069</u>
Liabilities, Deferred Inflows of Resources and Fund Balance:					
Liabilities:					
Accounts payable	\$ 822,118	\$ 4,095	\$ -	\$ 604,262	\$ 2,039
Cash bonds and taxes	253,720	-	-	-	-
Accrued wages	207,582	-	-	-	-
Unearned revenue	<u>86,493</u>	<u>-</u>	<u>4,979,605</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>1,369,913</u>	<u>4,095</u>	<u>4,979,605</u>	<u>604,262</u>	<u>2,039</u>
Deferred Inflows of Resources:					
Unavailable revenue - property taxes	<u>76,339</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total deferred inflows of resources	<u>76,339</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance:					
Nonspendable	236,405	-	-	-	-
Restricted	-	4,053,530	31,361	4,130,477	7,019,030
Committed	955,693	-	-	-	-
Assigned	10,592,124	-	-	-	-
Unassigned	<u>7,140,905</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balance	<u>18,925,127</u>	<u>4,053,530</u>	<u>31,361</u>	<u>4,130,477</u>	<u>7,019,030</u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 20,371,379</u>	<u>\$ 4,057,625</u>	<u>\$ 5,010,966</u>	<u>\$ 4,734,739</u>	<u>\$ 7,021,069</u>

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

<u>Total Nonmajor Funds</u>	<u>Total Governmental Funds</u>
\$ 9,922,395	\$ 48,573,725
52,559	2,185,849
8,137	79,084
37,760	41,566
-	100,000
-	127,232
-	109,173
<u>\$ 10,020,851</u>	<u>\$ 51,216,629</u>

\$ 275,614	\$ 1,708,128
-	253,720
-	207,582
-	5,066,098
<u>275,614</u>	<u>7,235,528</u>

<u>37,225</u>	<u>113,564</u>
---------------	----------------

<u>37,225</u>	<u>113,564</u>
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-	236,405
5,720,253	20,954,651
-	955,693
3,987,759	14,579,883
-	7,140,905

<u>9,708,012</u>	<u>43,867,537</u>
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<u>\$ 10,020,851</u>	<u>\$ 51,216,629</u>
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CITY OF LAKE JACKSON

Lake Jackson, Texas

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

September 30, 2022

Total fund balances - governmental funds balance sheet \$ 43,867,537

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

Capital assets net of accumulated depreciation used in governmental activities are not financial resources and therefore are not reported as assets in the governmental funds. The costs of these assets is \$ 188,478,646 and the accumulated depreciation is \$ 122,417,267 resulting in a

<u> </u>	net addition		
<u> </u>	to net position.		66,061,379

Some receivables are not available soon enough to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds.

	Property taxes	\$ 113,564	
	Municipal court accounts	<u>625,985</u>	
739,549			

Some liabilities, including bonds payable, lease liability, premium on the issuance of bonds, accrued compensated absences and accrued bond interest are not due and payable in the current period and, therefore, are not reported as a liability in the funds. Liabilities at year-end related to such items consist of:

	General obligation bonds	\$(37,905,000)
	Lease liability	(81,226	
	Premium on bonds	(2,215,966	
	Accrued compensated absences	(646,450	
	Accrued interest payable	<u>(48,784</u>	<u>)</u>
40,897,426			(

Deferred refunding cost. 96,944

The government-wide statement includes the City's proportionate share of TMRS and TESRS net pension liabilities/assets, as well as pension related transactions accounted for as deferred inflows and outflows of resources. Liabilities/assets at year-end related to such items consist of:

	Net Pension Asset - TMRS	\$ <u>2,339,434</u>	
	Deferred Outflows of Resources - TMRS Pension	1,297,500	
	Deferred Inflows of Resources - TMRS Pension	(3,784,471	
	Net Pension Liability - TESRS	(108,963	
	Deferred Outflows of Resources - TESRS Pension	88,134	
	Deferred Inflows of Resources - TESRS Pension	<u>(106,494</u>	<u>)</u>
<u>274,860</u>			(

The government-wide statement includes the City's proportionate share of TMRS total OPEB liabilities, as well as pension related transactions accounted for as deferred inflows and outflows of resources. Liabilities at year-end related to such items consist of:

Total OPEB liability	\$(<u>801,124</u>)
Deferred Outflows of Resources	142,074	

<u>683,391</u>	Deferred Inflows of Resources	(<u>24,341</u>)	(
)	
Total Net Position - Governmental Activities			\$ <u>68,909,732</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, 2022

	General Fund	Economic Development Fund	Coronavirus Recovery Fund	2018 Downtown Improvements Fund	2021 Infrastructure Improvements Fund
Revenues:					
Taxes:					
Property	\$ 5,384,188	\$ -	\$ -	\$ -	\$ -
Sales	7,771,049	3,968,733	-	-	-
Franchise	1,497,229	-	-	-	-
Occupancy	-	-	-	-	-
Other	274,089	-	-	-	-
Industrial district	5,583,516	-	-	-	-
Intergovernmental	5,408	-	-	-	-
Revenue producing facilities	892,794	-	-	-	-
Fines and fees	502,429	-	-	-	-
Licenses and permits	409,046	-	-	-	-
Investment earning	91,711	16,361	31,274	66,783	61,957
Miscellaneous	150,276	-	-	-	-
Total revenues	22,561,735	3,985,094	31,274	66,783	61,957
Expenditures:					
Current:					
General government and administration	5,289,511	-	-	-	-
Public safety	8,464,338	-	-	-	-
Public works	2,766,367	-	-	-	-
Culture and recreation	4,904,246	159,745	-	-	-
Capital outlay	708,715	951,634	-	4,851,437	647,232
Debt Service:					
Principal retirement	22,459	-	-	-	-
Interest and fiscal charges	2,485	-	-	-	-
Total expenditures	22,158,121	1,111,379	-	4,851,437	647,232
Excess (deficiency) of revenues over expenditures	403,614	2,873,715	31,274	(4,784,654)	(585,275)
Other Financing Sources (Uses):					
Issuance of bonds	-	-	-	-	7,345,000
Bond issuance premium	-	-	-	-	259,305
Proceeds of leases	103,685	-	-	-	-
Payment to bond refunding escrow agent	-	-	-	-	-
Proceeds from sale of capital assets	73,625	-	-	-	-
Transfers in	2,258,319	-	-	-	-
Transfers out	(1,457,948)	(2,324,344)	-	-	-
Total other financing sources (uses)	977,681	(2,324,344)	-	-	7,604,305
Net change in fund balance	1,381,295	549,371	31,274	(4,784,654)	7,019,030
Fund balance - beginning	17,543,832	3,504,159	87	8,915,131	-
Fund balance - ending	\$ 18,925,127	\$ 4,053,530	\$ 31,361	\$ 4,130,477	\$ 7,019,030

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

<u>Total Nonmajor Funds</u>	<u>Total Governmental Funds</u>
\$ 2,774,291	\$ 8,158,479
-	11,739,782
63,621	1,560,850
489,704	489,704
-	274,089
-	5,583,516
137,577	142,985
-	892,794
-	502,429
-	409,046
63,212	331,298
<u>72,324</u>	<u>222,600</u>
<u>3,600,729</u>	<u>30,307,572</u>
138,158	5,427,669
107,834	8,572,172
186,144	2,952,511
426,148	5,490,139
1,840,234	8,999,252
3,315,000	3,337,459
<u>1,465,916</u>	<u>1,468,401</u>
<u>7,479,434</u>	<u>36,247,603</u>
(<u>3,878,705</u>)	(<u>5,940,031</u>)
10,705,000	18,050,000
1,078,403	1,337,708
-	103,685
(7,905,131)	(7,905,131)
-	73,625
2,961,844	5,220,163
(<u>70,564</u>)	(<u>3,852,856</u>)
<u>6,769,552</u>	<u>13,027,194</u>
2,890,847	7,087,163
<u>6,817,165</u>	<u>36,780,374</u>
<u>\$ 9,708,012</u>	<u>\$ 43,867,537</u>

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, 2022

Net change in fund balances - total governmental funds \$ 7,087,163

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay	\$ 8,999,252	
Depreciation expense	<u>(4,796,579)</u>	4,202,673

Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. Also, governmental funds report the effect on premiums and similar items when debt is issued, whereas these amounts are amortized in the statement of activities.

Proceeds of bonds	\$(18,050,000)	
Premium on the issuance of bonds	(1,337,708)	
Proceeds of leases	(103,685)	
Bond refunded	7,905,131	
Principal payments	<u>3,337,459</u>	
Change in accrued compensated absences	<u>(22,189)</u>	
Change in accrued interest payable	(8,611)	
Amortization of bond premium	369,973	
Amortization of deferred charge on bond refunding	<u>(133,039)</u>	
8,042,669)		(

The net change in net pension liability/asset, deferred outflows and deferred inflows is reported in the statement of activities but does not require the use of current resources and, therefore, is not reported as expenditure in the governmental funds. The net change consists of the following:

Net pension asset increased	\$ 3,296,855	
Deferred outflows increased	<u>499,508</u>	
Deferred inflows increased	<u>(2,256,874)</u>	
<u>1,539,489</u>)

The net change in total OPEB liability, deferred outflows and deferred inflows is reported in the statement of activities but does not require the use of current resources and, therefore, is not reported as expenditure in the governmental funds. The net change consists of the following:

Total OPEB liability increased	\$(62,960)	
Deferred outflows decreased	<u>(16,027)</u>	
Deferred inflows decreased	<u>15,469</u>	
63,518)		(

Because some property tax receivables will not be collected for several months after the City's fiscal year ends, they are not considered available revenues and are deferred inflows in the governmental funds. 38,120

Municipal court revenues in the governmental activities statement of activities do not provide current financial resources and are not reported as revenue in the funds. (25,213)

Change in net position of governmental activities (see B-1)

4,736,045

\$ _____

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, 2022

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Taxes:				
Property	\$ 5,426,467	\$ 5,426,467	\$ 5,384,188	\$(42,279)
Sales	6,720,000	6,720,000	7,771,049	1,051,049
Franchise	1,730,645	1,730,645	1,497,229	(233,416)
Other	140,000	140,000	274,089	134,089
Industrial district	5,280,000	5,280,000	5,583,516	303,516
Intergovernmental	57,000	57,000	5,408	(51,592)
Revenue producing facilities	908,500	908,500	892,794	(15,706)
Fines and fees	487,000	487,000	502,429	15,429
Licenses and permits	481,300	481,300	409,046	(72,254)
Investment earnings	8,500	8,500	91,711	83,211
Miscellaneous	60,500	60,500	150,276	89,776
Total revenues	<u>21,299,912</u>	<u>21,299,912</u>	<u>22,561,735</u>	<u>1,261,823</u>
Expenditures:				
Current:				
General government and administration	4,610,922	4,610,922	5,289,511	(678,589)
Public safety	8,940,445	8,947,945	8,464,338	483,607
Public works	3,321,932	3,321,932	2,766,367	555,565
Culture and recreation	5,003,243	5,003,243	4,904,246	98,997
Capital outlay	462,110	1,191,285	708,715	482,570
Debt Service:				
Principal retirement	-	-	22,459	(22,459)
Interest and fiscal charges	-	-	2,485	(2,485)
Total expenditures	<u>22,338,652</u>	<u>23,075,327</u>	<u>22,158,121</u>	<u>917,206</u>
Excess (deficiency) of revenue over expenditures	(1,038,740)	(1,775,415)	403,614	2,179,029
Other Financing sources (Uses):				
Proceeds of leases	-	-	103,685	103,685
Proceeds from sale of capital assets	-	-	73,625	73,625
Transfers in	2,093,355	2,093,355	2,258,319	164,964
Transfers out	(859,500)	(2,059,500)	(1,457,948)	601,552
Total other financing sources (uses)	<u>1,233,855</u>	<u>33,855</u>	<u>977,681</u>	<u>943,826</u>
Net change in fund balance	195,115	(1,741,560)	1,381,295	3,122,855
Fund balance - beginning	<u>17,543,832</u>	<u>17,543,832</u>	<u>17,543,832</u>	-
Fund balance - ending	<u>\$ 17,738,947</u>	<u>\$ 15,802,272</u>	<u>\$ 18,925,127</u>	<u>\$ 3,122,855</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, 2022

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Sales taxes	\$ 3,450,000	\$ 3,450,000	\$ 3,968,733	\$ 518,733
Investment earnings	-	-	16,361	16,361
Total revenues	<u>3,450,000</u>	<u>3,450,000</u>	<u>3,985,094</u>	<u>535,094</u>
Expenditures:				
Current:				
Culture and recreation	70,000	400,160	159,745	240,415
Capital outlay	<u>1,075,500</u>	<u>1,075,500</u>	<u>951,634</u>	<u>123,866</u>
Total expenditures	<u>1,145,500</u>	<u>1,475,660</u>	<u>1,111,379</u>	<u>364,281</u>
Excess of revenues over expenditures	<u>2,304,500</u>	<u>1,974,340</u>	<u>2,873,715</u>	<u>899,375</u>
Other Financing Uses:				
Transfers out	<u>(2,669,339)</u>	<u>(2,669,339)</u>	<u>(2,324,344)</u>	<u>344,995</u>
Total other financing uses	<u>(2,669,339)</u>	<u>(2,669,339)</u>	<u>(2,324,344)</u>	<u>344,995</u>
Net change in fund balance	<u>(364,839)</u>	<u>(694,999)</u>	<u>549,371</u>	<u>1,244,370</u>
Fund balance - beginning	<u>3,504,159</u>	<u>3,504,159</u>	<u>3,504,159</u>	<u>-</u>
Fund balance - ending	<u>\$ 3,139,320</u>	<u>\$ 2,809,160</u>	<u>\$ 4,053,530</u>	<u>\$ 1,244,370</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 NET POSITION - PROPRIETARY FUNDS

September 30, 2022

	Business-Type Activities		
	Enterprise	Golf Course Operating	Total
Assets:			
Current Assets:			
Cash and cash equivalents	\$ 10,673,007	\$ 218,696	\$ 10,891,703
Lease receivable	2,451,104	-	2,451,104
Accounts receivables (net of allowance for uncollectibles)	874,534	29,533	904,067
Inventories	-	72,683	72,683
Prepaid items	-	15,035	15,035
	<u>13,998,645</u>	<u>335,947</u>	<u>14,334,592</u>
Current Restricted Assets:			
Cash and cash equivalents	8,173,462	-	8,173,462
Total current restricted assets	<u>8,173,462</u>	<u>-</u>	<u>8,173,462</u>
Total current assets	<u>22,172,107</u>	<u>335,947</u>	<u>22,508,054</u>
Noncurrent Assets:			
Restricted Cash and Cash Equivalents:			
Revenue bond covenant accounts	2,037,232	-	2,037,232
Total noncurrent restricted assets	<u>2,037,232</u>	<u>-</u>	<u>2,037,232</u>
Net pension asset	244,873	-	244,873
Capital Assets:			
Property, plant and equipment	86,164,909	10,821,458	96,986,367
Construction in progress	1,041,430	32,240	1,073,670
Less accumulated depreciation	(53,533,487)	(5,495,136)	(59,028,623)
Total capital assets (net of accumulated depreciation)	<u>33,672,852</u>	<u>5,358,562</u>	<u>39,031,414</u>
Total noncurrent assets	<u>35,954,957</u>	<u>5,358,562</u>	<u>41,313,519</u>
Total assets	<u>58,127,064</u>	<u>5,694,509</u>	<u>63,821,573</u>
Deferred Outflows of Resources:			
Pension related	355,793	-	355,793
OPEB related	38,958	-	38,958
Total deferred outflows of resources	<u>394,751</u>	<u>-</u>	<u>394,751</u>

(continued)

CITY OF LAKE JACKSON

Lake Jackson, Texas

STATEMENT OF NET POSITION - PROPRIETARY FUNDS - Continued

September 30, 2022

	Business-Type Activities		
	Enterprise	Golf Course Operating	Total
Liabilities:			
Current Liabilities:			
Accounts payable	\$ 513,425	\$ 41,504	\$ 554,929
Accrued wages	52,532	-	52,532
Unearned revenue	-	161,739	161,739
Accrued compensated absences	80,201	-	80,201
Lease liability	-	177,070	177,070
Revenue bonds payable	<u>583,333</u>	<u>-</u>	<u>583,333</u>
	<u>1,229,491</u>	<u>380,313</u>	<u>1,609,804</u>
Current Liabilities Payable from Restricted Assets:			
Accrued interest	187,548	-	187,548
Customer deposits	863,207	-	863,207
Revenue bonds payable	<u>461,224</u>	<u>-</u>	<u>461,224</u>
Total current liabilities payable from restricted assets	<u>1,511,979</u>	<u>-</u>	<u>1,511,979</u>
Total current liabilities	<u>2,741,470</u>	<u>380,313</u>	<u>3,121,783</u>
Noncurrent Liabilities:			
Revenue bonds payable	12,632,738	-	12,632,738
Lease liability	-	288,177	288,177
Accrued compensated absences	26,734	-	26,734
Total OPEB liability	<u>211,978</u>	<u>-</u>	<u>211,978</u>
Total noncurrent liabilities	<u>12,871,450</u>	<u>288,177</u>	<u>13,159,627</u>
Total liabilities	<u>15,612,920</u>	<u>688,490</u>	<u>16,281,410</u>
Deferred Inflows of Resources:			
Lease related	2,384,192	-	2,384,192
Pension related	1,037,740	-	1,037,740
OPEB related	<u>6,674</u>	<u>-</u>	<u>6,674</u>
Total deferred inflows of resources	<u>3,428,606</u>	<u>-</u>	<u>3,428,606</u>
Net Position:			
Net investment in capital assets	27,737,036	5,358,562	33,095,598
Restricted For:			
Revenue bond retirement	1,388,460	-	1,388,460
Unrestricted	<u>10,354,793</u>	<u>(332,543)</u>	<u>10,022,250</u>
Total net position	<u>\$ 39,480,289</u>	<u>\$ 5,026,019</u>	<u>\$ 44,506,308</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, 2022

	Business-Type Activities		
	Enterprise	Golf Course Operating	Total
Operating Revenues:			
Water service	\$ 5,532,042	\$ -	\$ 5,532,042
Sewer service	5,419,214	-	5,419,214
Garbage fees	4,501,891	-	4,501,891
Tapping and connection fees	270,822	-	270,822
Golf course fees and charges	-	2,189,550	2,189,550
Other	304,912	-	304,912
	<u>16,028,881</u>	<u>2,189,550</u>	<u>18,218,431</u>
Total operating revenues			
Operating Expenses:			
Utility administration	739,665	-	739,665
Water production and treatment	4,128,711	-	4,128,711
Sewer collection	2,201,991	-	2,201,991
Sanitation	3,588,880	-	3,588,880
Golf course	-	2,105,751	2,105,751
Depreciation	3,549,949	611,021	4,160,970
	<u>14,209,196</u>	<u>2,716,772</u>	<u>16,925,968</u>
Total operating expenses			
Operating income (loss)	<u>1,819,685</u>	<u>(527,222)</u>	<u>1,292,463</u>
Non-Operating Revenues (Expenses):			
Investment earnings	140,788	1,971	142,759
Interest and fiscal charges	(387,986)	(12,956)	(400,942)
	<u>(247,198)</u>	<u>(10,985)</u>	<u>(258,183)</u>
Total non-operating revenues (expenses)			
Income (loss) before transfers	1,572,487	(538,207)	1,034,280
Transfers in	257,948	162,500	420,448
Transfers out	(1,787,755)	-	(1,787,755)
Change in net position	<u>42,680</u>	<u>(375,707)</u>	<u>(333,027)</u>
Net position - beginning	<u>39,437,609</u>	<u>5,401,726</u>	<u>44,839,335</u>
Net position - ending	<u>\$ 39,480,289</u>	<u>\$ 5,026,019</u>	<u>\$ 44,506,308</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, 2022

	Business-Type Activities		
	Enterprise	Golf Course Operating	Total
Cash Flows from Operating Activities:			
Receipts from customers and users	\$ 16,004,295	\$ 2,152,785	\$ 18,157,080
Payments to suppliers	(7,822,587)	(1,095,119)	(8,917,706)
Payments to employees	(3,308,889)	(973,617)	(4,282,506)
Net cash provided by operating activities	<u>4,872,819</u>	<u>84,049</u>	<u>4,956,868</u>
Cash Flows from Non-Capital Financing Activities:			
Transfers in	2,453,071	162,500	2,615,571
Transfers out	(1,787,755)	-	(1,787,755)
Net cash provided by non-capital and related financing activities	<u>665,316</u>	<u>162,500</u>	<u>827,816</u>
Cash Flows from Capital and Related Financing Activities:			
Purchases of capital assets	(3,854,083)	(652,137)	(4,506,220)
Proceeds of lease	-	652,137	652,137
Principal paid on capital debt	(1,113,750)	(186,890)	(1,300,640)
Interest and fiscal charges paid on capital debt	(532,770)	(12,956)	(545,726)
Net cash used by capital and related financing activities	<u>(5,500,603)</u>	<u>(199,846)</u>	<u>(5,700,449)</u>
Cash Flows from Investing Activities:			
Interest received	<u>140,788</u>	<u>1,971</u>	<u>142,759</u>
Net cash provided by investing activities	<u>140,788</u>	<u>1,971</u>	<u>142,759</u>
Change in cash and cash equivalents	178,320	48,674	226,994
Cash and cash equivalents - beginning	<u>20,705,381</u>	<u>170,022</u>	<u>20,875,403</u>
Cash and cash equivalents - ending	<u>\$ 20,883,701</u>	<u>\$ 218,696</u>	<u>\$ 21,102,397</u>

(continued)

CITY OF LAKE JACKSON

Lake Jackson, Texas

STATEMENT OF CASH FLOWS -
PROPRIETARY FUNDS - Continued

For the Year Ended September 30, 2022

	Business-Type Activities		
	Enterprise	Golf Course Operating	Total
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:			
Operating income (loss)	\$ 1,819,685	\$(527,222)	\$ 1,292,463
Adjustment to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:			
Depreciation	3,549,949	611,021	4,160,970
(Increase) decrease in:			
Lease receivable	(2,451,104)	-	(2,451,104)
Accounts receivable	9,969	(25,368)	(15,399)
Inventories	-	(8,536)	(8,536)
Prepaid items	-	(2,861)	(2,861)
Increase (decrease) in:			
Accounts payable	12,021	22,007	34,028
Accrued wages payable	(83,509)	-	(83,509)
Unearned revenue	-	15,008	15,008
Net pension and total OPEB liability	(390,539)	-	(390,539)
Accrued compensated absences	(10,202)	-	(10,202)
Deferred inflow of resource - lease related	2,384,192	-	2,384,192
Customer deposits	32,357	-	32,357
	3,053,134	611,271	3,664,405
Total adjustments			
Net cash provided by operating activities	\$ 4,872,819	\$ 84,049	\$ 4,956,868

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, 2022

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CITY OF LAKE JACKSON

Lake Jackson, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 financial statements of the City have been prepared in conformity with accounting principles generally accepted in the United States of America, as applied to government units (hereinafter referred to as generally accepted accounting principles (GAAP)). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The City's significant accounting policies are described below.

Description of government-wide financial statements

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

Reporting Entity

The City (government) is a municipal corporation governed by an elected mayor and five-member Governing Council (Council). The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units are, in substance, part of the primary government's operations, even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the primary government. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is both legally and substantively separate from the government. No discretely component is reported in the City's financial statement.

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.

CITY OF LAKE JACKSON

Lake Jackson, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Reporting Entity - Continued

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.

Basis of Presentation - Government-wide and Fund Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds, while business-type activities incorporate data from the City's enterprise funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

The fund financial statements provide information about the City's funds, including its fiduciary funds and blended component units. Separate statements for each fund category - governmental and proprietary - are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

The 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 *Coronavirus Recovery Fund* accounts for a grant allocated through the American Rescue Plan Act for state or local government. The funds under this grant provide support for local governments to meet local needs related to continued Covid-19 pandemic response efforts, economic stabilization, water, sewer and broadband infrastructure, and public health and safety.

CITY OF LAKE JACKSON

Lake Jackson, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Basis of Presentation - Government-wide and Fund Financial Statements - Continued

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.

The *2021 Infrastructure Improvement Fund* accounts for the proceeds of the 2021 Limited Tax Bonds issue for financing the construction of a new Animal Control Facility, work on street improvement, street panel replacements, and Library Flooring.

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.

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

Measurement Focus and Basis of Accounting

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

CITY OF LAKE JACKSON

Lake Jackson, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Measurement Focus and Basis of Accounting - Continued

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

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 principal and interest expenditures on general long-term debt, including lease liabilities, as well as expenditures related to compensated absences, and claims and judgments, postemployment benefits and environmental obligations are recognized later based on specific accounting rules applicable to each, generally when payment is due. General capital asset acquisitions, including entering into contracts giving the City the right to use leased assets, are reported as expenditures in governmental funds. Issuance of long-term debt and financing through leases are reported as other financing sources.

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

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.

CITY OF LAKE JACKSON

Lake Jackson, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Budgetary Data - Continued

The City adopts annual budgets for all significant governmental fund types (general fund, special revenue funds except COVID-19 related 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.

The following reconciles the differences between the legally enacted budget basis and the GAAP basis of accounting for the year ended September 30, 2022 for Proprietary Fund Types:

	Enterprise Fund
Change in net position - GAAP basis	\$ 42,680
Provisions for Current Adjustments To:	
Depreciation	<u>3,549,949</u>
Change in net position - budgetary basis	<u>\$ 3,592,629</u>
	Golf Course Operating Fund
Change in net position - GAAP basis	\$(375,707)
Provisions for Current Adjustments To:	
Depreciation	<u>611,021</u>
Change in net position - budgetary basis	<u>\$ 235,314</u>

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

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.

CITY OF LAKE JACKSON

Lake Jackson, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance - Continued

Cash and cash equivalents - continued

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 3). In applying GASB 31, the City utilizes the following methods and assumptions as of September 30, 2022:

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.

Inventories and prepaid items

Inventories are valued at cost using the first-in/first-out (FIFO) method and consist of expendable supplies and vehicle repair parts. The cost of such inventories is recorded as expenditures/expenses when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

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 5 for additional discussion of interfund receivables, payables and transfers.

CITY OF LAKE JACKSON

Lake Jackson, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance -

Continued

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, 2021.

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
Right to use leased assets	5 Years
Infrastructure	20-40 Years

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position includes a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has three items that qualify for reporting in this category. It is the deferred charge on refunding reported in the government-wide statement of net position, and deferred amounts related to pension and OPEB. The deferred charge on refunding resulted from the difference between the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred amounts related to pension and OPEB relate differences between estimated and actual investment earnings, changes in actuarial assumptions, and other pension and OPEB related changes.

CITY OF LAKE JACKSON

Lake Jackson, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance -

Continued

Deferred Outflows/Inflows of Resources - continued

In addition to liabilities, the statement of financial position includes a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has three items that qualify for reporting in this category. Unavailable revenue is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from two sources: property taxes and special assessments. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. In the government-wide financial statements the City reports deferred amounts related to leases and deferred amounts related to pension and OPEB.

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.

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.

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.

CITY OF LAKE JACKSON

Lake Jackson, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance -

Continued

Net position

For government-wide reporting as well as in proprietary funds, the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources is called net position. Net position is comprised of three components: net investment in capital assets, restricted, and unrestricted.

- *Net investment in capital assets* consists of capital assets, net of accumulated depreciation/amortization and reduced by outstanding balances of bonds, notes, and other debt that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are included in this component of net position.
- *Restricted* net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Assets are reported as restricted when constraints are placed on asset use either by external parties or by law through constitutional provision or enabling legislation.
- *Unrestricted* net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that does not meet the definition of the two preceding categories.

Sometimes the City will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted net position to have been depleted before unrestricted net position is applied. The following schedule presents details of net position balance components at September 30, 2022:

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>
Net Position:			
Net investment in capital assets	\$ 41,473,527	\$ 33,095,598	\$ 74,569,125
Restricted:			
Debt service	809,682	-	809,682
Grant	31,361	-	31,361
Economic development	4,053,530	-	4,053,530
Program education	442,593	-	442,593
Encourage tourism	89,299	-	89,299
Law enforcement	80,457	-	80,457
Revenue bond retirement	-	1,388,460	1,388,460
Unrestricted	<u>21,929,283</u>	<u>10,022,250</u>	<u>31,951,533</u>
Total net position	<u>\$ 68,909,732</u>	<u>\$ 44,506,308</u>	<u>\$ 113,416,040</u>

CITY OF LAKE JACKSON

Lake Jackson, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance -

Continued

Fund Balances and Budget Stabilization Arrangements

In governmental fund types, the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources is called "fund balance." The City's governmental funds report the following categories of fund balance, based on the nature of any limitations requiring the use of resources for specific purposes.

- *Nonspendable* fund balance represents amounts that are either not in a spendable form or are legally or contractually required to remain intact.
- *Restricted* fund balance includes amounts that can be spent only for the specific purposes stipulated by external resource providers such as grantors or enabling federal, state, or local legislation. Restrictions may be changed or lifted only with the consent of the resource providers.
- *Committed* fund balance represents amounts that can be used only for the specific purposes determined by the adoption of an ordinance committing fund balance for a specified purpose by the City's Council prior to the end of the fiscal year. Once adopted, the limitation imposed by the ordinance remains in place until the resources have been spent for the specified purpose or the Council adopts another ordinance to remove or revise the limitation.
- *Assigned* fund balance represents amounts that are intended to be used by the City for specific purposes but do not meet the criteria to be classified as committed. The Council has by resolution authorized the city manager or the finance director to assign fund balance. The Council may also assign fund balance, as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.
- *Unassigned* fund balance represents the residual amount for the general fund that is not contained in the other classifications. The general fund is the only fund that reports a positive unassigned fund balance. Additionally, any deficit fund balance within the other governmental fund types is reported as unassigned.

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

CITY OF LAKE JACKSON

Lake Jackson, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance - Continued

Fund Balances and Budget Stabilization Arrangements - Continued

The following schedule presents details of fund balance components at September 30, 2022:

	General Fund	Economic Development Fund	Coronavirus Recovery Fund	2018 Downtown Improvements Fund	2021 Infrastructure Improvements Funds	Total Nonmajor Funds	Total Governmental Funds
Fund Balances:							
Nonspendable:							
Inventory	\$ 127,232	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 127,232
Prepaid items	109,173	-	-	-	-	-	109,173
Restricted:							
Debt service	-	-	-	-	-	821,241	821,241
Grant	-	-	31,361	-	-	-	31,361
Capital projects	-	-	-	4,130,477	7,019,030	4,286,663	15,436,170
Economic development	-	4,053,530	-	-	-	-	4,053,530
Program education	-	-	-	-	-	442,593	442,593
Encourage tourism	-	-	-	-	-	89,299	89,299
Law enforcement	-	-	-	-	-	80,457	80,457
Committed:							
Contingencies	955,693	-	-	-	-	-	955,693
Assigned:							
General construction	-	-	-	-	-	3,987,759	3,987,759
Unemployment insurance	38,657	-	-	-	-	-	38,657
Equipment replacement	10,380,298	-	-	-	-	-	10,380,298
Special events	72,891	-	-	-	-	-	72,891
Park improvement	100,278	-	-	-	-	-	100,278
Unassigned	<u>7,140,905</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,140,905</u>
Total fund balances	<u>\$18,925,127</u>	<u>\$ 4,053,530</u>	<u>\$ 31,361</u>	<u>\$ 4,130,477</u>	<u>\$ 7,019,030</u>	<u>\$ 9,708,012</u>	<u>\$ 43,867,537</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.

CITY OF LAKE JACKSON

Lake Jackson, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance -

Continued

Leases

Lessee: The City is a lessee for a noncancellable lease of equipment. The City recognizes a lease liability and an intangible right to use leased asset (lease asset) in the government-wide financial statements. The City recognizes lease liabilities with an initial, individual value of \$ 5,000 or more.

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

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

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

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

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

Lessor: The City is a lessor for a noncancellable leases of facilities. The City recognizes a lease receivable and a deferred inflow of resources in the government-wide and proprietary fund financial statements.

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

CITY OF LAKE JACKSON

Lake Jackson, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance -

Continued

Leases - Continued

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

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

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

Revenues and expenditures/expenses

Program revenues

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

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 assessed value of the property tax roll on August 1, 2021, upon which the levy for the 2021-22 fiscal year was based, was \$ 2,577,673,168. 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, 2022, to finance general fund operations and the payment of principal and interest on general obligation long-term debt were \$ 0.231782 and \$ 0.107218 per \$ 100 valuation, respectively, for a total of \$ 0.339000 per \$ 100 valuation.

CITY OF LAKE JACKSON

Lake Jackson, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Revenues and expenditures/expenses - Continued

Property Taxes - Continued

Current tax collections for the year ended September 30, 2022, were 98.66% 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, 2022, property taxes receivable, net of estimated uncollectible taxes, totaled \$ 76,339 and \$ 37,225 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. 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, 2022, accrued compensated absences reported in the Governmental Activities totaled \$ 646,450. Accrued compensated absences reported in the Enterprise Fund totaled \$ 106,935.

Proprietary funds operating and nonoperating revenues and expenses

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the 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.

CITY OF LAKE JACKSON

Lake Jackson, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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.

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, 2022.

Use of Estimates

The presentation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect the reporting amounts of assets and deferred outflows of resources, and, liabilities and deferred inflows of resources at the date of the financial statements, and the reported amounts of revenues and expenditures during the period. Actual results could differ from these estimates.

New Pronouncements

GASB No. 87 "Leases" was issued in June 2017. The 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, 2021.

GASB No. 89 "Accounting for Interest Cost Incurred before the End of a Construction Period" was issued in June 2018. 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 for reporting periods beginning after December 15, 2020.

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 City. The requirements of this statement are effective for reporting periods beginning after December 15, 2021.

CITY OF LAKE JACKSON

Lake Jackson, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

New Pronouncements - Continued

GASB No. 92 “Omnibus 2020” was issued in January 2020. The 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, 2021.

GASB No. 93 “Replacement of Interbank Offered Rates” was issued in March 2020. The 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 30, 2021.

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. 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 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, 2021.

GASB No. 98 “The Annual Comprehensive Financial Report” was issued in October 2021. 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 for periods ending after December 15, 2021.

GASB No. 99 “Omnibus 2022” was issued in April 2022. 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. 100 “Accounting Changes and Error Corrections - an amendment to GASB Statement No. 62” was issued in June 2022. 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, 2023.

GASB No. 101 “Compensated Absences” was issued in June 2022. 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, 2023.

CITY OF LAKE JACKSON

Lake Jackson, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2022

NOTE 2 - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

The governmental fund balance sheet includes a reconciliation between *fund balance - total governmental funds* and *net position - governmental activities* as reported in the government-wide statement of net position. Major elements of that reconciliation include capital assets which are not financial resources and are therefore not reported in governmental funds, long-term liabilities, including bonds payable, which are not due and payable in the current period and are not reported as liabilities in the fund financial statement, and property taxes receivable which are included as unavailable in the fund financial statements are adjust based on when the tax levy was made and for uncollectible amounts.

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances - total governmental funds* and *changes in net position of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that current year capital outlays and debt principal payments are expenditures in the fund financial statements but should be shown as increases in capital assets and decreases in long-term debt in the government-wide statements. This adjustment affects both the net position balance and the change in net position. The debt payments on retirement of debt are recorded as expenditures for fund financial statements but are recorded as a reduction of debt in the government-wide financial statements. The capital asset additions are expenditures in the fund financial statements but are capitalized in the governmentwide financial statements. The fund financial statements do not include the current depreciation expense.

Another element of the reconciliation is described as various other reclassifications and eliminations necessary to convert from the modified accrual basis of accounting to the accrual basis of accounting. As indicated above, if new debt is issued, it is treated as a source of revenue on the fund financial statements, while in the government-wide financial statements; the amount is recorded as a liability. Property taxes are adjusted for the accrual basis and the unavailable revenues are adjusted based on prior year levies and current year uncollectible amounts.

NOTE 3 - 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.

CITY OF LAKE JACKSON

Lake Jackson, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2022

NOTE 3 - DEPOSITS AND INVESTMENTS - Continued

Cash and cash equivalents, and investments, as reported on the government-wide Statement of Net Position at September 30, 2022, are as follows:

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total</u>
Cash and Cash Equivalents:			
Cash (petty cash accounts)	\$ 8,760	\$ -	\$ 8,760
Financial Institution Deposits:			
Demand deposits	7,097,382	1,218,857	8,316,239
Local Government Investment Pools:			
Texpool	17,394,578	2,987,230	20,381,808
Lone Star Investment Pool	8,892,597	1,527,155	10,419,752
TexSTAR	<u>26,072,111</u>	<u>4,477,452</u>	<u>30,549,563</u>
	<u>\$ 59,465,428</u>	<u>\$ 10,210,694</u>	<u>\$ 69,676,122</u>
Investments:			
Financial Institution Deposits:			
Certificates of deposit	\$ <u>100,000</u>	\$ -	\$ <u>100,000</u>
	<u>\$ 100,000</u>	<u>\$ -</u>	<u>\$ 100,000</u>

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, 2022, in addition to petty cash of \$ 8,760, the carrying amount of the City's cash, savings, and time deposits was \$ 8,416,239. The financial institutions balances were \$ 8,878,540 at September 30, 2022. Bank balances of \$ 529,717 were covered by federal depository insurance, and \$ 8,348,823 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.

CITY OF LAKE JACKSON

Lake Jackson, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2022

NOTE 3 - DEPOSITS AND INVESTMENTS - Continued

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;
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);

CITY OF LAKE JACKSON

Lake Jackson, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2022

NOTE 3 - DEPOSITS AND INVESTMENTS - Continued

Investments - Continued

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 Pool has a credit rating of AAA from Standard & Poor’s Financial Services. Local government investment pools in this rating category meet the highest standards for credit quality, conservative investment policies, and safety of principal. The Pool invests in a high quality portfolio of debt securities investments legally permissible for municipalities in the state.

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, 2022.

	<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	24	\$ 20,381,808
Lone Star Investment Pool	N/A	Varies daily	8	10,419,752
TexSTAR	N/A	Varies daily	38	<u>30,549,563</u>
Total local government investment pools			28	<u>61,351,123</u>
Certificate of deposit	06/18/23	0.750 %	261	<u>100,000</u>
Total investments			29	<u>\$ 61,451,123</u>

The value of City portions in TexPool, TexSTAR, and Lone Star are the same as the value of the Shares. The external pooled funds use amortized cost rather than fair value in their computation of share price, such funds have daily liquidity.

CITY OF LAKE JACKSON

Lake Jackson, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2022

NOTE 3 - DEPOSITS AND INVESTMENTS - Continued

Investments - Continued

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, 2022, 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 police 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

Fair value of investments. The City measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles (GAAP). These guidelines recognize a three-tiered fair value hierarchy as follows::

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.

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 assets or liabilities which are measured at fair value at September 30, 2022.

CITY OF LAKE JACKSON

Lake Jackson, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2022

NOTE 4 - RECEIVABLES, ALLOWANCE FOR UNCOLLECTIBLE, DEFERRED INFLOWS/OUTFLOWS OF RESOURCES, AND UNEARNED REVENUE

Receivables and Allowance for Uncollectible

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>Other Governmental Fund</u>	<u>Total</u>
Taxes:				
Property	\$ 97,225	\$ -	\$ 48,785	\$ 146,010
Sales	1,323,669	661,835	-	1,985,504
Franchise	71,447	-	15,334	86,781
Allowance for uncollectible	<u>(20,886)</u>	<u>-</u>	<u>(11,560)</u>	<u>(32,446)</u>
Net taxes	<u>1,471,455</u>	<u>661,835</u>	<u>52,559</u>	<u>2,185,849</u>
Grant	<u>3,806</u>	<u>-</u>	<u>37,760</u>	<u>41,566</u>
Accounts	87,376	-	76,562	163,938
Allowance for uncollectible	<u>(16,429)</u>	<u>-</u>	<u>(68,425)</u>	<u>(84,854)</u>
Net account	<u>70,947</u>	<u>-</u>	<u>8,137</u>	<u>79,084</u>
Net total receivable	<u>\$ 1,546,208</u>	<u>\$ 661,835</u>	<u>\$ 98,456</u>	<u>\$ 2,306,499</u>

CITY OF LAKE JACKSON

Lake Jackson, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2022

NOTE 4 - RECEIVABLES, ALLOWANCE FOR UNCOLLECTIBLE, DEFERRED INFLOWS/OUTFLOWS OF RESOURCES, AND UNEARNED REVENUE - Continued

Receivables and Allowance for Uncollectible - Continued

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>
Lease	\$ 2,451,104	\$ -	\$ 2,451,104
Accounts	915,309	29,533	944,842
Allowance for uncollectible	<u>(40,775)</u>	<u>-</u>	<u>(40,775)</u>
Net total receivable	<u>\$ 3,325,638</u>	<u>\$ 29,533</u>	<u>\$ 3,355,171</u>

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, 2022, were \$ 1,615,470 and \$ 989,485, respectively.

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, 2022, 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)	\$ 76,339	\$ -
Delinquent property taxes receivable (general debt service fund)	37,225	-
Recreation memberships and deposits	-	86,493
Grant received in advance	<u>-</u>	<u>4,979,605</u>
Total	<u>\$ 113,564</u>	<u>\$ 5,066,098</u>

CITY OF LAKE JACKSON

Lake Jackson, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2022

NOTE 4 - RECEIVABLES, ALLOWANCE FOR UNCOLLECTIBLE, DEFERRED INFLOWS/OUTFLOWS OF RESOURCES, AND UNEARNED REVENUE - Continued

Deferred Inflows/Outflows of Resources and Unearned Revenue - Continued

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, 2022 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).

As of September 30, 2022, 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 loss	\$ 96,944	\$ -	\$ -
Pension deferred outflows and inflows of resources less amortization - TMRS	447,173	3,784,471	-
Pension contributions subsequent to the measurement date - TMRS	850,327	-	-
Pension deferred outflows and inflows of resources less amortization - TESRS	-	106,494	-
Pension contributions subsequent to the measurement date - TESRS	88,134	-	-
OPEB deferred outflows and inflows of resources less amortization	124,455	24,341	-
OPEB contributions subsequent to the measurement date	17,619	-	-
Recreation memberships and deposits	-	-	86,493
Grant received in advance	-	-	4,979,605
	<u> -</u>	<u> -</u>	<u> -</u>
Totals	<u>\$ 1,624,652</u>	<u>\$ 3,915,306</u>	<u>\$ 5,066,098</u>
<u>Business-Type Activities</u>			
Pension deferred outflows and inflows of resources less amortization - TMRS	\$ 122,619	\$ 1,037,740	\$ -
Pension contributions subsequent to the measurement date - TMRS	233,174	-	-
OPEB deferred outflows and inflows of resources less amortization	34,127	6,674	-
OPEB contributions subsequent to the measurement date	4,831	-	-
Lease related	-	2,384,192	-
Golf course memberships and deposits	-	-	161,739
	<u> -</u>	<u> -</u>	<u> -</u>
Totals	<u>\$ 394,751</u>	<u>\$ 3,428,606</u>	<u>\$ 161,739</u>

CITY OF LAKE JACKSON

Lake Jackson, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2022

NOTE 5 - INTERFUND TRANSFERS

Interfund transfers for the year ended September 30, 2022 consisted of the following individual fund transfers in and transfers out.

<u>Receiving Fund</u>	<u>Transferring Fund</u>	<u>Amount</u>	<u>Purpose</u>
General	Economic Development	\$ 400,000	Support of recreation center operations
General	Non-major	70,564	Motel fund to special events for tourism
General	Enterprise	1,787,755	\$ 300,000 Sanitation administration, \$ 600,000 W/WW administration, \$ 200,000 Solid Waste Franchise fee, and \$ 687,555 for equipment replacement
Non-major	General	1,200,000	Transfer 2021 savings to general construction fund
Non-major	Economic Development	1,761,844	Payment of Debt Service
Enterprise	General	257,948	Enterprise assets purchase by the General Fund
Golf Course	Economic Development	<u>162,500</u>	Support of Golf Course operations
		<u>\$ 5,640,611</u>	

NOTE 6 - CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2022, was as follows:

	<u>Balance 10-01-21</u>	<u>Additions</u>	<u>Retirements & Transfers</u>	<u>Balance 09-30-22</u>
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 2,551,017	\$ -	\$ -	\$ 2,551,017
Construction in progress	<u>1,871,659</u>	<u>5,957,239</u>	<u>-</u>	<u>7,828,898</u>
Total capital assets not being depreciated	<u>4,422,676</u>	<u>5,957,239</u>	<u>-</u>	<u>10,379,915</u>
Capital Assets, Being Depreciated:				
Buildings	32,838,769	-	-	32,838,769
Improvements	15,345,203	1,818,462	-	17,163,665
Equipment	16,690,570	737,402	-	17,427,972
Right to use leased assets	-	103,685	-	103,685
Infrastructure	<u>110,182,176</u>	<u>382,464</u>	<u>-</u>	<u>110,564,640</u>
Total capital assets being depreciated	<u>175,056,718</u>	<u>3,042,013</u>	<u>-</u>	<u>178,098,731</u>

(continued)

CITY OF LAKE JACKSON

Lake Jackson, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2022

NOTE 6 - CAPITAL ASSETS - Continued

	<u>Balance</u> <u>10-01-21</u>	<u>Additions</u>	<u>Retirements &</u> <u>Transfers</u>	<u>Balance</u> <u>09-30-22</u>
Less Accumulated Depreciation For:				
Buildings	\$ 17,456,699	\$ 882,180	\$ -	\$ 18,338,879
Improvements	12,164,397	394,546	-	12,558,943
Equipment	12,439,198	1,017,379	-	13,456,577
Right to use leased assets	-	23,508	-	23,508
Infrastructure	<u>75,560,394</u>	<u>2,478,966</u>	<u>-</u>	<u>78,039,360</u>
 Total accumulated depreciation	 <u>117,620,688</u>	 <u>4,796,579</u>	 <u>-</u>	 <u>122,417,267</u>
 Total capital assets being depreciated, net	 <u>57,436,030</u>	 <u>(1,754,566)</u>	 <u>-</u>	 <u>55,681,464</u>
 Governmental activities capital assets, net	 <u>\$ 61,858,706</u>	 <u>\$ 4,202,673</u>	 <u>\$ -</u>	 <u>\$ 66,061,379</u>
	<u>Balance</u> <u>10-01-21</u>	<u>Additions</u>	<u>Retirements &</u> <u>Transfers</u>	<u>Balance</u> <u>09-30-22</u>
Business-type Activities:				
(Utility Fund)				
Capital Assets, Not Being Depreciated:				
Construction in progress	\$ <u>1,835,541</u>	\$ <u>1,401,012</u>	\$ <u>(2,195,123)</u>	\$ <u>1,041,430</u>
 Total capital assets not being depreciated	 <u>1,835,541</u>	 <u>1,401,012</u>	 <u>(2,195,123)</u>	 <u>1,041,430</u>
 Capital Assets, Being Depreciated:				
Buildings	6,205,826	-	-	6,205,826
Improvements other than buildings	50,093,715	-	2,195,123	52,288,838
Equipment	8,080,813	257,948	-	8,338,761
Infrastructure	<u>19,331,484</u>	<u>-</u>	<u>-</u>	<u>19,331,484</u>
 Total capital assets being depreciated	 <u>83,711,838</u>	 <u>257,948</u>	 <u>2,195,123</u>	 <u>86,164,909</u>
 Less Accumulated Depreciation For:				
Buildings	5,323,522	188,166	-	5,511,688
Improvements other than buildings	28,276,414	1,852,622	-	30,129,036
Equipment	5,173,093	875,994	-	6,049,087
Infrastructure	<u>11,210,509</u>	<u>633,167</u>	<u>-</u>	<u>11,843,676</u>
 Total accumulated depreciation	 <u>49,983,538</u>	 <u>3,549,949</u>	 <u>-</u>	 <u>53,533,487</u>
 Total capital assets being depreciated, net	 <u>33,728,300</u>	 <u>(3,292,001)</u>	 <u>2,195,123</u>	 <u>32,631,422</u>
 Business-type activities capital assets, net	 <u>\$ 35,563,841</u>	 <u>\$ (1,890,989)</u>	 <u>\$ -</u>	 <u>\$ 33,672,852</u>

CITY OF LAKE JACKSON

Lake Jackson, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2022

NOTE 6 - CAPITAL ASSETS - Continued

	<u>Balance</u> <u>10-01-21</u>	<u>Additions</u>	<u>Retirements &</u> <u>Transfers</u>	<u>Balance</u> <u>09-30-22</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>-</u>	<u>-</u>	<u>32,240</u>
Total capital assets not being depreciated	<u>3,853,825</u>	<u>-</u>	<u>-</u>	<u>3,853,825</u>
Capital Assets, Being Depreciated:				
Buildings	1,222,546	-	-	1,222,546
Improvements other than buildings	4,711,749	-	-	4,711,749
Equipment	413,441	-	-	413,441
Rights to use leased assets	<u>-</u>	<u>652,137</u>	<u>-</u>	<u>652,137</u>
Total capital assets being depreciated	<u>6,347,736</u>	<u>652,137</u>	<u>-</u>	<u>6,999,873</u>
Less Accumulated Depreciation:				
Buildings	1,071,058	60,595	-	1,131,653
Improvements other than buildings	3,654,234	349,504	-	4,003,738
Equipment	158,823	8,895	-	167,718
Right to use leased assets	<u>-</u>	<u>192,027</u>	<u>-</u>	<u>192,027</u>
Total accumulated depreciation	<u>4,884,115</u>	<u>611,021</u>	<u>-</u>	<u>5,495,136</u>
Total capital assets being depreciated, net	<u>1,463,621</u>	<u>41,116</u>	<u>-</u>	<u>1,504,737</u>
Business-type activities capital assets, net	<u>\$ 5,317,446</u>	<u>\$ 41,116</u>	<u>\$ -</u>	<u>\$ 5,358,562</u>

(continued)

CITY OF LAKE JACKSON

Lake Jackson, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2022

NOTE 6 - CAPITAL ASSETS - Continued

	<u>Balance</u> 10-01-21	<u>Additions</u>	<u>Retirements &</u> <u>Transfers</u>	<u>Balance</u> 09-30-22
Business-type Activities: (Combined)				
Capital Assets, Not Being Depreciated:				
Land	\$ 3,821,585	\$ -	\$ -	\$ 3,821,585
Construction in progress	<u>1,867,781</u>	<u>1,401,012</u>	<u>(2,195,123)</u>	<u>1,073,670</u>
Total capital assets not being depreciated	<u>5,689,366</u>	<u>1,401,012</u>	<u>(2,195,123)</u>	<u>4,895,255</u>
Capital Assets, Being Depreciated:				
Buildings	7,428,372	-	-	7,428,372
Improvements other than buildings	54,805,464	-	2,195,123	57,000,587
Equipment	8,494,254	257,948	-	8,752,202
Rights to use leased assets	-	652,137	-	652,137
Infrastructure	<u>19,331,484</u>	<u>-</u>	<u>-</u>	<u>19,331,484</u>
Total capital assets being depreciated	<u>90,059,574</u>	<u>910,085</u>	<u>2,195,123</u>	<u>93,164,782</u>
Less Accumulated Depreciation:				
Buildings	6,394,580	248,761	-	6,643,341
Improvements other than buildings	31,930,648	2,202,126	-	34,132,774
Equipment	5,331,916	884,889	-	6,216,805
Right to use leased assets	-	192,027	-	192,027
Infrastructure	<u>11,210,509</u>	<u>633,167</u>	<u>-</u>	<u>11,843,676</u>
Total accumulated depreciation	<u>54,867,653</u>	<u>4,160,970</u>	<u>-</u>	<u>59,028,623</u>
Total capital assets being depreciated, net	<u>35,191,921</u>	<u>(3,250,885)</u>	<u>2,195,123</u>	<u>34,136,159</u>
Business-type activities capital assets, net	<u>\$ 40,881,287</u>	<u>\$(1,849,873)</u>	<u>\$ -</u>	<u>\$ 39,031,414</u>

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

Governmental Activities:

General government	\$ 436,910
Public safety	917,304
Public works, including depreciation of infrastructure	2,670,518
Culture and recreation	<u>771,847</u>
Total depreciation expense-governmental activities	<u>\$ 4,796,579</u>

Business-type Activities:

Water and sewer	\$ 30,50,813
Sanitation	499,136
Golf course	<u>611,021</u>
Total depreciation expense-business-type activities	<u>\$ 4,160,970</u>

CITY OF LAKE JACKSON

Lake Jackson, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2022

NOTE 6 - CAPITAL ASSETS - Continued

The City has entered into contracts for construction as of September 30, 2022, as follows:

Governmental Fund Construction Commitments

	<u>Project Authorization</u>	<u>Expended to Date</u>	<u>Commitment</u>
Pee Wee Restrooms/Concessions	\$ 596,000	\$ 473,894	\$ 122,106
Dunbar Pavilion	970,000	176,419	793,581
Pine Oak, North Shady, Forest Oak Rehab	195,600	148,002	47,598
Downtown Revitalization	<u>9,000,000</u>	<u>5,199,355</u>	<u>3,800,645</u>
Total	<u>\$ 10,761,600</u>	<u>\$ 5,997,670</u>	<u>\$ 4,763,930</u>

Proprietary Fund Construction Commitments

	<u>Project Authorization</u>	<u>Expended to Date</u>	<u>Commitment</u>
WWTP Generator Replacement	\$ 1,105,000	\$ 552,500	\$ 552,500
WWTP Headworks Eng.	<u>371,390</u>	<u>111,239</u>	<u>260,151</u>
Total	<u>\$ 1,476,390</u>	<u>\$ 663,739</u>	<u>\$ 812,651</u>

NOTE 7 - LONG-TERM DEBT

The City issues general obligation bonds, certificates of obligation, and revenue bonds to provide funds for the acquisition and construction of major capital facilities. These bonds have been issued for both governmental and business-type activities. General obligation bonds/Certificates of Obligation are direct obligations and pledge the full faith and credit of the City. Revenue bonds are secured by water and sewer revenues.

CITY OF LAKE JACKSON

Lake Jackson, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2022

NOTE 7 - LONG-TERM DEBT - Continued**General Obligation Bonds\Certificates of Obligation**

General obligation bonds and certificates of obligation payable for governmental activities at September 30, 2022, are summarized as follows:

	<u>Original Borrowing</u>	<u>Interest Rates %</u>	<u>Final Maturity</u>	<u>Outstanding at Year-End</u>
Limited Tax Refunding				
Series 2011	\$ 7,360,000	2.00-4.00	2023	\$ 375,000
Limited Tax				
Series 2013A	1,500,000	2.00-3.00	2023	150,000
Limited Tax Refunding				
Series 2015	7,870,000	2.00-4.00	2030	4,250,000
Certificates of Obligation				
Series 2016	3,855,000	2.00-3.00	2037	2,235,000
Limited Tax				
Series 2016	2,965,000	2.00-3.00	2036	2,215,000
Limited Tax				
Series 2017	3,935,000	3.00-4.00	2038	3,135,000
Limited Tax				
Series 2018	8,800,000	3.50-5.00	2039	7,495,000
Limited Tax Refunding				
Series 2021	7,320,000	2.00-4.00	2034	7,320,000
Limited Tax				
Series 2021	7,345,000	2.00-4.00	2042	7,345,000
Certificates of Obligation				
Series 2022	3,385,000	3.00-5.00	2032	<u>3,385,000</u>
 Total				 <u>\$ 37,905,000</u>

General obligation bond transactions for the year ended September 30, 2022, were as follows:

Bonds outstanding, October 1,	\$ 30,970,000
Issued	18,050,000
Refunded	(7,800,000)
Maturities	<u>(3,315,000)</u>
 Bonds outstanding, September 30,	 <u>\$ 37,905,000</u>

CITY OF LAKE JACKSON

Lake Jackson, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2022

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, 2022, the amount of property taxes collected for interest and sinking was \$ 2,774,291. The debt service requirements for principal and interest were \$ 4,780,916. In addition, \$ 1,761,844 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, 2022:

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2023	\$ 3,795,000	\$ 1,110,691	\$ 4,905,691
2024	3,265,000	987,316	4,252,316
2025	3,075,000	879,691	3,954,691
2026	3,050,000	782,573	3,832,573
2027	2,885,000	688,848	3,573,848
2028-2032	11,970,000	2,200,760	14,170,760
2033-2037	6,965,000	848,133	7,813,133
2038-2042	<u>2,900,000</u>	<u>133,122</u>	<u>3,033,122</u>
Total	<u>\$ 37,905,000</u>	<u>\$ 7,631,134</u>	<u>\$ 45,536,134</u>

Revenue Bonds Payable

Revenue bonds payable for business-type activities at September 30, 2022, are summarized as follows:

	<u>Original Borrowing</u>	<u>Interest Rates %</u>	<u>Final Maturity</u>	<u>Outstanding at Year-End</u>
Revenue Bonds - Series 2013	\$ 2,000,000	2.50-3.00	2033	\$ 1,100,000
Revenue Bonds Refunding- Series 2016	2,915,000	3.00	2033	2,515,000
Revenue Bonds - Series 2017	4,950,000	3.00-4.00	2038	4,375,000
Revenue & Refunding Bonds - Series 2019	5,577,000	2.10-4.00	2039	<u>5,020,000</u>
Total				<u>\$ 13,010,000</u>

CITY OF LAKE JACKSON

Lake Jackson, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2022

NOTE 7 - LONG-TERM DEBT - Continued

Revenue Bonds Payable - Continued

Revenue bond transactions for the year ended September 30, 2022 were as follows:

Bonds outstanding, October 1	\$ 14,205,000
Maturities	<u>(1,195,000)</u>
Bonds outstanding, September 30	\$ <u>13,010,000</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, 2022, the required balance in the sinking fund was \$ 586,446. 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, 2022, the required balance in the reserve fund was \$ 1,643,770; the balance in the City's reserve/sinking accounts designated for interest and sinking totaled \$ 586,446. The total account balance of \$ 2,037,231 is sufficient to cover the combined reserve and sinking requirement of \$ 1,918,516.

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, 2022:

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
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
2028-2032	4,105,000	900,685	5,005,685
2033-2037	3,285,000	362,775	3,647,775
2038-2039	<u>770,000</u>	<u>27,188</u>	<u>797,188</u>
Total	\$ <u>13,010,000</u>	\$ <u>2,969,798</u>	\$ <u>15,979,798</u>

CITY OF LAKE JACKSON

Lake Jackson, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2022

NOTE 7 - LONG-TERM DEBT - Continued

Current year refunding

In the current fiscal year, the City issued \$ 7,320,000 Limited Tax Refunding bonds, series 2021 with interest rates ranging from 2.0% to 4.0%. The proceeds were used to advance refund \$ 7,800,000 of outstanding limited tax series 2010 (\$ 1,200,000), limited tax series 2013 (\$ 2,200,000), certificate of obligation series 2013 (\$ 1,100,000), and certificate of obligation series 2014 (\$ 3,300,000) which had interest rates ranging from 2.0% to 5.0%. The net proceeds of \$ 7,817,377 along with \$ 87,754 from the debt service fund, a total of \$ 7,905,131 were deposited in an irrevocable trust with an escrow agent to provide funds for the future debt service payment on the refunded bonds. As a result, a portion of the limited tax series 2010, limited tax series 2013, certificate of obligation series 2013, and certificate of obligation series 2014 are considered defeased and the liability for those bonds has been removed from the statement of net position. The advance refunding reduced its total debt service payments by \$ 748,025 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$ 682,315.

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 enterprise fund have been used to liquidate the net pension liability and total OPEB liability. As of September 30, 2022, total aggregate expenses (revenue) were \$(394,153) for pension and \$ 109,219 for OPEB. See Note 9 and Note 10 for net pension liability and note 11 for total OPEB liability information.

CITY OF LAKE JACKSON

Lake Jackson, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2022

NOTE 7 - LONG-TERM DEBT - Continued

Transactions for the year ended September 30, 2022, are summarized as follows:

	<u>Balance</u> 10-01-21	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> 09-30-22	<u>Due Within</u> <u>One Year</u>
Governmental Type Activities:					
Certificates of obligation bonds	\$ 7,580,000	\$ 3,385,000	\$ 5,345,000	\$ 5,620,000	\$ 610,000
Limited tax bonds	23,390,000	14,665,000	5,770,000	32,285,000	3,185,000
Lease liability	-	103,685	22,459	81,226	23,061
Bond premiums	1,248,231	1,337,708	369,973	2,215,966	215,820
Net pension liability	241,520	127	132,684	108,963	-
Total OPEB liability	738,164	75,454	12,494	801,124	-
Compensated absences	<u>624,261</u>	<u>467,771</u>	<u>445,582</u>	<u>646,450</u>	<u>484,837</u>
Total governmental activities	<u>33,822,176</u>	<u>20,034,745</u>	<u>12,098,192</u>	<u>41,758,729</u>	<u>4,518,718</u>
Business-Type Activities:					
Revenue bonds	14,205,000	-	1,195,000	13,010,000	1,000,000
Lease liability	-	652,138	186,891	465,247	177,070
Bond premium	711,852	-	44,557	667,295	44,557
Total OPEB liability	194,713	20,690	3,425	211,978	-
Compensated absences	<u>117,137</u>	<u>61,498</u>	<u>71,700</u>	<u>106,935</u>	<u>80,201</u>
Total business-type activities	15,228,702	734,326	1,501,573	14,461,455	1,301,828
Less Portion Payable from Restricted Assets:					
Revenue bonds	497,917	416,667	497,917	416,667	416,667
Bond premium	<u>44,557</u>	<u>44,557</u>	<u>44,557</u>	<u>44,557</u>	<u>44,557</u>
Net business-type activities	<u>14,686,228</u>	<u>273,102</u>	<u>959,099</u>	<u>14,000,231</u>	<u>840,604</u>
Total government (net)	<u>\$ 48,508,404</u>	<u>\$ 20,307,847</u>	<u>\$ 13,057,291</u>	<u>\$ 55,758,960</u>	<u>\$ 5,359,322</u>

NOTE 8 - LEASE

Lease receivable

The City entered various lease agreements with third parties to use City's facilities. The terms of the leases expire in various years through 2044. The City is receiving monthly payments with annual escalation rate of 3%. The City recognized \$ 166,380 in lease revenue and \$ 66,397 in interest revenue during the current fiscal year related to these leases. As of September 30, 2022, the City's receivable for lease payments was \$ 2,451,104. Also, the City has a deferred inflow of resources associated with these leases that will be recognized as revenue over the lease terms. As of September 30, 2022, the balance of the deferred inflow of resources was \$ 2,384,192.

CITY OF LAKE JACKSON

Lake Jackson, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2022

NOTE 8 - LEASE - Continued

Lease payable

On March 18, 2019, the City entered a four year lease agreement for the lease of Hauler. Based on this agreement, the City is required to make monthly payments of \$1,194.

On March 18, 2019, the City entered a four year lease agreement for the lease of golf carts. Based on this agreement, the City is required to make monthly payments of \$5,945.

On June 21, 2021, the City entered a five year lease agreement for the lease of equipment. Based on this agreement, the City is required to make monthly payments of \$11,417.

On January 08, 2021, the City entered a five year lease agreement for the lease of copies. Based on this agreement, the City is required to make monthly payments of \$1,691.

On January 17, 2021, the City entered a five year lease agreement for the lease of postage machine. Based on this agreement, the City is required to make quarterly payments of \$1,163.

There are no renewal options included in above lease agreements and the City will not purchase the lease assets at the end of the lease terms.

An initial lease liability was recorded in the amount of \$ 755,823 using 2.65% discount rate during the current fiscal year. As of September 30, 2022, the value of the lease liability was \$ 546,473 and the value of the right to use leased asset was \$ 540,287 and had accumulated amortization of \$ 215,535.

The future principal and interest lease payments as of September 30, 2022, were as follows:

<u>Fiscal Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 200,131	\$ 11,796	\$ 211,927
2024	154,632	7,319	161,951
2025	158,780	3,171	161,951
2025	<u>32,930</u>	<u>158</u>	<u>33,088</u>
Totals	\$ <u>546,473</u>	\$ <u>22,444</u>	\$ <u>568,917</u>

CITY OF LAKE JACKSON

Lake Jackson, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2022

NOTE 9 - TEXAS MUNICIPAL RETIREMENT SYSTEM PENSION PLAN

A. Plan Description

The City participates as one of 901 plans in the defined benefit cash-balance plan administered by the Texas Municipal Retirement System (TMRS). TMRS is a statewide public retirement plan created by the State of Texas and administered in accordance with the Texas Government Code, Title 8, Subtitle G (TMRS Act) as an agent multiple-employer retirement system for employees of Texas participating cities. The TMRS Act places the general administration and management of TMRS with a six-member, Governor-appointed Board of Trustees; however, TMRS does not receive any funding from the State of Texas. TMRS issues a publicly available Annual Comprehensive Financial Report (Annual Report) that can be obtained at 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 member's benefit is calculated based on the sum of the member's contributions with interest, the city-financed monetary credits with interest, and their age at retirement and other actuarial factors. The retiring member may select one of seven monthly benefit payment options. Members may also choose to receive a portion of their benefit as a lump sum distribution in an amount equal to 12, 24 or 36 monthly payments, which cannot exceed 75% of the total member contributions and interest

At retirement, the Member's benefit is calculated based on the sum of the Member's contributions, with interest, and the city-financed monetary credits with interest. The retiring Member may select one of seven monthly benefit payment options. Members may also choose to receive a portion of their benefit as a lump sum distribution in an amount equal to 12, 24 or 36 monthly payments, which cannot exceed 75% of the total Member contributions and interest.

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. 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.

CITY OF LAKE JACKSON

Lake Jackson, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2022

NOTE 9 - TEXAS MUNICIPAL RETIREMENT SYSTEM PENSION PLAN - Continued

Employees covered by benefit terms.

At the December 31, 2021 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	168
Inactive employees entitled to but not yet receiving benefits	216
Active employees	<u>226</u>
	610

C. Contributions

Member contribution rates in TMRS are either 5%, 6% or 7% of the member's total compensation, and the city matching ratios are either 1:1(1 to 1), 1.5:1 (1 ½ to 1) or 2:1 (2 to 1), 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 city's contribution rate is based on the liabilities created from the benefit plan options selected by the city and any changes in benefits or actual experience over time.

Employees for the City were required to contribute 6% of their annual compensation during the fiscal year. The contribution rates for the City were 11.41% and 11.07% in calendar years 2021 and 2022, respectively. The city's contributions to TMRS for the year ended September 30, 2022, were \$ 1,474,767, and were equal to the required contributions.

D. Net Pension Asset

The city's Net Pension Asset (NPA) was measured as of December 31, 2021, and the Total Pension Liability (TPL) used to calculate the Net Pension Asset was determined by an actuarial valuation as of that date.

Actuarial assumptions:

The Total Pension Liability in the December 31, 2021 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, 2022

NOTE 9 - TEXAS MUNICIPAL RETIREMENT SYSTEM PENSION PLAN - 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 are used with a 4- year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3.0% minimum mortality rate 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, 2019 actuarial valuation. The post-retirement mortality assumption for Annuity Purchase Rates (APRs) is based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of real rates of return for each major asset class in fiscal year 2022 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global Public Equity	35%	7.55%
Core Fixed Income	6%	2.00%
Non-Core Fixed Income	20%	5.68%
Other Public and Private Markets	12%	7.22%
Real Estate	12%	6.85%
Hedge Funds	5%	5.35%
Private Equity	10%	10.00%
Total	100%	

CITY OF LAKE JACKSON

Lake Jackson, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2022

NOTE 9 - TEXAS MUNICIPAL RETIREMENT SYSTEM PENSION PLAN - 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 member and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive 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.

Changes in the Net Pension Liability (Asset)

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a)-(b)
Balance at 12/31/2020	\$ 72,623,844	\$ 71,176,170	\$ 1,447,674
Changes for the Year:			
Service cost	1,699,654	-	1,699,654
Interest	4,831,496	-	4,831,496
Difference between expected and actual experience	795,863	-	795,863
Contributions - employer	-	1,397,193	(1,397,193)
Contributions - employee	-	734,721	(734,721)
Net investment income	-	9,269,719	(9,269,719)
Benefit payment, including refunds of employee contributions	(3,791,894)	(3,791,894)	-
Administrative expense	-	(42,933)	42,933
Other changes	-	294	(294)
Net changes	3,535,119	7,567,100	(4,031,981)
Balance at 12/31/2021	\$ 76,158,963	\$ 78,743,270	\$(2,584,307)

Sensitivity of the net pension liability (asset) to changes in the discount rate:

The following presents the net pension liability (assets) of the City, calculated using the discount rate of 6.75%, as well as what's the City's net pension liability (asset) 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 (Asset)	\$ 7,774,928	\$(2,584,307)	\$(11,059,704)

CITY OF LAKE JACKSON

Lake Jackson, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2022

NOTE 9 - TEXAS MUNICIPAL RETIREMENT SYSTEM PENSION PLAN - Continued

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's Fiduciary Net Position is available in the Schedule of Changes in Fiduciary Net Position, by Participating City. That report may be obtained at trms.com.

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

For the year ended September 30, 2022, the City recognized pension expense (revenue) of \$ (394,280).

At September 30, 2022, 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	\$ 549,465	\$ 55,737
Changes in actuarial assumptions	20,327	-
Net difference between projected and actual earnings	-	4,766,474
Contributions subsequent to the measurement date	<u>1,083,501</u>	<u>-</u>
Total	<u>\$ 1,653,293</u>	<u>\$ 4,822,211</u>

\$ 1,083,501 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, 2023. 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>	
2023	\$(628,124)
2024	(1,782,607)
2025	(948,625)
2026	(893,063)

CITY OF LAKE JACKSON

Lake Jackson, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2022

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. At August 31, 2021, there were 239 contributing fire and/or emergency services department members 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.

CITY OF LAKE JACKSON

Lake Jackson, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2022

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 2021 for fiscal 2022 reporting, the amount of the City's contributions recognized by the plan was \$ 48,825.

D Net Pension Liability

The System's net pension liability was measured as of August 31, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of August 31, 2020 and rolled forward to August 31, 2021. The City's proportionate share of net pension liability was \$ 108,963.

Actuarial Assumptions

The total pension liability in the August 31, 2020 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	7.5%, net of pension plan investment expense, including inflation

Mortality rates were based on the PubS-2010 (public safety) below-median income mortality tables for employees and for retirees, projected for mortality improvement generationally using projection scale MP-2019.

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 4.6%) and by adding expected inflation (3.0%). In addition, the final 7.5% assumption was selected by rounding down.

CITY OF LAKE JACKSON

Lake Jackson, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2022

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

The target allocation and expected arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Net Real Rate of Return</u>
Equities:		
Large cap domestic	20%	5.83%
Small cap domestic	10	5.94
Development international	15	6.15
Emerging markets	5	7.25
Global infrastructure	5	6.41
Real Estate	10	4.48
Multi asset income	5	3.84
Fixed Income	30	1.99
Cash	<u>0</u>	0.00
Total	100%	
Weighted average		4.60%

Discount Rate

The discount rate used to measure the total pension liability was 7.5%. No projection of cash flows was used to determine the discount rate because the August 31, 2020 actuarial valuation showed that expected contributions would pay the normal cost and amortize the unfunded actuarial accrued liability (UAAL) in 30 years using the level dollar amortization method. Because of the 30-year amortization period with the 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%, in comparison to 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 (Asset)	\$ 356,131	\$ 108,963	\$ (56,037)

CITY OF LAKE JACKSON

Lake Jackson, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2022

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, 2022, 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	\$ -	\$ 4,311
Differences in assumption changes	-	149
Net differences between projected and actual earnings	-	102,034
Contributions subsequent to the measurement date	<u>88,134</u>	<u>-</u>
Total	<u>\$ 88,134</u>	<u>\$ 106,494</u>

\$ 88,134 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, 2022. 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>	
2023	\$(28,782)
2024	(17,725)
2025	(33,446)
2026	(26,541)

For the year ended September 30 2022, the City recognized pension expense of \$ 127.

NOTE 11 - POST-EMPLOYMENT BENEFIT OTHER THAN PENSION 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, 2022

NOTE 11 - POST-EMPLOYMENT BENEFIT OTHER THAN PENSION PLAN - Continued

B. Benefits Provided

SDBF benefits are paid to designated beneficiaries upon TMRS' receipt of an approved benefit application. The death benefit for active members is a lump sum payment approximately equal to the member's annual salary. The death benefit for retirees is \$7,500 and is an "other post-employment benefit." SDBF benefits are paid from the SDBF and are not an obligation of the Pension Trust Fund.

Employees covered by benefit terms

At the December 31, 2021 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees currently receiving benefits	124
Inactive employees entitled to but not yet receiving benefits	42
Active employees	<u>226</u>
	392

C. Contributions

The City contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation, which was 0.26% and 0.24% in the calendar years 2022 and 2021, of which 0.15% and 0.13% represented the retiree-only portion, respectively, as a percentage of annual covered payroll. The City's contributions to the SDBF for the years ended September 30, 2022, 2021 and 2020 were \$ 30,861, \$ 28,861, and \$ 25,620, 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, 2022 was \$ 16,171.

D. Total OPEB Liability

The City's total OPEB liability of \$ 1,013,102 was measured as of December 31, 2021, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs

The Total OPEB Liability in the December 31, 2021 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, 2022

NOTE 11 - POST-EMPLOYMENT BENEFIT OTHER THAN PENSION PLAN - Continued

Inflation	2.50%
Salary increases	3.50% to 11.5% including inflation
Discount rate	1.84%
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, 2021.

The actuarial assumptions used in the December 31, 2021 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 12/31/2020	\$ <u>932,877</u>
Changes for the Year:	
Service cost	41,634
Interest on total OPEB liability	18,915
Difference between expected and actual experience	2,866
Changes in assumption or other inputs	32,729
Benefit payments	<u>(15,919)</u>
 Net changes	 <u>80,225</u>
Balance at 12/31/2021	\$ <u>1,013,102</u>

CITY OF LAKE JACKSON

Lake Jackson, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2022

NOTE 11 - POST-EMPLOYMENT BENEFIT OTHER THAN PENSION 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 1.84%, 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 (0.84%) or 1-percentage-point higher (2.84%) than the current rate:

	1% Decrease In Discount Rate <u>(0.84%)</u>	Discount Rate <u>(1.84%)</u>	1% Increase In Discount Rate <u>(2.84%)</u>
City's Total OPEB Liability	\$ <u>1,253,505</u>	\$ <u>1,013,102</u>	\$ <u>830,771</u>

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

For the year ended September 30, 2022, the City recognized OPEB expense of \$ 109,219.

At September 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,277	\$ 20,403
Differences in assumption changes	156,305	10,612
Contributions subsequent to the measurement date	<u>22,450</u>	<u>-</u>
Total	\$ <u>181,032</u>	\$ <u>31,015</u>

\$ 22,450 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, 2023. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended <u>September 30,</u>	
2023	\$ 39,957
2024	49,246
2025	32,009
2026	6,355
2027	-

CITY OF LAKE JACKSON

Lake Jackson, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2022

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. As the City does not hold the Plan assets in a trustee capacity, the Plan is not considered a Trust Fund and a Component Unit of the City 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 Plan is not pension plan. 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, 2022.

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.

A plaintiff was a premises liability case arising out an accidental spill of excessive levels of chlorine into a public, city-owned swimming pool, which caused mostly minor injuries to several persons who inhaled the toxic vapors. All of these claims were dismissed with prejudice on the merits on October 22, 2022.

Plaintiff claims that City garbage truck backed into his vehicle causing property damage and personal injury. City believes it will prevail in the lawsuit. This claim is covered by the City's insurance that it holds with the Texas Municipal League.

Plaintiff claims multiple civil rights violations due to illegal arrest. City believes it will be a prevailing party in the lawsuit. This claim is covered by the City's insurance that it holds with the Texas Municipal League.

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.

CITY OF LAKE JACKSON

Lake Jackson, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2022

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.

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 2022 payment of \$ 12,255,304 is split as follows:

Clute	\$ 1,905,700
Freeport	4,766,088
Lake Jackson	<u>5,583,516</u>
Total	<u>\$ 12,255,304</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, 2022 amounted to \$ 5,583,516. This revenue is not restricted to a specific function or program.

NOTE 16 - GRANTS, LOANS, ENTITLEMENTS AND SHARED REVENUES

During the year ended September 30, 2022, 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	\$ 139,862
State	<u>3,123</u>
Total	<u>\$ 142,985</u>

CITY OF LAKE JACKSON

Lake Jackson, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2022

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, 2022, 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, 2022, the City has made rebate payments of \$ 3,088,629 under this agreement and \$ 590,309 was paid during the fiscal year 2022.

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 constructed 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, 2022, the City paid a total of \$ 675,500 under this agreement and \$ 239,369 was paid during the fiscal year 2022. This agreement is now finalized and closed.

CITY OF LAKE JACKSON

Lake Jackson, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2022

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, 2022, the City paid a total of \$ 715,394 under this agreement, and \$ 141,058 was paid during fiscal year 2022.

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, 2022, the City paid a total of \$ 717,467 under this agreement of which \$ 187,822 was paid during the fiscal year 2022.

On November 16, 2015 the City entered into a hotel occupancy tax (HOT) agreement with Vighnershwerll, llc (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, 2022, the City paid a total of \$ 334,753 under this agreement, of which \$ 111,719 was paid in fiscal year 2022.

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, 2022

NOTE 20 - EVALUATION OF SUBSEQUENT EVENTS

The City has evaluated subsequent events through March 30, 2023, the date which the financial statements were available to be issued.

In December 2022, the City issued Texas Waterworks and Sewer system Revenue Bonds, Series 2022” in the aggregate principal amount of \$5,805,000 for extensions and improvements to the City’s System and to pay certain costs incurred in connection with the issuance of the Bonds.

NOTE 21 - EXCESS OF EXPENDITURES OVER APROPRIATIONS

During the year ended September 30, 2022, expenditures exceeded appropriations in the funds as follows:

Police Seizure Fund	\$ 36,873
General Debt Service Fund	\$ 183,708
Economic Development Debt Service Fund	\$ 39,824
Golf Course Operating Fund	\$ 134,827

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

NOTE 22 - CHANGE IN ACCOUNTING PRINCIPLES

During the current fiscal year, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*. GASB Statement No. 87 enhances the relevance and consistency of information of the government’s leasing activities. It establishes requirements for lease accounting based on the principle that leases are financings of the right to use an underlying asset. A lessee is required to recognize a lease liability and a right to use leased asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. These changes were incorporated in the City’s financial statements and had no effect on the beginning net position of the governmental activities. The City recognized \$ 2,550,572 in leases receivable as lessor and \$ 755,823 a right to use leased asset as lessee at October 1, 2021, due to the implementation of GASB Statement No. 87; however, the amounts were offset by deferred inflows of resources and a lease liability for related leases, respectively.

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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>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total Pension Liability				
Service cost	\$ 1,699,654	\$ 1,740,285	\$ 1,709,877	\$ 1,628,211
Interest (on the Total Pension Liability)	4,831,496	4,647,878	4,451,456	4,219,875
Difference between expected and actual experience	795,863	(21,206)	(394,418)	28,033
Changes in assumptions	-	-	169,049	-
Benefit payments, including refunds of employee contributions	<u>(3,791,894)</u>	<u>(3,460,842)</u>	<u>(2,621,578)</u>	<u>(2,350,684)</u>
Net Change in Total Pension Liability	3,535,119	2,906,115	3,314,386	3,525,435
Total Pension Liability - Beginning	<u>72,623,844</u>	<u>69,717,729</u>	<u>66,403,343</u>	<u>62,877,908</u>
Total Pension Liability - Ending (a)	<u>\$ 76,158,963</u>	<u>\$ 72,623,844</u>	<u>\$ 69,717,729</u>	<u>\$ 66,403,343</u>
Plan Fiduciary Net Position				
Contributions - Employer	\$ 1,397,193	\$ 1,504,167	\$ 1,454,852	\$ 1,389,070
Contributions - Employee	734,721	749,584	728,641	686,526
Net Investment Income	9,269,719	5,104,750	9,073,511	(1,822,401)
Benefit payments, including refunds of employee contributions	(3,791,894)	(3,460,842)	(2,621,578)	(2,350,684)
Administrative expense	(42,933)	(33,061)	(51,304)	(35,236)
Other	<u>294</u>	<u>(1,290)</u>	<u>(1,542)</u>	<u>(1,842)</u>
Net Change in Plan Fiduciary Net Position	7,567,100	3,863,308	8,582,580	(2,134,567)
Plan Fiduciary Net Position - Beginning	<u>71,176,170</u>	<u>67,312,862</u>	<u>58,730,282</u>	<u>60,864,849</u>
Plan Fiduciary Net Position - Ending (b)	<u>\$ 78,743,270</u>	<u>\$ 71,176,170</u>	<u>\$ 67,312,862</u>	<u>\$ 58,730,282</u>
Net Pension Liability (Asset) (a-b)	<u>\$ (2,584,307)</u>	<u>\$ 1,447,674</u>	<u>\$ 2,404,867</u>	<u>\$ 7,673,061</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	<u>103.39%</u>	<u>98.01%</u>	<u>96.55%</u>	<u>88.44%</u>
Covered Payroll	<u>\$ 12,245,342</u>	<u>\$ 12,493,072</u>	<u>\$ 12,144,015</u>	<u>\$ 11,442,099</u>
Net Pension Liability (Asset) as a Percentage of Covered Payroll	<u>(21.10%)</u>	<u>11.59%</u>	<u>19.80%</u>	<u>67.06%</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>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$ 1,625,159	\$ 1,470,736	\$ 1,395,740	\$ 1,235,156
3,898,640	3,770,178	3,720,766	3,586,517
223,108	458,906	(455,995)	(864,997)
-	-	268,564	-
<u>(2,506,390)</u>	<u>(2,545,111)</u>	<u>(1,986,637)</u>	<u>(2,251,635)</u>
3,331,517	3,154,709	2,942,438	1,705,041
<u>59,546,391</u>	<u>56,391,682</u>	<u>53,449,244</u>	<u>51,744,203</u>
<u>\$ 62,877,908</u>	<u>\$ 59,546,391</u>	<u>\$ 56,391,682</u>	<u>\$ 53,449,244</u>
\$ 1,356,015	\$ 1,213,201	\$ 1,274,547	\$ 1,276,545
687,171	620,564	606,865	557,850
7,467,864	3,458,936	75,651	2,798,520
(2,506,390)	(2,545,111)	(1,986,637)	(2,251,635)
(38,715)	(39,074)	(46,082)	(29,219)
<u>(1,962)</u>	<u>(2,105)</u>	<u>(2,275)</u>	<u>(2,402)</u>
6,963,983	2,706,411	(77,931)	2,349,659
<u>53,900,866</u>	<u>51,194,455</u>	<u>51,272,386</u>	<u>48,922,727</u>
<u>\$ 60,864,849</u>	<u>\$ 53,900,866</u>	<u>\$ 51,194,455</u>	<u>\$ 51,272,386</u>
<u>\$ 2,013,059</u>	<u>\$ 5,645,525</u>	<u>\$ 5,197,227</u>	<u>\$ 2,176,858</u>
<u>96.80%</u>	<u>90.52%</u>	<u>90.78%</u>	<u>95.93%</u>
<u>\$ 11,452,850</u>	<u>\$ 10,342,727</u>	<u>\$ 10,099,421</u>	<u>\$ 9,297,496</u>
<u>17.58%</u>	<u>54.58%</u>	<u>51.46%</u>	<u>23.41%</u>

CITY OF LAKE JACKSON

Lake Jackson, Texas

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Actuarially determined contribution	\$ 1,474,767	\$ 1,476,363	\$ 1,466,849	\$ 1,464,706
Contributions in relation to the actuarially determined contribution	<u>1,474,767</u>	<u>1,476,363</u>	<u>1,466,849</u>	<u>1,464,706</u>
Contribution deficiency (excess)	\$ <u> -</u>	\$ <u> -</u>	\$ <u> -</u>	\$ <u> -</u>
Covered payroll	\$ <u>13,190,422</u>	\$ <u>12,483,756</u>	\$ <u>12,199,945</u>	\$ <u>11,970,987</u>
Contributions as a percentage of covered payroll	<u>11.18%</u>	<u>11.83%</u>	<u>12.02%</u>	<u>12.24%</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	24 years (Longers amortization ladder)
Asset valuation method	10 Year smoothed fair market; 12% soft corridor
Inflation	2.50%
Salary increases	3.50% to 11.50% 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>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$ 1,357,569	\$ 1,336,648	\$ 1,224,103	\$ 1,226,556	\$ 1,271,157
<u>1,357,569</u>	<u>1,336,648</u>	<u>1,224,103</u>	<u>1,226,556</u>	<u>1,248,479</u>
\$ <u> -</u>	\$ <u> -</u>	\$ <u> -</u>	\$ <u> -</u>	\$ <u>22,678</u>
\$ <u>11,257,155</u>	\$ <u>11,316,010</u>	\$ <u>10,226,026</u>	\$ <u>9,526,517</u>	\$ <u>9,241,149</u>
<u>12.06%</u>	<u>11.81%</u>	<u>11.97%</u>	<u>12.88%</u>	<u>13.51%</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>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
City's proportion of the net pension liability	1.017%	0.958%	0.903%	1.373%
City' proportionate share of the net pension liability	\$ 108,963	\$ 241,520	\$ 255,960	\$ 297,261
Plan fiduciary position as a percentage of total pension liability	93.12%	83.20%	80.20 %	84.30%

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>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
1.215%	1.426%	1.491%	1.287%
\$ 291,620	\$ 415,367	\$ 397,986	\$ 233,869
81.40%	76.30%	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>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Contractually required contributions	\$ 88,134	\$ 45,012	\$ 65,774	\$ 59,048
Contributions in relation to the contractually required contribution	<u>88,134</u>	<u>45,012</u>	<u>65,774</u>	<u>59,048</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</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>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$ 96,681	\$ 77,681	\$ 82,103	\$ 78,528	\$ 69,499
<u>96,681</u>	<u>77,681</u>	<u>82,103</u>	<u>78,528</u>	<u>69,499</u>
<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>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Service cost	\$ 41,634	\$ 34,981	\$ 24,288	\$ 25,173
Interest	18,915	21,297	23,388	21,767
Changes in benefit terms	-	-	-	(20,020)
Difference between expected and actual experience	2,866	(6,304)	(29,761)	-
Changes in assumptions or other inputs	32,729	129,066	126,942	(47,208)
Benefit payments	<u>(15,919)</u>	<u>(6,247)</u>	<u>(6,072)</u>	<u>(6,865)</u>
Net Change in Total OPEB Liability	80,225	172,793	138,785	(27,153)
Total OPEB Liability - Beginning	<u>932,877</u>	<u>760,084</u>	<u>621,299</u>	<u>648,452</u>
Total OPEB Liability - Ending	<u>\$ 1,013,102</u>	<u>\$ 932,877</u>	<u>\$ 760,084</u>	<u>\$ 621,299</u>
Covered Payroll	<u>\$ 12,245,342</u>	<u>\$ 12,493,072</u>	<u>\$ 2,144,015</u>	<u>\$ 11,452,850</u>
Total OPEB Liability as a Percentage of Covered Payroll	<u>8.27%</u>	<u>7.47%</u>	<u>6.26%</u>	<u>5.43%</u>

Notes to Schedule:

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:

2021	1.84%
2020	2.00%
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

2017

\$ 21,760
21,378
-
-
53,507
(5,726)
90,919
557,533
\$ 648,452
\$ 11,452,850
5.66%

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**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.

Debt Service Funds

General Debt Service Fund - This 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.

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.

2022 Parks and Recreation Improvement Bonds - This fund accounts for the proceeds of the 2022 Certificates of Obligation issued for the replacement/expansion of restrooms in six parks and the replacement of playground equipment at seven parks. The bond will be repaid from the Economic Development Fund.

CITY OF LAKE JACKSON

Lake Jackson, Texas

COMBINING BALANCE SHEET- NONMAJOR GOVERNMENTAL FUNDS

September 30, 2022

	Special Revenue Funds			Debt
	Motel Occupancy Tax	Police Seizure	Program Education	General Debt Fund
<u>Assets</u>				
Cash and cash equivalents	\$ 148,510	\$ 80,457	\$ 427,259	\$ 813,741
Receivables (net of allowance for uncollectibles):				
Taxes	-	-	15,334	37,225
Accounts	-	-	-	-
Grants	-	-	-	-
Total assets	<u>\$ 148,510</u>	<u>\$ 80,457</u>	<u>\$ 442,593</u>	<u>\$ 850,966</u>
<u>Liabilities, Deferred Inflows of Resources and Fund Balances</u>				
<u>Liabilities:</u>				
Accounts payable	<u>\$ 59,211</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total liabilities	<u>59,211</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Deferred Inflows of Resources:</u>				
Unavailable revenue - property taxes	<u>-</u>	<u>-</u>	<u>-</u>	<u>37,225</u>
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>37,225</u>
<u>Fund Balances:</u>				
Restricted:				
Debt service	-	-	-	813,741
Capital projects	-	-	-	-
Program education	-	-	442,593	-
Encourage tourism	89,299	-	-	-
Law enforcement	-	80,457	-	-
Assigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>89,299</u>	<u>80,457</u>	<u>442,593</u>	<u>813,741</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 148,510</u>	<u>\$ 80,457</u>	<u>\$ 442,593</u>	<u>\$ 850,966</u>

Service		Capital Projects Funds				
Economic Development	Golf Course	General Construction	Court/Emergency Operations Center/ Brazos Oaks Construction	2013 Infrastructure	2017 Infrastructure Improvements	2010 Drainage Infrastructure
\$ -	\$ 7,500	\$ 4,155,332	\$ 3,685	\$ 997	\$ 1,146,903	\$ 96
-	-	-	-	-	-	-
-	-	8,137	-	-	-	-
-	-	<u>37,760</u>	-	-	-	-
<u>\$ -</u>	<u>\$ 7,500</u>	<u>\$ 4,201,229</u>	<u>\$ 3,685</u>	<u>\$ 997</u>	<u>\$ 1,146,903</u>	<u>\$ 96</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 213,470</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,933</u>	<u>\$ -</u>
-	-	213,470	-	-	2,933	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	7,500	-	-	-	-	-
-	-	-	3,685	997	1,143,970	96
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	<u>3,987,759</u>	-	-	-	-
-	<u>7,500</u>	<u>3,987,759</u>	<u>3,685</u>	<u>997</u>	<u>1,143,970</u>	<u>96</u>
<u>\$ -</u>	<u>\$ 7,500</u>	<u>\$ 4,201,229</u>	<u>\$ 3,685</u>	<u>\$ 997</u>	<u>\$ 1,146,903</u>	<u>\$ 96</u>

(continued)

CITY OF LAKE JACKSON

Lake Jackson, Texas

COMBINING BALANCE SHEET- NONMAJOR GOVERNMENTAL FUNDS - Continued

September 30, 2022

	Capital Projects Funds			
	2014 Economic Incentive	2013 Downtown Improvement	2022 Park and Recreation Improvement	Total Non-major Governmental Funds
<u>Assets</u>				
Cash and cash equivalents	\$ 83,137	\$ 38	\$ 3,054,740	\$ 9,922,395
Receivables (net of allowance for uncollectibles):				
Taxes	-	-	-	52,559
Accounts	-	-	-	8,137
Grants	-	-	-	37,760
	-	-	-	37,760
Total assets	\$ 83,137	\$ 38	\$ 3,054,740	\$ 10,020,851
<u>Liabilities, Deferred Inflows of Resources and Fund Balances</u>				
<u>Liabilities:</u>				
Accounts payable	\$ -	\$ -	\$ -	\$ 275,614
	-	-	-	275,614
Total liabilities	-	-	-	275,614
<u>Deferred Inflows of Resources:</u>				
Unavailable revenue - property taxes	-	-	-	37,225
	-	-	-	37,225
Total deferred inflows of resources	-	-	-	37,225
<u>Fund Balances:</u>				
Restricted:				
Debt service	-	-	-	821,241
Capital projects	83,137	38	3,054,740	4,286,663
Program education	-	-	-	442,593
Encourage tourism	-	-	-	89,299
Law enforcement	-	-	-	80,457
Assigned	-	-	-	3,987,759
Total fund balances	83,137	38	3054,740	9,708,012
Total liabilities, deferred inflows of resources and fund balances	\$ 83,137	\$ 38	\$ 3,054,740	\$ 10,020,851

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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, 2022

	Special Revenue Funds			Debt
	Motel Occupancy Tax	Police Seizure	Program Education	General Debt Fund
Revenues:				
Property tax	\$ -	\$ -	\$ -	\$ 2,774,291
Franchise tax	-	-	63,621	-
Motel occupancy tax	489,704	-	-	-
Intergovernmental	-	-	-	-
Investment earning	382	86	1,872	5,977
Miscellaneous	-	72,324	-	-
Total revenues	<u>490,086</u>	<u>72,410</u>	<u>65,493</u>	<u>2,780,268</u>
Expenditures:				
Current:				
General government and administration	-	-	64,703	-
Public safety	-	66,873	-	-
Public works	-	-	-	-
Cultural and Recreation:				
Contribution to Fine Arts Council	69,202	-	-	-
Contribution to Museum of Natural Science	103,804	-	-	-
Contribution to Chamber of Commerce	143,348	-	-	-
Contribution to Historical Museum	103,804	-	-	-
Other	5,990	-	-	-
Capital outlay	-	-	-	-
Debt Service:				
Principal retirement	-	-	-	1,863,466
Interest and fiscal charges	-	-	-	1,115,787
Total expenditures	<u>426,148</u>	<u>66,873</u>	<u>64,703</u>	<u>2,979,253</u>
Excess (deficiency) of revenues over expenditures	<u>63,938</u>	<u>5,537</u>	<u>790</u>	<u>(198,985)</u>
Other Financing Sources (Uses):				
Issuance of debt	-	-	-	3,175,000
Bond issuance premium	-	-	-	591,824
Transfers in	-	-	-	-
Transfers out	(70,564)	-	-	-
Payment to bond refunding escrow agent	-	-	-	(3,441,975)
Total other financing sources (uses)	<u>(70,564)</u>	<u>-</u>	<u>-</u>	<u>324,849</u>
Net change in fund balances	<u>(6,626)</u>	<u>5,537</u>	<u>790</u>	<u>125,864</u>
Fund balances - beginning	<u>95,925</u>	<u>74,920</u>	<u>441,803</u>	<u>687,877</u>
Fund balances - ending	<u>\$ 89,299</u>	<u>\$ 80,457</u>	<u>\$ 442,593</u>	<u>\$ 813,741</u>

Service		Capital Projects Funds				
Economic Development	Golf Course	General Construction	Court/Emergency Operations Center/ Brazos Oaks Construction	2013 Infrastructure	2017 Infrastructure Improvements	2010 Drainage Infrastructure
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	13,163	-	-	15,896	96
-	-	-	-	-	-	-
-	-	13,163	-	-	15,896	96
-	-	68,105	-	-	-	-
-	-	40,961	-	-	-	-
-	-	168,125	-	-	1,430	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	939,015	-	-	121,243	160,763
1,046,534	405,000	-	-	--	-	-
334,529	15,600	-	-	-	-	-
1,381,063	420,600	1,216,206	-	-	122,673	160,763
(1,381,063)	(420,600)	(1,203,043)	-	-	(106,777)	(160,667)
4,145,000	-	-	-	-	-	-
365,475	-	-	-	-	-	-
1,333,744	428,100	1,200,000	-	-	-	-
-	-	-	-	-	-	-
(4,463,156)	-	-	-	-	-	-
1,381,063	428,100	1,200,000	-	-	-	-
-	7,500	(3,043)	-	-	(106,777)	(160,667)
-	-	3,990,802	3,685	997	1,250,747	160,763
\$ -	\$ 7,500	\$ 3,987,759	\$ 3,685	\$ 997	\$ 1,143,970	\$ 96

(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, 2022

	Capital Projects Funds			
	2014 Economic Incentive	2013 Downtown Improvement	2022 Park and Recreation Improvement	Total Non-major Governmental Funds
Revenues:				
Property Tax	\$ -	\$ -	\$ -	\$ 2,774,291
Franchise tax	-	-	-	63,621
Motel occupancy tax	-	-	-	489,704
Intergovernmental	137,577	-	-	137,577
Investment earnings	908	77	24,755	63,212
Miscellaneous	-	-	-	72,324
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenues	138,485	77	24,755	3,600,729
Expenditures:				
Current:				
General government and administration	5,350	-	-	138,158
Public safety	-	-	-	107,834
Public works	-	16,589	-	186,144
Cultural and Recreation:				
Contribution to Fine Arts Council	-	-	-	69,202
Contribution to Museum of Natural Science	-	-	-	103,804
Contribution to Chamber of Commerce	-	-	-	143,348
Contribution to Historical Museum	-	-	-	103,804
Other	-	-	-	5,990
Capital outlay	143,094	-	476,119	1,840,234
Debit Service				
Principal retirement	-	-	-	3,315,000
Interest and fiscal charges	-	-	-	1,465,916
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditures	148,444	16,589	476,119	7,479,434
Excess (deficiency) of revenues over expenditures	<u>(9,959)</u>	<u>(16,512)</u>	<u>(451,364)</u>	<u>(3,878,705)</u>
Other Financing Sources (Uses):				
Issuance of debt	-	-	3,385,000	10,705,000
Bond issuance premium	-	-	121,104	1,078,403
Transfers in	-	-	-	2,961,844
Transfers out	-	-	-	(70,564)
Payment to bond refunding escrow agent	-	-	-	(7,905,131)
	<hr/>	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	-	-	3,506,104	6,769,552
Net change in fund balances	<u>(9,959)</u>	<u>(16,512)</u>	3,054,740	2,890,847
Fund balances - beginning	<u>93,096</u>	<u>16,550</u>	-	<u>6,817,165</u>
Fund balances - ending	<u>\$ 83,137</u>	<u>\$ 38</u>	<u>\$ 3,054,740</u>	<u>\$ 9,708,012</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, 2022
With Comparative Actual Totals for 2021

	2022			Variance with Final Budget- Positive (Negative)	2021
	Budgeted Amounts		Actual		Actual GAAP Basis
	Original	Final			
Revenues:					
Motel occupancy tax	\$ 499,500	\$ 499,500	\$ 489,704	\$ (9,796)	\$ 421,451
Investment earnings	30	30	382	352	42
Total revenues	<u>499,530</u>	<u>499,530</u>	<u>490,086</u>	<u>(9,444)</u>	<u>421,493</u>
Expenditures:					
Current:					
Culture and recreation	<u>510,800</u>	<u>510,800</u>	<u>426,148</u>	<u>84,652</u>	<u>353,789</u>
Total expenditures	<u>510,800</u>	<u>510,800</u>	<u>426,148</u>	<u>84,652</u>	<u>353,789</u>
Excess (deficiency) of revenues over expenditures	<u>(11,270)</u>	<u>(11,270)</u>	<u>63,938</u>	<u>75,208</u>	<u>67,704</u>
Other Financing Uses:					
Transfers out	<u>(59,690)</u>	<u>(59,690)</u>	<u>(70,564)</u>	<u>(10,874)</u>	<u>(57,063)</u>
Total other financing uses	<u>(59,690)</u>	<u>(59,690)</u>	<u>(70,564)</u>	<u>(10,874)</u>	<u>(57,063)</u>
Net changes in fund balance	<u>(70,960)</u>	<u>(70,960)</u>	<u>(6,626)</u>	<u>64,334</u>	<u>10,641</u>
Fund balance - beginning	<u>95,925</u>	<u>95,925</u>	<u>95,925</u>	<u>-</u>	<u>85,284</u>
Fund balance - ending	<u>\$ 24,965</u>	<u>\$ 24,965</u>	<u>\$ 89,299</u>	<u>\$ 64,334</u>	<u>\$ 95,925</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, 2022
With Comparative Actual Totals for 2021

	2022			Variance with Final Budget- Positive (Negative)	2021
	Budgeted Amounts		Actual		Actual GAAP Basis
	Original	Final			
Revenues:					
Investment earnings	\$ 100	\$ 100	\$ 86	\$ (14)	\$ -
Miscellaneous	<u>52,000</u>	<u>52,000</u>	<u>72,324</u>	<u>20,324</u>	<u>23,966</u>
Total revenues	<u>52,100</u>	<u>52,100</u>	<u>72,410</u>	<u>20,310</u>	<u>23,966</u>
Expenditures:					
Current:					
Seizures administration	<u>30,000</u>	<u>30,000</u>	<u>66,873</u>	<u>(36,873)</u>	<u>27,286</u>
Total expenditures	<u>30,000</u>	<u>30,000</u>	<u>66,873</u>	<u>(36,873)</u>	<u>27,286</u>
Net changes in fund balance	<u>22,100</u>	<u>22,100</u>	<u>5,537</u>	<u>(16,563)</u>	<u>(3,320)</u>
Fund balance - beginning	<u>74,920</u>	<u>74,920</u>	<u>74,920</u>	<u>-</u>	<u>78,240</u>
Fund balance - ending	<u>\$ 97,020</u>	<u>\$ 97,020</u>	<u>\$ 80,457</u>	<u>\$ (16,563)</u>	<u>\$ 74,920</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, 2022
With Comparative Actual Totals for 2021

	2022			Variance with Final Budget- Positive (Negative)	2021
	Budgeted Amounts		Actual		Actual GAAP Basis
	Original	Final			
Revenues:					
Franchise tax	\$ 65,000	\$ 65,000	\$ 63,621	\$ (1,379)	\$ 66,475
Investment earnings	250	250	1,872	1,622	213
Total revenues	<u>65,250</u>	<u>65,250</u>	<u>65,493</u>	<u>243</u>	<u>66,688</u>
Expenditures:					
Current:					
General government and administration	<u>65,250</u>	<u>175,662</u>	<u>64,703</u>	<u>110,959</u>	<u>14,961</u>
Total expenditures	<u>65,250</u>	<u>175,662</u>	<u>64,703</u>	<u>110,959</u>	<u>14,961</u>
Net changes in fund balance	<u>-</u>	<u>(110,412)</u>	<u>790</u>	<u>111,202</u>	<u>51,727</u>
Fund balance - beginning	<u>441,803</u>	<u>441,803</u>	<u>441,803</u>	<u>-</u>	<u>390,076</u>
Fund balance - ending	<u>\$ 441,803</u>	<u>\$ 331,391</u>	<u>\$ 442,593</u>	<u>\$ 111,202</u>	<u>\$ 441,803</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, 2022
With Comparative Actual Totals for 2021

	2022			Variance with Final Budget- Positive (Negative)	2021
	Budgeted Amounts		Actual		Actual GAAP Basis
	Original	Final			
Revenues:					
Property taxes	\$ 2,795,545	\$ 2,795,545	\$ 2,774,291	\$ (21,254)	\$ 2,730,992
Investment earning	-	-	5,977	5,977	710
Total revenues	<u>2,795,545</u>	<u>2,795,545</u>	<u>2,780,268</u>	<u>(15,277)</u>	<u>2,731,702</u>
Expenditures:					
Debt Services:					
Principal retirement	1,863,466	1,863,466	1,863,466	-	2,066,933
Interest and fiscal charges	<u>932,079</u>	<u>932,079</u>	<u>1,115,787</u>	<u>(183,708)</u>	<u>722,084</u>
Total expenditures	<u>2,795,545</u>	<u>2,795,545</u>	<u>2,979,253</u>	<u>(183,708)</u>	<u>2,789,017</u>
Deficiency of revenues over expenditures	-	-	<u>(198,985)</u>	<u>(198,985)</u>	<u>(57,315)</u>
Other Financing Sources (Uses):					
Issuance of debt	-	-	3,175,000	3,175,000	-
Bond issuance premium	-	-	591,824	591,824	-
Payments to bond refunding escrow agent	-	-	<u>(3,441,975)</u>	<u>(3,441,975)</u>	-
Total other financing sources (uses)	-	-	<u>324,849</u>	<u>324,849</u>	-
Net changes in fund balance	-	-	<u>125,864</u>	<u>125,864</u>	<u>(57,315)</u>
Fund balance - beginning	<u>687,877</u>	<u>687,877</u>	<u>687,877</u>	-	<u>745,192</u>
Fund balance - ending	<u>\$ 687,877</u>	<u>\$ 687,877</u>	<u>\$ 813,741</u>	<u>\$ 125,864</u>	<u>\$ 687,877</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, 2022
With Comparative Actual Total for 2021

	2022			Variance with Final Budget- Positive (Negative)	2021
	Budgeted Amounts		Actual		Actual GAAP Basis
	Original	Final			
Revenues	\$ -	\$ -	\$ -	\$ -	\$ -
Expenditures:					
Debt Service:					
Principal retirement	1,046,534	1,046,534	1,046,534	-	1,048,067
Interest and fiscal charges	294,705	294,705	334,529	(39,824)	278,007
Total expenditures	1,341,238	1,341,239	1,381,063	(39,824)	1,328,074
Deficiency of revenues over expenditures	(1,341,239)	(1,341,239)	(1,381,063)	(39,824)	(1,326,074)
Other Financing Sources (Uses):					
Issuance of bonds	-	-	4,145,000	4,145,000	-
Bond issuance premium	-	-	365,475	365,475	-
Transfer in	1,341,239	1,341,239	1,333,744	(7,495)	1,326,074
Payment to bond escrow agent	-	-	(4,463,156)	(4,463,156)	-
Total other financing sources (uses)	1,341,239	1,341,239	1,381,063	39,824	1,326,074
Net changes in fund balance	-	-	-	-	-
Fund balance - beginning	-	-	-	-	-
Fund balance - ending	\$ -	\$ -	\$ -	\$ -	\$ -

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, 2022
With Comparative Actual Totals for 2021

	2022			Variance with Final Budget- Positive (Negative)	2021
	Budgeted Amounts		Actual		Actual GAAP Basis
	Original	Final			
Revenues	\$ -	\$ -	\$ -	\$ -	\$ -
Expenditures:					
Debt Service:					
Principal retirement	405,000	405,000	405,000	-	420,000
Interest and fiscal charges	23,100	23,100	15,600	7,500	39,600
Total expenditures	428,100	428,100	420,600	7,500	459,600
Deficiency of revenues over expenditures	(428,100)	(428,100)	(420,600)	7,500	(459,600)
Other Financing Sources:					
Transfers in	428,100	428,100	428,100	-	459,600
Total other financing sources	428,100	428,100	428,100	-	459,600
Net changes in fund balance	-	-	7,500	7,500	-
Fund balance - beginning	-	-	-	-	-
Fund balance - ending	\$ -	\$ -	\$ 7,500	\$ 7,500	\$ -

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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, 2022 and 2021

	<u>2022</u>	<u>2021</u>
<u>Assets</u>		
Cash and cash equivalents	\$ 18,488,766	\$ 17,042,082
Receivable (net of allowance for uncollectibles):		
Taxes	1,471,455	1,538,591
Accounts	70,947	84,502
Grants	3,806	360,480
Investments	100,000	100,000
Inventories	127,232	95,430
Prepaid items	<u>109,173</u>	<u>17,711</u>
 Total assets	 <u>\$ 20,371,379</u>	 <u>\$ 19,238,796</u>
<u>Liabilities, Deferred Inflows of Resources and Fund Balance</u>		
<u>Liabilities:</u>		
Accounts payable	\$ 822,118	\$ 610,546
Cash bonds and taxes	253,720	214,655
Accrued wages	207,582	726,141
Unearned revenue	<u>86,493</u>	<u>95,125</u>
 Total liabilities	 <u>1,369,913</u>	 <u>1,646,467</u>
<u>Deferred Inflows of Resources:</u>		
Unavailable revenue - property taxes	<u>76,339</u>	<u>48,497</u>
 Total deferred inflows of resources	 <u>76,339</u>	 <u>48,497</u>
<u>Fund Balance:</u>		
<u>Nonspendable:</u>		
Inventories	127,232	95,430
Prepaid items	109,173	17,711
<u>Committed:</u>		
General contingencies	955,693	951,479
<u>Assigned:</u>		
Unemployment insurance	38,657	59,759
Equipment replacement	10,380,298	8,642,130
Special events	72,891	71,958
Park improvement	100,278	101,741
Unassigned	<u>7,140,905</u>	<u>7,603,624</u>
 Total fund balance	 <u>18,925,127</u>	 <u>17,543,832</u>
 Total liabilities, deferred inflows of resources and fund balance	 <u>\$ 20,371,379</u>	 <u>\$ 19,238,796</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, 2022
With Comparative Actual Totals for 2021

	2022			Variance with Final Budget- Positive (Negative)	2021
	Budgeted Amounts		Actual GAAP Basis		Actual GAAP Basis
	Original	Final			
Revenues:					
Taxes:					
Property	\$ 5,426,467	\$ 5,426,467	\$ 5,384,188	\$(42,279)	\$ 4,866,050
Sales	6,720,000	6,720,000	7,771,049	1,051,049	7,375,702
Franchise	1,730,645	1,730,645	1,497,229	(233,416)	1,513,659
Other	140,000	140,000	274,089	134,089	251,413
Industrial district	5,280,000	5,280,000	5,583,516	303,516	5,208,506
Intergovernmental	57,000	57,000	5,408	(51,592)	385,818
Revenue producing facilities	908,500	908,500	892,794	(15,706)	536,008
Fines and fees	487,000	487,000	502,429	15,429	496,078
Licenses and permits	481,300	481,300	409,046	(72,254)	355,062
Investment earnings	8,500	8,500	91,711	83,211	7,769
Miscellaneous	60,500	60,500	150,276	89,776	120,271
Total revenues	<u>21,299,912</u>	<u>21,299,912</u>	<u>22,561,735</u>	<u>1,261,823</u>	<u>21,116,336</u>
Expenditures:					
Current:					
General government and					
Administration	4,610,922	4,610,922	5,289,511	(678,589)	4,796,507
Public safety	8,940,445	8,947,945	8,464,338	483,607	7,236,728
Public works	3,321,932	3,321,932	2,766,367	555,565	2,490,288
Culture and recreation	5,003,243	5,003,243	4,904,246	98,997	4,366,330
Capital outlay	462,110	1,191,285	708,715	482,570	603,191
Debt Service:					
Principal retirement	-	-	22,459	(22,459)	-
Interest and fiscal charges	-	-	2,485	(2,485)	-
Total expenditures	<u>22,338,652</u>	<u>23,075,327</u>	<u>22,158,121</u>	<u>917,206</u>	<u>19,493,044</u>
Excess (deficiency) of revenues over expenditures	<u>(1,038,740)</u>	<u>(1,775,415)</u>	<u>403,614</u>	<u>2,179,029</u>	<u>1,623,292</u>
Other Financing Sources (Uses):					
Proceeds of leases	-	-	103,685	103,685	-
Proceeds from sale of capital assets	-	-	73,625	73,625	60,270
Transfers in	2,093,355	2,093,355	2,258,319	164,964	2,167,702
Transfers out	(859,500)	(2,059,500)	(1,457,948)	601,552	(2,728,195)
Total other financing sources (uses)	<u>1,233,855</u>	<u>33,855</u>	<u>977,681</u>	<u>943,826</u>	<u>(500,223)</u>
Net changes in fund balance	195,115	(1,741,560)	1,381,295	3,122,855	1,123,069
Fund balances - beginning	<u>17,543,832</u>	<u>17,543,832</u>	<u>17,543,832</u>	<u>-</u>	<u>16,420,763</u>
Fund balances - ending	<u>\$ 17,738,947</u>	<u>\$ 15,802,272</u>	<u>\$ 18,925,127</u>	<u>\$ 3,122,855</u>	<u>\$ 17,543,832</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, 2022 and 2021

	<u>2022</u>	<u>2021</u>
<u>Assets</u>		
Cash and cash equivalents	\$ 3,395,790	\$ 2,845,269
Receivable (net of allowance for uncollectibles):		
Taxes	<u>661,835</u>	<u>661,630</u>
Total assets	<u>\$ 4,057,625</u>	<u>\$ 3,506,899</u>
<u>Liabilities and Fund Balance</u>		
Liabilities:		
Accounts payable	\$ <u>4,095</u>	\$ <u>2,740</u>
Total liabilities	<u>4,095</u>	<u>2,740</u>
Fund Balances:		
Restricted For:		
Economic development	<u>4,053,530</u>	<u>3,504,159</u>
Total fund balances	<u>4,053,530</u>	<u>3,504,159</u>
Total liabilities and fund balances	<u>\$ 4,057,625</u>	<u>\$ 3,506,899</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, 2022
With Comparative Actual Totals for 2021

	2022			Variance with Final Budget- Positive (Negative)	2021
	Budgeted Amounts		Actual GAAP Basis		Actual GAAP Basis
	Original	Final			
Revenues:					
Sales taxes	\$ 3,450,000	\$ 3,450,000	\$ 3,968,733	\$ 518,733	\$ 3,745,982
Investment earnings	-	-	16,361	16,361	3,441
Total revenues	<u>3,450,000</u>	<u>3,450,000</u>	<u>3,985,094</u>	<u>535,094</u>	<u>3,749,423</u>
Expenditures:					
Current:					
Culture and recreation	70,000	400,160	159,745	240,415	60,341
Capital outlay	<u>1,075,500</u>	<u>1,075,500</u>	<u>951,634</u>	<u>123,866</u>	<u>-</u>
Total expenditures	<u>1,145,500</u>	<u>1,475,660</u>	<u>1,111,379</u>	<u>364,281</u>	<u>60,341</u>
Excess of revenues over expenditures	<u>2,304,500</u>	<u>1,974,340</u>	<u>2,873,715</u>	<u>899,375</u>	<u>3,689,082</u>
Other Financing Uses:					
Transfers out	(2,669,339)	(2,699,339)	(2,324,344)	344,995	(2,300,674)
Total other financing uses	<u>(2,669,339)</u>	<u>(2,669,339)</u>	<u>(2,324,344)</u>	<u>344,995</u>	<u>(2,300,674)</u>
Net changes in fund balance	(364,839)	(694,999)	549,371	1,244,370	1,388,408
Fund balances - beginning	<u>3,504,159</u>	<u>3,504,159</u>	<u>3,504,159</u>	<u>-</u>	<u>2,115,751</u>
Fund balances - ending	<u>\$ 3,139,320</u>	<u>\$ 2,809,160</u>	<u>\$ 4,053,530</u>	<u>\$ 1,244,370</u>	<u>\$ 3,504,159</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, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Assets:		
Current Assets:		
Cash and cash equivalents	\$ 10,673,007	\$ 9,555,632
Lease receivable	2,451,104	-
Accounts receivables (net of allowance for uncollectibles)	<u>874,534</u>	<u>884,503</u>
	<u>13,998,645</u>	<u>10,440,135</u>
Restricted Assets:		
Cash and cash equivalents	<u>8,173,462</u>	<u>8,975,435</u>
Total restricted assets	<u>8,173,462</u>	<u>8,975,435</u>
Total current assets	<u>22,172,107</u>	<u>19,415,570</u>
Noncurrent Assets:		
Restricted Cash and Cash Equivalents:		
Revenue bond covenant accounts	<u>2,037,232</u>	<u>2,174,314</u>
Total noncurrent restricted assets	<u>2,037,232</u>	<u>2,174,314</u>
Net pension asset	<u>244,873</u>	<u>-</u>
Capital Assets:		
Property, plant and equipment	86,164,909	83,711,838
Construction in process	1,041,430	1,835,541
Less accumulated depreciation	<u>(53,533,487)</u>	<u>(49,983,538)</u>
Total capital assets (net of accumulated depreciation)	<u>33,672,852</u>	<u>35,563,841</u>
Total noncurrent assets	<u>35,954,957</u>	<u>37,738,155</u>
Total assets	<u>58,127,064</u>	<u>57,153,725</u>
Deferred Outflows of Resources:		
Pension related	355,793	240,096
OPEB related	<u>38,958</u>	<u>45,192</u>
Total deferred outflows of resources	<u>394,751</u>	<u>285,288</u>

(continued)

CITY OF LAKE JACKSON

Lake Jackson, Texas

COMPARATIVE STATEMENTS OF NET POSITION
Enterprise Fund - Continued

September 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Liabilities:		
Current Liabilities:		
Accounts payable	\$ 513,425	\$ 501,404
Accrued wages	52,532	136,041
Accrued compensated absences	80,201	81,996
Revenue bonds payable	<u>583,333</u>	<u>697,083</u>
	<u>1,229,491</u>	<u>1,416,524</u>
Current Liabilities Payable from Restricted Assets:		
Accrued interest	187,548	206,525
Customer deposits	863,207	830,850
Revenue bonds payable	<u>461,224</u>	<u>542,474</u>
Total current liabilities payable from restricted assets	<u>1,511,979</u>	<u>1,579,849</u>
Total current liabilities	<u>2,741,470</u>	<u>2,996,373</u>
Noncurrent Liabilities:		
Revenue bonds payable	12,632,738	13,677,295
Accrued compensated absences	26,734	35,141
Net pension liability	-	622,810
Total OPEB liability	<u>211,978</u>	<u>194,713</u>
Total noncurrent liabilities	<u>12,871,450</u>	<u>14,529,959</u>
Total liabilities	<u>15,612,920</u>	<u>17,526,332</u>
Deferred Inflows of Resources:		
Lease related	2,384,192	-
Pension related	1,037,740	463,692
OPEB related	<u>6,674</u>	<u>11,380</u>
Total deferred inflows of resources	<u>3,428,606</u>	<u>475,072</u>
Net Position:		
Net investment in capital assets	27,737,036	28,730,379
Restricted For:		
Revenue bond retirement	1,388,460	1,967,789
Unrestricted	<u>10,354,793</u>	<u>8,739,441</u>
Total net position	<u>\$ 39,480,289</u>	<u>\$ 39,437,609</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, 2022
With Comparative Actual Totals for 2021

	Budgeted Amounts	
	Original	Final
Operating Revenues:		
Water service	\$ 5,057,955	\$ 5,057,955
Sewer service	5,209,115	5,209,115
Garbage fees	4,541,225	4,541,225
Tapping and connection fees	230,000	230,000
Other	83,510	83,510
Total operating revenues	15,121,805	15,121,805
Operating Expenses:		
Utility administration	936,675	936,675
Water production and treatment	4,419,090	4,886,310
Sewer collection	3,016,545	3,016,545
Sanitation	4,152,495	4,152,495
Depreciation	-	-
Total operating expenses	12,524,805	12,992,025
Operating income	2,597,000	2,129,780
Non-Operating Revenues (Expenses):		
Investment earnings	5,000	5,000
Loss on disposal of capital assets	-	-
Interest and fiscal charges	(452,770)	(452,770)
Total non-operating revenues (expenses)	(447,770)	(447,770)
Income before transfers	2,149,230	1,682,010
Transfers in	-	-
Transfers out	(1,100,000)	(1,100,000)
Change in net position	1,049,230	582,010
Net position - beginning	39,437,609	39,437,609
Net position - ending	\$ 40,486,839	\$ 40,019,619

2022			2021	
Actual	Adjustments to Budgetary Basis	Actual on Budgetary Basis	Variance with Final Budget-Positive (Negative)	Actual GAAP Basis
\$ 5,532,042	\$ -	\$ 5,532,042	\$ 474,087	\$ 4,825,539
5,419,214	-	5,419,214	210,099	5,023,164
4,501,891	-	4,501,891	(39,334)	4,172,609
270,822	-	270,822	40,822	229,633
304,912	-	304,912	221,402	295,475
16,028,881	-	16,028,881	907,076	14,546,420
739,665	-	739,665	197,010	826,181
4,128,711	-	4,128,711	757,599	4,234,988
2,201,991	-	2,201,991	814,554	2,333,837
3,588,880	-	3,588,880	563,615	3,220,607
3,549,949	(3,549,949)	-	-	3,680,760
14,209,196	(3,549,949)	10,659,247	2,332,778	14,296,373
1,819,685	3,549,949	5,369,634	3,239,854	250,047
140,788	-	140,788	135,787	10,419
-	-	-	-	(9,200)
(387,986)	-	(387,986)	64,784	(420,913)
(247,198)	-	(247,198)	200,572	(419,694)
1,572,487	3,549,949	5,122,436	3,440,426	(167,647)
257,948	-	257,948	257,948	2,212,537
(1,787,755)	-	(1,787,755)	(687,755)	(1,701,545)
42,680	3,549,949	3,592,629	3,010,619	341,345
39,437,609	-	39,437,609	-	39,096,264
<u>\$ 39,480,289</u>	<u>\$ 3,549,949</u>	<u>\$ 43,030,238</u>	<u>\$ 3,010,619</u>	<u>\$ 39,437,609</u>

CITY OF LAKE JACKSON

Lake Jackson, Texas

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

For the Years Ended September 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Cash Flows from Operating Activities:		
Receipts from customers and users	\$ 16,004,295	\$ 15,451,509
Payments to suppliers	(7,822,587)	(8,380,499)
Payments to employees	(3,308,889)	(2,997,431)
Net cash provided by operating activities	<u>4,872,819</u>	<u>4,073,579</u>
Cash Flows from Non-Capital Financing Activities:		
Transfers in	2,453,071	2,212,537
Transfers out	(1,787,755)	(1,701,545)
Net cash provided by non-capital financing activities	<u>665,316</u>	<u>510,992</u>
Cash Flows from Capital and Related Financing Activities:		
Purchases of capital assets	(3,854,083)	(3,787,368)
Principal paid on capital debt	(1,113,750)	(1,247,500)
Interest and fiscal charges paid on capital debt	(532,770)	(534,920)
Net cash used by capital and related financing activities	<u>(5,500,603)</u>	<u>(5,569,788)</u>
Cash Flows from Investing Activities:		
Interest received	<u>140,788</u>	<u>10,419</u>
Net cash provided by investing activities	<u>140,788</u>	<u>10,419</u>
Change in cash and cash equivalents	178,320	(974,798)
Cash and cash equivalents - beginning	<u>20,705,381</u>	<u>21,680,179</u>
Cash and cash equivalents - ending	<u>\$ 20,883,701</u>	<u>\$ 20,705,381</u>

(continued)

CITY OF LAKE JACKSON

Lake Jackson, Texas

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

For the Years Ended September 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Reconciliation of Operating Income to Net Cash		
Provided by Operating Activities:		
Operating income	\$ <u>1,819,685</u>	\$ <u>250,047</u>
Adjustments to Reconcile Operating Income to Net Cash		
Provided by Operating Activities:		
Depreciation	3,549,949	3,680,760
(Increase) decrease in:		
Lease receivable	(2,451,104)	-
Accounts receivable	9,969	219,722
Due from other funds	-	662,256
Increase (decrease) in:		
Accounts payable	12,021	(505,733)
Accrued wages payable	(83,509)	(30,878)
Unearned revenue	-	(2,786)
Net pension and total OPEB liability	(390,539)	(211,586)
Accrued compensated absences	(10,202)	(11,334)
Deferred inflow of resource – lease related	2,384,192	-
Customer deposits	<u>32,357</u>	<u>23,111</u>
Total adjustments	<u>3,053,134</u>	<u>3,823,532</u>
Net cash provided by operating activities	\$ <u><u>4,872,819</u></u>	\$ <u><u>4,073,579</u></u>

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CITY OF LAKE JACKSON

Lake Jackson, Texas

COMPARATIVE STATEMENTS OF NET POSITION
Golf Course Operating Fund

September 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Assets:		
Current Assets:		
Cash and cash equivalents	\$ 218,696	\$ 170,022
Receivables (net of allowance for uncollectibles):		
Accounts	29,533	4,165
Inventories	72,683	64,147
Prepaid items	<u>15,035</u>	<u>12,174</u>
Total current assets	<u>335,947</u>	<u>250,508</u>
Capital Assets:		
Property, plant and equipment	10,821,458	10,169,321
Construction in progress	32,240	32,240
Less accumulated depreciation	<u>(5,495,136)</u>	<u>(4,884,115)</u>
Total capital assets (net of accumulated depreciation)	<u>5,358,562</u>	<u>5,317,446</u>
Total noncurrent assets	<u>5,358,562</u>	<u>5,317,446</u>
Total assets	<u>5,694,509</u>	<u>5,567,954</u>
Liabilities:		
Current Liabilities:		
Accounts payable	41,504	19,497
Unearned revenues	161,739	146,731
Lease liability	<u>177,070</u>	<u>-</u>
Total current liabilities	<u>380,313</u>	<u>166,228</u>
Noncurrent Liabilities:		
Lease liability	<u>288,177</u>	<u>-</u>
Total noncurrent liabilities	<u>288,177</u>	<u>-</u>
Total liabilities	<u>668,490</u>	<u>166,228</u>
Net Position:		
Net investment in capital assets	5,358,562	5,317,446
Unrestricted	<u>(332,543)</u>	<u>84,280</u>
Total net position	<u>\$ 5,026,019</u>	<u>\$ 5,401,726</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, 2022
With Comparative Actual Totals for 2021

	Budgeted Amounts	
	Original	Final
Operating Revenues:		
Course and ground	\$ 960,049	\$ 960,049
Cart	163,716	163,716
Pro shop	171,323	171,323
Range	35,171	35,171
Food and beverage	240,874	240,874
Other	-	-
Total operating revenues	<u>1,571,133</u>	<u>1,571,133</u>
Operating Expenses:		
Cost of Sales:		
Pro shop	111,082	111,082
Food and beverage	95,493	95,493
Payroll and related benefits	952,478	952,478
Other expenses	715,583	715,583
Management fee	96,288	96,288
Depreciation	-	-
Total operating expenses	<u>1,970,924</u>	<u>1,970,924</u>
Operating loss	<u>(399,791)</u>	<u>(399,791)</u>
Non-Operating Revenues (Expenses):		
Investment earnings	-	-
Interest and fiscal charges	-	-
Total non-operating revenues (expenses)	<u>-</u>	<u>-</u>
Loss before transfers	<u>(399,791)</u>	<u>(399,791)</u>
Transfers in	<u>500,000</u>	<u>500,000</u>
Change in net position	100,209	100,209
Net position - beginning	<u>5,401,726</u>	<u>5,401,726</u>
Net position - ending	<u>\$ 5,501,935</u>	<u>\$ 5,501,935</u>

2022			2021		
Actual	Adjustments to Budgetary Basis	Actual on Budgetary Basis	Variance with Final Budget-Positive (Negative)	Actual GAAP Basis	
\$ 1,299,478	\$ -	\$ 1,299,478	\$ 339,429	\$ 1,153,871	
220,152	-	220,152	56,436	200,024	
260,906	-	260,906	89,583	215,347	
38,955	-	38,955	3,784	32,335	
357,801	-	357,801	116,927	261,422	
12,258	-	12,258	12,258	37,421	
<u>2,189,550</u>	<u>-</u>	<u>2,189,550</u>	<u>618,417</u>	<u>1,900,420</u>	
166,996	-	166,996	(55,914)	144,290	
145,819	-	145,819	(50,326)	106,140	
984,106	-	984,106	(31,628)	916,300	
710,430	-	710,430	5,153	784,645	
98,400	-	98,400	(2,112)	93,942	
611,021	(611,021)	-	-	483,413	
<u>2,716,772</u>	<u>(611,021)</u>	<u>2,105,751</u>	<u>(134,827)</u>	<u>2,528,730</u>	
(527,222)	611,021	83,799	483,590	(628,310)	
1,971	-	1,971	1,971	-	
(12,956)	-	(12,956)	(12,956)	-	
(10,985)	-	(10,985)	(10,985)	-	
(538,207)	611,021	72,814	472,605	(628,310)	
162,500	-	162,500	(337,500)	165,000	
(375,707)	611,021	235,314	133,105	(463,310)	
5,401,726	-	5,401,726	-	5,865,036	
<u>\$ 5,026,019</u>	<u>\$ 611,021</u>	<u>\$ 5,637,040</u>	<u>\$ 133,105</u>	<u>\$ 5,401,726</u>	

CITY OF LAKE JACKSON

Lake Jackson, Texas

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

For the Years Ended September 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Cash Flows from Operating Activities:		
Receipts from customers and users	\$ 2,152,785	\$ 1,893,494
Payments to suppliers	(1,095,119)	(1,158,466)
Payments to employees	(973,617)	(916,300)
Net cash provided (used) by operating activities	<u>84,049</u>	<u>(181,272)</u>
Cash Flows from Non-Capital Financing Activities:		
Transfers in	<u>162,500</u>	<u>165,000</u>
Net cash provided by non-capital financing activities	<u>162,500</u>	<u>165,000</u>
Cash Flows from Capital and Related Financing Activities:		
Purchases of capital assets	(652,137)	-
Proceeds of lease	652,137	-
Principal paid on capital debt	(186,890)	-
Interest and fiscal charges paid on capital debt	(12,956)	-
Net cash used by capital and related financing activities	<u>(199,846)</u>	<u>-</u>
Cash Flows from Investing Activities:		
Interest received	<u>1,971</u>	<u>-</u>
Net cash provided by investing activities	<u>1,971</u>	<u>-</u>
Change in cash and cash equivalents	48,674	(16,272)
Cash and cash equivalents - beginning	<u>170,022</u>	<u>186,294</u>
Cash and cash equivalents - ending	<u>\$ 218,696</u>	<u>\$ 170,022</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, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Reconciliation of Operating Loss to Net Cash		
Provided (Used) by Operating Activities:		
Operating loss	\$(<u>527,222</u>)	\$(<u>628,310</u>)
Adjustments to Reconcile Operating Loss to Net Cash		
Provided (Used) by Operating Activities:		
Depreciation	611,021	483,413
(Increase) decrease in:		
Accounts receivable	(25,368)	(1,397)
Inventories	(8,536)	(3,697)
Prepaid expenses	(2,861)	(1,832)
Increase (decrease) in:		
Accounts payable	22,007	(22,485)
Unearned revenues	<u>15,008</u>	<u>(6,964)</u>
Total adjustments	<u>611,271</u>	<u>447,038</u>
Net cash provided (used) by operating activities	<u><u>\$ 84,049</u></u>	<u><u>\$(181,272)</u></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 acquisition 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, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Governmental Funds Capital Assets:		
Land	\$ 2,551,017	\$ 2,551,017
Buildings	32,838,769	32,838,769
Improvements other than buildings	17,163,665	15,168,934
Machinery and equipment	17,427,972	16,690,570
Right to use leased asset	103,685	-
Infrastructure	110,564,640	110,358,445
Construction in progress	<u>7,828,898</u>	<u>1,871,659</u>
Total governmental funds capital assets	<u>\$ 188,478,646</u>	<u>\$ 179,479,394</u>
Investments in Governmental Funds Capital Assets by Source:		
General fund	\$ 15,058,798	\$ 14,350,083
Special revenue fund	9,830,900	8,879,266
Capital projects fund	134,124,508	126,785,605
Contributed	<u>29,464,440</u>	<u>29,464,440</u>
Total governmental funds capital assets	<u>\$ 188,478,646</u>	<u>\$ 179,479,394</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, 2022**

<u>Function</u>	<u>Land</u>	<u>Buildings</u>	<u>Improvements Other Than Buildings</u>
General government	\$ 1,094,732	\$ 7,742,064	\$ 1,745,925
Public safety	-	7,819,575	626,608
Public works	-	1,984,549	734,663
Culture and recreation	<u>1,456,285</u>	<u>15,292,581</u>	<u>14,056,469</u>
Total governmental activities capital assets	<u>\$ 2,551,017</u>	<u>\$ 32,838,769</u>	<u>\$ 17,163,665</u>

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

<u>Machinery and Equipment</u>	<u>Right to Use Leased Asset</u>	<u>Infrastructure</u>	<u>Construction in Progress</u>	<u>Total</u>
\$ 1,409,512	\$ 103,685	\$ 1,667,597	\$ 56,577	\$ 13,820,092
11,052,910	-	218,945	249,946	19,967,984
3,011,957	-	107,425,384	7,001,256	120,157,809
<u>1,953,593</u>	<u>-</u>	<u>1,252,714</u>	<u>521,119</u>	<u>34,532,761</u>
<u>\$ 17,427,972</u>	<u>\$ 103,685</u>	<u>\$ 110,564,640</u>	<u>\$ 7,828,898</u>	<u>\$ 188,478,646</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, 2022**

<u>Function</u>	<u>Funds Capital Assets 09/30/21</u>	<u>Additions</u>	<u>Deductions</u>	<u>Funds Capital Assets 09/30/22</u>
General government	\$ 13,377,641	\$ 442,451	\$ -	\$ 13,820,092
Public safety	19,158,284	809,700	-	19,967,984
Public works	114,544,168	5,613,641	-	120,157,809
Culture and recreation	<u>32,399,301</u>	<u>2,133,460</u>	<u>-</u>	<u>34,532,761</u>
 Total governmental activities capital assets	<u>\$ 179,479,394</u>	<u>\$ 8,999,252</u>	<u>\$ -</u>	<u>\$ 188,478,646</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, LIABILITIES AND FUND BALANCE - GENERAL FUND - SUB-FUNDS

September 30, 2022

	General	Clearing	Payroll	General Contingencies
Assets				
Cash and cash equivalents	\$ 6,260	\$ 18,482,506	\$ -	\$ -
Receivables (net of allowance for uncollectibles):				
Property taxes	76,339	-	-	-
Accounts	70,947	-	-	-
Sales tax	1,323,670	-	-	-
Franchise tax	71,446	-	-	-
Grants	3,806	-	-	-
Due from clearing fund	6,835,194	-	155,936	955,693
Investments	-	100,000	-	-
Inventories:				
Resale items	50,094	-	-	-
Supplies	77,138	-	-	-
Prepaid items	-	-	109,173	-
Total assets	\$ 8,514,894	\$ 18,582,506	\$ 265,109	\$ 955,693
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities:				
Accounts payable	\$ 518,450	\$ -	\$ 260,109	\$ -
Cash bonds and taxes	253,720	-	-	-
Accrued wages	207,582	-	-	-
Unearned revenue	86,493	-	-	-
Due to other funds	-	18,582,506	-	-
Total liabilities	1,066,245	18,582,506	260,109	-
Deferred Inflows of Resources:				
Unavailable revenue - property taxes	76,339	-	-	-
Total deferred inflows of resources	76,339	-	-	-
Fund Balance:				
Nonspendable:				
Inventories	127,232	-	-	-
Prepaid items	-	-	109,173	-
Committed:				
Contingencies	-	-	-	955,693
Assigned:				
Unemployment insurance	-	-	-	-
Equipment replacement	-	-	-	-
Special events	-	-	-	-
Park improvement	-	-	-	-
Unassigned	7,245,078	-	(104,173)	-
Total fund balance	7,372,310	-	5,000	955,693
Total liabilities, deferred inflows of resources and fund balance	\$ 8,514,894	\$ 18,582,506	\$ 265,109	\$ 955,693

<u>Equipment Replacement</u>	<u>Unemployment Insurance</u>	<u>Special Events</u>	<u>Park</u>	<u>Consolidation</u>	<u>Total</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 18,488,766
-	-	-	-	-	76,339
-	-	-	-	-	70,947
-	-	-	-	-	1,323,670
-	-	-	-	-	71,446
-	-	-	-	-	3,806
10,419,038	38,657	77,710	100,278	(18,582,506)	-
-	-	-	-	-	100,000
-	-	-	-	-	50,094
-	-	-	-	-	77,138
-	-	-	-	-	109,173
<u>\$ 10,419,038</u>	<u>\$ 38,657</u>	<u>\$ 77,710</u>	<u>\$ 100,278</u>	<u>\$(18,582,506)</u>	<u>\$ 20,371,379</u>
\$ 38,740	\$ -	\$ 4,819	\$ -	\$ -	\$ 822,118
-	-	-	-	-	253,720
-	-	-	-	-	207,582
-	-	-	-	-	86,493
-	-	-	-	(18,582,506)	-
<u>36,740</u>	<u>-</u>	<u>4,819</u>	<u>-</u>	<u>(18,582,506)</u>	<u>1,369,913</u>
-	-	-	-	-	76,339
-	-	-	-	-	76,339
-	-	-	-	-	127,232
-	-	-	-	-	109,173
-	-	-	-	-	955,693
-	38,657	-	-	-	38,657
10,380,298	-	-	-	-	10,380,298
-	-	72,891	-	-	72,891
-	-	-	100,278	-	100,278
-	-	-	-	-	7,140,905
<u>10,380,298</u>	<u>38,657</u>	<u>72,891</u>	<u>100,278</u>	<u>-</u>	<u>18,925,127</u>
<u>\$ 10,419,038</u>	<u>\$ 38,657</u>	<u>\$ 77,710</u>	<u>\$ 100,278</u>	<u>\$(18,582,506)</u>	<u>\$ 20,371,379</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, 2022

	General	Clearing	Payroll	General Contingencies
Revenues:				
Taxes:				
Property	\$ 5,384,188	\$ -	\$ -	\$ -
Sales	7,771,049	-	-	-
Franchise	1,497,229	-	-	-
Other	274,089	-	-	-
Industrial district	5,583,516	-	-	-
Intergovernmental	5,408	-	-	-
Revenue producing facilities	892,794	-	-	-
Fines and fees	502,429	-	-	-
Licenses and permits	409,046	-	-	-
Investment earnings	41,174	-	-	4,214
Miscellaneous	132,966	-	-	-
Total revenues	22,493,888	-	-	4,214
Expenditures:				
Current:				
General government and administration				
General administration	2,549,938	-	-	-
Finance	1,348,146	-	-	-
Elections	13,170	-	-	-
Legal	266,031	-	-	-
Municipal court	436,143	-	-	-
Engineering	601,420	-	-	-
Public Safety:				
Police	6,499,528	-	-	-
Fire	798,813	-	-	-
EMS department	451,029	-	-	-
Humane	430,145	-	-	-
Public works:				
Garage	776,412	-	-	-
Street	712,252	-	-	-
Drainage	640,137	-	-	-
Building inspection	622,419	-	-	-
Wastewater	-	-	-	-
Culture and recreation:				
Parks	1,504,779	-	-	-
Recreation	2,318,772	-	-	-
Civic Center & Jasmine Hall	630,199	-	-	-
Commissions and Boards	304,685	-	-	-
Special events	-	-	-	-
Capital outlay	238,051	-	-	-

<u>Equipment Replacement</u>	<u>Unemployment Insurance</u>	<u>Special Events</u>	<u>Park</u>	<u>Consolidation</u>	<u>Total</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,384,188
-	-	-	-	-	7,771,049
-	-	-	-	-	1,497,229
-	-	-	-	-	274,089
-	-	-	-	-	5,583,516
-	-	-	-	-	5,408
-	-	-	-	-	892,794
-	-	-	-	-	502,429
-	-	-	-	-	409,046
45,448	172	261	442	-	91,711
-	-	<u>17,310</u>	-	-	<u>150,276</u>
<u>45,448</u>	<u>172</u>	<u>17,571</u>	<u>442</u>	<u>-</u>	<u>22,561,735</u>
43,000	21,274	-	1,905	-	2,616,117
-	-	-	-	-	1,348,146
-	-	-	-	-	13,170
-	-	-	-	-	266,031
8,484	-	-	-	-	444,627
-	-	-	-	-	601,420
252,621	-	-	-	-	6,752,149
14,226	-	-	-	-	813,039
17,976	-	-	-	-	469,005
-	-	-	-	-	430,145
11,306	-	-	-	-	787,718
-	-	-	-	-	712,252
-	-	-	-	-	640,137
-	-	-	-	-	622,419
3,841	-	-	-	-	3,841
28,609	-	-	-	-	1,533,388
-	-	-	-	-	2,318,772
-	-	-	-	-	630,199
-	-	-	-	-	304,685
-	-	117,202	-	-	117,202
470,664	-	-	-	-	708,715

(continued)

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, 2022

	<u>General</u>	<u>Clearing</u>	<u>Payroll</u>	<u>General Contingencies</u>
Debt Service::				
Principal retirement	\$ 22,459	\$ -	\$ -	\$ -
Interest and fiscal charges	<u>2,485</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>21,167,013</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>1,326,875</u>	<u>-</u>	<u>-</u>	<u>4,214</u>
Other Financing Sources (Uses):				
Proceeds for leases	103,685	-	-	-
Proceeds from sale of capital assets	70,840	-	-	-
Transfers in	1,500,000	-	-	-
Transfers out	<u>(3,340,855)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>(1,666,330)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	<u>(339,455)</u>	<u>-</u>	<u>-</u>	<u>4,214</u>
Fund balances - beginning	<u>7,711,765</u>	<u>-</u>	<u>5,000</u>	<u>951,479</u>
Fund balances - ending	<u>\$ 7,372,310</u>	<u>\$ -</u>	<u>\$ 5,000</u>	<u>\$ 955,693</u>

<u>Equipment Replacement</u>	<u>Unemployment Insurance</u>	<u>Special Events</u>	<u>Park</u>	<u>Consolidation</u>	<u>Total</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 22,459
-	-	-	-	-	2,485
<u>850,727</u>	<u>21,274</u>	<u>117,202</u>	<u>1,905</u>	-	<u>22,158,121</u>
<u>(805,279)</u>	<u>(21,102)</u>	<u>(99,631)</u>	<u>(1,463)</u>	-	<u>403,614</u>
					103,685
2,785	-	-	-	-	73,625
2,798,610	-	100,564	-	(2,140,855)	2,258,319
<u>(257,948)</u>	-	-	-	<u>2,140,855</u>	<u>(1,457,948)</u>
<u>2,543,447</u>	-	<u>100,564</u>	-	-	<u>977,681</u>
1,738,168	(21,102)	933	(1,463)	-	1,381,295
<u>8,642,130</u>	<u>59,759</u>	<u>71,958</u>	<u>101,741</u>	-	<u>17,543,832</u>
<u>\$ 10,380,298</u>	<u>\$ 38,657</u>	<u>\$ 72,891</u>	<u>\$ 100,278</u>	<u>\$ -</u>	<u>\$ 18,925,127</u>

CITY OF LAKE JACKSON

Lake Jackson, Texas

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

September 30, 2022

	<u>Utility</u>	<u>Utility Contingency</u>	<u>Utility Revenue Bond Interest and Sinking</u>
Assets:			
Current Assets:			
Cash and cash equivalents	\$ 4,995,020	\$ 422,914	\$ -
Lease receivable	2,451,104		
Accounts receivables (net of allowance for uncollectibles)	<u>874,533</u>	<u>-</u>	<u>-</u>
	<u>8,320,657</u>	<u>422,914</u>	<u>-</u>
Current Restricted Assets:			
Cash and temporary investments	<u>863,207</u>	<u>-</u>	<u>-</u>
Total current restricted assets	<u>863,207</u>	<u>-</u>	<u>--</u>
Total current assets	<u>9,183,864</u>	<u>422,914</u>	<u>-</u>
Noncurrent Assets:			
Restricted Cash and Temporary Investments:			
Revenue bond covenant accounts	<u>-</u>	<u>-</u>	<u>2,037,232</u>
Total noncurrent restricted assets	<u>-</u>	<u>-</u>	<u>2,037,232</u>
Net pension asset	<u>244,873</u>	<u>-</u>	<u>-</u>
Capital Assets:			
Property, plant and equipment	86,164,909	-	-
Construction in progress	-	-	-
Less accumulated depreciation	<u>(53,533,487)</u>	<u>-</u>	<u>-</u>
Total capital assets (net of accumulated depreciation)	<u>32,631,422</u>	<u>-</u>	<u>-</u>
Total noncurrent assets	<u>32,876,295</u>	<u>-</u>	<u>2,037,232</u>
Total assets	<u>42,060,159</u>	<u>422,914</u>	<u>2,037,232</u>
Deferred Outflows of Resources:			
Pension related	355,793	-	-
OPEB related	<u>38,958</u>	<u>-</u>	<u>-</u>
Total deferred outflows of resources	<u>394,751</u>	<u>-</u>	<u>-</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>
\$ 5,255,073	\$ -	\$ -	\$ -	\$ -	\$ 10,673,007
<u>1</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,451,104</u>
<u>5,255,074</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>874,534</u>
<u>-</u>	<u>123,600</u>	<u>5,046,243</u>	<u>855,317</u>	<u>1,285,095</u>	<u>13,998,645</u>
<u>-</u>	<u>123,600</u>	<u>5,046,243</u>	<u>855,517</u>	<u>1,285,095</u>	<u>8,173,462</u>
<u>5,255,074</u>	<u>123,600</u>	<u>5,046,243</u>	<u>855,517</u>	<u>1,285,095</u>	<u>8,173,462</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>22,172,107</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,037,232</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,037,232</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>244,873</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>86,164,909</u>
<u>130,703</u>	<u>72,788</u>	<u>36,322</u>	<u>82,136</u>	<u>719,481</u>	<u>1,041,430</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(53,533,487)</u>
<u>130,703</u>	<u>72,788</u>	<u>36,322</u>	<u>82,136</u>	<u>719,481</u>	<u>33,672,852</u>
<u>130,703</u>	<u>72,788</u>	<u>36,322</u>	<u>82,136</u>	<u>719,481</u>	<u>35,954,957</u>
<u>5,385,777</u>	<u>196,388</u>	<u>5,082,565</u>	<u>937,453</u>	<u>2,004,576</u>	<u>58,127,064</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>355,793</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>38,958</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>394,751</u>

(continued)

CITY OF LAKE JACKSON

Lake Jackson, Texas

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

September 30, 2022

	<u>Utility</u>	<u>Utility Contingency</u>	<u>Utility Revenue Bond Interest and Sinking</u>
Liabilities:			
Current Liabilities:			
Accounts payable	\$ 483,425	\$ -	\$ -
Accrued wages	52,532	-	-
Accrued compensated absences	80,201	-	-
Revenue bonds payable	<u>583,333</u>	<u>-</u>	<u>-</u>
	<u>1,199,491</u>	<u>-</u>	<u>-</u>
Current Liabilities Payable from Restricted Assets:			
Accrued interest	-	-	187,548
Customer deposits	863,207	-	-
Revenue bonds payable	<u>-</u>	<u>-</u>	<u>461,224</u>
Total current liabilities payable from restricted assets	<u>863,207</u>	<u>-</u>	<u>648,772</u>
Total current liabilities	<u>2,062,698</u>	<u>-</u>	<u>648,772</u>
Noncurrent Liabilities:			
Revenue bonds payable	12,010,000	-	622,738
Accrued compensated absences	26,734	-	-
Total OPEB liabilities	<u>211,978</u>	<u>-</u>	<u>-</u>
Total noncurrent liabilities	<u>12,248,712</u>	<u>-</u>	<u>622,738</u>
Total liabilities	<u>14,311,410</u>	<u>-</u>	<u>1,271,510</u>
Deferred Inflows of Resources:			
Lease related	2,384,192	-	-
Pension related	1,037,740	-	-
OPEB related	<u>6,674</u>	<u>-</u>	<u>-</u>
Total deferred inflows of resources	<u>3,428,606</u>	<u>-</u>	<u>-</u>
Net Position:			
Net investment in capital assets	20,038,089	-	(622,738)
Restricted For:			
Revenue bond retirement	-	-	1,388,460
Unrestricted	<u>4,676,805</u>	<u>422,914</u>	<u>-</u>
Total net position	<u>\$ 24,714,894</u>	<u>\$ 422,914</u>	<u>\$ 765,722</u>

Utility Construction	2013 Revenue Bond	2019 Revenue Bond	North Sewer Extension	2017 Utility Bond	Total
\$ -	\$ 30,000	\$ -	\$ -	\$ -	\$ 513,425
-	-	-	-	-	52,532
-	-	-	-	-	80,201
-	-	-	-	-	583,333
-	30,000	-	-	-	1,229,491
-	-	-	-	-	187,548
-	-	-	-	-	863,207
-	-	-	-	-	461,224
-	-	-	-	-	1,511,979
-	30,000	-	-	-	2,741,470
-	-	-	-	-	12,632,738
-	-	-	-	-	26,734
-	-	-	-	-	211,978
-	-	-	-	-	12,871,450
-	30,000	-	-	-	15,612,920
-	-	-	-	-	2,384,192
-	-	-	-	-	1,037,740
-	-	-	-	-	6,674
-	-	-	-	-	3,428,606
130,703	166,388	5,082,565	937,453	2,004,576	27,737,036
-	-	-	-	-	1,388,460
5,255,074	-	-	-	-	10,354,793
<u>\$ 5,385,777</u>	<u>\$ 166,388</u>	<u>\$ 5,085,565</u>	<u>\$ 937,453</u>	<u>\$ 2,004,576</u>	<u>\$ 39,480,289</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, 2022

	<u>Utility</u>	<u>Utility Contingency</u>	<u>Utility Revenue Bond Interest and Sinking</u>
Operating Revenues:			
Water service	\$ 5,532,042	\$ -	\$ -
Sewer service	5,419,214	-	-
Garbage fees	4,501,891	-	-
Tapping and connection fees	270,822	-	-
Other	<u>304,912</u>	<u>-</u>	<u>-</u>
Total operating revenues	<u>16,028,881</u>	<u>-</u>	<u>-</u>
Operating Expenses:			
Utility administration	739,665	-	-
Water production and treatment	4,128,711	-	-
Sewer collection	2,201,991	-	-
Sanitation	3,576,055	-	-
Depreciation	<u>3,549,949</u>	<u>-</u>	<u>-</u>
Total operating expenses	<u>14,196,371</u>	<u>-</u>	<u>-</u>
Operating income (loss)	<u>1,832,510</u>	<u>-</u>	<u>-</u>
Non-Operating Revenues (Expenses):			
Investment earnings	26,432	1,865	9,438
Interest and fiscal charges	<u>-</u>	<u>-</u>	<u>(387,986)</u>
Total non-operating revenues (expenses)	<u>(26,432)</u>	<u>1,865</u>	<u>(378,548)</u>
Income (loss) before transfers	1,858,942	1,865	(378,548)
Transfers in	257,948	-	-
Transfers out	<u>(1,787,755)</u>	<u>-</u>	<u>-</u>
Intrafund transfers	<u>1,088,873</u>	<u>-</u>	<u>386,250</u>
Change in net position	1,418,008	1,865	7,702
Net position - beginning	<u>23,296,886</u>	<u>421,049</u>	<u>758,020</u>
Net position - ending	<u>\$ 24,714,894</u>	<u>\$ 422,914</u>	<u>\$ 765,722</u>

Utility Construction	2013 Revenue Bond	2019 Revenue Bond	North Sewer Extension	2017 Utility Bond	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,532,042
-	-	-	-	-	5,419,214
-	-	-	-	-	4,501,891
-	-	-	-	-	270,822
-	-	-	-	-	304,912
-	-	-	-	-	16,028,881
-	-	-	-	-	739,665
-	-	-	-	-	4,128,711
-	-	-	-	-	2,201,991
12,825	-	-	-	-	3,588,880
-	-	-	-	-	3,549,949
12,825	-	-	-	-	14,209,196
(12,825)	-	-	-	-	1,819,685
20,579	1,353	54,707	9,263	17,151	140,788
-	-	-	-	-	(387,986)
20,579	1,353	54,707	9,263	17,151	(247,198)
7,754	1,353	54,707	9,263	17,151	1,572,487
-	-	-	-	-	257,948
-	-	-	-	-	(1,787,755)
141,575	-	-	-	(1,616,698)	-
149,329	1,353	54,707	9,263	(1,599,547)	42,680
5,236,448	165,035	5,027,858	928,190	3,604,123	39,437,609
\$ 5,385,777	\$ 166,388	\$ 5,082,565	\$ 937,453	\$ 2,004,576	\$ 39,480,289

CITY OF LAKE JACKSON

Lake Jackson, Texas

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

For the Year Ended September 30, 2022

	<u>Utility</u>	<u>Utility Contingency</u>	<u>Utility Revenue Bond Interest and Sinking</u>
Cash Flows from Operating Activities:			
Receipts from customers and users	\$ 16,002,712	\$ -	\$ -
Payments to suppliers	(7,764,311)	-	-
Payments to employees	(3,308,889)	-	-
Net cash provided (used) by operating activities	<u>4,929,512</u>	<u>-</u>	<u>-</u>
Cash Flows from Non-Capital Financing Activities:			
Transfers in	257,948	-	-
Transfers out	(1,787,755)	-	-
Intrafund transfers	<u>1,088,873</u>	<u>-</u>	<u>386,250</u>
Net cash provided (used) by non-capital financing activities	<u>(440,934)</u>	<u>-</u>	<u>386,250</u>
Cash Flows from Capital and Related Financing Activities:			
Purchases of capital assets	(2,453,071)	-	-
Principal and premium paid on capital debt	(1,113,750)	-	-
Interest and fiscal charges paid on capital debt	<u>-</u>	<u>-</u>	<u>(532,770)</u>
Net cash used by capital and related financing activities	<u>(3,566,821)</u>	<u>-</u>	<u>(532,770)</u>
Cash Flows from Investing Activities:			
Interest received	<u>26,432</u>	<u>1,865</u>	<u>9,438</u>
Net cash provided by investing activities	<u>26,432</u>	<u>1,865</u>	<u>9,438</u>
Change in cash and cash equivalents	948,189	1,865	(137,082)
Cash and cash equivalents - beginning	<u>4,910,038</u>	<u>421,049</u>	<u>2,174,314</u>
Cash and cash equivalents - ending	<u>\$ 5,858,227</u>	<u>\$ 422,914</u>	<u>\$ 2,037,232</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>
\$ 1,583	\$ -	\$ -	\$ -	\$ -	\$ 16,004,295
(27,081)	30,000	-	-	(61,195)	(7,822,587)
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,308,889)</u>
(25,498)	30,000	-	-	(61,195)	4,872,819
-	-	-	-	-	257,948
-	-	-	-	-	(1,787,755)
<u>720,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,195,123</u>
<u>720,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>665,316</u>
(515,403)	(43,616)	(36,322)	-	(805,671)	(3,854,083)
-	-	-	-	-	(1,113,750)
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(532,770)</u>
(515,403)	(43,616)	(36,322)	-	(805,671)	(5,500,603)
<u>20,579</u>	<u>1,353</u>	<u>54,707</u>	<u>9,263</u>	<u>17,151</u>	<u>140,788</u>
<u>20,579</u>	<u>1,353</u>	<u>54,707</u>	<u>9,263</u>	<u>17,151</u>	<u>140,788</u>
199,678	(12,263)	18,385	9,263	(849,715)	178,320
<u>5,055,395</u>	<u>135,863</u>	<u>5,027,858</u>	<u>846,054</u>	<u>2,134,810</u>	<u>20,705,381</u>
<u>\$ 5,255,073</u>	<u>\$ 123,600</u>	<u>\$ 5,046,243</u>	<u>\$ 855,317</u>	<u>\$ 1,285,095</u>	<u>\$ 20,883,701</u>

CITY OF LAKE JACKSON

Lake Jackson, Texas

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

For the Year Ended September 30, 2022

	<u>Utility</u>	<u>Utility Contingency</u>	<u>Utility Revenue Bond Interest and Sinking</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (used) by Operating Activities:			
Operating income (loss)	\$ 1,832,510	\$ -	\$ -
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:			
Depreciation	3,549,949	-	-
(Increase) decrease in:			
Lease receivable	(2,451,104)	-	-
Accounts receivable	8,386	-	-
Increase (decrease) in:			
Accounts payable	57,472	-	-
Accrued wages payable	(83,509)	-	-
Net pension and total OPEB liability	(390,539)	-	-
Accrued compensated absences	(10,202)	-	-
Deferred inflow of resource - lease related	2,384,192	-	-
Customer deposits	<u>32,357</u>	<u>-</u>	<u>-</u>
Total adjustments	<u>3,097,002</u>	<u>-</u>	<u>-</u>
Net cash provided (used) by operating activities	<u>\$ 4,929,512</u>	<u>\$ -</u>	<u>\$ -</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>12,825</u>)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>1,819,685</u>
-	-	-	-	-	3,549,949
-	-	-	-	-	(2,451,104)
1,583	-	-	-	-	9,969
(14,256)	30,000	-	-	(61,195)	12,021
-	-	-	-	-	(83,509)
-	-	-	-	-	(390,539)
-	-	-	-	-	(10,202)
-	-	-	-	-	2,384,192
-	-	-	-	-	<u>32,357</u>
(<u>12,673</u>)	<u>30,000</u>	<u>-</u>	<u>-</u>	(<u>61,195</u>)	<u>3,053,134</u>
\$(<u>25,498</u>)	\$ <u>30,000</u>	\$ <u>-</u>	\$ <u>-</u>	\$(<u>61,195</u>)	\$ <u>4,872,819</u>

CITY OF LAKE JACKSON

Lake Jackson, Texas

**GENERAL OBLIGATION BONDS
DEBT SERVICE SCHEDULE**

September 30, 202

<u>Year Ending</u> <u>09/30</u>	<u>Series 2011</u>		<u>Series 2013A</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2023	\$ 375,000	\$ 7,500	\$ 150,000	\$ 2,250
2024				
2025				
2026				
2027				
2028				
2029				
2030				
2031				
2032				
2033				
2034				
2035				
2036				
2037				
2038				
2039				
2040				
2041				
2042				
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL	\$ <u>375,000</u>	\$ <u>7,500</u>	\$ <u>150,000</u>	\$ <u>2,250</u>

(continued)

<u>Series 2015 LT Refunding</u>		<u>Series 2016LT Refunding</u>		<u>Series 2016LT Certificate</u>	
<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
\$ 810,000	\$ 110,288	\$ 150,000	\$ 53,825	\$ 270,000	\$ 54,300
800,000	86,137	150,000	49,325	270,000	47,550
615,000	64,912	150,000	44,825	270,000	39,450
605,000	47,369	150,000	41,074	270,000	32,700
595,000	30,869	150,000	38,075	120,000	28,800
320,000	18,287	150,000	35,075	115,000	26,450
315,000	9,556	150,000	32,075	115,000	24,150
190,000	2,613	150,000	28,700	115,000	21,563
		145,000	25,012	115,000	18,687
		145,000	21,388	115,000	15,525
		145,000	17,763	115,000	12,075
		145,000	13,956	115,000	8,625
		145,000	9,969	115,000	5,175
		145,000	5,981	115,000	1,725
		145,000	1,994		
<hr/>		<hr/>		<hr/>	
<u>\$ 4,250,000</u>	<u>\$ 370,031</u>	<u>\$ 2,215,000</u>	<u>\$ 419,037</u>	<u>\$ 2,235,000</u>	<u>\$ 336,775</u>

CITY OF LAKE JACKSON

Lake Jackson, Texas

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

September 30, 2022

Year Ending 09/30	Series 2017LT Tax Bonds		Series 2018 LT Tax Bonds	
	Principal	Interest	Principal	Interest
2023	\$ 200,000	\$ 92,685	\$ 445,000	\$ 273,300
2024	200,000	84,685	445,000	255,500
2025	200,000	77,685	445,000	237,700
2026	195,000	71,760	440,000	220,000
2027	195,000	65,910	440,000	202,400
2028	195,000	60,060	440,000	185,900
2029	195,000	54,210	440,000	170,500
2030	195,000	48,360	440,000	155,100
2031	195,000	42,900	440,000	139,700
2032	195,000	37,830	440,000	123,750
2033	195,000	32,565	440,000	107,250
2034	195,000	27,105	440,000	90,750
2035	195,000	21,450	440,000	74,250
2036	195,000	15,600	440,000	57,750
2037	195,000	9,506	440,000	41,250
2038	195,000	3,169	440,000	24,750
2039			440,000	8,250
2040				
2041				
2042				
TOTAL	\$ <u>3,135,000</u>	\$ <u>745,480</u>	\$ <u>7,495,000</u>	\$ <u>2,368,100</u>

(continued)

<u>Series 2021 LT Refunding Bonds</u>		<u>Series 2021 LT Certificate</u>		<u>Series 2022 Certificate</u>	
<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
\$ 685,000	\$ 190,725	\$ 370,000	\$ 185,268	\$ 340,000	\$ 140,550
690,000	170,100	370,000	170,469	340,000	123,550
685,000	152,900	370,000	155,669	340,000	106,550
680,000	139,250	370,000	140,870	340,000	89,550
675,000	122,325	370,000	127,919	340,000	72,550
680,000	98,600	370,000	116,818	340,000	57,250
685,000	71,300	370,000	105,719	340,000	43,650
680,000	47,400	370,000	94,619	335,000	30,150
545,000	31,750	370,000	85,369	335,000	16,750
535,000	20,950	365,000	78,019	335,000	5,025
530,000	10,300	365,000	70,719		
250,000	2,500	365,000	63,419		
		365,000	56,119		
		365,000	48,819		
		365,000	41,519		
		365,000	34,219		
		365,000	26,919		
		365,000	19,619		
		365,000	12,091		
		365,000	4,104		
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
\$ <u>7,320,000</u>	\$ <u>1,058,100</u>	\$ <u>7,345,000</u>	\$ <u>1,638,286</u>	\$ <u>3,385,000</u>	\$ <u>685,575</u>

CITY OF LAKE JACKSON

Lake Jackson, Texas

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

September 30, 2022

<u>Year Ending 09/30</u>	<u>Totals</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 3,795,000	\$ 1,110,691	\$ 4,905,691
2024	3,265,000	987,316	4,252,316
2025	3,075,000	879,691	3,954,691
2026	3,050,000	782,573	3,832,573
2027	2,885,000	688,848	3,573,848
2028	2,610,000	598,440	3,208,440
2029	2,610,000	511,160	3,121,160
2030	2,475,000	428,505	2,903,505
2031	2,145,000	360,168	2,505,168
2032	2,130,000	302,487	2,432,487
2033	1,790,000	250,672	2,040,672
2034	1,510,000	206,355	1,716,355
2035	1,260,000	166,963	1,426,963
2036	1,260,000	129,875	1,389,875
2037	1,145,000	94,269	1,239,269
2038	1,000,000	62,138	1,062,138
2039	805,000	35,169	840,169
2040	365,000	19,619	384,619
2041	365,000	12,091	377,091
2042	<u>365,000</u>	<u>4,104</u>	<u>369,104</u>
	<u>\$ 37,905,000</u>	<u>\$ 7,631,134</u>	<u>\$ 45,536,134</u>

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CITY OF LAKE JACKSON

Lake Jackson, Texas

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

September 30, 2022

Year Ending 09/30	Series 2013		Series 2016 Refunding		Series 2017 Refunding	
	Principal	Interest	Principal	Interest	Principal	Interest
2023	\$ 100,000	\$ 32,500	\$ 245,000	\$ 75,450	\$ 275,000	4 142,925
2024	100,000	29,750	245,000	68,100	275,000	131,925
2025	100,000	27,000	245,000	60,750	275,000	120,925
2026	100,000	24,000	240,000	53,400	275,000	109,925
2027	100,000	21,000	235,000	46,200	275,000	98,925
2028	100,000	18,000	145,000	39,150	275,000	90,675
2029	100,000	15,000	145,000	34,800	275,000	82,425
2030	100,000	12,000	145,000	30,450	275,000	74,175
2031	100,000	9,000	145,000	26,100	275,000	65,925
2032	100,000	6,000	145,000	21,750	275,000	57,675
2033	100,000	3,000	145,000	17,400	275,000	49,425
2034			145,000	13,050	270,000	41,175
2035			145,000	8,700	270,000	33,075
2036			145,000	4,350	270,000	24,975
2037					270,000	16,875
2038					270,000	8,438
2039						
TOTAL	\$ <u>1,100,000</u>	\$ <u>197,250</u>	\$ <u>2,515,000</u>	\$ <u>499,650</u>	\$ <u>4,375,000</u>	\$ <u>1,149,463</u>

Series 2019 Revenue Bonds		Totals		
Principal	Interest	Principal	Interest	Total
\$ 380,000	\$ 156,595	\$ 1,000,000	\$ 407,470	\$ 1,407,470
380,000	141,395	1,000,000	371,170	1,371,170
335,000	126,195	955,000	334,870	1,289,870
335,000	112,795	950,000	300,120	1,250,120
335,000	99,395	945,000	265,520	1,210,520
335,000	85,995	855,000	233,820	1,088,820
330,000	72,595	850,000	204,820	1,054,820
330,000	59,395	850,000	176,020	1,026,020
255,000	52,465	775,000	153,490	928,490
255,000	47,110	775,000	132,535	907,535
250,000	41,500	770,000	111,325	881,325
250,000	36,000	665,000	90,225	755,225
250,000	30,250	665,000	72,025	737,025
250,000	24,500	665,000	53,825	718,825
250,000	18,500	520,000	35,375	555,375
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>\$ 5,020,000</u>	<u>\$ 1,123,435</u>	<u>\$ 13,010,000</u>	<u>\$ 2,969,798</u>	<u>\$ 15,979,798</u>

CITY OF LAKE JACKSON

Lake Jackson, Texas

INSURANCE COVERAGE

September 30, 2022

<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	10/01/23
Automobile liability	5,000,000	10/01/23
Other Liability:		
Law enforcement liability	5,000,000	10/01/23
Errors and omissions	2,000,000	10/01/23
Property coverage	67,656,958	10/01/23
Mobil equipment	3,093,736	10/01/23
Boiler and machinery	1,000,000	10/01/23
Cyber Liability	2,000,000	10/01/23
Pollution liability insurance	2,000,000	10/01/23
American Governmental Risk and Insurance Programs:		
Windstorm and hail coverage on property, buildings and contents	25,000,000	01/26/24

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>2013</u>	(Restated) <u>2014</u>	<u>2015</u>	<u>2016</u>	(Restated) <u>2017</u>
Governmental Activities:					
Net investment in capital assets	\$ 32,758,260	\$ 32,216,296	\$ 33,568,778	\$ 36,518,760	\$ 34,776,336
Restricted	3,336,660	3,555,361	3,770,121	3,156,731	3,135,742
Unrestricted	<u>13,720,520</u>	<u>13,914,437</u>	<u>15,824,959</u>	<u>14,662,475</u>	<u>12,962,925</u>
Total governmental activities net Position	<u>\$ 49,815,440</u>	<u>\$ 49,686,094</u>	<u>\$ 53,163,858</u>	<u>\$ 54,337,966</u>	<u>\$ 50,875,003</u>
Business-type Activities Net Position:					
Net investment in capital assets	\$ 25,127,439	\$ 25,271,709	\$ 25,797,977	\$ 30,118,830	\$ 31,654,276
Restricted	4,128,057	5,098,779	4,277,148	2,315,334	4,156,093
Unrestricted	<u>3,459,981</u>	<u>2,667,740</u>	<u>2,789,247</u>	<u>4,122,879</u>	<u>4,558,480</u>
Total business-type activities net position	<u>\$ 32,715,477</u>	<u>\$ 33,038,228</u>	<u>\$ 32,864,372</u>	<u>\$ 36,557,043</u>	<u>\$ 40,368,849</u>
Primary Government:					
Net investment in capital assets	\$ 57,885,699	\$ 57,488,005	\$ 59,366,755	\$ 66,637,590	\$ 66,430,612
Restricted	7,464,717	8,654,140	8,047,269	5,472,065	7,291,835
Unrestricted	<u>17,180,501</u>	<u>16,582,177</u>	<u>18,614,206</u>	<u>18,785,354</u>	<u>17,521,405</u>
Total primary government net position	<u>\$ 82,530,917</u>	<u>\$ 82,724,322</u>	<u>\$ 86,028,230</u>	<u>\$ 90,895,009</u>	<u>\$ 91,243,852</u>

<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
\$ 36,842,141	\$ 39,430,164	\$ 39,944,744	\$ 40,206,296	\$ 41,473,527
3,280,276	2,857,520	3,400,316	4,791,545	5,506,922
<u>14,139,592</u>	<u>14,971,947</u>	<u>16,748,998</u>	<u>19,175,846</u>	<u>21,929,283</u>
<u>\$ 54,262,009</u>	<u>\$ 57,259,631</u>	<u>\$ 60,094,058</u>	<u>\$ 64,173,687</u>	<u>\$ 68,909,732</u>
\$ 27,429,024	\$ 34,480,019	\$ 34,659,879	\$ 34,047,825	\$ 33,095,598
8,285,251	1,599,229	1,537,234	1,967,789	1,388,460
<u>6,520,045</u>	<u>7,609,713</u>	<u>8,764,187</u>	<u>8,823,721</u>	<u>10,022,250</u>
<u>\$ 42,234,320</u>	<u>\$ 43,689,961</u>	<u>\$ 44,961,300</u>	<u>\$ 44,839,335</u>	<u>\$ 44,506,308</u>
\$ 64,271,165	\$ 73,911,183	\$ 74,604,623	\$ 74,254,121	\$ 74,569,125
11,565,527	4,456,749	4,937,550	6,759,334	6,895,382
<u>20,659,637</u>	<u>22,581,660</u>	<u>25,513,185</u>	<u>27,999,567</u>	<u>31,951,533</u>
<u>\$ 96,496,329</u>	<u>\$100,949,592</u>	<u>\$105,055,358</u>	<u>\$109,013,022</u>	<u>\$113,416,040</u>

CITY OF LAKE JACKSON

Lake Jackson, Texas

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

	2013	2014	2015	2016	2017
Expenses					
Governmental Activities:					
General government and administration	\$ 3,644,824	\$ 3,963,493	\$ 3,976,659	\$ 4,637,221	\$ 5,185,914
Public safety	6,260,664	6,391,647	6,364,951	6,996,740	8,116,735
Public works	4,827,784	4,467,635	4,466,925	4,800,673	5,013,485
Culture and recreation	4,501,507	5,173,328	5,561,349	5,934,908	6,197,113
Interest on long-term debt	<u>1,258,756</u>	<u>985,786</u>	<u>1,071,742</u>	<u>1,177,942</u>	<u>788,505</u>
Total governmental activities expenses	<u>20,493,538</u>	<u>20,981,889</u>	<u>21,441,626</u>	<u>23,547,484</u>	<u>25,301,752</u>
Business-type Activities:					
Water and sewer	7,774,236	7,775,096	8,122,897	8,717,505	9,321,589
Sanitation	2,278,112	2,442,771	2,551,608	2,864,997	3,014,234
Golf Course	<u>1,972,608</u>	<u>1,951,623</u>	<u>1,952,353</u>	<u>1,895,258</u>	<u>1,985,245</u>
Total business-type activities expenses	<u>12,024,956</u>	<u>12,169,490</u>	<u>12,636,858</u>	<u>13,477,760</u>	<u>14,321,068</u>
Total primary government expenses	<u>\$ 32,518,494</u>	<u>\$ 33,151,379</u>	<u>\$ 34,078,484</u>	<u>\$ 37,025,244</u>	<u>\$ 39,622,820</u>
Program Revenues					
Governmental Activities:					
Charges for Services:					
General government and administration	\$ 657,598	\$ 678,652	\$ 584,423	\$ 444,607	\$ 553,511
Public works	587,897	501,138	666,610	496,068	341,122
Culture and recreation	1,043,331	1,135,711	1,186,243	1,263,879	1,236,652
Operating grants and contributions	304,854	6,613	111,615	254,433	130,185
Capital grants and contributions	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,011,011</u>	<u>296,861</u>
Total governmental activities program revenues	<u>2,251,680</u>	<u>2,322,114</u>	<u>2,548,891</u>	<u>4,469,998</u>	<u>2,558,331</u>
Business-type Activities:					
Charges for Services:					
Water and sewer	7,393,568	7,303,337	8,060,180	8,610,062	9,448,487
Sanitation	3,161,165	3,163,629	3,287,706	3,765,504	3,849,309
Golf	1,608,396	1,446,320	1,386,531	1,276,932	1,286,124
Capital grants and contributions	<u>36,214</u>	<u>133,195</u>	<u>38,897</u>	<u>945,311</u>	<u>209,122</u>
Total business-type activities program revenues	<u>12,199,343</u>	<u>12,046,481</u>	<u>12,773,314</u>	<u>14,597,809</u>	<u>14,793,042</u>
Total primary government program revenues	<u>\$ 14,451,023</u>	<u>\$ 14,368,595</u>	<u>\$ 15,322,205</u>	<u>\$ 19,067,807</u>	<u>\$ 17,351,373</u>

<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
\$ 4,469,968	\$ 4,864,266	\$ 6,069,375	\$ 5,715,450	\$ 5,490,852
8,014,355	9,185,098	8,808,839	8,662,929	8,814,132
4,815,157	5,470,552	5,032,463	5,041,461	5,486,432
6,259,805	6,372,810	5,866,037	5,368,704	5,993,872
<u>962,144</u>	<u>1,228,818</u>	<u>1,009,362</u>	<u>897,694</u>	<u>1,240,078</u>
<u>24,521,429</u>	<u>27,121,544</u>	<u>26,786,076</u>	<u>25,686,238</u>	<u>27,025,366</u>
9,670,841	10,254,413	10,660,368	11,505,879	11,008,302
3,240,185	3,415,379	3,407,708	3,220,607	3,588,880
<u>2,038,347</u>	<u>2,179,331</u>	<u>2,304,135</u>	<u>2,528,730</u>	<u>2,729,728</u>
<u>14,949,373</u>	<u>15,849,123</u>	<u>16,372,211</u>	<u>17,255,216</u>	<u>17,326,910</u>
<u>\$ 39,470,802</u>	<u>\$ 42,970,667</u>	<u>\$ 43,158,287</u>	<u>\$ 42,941,454</u>	<u>\$ 44,352,276</u>

\$ 627,106	\$ 710,294	\$ 542,158	\$ 451,313	\$ 477,216
334,908	556,953	599,601	355,062	409,046
1,150,568	1,098,384	503,792	536,008	892,794
394,666	1,205,727	1,153,321	2,721,273	142,985
<u>554,207</u>	<u>1,477,454</u>	<u>247,000</u>	<u>-</u>	<u>-</u>
<u>3,061,455</u>	<u>5,048,812</u>	<u>3,045,872</u>	<u>4,063,656</u>	<u>1,922,041</u>
11,048,240	10,459,653	11,226,474	10,373,811	11,526,990
3,920,214	4,067,481	4,315,988	4,172,609	4,501,891
1,309,422	1,300,240	1,440,411	1,900,420	2,189,550
<u>232,540</u>	<u>429,186</u>	<u>1,481,000</u>	<u>-</u>	<u>-</u>
<u>16,510,416</u>	<u>16,256,560</u>	<u>18,463,873</u>	<u>16,446,840</u>	<u>18,218,431</u>
<u>\$ 19,571,871</u>	<u>\$ 21,305,572</u>	<u>\$ 21,509,745</u>	<u>\$ 20,510,496</u>	<u>\$ 20,140,472</u>

CITY OF LAKE JACKSON

Lake Jackson, Texas

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

	2013	2014	2015	2016	2017
Net (Expense)/Revenue:					
Governmental activities	\$(18,241,858)	\$(18,659,775)	\$(18,892,735)	\$(19,077,486)	\$(22,743,421)
Business-type activities	<u>174,387</u>	<u>(123,009)</u>	<u>136,456</u>	<u>1,120,049</u>	<u>471,974</u>
Total primary governmental net expense	<u>(18,067,471)</u>	<u>(18,782,784)</u>	<u>(18,756,279)</u>	<u>(17,957,437)</u>	<u>(22,271,447)</u>
General Revenues & Other Changes in Net Position					
Governmental Activities:					
Taxes:					
Property	5,606,122	5,687,918	5,827,889	5,879,917	6,090,100
Sales	7,712,671	7,978,873	9,129,362	9,417,731	9,489,693
Occupancy	274,101	311,774	498,844	526,662	539,553
Franchise	1,616,709	1,657,659	1,734,149	1,720,294	1,687,768
Other	141,546	164,284	206,901	217,926	222,443
Industrial district	4,100,000	4,186,100	4,249,304	4,317,295	4,394,560
Investment earnings	107,960	61,941	57,363	96,689	171,392
Miscellaneous	191,495	142,508	333,321	613,002	473,897
Gain (loss) on sale/retirement of capital assets	290,564	29,403	7,314	-	-
Transfers	<u>595,525</u>	<u>(623,332)</u>	<u>326,052</u>	<u>(2,537,922)</u>	<u>(3,360,087)</u>
Total governmental activities	<u>20,346,129</u>	<u>19,597,128</u>	<u>22,370,499</u>	<u>20,251,594</u>	<u>19,710,985</u>
Business-type Activities:					
Investment earnings	36,754	14,192	15,740	34,700	98,251
Gain(loss) on disposition of capital assets	-	-	-	-	8,500
Transfers	<u>(595,525)</u>	<u>623,332</u>	<u>(326,052)</u>	<u>2,537,922</u>	<u>3,360,087</u>
Total business-type activities	<u>558,771</u>	<u>637,524</u>	<u>(310,312)</u>	<u>2,572,622</u>	<u>3,466,838</u>
Total primary government	<u>19,787,358</u>	<u>20,234,552</u>	<u>22,060,187</u>	<u>22,824,216</u>	<u>23,177,823</u>
Change in Net Position					
Governmental activities	2,104,271	937,353	3,477,764	1,174,1098	(3,032,436)
Business-type activities	(384,384)	514,515	(173,856)	3,692,671	3,938,812
Adjustments	<u>-</u>	<u>(1,258,463)</u>	<u>-</u>	<u>-</u>	<u>(557,533)</u>
Total primary government	<u>\$ 1,719,887</u>	<u>\$ 193,405</u>	<u>\$ 3,303,908</u>	<u>\$ 4,866,779</u>	<u>\$ 348,843</u>

Source: Comprehensive Annual Financial Report

<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
\$(21,459,974)	\$(22,072,732)	\$(23,740,204)	\$(21,622,582)	\$(25,103,325)
<u>1,561,043</u>	<u>407,437</u>	<u>2,091,662</u>	<u>(808,376)</u>	<u>891,521</u>
<u>(19,898,931)</u>	<u>(21,665,295)</u>	<u>(21,648,542)</u>	<u>(22,430,958)</u>	<u>(24,211,804)</u>
6,619,739	7,047,330	7,548,231	7,585,128	8,196,599
10,266,971	10,033,280	10,084,371	11,121,684	11,739,782
590,629	510,517	384,272	421,451	489,704
1,693,598	1,744,435	1,650,098	1,580,134	1,560,850
254,155	253,500	224,578	251,413	274,089
4,501,353	5,006,224	5,101,850	5,208,506	5,583,516
387,708	781,232	321,323	18,535	331,298
553,819	349,277	180,814	144,237	222,600
1,666	10,467	66,097	47,115	73,625
<u>(31,459)</u>	<u>(655,441)</u>	<u>1,012,997</u>	<u>(675,992)</u>	<u>1,367,307</u>
<u>24,846,980</u>	<u>25,070,354</u>	<u>26,574,631</u>	<u>25,702,211</u>	<u>29,839,370</u>
272,969	392,763	192,674	10,419	142,759
-	-	-	-	-
<u>31,459</u>	<u>655,441</u>	<u>(1,012,997)</u>	<u>675,992</u>	<u>(1,367,307)</u>
<u>304,428</u>	<u>1,048,204</u>	<u>(820,323)</u>	<u>686,411</u>	<u>(1,224,548)</u>
<u>25,151,406</u>	<u>26,118,558</u>	<u>25,754,308</u>	<u>26,388,622</u>	<u>28,614,822</u>
3,387,006	2,997,622	2,834,427	4,079,629	4,736,045
1,865,471	1,455,641	1,271,339	(121,965)	(333,027)
-	-	-	-	-
<u>\$ 5,252,477</u>	<u>\$ 4,453,263</u>	<u>\$ 4,105,766</u>	<u>\$ 3,957,664</u>	<u>\$ 4,403,018</u>

CITY OF LAKE JACKSON

Lake Jackson, Texas

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

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
General Fund:					
Nonspendable	\$ 88,399	\$ 90,320	\$ 100,472	\$ 80,608	\$ 248,341
Committed:					
General contingencies	800,085	801,448	903,264	906,260	910,307
Assigned:					
Unemployment insurance	176,847	165,785	144,302	125,052	116,289
Equipment replacement	5,544,711	5,813,661	6,193,352	6,284,423	6,648,936
Special events	12,308	12,937	32,652	50,934	64,943
Parks	245,889	295,836	172,762	146,532	87,573
Unassigned	<u>6,240,900</u>	<u>6,644,409</u>	<u>7,480,835</u>	<u>6,763,696</u>	<u>4,918,169</u>
 Total general fund	 <u>\$ 13,109,139</u>	 <u>\$ 13,824,396</u>	 <u>\$ 15,027,639</u>	 <u>\$ 14,357,505</u>	 <u>\$ 12,994,558</u>
 All Other Governmental Funds:					
Restricted:					
Debt Service	\$ 707,536	\$ 717,734	\$ 714,676	\$ 693,467	\$ 3,304,455
Grant	-	-	-	-	-
Capital Projects	7,526,486	5,112,819	9,510,524	3,126,573	2,543,712
Economic Development	2,292,698	2,412,766	2,519,353	1,901,916	1,708,061
Encourage tourism	42,375	45,523	49,798	45,333	77,791
Law enforcement	122,313	108,418	70,847	96,797	89,425
Traffic safety	26,738	23,492	-	-	-
Program education	124,901	196,245	281,104	366,271	284,202
Assigned:					
General construction	<u>1,370,332</u>	<u>1,903,546</u>	<u>2,102,001</u>	<u>2,044,549</u>	<u>2,644,777</u>
 Total all other governmental funds	 <u>\$ 12,313,379</u>	 <u>\$ 10,520,543</u>	 <u>\$ 15,248,303</u>	 <u>\$ 8,274,906</u>	 <u>\$ 10,652,423</u>

<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
\$ 117,040	\$ 97,186	\$ 88,957	\$ 113,141	\$ 236,405
921,955	941,824	951,063	951,479	955,693
114,181	108,305	62,388	59,759	38,657
6,831,217	6,788,333	8,092,279	8,642,130	10,380,298
6,468	9,289	37,877	71,958	72,891
73,458	123,175	101,696	101,741	100,278
<u>6,371,628</u>	<u>6,270,142</u>	<u>7,086,503</u>	<u>7,603,624</u>	<u>7,140,905</u>
<u>\$ 14,435,947</u>	<u>\$ 14,338,254</u>	<u>\$ 16,420,763</u>	<u>\$ 17,543,832</u>	<u>\$ 18,925,127</u>

\$ 736,349	\$ 751,790	\$ 745,192	\$ 687,877	\$ 821,241
-	-	-	87	31,361
6,534,635	14,380,492	11,995,459	10,440,969	15,436,170
1,824,256	1,357,987	2,115,751	3,504,159	4,053,530
155,192	126,766	85,284	95,925	89,299
61,989	93,418	78,240	74,920	80,457
-	-	-	-	-
287,232	366,873	390,076	441,803	442,593
<u>2,015,677</u>	<u>3,633,972</u>	<u>3,426,393</u>	<u>3,990,802</u>	<u>3,987,759</u>
<u>\$ 11,615,330</u>	<u>\$ 20,711,298</u>	<u>\$ 18,836,395</u>	<u>\$ 19,236,542</u>	<u>\$ 24,942,410</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)

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Revenues:					
Taxes and industrial district	\$ 19,468,703	\$ 19,985,385	\$ 21,638,472	\$ 22,073,188	\$ 22,421,836
Intergovernmental	304,854	6,613	111,615	254,433	130,185
Charges for services	1,043,331	1,135,711	1,186,243	1,263,879	1,236,652
Fines and fees	569,700	625,201	573,801	472,117	535,164
Licenses and permits	245,897	501,138	666,810	496,068	341,122
Investment earnings	107,960	61,941	57,363	96,689	171,392
Miscellaneous	<u>191,495</u>	<u>142,508</u>	<u>333,321</u>	<u>613,002</u>	<u>473,897</u>
Total revenues	<u>21,931,940</u>	<u>22,458,497</u>	<u>24,565,425</u>	<u>25,269,376</u>	<u>25,310,248</u>
Expenditures:					
General government administration	3,478,670	3,762,435	2,787,952	4,039,007	4,645,330
Public safety	5,686,957	5,751,812	5,966,657	6,039,765	7,005,479
Public works	2,618,713	2,697,647	2,578,564	2,837,563	2,795,351
Culture and recreation	4,101,500	4,236,809	4,812,107	5,068,207	5,318,988
Capital outlay	3,736,077	4,111,550	3,166,664	10,051,261	3,820,985
Debt Service:					
Principal retirement	2,785,000	2,805,000	3,150,000	3,210,000	3,395,000
Interest and fiscal charges	<u>1,068,892</u>	<u>1,115,999</u>	<u>1,163,523</u>	<u>1,000,440</u>	<u>1,128,293</u>
Total expenditures	<u>23,475,809</u>	<u>24,481,252</u>	<u>24,625,467</u>	<u>32,245,243</u>	<u>28,109,426</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,543,869)</u>	<u>(2,022,755)</u>	<u>(60,042)</u>	<u>(6,975,867)</u>	<u>(2,799,178)</u>
Other Financing Sources (Uses):					
Issuance of bonds	6,000,000	1,500,000	5,550,000	7,870,000	6,820,000
Bond issuance premium	106,996	40,920	83,600	537,550	268,528
Proceeds of leases	-	-	-	-	-
Proceeds from sale of capital assets	14,745	127,588	81,393	41,105	30,142
Payment to bond refunding escrow agent	-	-	-	(8,300,732)	-
Transfers in	3,929,614	4,315,121	4,646,206	4,930,442	5,162,794
Transfers out	<u>(3,334,089)</u>	<u>(4,938,453)</u>	<u>(4,320,154)</u>	<u>(5,829,749)</u>	<u>(8,467,716)</u>
Total other financing sources (uses)	<u>6,717,266</u>	<u>1,045,176</u>	<u>5,991,045</u>	<u>(751,384)</u>	<u>3,813,748</u>
Net change in fund balances	<u>\$ 5,173,397</u>	<u>\$ (977,579)</u>	<u>\$ (5,931,003)</u>	<u>\$ (7,727,251)</u>	<u>\$ 1,014,570</u>
Debt Service as a percentage of noncapital Expenditures	19.5%	19.2%	20.1%	19.0%	18.60%

<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
\$ 23,917,953	\$ 24,584,607	\$ 24,977,060	\$ 26,180,230	\$ 27,806,420
394,666	1,205,727	1,153,321	2,721,273	142,985
1,150,568	1,098,384	503,792	536,008	892,794
553,806	589,588	544,436	496,078	502,429
334,908	556,953	599,601	355,062	409,046
387,708	781,232	321,323	18,535	331,298
<u>553,819</u>	<u>349,277</u>	<u>180,814</u>	<u>144,237</u>	<u>222,600</u>
<u>27,293,428</u>	<u>29,165,768</u>	<u>28,280,347</u>	<u>30,451,423</u>	<u>30,307,572</u>
4,078,465	4,201,120	5,555,183	5,502,034	5,427,669
7,182,671	7,567,176	7,591,717	7,895,300	8,572,172
2,681,410	2,936,613	2,470,459	2,521,588	2,952,511
5,406,493	5,258,156	4,865,358	4,780,460	5,490,139
5,913,695	4,949,028	4,137,186	3,038,412	8,999,252
3,175,000	3,135,000	3,455,000	3,535,000	3,337,459
<u>1,095,273</u>	<u>1,364,117</u>	<u>1,154,929</u>	<u>1,039,691</u>	<u>1,468,401</u>
<u>29,533,007</u>	<u>29,411,210</u>	<u>29,229,831</u>	<u>28,312,485</u>	<u>36,247,603</u>
(2,239,579)	(245,442)	(949,484)	2,138,938	(5,940,031)
3,935,000	8,800,000	-	-	18,050,000
173,307	392,162	-	-	1,337,708
-	-	-	-	103,685
75,328	108,488	117,499	60,270	73,625
-	-	-	-	(7,905,131)
3,955,595	5,432,436	4,557,875	5,591,661	5,220,163
<u>(3,495,355)</u>	<u>(5,489,369)</u>	<u>(3,518,284)</u>	<u>(6,267,653)</u>	<u>(3,852,856)</u>
<u>4,643,875</u>	<u>9,243,717</u>	<u>1,157,090</u>	<u>(615,722)</u>	<u>13,027,194</u>
<u>\$ 2,404,296</u>	<u>\$ 8,998,275</u>	<u>\$ 207,606</u>	<u>\$ 1,523,216</u>	<u>\$ 7,087,163</u>
18.1%	18.4%	18.4%	18.1%	17.6%

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			
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	2,811,646,878	235,288,670	492,560,669	2,544,374,879	0.34820
2021	2,752,718,877	231,623,090	498,096,787	2,486,245,180	0.32900
2022	2,869,254,167	234,904,410	526,485,409	2,577,673,168	0.33900

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
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
2021	0.2193	0.1097	0.3290	0.3865	1.1787	0.0400	0.3093	0.0836
2022	0.2318	0.1072	0.3390	0.3400	1.1330	0.0350	0.2859	0.0745

Source: Brazoria County Appraisal District

CITY OF LAKE JACKSON

Lake Jackson, Texas

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

2022			2012		
Taxpayer	Taxable Assessed Value	Percentage of Total City Taxable Assessed Value	Taxpayer	Taxable Assessed Value	Percentage of Total City Taxable Assessed Value
BG Woodward, LLC	\$ 126,861,140	4.92%	Shawnee Brazos LLC	\$ 20,257,128	1.40%
Dow Chemical Company	91,465,160	3.55%	Wal-Mart Stores, Inc.	17,827,750	1.24%
Interurban Wilshire LLC	37,944,960	1.47%	Redwood Edgewater	15,209,880	1.05%
Cole Ofc Lake Jackson	37,103,430	1.44%	Lowe's	11,379,750	0.79%
Covery Plantation LP	30,551,160	1.19%	Dow Chemical Company	9,641,490	0.67%
AC Brazos Mall Partners LLC	28,122,210	1.09%	Texas Dow Employees CU	8,857,320	0.61%
Partners of Lake Jackson I LP	23,800,000	0.92%	Home Depot	8,932,634	0.62%
Redwood Edgewater Dst	23,219,170	0.90%	Centerpoint Energy	9,580,520	0.66%
Canam Lake Jackson LLC	22,706,840	0.88%	Partners of Lake Jackson LTD	7,915,410	0.55%
James Billups 1996 Trust No. 1	<u>21,180,621</u>	<u>0.82%</u>	Ling Villages of Lake Jackson	<u>7,252,040</u>	<u>0.50%</u>
Total	<u>\$ 442,954,691</u>	<u>17.18%</u>	Total	<u>\$ 116,853,922</u>	<u>8.09%</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
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%	16,340	7,664,457	99.6%
2020	8,240,262	8,195,520	99.5%	11,914	8,211,071	99.7%
2021	8,241,324	8,207,294	99.6%	22,241	8,229,535	99.9%
2022	8,740,189	8,702,055	99.6%		8,728,626	99.9%

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
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
2021	7,375,702	3,745,982	11,121,684	10.2%	36.5%	371.42
2022	7,771,049	3,968,733	11,739,782	5.6%	41.9%	398.99

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	Leases	Water & Sewer Revenue Bonds	Leases			
2013	\$24,090,000	\$ 6,250,000	\$ -	\$11,345,000	\$ -	\$41,685,000	4.39%	\$ 1,508
2014	21,785,000	7,250,000	-	10,145,000	-	39,180,000	4.15%	1,414
2015	20,311,193	11,975,000	-	9,129,371	-	41,415,564	4.29%	1,192
2016	20,658,003	8,700,000	-	7,941,333	-	37,299,336	3.58%	999
2017	21,386,772	11,510,000	-	9,870,009	-	42,766,781	3.89%	1,082
2018	23,200,542	10,465,000	-	13,788,494	-	47,454,036	4.17%	1,145
2019	30,027,019	9,420,000	-	12,422,033	-	51,869,052	3.74%	1,190
2020	27,330,714	8,590,011	-	16,256,888	-	52,177,613	5.16%	1,515
2021	24,442,096	7,776,135	-	14,916,852	-	47,135,083	3.43%	1,027
2022	34,177,813	5,943,153	81,226	13,677,295	465,247	54,344,734	3.99%	1.100

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
2013	\$ 30,340,000	\$ 707,537	\$ 29,632,463	2.16%	1,072
2014	29,035,000	715,235	28,319,765	1.95%	1,022
2015	32,286,193	705,319	31,580,874	2.11%	1,137
2016	29,358,003	685,096	28,672,907	1.75%	1,027
2017	32,896,772	728,509	32,168,263	1.69%	1,157
2018	33,665,542	749,331	32,916,211	1.55%	1,198
2019	39,447,019	768,879	38,678,140	1.67%	1,214
2020	35,920,725	745,192	35,175,533	1.38%	1,197
2021	32,218,231	687,877	31,530,354	1.27%	1,053
2022	40,120,966	815,990	39,304,976	1.52%	1,261

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 2013A, 2016 & 2022 Certificates of Obligation and 2011, 2015 & 2021 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, 2022

Governmental Unit	Debt Outstanding	As of	Estimated Percentage Applicable**	Estimated Share of Overlapping Debt
Debt repaid with property taxes:				
Angleton Danbury Medical	\$ 1,425,000*	09/30/22	0.01%	\$ 143
Angleton ISD	165,535,000*	09/30/22	0.01%	16,554
Brazoria County	213,253,313*	09/30/22	4.96%	10,577,364
Brazosport College District	43,340,000*	09/30/22	12.55%	5,439,170
Brazosport ISD	373,700,000*	09/30/22	12.55%	46,899,350
Columbia-Brazoria ISD	33,315,000*	09/30/22	1.03%	343,145
Port Freeport	67,850,000*	09/30/22	8.38%	5,685,830
Velasco DD	4,400,000*	09/30/22	12.63%	<u>555,720</u>
Subtotal, overlapping debt				69,517,275
City of Lack Jackson (direct debt)	40,120,966*	09/30/22	100.00%	<u>40,120,966</u>
Total direct and overlapping debt				<u>\$ 109,638,241</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
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	836,176	4.96	1,742,975	2.38
2020	11,418,549	6,539,912	4,878,636	769,059	6.34	1,647,190	2.96
2021	10,384,230	7,395,006	2,989,224	1,021,262	2.93	1,780,420	1.68
2022	11,667,778	7,070,367	4,597,411	1,352,070	3.33	1,918,516	2.40

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
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
2021	29,943	1,374,802,902	45,914	37.2	6,117	7.2%	17,391
2022	29,424	1,362,537,168	46,307	37.7	6,123	5.3%	16,617

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

2022			2012		
Employer	Employees	Percentage of Total County Employment	Employer	Employees	Percentage of Total County Employment
The Dow Chemical Company	3,452	1.96%	Brazosport Memorial Hospital	695	4.72%
Texas Dept of Criminal Justice	2,052	1.16%	Wal-Mart	415	2.86%
Brazosport ISD	1,950	1.11%	Brazosport I.S.D.	380	2.62%
Olin Corp	1,126	0.64%	Dow Credit Union	308	2.12%
Phillips 66	1,017	0.58%	City of Lake Jackson	210	1.45%
Marquis Construction Services	950	0.54%	Target	100	0.68%
BASF Corp	900	0.51%	Lowes	185	1.28%
Wood Group	800	0.45%	Home Depot	110	0.76%
ICS	614	0.35%	Ryan's Steakhouse	70	1.55%
Turner Industries	576	0.33%	Randall's	63	0.43%
			Jerry's Food King	50	0.34%
Total	<u>13,437</u>	<u>7.63%</u>	Total	<u>2,506</u>	<u>18.81%</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>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
General Government and Administration	35	35	35	35	36	37	34	34	33	38
Public Safety:										
Police	60	60	60	60	62	62	65	68	65	65
Fire	1	1	1	2	2	2	2	2	2	2
Humane	3	3	1	3	3	3	3	3	3	3
Culture and Recreation	27	27	27	28	29	29	33	33	33	30
Public Works:										
Streets	7	7	7	7	7	7	7	7	7	7
Drainage	15	15	15	15	15	15	15	15	16	15
Building/Code	8	8	8	8	8	8	8	8	8	8
Garage	9	9	9	9	9	6	9	10	10	9
Water and Sewer	37	37	37	37	40	40	41	41	41	40
Sanitation	<u>25</u>	<u>27</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>	<u>242</u>	<u>244</u>

Source: City Budget

CITY OF LAKE JACKSON
Lake Jackson, Texas

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

Function/Program	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Public Safety:										
Police:										
% Criminal Offenses ³										
Cleared	40% ²	45% ²	30%	49%	75%	58%	57%	57% ⁸	75%	55%
Traffic contacts ³	16,074	16,000	14,599	9,204	16,137	16,894	15,121	9,008	13,159	14,927
Fire:										
Fire calls	525	688	688	650	517	578	599	469	710	550
EMS calls	2,958	3,719	3,719	3,904	4,177	4,662	5,099	4,656	4,969	5,035
Inspections	247	436	425	450	343	322	201	230	456	481
Public Works:										
Streets:										
Potholes repaired ⁴	436	547	852	660	550	269	399	183	508	269
Gutter sweeping (cu yd) ⁵	1,759	1,520	100%	100%	100%	100%	100%	100%	83%	18%
Culture and Recreation:										
Recreation Center members	4,600	4,327	4,900	5,889	8,388	7,250	6,727	3,088 ⁷	7,803	12,114
Recreation Center Attendance	187,990	205,762	197,838	211,676	211,884	212,840	181,358	14,707 ⁷	94,771	120,562
Water and Sewer:										
Number of sewer leaks Repaired ⁶	4	9	3	N/A	N/A	9	N/A	N/A	N/A	N/A
Linear feet of sewer mains cleaned	7,188	9,205	4,820	30,565	19,054	56,283	2,500	66,435	2,500	6,595
Millions of gallons of wastewater treated			845	950	915	1,213	1,260	979	1,036	833
Sanitation:										
Refuse Collected:⁶										
Residential garbage (cu yd)	20,120	22,000	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Commercial garbage ⁶ (cu yd)	35,027	35,500	N/A	N/A	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	70,789	74,103
Large trash to landfill (non-compacted yd ³)			36,183	60,530	55,515	44,011	47,653	69,285	54,394	67,057

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 – 9/30/2-; 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	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
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	3
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	1,643	1,643	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	10 ³	10
Water:										
Water mains (miles)	130	130	130	130	134	140	140	140	142	142
Fire Hydrants	1,000	1,000	1,000	1,015	1,015	1,020	1,020	1,021	1,104	1,104
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.

³ Youth soccer no longer uses/maintains the BISSD fields behind Rasco that were counted in the past.

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CONTINUING FINANCIAL DISCLOSURES

As of 02/28/23

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 2/28/23)

Summary of Bonds Outstanding

General Obligation Bonds and Certificates of Obligation

2011 Limited Tax Refunding Bonds (\$ 780,000)*	\$ 375,000
2013 Limited Tax Bonds*	150,000
2015 Limited Tax Refunding Bonds (\$ 2,079,020)*	4,250,000
2016 Limited Tax General Obligation Bonds	2,215,000
2016 Certificates of Obligation *	2,235,000
2017 Limited Tax General Obligation Bonds	3,135,000
2018 Limited Tax General Obligation Bonds	7,495,000
2021 Limited Tax General Obligation Bonds	7,345,000
2021 Limited Tax Refunding General Obligation Bonds (\$ 4,145,000)*	7,320,000
2022 Certificate of Obligation	<u>3,385,000</u>
Total Ad Valorem Tax Secured Debt Outstanding	\$ <u>37,905,000</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

2013 Waterworks and Sewer System Bonds	\$ 1,100,000
2016 Waterworks and Sewer System Bonds	2,515,000
2017 Waterworks and Sewer System Bonds	4,375,000
2019 Waterworks and Sewer System Refunding Bonds	5,020,000
2022 Waterworks and Seewer System Bonds	<u>5,805,000</u>
Total Waterworks and Sewer System Debt Outstanding	\$ <u>18,815,000</u>

General Obligation Bonds Authorized but not Issued as of 02/28/23

\$ 18,900,000

Waterworks and Sewer System Bonds Authorized but not Issued as of 02/28/23

None.

CITY OF LAKE JACKSON

Lake Jackson, Texas

Table CD-2 Financial Information (As of 2/28/2023)

2022 (fiscal year 22-23) Assessed Valuation (100% of Actual) ¹	\$ <u>2,654,097,360</u>
<u>General Obligation Bonds Outstanding</u> ²	
Presently outstanding (02/28/23)	\$ 37,905,000
Other Bonds issued to date	<u>-</u>
Gross debt	37,905,000
Less: Amounts payable from ½ Cent Optional Tax	12,117,486
Less: Debt Service Cash Balance	<u>2,292,398</u>
Net Debt	\$ <u>23,495,116</u>
Ratio of Net Debt to 2022 Assessed Valuation	0.89%
2023 Estimated Population	28,576
2023 Assessed Valuation per Capita	\$ 92,879
Net Debt per Capita	\$ 822
Area of the City	18 square miles

¹ Tax Year; Net of exemptions in the amount of \$ 523,171,266.

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	\$ 1,425,000	09/30/22	0.01%	\$ 143
Angleton ISD	165,535,000	09/30/22	0.01%	16,553
Brazoria County	213,253,313	09/30/22	4.96%	10,577,364
Brazosport College District	43,340,000	09/30/22	12.55%	5,439,170
Brazosport ISD.	373,700,000	09/30/22	12.55%	46,899,350
Columbia-Brazoria ISD	33,315,000	09/30/22	1.03%	343,145
Port Freeport	67,850,000	09/30/22	8.38%	5,685,830
Velasco Drainage District	4,400,000	09/30/22	12.63%	<u>555,720</u>
Total Overlapping Debt				69,517,275
City of Lake Jackson as of 2/28/23				<u>37,905,000</u>
Total Direct and Overlapping Debt				\$ <u>107,422,275</u>
Ratio of Total Direct and Overlapping Debt to 2022 Assessed Valuation				3.79%
Per Capita Total Direct and Overlapping Debt				\$ 3,693
Assessed Valuation per Capita				\$ 96,936

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, 2023 General Obligation Debt

<u>Fiscal Year Ending 09/30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service Requirements</u>
2023	\$ 3,795,000	\$ 1,110,691	\$ 4,905,691
2024	3,265,000	987,316	4,252,316
2025	3,075,000	879,691	3,954,691
2026	3,050,000	782,573	3,832,573
2027	2,885,000	688,848	3,573,848
2028	2,610,000	598,440	3,208,440
2029	2,610,000	511,160	3,121,160
2030	2,475,000	428,505	2,903,505
2031	2,145,000	360,168	2,505,168
2032	2,130,000	302,487	2,432,487
2033	1,790,000	250,672	2,040,672
2034	1,510,000	206,355	1,716,355
2035	1,260,000	166,963	1,426,963
2036	1,260,000	129,875	1,389,875
2037	1,145,000	94,269	1,239,269
2038	1,000,000	62,138	1,062,138
2039	805,000	35,169	840,169
2040	365,000	19,619	384,619
2041	365,000	12,091	377,091
2042	<u>365,000</u>	<u>4,104</u>	<u>369,104</u>
	<u>\$ 37,905,000</u>	<u>\$ 7,631,134</u>	<u>\$ 45,536,134</u>

CITY OF LAKE JACKSON

Lake Jackson, Texas

Table CD-5 Water and Sewer System As of February 28, 2023 Revenue Bonds Debt Service Schedule

<u>Fiscal Year Ending 09/30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service Requirements</u>
2023	\$ 1,000,000	\$ 209,853	\$ 1,209,853
2024	1,295,000	671,620	1,966,620
2025	1,245,000	620,570	1,865,570
2026	1,240,000	569,770	1,809,770
2027	1,235,000	520,520	1,755,520
2028	1,145,000	471,420	1,616,420
2029	1,140,000	425,220	1,565,220
2030	1,140,000	381,720	1,521,720
2031	1,065,000	338,420	1,403,420
2032	1,065,000	301,390	1,366,390
2033	1,060,000	265,935	1,325,935
2034	955,000	230,225	1,185,225
2035	955,000	195,225	1,150,225
2036	955,000	164,825	1,119,825
2037	810,000	135,025	945,025
2038	810,000	104,975	914,975
2039	540,000	78,937	618,937
2040	290,000	52,650	342,650
2041	290,000	34,800	324,800
2042	290,000	23,200	313,200
2043	<u>290,000</u>	<u>11,600</u>	<u>301,600</u>
	<u>\$ 18,815,000</u>	<u>\$ 5,807,900</u>	<u>\$ 24,622,900</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 9/30/22, nor any of the debt to be repaid from the half-cent sales tax as indicated on CD-1.

	<u>Average Requirements (2023-2043)</u>	<u>Maximum Requirement 2024</u>
General Obligation Debt Service Requirements	\$ 1,895,250	\$ 3,795,000
Debt Service Fund tax rate required on 2022 Assessed Taxable Valuation @ 98% collection	\$ 0.07287	\$ 0.14590

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 (2023-2043)</u>	<u>Maximum Requirement 2023</u>
General Obligation Debt Service Requirements	\$ 904,601	\$ 1,451,533
Debt Service Fund tax rate required on 2022 Assessed Taxable Valuation @ 98% collection	\$ 0.03478	\$ 0.05581

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	
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	2,505,136,977	0.3290	90.9%	99.6%	09/30/21
2021	2022	2,581,165,425	0.3390	92.5%	99.7%	09/30/21
2022	2023	2,805,200,000	0.3231	99.6%		thru 02/28/23

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	2022	2021	2020	2019	2018	2017
General Fund	\$ 0.2318	\$ 0.2193	\$ 0.2302	\$ 0.2280	\$ 0.2280	\$ 0.2295
	<u>0.1072</u>	<u>0.1097</u>	<u>0.1180</u>	<u>0.1072</u>	<u>0.1072</u>	<u>0.1080</u>
Total Tax Rate	\$ <u>0.3390</u>	\$ <u>0.3290</u>	\$ <u>0.3482</u>	\$ <u>0.3352</u>	\$ <u>0.3352</u>	\$ <u>0.3375</u>

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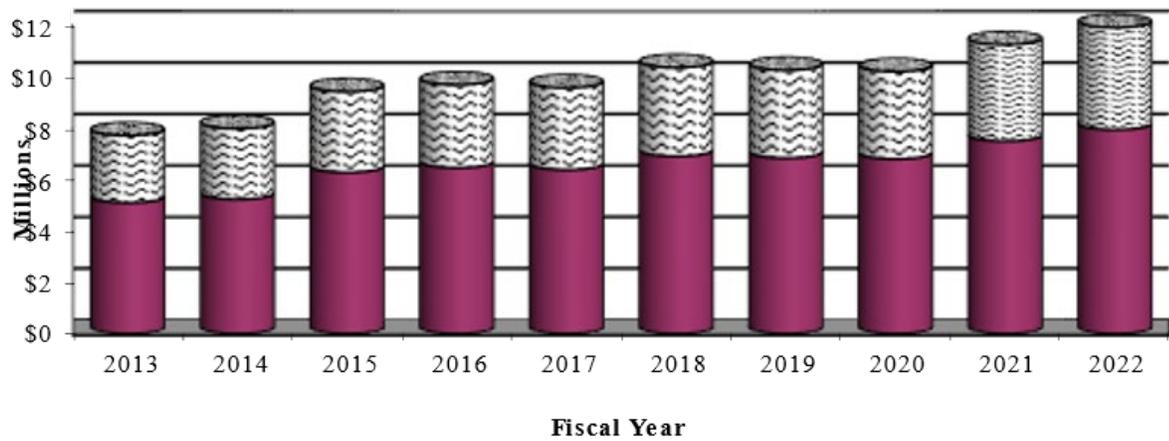
Table CD-8
Sales Tax Collection History

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
2012	\$ 4,772,141	\$ 2,457,990
2013	5,093,359	2,619,312
2014	5,226,636	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	7,491,965	3,745,982
2022	7,937,466	3,968,733
2023 y-t-d	3,530,564	1,765,282



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

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Table CD-9
Economic Development Fund

Resources	ACTUAL 2019-20	ACTUAL 2020-21	ACTUAL 2021-22	PROPOSED 2022-23
Fund Balance	\$ 1,357,988	\$ 2,115,750	\$ 3,504,159	\$ 4,053,531
Revenues:				
Half Cent Sales tax	3,398,613	3,750,451	3,968,733	4,170,000
Miscellaneous	180,986	-	-	-
Interest income	12,414	3,441	16,361	2,500
	<u>3,592,013</u>	<u>3,753,892</u>	<u>4,985,094</u>	<u>4,172,500</u>
Total Resources	<u>\$ 4,950,000</u>	<u>\$ 5,869,642</u>	<u>\$ 7,489,253</u>	<u>\$ 8,226,031</u>
Expenditures:				
Transfer to Economic Development Debt Service	\$ 1,349,141	\$ 1,326,074	\$ 1,133,743	\$ 1,715,060
Landscaping and Maintenance	66,428	42,341	74,340	100,000
New Skate Park at MacLean/Repairs	-	-	643,797	-
Dog Park	4,250	-	-	-
Misc Repairs at Golf Course	54,570	-	84,595	120,000
Golf Course Pump House	11,594	-	-	-
Golf Course Lake Dredging	-	18,000	-	-
Recreation Center	40,725	-	264,136	-
Ballfield Fence Replacement	-	-	810	-
Parking Lot	11,142	-	31,995	-
Playground Replacement	100,100	-	106,000	-
Rec Center Nat Dehumidification System	-	-	-	600,000
Rec Center Pump Room Repiping	-	-	-	70,000
Rec Center Leisure Pool Resurfacing	-	-	-	73,000
Rec Center Network Video Recorder-Surveillance	-	-	-	15,500
Rec Center Exterior paint & Parking Lot Restripe	-	-	11,706	75,000
Civic Center Replace Banquet Chairs	-	-	-	90,000
Civic Center New Flooring -Plaza	-	-	-	24,000
Civic Center Fountain Removal/Gazebo Install	-	-	-	185,000
Jasmine Hall Renovations	-	-	-	30,000
Downtown - Install Pavers in Median	-	-	-	50,000
MacLean - Girls Youth Softball Safety Netting	-	-	-	35,000
Suggs Park - Suggs Baseball Complex Fencing	-	-	-	125,000
Transfer to Golf Course Debt Service	471,300	459,600	428,100	382,500
Golf Course Operating	375,000	165,000	162,500	500,000
Transfer to General Fund	<u>350,000</u>	<u>350,000</u>	<u>400,000</u>	<u>450,000</u>
Total Expenditures	<u>\$ 2,834,250</u>	<u>\$ 2,361,015</u>	<u>\$ 3,435,722</u>	<u>\$ 4,640,060</u>
Ending Fund Balance	<u>\$ 2,115,750</u>	<u>\$ 3,508,627</u>	<u>\$ 4,053,531</u>	<u>\$ 3,585,971</u>

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Table CD-10
Debt Service Fund Management Index

General Debt Service Fund

Debt Service Fund Balance as of 9/30/22	\$	772,045
Debt Service Tax Levy of \$.099549 per \$ 100 of Assessed Valuation on 2022 (FY 22-23) Assessed Valuation of \$ 2,580,394,626 at 100.96% collection		2,816,631
Interest Earnings on Debt Service Fund		<u>1,000</u>
Total Available for 2023 Debt Service		3,589,676
Less: FY 2023 Debt Service Requirements		<u>2,808,131</u>
Projected Debt Service Fund Balance at 9/30/23	\$	<u><u>781,545</u></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 02/28/23, there are seven 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, 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, the 2021 Infrastructure Improvement construction bond for Pin Oak, N. Shady Oaks, Forest Oaks, Library flooring.

	<u>Golf Course</u>	<u>Economic Development</u>
Debt Service Fund Balance as of 9/30/22	\$ -	\$ -
Transfer from Economic Development Fund (Sales Tax Revenue)	<u>382,500</u>	<u>1,675,110</u>
Total Available for 2023 Debt Service	382,500	1,675,110
Less: 2023 Debt Service Requirements	<u>382,500</u>	<u>1,675,110</u>
Projected Debt Service Fund Balance at 9/30/23	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>

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Table CD-11

Utility Debt Service Fund Management Index

Utility Revenue Interest and Sinking Fund (Including Reserve Balance)

Debt Service Fund Balance as of 9/30/22	\$ 2,027,544
Transfer from Utility Operating Fund (as budgeted)	1,600,000
2023 Projected Interest Earnings	<u>1,000</u>
Total Available for 2023 Debt Service	3,628,544
Less: 2023 Debt Service Requirements (including agent fees)	<u>1,489,247</u>
Projected Debt Service Fund Balance at 9/30/23	<u>\$ 2,139,297</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.

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

	Fiscal Year	
	2021	2022
Revenues:		
Taxes	\$ 26,180,230	\$ 27,806,420
Intergovernmental	2,721,273	142,985
Charges for services	536,008	892,794
Fines and fees	496,078	502,429
Licenses and permits	355,062	409,046
Investment earnings	18,535	331,298
Miscellaneous	144,237	222,600
Total revenues	30,451,423	30,307,572
Expenditures:		
General government and administration	5,502,034	5,427,669
Public safety	7,895,300	8,572,172
Public works	2,521,588	2,952,511
Culture and recreation	4,780,460	5,490,139
Capital Outlay	3,038,412	8,999,252
Debt Service:		
Principal	3,535,000	3,337,459
Interest and fiscal charges	1,039,691	1,468,401
Total expenditures	28,312,485	36,247,603
Excess of revenues over expenditures	2,138,938	(5,940,031)
Other Financing Sources (Uses):		
Bonds issued	-	18,050,000
Premium on bonds issued	-	1,337,708
Proceeds of lease	-	103,685
Sale of capital assets	60,270	73,625
Payment to bond refunding escrow agent	-	(7,905,131)
Transfers in	5,591,661	5,220,163
Transfers out	(6,267,653)	(3,852,856)
Total other financing sources (uses)	(615,722)	13,027,194
Net change in fund balances	\$ 1,523,216	\$ 7,087,163

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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, 2021 and 2022.

	2021	2022
Revenues:		
Water and sewer services	\$ 9,848,703	\$ 10,951,256
Sanitation service	4,172,609	4,501,891
Tapping and connection fees	229,633	270,822
Golf course fees and charges	1,900,420	2,189,550
Other	295,475	304,912
	16,446,840	18,218,431
Operating Expenses:		
Utility administration	826,181	739,665
Water production and treatment	4,234,988	4,128,711
Sewer collection and treatment	2,333,837	2,201,991
Golf course	2,045,317	2,105,751
Sanitation	3,220,607	3,588,880
Depreciation	4,164,173	4,160,970
	16,825,103	16,925,968
Net revenues	(378,263)	1,292,463
Nonoperating Revenues (Expenses):		
Interest earnings	10,419	142,759
Gain on disposition of capital assets	(9,200)	-
Interest expense and fiscal charges	(420,913)	(400,942)
Transfers:		
Coronavirus Recovery	884,342	-
for franchise fee	(150,000)	(200,000)
for water and w/w admin fee	(900,000)	(900,000)
for equipment replacement	(651,545)	(687,755)
for golf course operation	165,000	162,500
Assets purchased by general fund	1,328,195	257,948
	256,298	(1,625,490)
Net income	\$(121,965)	\$(333,027)

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Table CD-14
Water and Sewer Information

Water and Sewer Rates

Current water and sewer rates became effective October 1, 2022.

Water:	First 2000 gallons	\$ 15.50 Minimum
	Over 2000 gallons	\$ 5.30 per 1,000 gallons
	Over 20,000 gallons	\$ 5.95 per 1,000 gallons
Sewer:	First 2000 gallons	\$ 15.75 Minimum
	Over 2000 gallons	\$ 5.80 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 \$ 3.88.

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 six “master” lift stations that pump directly to the treatment plant, and 41 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); 446 Commercial businesses, 65 institutions (churches, schools, etc.) and 8,524 residences utilizing the City’s water and sewer services.

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Table CD-15
Top Ten Utility Customers

<u>Name of Business</u>	<u>Type of Business</u>	<u>FY 2022 Consumption in 1000's</u>	<u>Total Percent of Water Consumed</u>
Candlewood Suites	Hotel	81,328	7.66%
Dow Innovation Center	Office Building/Labs	51,491	4.85%
Brazosport Hospital	Hospital	33,949	3.20 %
Buc-ee's #29	Gas Station/Car Wash	20,421	1.92%
Brazosport College	College	17,641	1.66%
Gateway Housing	Apartments	12,451	1.17%
Oyster Creek Apartments	Apartments	10,971	1.03%
Raamco Raintree	Apartments	8,628	0.81%
Covey Plantation	Apartments	8,321	0.78%
VSC Management	Apartments	8,249	0.78%
		<u>253,450</u>	<u>23.86%</u>

Total water consumption for the period October 1, 2021 to September 30, 2022 in thousands of gallons was 1,062,227.

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Table CD-16
Principal Taxpayers and Assessed Valuation

Principal Taxpayers

<u>Taxpayer</u>	<u>Type of Business</u>	<u>Tax Year 2022 Assessed Taxable Valuation</u>	<u>Percent of Assessed Valuation</u>
BG Woodward LLC Dow Research	Industrial	\$ 126,861,140	4.92%
Dow Chemical Company	Various Properties	91,465,160	3.55%
Interurban Wilshire, LLC	Real Estate Holdings	37,944,960	1.47%
Cole Ofc Lake Jackson Dow Admin	Industrial	37,103,430	1.44%
Covey Plantation LP (Plantation Park)	Apartments	30,551,160	1.19%
AC Brazos Mall Partners	Mall	28,122,210	1.09%
Partners of Lake Jackson LLC	Apartments	23,800,000	0.92%
Redwood Edgewater District	Apartments	23,219,170	0.90%
Canam Lake Jackson LLC (The Reserve)	Apartments	22,706,840	0.88%
The James S Billups 1996 Trust	Apartments	21,180,621	0.82%
		<u>\$ 442,954,691</u>	<u>17.18%</u>

Assessed Valuation by Classification

<u>Classification</u>	<u>2022 Assessed Taxable Valuation</u>	<u>Percent of Total</u>
Residential	\$ 2,357,692,359	67.71%
Real, Vacant Platted Lots/Tracts	21,774,241	0.63%
Commercial & Industrial	542,654,261	15.58%
Real, Acreage (Land only)	10,565,000	0.30%
Utilities & Pipelines	32,565,000	0.94%
Special Inventory & Other	<u>516,942,052</u>	<u>14.85%</u>
Total Market/Appraised Value	\$ 3,482,183,384	<u>100.00%</u>
Less Exemptions	<u>533,905,807</u>	
	2,948,277,577	
Under protest at certification	<u>182,291,306</u>	
Net Taxable Value	<u>\$ 2,765,986,271</u>	

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Table CD-17
General Fund - Budget Summary

In August 2022, the 2022-23 budget was adopted by the City Council. The following General Fund Operating Budget is presented on a budget basis presentation.

	2020-21 <u>Actual</u>	2021-22 <u>Actual</u>	2022-23 <u>Adopted Budget</u>
Revenues:			
Property tax	\$ 4,866,050	\$ 5,426,467	\$ 5,700,766
Sales tax	7,375,702	6,720,000	8,335,000
Franchise fees	1,663,658	1,730,645	1,730,645
Industrial district	5,208,506	5,280,000	5,583,516
Licenses and permits	440,996	481,300	429,500
Fines and fees	651,417	493,000	479,000
Civic Center fees	185,240	246,000	850,000
Recreation Center fees	368,235	662,500	-
Intergovernmental	125,311	200,500	57,000
Interest and other	88,339	24,000	35,000
Utility Administrative fee	900,000	900,000	1,350,000
Transfer from Economic Development	<u>350,000</u>	<u>400,000</u>	<u>-</u>
Total revenues	<u>\$ 22,223,454</u>	<u>\$ 22,564,412</u>	<u>\$ 24,550,427</u>
Expenditures:			
General government services	\$ 3,789,572	\$ 1,873,860	\$ 2,761,156
Financial services	1,653,566	1,882,280	1,953,345
Legal services	225,026	277,960	294,760
Public safety services	8,279,502	9,510,470	10,536,427
Engineering services	590,903	616,570	670,141
Public works services	2,718,876	3,403,217	3,791,510
Parks & recreation services	4,194,277	4,667,715	4,196,158
Miscellaneous services	230,428	332,340	346,930
Prior Year Budget saving transfers	<u>1,400,000</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>\$ 23,082,150</u>	<u>\$ 22,564,412</u>	<u>\$ 24,550,427</u>

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Table CD-18
Utility Fund - Budget Summary

On August 22, the 2022-23 budget was adopted by the City Council. The following Utility Fund Operating Budget is presented on a budget basis presentation.

	<u>2020-21</u> Actual	<u>2021-22</u> Actual	<u>2022-23</u> Adopted Budget
Revenues:			
Plumbing fees	\$ 21,080	\$ 20,000	\$ 20,000
Tap fees	13,470	10,000	13,000
Administrative fees	195,083	200,000	200,000
Water sales	5,102,354	5,402,955	5,776,517
Sewer sales	5,032,835	5,134,115	5,611,579
Senior discount	(267,371)	(270,000)	(270,000)
Sanitation sales	4,153,493	4,444,225	5,242,420
Other revenues	244,154	179,510	70,400
Interest and sales tax discount	<u>4,557</u>	<u>4,000</u>	<u>3,250</u>
Total revenues	<u>\$ 14,499,655</u>	<u>\$ 15,124,805</u>	<u>\$ 16,667,166</u>
Expenditures:			
Utility administration	\$ 782,919	\$ 936,675	\$ 2,698,217
Water	4,460,965	4,419,090	4,847,813
Wastewater	2,562,779	3,016,545	3,313,406
Sanitation	3,582,308	4,152,495	4,812,325
Non-departmental	2,813,975	2,600,000	995,405
Budget savings transfer to Capital	<u>1,800,000</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>\$ 16,002,946</u>	<u>\$ 15,124,805</u>	<u>\$ 16,667,166</u>