

CITY OF LAKE JACKSON

PRO-TECH AND SERVE



ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024

CITY OF LAKE JACKSON, TEXAS

**ANNUAL COMPREHENSIVE
FINANCIAL REPORT**

For the year ended September 30, 2024

Official Issuing Report:

**Modesto Mundo, City Manager
James Bryson, Director of Finance**

CITY OF LAKE JACKSON, TEXAS

ANNUAL COMPREHENSIVE FINANCIAL REPORT
For the year ended September 30, 2024

CONTENTS

INTRODUCTORY SECTION

| | |
|-----------------------------------------------------------------------|---|
| Letter of Transmittal..... | 1 |
| Certificate of Achievement for Excellence in Financial Reporting..... | 7 |
| Organizational Chart..... | 8 |
| Principal Officials..... | 9 |

FINANCIAL SECTION

| | |
|---------------------------------------------------------------------------------|----|
| Independent Auditor's Report..... | 10 |
| Management's Discussion and Analysis (Required Supplementary Information) | 13 |

BASIC FINANCIAL STATEMENTS

| | |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------|----|
| Government-Wide Financial Statements | |
| Statement of Net Position | 24 |
| Statement of Activities..... | 26 |
| Fund Financial Statements | |
| Balance Sheet - Governmental Funds..... | 27 |
| Reconciliation of the Government Funds Balance Sheet to the Statement of Net Position | 29 |
| Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds..... | 30 |
| Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of the Governmental Funds to the Statement of Activities | 32 |
| Proprietary Fund Financial Statements | |
| Statement of Net Position - Proprietary Funds | 33 |
| Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds..... | 34 |
| Statement of Cash Flows - Proprietary Funds | 36 |
| Notes to Financial Statements..... | 38 |

REQUIRED SUPPLEMENTARY INFORMATION

| | |
|------------------------------------------------------------------------------------------------------------------------------|----|
| Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual | |
| General Fund..... | 78 |
| Economic Development Special Revenue Fund..... | 79 |
| Schedule of Changes in Net Pension Liability and Related Ratios – Texas Municipal Retirement System..... | 80 |
| Schedule of the City's Proportionate Share of the Net Pension Liability – Texas Emergency Services Retirement System..... | 81 |

CITY OF LAKE JACKSON, TEXAS

REQUIRED SUPPLEMENTARY INFORMATION (Continued)

| | |
|-------------------------------------------------------------------------------------------------------------|----|
| Schedule of Changes in Total OPEB Liability and Related Ratios – Texas Municipal Retirement System | 82 |
| Schedule of Contributions – Texas Municipal Retirement System | 84 |
| Schedule of Contributions – Texas Emergency Services Retirement System | 85 |

COMBINING STATEMENTS AND SCHEDULES

| | |
|-------------------------------------------------------------------------------------------------------------------------------------|----|
| Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual General Governmental Debt Service Fund | 86 |
| Combining Balance Sheet – Nonmajor Governmental Funds | 89 |
| Combining Statement of Revenues, Expenditures, and Changes in Fund Balance – Nonmajor Governmental Funds | 92 |
| Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual: Nonmajor Special Revenue Funds: | |
| Motel Occupancy Tax | 95 |
| Police Seizure | 96 |
| Program Education | 97 |
| Nonmajor Debt Service Fund: Economic Development Debt Service | 98 |

OTHER SUB-FUND STATEMENTS

| | |
|-----------------------------------------------------------------------------------------------------------------------------------|-----|
| Consolidated Balance Sheet – General Fund – Sub Funds | 99 |
| Consolidated Statement of Revenues, Expenditures, and Changes in Fund Balances – General Fund – Sub Funds | 101 |
| Consolidated Statement of Net Position – Utility Operations Fund – Sub-Funds | 103 |
| Consolidated Statement of Revenues, Expenditures, and Changes in Fund Net Position – Utility Operations Fund – Sub-Funds | 107 |
| Consolidated Statement of Cash Flows – Utility Operations Fund – Sub-Funds | 109 |

STATISTICAL SECTION

| | |
|---------------------------------------------------------------------|-----|
| Net Position by Component | 114 |
| Changes in Net Position | 115 |
| Fund Balances, Governmental Funds | 117 |
| Changes in Fund Balances, Governmental Funds | 118 |
| Assessed Value and Estimated Actual Value of Taxable Property | 119 |
| Property Tax Rates – Direct and Overlapping Governments | 120 |
| Principal Property Taxpayers | 121 |
| Property Tax Levies and Collections | 122 |
| Ratios of Outstanding Debt by Type | 123 |
| Ratios of General Bonded Debt Outstanding | 124 |
| Direct and Overlapping Governmental Activities Debt | 125 |
| Legal Debt Margin Information | 126 |
| Pledged-Revenue Coverage | 127 |
| Demographic and Economic Statistics | 128 |
| Principal Employers | 129 |
| Full-Time Equivalent City Government Employees by Function | 130 |
| Operating Indicators by Function | 131 |
| Capital Asset Statistics by Function | 132 |



CITY OF LAKE JACKSON

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

April 29, 2025

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, 2024.

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.

Crowe LLP., Certified Public Accountants, has issued an unmodified ("clean") opinion on the city's financial statements for the year ended September 30, 2024.

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

PROFILE OF THE CITY

Background

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

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

Location

The City of Lake Jackson encompasses 18 square miles and has produced an orderly, well planned residential community. Lake Jackson is located 50 miles south of Houston, 45 miles southwest of Galveston and 8 miles north of the Gulf of Mexico. The City is readily accessible via State Highway

332, State Highway 288, FM 2004, and the Port Freeport. The City has a population of approximately 29,000 people; and is part of a larger community of cities known as the Brazosport Area. This area represents a population of over 70,000 and includes: Lake Jackson, Clute, Freeport, Oyster Creek, Quintana, Angleton and Brazoria. Lake Jackson serves as the regional retail and medical center.

Structure

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

Services Provided

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

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

Sewer treatment is provided for the City by one water reclamation facility. This facility has a permitted capacity of 5.89 million gallons per day. Average flows for fiscal year 2020 were 3.17 million gallons per day. Wastewater generated throughout the city flows through a series of lift stations prior to reaching the treatment plant. There are currently five "master" lift stations that pump directly to the treatment plant, and 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. Completion is anticipated in 2025 to correspond with their 100-year anniversary. Economists are forecasting substantial growth in the petrochemical market of approximately 7% per year through 2034. 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.

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.

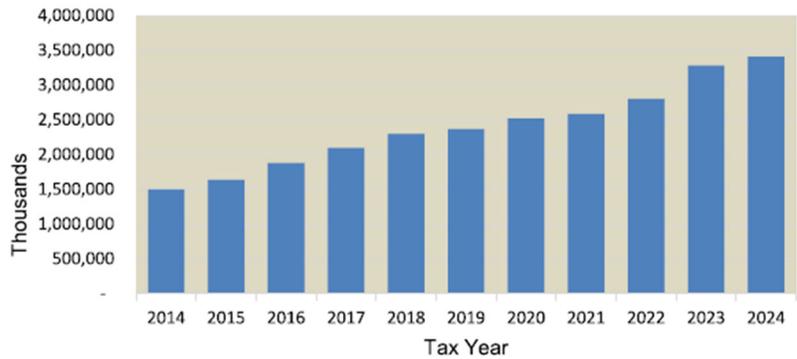
The direct economic impact to the city from these projects has been substantial. Both Lex Lake Jackson LP (Dow research facility) and Cole OFC (Dow administration building) are now among our top taxpayers. The research facility is also among the city's top water customers.

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. The second tranche of the bond package was funded in December 2023 leaving only the police facilities at \$2.4 million as unfunded.

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

Overall, taxable assessed values increased for FY2023 and FY 2024 with another new apartment complex, numerous smaller new and renovated commercial projects and continued residential construction, we anticipate values to maintain a steady growth.

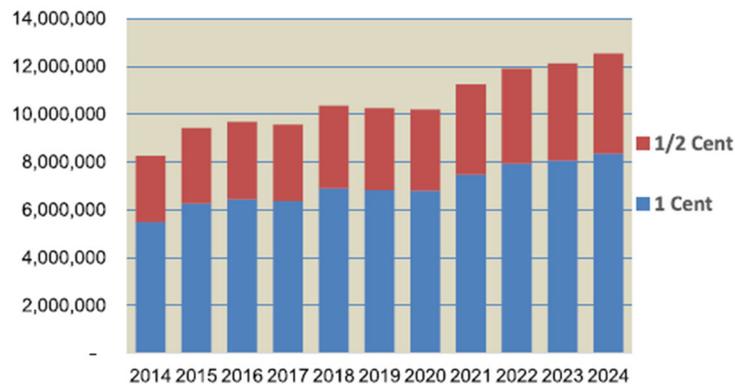
Taxable Assessed Property Valuations



Sales Tax remained steady in FY 2023-2024. In FY 2024, the local economy remained solid and continued being a significant source of 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.

Sales Tax Revenue



MAJOR ISSUES AND INITIATIVES

Engineering is complete with bidding for construction is underway 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 111, 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 - Crowe LLP. 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, 2023. 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 29 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.

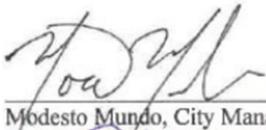
RESPONSIBILITY FOR FINANCIAL REPORTING

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.

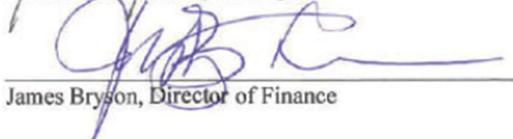
ACKNOWLEDGMENTS

The preparation of this report could not have been accomplished without the efforts of the entire Finance Department staff, especially our Controller, Giselle Hernandez. 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, Crowe, LLP; 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 Bryson, Director of Finance

CITY OF LAKE JACKSON, TEXAS
CERTIFICATE OF ACHIEVEMENT FOR
EXCELLENCE IN FINANCIAL REPORTING



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Lake Jackson
Texas**

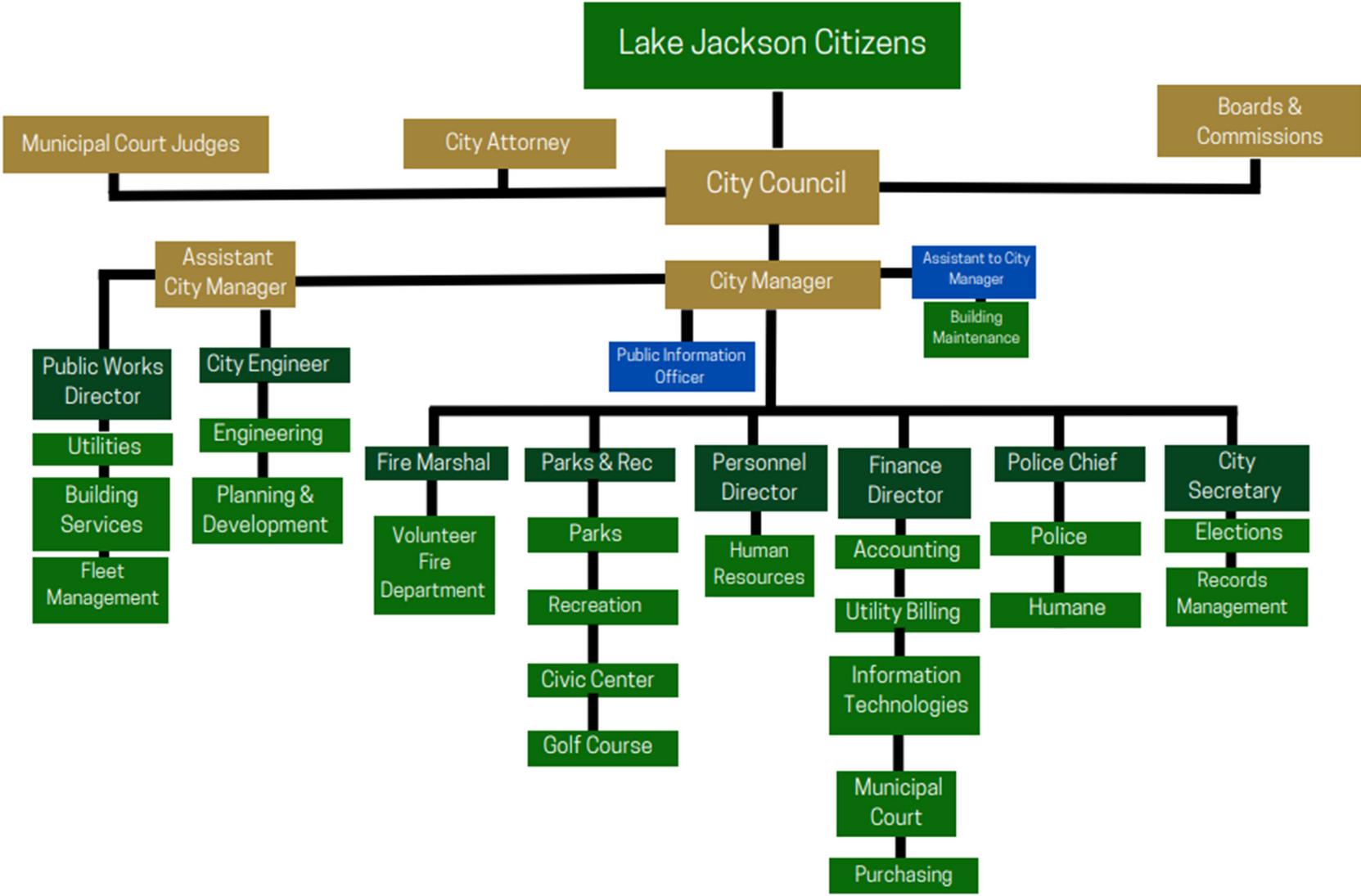
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2023

Christopher P. Morrill

Executive Director/CEO

CITY OF LAKE JACKSON, TEXAS
 ORGANIZATIONAL CHART
 September 30, 2024



CITY OF LAKE JACKSON, TEXAS
 PRINCIPAL OFFICIALS
 September 30, 2024

| <u>City Officials</u> | <u>Elective Position</u> | <u>Term Expires</u> |
|-----------------------|--------------------------------------------|---------------------|
| Gerald Roznovsky | Mayor | 2026 |
| Matthew Broaddus | Council Member – Position 1 | 2025 |
| Vinay Singhania | Council Member – Position 2 | 2026 |
| Rhonda Seth | Mayor Pro Tem, Council Member – Position 3 | 2025 |
| Ralph L. Buell, III | Council Member – Position 4 | 2026 |
| Jon “J.B.” Baker | Council Member – Position 5 | 2025 |

| <u>Key Staff</u> | <u>Position</u> |
|----------------------|----------------------------------|
| Modesto Mundo | City Manager |
| James Bryson | Finance Director |
| Giselle G. Hernandez | Controller |
| Riazul Mia | Assistant City Manager |
| Sally Villarreal | City Secretary |
| Sherri Russell | City Attorney |
| Jason McCain | Fire Chief |
| Eric Wilson | Public Works Director |
| Sal Aguirre | City Engineer |
| Paul Kibodeaux | Police Chief |
| Robin Hyden | Director of Parks and Recreation |
| Chris Sermarini | EMS Director |

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements***Opinions***

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

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

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of 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.

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.

(Continued)

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, budgetary comparison information, schedules of changes in net pension and total other postemployment benefit liability and related ratios, and schedule of contributions, identified as Required Supplementary Information on pages 13 through 23 and 78 to 85 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.

(Continued)

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 combining statements and schedules as listed in the table of contents 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 statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections 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.

Crowe LLP
Crowe LLP

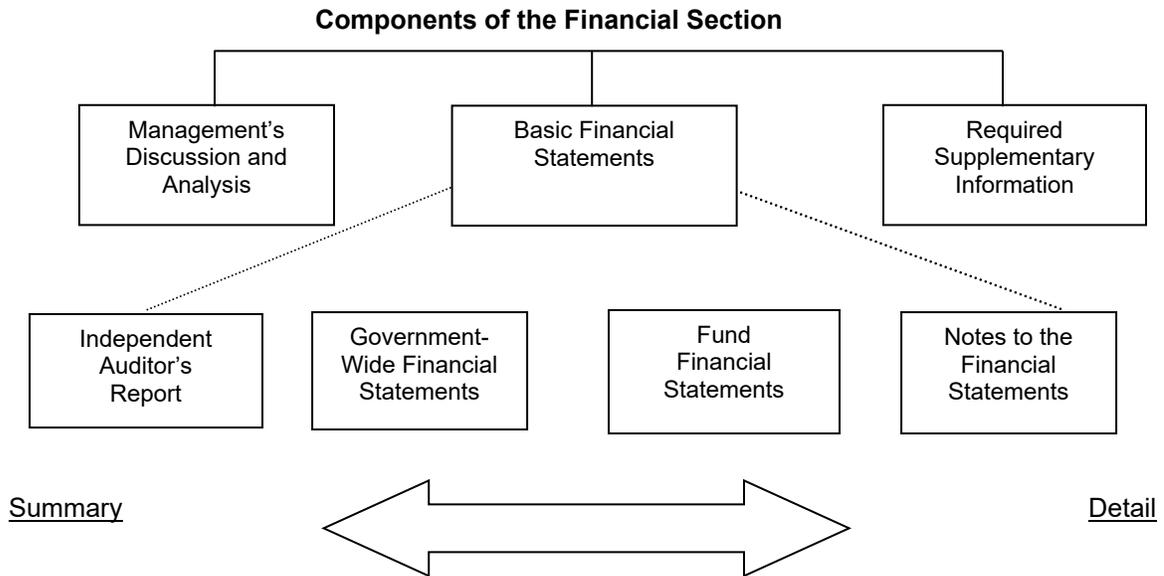
Houston, Texas
April 29, 2025

MANAGEMENT'S DISCUSSION AND ANALYSIS

CITY OF LAKE JACKSON, TEXAS
 MANAGEMENT'S DISCUSSION AND ANALYSIS
 For the year ended September 30, 2024

The purpose of the Management's Discussion and Analysis (MD&A) is to give the readers an objective and easily readable analysis of the financial activities of the City of Lake Jackson, Texas (the "City") for the year ending September 30, 2024. The analysis is based on currently known facts, decisions, or economic conditions. It presents short and long-term analysis of the City's activities, compares current year results with those of the prior year, and discusses the positive and negative aspects of that comparison. Please read the MD&A in conjunction with the City's financial statements, which follow this section.

THE STRUCTURE OF OUR ANNUAL REPORT



The City's basic financial statements include (1) government-wide financial statements, (2) individual fund financial statements, and (3) notes to the financial statements. This report also includes supplementary information intended to furnish additional detail to support the basic financial statements themselves.

Government-Wide Statements

The government-wide statements report information for the City as a whole. These statements include transactions and balances relating to all assets, including infrastructure capital assets. These statements are designed to provide information about cost of services, operating results, and financial position of the City as an economic entity. The Statement of Net Position and the Statement of Activities, which appear first in the City's financial statements, report information on the City's activities that enable the reader to understand the financial condition of the City. These statements are prepared using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account even if cash has not yet changed hands.

The Statement of Net Position presents information on all of the City's assets, liabilities, and deferred outflows/inflows 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. Other nonfinancial factors, such as the City's property tax base and the condition of the City's infrastructure, need to be considered in order to assess the overall health of the City.

(Continued)

CITY OF LAKE JACKSON, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended September 30, 2024

The Statement of Activities presents information showing how the City's net position changed during the most recent 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 – the accrual method rather than modified accrual that is used in the fund level statements.

The Statement of Net Position and the Statement of Activities divide the City's financials into two classes of activities:

1. *Governmental Activities* – Most of the City's basic services are reported here including general government and administration, public safety, public works, and culture and recreation. Interest payments on the City's debt are also reported here. Sales tax, property tax, franchise taxes, occupancy and other taxes, industrial district fees, municipal court fines, and permit fees finance most of these activities.
2. *Business-Type Activities* – Services involving a fee for those services are reported here. These services include the City's utility (water and sewer and sanitation) and golf course operations.

The government-wide financial statements can be found after the MD&A.

FUND FINANCIAL STATEMENTS

Funds may be considered as operating companies of the parent corporation, which is the City. They are usually segregated for specific activities or objectives. The City uses fund accounting to ensure and demonstrate compliance with finance-related legal reporting requirements. The two categories of City funds are governmental and proprietary.

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 year. Such information may be useful in evaluating the City'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 City's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds 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 16 individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the general fund, general governmental debt service fund, economic development fund (special revenue fund), and the 2023 capital bond fund, which are reported as major funds.

The City adopts an annual appropriated budget for its general fund, general governmental debt service fund, and special revenue funds. Budgetary comparison schedules have been provided for these funds to demonstrate compliance with these budgets.

(Continued)

CITY OF LAKE JACKSON, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended September 30, 2024

Proprietary Fund

The City maintains one type of proprietary fund, enterprise funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its utility (water and sewer system and sanitation) and golf course operations. The proprietary funds financial statements provide separate information for its utility and golf course operations. The proprietary funds financial statements can be found in the basic financial statements of this report.

Notes to Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes are the last section of the basic financial statements.

Other Information

In addition to the basic financial statements, MD&A, and accompanying notes, this report also presents certain Required Supplementary Information (RSI). The RSI includes a budgetary comparison schedule for the general and economic development fund, schedules of changes in net pension and total other postemployment benefits liability and related ratios for Texas Municipal Retirement System (TMRS), schedule of the City's proportionate share of the net pension liability for Texas Emergency Services Retirement System (TESRS), and schedules of contributions for both TMRS and TESRS. RSI can be found after the notes to the basic financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of the City's financial position. Assets and deferred outflows of resources exceed liabilities and deferred inflows of resources by \$124,260,074 as of September 30, 2024. The largest portion of the City's net position, 67 percent, reflects its investment in capital assets (e.g., land, building, equipment, improvements, construction in progress, and infrastructure), less any debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the assets themselves cannot be used to liquidate these liabilities.

(Continued)

CITY OF LAKE JACKSON, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended September 30, 2024

Statement of Net Position

The following table reflects the condensed Statement of Net Position:

| | Governmental Activities | | Business-Type Activities | | Total Primary Government | |
|---------------------------------------|----------------------------|----------------------|-----------------------------|----------------------|--------------------------------|-----------------------|
| | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 |
| ASSETS | | | | | | |
| Current and other assets | \$ 59,701,917 | \$ 46,555,801 | \$ 30,697,367 | \$ 32,833,489 | \$ 90,399,284 | \$ 79,389,290 |
| Capital assets, net | 72,683,565 | 71,622,442 | 39,324,251 | 38,203,430 | 112,007,816 | 109,825,872 |
| Total assets | <u>132,385,482</u> | <u>118,178,243</u> | <u>70,021,618</u> | <u>71,036,919</u> | <u>202,407,100</u> | <u>189,215,162</u> |
| DEFERRED OUTFLOWS ON RESOURCES | | | | | | |
| Deferred outflows - pensions | 3,606,080 | 5,884,994 | 955,012 | 1,501,139 | 4,561,092 | 7,386,133 |
| Deferred outflows - OPEB | 76,949 | 92,865 | 21,435 | 25,929 | 98,384 | 118,794 |
| Deferred loss on refunding | 70,410 | 83,677 | - | - | 70,410 | 83,677 |
| Total deferred outflows of resources | <u>3,753,439</u> | <u>6,061,536</u> | <u>976,447</u> | <u>1,527,068</u> | <u>4,729,886</u> | <u>7,588,604</u> |
| LIABILITIES | | | | | | |
| Long-term liabilities | 55,060,947 | 44,843,519 | 19,324,216 | 21,495,385 | 74,385,163 | 66,338,904 |
| Current liabilities | 3,327,416 | 2,078,337 | 2,388,999 | 2,161,729 | 5,716,415 | 4,240,066 |
| Total liabilities | <u>58,388,363</u> | <u>46,921,856</u> | <u>21,713,215</u> | <u>23,657,114</u> | <u>80,101,578</u> | <u>70,578,970</u> |
| DEFERRED INFLOWS ON RESOURCES | | | | | | |
| Deferred inflows - pensions | 403,310 | 3,386 | 113,573 | 391 | 516,883 | 3,777 |
| Deferred inflows - OPEB | 168,146 | 239,573 | 43,493 | 63,660 | 211,639 | 303,233 |
| Deferred inflows - leases | - | - | 2,046,812 | 2,209,441 | 2,046,812 | 2,209,441 |
| Total deferred inflows of resources | <u>571,456</u> | <u>242,959</u> | <u>2,203,878</u> | <u>2,273,492</u> | <u>2,775,334</u> | <u>2,516,451</u> |
| NET POSITION | | | | | | |
| Net investment in capital assets | 50,626,258 | 46,591,942 | 32,748,143 | 31,569,227 | 83,374,401 | 78,161,169 |
| Restricted | 6,113,707 | 5,196,980 | 3,868,834 | 3,641,982 | 9,982,541 | 8,838,962 |
| Unrestricted | 20,439,137 | 25,286,042 | 10,463,995 | 11,422,172 | 30,903,132 | 36,708,214 |
| Total net position | <u>\$ 77,179,102</u> | <u>\$ 77,074,964</u> | <u>\$ 47,080,972</u> | <u>\$ 46,633,381</u> | <u>\$ 124,260,074</u> | <u>\$ 123,708,345</u> |

(Continued)

CITY OF LAKE JACKSON, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended September 30, 2024

A portion of the City's net position, \$9,982,541 or 8 percent, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position, \$30,903,132, may be used to meet the City's ongoing obligation to citizens and creditors.

The City's total net position increased by \$551,729, which is from a surplus for governmental and business-type activities. Total assets increased by \$13,191,938 from prior year, which was primarily due to an increase in capital assets from capital additions and current assets primarily due to an increase in unspent bond proceeds for future capital projects. Total liabilities increased by \$9,522,608 which includes an increase in long-term liabilities due mainly to an increase in debt from an issuance of debt and an increase in current liabilities due primarily from an increase in accounts payable for capital project and storm clean up related costs at the end of the current fiscal year. There was a decrease in deferred outflows of resources of \$2,858,718 due primarily to a decrease in the net difference between projected and actual investment earnings for the pension plan. Deferred inflows of resources had increase of \$258,883 from prior year due primarily to an increase in changes of assumptions for the pension plan.

(Continued)

CITY OF LAKE JACKSON, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended September 30, 2024

Statement of Activities

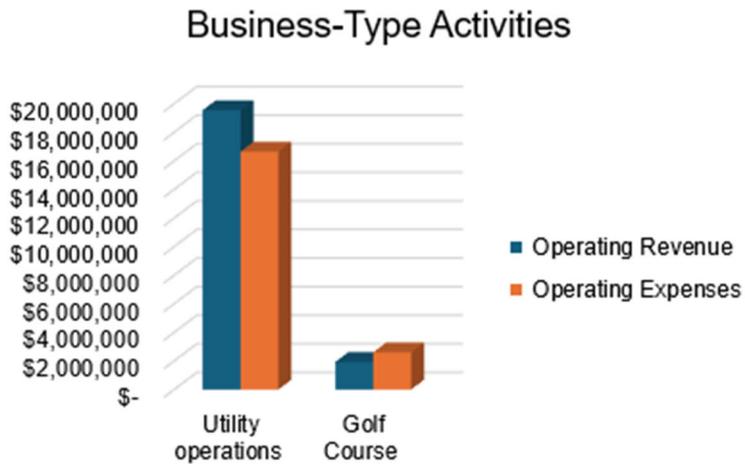
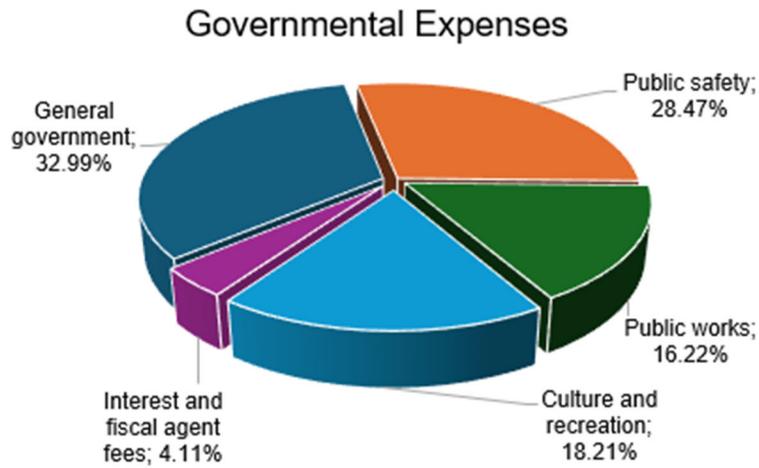
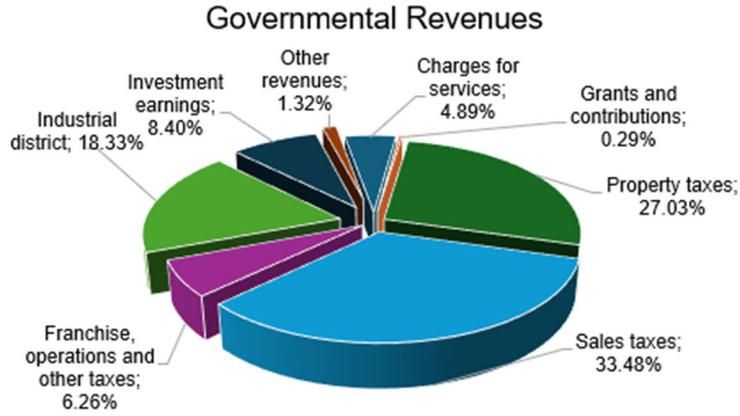
The following table provides a summary of the City's changes in net position:

| | For the Year Ended September 30, 2024 | | | For the Year Ended September 30, 2023 | | |
|------------------------------------------------------|---------------------------------------|-----------------------------|--------------------------------|---------------------------------------|-----------------------------|--------------------------------|
| | Governmental Activities | Business-Type Activities | Total Primary Government | Governmental Activities | Business-Type Activities | Total Primary Government |
| Revenues | | | | | | |
| Program revenues: | | | | | | |
| Charges for services | \$ 1,820,466 | \$ 19,981,183 | \$ 21,801,649 | \$ 2,028,110 | \$ 20,225,628 | \$ 22,253,738 |
| Operating grants and contributions | 97,179 | - | 97,179 | 77,865 | - | 77,865 |
| Capital grants and contributions | 10,965 | - | 10,965 | 3,105,808 | 1,867,131 | 4,972,939 |
| General revenues: | | | | | | |
| Taxes | | | | | | |
| Property | 10,043,607 | - | 10,043,607 | 8,513,047 | - | 8,513,047 |
| Sales | 12,437,973 | - | 12,437,973 | 11,919,333 | - | 11,919,333 |
| Franchise, occupancy, and other | 2,324,975 | - | 2,324,975 | 2,260,357 | - | 2,260,357 |
| Industrial district | 6,810,636 | - | 6,810,636 | 6,323,810 | - | 6,323,810 |
| Investment earnings | 3,119,391 | 1,488,327 | 4,607,718 | 2,195,058 | 1,157,807 | 3,352,865 |
| Other revenues | 490,448 | - | 490,448 | 522,169 | - | 522,169 |
| Total revenues | 37,155,640 | 21,469,510 | 58,625,150 | 36,945,557 | 23,250,566 | 60,196,123 |
| Expenses | | | | | | |
| General government | 12,808,758 | - | 12,808,758 | 5,876,608 | - | 5,876,608 |
| Public safety | 11,055,660 | - | 11,055,660 | 10,508,653 | - | 10,508,653 |
| Public works | 6,297,998 | - | 6,297,998 | 6,171,917 | - | 6,171,917 |
| Culture and recreation | 7,068,911 | - | 7,068,911 | 6,746,331 | - | 6,746,331 |
| Interest and fiscal agent fees | 1,595,835 | - | 1,595,835 | 910,984 | - | 910,984 |
| Water and sewer | - | 11,997,591 | 11,997,591 | - | 12,110,795 | 12,110,795 |
| Sanitation | - | 4,645,825 | 4,645,825 | - | 4,842,671 | 4,842,671 |
| Golf course | - | 2,602,843 | 2,602,843 | - | 2,735,859 | 2,735,859 |
| Total expenses | 38,827,162 | 19,246,259 | 58,073,421 | 30,214,493 | 19,689,325 | 49,903,818 |
| Increase (decrease) in net position before transfers | (1,671,522) | 2,223,251 | 551,729 | 6,731,064 | 3,561,241 | 10,292,305 |
| Transfers in (out) | 1,775,660 | (1,775,660) | - | 1,434,168 | (1,434,168) | - |
| Change in net position | 104,138 | 447,591 | 551,729 | 8,165,232 | 2,127,073 | 10,292,305 |
| Net position-beginning of year | 77,074,964 | 46,633,381 | 123,708,345 | 68,909,732 | 44,506,308 | 113,416,040 |
| Net position-end of year | \$ 77,179,102 | \$ 47,080,972 | \$ 124,260,074 | \$ 77,074,964 | \$ 46,633,381 | \$ 123,708,345 |

(Continued)

CITY OF LAKE JACKSON, TEXAS
 MANAGEMENT'S DISCUSSION AND ANALYSIS
 For the year ended September 30, 2024

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



(Continued)

CITY OF LAKE JACKSON, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended September 30, 2024

For the year ended September 30, 2024, revenues from governmental activities totaled \$37,155,640 which was a net increase from prior year of \$210,083. Governmental activities revenues included increases in property tax revenues from an increase in appraised property values, an increase in industrial district revenues and sales tax revenues from more economic activity, and an increase in investment earnings from an increase in interest rates on deposits. The net increase in revenues also includes a decrease in grants and contributions due primarily to less capital grant revenue during the current fiscal year.

For the year ended September 30, 2024, expenses for governmental activities totaled \$38,827,162. Overall governmental expenses increased by \$8,612,669 largely due to increases in personnel costs, an increase in expenses for interest and fiscal agent fees from an increase in debt, and an increase in expenses related to clean up and repairs from the hurricane that occurred during the fiscal year.

Net position for business-type activities increased \$447,591 compared to the prior year. The increase in business-type activities includes a net transfer to governmental activities of \$1,775,660. For the year ending September 30, 2024, revenues from business-type activities totaled \$21,469,510 which was a decrease from prior year of \$1,781,056 mainly due to a decrease in charges for services from less revenue for golf course usage and decrease in grants and contributions due to less capital grant revenue during the current fiscal year. . For the year ending September 30, 2024, revenues from business-type activities totaled \$19,981,183 which was a decrease from prior year of \$443,066 due primarily to a decrease in operational expenses during the current fiscal year.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

Governmental Funds – The focus of the City's governmental funds is to provide information 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 the City's net resources available for spending at the end of the year.

The City's governmental funds reflect a combined fund balance of \$55,719,635. Of this, \$145,783 is nonspendable, \$32,629,733 is restricted for various purposes, \$1,038,847 is committed for contingencies, and \$11,887,069 is assigned for various projects. The remaining balance of \$10,018,203 is unassigned in the general fund.

There was a net increase in the combined fund balance for the governmental funds of \$11,892,720 compared to the prior year. The net increase includes transfers from the utility fund of \$2,215,566 for capital-related projects and an increase of reimbursement of administrative costs and issuance of debt and premium on debt of \$16,781,211 net of excess expenditures over revenues of \$6,815,825 and transfers to the nonmajor golf course operations fund of \$288,232.

The general fund is the chief operating fund of the City. At the end of the current year, unassigned fund balance of the general fund was \$10,018,203, while total fund balance reached \$18,099,395. As a measure of the general fund's liquidity, it may be useful to compare both the unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 31 percent of total general fund expenditures while total fund balance represents 57 percent of the same amount. The general fund demonstrated an overall decrease of \$4,049,189 in fund balance, mainly due to expenditures exceeding revenues. Compared to the prior year, there was a net increase in revenues of \$457,313. Industrial district fee revenue increased by \$486,826, property tax revenues increased by \$176,891 from an increase in property values, sales tax revenues increased by \$394,224, and investment earnings increased by \$394,591 from high interest rates on pooled investments. These significant increases in revenues net with

(Continued)

CITY OF LAKE JACKSON, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended September 30, 2024

significant decreases in revenues from a decrease in intergovernmental revenues of \$760,054 and decrease in revenue from licenses and permits of \$273,441. Expenditures increased \$6,534,889 compared to the prior year due to increases in expenditures from personnel costs, costs related to clean up and repair of damage City property from the hurricane during the fiscal year, and capital outlay.

The general governmental debt service fund has a total fund balance of \$695,381, all of which is restricted for the payment of debt service. The decrease in fund balance during the year was \$157,705. There was an increase in revenues of \$1,336,326 from prior year primarily due to an increase in property tax revenues from an increase in property values. Expenditures increased by \$1,533,376 from prior year mainly due to an increase in interest paid on debt.

The economic development fund had a total fund balance of \$4,768,112, which is restricted for economic development. There was an increase in the economic development fund of \$1,019,766, which included transfers to other governmental funds of \$2,256,167 for debt service payments from debt issued for projects related to economic development and the costs to support recreation operations to encourage economic activity. Revenues increased by \$91,412 from prior year, which was primarily due to an increase in sales tax revenues. Expenditures decreased by \$623,385 from prior year mainly due to a decrease in capital outlay for projects related to the City parks.

There was an increase in fund balance for the 2023 capital bond fund of \$16,966,077. This includes revenue from investment earnings of \$701,451, expenditures on capital outlay of \$516,585, and an issuance of debt and premium on the debt issuance. The fund balance for the 2023 capital projects bond fund of \$16,966,077 is restricted for future capital projects.

Proprietary Funds – The City's proprietary fund financial statements provide the same type of information found in the government-wide financial statements, but in more detail. The City's utility operations fund reported an increase in net position of \$682,284, which was primarily due to an increase in investment earnings of \$328,748 and decrease in operating expenses of \$356,329. The proprietary nonmajor golf course operations fund reported a decrease in net position of \$234,693, which included transfers from economic development and contributions of capital assets from governmental activities of \$439,906. The ending net position for the utility operations fund was \$42,340,991, and the golf course operations fund was \$4,739,981.

GENERAL FUND BUDGETARY HIGHLIGHTS

There had been a planned decrease in budgeted fund balance in the amount of \$8,066,650 in the general fund. However, the net change in fund balance increased by \$4,049,189, resulting in a positive variance of \$4,017,461 from budgeted as amended over actual. Actual general fund revenues were more than original and amended budgeted revenues by \$1,846,450 during 2024, which was primarily due to more than anticipated revenues from industrial district and investment earnings. Actual expenditures were less than budgeted amounts by \$2,171,011 for the fiscal year. This positive budget variance is primarily due to less expenditures than budgeted for general government, public safety, and public works.

CAPITAL ASSETS

At the end of the current fiscal year, the City's governmental and business-type activities had invested \$112,007,816 in a variety of capital assets, infrastructure, and right-to-use assets (net of accumulated depreciation/amortization). This represents a net increase of \$2,181,944 which includes depreciation and amortization expense of \$9,421,367 and capital additions of \$11,603,311.

(Continued)

CITY OF LAKE JACKSON, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended September 30, 2024

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

- Construction in progress for street and road improvements of \$1,147,201
- Construction in progress for infrastructure improvements on the City's utility system of \$2,986,574
- Capital additions on the utility system building and infrastructure of \$1,687,149
- Street panel replacement of \$644,654
- Park and recreation renovations of \$1,271,823
- Restroom facility improvements of \$560,349
- Vehicles and equipment for public works and public safety of \$2,163,141

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

LONG-TERM DEBT

At the end of the current fiscal year, the City had total bonds and certificates of obligation outstanding of \$62,400,000. Of this amount, \$41,480,000 was general obligation bonds, certificates of obligation accounted for \$4,400,000, and revenue bonds totaled \$16,520,000.

During the year, the City's certificates of obligation and general obligation bonds, which are reported as debt for governmental activities, had a net increase of \$11,770,000 which includes principal payments on debt outstanding of \$4,060,000 and issuance of general obligation bond series 2023 for \$15,830,000. The City's revenue bonds, which are reported as debt for business-type activities, had a decrease of \$1,295,000 due to principal payments on debt outstanding.

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

Current underlying ratings on debt issues are as follows:

| | Moody's Investor's <u>Services</u> | Standard and Poor's <u>Poor's</u> |
|---------------------------------------------------------|------------------------------------------|-----------------------------------------|
| General obligation bonds and certificates of obligation | Aa1 | AA |
| Revenue bonds | Aa3 | AA |

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The City adopted a fiscal year 2024-2025 total operating budget of \$59,325,708, which is an increase of roughly 5 percent from the prior year operating budget. The 2024 estimated taxable value for fiscal year 2025 property tax revenues is \$3,408,058,435, which is an increase of \$162,540,384, from the estimated taxable values for fiscal year 2024. The 2024 maintenance and operation tax rate was .201093/100 for property tax revenues within the general fund for fiscal year 2025, which is an increase of .0043 from prior year rate. The approved 2024 interest and sinking tax rate was .116965/100 for property tax revenues within the debt service fund for fiscal year 2025, which is an increase of .009545 from the prior year rate.

The proposed general fund budget for fiscal year 2024-2025 is \$27,455,600, which is an increase from prior year budgeted general fund revenue of \$25,900,372. Last year's general fund expenditure exceeded budget due to Hurricane Beryl. The city anticipates recovering the majority of those costs through Federal Emergency Management Agency and Texas Division of Emergency Management grants.

(Continued)

CITY OF LAKE JACKSON, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended September 30, 2024

For fiscal year 2024-2025, the City anticipates generating \$20,843,093 million in total utility fund operating revenues, which is an increase from the roughly \$18,063,662 from prior year.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

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.

BASIC FINANCIAL STATEMENTS

CITY OF LAKE JACKSON, TEXAS
STATEMENT OF NET POSITION
September 30, 2024

| | Primary Government | | Total |
|--------------------------------------------------|----------------------------|-----------------------------|--------------------|
| | Governmental Activities | Business-Type Activities | |
| ASSETS | | | |
| Cash and cash equivalents | \$ 56,304,806 | \$ 10,494,552 | \$ 66,799,358 |
| Investments | 100,000 | - | 100,000 |
| Accounts receivables, net of allowances | 3,151,328 | 1,116,612 | 4,267,940 |
| Leases receivable | - | 2,237,880 | 2,237,880 |
| Inventory | 145,783 | 101,723 | 247,506 |
| Prepaid items | - | 22,571 | 22,571 |
| Restricted assets | | | |
| Temporarily restricted cash and cash equivalents | - | 16,724,029 | 16,724,029 |
| Capital assets: | | | |
| Nondepreciable/amortizable capital assets | 4,806,779 | 7,024,293 | 11,831,072 |
| Depreciable/amortizable capital assets, net | 67,876,786 | 32,299,958 | 100,176,744 |
| Total assets | <u>132,385,482</u> | <u>70,021,618</u> | <u>202,407,100</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Deferred outflows - pensions from TMRS | 3,382,362 | 955,012 | 4,337,374 |
| Deferred outflows - pensions from TESRS | 223,718 | - | 223,718 |
| Deferred outflows - OPEB from TMRS | 76,949 | 21,435 | 98,384 |
| Deferred loss on refunding | 70,410 | - | 70,410 |
| Total deferred outflows of resources | <u>3,753,439</u> | <u>976,447</u> | <u>4,729,886</u> |
| LIABILITIES | | | |
| Accounts payable and accrued liabilities | 2,752,508 | 1,042,539 | 3,795,047 |
| Unearned revenue | 110,547 | 169,030 | 279,577 |
| Accrued bond interest | 38,745 | 269,664 | 308,409 |
| Customer deposits | 425,616 | 907,766 | 1,333,382 |
| Noncurrent liabilities | | | |
| Portion due within one year | | | |
| Compensated absences | 771,173 | 115,024 | 886,197 |
| Total OPEB liability - TMRS | 15,359 | 4,090 | 19,449 |
| Bonds payable | 3,870,000 | 1,245,000 | 5,115,000 |
| Lease liabilities | 24,315 | 237,658 | 261,973 |
| Portion due in more than one year | | | |
| Compensated absences | 85,686 | 12,781 | 98,467 |
| Bonds payable (net of deferred charges) | 44,745,502 | 16,024,118 | 60,769,620 |
| Lease liabilities | 10,170 | 287,386 | 297,556 |
| Net pension liability - TMRS | 4,401,234 | 1,242,691 | 5,643,925 |
| Net pension liability - TESRS | 553,642 | - | 553,642 |
| Total OPEB liability - TMRS | 583,866 | 155,468 | 739,334 |
| Total liabilities | <u>58,388,363</u> | <u>21,713,215</u> | <u>80,101,578</u> |

(Continued)

CITY OF LAKE JACKSON, TEXAS
STATEMENT OF NET POSITION
September 30, 2024

| | Primary Government | | |
|---------------------------------------|----------------------------|-----------------------------|-----------------------|
| | Governmental Activities | Business-Type Activities | Total |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Deferred inflows - pension from TMRS | \$ 402,242 | \$ 113,573 | \$ 515,815 |
| Deferred inflows - pension from TESRS | 1,068 | - | 1,068 |
| Deferred inflows - OPEB from TMRS | 168,146 | 43,493 | 211,639 |
| Deferred inflows - leases | - | 2,046,812 | 2,046,812 |
| Total deferred inflows of resources | <u>571,456</u> | <u>2,203,878</u> | <u>2,775,334</u> |
| NET POSITION | | | |
| Net investment in capital assets | 50,626,258 | 32,748,143 | 83,374,401 |
| Restricted for: | | | |
| Expendable | | | |
| Debt service | 799,771 | 3,868,834 | 4,668,605 |
| Enabling legislation | 542,139 | - | 542,139 |
| Economic development | 4,768,112 | - | 4,768,112 |
| Capital projects | 3,685 | - | 3,685 |
| Unrestricted | <u>20,439,137</u> | <u>10,463,995</u> | <u>30,903,132</u> |
| Total net position | <u>\$ 77,179,102</u> | <u>\$ 47,080,972</u> | <u>\$ 124,260,074</u> |

See notes to financial statements.

CITY OF LAKE JACKSON, TEXAS
STATEMENT OF ACTIVITIES
For the year ended September 30, 2024

| Functions/Programs | Program Revenues | | | | Net Revenue (Expense) and Changes in Net Position | | |
|--------------------------------------|----------------------|----------------------|------------------------------------|----------------------------------|---------------------------------------------------|--------------------------|-----------------------|
| | Expenses | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Primary Government | | |
| | | | | | Government Activities | Business-Type Activities | Total |
| Primary Government | | | | | | | |
| Governmental activities | | | | | | | |
| General government | \$ 12,808,758 | \$ 456,413 | \$ - | \$ - | \$ (12,352,345) | \$ - | \$ (12,352,345) |
| Public safety | 11,055,660 | - | 97,179 | - | (10,958,481) | - | (10,958,481) |
| Public works | 6,297,998 | 272,829 | - | 10,965 | (6,014,204) | - | (6,014,204) |
| Culture and recreation | 7,068,911 | 1,091,224 | - | - | (5,977,687) | - | (5,977,687) |
| Interest and fiscal agent fees | 1,595,835 | - | - | - | (1,595,835) | - | (1,595,835) |
| Total governmental activities | <u>38,827,162</u> | <u>1,820,466</u> | <u>97,179</u> | <u>10,965</u> | <u>(36,898,552)</u> | <u>-</u> | <u>(36,898,552)</u> |
| Business-type activities | | | | | | | |
| Water and sewer | 11,997,591 | 12,485,727 | - | - | - | 488,136 | 488,136 |
| Sanitation | 4,645,825 | 5,577,935 | - | - | - | 932,110 | 932,110 |
| Golf course | 2,602,843 | 1,917,521 | - | - | - | (685,322) | (685,322) |
| Total business-type activities | <u>19,246,259</u> | <u>19,981,183</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>734,924</u> | <u>734,924</u> |
| Total primary government | <u>\$ 58,073,421</u> | <u>\$ 21,801,649</u> | <u>\$ 97,179</u> | <u>\$ 10,965</u> | <u>(36,898,552)</u> | <u>734,924</u> | <u>(36,163,628)</u> |
| General revenues | | | | | | | |
| Taxes | | | | | | | |
| Property | | | | | 10,043,607 | - | 10,043,607 |
| Sales | | | | | 12,437,973 | - | 12,437,973 |
| Franchise | | | | | 1,537,185 | - | 1,537,185 |
| Occupancy | | | | | 539,201 | - | 539,201 |
| Other | | | | | 248,589 | - | 248,589 |
| Industrial district | | | | | 6,810,636 | - | 6,810,636 |
| Investment revenue | | | | | 3,119,391 | 1,488,327 | 4,607,718 |
| Other revenue | | | | | 490,448 | - | 490,448 |
| Transfers | | | | | 1,775,660 | (1,775,660) | - |
| Total general revenues and transfers | | | | | <u>37,002,690</u> | <u>(287,333)</u> | <u>36,715,357</u> |
| Change in net position | | | | | 104,138 | 447,591 | 551,729 |
| Beginning net position | | | | | <u>77,074,964</u> | <u>46,633,381</u> | <u>123,708,345</u> |
| Ending net position | | | | | <u>\$ 77,179,102</u> | <u>\$ 47,080,972</u> | <u>\$ 124,260,074</u> |

See notes to financial statements.

CITY OF LAKE JACKSON, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
For the year ended September 30, 2024

| | <u>General</u> | <u>General Governmental Debt Service</u> | <u>Economic Development</u> | <u>2023 Capital Bond Fund</u> | <u>Nonmajor Governmental</u> | <u>Total Governmental Funds</u> |
|------------------------------------------|----------------------|--------------------------------------------------|---------------------------------|---------------------------------------|----------------------------------|-----------------------------------------|
| ASSETS | | | | | | |
| Cash and cash equivalents | \$ 18,183,200 | \$ 695,381 | \$ 4,212,621 | \$ 17,117,357 | \$ 16,096,247 | \$ 56,304,806 |
| Investments | 100,000 | - | - | - | - | 100,000 |
| Receivables, net | 2,327,360 | 44,989 | 720,978 | - | 58,001 | 3,151,328 |
| Inventories | 145,783 | - | - | - | - | 145,783 |
| Total assets | <u>\$ 20,756,343</u> | <u>\$ 740,370</u> | <u>\$ 4,933,599</u> | <u>\$ 17,117,357</u> | <u>\$ 16,154,248</u> | <u>\$ 59,701,917</u> |
| LIABILITIES | | | | | | |
| Accounts payable and accrued liabilities | \$ 1,472,163 | \$ - | \$ 165,487 | \$ 151,280 | \$ 963,578 | \$ 2,752,508 |
| Customer deposits | 425,616 | - | - | - | - | 425,616 |
| Unearned revenue | 110,547 | - | - | - | - | 110,547 |
| Total liabilities | <u>2,008,326</u> | <u>-</u> | <u>165,487</u> | <u>151,280</u> | <u>963,578</u> | <u>3,288,671</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | | | |
| Unavailable revenue - property taxes | 80,594 | 44,989 | - | - | - | 125,583 |
| Unavailable revenue - court collections | 568,028 | - | - | - | - | 568,028 |
| Total deferred inflows of resources | <u>648,622</u> | <u>44,989</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>693,611</u> |

(Continued)

CITY OF LAKE JACKSON, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
For the year ended September 30, 2024

| | <u>General</u> | <u>General Governmental Debt Service</u> | <u>Economic Development</u> | <u>2023 Capital Bond Fund</u> | <u>Nonmajor Governmental</u> | <u>Total Governmental Funds</u> |
|------------------------------------------------------------------------|----------------------|--------------------------------------------------|---------------------------------|---------------------------------------|----------------------------------|-----------------------------------------|
| FUND BALANCES | | | | | | |
| Nonspendable | | | | | | |
| Inventories | 145,783 | - | - | - | - | 145,783 |
| Restricted | | | | | | |
| Debt service | - | 695,381 | - | - | 98,146 | 793,527 |
| Enabling legislation | - | - | - | - | 542,139 | 542,139 |
| Economic development | - | - | 4,768,112 | - | - | 4,768,112 |
| Capital projects | - | - | - | 16,966,077 | 9,559,878 | 26,525,955 |
| Committed | | | | | | |
| Contingencies | 1,038,847 | - | - | - | - | 1,038,847 |
| Assigned | | | | | | |
| General construction | - | - | - | - | 4,990,507 | 4,990,507 |
| Unemployment insurance | 24 | - | - | - | - | 24 |
| Equipment replacement | 6,505,749 | - | - | - | - | 6,505,749 |
| Special events | 66,747 | - | - | - | - | 66,747 |
| Park improvement | 324,042 | - | - | - | - | 324,042 |
| Unassigned | 10,018,203 | - | - | - | - | 10,018,203 |
| Total fund balances | <u>18,099,395</u> | <u>695,381</u> | <u>4,768,112</u> | <u>16,966,077</u> | <u>15,190,670</u> | <u>55,719,635</u> |
| Total liabilities, deferred inflows of resources, and fund balances | <u>\$ 20,756,343</u> | <u>\$ 740,370</u> | <u>\$ 4,933,599</u> | <u>\$ 17,117,357</u> | <u>\$ 16,154,248</u> | <u>\$ 59,701,917</u> |

See notes to financial statements.

CITY OF LAKE JACKSON, TEXAS
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
September 30, 2024

Total fund balances for governmental funds \$ 55,719,635

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds.

| | |
|-----------------------------------------------|------------|
| Capital assets, nondepreciable/nonamortizable | 4,806,779 |
| Capital assets, net depreciable/amortizable | 67,876,786 |

Long-term liabilities and deferred outflows and deferred inflows related to the net pension and total other postretirement benefits (OPEB) liability are not recognized in the governmental funds.

| | |
|------------------------------|-------------|
| Net pension liability | (4,954,876) |
| Deferred outflows - pensions | 3,606,080 |
| Deferred inflows - pensions | (403,310) |
| Total OPEB liability | (599,225) |
| Deferred outflows - OPEB | 76,949 |
| Deferred inflows - OPEB | (168,146) |

Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds. 693,611

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.

| | |
|--------------------------------------------------|--------------|
| Accrued interest payable | (38,745) |
| Noncurrent liabilities due in one year | (4,665,488) |
| Noncurrent liabilities due in more than one year | (44,841,358) |
| Deferred loss on refunding | 70,410 |
| | 70,410 |

Net position of governmental activities \$ 77,179,102

See notes to financial statements.

CITY OF LAKE JACKSON, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES -GOVERNMENTAL FUNDS
For the year ended September 30, 2024

| | General | General Governmental Debt Service | Economic Development | 2023 Capital Bond Fund | (Formerly Major) Infrastructure Improvements | Nonmajor Governmental | Total Governmental Funds |
|----------------------------------------|--------------------|-----------------------------------------|-------------------------|------------------------------|----------------------------------------------------|--------------------------|--------------------------------|
| Revenues | | | | | | | |
| Taxes | | | | | | | |
| Property | \$ 5,933,807 | \$ 4,084,707 | \$ - | \$ - | \$ - | \$ - | \$ 10,018,514 |
| Sales | 8,265,274 | - | 4,172,699 | - | - | - | 12,437,973 |
| Franchise | 1,486,991 | - | - | - | - | 50,194 | 1,537,185 |
| Occupancy | - | - | - | - | - | 539,201 | 539,201 |
| Other | 248,589 | - | - | - | - | - | 248,589 |
| Industrial district | 6,810,636 | - | - | - | - | - | 6,810,636 |
| Licenses and permits | 272,829 | - | - | - | - | - | 272,829 |
| Fines and forfeitures | 481,735 | - | - | - | - | - | 481,735 |
| Charges for service | 1,091,224 | - | - | - | - | - | 1,091,224 |
| Intergovernmental | 97,179 | - | - | - | - | 10,965 | 108,144 |
| Investment revenue | 1,217,560 | 102,397 | 195,992 | 701,451 | - | 901,991 | 3,119,391 |
| Other revenue | 440,998 | - | - | - | - | 49,450 | 490,448 |
| Total revenues | <u>26,346,822</u> | <u>4,187,104</u> | <u>4,368,691</u> | <u>701,451</u> | <u>-</u> | <u>1,551,801</u> | <u>37,155,869</u> |
| Expenditures | | | | | | | |
| Current | | | | | | | |
| General government | 11,851,386 | - | - | - | - | 387,644 | 12,239,030 |
| Public safety | 9,507,950 | - | - | - | - | 62,443 | 9,570,393 |
| Public works | 3,436,196 | - | - | - | - | - | 3,436,196 |
| Culture and recreation | 5,489,510 | - | 106,111 | - | - | 462,864 | 6,058,485 |
| Capital outlay | 1,626,997 | - | 986,647 | 516,585 | - | 3,649,672 | 6,779,901 |
| Debt service | | | | | | | |
| Principal | 23,680 | 2,849,601 | - | - | - | 1,210,399 | 4,083,680 |
| Interest and fiscal agent fees | 1,265 | 1,495,208 | - | - | - | 307,536 | 1,804,009 |
| Total expenditures | <u>31,936,984</u> | <u>4,344,809</u> | <u>1,092,758</u> | <u>516,585</u> | <u>-</u> | <u>6,080,558</u> | <u>43,971,694</u> |
| Excess (Deficiency) of Revenues | | | | | | | |
| Over (Under) Expenditures | <u>(5,590,162)</u> | <u>(157,705)</u> | <u>3,275,933</u> | <u>184,866</u> | <u>-</u> | <u>(4,528,757)</u> | <u>(6,815,825)</u> |

(Continued)

CITY OF LAKE JACKSON, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES -GOVERNMENTAL FUNDS
For the year ended September 30, 2024

| | General | General Governmental Debt Service | Economic Development | 2023 Capital Bond Fund | (Formerly Major) Infrastructure Improvements | Nonmajor Governmental | Total Governmental Funds |
|------------------------------------------------|----------------------|-----------------------------------------|-------------------------|------------------------------|----------------------------------------------------|--------------------------|--------------------------------|
| Other financing sources (uses) | | | | | | | |
| Issuance of debt | - | - | - | 15,830,000 | - | - | 15,830,000 |
| Premium from issuance of debt | - | - | - | 951,211 | - | - | 951,211 |
| Transfers in | 1,540,973 | - | - | - | - | 2,717,935 | 4,258,908 |
| Transfers (out) | - | - | (2,256,167) | - | - | (75,407) | (2,331,574) |
| Total other financing sources (uses) | <u>1,540,973</u> | <u>-</u> | <u>(2,256,167)</u> | <u>16,781,211</u> | <u>-</u> | <u>2,642,528</u> | <u>18,708,545</u> |
| Net change in fund balance | (4,049,189) | (157,705) | 1,019,766 | 16,966,077 | - | (1,886,229) | 11,892,720 |
| Beginning fund balance | <u>22,148,584</u> | <u>853,086</u> | <u>3,748,346</u> | <u>-</u> | <u>6,806,372</u> | <u>10,270,527</u> | <u>43,826,915</u> |
| Change to or within financial reporting entity | - | - | - | - | (6,806,372) | 6,806,372 | - |
| Beginning fund balances, as adjusted | <u>22,148,584</u> | <u>853,086</u> | <u>3,748,346</u> | <u>-</u> | <u>-</u> | <u>17,076,899</u> | <u>43,826,915</u> |
| Ending fund balance | <u>\$ 18,099,395</u> | <u>\$ 695,381</u> | <u>\$ 4,768,112</u> | <u>\$ 16,966,077</u> | <u>\$ -</u> | <u>\$ 15,190,670</u> | <u>\$ 55,719,635</u> |

See notes to financial statements.

CITY OF LAKE JACKSON, TEXAS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2024

Net changes in fund balances - total governmental funds \$ 11,892,720

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/amortization expense.

| | |
|-----------------------------------|-------------|
| Capital outlay | 6,779,901 |
| Contributions to enterprise fund | (151,674) |
| Depreciation/amortization expense | (5,567,104) |

The issuance of long-term debt (e.g., bonds, leases, certificates of obligation) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. Pension and other postemployment benefits (OPEB) expenses and the amortization of deferred items are recognized at the government-wide level.

| | |
|-----------------------------------------------|--------------|
| Principal payments on debt | 4,083,680 |
| Amortization of premiums and deferred amounts | 203,628 |
| Issuance of debt | (15,830,000) |
| Premiums from issuance of debt | (951,211) |
| Change in accrued interest | 4,546 |
| Change in compensated absences | (183,491) |
| Net pension liability | 2,505,673 |
| Change in deferred outflows - pensions | (2,278,914) |
| Change in deferred inflows - pensions | (399,924) |
| Total OPEB liability | (58,974) |
| Deferred outflows - OPEB | (15,916) |
| Deferred inflows - OPEB | 71,427 |

Revenue in the Statement of Activities that does not provide current financial resources is not reported as revenue in the funds. This includes the change in deferred inflows of resources for unavailable revenues.

| | |
|--------------------------------------------------|-----------------|
| Change in deferred inflows for property taxes | 25,093 |
| Change in deferred inflows for court receivables | <u>(25,322)</u> |

| | |
|---------------------------------------------------|-------------------|
| Change in net position of governmental activities | <u>\$ 104,138</u> |
|---------------------------------------------------|-------------------|

See notes to financial statements.

CITY OF LAKE JACKSON, TEXAS
STATEMENT OF NET POSITION
PROPRIETARY FUND
September 30, 2024

| | Business-Type Activities | | |
|--------------------------------------------------------------|--------------------------|---------------------------------------|---------------------|
| | Utility Operations | Nonmajor Golf Course Operations | Total |
| ASSETS | | | |
| Current assets | | | |
| Cash and cash equivalents | \$ 10,264,051 | \$ 230,501 | \$ 10,494,552 |
| Accounts receivable, net of allowances for uncollectibles | 1,088,553 | 28,059 | 1,116,612 |
| Lease receivables | 115,614 | - | 115,614 |
| Inventories | - | 101,723 | 101,723 |
| Prepaid items | - | 22,571 | 22,571 |
| Restricted cash and cash equivalents | | | |
| Revenue bond covenant account | 15,816,263 | - | 15,816,263 |
| Customer deposits | 907,766 | - | 907,766 |
| Total current assets | <u>28,192,247</u> | <u>382,854</u> | <u>28,575,101</u> |
| Noncurrent assets | | | |
| Lease receivables | 2,122,266 | - | 2,122,266 |
| Capital assets: | | | |
| Land | - | 3,821,585 | 3,821,585 |
| Construction in progress | 3,202,708 | - | 3,202,708 |
| Buildings | 7,686,314 | 1,222,546 | 8,908,860 |
| Improvements other than buildings | 74,705,656 | 5,130,321 | 79,835,977 |
| Machinery and equipment | 8,690,556 | 413,441 | 9,103,997 |
| Right-to-use assets | - | 836,688 | 836,688 |
| Less accumulated depreciation and amortization | <u>(60,043,917)</u> | <u>(6,341,647)</u> | <u>(66,385,564)</u> |
| Total noncurrent assets | <u>36,363,583</u> | <u>5,082,934</u> | <u>41,446,517</u> |
| Total assets | <u>64,555,830</u> | <u>5,465,788</u> | <u>70,021,618</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Deferred outflows - pensions | 955,012 | - | 955,012 |
| Deferred outflows - OPEB | 21,435 | - | 21,435 |
| Total deferred outflows of resources | <u>976,447</u> | <u>-</u> | <u>976,447</u> |

(Continued)

CITY OF LAKE JACKSON, TEXAS
STATEMENT OF NET POSITION
PROPRIETARY FUND
September 30, 2024

| | Business-Type Activities | | |
|----------------------------------------------------|--------------------------|---------------------------------------|---------------|
| | Utility Operations | Nonmajor Golf Course Operations | Total |
| LIABILITIES | | | |
| Current liabilities | | | |
| Accounts payable and accrued liabilities | \$ 1,010,806 | \$ 31,733 | \$ 1,042,539 |
| Unearned revenue | - | 169,030 | 169,030 |
| Accrued interest payable | 269,664 | - | 269,664 |
| Compensated absences - current | 115,024 | - | 115,024 |
| Total OPEB liability - current | 4,090 | - | 4,090 |
| Bonds payable due within one year | 1,245,000 | - | 1,245,000 |
| Lease liabilities due within one year | - | 237,658 | 237,658 |
| Current liabilities payable from restricted assets | | | |
| Customer deposits | 907,766 | - | 907,766 |
| Total current liabilities | 3,552,350 | 438,421 | 3,990,771 |
| Noncurrent liabilities | | | |
| Compensated absences | 12,781 | - | 12,781 |
| Bonds payable | 16,024,118 | - | 16,024,118 |
| Lease liabilities | - | 287,386 | 287,386 |
| Net pension liability - TMRS | 1,242,691 | - | 1,242,691 |
| Total OPEB liability | 155,468 | - | 155,468 |
| Total noncurrent liabilities | 17,435,058 | 287,386 | 17,722,444 |
| Total liabilities | 20,987,408 | 725,807 | 21,713,215 |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Deferred inflows - pensions | 113,573 | - | 113,573 |
| Deferred inflows - OPEB | 43,493 | - | 43,493 |
| Deferred inflows - leases | 2,046,812 | - | 2,046,812 |
| Total deferred inflows of resources | 2,203,878 | - | 2,203,878 |
| NET POSITION | | | |
| Net investment in capital assets | 28,190,253 | 4,557,890 | 32,748,143 |
| Restricted for | | | |
| Debt service | 3,868,834 | - | 3,868,834 |
| Unrestricted net position | 10,281,904 | 182,091 | 10,463,995 |
| Total net position | \$ 42,340,991 | \$ 4,739,981 | \$ 47,080,972 |

See notes to financial statements.

CITY OF LAKE JACKSON, TEXAS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUND
For the Year Ended September 30, 2024

| | Business-Type Activities | | |
|-----------------------------------------------------|--------------------------|---------------------------------------|----------------------|
| | Utility Operations | Nonmajor Golf Course Operations | Total |
| Operating revenues | | | |
| Water services | \$ 5,842,209 | \$ - | \$ 5,842,209 |
| Sewer services | 5,899,660 | - | 5,899,660 |
| Garbage services | 5,577,935 | - | 5,577,935 |
| Tapping and connection fees | 413,179 | - | 413,179 |
| Golf course fees and charges | - | 1,917,521 | 1,917,521 |
| Other revenues | 330,679 | - | 330,679 |
| Total operating revenues | <u>18,063,662</u> | <u>1,917,521</u> | <u>19,981,183</u> |
| Operating expenses | | | |
| Utility administration | 813,726 | - | 813,726 |
| Water and production and treatment | 5,049,916 | - | 5,049,916 |
| Sewer collection | 2,672,643 | - | 2,672,643 |
| Sanitation | 4,209,696 | - | 4,209,696 |
| Golf course operations | - | 2,059,388 | 2,059,388 |
| Depreciation/amortization | 3,328,057 | 526,206 | 3,854,263 |
| Total operating expenses | <u>16,074,038</u> | <u>2,585,594</u> | <u>18,659,632</u> |
| Operating income (loss) | <u>1,989,624</u> | <u>(668,073)</u> | <u>1,321,551</u> |
| Nonoperating revenues (expenses) | | | |
| Investment revenues | 1,477,604 | 10,723 | 1,488,327 |
| Interest and fiscal agent fees | (569,378) | (17,249) | (586,627) |
| Total nonoperating revenues (expenses) | <u>908,226</u> | <u>(6,526)</u> | <u>901,700</u> |
| Income (loss) before transfers and contributions | <u>2,897,850</u> | <u>(674,599)</u> | <u>2,223,251</u> |
| Transfers and contributions | | | |
| Capital contributions | - | 151,674 | 151,674 |
| Transfers in | - | 288,232 | 288,232 |
| Transfers (out) | (2,215,566) | - | (2,215,566) |
| Total transfers and contributions | <u>(2,215,566)</u> | <u>439,906</u> | <u>(1,775,660)</u> |
| Change in net position | 682,284 | (234,693) | 447,591 |
| Beginning net position | <u>41,658,707</u> | <u>4,974,674</u> | <u>46,633,381</u> |
| Ending net position | <u>\$ 42,340,991</u> | <u>\$ 4,739,981</u> | <u>\$ 47,080,972</u> |

See notes to financial statements.

CITY OF LAKE JACKSON, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
For the Year Ended September 30, 2024

| | Business-Type Activities | | |
|-----------------------------------------------------------------|--------------------------|---------------------------------------|----------------------|
| | Utility Operations | Nonmajor Golf Course Operations | Total Funds |
| Cash flows from operating activities | | | |
| Receipts from customers and users | \$ 18,162,591 | \$ 1,891,776 | \$ 20,054,367 |
| Payments to suppliers | (7,849,613) | (994,823) | (8,844,436) |
| Payments to employees | (4,666,489) | (1,058,604) | (5,725,093) |
| Net cash provided (used) by operating activities | <u>5,646,489</u> | <u>(161,651)</u> | <u>5,484,838</u> |
| Cash flows from noncapital financing activities | | | |
| Transfers from other funds | - | 288,232 | 288,232 |
| Transfer to other funds | (2,215,566) | - | (2,215,566) |
| Net cash provided (used) by noncapital financing activities | <u>(2,215,566)</u> | <u>288,232</u> | <u>(1,927,334)</u> |
| Cash flows from capital and related financing activities | | | |
| Acquisition and construction of capital assets | (4,823,410) | - | (4,823,410) |
| Principal paid on capital debt | (1,295,000) | (231,450) | (1,526,450) |
| Interest and fiscal agent fees paid | (638,546) | (17,249) | (655,795) |
| Net cash (used) by capital and related financing activities | <u>(6,756,956)</u> | <u>(248,699)</u> | <u>(7,005,655)</u> |
| Cash flows from investing activities | | | |
| Interest on investments | 1,477,604 | 10,723 | 1,488,327 |
| Net cash provided by investing activities | <u>1,477,604</u> | <u>10,723</u> | <u>1,488,327</u> |
| Net Increase in cash and cash equivalents | (1,848,429) | (111,395) | (1,959,824) |
| Beginning cash and cash equivalents | 28,836,509 | 341,896 | 29,178,405 |
| Ending cash and cash equivalents | <u>\$ 26,988,080</u> | <u>\$ 230,501</u> | <u>\$ 27,218,581</u> |
| Ending cash and cash equivalents | | | |
| Unrestricted cash and cash equivalents | \$ 10,264,051 | \$ 230,501 | \$ 10,494,552 |
| Restricted cash and cash equivalents | 16,724,029 | - | 16,724,029 |
| | <u>\$ 26,988,080</u> | <u>\$ 230,501</u> | <u>\$ 27,218,581</u> |

(Continued)

CITY OF LAKE JACKSON, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
For the Year Ended September 30, 2024

| | Business-Type Activities | | |
|-------------------------------------------------------------------------------------------------------|--------------------------|---------------------------------------|---------------------|
| | Utility Operations | Nonmajor Golf Course Operations | Total Funds |
| Reconciliation of operating income (loss) to net cash provided (used) by operating activities | | | |
| Operating income (loss) | \$ 1,989,624 | \$ (668,073) | \$ 1,321,551 |
| Adjustments to reconcile operating income (loss) to net cash provided (Used) by operating activities: | | | |
| Depreciation and amortization | 3,328,057 | 526,206 | 3,854,263 |
| Changes in operating assets and liabilities | | | |
| (Increase) decrease in assets | | | |
| Accounts receivable | 117,476 | (22,415) | 95,061 |
| Lease receivables | 107,009 | - | 107,009 |
| Deferred outflows of resources - pension | 546,127 | - | 546,127 |
| Deferred outflows of resources - OPEB | 4,494 | - | 4,494 |
| Inventories | - | (23,369) | (23,369) |
| Prepays | - | (2,403) | (2,403) |
| Increase (decrease) in | | | |
| Accounts payable and accrued liabilities | 185,354 | 31,733 | 217,087 |
| Unearned revenue | - | (3,330) | (3,330) |
| Compensated absences | 16,378 | - | 16,378 |
| Customer deposits | 37,073 | - | 37,073 |
| Deferred inflows of resources - pension | 113,182 | - | 113,182 |
| Deferred inflows of resources - OPEB | (20,167) | - | (20,167) |
| Deferred inflows of resources - leases | (162,629) | - | (162,629) |
| Net pension liability | (632,140) | - | (632,140) |
| Total OPEB liability | 16,651 | - | 16,651 |
| Net cash provided by operating activities | <u>\$ 5,646,489</u> | <u>\$ (161,651)</u> | <u>\$ 5,484,838</u> |
| Noncash investing, capital, and financing activities | | | |
| Capital contributions | <u>\$ -</u> | <u>\$ 151,674</u> | <u>\$ 151,674</u> |

See notes to financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity: The City of Lake Jackson, Texas (the “City”) was incorporated on March 14, 1944 and adopted the “Home Rule Charter” on April 1, 1958, pursuant to the laws of the State of Texas (the “State”), which provide for a Council-Manager form of government.

The City Council is the principal legislative body of the City. The City Manager is appointed by a majority vote of the City Council and is responsible to the Council for the administration of all the affairs of the City. The City Manager is responsible for the appointment and removal of department directors and employees, supervision and control of all City departments, and preparation of the annual budget.

The City provides the following services: public safety to include police and fire services, general administrative services which includes finance and municipal court, streets and drainage, building and code inspection, planning, engineering, street repair and maintenance, water and sewer, sanitation, park maintenance, and recreational activities for citizens.

The City is an independent political subdivision of the State governed by an elected council and a mayor and is considered a primary government. As required by generally accepted accounting principles, these basic financial statements have been prepared based on considerations regarding the potential for inclusion of other entities, organizations, or functions as part of the City’s financial reporting entity. 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. Discretely presented component units are reported in a separate column in the government-wide financial statements to emphasize that they are both legally and substantively separate from the government. There were no discretely presented component units that were both legally and substantively separate in the government-wide financial statements. Additionally, as the City is considered a primary government for financial reporting purposes, its activities are not considered a part of any other governmental or other type of reporting entity.

Considerations regarding the potential for inclusion of other entities, organizations, or functions in the City’s financial reporting entity are based on criteria prescribed by generally accepted accounting principles. These same criteria are evaluated in considering whether the City is a part of any other governmental or other type of reporting entity. The overriding elements associated with prescribed criteria considered in determining that the City’s financial reporting entity status is that of a primary government are that it has a separately elected governing body, it is legally separate, and it is fiscally independent of other state and local governments. Additionally, prescribed criteria under generally accepted accounting principles include considerations pertaining to organizations for which the primary government is financially accountable and considerations pertaining to organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity’s financial statements to be misleading or incomplete.

Blended Component Units

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 the 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.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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. The Corporation's revenues, expenditures, and other financing sources/uses are reported within the City's economic development fund.

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 activities of the primary government. 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.

Basis of Presentation - Government-Wide 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 proprietary funds. Separate financial statements are provided for governmental funds and proprietary funds.

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

Basis of Presentation - Fund Financial Statements: The fund financial statements provide information about the City's funds, including its 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.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The City reports the following governmental fund:

General Fund: The *general fund* is used to account for all financial transactions not properly includable in other funds. The principal sources of revenues include local property taxes, sales taxes, receipts from other taxes and industrial districts, franchise fees, licenses and permits, fines and forfeitures, intergovernmental funding, and charges for services. Expenditures include general government, public safety, public works, culture and recreation, capital outlay, and debt service payments on leases payables. The general fund is always considered a major fund for reporting purposes.

Debt Service Fund: The *debt service fund* are used to account for the payment of interest and principal on all general obligation bonds and other long-term debt of the City. The primary source of revenue for debt service is local property taxes and sales tax revenue from the economic development fund that are transferred to the reported nonmajor debt service funds. The general governmental debt service fund is considered a major fund for reporting purposes.

Special Revenue Funds: The *special revenue funds* are used to account for and report the proceeds of specific revenue sources that are restricted for specified purposes. The economic development fund accounts for the City's Development Corporation's one-half cent sales tax and approved expenditures for providing parks and recreation facilities and infrastructure projects. The economic development fund is considered a major fund for reporting purposes. The remaining special revenue funds are considered nonmajor funds for reporting purposes.

Capital Projects Funds: The *capital projects funds* are used to account for the expenditures of resources accumulated from the sale of bonds, proceeds from grants, transfers from other funds, and related interest earnings for capital improvement projects. The 2023 capital bond fund accounts for the proceeds of the 2023 limited tax bonds for the financing of City facilities, work on street improvement, and street panel replacement. The 2023 capital bond fund is considered a major fund for reporting purposes. The remaining capital projects fund are considered nonmajor funds for reporting purposes.

The City reports the following proprietary fund:

Enterprise Fund: The *enterprise funds* are used to account for the operations that provide water, sewer, and sanitation services to the residents of the City and accounts for the City's Wilderness Golf Course activity. The enterprise fund also includes other operating revenue for the use of their infrastructure for communication signals. The services are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses including depreciation) of providing goods or services to the general public on a continuing basis will be financed or recovered primarily through user charges. The utility operations fund is considered a major fund for reporting purposes and includes the operations for water, sewer, and sanitation services and other revenues for the use of its infrastructure. The golf course fund is considered a nonmajor fund for reporting purposes.

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. 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.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

The government-wide and proprietary 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.

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

Property taxes, sales taxes, franchise fees, 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.

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

Cash and Cash Equivalents: The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and balances in statewide investment pools. For the purpose of the statement of cash flows, the proprietary fund types consider temporary investments with a maturity date of three months or less when purchased to be cash equivalents.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The City maintains a pooled cash account. Each fund whose monies are deposited in the pooled cash account has equity therein, and interest earned on the investment of these monies is allocated based upon relative equity at the previous month end. Amounts on deposit in interest bearing accounts and other investments are displayed on the combined balance sheet as “cash and cash equivalents.”

Investments: Investments, except for certain investment pools, commercial paper, money market funds, and investment contracts, are reported at fair value. The investment pools operate in accordance with appropriate state laws and regulations and are reported at amortized cost. Money market funds, which are short-term highly liquid debt instruments that may include U.S. Treasury and agency obligations and commercial paper that have a remaining maturity of one year or less upon acquisition, are reported at amortized cost. Investments in nonparticipating interest-earning contracts, such as certificates of deposit, are reported at cost.

The City has adopted a written investment policy regarding the investment of its funds as defined in the Public Funds Investment Act, Chapter 2256, Texas Government Code. In summary, the City is authorized to invest in the following:

- Direct obligations of the U.S. government
- Money market mutual funds that meet certain criteria
- Statewide investment pools
- Certificates of deposit that meet certain criteria

Inventories and Prepaid Items: Inventories are stated at cost using the first-in, first-out method. Inventories consist of expendable supplies held for consumption. The consumption method is used to recognize expenditures.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Restricted Assets: Certain proceeds of bonds, as well as other resources set aside for specific purposes, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants or contractual agreements. Restricted assets of the enterprise fund are restricted by bond covenants for repayment of debt and to finance construction projects and for customer deposits.

Capital Assets: Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. In accordance with GASB Statement No. 34, infrastructure has been capitalized retroactively. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of three years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest costs incurred in connection with construction of enterprise fund capital assets are capitalized when the effects of capitalization materially impact the financial statements.

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

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property, plant, and equipment of the primary government are depreciated using the straight-line method over the following estimated useful years:

| <u>Assets Depreciation</u> | <u>Estimated Useful Life</u> |
|-----------------------------------|------------------------------|
| Buildings | 20 to 50 years |
| Improvements other than buildings | 10 to 40 years |
| Machinery and equipment | 5 to 10 years |

Deferred Outflows/Inflows of Resources: In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

- Deferred outflows/inflows of resources are amortized as follows:
- Deferred outflows/inflows from pension/other postemployment benefits (OPEB) activities are amortized over the average of the expected service lives of pension/OPEB plan members, except for the net differences between the projected and actual investment earnings on the pension/OPEB plan assets, which are amortized over a period of five years.
- For employer pension/OPEB plan contributions that were made subsequent to the measurement date through the end of the City's fiscal year, the amount is deferred and recognized as a reduction to the net pension/OPEB liability during the measurement period in which the contributions were made.
- A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.
- Deferred inflows related to leases are amortized over the terms of the leases.

At the fund level, the City has only one type of item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes and court collections. These amount are deferred and recognized as an inflow of resources in the period that the amounts becomes available.

Compensated Employee Absences: Employees earn vacation based on years of service with the City within certain limits. Only accumulated vacation and earned compensatory time are paid upon termination of employment. Vacation pay is accrued when incurred in the applicable governmental activities, business-type activities, or proprietary fund type Statement of Net Position. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 effective interest method, if material. Bonds payable are reported net of the applicable bond premium or discount.

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 debt issued is reported as other financing sources. 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.

The property tax rate is allocated each year between the general and debt service funds. The full amount estimated to be required for debt service on general obligation debt is provided by the tax along with the interest earned in the debt service fund. Although a portion of the general obligation debt was directly related to the purchase of water and sewer infrastructure, the debt service expenditures are included in the governmental fund financial statements as they are expected to be paid from debt service tax revenues instead of water system revenues.

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

Leases: The City is a lessee for noncancellable leases of equipment. The City recognizes a lease liability and an intangible, right-to-use lease asset (the "lease asset") in the government-wide financial statements. The City recognizes a lease liability and lease asset with an initial, individual value of at least \$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 the term of the lease.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 the 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 noncancellable leases. 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.

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 are 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 inflow of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

Net Position Flow Assumption: 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.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Balance Flow Assumptions: 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.

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

Amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact are classified as nonspendable fund balance. Amounts that are externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions are classified as restricted.

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the City's highest level of decision-making authority. The City Council is the highest level of decision-making authority for the City that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation. In accordance with City Resolution 11-624, the City committed fund balance for contingencies, which is reported within a sub-fund of the general fund, for emergency use and in the event purchases cannot be accommodated through current year savings.

Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as committed. The City 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.

By resolution, the Council has also authorized the City Manager and/or Finance Director as the officials authorized to assign fund balance to a specific purpose as approved by the City's fund balance policy. Assignments of fund balance by the City Manager and Finance Director do not require formal action by the City Council. Assigned balances for construction projects from general and utility fund resources are reported in the nonmajor fund. The assigned balances for replacement equipment purchases, paying unemployment claims, conducting or hosting special events and making park improvements are reported within sub-funds of the general fund.

The City has established a target level of unassigned fund balance to alleviate revenue shortfalls and/or unanticipated expenditures to ensure the orderly and continued provision of services. The City shall strive to maintain an unassigned fund balance in the general fund equal to at least 25 percent of normal recurring operating costs, based on the current year's budgeted operating expenditures. Should unassigned fund balance fall below the goal or have a deficiency, the City will seek to reduce expenditures prior to increasing revenues to replenish fund balance within a reasonable timeframe.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Pensions: For the purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Texas Municipal Retirement System (TMRS) and the 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.

Other Postemployment Benefits: The City participates in a defined benefit group-term life insurance plan administered 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 funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year. Benefit payments are treated as being equal to the employer's yearly contributions for retirees. Benefit payments and refunds are due and payable in accordance with the benefit terms. Information about the City's total OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense is provided by TMRS from reports prepared by their consulting actuary.

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 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 during October of each year and are due upon receipt of the City's tax bill. Taxes become delinquent, with an enforceable lien on property, on February 1 of the following year.

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 enterprise funds are charges to customers for sales and services. The enterprise funds also recognize as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for the enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

(Continued)

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Annual budgets are adopted on a basis consistent with generally accepted accounting principles except the capital projects funds, which adopt project length budgets. The original budget is adopted by the City Council prior to the beginning of the year. The legal level of control as defined by the charter in the approved budget is the department level. The City Manager may transfer appropriations within a department without seeking the approval of City Council. Appropriations lapse at the end of the year, excluding capital project budgets. Supplemental budget appropriations were made for the year ended September 30, 2024. The motel occupancy tax fund, police seizure fund, program education fund, and economic development debt service fund are all nonmajor special revenue and debt service funds that have adopted budgets.

Encumbrances represent the estimated amount of expenditures ultimately to result when unperformed contracts (in progress at year end) are completed. Such encumbrances do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year.

NOTE 3 - DETAILED NOTES ON ALL FUNDS

Deposits and Investments: As of September 30, 2024, the carrying amount of the City's bank accounts was \$3,350,377. The total bank balance for the bank accounts was \$3,847,507. The cash deposits held in the bank accounts as of September 30, 2024, and during the year ended September 30, 2024, were initially covered by FDIC insurance or by pledged collateral held by the City's agent bank in the City's name.

The City is required by Government Code Chapter 2256, the Public Funds Investment Act (the "Act"), to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, and (9) bid solicitation preferences for certificates of deposit.

The Act requires an annual audit of investment practices. Audit procedures in this area conducted as a part of the audit of the basic financial statements disclosed that in the areas of investment practices, management reports, and establishment of appropriate policies, the City adhered to the requirements of the Act. Additionally, investment practices of the City were in accordance with local policies.

The Act determines the types of investments which are allowable for the City. These include, with certain restrictions: 1) obligations of the U.S. Treasury, U.S. agencies, and the State; 2) certificates of deposit; 3) certain municipal securities; 4) securities lending program; 5) repurchase agreements; 6) bankers' acceptances; 7) mutual funds; 8) investment pools; 9) guaranteed investment contracts; and 10) commercial paper.

(Continued)

CITY OF LAKE JACKSON, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2024

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

As of September 30, 2024, the City reported the following investment types as cash and cash equivalents and investments:

| <u>Investment Type</u> | <u>Value</u> | <u>Weighted Average Maturity (Years)</u> |
|-------------------------------------|----------------------|------------------------------------------|
| LoneStar | \$ 11,802,036 | 0.09 |
| TexPool | 27,510,716 | 0.26 |
| TexStar | 40,860,258 | 0.07 |
| Certificates of deposit | 100,000 | 0.71 |
| Total value | <u>\$ 80,273,010</u> | |
| Portfolio weighted average maturity | | 0.14 |

Interest rate risk – In accordance with its investment policy, the City manages its exposure to declines in fair values by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations and invest operating funds primarily in short-term securities.

Credit risk – The City’s investment policy limits investments in public fund investment pools rated as to investment quality not less than “AAA” or “AAA-m”, or at an equivalent rating by at least one nationally recognized rating service. Investments in Securities Exchange Commission (SEC) registered and regulated money market mutual funds must have an investment quality not less than “AAA-”, or at an equivalent rating by at least one nationally recognized rating service. As of September 30, 2024, the City’s investments in investment pools were rated “AAAm” by Standard & Poor’s.

Custodial credit risk – deposits – In the case of deposits, this is the risk that in the event of a bank failure, the City’s deposits may not be returned to it. The City’s investment policy requires funds on deposit at the depository bank to be collateralized by securities. As of September 30, 2024, market values of pledged securities were \$8,664,786 which exceeded the City’s deposits at the depository bank at September 30, 2024.

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

The City invested in certificate of deposits 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.

(Continued)

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

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

TexPool is an external investment pool measured at amortized cost. In order to meet the criteria to be recorded at amortized cost, TexPool must transact at a stable net asset value per share and maintain certain maturity, quality, liquidity, and diversification requirements within TexPool. TexPool transacts at a net asset value of \$1.00 per share, has weighted average maturities of 60 days or less, and weighted average lives of 120 days or less. Investments held are highly rated by nationally recognized statistical rating organizations, have no more than five percent of portfolio with one issuer (excluding U.S. government securities), and can meet reasonably foreseeable redemptions. TexPool has a redemption notice period of one day and may redeem daily. TexPool's authority may only impose restrictions on redemptions in the event of a general suspension of trading on major securities markets, general banking moratorium, or national state of emergency that affects TexPool's liquidity.

TexSTAR – The Texas Short-Term Asset Reserve Fund (TexSTAR) is a local government investment pool organized under the authority of the Interlocal Cooperation Act, Chapter 791, Texas Government Code, and the Public Funds Investment Act, Chapter 2256, Texas Government Code. TexSTAR was created in April 2002 by contract among its participating governmental units and is governed by a board of directors. J.P. Morgan Investment Management Inc. (JPMIM) and Hilltop Securities Inc. (HTS) serve as co-administrators. JPMIM provides investment management services and FirstSouthwest, a division of HTS, provides participant service and marketing. Custodial, fund accounting, and depository services are provided by JPMorgan Chase Bank, N.A. and/or its subsidiary, J.P. Morgan Investor Services Co. Transfer agency services are provided by Boston Financial Data Services, Inc.

TexSTAR is measured at amortized cost. TexSTAR's strategy is to seek preservation of principal, liquidity, and current income through investment in a diversified portfolio of short-term marketable securities. The City has no unfunded commitments related to TexSTAR. TexSTAR has a redemption notice period of one day and may redeem daily. TexSTAR's authorities may only impose restrictions on redemptions in the event of a general suspension of trading on major securities markets, general banking moratorium, or national state of emergency that affects TexSTAR's liquidity.

LoneSTAR – The Lone Star investment pool is a local government investment pool organized under the authority of the Interlocal Corporation Act, Chapter 791, Texas Government Code, and the Public Funds Investment Act, Chapter 2256, Texas Government Code. LoneSTAR is administered by American Beacon Advisors, Inc., under an agreement with the Texas Association of School Boards.

(Continued)

CITY OF LAKE JACKSON, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2024

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

The City's investments with LoneSTAR are with the Corporate Overnight Fund which is measured at amortized costs. The Corporate Overnight Fund is one of the investment options offered by LoneSTAR and is structured to provide daily liquidity for participants, with an investment strategy focused on preserving principal, providing liquidity, and maximizing current income through investment in high-quality, short-term debt instruments. The Corporate Overnight Fund with LoneSTAR is rated AAAM by Standard & Poor's. The City has no unfunded commitments related to the investments and has redemption notice of one day. The restrictions on redemptions may only be imposed in the event of a general suspension of trading on major securities markets, a general banking moratorium, or a national or state of emergency that effects the investments liquidity.

Receivables: Amounts recorded as receivable as of September 30, 2024 for the City's individual major and aggregate nonmajor funds, including the applicable allowances for uncollectible accounts, are as follows:

| | Governmental Funds | | | | |
|----------------------|-----------------------|------------------------------|-------------------------|------------------|---------------------|
| | General | Governmental Debt Service | Economic Development | Nonmajor | Total |
| Property taxes | \$ 107,458 | \$ 59,985 | \$ - | \$ - | \$ 167,443 |
| Sales taxes | 1,441,956 | - | 720,978 | - | 2,162,934 |
| Franchise fees | 146,638 | - | - | 12,104 | 158,742 |
| Grants | - | - | - | 37,760 | 37,760 |
| Accounts receivables | 1,523,377 | - | - | 68,425 | 1,591,802 |
| Other receivables | 99,615 | - | - | 8,137 | 107,752 |
| Less allowances | (991,684) | (14,996) | - | (68,425) | (1,075,105) |
| Total | \$ 2,327,360 | \$ 44,989 | \$ 720,978 | \$ 58,001 | \$ 3,151,328 |
| | Enterprise Funds | | | | |
| | Utility Operations | Golf Course Operations | Total | | |
| Accounts receivables | \$ 1,117,750 | \$ 28,059 | \$ 1,145,809 | | |
| Other receivables | 18,058 | - | 18,058 | | |
| Less allowances | (47,255) | - | (47,255) | | |
| Total | \$ 1,088,553 | \$ 28,059 | \$ 1,116,612 | | |

(Continued)

CITY OF LAKE JACKSON, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2024

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

Lease Receivable: The City has entered into several lease agreements (the “Agreements”) as a lessor for the use of their water towers located throughout the City with the lessee mounting communication signals on the towers. The Agreements’ remaining terms at year end range from 138 to 263 months after extension options in which it is reasonably certain that these options will be exercised. As of September 30, 2024, the value of the lease receivables is \$2,237,880. The interest rate on the leases receivable is based on the City’s incremental borrowing rate for the terms of the Agreements and is 3.00%. The lease revenue that was recorded within the utility operations fund’s other revenues for fiscal year 2024 was \$231,524, which consists of the interest payments on the leases receivable of \$68,895 and the amortization of the deferred inflow of resources from leases of \$162,629.

The future receipts from principal and interest on lease receivables and amortization of deferred inflows are as follows:

| Fiscal Year Ending September 30, | Lease Receipts | | | Amortization of Deferred Inflows |
|----------------------------------------|---------------------|-------------------|---------------------|----------------------------------------|
| | Principal | Interest | Total | |
| 2025 | \$ 115,614 | \$ 65,567 | \$ 181,181 | \$ 162,629 |
| 2026 | 124,641 | 61,976 | 186,617 | 162,629 |
| 2027 | 134,108 | 58,107 | 192,215 | 162,629 |
| 2028 | 144,033 | 53,949 | 197,982 | 162,629 |
| 2029 | 154,435 | 49,486 | 203,921 | 162,629 |
| 2030-2034 | 780,053 | 172,746 | 952,799 | 700,403 |
| 2035-2039 | 484,178 | 81,022 | 565,200 | 357,132 |
| 2040-2044 | 300,818 | 20,674 | 321,492 | 176,132 |
| Total | <u>\$ 2,237,880</u> | <u>\$ 563,527</u> | <u>\$ 2,801,407</u> | <u>\$ 2,046,812</u> |

(Continued)

CITY OF LAKE JACKSON, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2024

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

Capital Assets: The following is a summary of changes in capital assets for governmental activities for the year end:

| | Primary Government | | | |
|---------------------------------------------------------|----------------------|---------------|------------------------------------------|-------------------|
| | Beginning Balance | Increases | (Decreases)/ Reclassifications | Ending Balance |
| <u>Governmental activities</u> | | | | |
| Capital assets not being depreciated/ amortized | | | | |
| Land | \$ 2,551,017 | \$ 385,697 | \$ - | \$ 2,936,714 |
| Construction in progress | 11,820,785 | 1,268,445 | (11,219,165) | 1,870,065 |
| Total capital assets not being depreciated/amortized | 14,371,802 | 1,654,142 | (11,219,165) | 4,806,779 |
| Other capital assets | | | | |
| Buildings | 34,282,380 | 313,790 | - | 34,596,170 |
| Improvements other than buildings | 129,439,148 | 12,353,691 | - | 141,792,839 |
| Machinery and equipment | 20,763,783 | 3,525,769 | (224,533) | 24,065,019 |
| Right-to-use assets - equipment | 103,685 | - | - | 103,685 |
| Total other capital assets | 184,588,996 | 16,193,250 | (224,533) | 200,557,713 |
| Less accumulated depreciation/ amortization for | | | | |
| Buildings | (19,282,276) | (1,006,077) | - | (20,288,353) |
| Improvements other than buildings | (93,764,568) | (2,747,736) | - | (96,512,304) |
| Machinery and equipment | (14,244,514) | (1,789,801) | 224,533 | (15,809,782) |
| Right-to-use assets - equipment | (46,998) | (23,490) | - | (70,488) |
| Total accumulated depreciation/ amortization | (127,338,356) | (5,567,104) | 224,533 | (132,680,927) |
| Other capital assets, net | 57,250,640 | 10,626,146 | - | 67,876,786 |
| Governmental activities capital assets, net | \$ 71,622,442 | \$ 12,280,288 | \$ (11,219,165) | 72,683,565 |
| | | | Plus unspent bond proceeds | 27,175,398 |
| | | | Plus net deferred charge on refunding | 70,410 |
| | | | Less accounts payable for capital outlay | (653,128) |
| | | | Less associated debt | (48,649,987) |
| | | | Net investment in capital assets | \$ 50,626,258 |

Depreciation was charged to governmental functions as follows:

| | |
|-------------------------------------------------------------|--------------|
| General government | \$ 383,349 |
| Public safety | 1,315,010 |
| Public works | 2,860,530 |
| Culture and recreation | 1,008,215 |
| Total governmental activities depreciation and amortization | \$ 5,567,104 |

(Continued)

CITY OF LAKE JACKSON, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2024

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

Remaining commitments under related construction contracts for governmental fund projects at year end are as follows:

| <u>Project Description</u> | <u>Authorized Contract</u> | <u>Contract Expenditures</u> | <u>Remaining Contract</u> |
|---------------------------------------------------------|--------------------------------|----------------------------------|-------------------------------|
| Animal control facilities | \$ 3,062,752 | \$ 384,593 | \$ 2,678,159 |
| Pine Oak, North Shady, and Forest Oak Rehabilitation | 2,411,278 | 819,988 | 1,591,290 |
| Street panel replacement | 626,103 | 121,244 | 504,859 |
| Drainage projects | <u>1,552,558</u> | <u>544,240</u> | <u>1,008,318</u> |
| Total governmental activities | <u>\$ 7,652,691</u> | <u>\$ 1,870,065</u> | <u>\$ 5,782,626</u> |

The following is a summary of changes in capital assets for business-type activities for the year end:

| <u>Business-type activities</u> | <u>Primary Government</u> | | | <u>Ending Balance</u> |
|---------------------------------------------------------|------------------------------|---------------------|-------------------------------------------|---------------------------|
| | <u>Beginning Balance</u> | <u>Increases</u> | <u>(Decreases)/ Reclassifications</u> | |
| Capital assets not being depreciated/ amortized | | | | |
| Land | \$ 3,821,585 | \$ - | \$ - | \$ 3,821,585 |
| Construction in progress | <u>248,374</u> | <u>2,986,574</u> | <u>(32,240)</u> | <u>3,202,708</u> |
| Total capital assets not being depreciated/amortized | <u>4,069,959</u> | <u>2,986,574</u> | <u>(32,240)</u> | <u>7,024,293</u> |
| Other capital assets | | | | |
| Buildings | 7,428,372 | 1,480,488 | - | 8,908,860 |
| Improvements other than buildings | 79,413,161 | 422,815 | - | 79,835,976 |
| Machinery and equipment | 8,986,550 | 117,447 | - | 9,103,997 |
| Right-to-use assets - equipment | <u>836,689</u> | <u>-</u> | <u>-</u> | <u>836,689</u> |
| Total other capital assets | <u>96,664,772</u> | <u>2,020,750</u> | <u>-</u> | <u>98,685,522</u> |
| Less accumulated depreciation/ amortization for | | | | |
| Buildings | (6,665,148) | (241,594) | - | (6,906,742) |
| Improvements other than buildings | (49,261,954) | (2,948,160) | - | (52,210,114) |
| Machinery and equipment | (6,511,042) | (431,641) | - | (6,942,683) |
| Right-to-use assets - equipment | <u>(93,157)</u> | <u>(232,868)</u> | <u>-</u> | <u>(326,025)</u> |
| Total accumulated depreciation/ amortization for | <u>(62,531,301)</u> | <u>(3,854,263)</u> | <u>-</u> | <u>(66,385,564)</u> |
| Other capital assets, net | <u>34,133,471</u> | <u>(1,833,513)</u> | <u>-</u> | <u>32,299,958</u> |
| Business-type activities capital assets, net | <u>\$ 38,203,430</u> | <u>\$ 1,153,061</u> | <u>\$ (32,240)</u> | <u>39,324,251</u> |
| | | | Plus unspent bond proceeds | 11,218,054 |
| | | | Less associated debt | <u>(17,794,162)</u> |
| | | | Net investment in capital assets | <u>\$ 32,748,143</u> |

(Continued)

CITY OF LAKE JACKSON, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2024

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

Depreciation/amortization was charged to business-type functions as follows:

| | |
|-------------------------------------------------------------------------|----------------------------|
| Utility | \$ 3,328,057 |
| Golf course | <u>526,206</u> |
| Total business-type activities depreciation/amortization expense | <u>\$ 3,854,263</u> |

Remaining commitments under related construction contracts for business-type activities projects at year end are as follows:

| <u>Project Description</u> | <u>Authorized Contract</u> | <u>Contract Expenditures</u> | <u>Remaining Contract</u> |
|---------------------------------------------------|----------------------------|------------------------------|----------------------------|
| Lift station improvements and waterline extension | \$ 3,003,350 | \$ 1,394,770 | \$ 1,608,580 |
| Water and wastewater rehabilitation | <u>2,769,320</u> | <u>1,807,938</u> | <u>961,382</u> |
| Total | <u>\$ 5,772,670</u> | <u>\$ 3,202,708</u> | <u>\$ 2,569,962</u> |

Long-Term Debt: The following is a summary of changes in the City's governmental activities long-term liabilities for the fiscal year ended September 30, 2024.

| | <u>Beginning Balance</u> | <u>Additions</u> | <u>Reductions</u> | <u>Ending Balance</u> | <u>Amounts Due Within One Year</u> |
|--------------------------------------|-----------------------------|-----------------------------|------------------------------|--------------------------------------------------------------|------------------------------------|
| <u>Governmental activities</u> | | | | | |
| <u>Debt and other payables</u> | | | | | |
| General obligation bonds | \$ 29,100,000 | \$ 15,830,000 | \$ (3,450,000) | \$ 41,480,000 | * \$ 3,260,000 |
| Certificates of obligation bonds | 5,010,000 | - | (610,000) | 4,400,000 | * 610,000 |
| Premiums on debt issuances | 2,001,186 | 951,211 | (216,895) | 2,735,502 | * - |
| Leases payable | <u>58,165</u> | <u>-</u> | <u>(23,680)</u> | <u>34,485</u> | <u>* 24,315</u> |
| | <u>36,169,351</u> | <u>16,781,211</u> | <u>(4,300,575)</u> | <u>48,649,987</u> | <u>3,894,315</u> |
| <u>Other liabilities</u> | | | | | |
| Net pension liability - TMRS | 7,081,021 | - | (2,679,787) | 4,401,234 | - |
| Net pension liability - TESRS | 379,528 | 174,114 | - | 553,642 | - |
| Total OPEB liability | 540,251 | 58,974 | - | 599,225 | 15,359 |
| Compensated absences | <u>673,368</u> | <u>789,522</u> | <u>(606,031)</u> | <u>856,859</u> | <u>771,173</u> |
| Total governmental activities | <u>\$ 44,843,519</u> | <u>\$ 17,803,821</u> | <u>\$ (7,586,393)</u> | <u>\$ 55,060,947</u> | <u>\$ 4,680,847</u> |
| | | | | <u>Long-term liabilities due in more than one year</u> | <u>\$ 50,380,100</u> |
| | | | | *Debt associated with governmental activities capital assets | <u>\$ 48,649,987</u> |

Long-term liabilities of the City's governmental activities are not due and payable in the current period and, accordingly, are not reported as fund liabilities in the governmental funds. For the governmental activities, compensated absences are generally liquidated by the general fund. For governmental activities, the net pension liability and total OPEB liability are fully liquidated by the general fund.

(Continued)

CITY OF LAKE JACKSON, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2024

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

The following is a summary of changes in the City's total business-type activities long-term liabilities for the fiscal year ended September 30, 2024.

| | <u>Beginning Balance</u> | <u>Additions</u> | <u>Reductions</u> | <u>Ending Balance</u> | <u>Due Within One Year</u> |
|---------------------------------|------------------------------|-------------------|-----------------------|--------------------------------------------------------|--------------------------------|
| <u>Business-type activities</u> | | | | | |
| Debt and other payables | | | | | |
| Revenue bonds | \$ 17,815,000 | \$ - | \$ (1,295,000) | \$ 16,520,000 * | \$ 1,245,000 |
| Premiums on debt issuances | 794,726 | - | (45,608) | 749,118 * | - |
| Leases payable | <u>756,494</u> | <u>-</u> | <u>(231,450)</u> | <u>525,044 *</u> | <u>237,658</u> |
| | <u>19,366,220</u> | <u>-</u> | <u>(1,572,058)</u> | <u>17,794,162</u> | <u>1,482,658</u> |
| Other liabilities | | | | | |
| Net pension liability - TMRS | 1,874,831 | - | (632,140) | 1,242,691 | - |
| Total OPEB liability | 142,907 | 16,651 | - | 159,558 | 4,090 |
| Compensated absences | <u>111,427</u> | <u>116,662</u> | <u>(100,284)</u> | <u>127,805</u> | <u>115,024</u> |
| Total business-type activities | <u>\$ 21,495,385</u> | <u>\$ 133,313</u> | <u>\$ (2,304,482)</u> | <u>\$ 19,324,216</u> | <u>\$ 1,601,772</u> |
| | | | | <u>Long-term liabilities due in more than one year</u> | <u>\$ 17,722,444</u> |

*Debt associated with business-type activities capital assets \$ 17,794,162

Governmental activities long-term debt at year end was comprised of the following debt issues:

| <u>Description</u> | <u>Interest Rate</u> | <u>Balance</u> |
|----------------------------------------------|----------------------|----------------------|
| Governmental activities | | |
| General obligation bonds | | |
| Limited Tax, Series 2015 | 2.00%-4.00% | \$ 2,640,000 |
| Limited Tax, Series 2016 | 2.00%-3.00% | 1,915,000 |
| Limited Tax, Series 2017 | 2.60%-4.00% | 2,735,000 |
| Limited Tax, Series 2018 | 3.50%-5.00% | 6,605,000 |
| Limited Tax, Series 2021 | 2.00%-4.00% | 6,605,000 |
| Limited Tax Refunding, Series 2021 | 2.00%-4.00% | 5,945,000 |
| Limited Tax, Series 2023 | 2.00%-4.00% | <u>15,035,000</u> |
| Total general obligation bonds | | <u>41,480,000</u> |
| Certificates of obligation | | |
| Certificates of Obligation, Series 2016 | 2.00%-3.00% | 1,695,000 |
| Certificates of Obligation, Series 2022 | 3.00%-5.00% | <u>2,705,000</u> |
| Total certificates of obligation | | <u>4,400,000</u> |
| Leases payable | | |
| Postage machine and copiers | 2.65% | <u>34,485</u> |
| Total leases payable | | <u>34,485</u> |
| Total governmental activities long-term debt | | <u>\$ 45,914,485</u> |

(Continued)

CITY OF LAKE JACKSON, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2024

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

Business-type activities long-term debt at year end was comprised of the following debt issues:

| <u>Description</u> | <u>Interest Rate</u> | <u>Balance</u> |
|-----------------------------------------------|----------------------|----------------------|
| Business-type activities | | |
| Revenue bonds | | |
| Revenue Bonds, Series 2013 | 2.50%-3.00% | \$ 900,000 |
| Revenue Bonds, Refunding, Series 2016 | 3.00% | 2,025,000 |
| Revenue Bonds, Series 2017 | 3.00%-4.00% | 3,825,000 |
| Revenue Bonds, Refunding Bonds, Series 2019 | 2.10%-4.00% | 4,260,000 |
| Revenue Bonds, Series 2022 | 4.00%-5.00% | <u>5,510,000</u> |
| Total general obligation bonds | | <u>16,520,000</u> |
| Leases payable | | |
| Golf carts and golf maintenance equipment | 2.65% | <u>525,044</u> |
| Total leases payable | | <u>525,044</u> |
| Total business-type activities long-term debt | | <u>\$ 17,045,044</u> |

Certificates of Obligation and General Obligation Bonds: The City issues certificates of obligation and general obligation bonds to provide funds for the acquisition and construction of major capital facilities. This debt represents direct obligations of the City for which its full faith and credit are pledged. Repayment of this debt for governmental activities is secured by taxes levied on all taxable property located within the City. A number of limitations and restrictions are contained in the various bond ordinances. The City has complied with all significant limitations and restrictions. Annual debt service requirements for governmental activities are as follows:

| Fiscal Year Ended September 30, | <u>Governmental Activities</u> | | | | |
|---------------------------------------|---------------------------------|----------------------|-----------------------------------|-------------------|----------------------|
| | <u>General Obligation Bonds</u> | | <u>Certificates of Obligation</u> | | <u>Total</u> |
| | <u>Principal</u> | <u>Interest</u> | <u>Principal</u> | <u>Interest</u> | |
| 2025 | \$ 3,260,000 | \$ 1,420,141 | \$ 610,000 | \$ 146,000 | \$ 5,436,141 |
| 2026 | 3,235,000 | 1,307,023 | 610,000 | 122,250 | 5,274,273 |
| 2027 | 3,220,000 | 1,194,448 | 460,000 | 101,350 | 4,975,798 |
| 2028 | 2,950,000 | 1,081,941 | 455,000 | 83,700 | 4,570,641 |
| 2029 | 2,950,000 | 970,810 | 455,000 | 67,800 | 4,443,610 |
| 2030-2034 | 12,420,000 | 3,463,910 | 1,580,000 | 128,400 | 17,592,310 |
| 2035-2039 | 9,190,000 | 1,553,938 | 230,000 | 6,900 | 10,980,838 |
| 2040-2043 | <u>4,255,000</u> | <u>294,541</u> | - | - | <u>4,549,541</u> |
| | <u>\$ 41,480,000</u> | <u>\$ 11,286,752</u> | <u>\$ 4,400,000</u> | <u>\$ 656,400</u> | <u>\$ 57,823,152</u> |

(Continued)

CITY OF LAKE JACKSON, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2024

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

The City authorized a portion of the certificates of obligation and general obligation bonds to be paid from revenues generated from sales taxes within the economic development fund since the majority of this debt provided funds for capital projects for economic development. The debt service payments during fiscal year 2024 that was paid by taxes levied on taxable property was for repayment of all of the limited tax series general obligation bonds series 2016, 2017, 2018, 2021, and 2023, along with a portion of the limited tax refunding general obligation bonds series 2021 and limited tax general obligation bonds series 2015. The remaining debt service payments during fiscal year 2024 for certificates of obligation and general obligation bonds were funded by sales taxes within the economic development fund.

Revenue Bonds: The City issues revenue bonds to provide funds for the acquisition and construction of major capital improvements to the utility fund for business-type activities. The annual debt service requirements for business-type activities are as follows:

| Fiscal Year Ended <u>September 30,</u> | Business-Type Activities | | |
|----------------------------------------------|--------------------------|-----------------|---------------|
| | Revenue Bonds | | |
| | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
| 2025 | \$ 1,245,000 | \$ 584,270 | \$ 1,829,270 |
| 2026 | 1,240,000 | 535,020 | 1,775,020 |
| 2027 | 1,235,000 | 485,920 | 1,720,920 |
| 2028 | 1,145,000 | 439,720 | 1,584,720 |
| 2029 | 1,140,000 | 396,220 | 1,536,220 |
| 2030-2034 | 5,285,000 | 1,403,095 | 6,688,095 |
| 2035-2039 | 4,070,000 | 594,413 | 4,664,413 |
| 2040-2043 | 1,160,000 | 116,000 | 1,276,000 |
| | \$ 16,520,000 | \$ 4,554,658 | \$ 21,074,658 |

During the fiscal year, the City issued \$15,830,000 in general obligation bonds, limited tax series 2023 (the "Bonds") for financing of improvements to the City's roads and facilities. The Bonds carry an interest rate of 2.00 to 4.00 percent and will mature in 2043.

(Continued)

CITY OF LAKE JACKSON, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2024

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

The bond ordinance for the revenue bonds requires pledged revenue for repayment of the revenue bonds. The table below represents the pledged amount and coverage requirements at September 30, 2024:

| | <u>Net Revenues Available for Debt Service of Revenue Bonds</u> |
|--------------------------------|-----------------------------------------------------------------------------|
| Gross revenues (1) | \$ 13,632,652 |
| Operating expenses (2) | <u>(8,536,285)</u> |
| | <u>\$ 5,096,367</u> |
| | |
| Average annual requirement (3) | \$ 1,379,456 |
| Average coverage (5) | 3.69 |
| | |
| Maximum annual requirement (4) | \$ 1,829,270 |
| Maximum coverage (5) | 2.79 |

- 1) Gross revenues, as defined in the revenue bond ordinance, include water, sewer, tapping and connection fees, and investment earnings.
- 2) Total operating expenses, as defined in the revenue bond ordinances, do not include amortization, depreciation, interest and fiscal agent fees, sanitation, and fiscal charges.
- 3) Average annual requirement is based on the annual average of future debt service payments.
- 4) Maximum annual requirement is based on the annual debt service payments for fiscal year 2024.
- 5) The average and maximum coverage shall be at least equal to or greater than 1.25 per bond ordinance.

The revenue bond ordinance requires that funds be restricted for future debt service payments that exceed the fiscal year 2025 and fiscal year 2026 principal and interest payments for the revenue bonds. The utility fund restricted \$3,868,834 for debt service payments as of year end, which complied with the bond ordinance restricted requirement.

(Continued)

CITY OF LAKE JACKSON, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2024

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

Leases Payable: The City has entered into lease agreements as lessee for the acquisition and use of equipment. The lease interest rates used to determine the initial leases payable and right-to-use lease assets is based on an incremental borrowing rate of 2.65%. In addition, the City's right-to-use lease assets are amortized using a straight-line basis over the remaining terms of the leases.

The City's governmental activities has lease agreements for the use of postage machines and copiers. The lease agreement payments are paid monthly and quarterly. The remaining terms of the lease agreements as of September 30, 2024 are through fiscal year 2026. The future principal and interest lease payments and amortization of right-to-use assets as of September 30, 2024 for governmental activities were as follows:

The City's business-type activities has lease agreements for the use of golf carts and maintenance equipment for the golf operations fund. The remaining terms for these lease agreements as of September 30, 2024 are from 14 to 43 months. The future principal and interest lease payments and amortization of right-to-use assets as of September 30, 2024 for business-type activities were as follows:

| Fiscal Year Ended September 30, | Governmental Activities | | | Amortization of Right-to-Sse Assets |
|---------------------------------------|-------------------------|---------------|------------------|-------------------------------------------|
| | Leases Payble | | | |
| | Principal | Interest | Payments | |
| 2025 | \$ 24,315 | \$ 630 | \$ 24,945 | \$ 23,490 |
| 2026 | 10,170 | 83 | 10,253 | 9,707 |
| | <u>\$ 34,485</u> | <u>\$ 713</u> | <u>\$ 35,198</u> | <u>\$ 33,197</u> |

| Fiscal Year Ended September 30, | Business-Type Activities | | | Amortization of Right-to-Sse Assets |
|---------------------------------------|--------------------------|------------------|-------------------|-------------------------------------------|
| | Leases Payble | | | |
| | Principal | Interest | Total | |
| 2025 | \$ 237,658 | \$ 11,041 | \$ 248,699 | \$ 232,868 |
| 2026 | 128,722 | 5,807 | 134,529 | 126,048 |
| 2027 | 102,623 | 2,917 | 105,540 | 98,851 |
| 2028 | 56,041 | 496 | 56,537 | 52,897 |
| | <u>\$ 525,044</u> | <u>\$ 20,261</u> | <u>\$ 545,305</u> | <u>\$ 510,664</u> |

(Continued)

CITY OF LAKE JACKSON, TEXAS
 NOTES TO FINANCIAL STATEMENTS
 September 30, 2024

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

Federal Arbitrage: The Tax Reform Act of 1986 instituted certain arbitrage restrictions consisting of complex regulations with respect to issuance of tax-exempt bonds after August 31, 1986. Arbitrage regulations deal with the investment of tax-exempt bond proceeds at an interest yield greater than the interest yield paid to bondholders. Generally, all interest paid to bondholders can be retroactively rendered taxable if applicable rebates are not reported and paid to the Internal Revenue Service (IRS) at least every five years for applicable bond issues. Accordingly, there is the risk that if such calculations are not performed, or are not performed correctly, a substantial liability to the City could result. The City periodically engages an arbitrage consultant to perform the calculations in accordance with the rules and regulations of the IRS.

Interfund Transfers: Transfers between the primary government funds during the year were as follows:

| <u>Transfer In</u> | <u>Transfer Out</u> | <u>Amounts</u> |
|------------------------|-----------------------|---------------------|
| General | Utility operations | \$ 1,540,973 |
| Nonmajor governmental | Economic development | 1,967,935 |
| Nonmajor governmental | Nonmajor governmental | 75,407 |
| Nonmajor governmental | Utility operations | 674,593 |
| Golf course operations | Economic development | <u>288,232</u> |
| | | <u>\$ 4,547,140</u> |

Amounts transferred to the general fund are related to specific activity for reimbursement of administrative costs during the fiscal year. Transfers to the nonmajor governmental funds are related to fiscal year 2024 and future debt service payments and projects for development. Transfers to the golf course operations fund are related to fiscal year 2024 development projects.

Fund Balance: As of September 30, 2024, \$542,139 of the City's total fund balance is restricted by enabling legislation for tourism, police equipment, and public education.

Risk Management: The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the City participates along with 2,824 other entities in the Texas Municipal League's Intergovernmental Risk Pools (the "Pool"). The Pool purchases commercial insurance at group rates for participants in the Pool. The City has no additional risk or responsibility to the Pool, outside of the payment of insurance premiums. The City has not significantly reduced insurance coverage or had settlements which exceeded coverage amounts for the past three years.

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

The City is a defendant in several lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the City's management that resolution of these matters will not have a material adverse effect on the financial condition of the City.

(Continued)

NOTE 4 - OTHER INFORMATION

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends, including frequency and amount of payouts, and other economic and social factors. No claim liabilities are reported at year end.

Pension Plans: The City provides for two pension plans; one is a defined benefit cash-balance plan administered through Texas Municipal Retirement System (TMRS) and one has a special funding situation administered by Texas Emergency Services Retirement System (TESRS). Both plans are described in detail below. Aggregate amounts for both pension plans are as follows:

| | <u>TMRS</u> | <u>TESRS</u> | <u>Total</u> |
|--------------------------------|--------------|--------------|--------------|
| Pension liability | \$ 5,643,925 | \$ 553,642 | \$ 6,197,567 |
| Deferred outflows of resources | 4,337,374 | 223,718 | 4,561,092 |
| Deferred inflows of resources | 515,815 | 1,068 | 516,883 |
| Pension expense | 1,870,375 | 131,001 | 2,001,376 |

Texas Municipal Retirement System

Plan Description: The City participates as one of 934 plans in the defined benefit cash-balance plan administered by TMRS. TMRS is a statewide public retirement plan created by the State and administered in accordance with the Texas Government Code, Title 8, Subtitle G (the “TMRS Act”) as an agent multipleemployer retirement system for municipal 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 (the “Board”); however, TMRS is not fiscally dependent the State. TMRS issues a publicly available annual comprehensive financial report that can be obtained at tmrs.com.

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

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

At retirement, the member’s benefit is calculated based on the sum of the member’s contributions, with interest, and 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 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.

(Continued)

CITY OF LAKE JACKSON, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2024

NOTE 4 - OTHER INFORMATION (Continued)

The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS. Plan provisions for the City were as follows:

| | 2024 | 2023 |
|-----------------------------------------------------------------------|---------------------------|---------------------------|
| Employee deposit rate | 6.00% | 6.00% |
| Matching ratio (City to employee) | 2 to 1 | 2 to 1 |
| Years required for vesting | 5 | 5 |
| Service requirement eligibility (expressed as age/yr/s of service) | 60/5, 0/20 | 60/5, 0/20 |
| Updated service credit | 100% Repeating, Transfers | 100% Repeating, Transfers |
| Annuity increase (to retirees) | 70% of CPI | 70% of CPI |

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

| | <u>Primary Government</u> |
|------------------------------------------------------------------|-------------------------------|
| Inactive employees or beneficiaries currently receiving benefits | 174 |
| Inactive employees entitled to, but not yet receiving, benefits | 258 |
| Active employees | 237 |
| Total | 669 |

Contributions: Member contribution rates in TMRS are either 5%, 6%, or 7% of the member's total compensation, and the City-matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the City. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal 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 six percent of their annual gross earnings during the fiscal year. The contribution rates for the City were 11.18% and 12.26% in calendar years 2023 and 2024, respectively. The City's contributions to TMRS for the fiscal year ended September 30, 2024 were \$1,833,516, which were equal to the required contributions.

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

(Continued)

CITY OF LAKE JACKSON, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2024

NOTE 4 - OTHER INFORMATION (Continued)

Actuarial Assumptions: The TPL in the December 31, 2023 actuarial valuation was determined using the following actuarial assumptions:

| | |
|---------------------------|-------------------------------------------------------------------|
| Inflation | 2.50% per year |
| Overall payment 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 |

Salary increases are based on a service-related table. Mortality rates for active members are based on the PUB(10) mortality tables with 110% of the Public Safety table used for males and 100% of the General Employee table used for females. Mortality rates for healthy retirees and beneficiaries are based on the Gender-distinct 2019 Municipal Retirees of Texas mortality tables. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates for actives, healthy retirees and beneficiaries are projected on a fully generational basis by the most recent Scale MP-2021 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 the most recent Scale MP2021 to account for future mortality improvements subject to the 3% floor.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2018 to December 31, 2022. The assumptions were adopted in 2023 and first used in the December 31, 2023, actuarial valuation. The post-retirement mortality assumption for Annuity Purchase Rates (APRs) is based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income 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 by best estimate ranges of expected returns for each major asset class. The long-term expected rate of return is determined by weighting the expected return for each major asset class by the respective target asset allocation percentage.

The target allocation and best estimates of 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 Real Rate of Return (Arithmetic)</u> |
|----------------------------------|--------------------------|------------------------------------------------------------|
| Global public equity | 35% | 6.7% |
| Core fixed income | 6% | 4.7% |
| Non-core fixed income | 20% | 8.0% |
| Other public and private markets | 12% | 8.0% |
| Real estate | 12% | 7.6% |
| Hedge funds | 5% | 6.4% |
| Private equity | <u>10%</u> | 11.6% |
| Total | <u>100%</u> | |

(Continued)

CITY OF LAKE JACKSON, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2024

NOTE 4 - OTHER INFORMATION (Continued)

Discount Rate: The discount rate used to measure the TPL 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, TMRS'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 TPL.

Changes in the NPL

| | Increase (Decrease) | | |
|---------------------------------------------------------------|-----------------------------------|---------------------------------------|---------------------------------------|
| | Total Pension Liability (A) | Plan Fiduciary Net Position (B) | Net Pension Liability (A) - (B) |
| Changes for the year: | | | |
| Service cost | \$ 2,000,339 | \$ - | \$ 2,000,339 |
| Interest | 5,370,143 | - | 5,370,143 |
| Difference between expected and actual experience | 755,388 | - | 755,388 |
| Changes in assumptions | (794,634) | - | (794,634) |
| Contributions - employer | - | 1,595,927 | (1,595,927) |
| Contributions - employee | - | 856,490 | (856,490) |
| Net investment income | - | 8,243,667 | (8,243,667) |
| Benefit payments, including refunds of employee contributions | (3,546,840) | (3,546,840) | - |
| Administrative expense | - | (52,554) | 52,554 |
| Other changes | - | (367) | 367 |
| Net Changes | 3,784,396 | 7,096,323 | (3,311,927) |
| Balance at December 31, 2022 | 80,330,919 | 71,375,067 | 8,955,852 |
| Balance at December 31, 2023 | <u>\$ 84,115,315</u> | <u>\$ 78,471,390</u> | <u>\$ 5,643,925</u> |

Sensitivity of the NPL to Changes in the Discount Rate: The following presents the NPL of the City, calculated using the discount rate of 6.75%, as well as what the City's NPL would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one 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) | <u>\$ 16,780,518</u> | <u>\$ 5,643,925</u> | <u>\$ (3,511,960)</u> |

Pension Plan Fiduciary Net Position: Detailed information about TMRS's fiduciary net position is available in the Schedule of Changes in Fiduciary Net Position, by Participating City. That report may be obtained at tmrs.com.

Pension Expense and Deferred Outflows/Deferred Inflows of Resources Related to Pensions: For the fiscal year ended September 30, 2024, the City recognized pension expense of \$1,870,375.

(Continued)

CITY OF LAKE JACKSON, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2024

NOTE 4 - OTHER INFORMATION (Continued)

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

| | Primary Government | |
|-----------------------------------------------------------------|--------------------------------------|-------------------------------------|
| | Deferred Outflows of Resources | Deferred Inflows of Resources |
| Differences between expected and actual economic experience | \$ 907,528 | \$ - |
| Changes in assumptions | - | 515,815 |
| Net difference between projected and actual investment earnings | 1,993,836 | - |
| Contributions subsequent to the measurement date | 1,436,010 | - |
| Total | \$ 4,337,374 | \$ 515,815 |

\$1,436,010 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 NPL for the fiscal year ending September 30, 2025. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

| Fiscal Year ended September 30, | Pension Expense |
|---------------------------------|--------------------|
| 2025 | \$ 923,913 |
| 2026 | 621,019 |
| 2027 | 1,525,787 |
| 2028 | (685,170) |
| Total | \$ 2,385,549 |

Texas Emergency Services Retirement System

Plan Description: The City participates in a cost-sharing multiple employer pension plan that has a special funding situation. The plan is administered by TESRS and established and administered by the State to provide pension benefits for emergency services personnel who serve without significant monetary remuneration. At August 31, 2023, there were 241 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.

On August 31, 2023, the TESRS membership consisted of:

| | |
|----------------------------------------------------------------|-------|
| Retirees and beneficiaries currently receiving benefits | 3,929 |
| Terminated members entitled to, but not yet receiving benefits | 1,689 |
| Active participants | 3,343 |

(Continued)

NOTE 4 - OTHER INFORMATION (Continued)

Pension Plan Fiduciary Net Position: Detailed information about the TESRS's fiduciary net position is available in a separately-issued Annual Comprehensive Financial Report that includes financial statements and Required Supplementary Information. TESRS issues a publicly available Annual Financial Report, which includes financial statements, notes, and Required Supplementary Information, which can be obtained at www.tesrs.org. The separately issued actuarial valuations that may be of interest are also available at the same link.

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 (the "Board") 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 percent vested after the tenth year of service, with the vesting percentage increasing ten percent for each of the next five years of service so that a member becomes 100 percent 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.

Funding Policy: Contributions are made by governing bodies for the participating departments. No contributions are required from the individuals who are members of TESRS, nor are they allowed. The governing bodies of each participating department are required to make contributions for each month a member performs emergency services for a department (this minimum contribution is \$36 per member and the department may make a higher monthly contribution for its members). This is referred to as a Part One contribution, which is the legacy portion of the TESRS contribution that directly impacts future retiree annuities.

The State is required to contribute an amount necessary to make TESRS "actuarially sound" each year, which may not exceed one-third of the total of all contributions made by participating governing bodies in a particular year.

The Board rule defining contributions was amended effective July 27, 2014 to add the potential for actuarially determined Part Two contributions that would be required only if the expected future annual contributions from the State are not enough with the Part One contributions to provide an adequate contribution arrangement as determined by the most recent actuarial valuation. This Part Two portion, which is actuarially determined as a percentage of the Part One portion (not to exceed 15 percent), is to be actuarially adjusted near the end of each even-numbered calendar year based on the most recent actuarial valuation. Based on the actuarial valuation as of August 31, 2022, the Part Two contributions are not required for an adequate contribution arrangement.

Additional contributions may be made by governing bodies within two years of joining TESRS to grant up to fifteen years of credit for prior service per member. Prior service must have occurred before the department began participation in TESRS.

(Continued)

CITY OF LAKE JACKSON, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2024

NOTE 4 - OTHER INFORMATION (Continued)

A small subset of participating departments has a different contribution arrangement that is being phased out over time. In this arrangement, contributions made in addition to the monthly contributions for active members are made by local governing bodies on a pay-as-you-go basis for members who were pensioners when their respective departments merged into TESRS. There is no actuarial impact associated with this arrangement as the pay-as-you-go contributions made by these governing bodies are always equal to benefit payments paid by TESRS.

Ultimately, the contribution policy also depends upon the total return of the System's assets, which varies from year to year. Investment policy decisions are established and maintained by the board of trustees. For the year ending August 31, 2023, the money-weighted rate of return on pension plan investments was 5.68%. This measurement of the investment performance is net of investment-related expenses, reflecting the effect of the timing of the contributions received and the benefits paid during the year.

Contributions: The contribution requirement per active emergency services personnel member per month is not actuarially determined. Rather, the minimum contribution provisions were set by Board rule, and there is no maximum contribution rate. For the measurement year ending August 31, 2023, total contributions (dues, prior service, and interest on prior service financing) of \$59,497 were paid by the City. The State appropriated \$146,736 for the measurement year ending August 31, 2023 to the plan as a whole.

Actuarial Assumptions: The TPL in the August 31, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|----------------------------|---------------------------------------------------------------------------------------------------------|
| Actuarial valuation date | August 31, 2022 |
| Actuarial cost method | Entry age |
| Amortization method | Level dollar, open |
| Amortization period | 30 years |
| Asset valuation method | Market value smoothed by a 5-year deferred recognition method with an 80%/120% corridor on market value |
| | |
| Actuarial assumptions | |
| Investment rate of return* | 7.50% |
| | investment expense, including inflation |
| Projected salary increases | N/A |
| * Includes inflation at | 3.00% |
| Cost-of-living adjustments | None |

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 4.61%) and by adding expected inflation (3.00%). In addition, the final 7.50% assumption was selected by rounding down.

(Continued)

CITY OF LAKE JACKSON, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2024

NOTE 4 - OTHER INFORMATION (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/mid cap domestic | 10% | 5.94% |
| Developed international | 15% | 6.17% |
| Emerging markets | 5% | 7.36% |
| Global infrastructure | 5% | 6.61% |
| Real estate | 10% | 4.48% |
| Multi-asset income | 5% | 3.86% |
| Fixed income | <u>30%</u> | 1.95% |
| Total | <u>100%</u> | |
| Weighted Average | | 4.61% |

Discount Rate: The discount rate used to measure the total pension liability was 7.50%. No projection of cash flows was used to determine the discount rate because the August 31, 2022 actuarial valuation showed that expected contributions would pay the normal cost and amortize the unfunded actuarial accrued liability (UAAL) in 30 years using the conservative level dollar amortization method. Because of the 30-year amortization period with the conservative amortization method and with a lower value of assets, 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.

Discount Rate Sensitivity Analysis: The following presents the NPL of the City, calculated using the discount rate of 7.50%, as well as what the City's NPL would be if it were calculated using a discount rate that is one percentage point lower (6.50%) or one percentage point higher (8.50%) than the current rate:

| | <u>1% Decrease in Discount Rate (6.5%)</u> | <u>Discount Rate (7.5%)</u> | <u>1% Increase in Discount Rate (8.5%)</u> |
|-----------------------------------------------------------------|--------------------------------------------|-----------------------------|--------------------------------------------|
| City's proportionate share of the net pension liability (asset) | <u>\$ 857,271</u> | <u>\$ 553,642</u> | <u>\$ 307,366</u> |

(Continued)

CITY OF LAKE JACKSON, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2024

NOTE 4 - OTHER INFORMATION (Continued)

Pension Liability, Pension Expense, and Deferred Outflows/Deferred Inflows of Resources Related to Pensions: At September 30, 2024, the City reported a liability of \$533,642 for its proportionate share of TESRS NPL. The amount recognized by the City as its proportionate share of the NPL, the related State support, and the total portion of the NPL that was associated with the City were as follows:

| | |
|---------------------------------------------------------------|-------------------|
| City's proportionate share of the collective NPL | \$ 553,642 |
| State's proportionate share that is associated with the City* | <u>146,736</u> |
| | <u>\$ 700,378</u> |

*Calculated using the City's proportionate share of contributions multiplied by the State's share of the collective net pension liability.

The TPL used to calculate the NPL was determined by an actuarial valuation as of August 31, 2022, which was rolled forward to a measurement date of August 31, 2023. GASB Statement No. 68 requires the net pension liability to be measured as of a date no earlier than the end of the employer's prior fiscal year. TESRS did not roll forward (nor did they provide the necessary information for the participants to roll forward) the NPL to be measured as of a date no earlier than the end of the City's prior fiscal year. While the City acknowledges that the measurement date does not fall within this 12-month period, the City elected to honor the conservatism principle and report a NPL measured as of August 31, 2023. The City used the assumption that any differences in the NPL measured as of August 31, 2023 versus September 30, 2023 would be immaterial. The employer's proportion of the NPL was based on the employer's contributions to the pension plan relative to the contributions of all employers to the plan for the period September 1, 2022 thru September 30, 2023.

At September 30, 2024, the employer's proportion of the collective NPL was 1.279 percent, which was an increase of 0.354 percent from its proportion measured as of September 30, 2023.

There were no changes of assumptions or other inputs that affected measurement of the TPL during the measurement period.

There were no changes of benefit terms that affected measurement of the TPL during the measurement period.

For the measurement year ended August 31, 2023, the City recognized pension expense of \$131,001. On-behalf revenues and expenses were immaterial and not recognized by the City.

(Continued)

CITY OF LAKE JACKSON, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2024

NOTE 4 - OTHER INFORMATION (Continued)

At August 31, 2023, the City reported its proportionate share of the TESRS's 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> |
|-----------------------------------------------------------------|-----------------------------------------------|----------------------------------------------|
| Net difference between projected and actual investment earnings | \$ 165,642 | \$ - |
| Changes in assumptions | - | 1,068 |
| Difference between expected and actual experience | 8,086 | - |
| Contributions paid to TESRS subsequent to the measurement date | 49,990 | - |
| Total | \$ 223,718 | \$ 1,068 |

The contributions paid to TESRS subsequent to the measurement date of the NPL but before the end of the City's reporting period will be recognized as a reduction of the NPL in the subsequent fiscal year.

The net amounts of the employer's balances of deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

| <u>Fiscal Year ended September 30,</u> | <u>Pension Expense</u> |
|----------------------------------------|----------------------------|
| 2025 | \$ 43,431 |
| 2026 | 45,096 |
| 2027 | 78,474 |
| 2028 | 5,659 |
| Total | \$ 172,660 |

Other Postemployment Benefits

Plan Description: The City participates in an OPEB plan administered by TMRS. TMRS administers the defined benefit group-term life insurance plan known as the Supplemental Death Benefits Fund (SDBF). This is a voluntary program in which participating member cities may elect, by ordinance, to provide group-term life insurance coverage for their active members, including or not including retirees. Employers 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.

(Continued)

CITY OF LAKE JACKSON, TEXAS
 NOTES TO FINANCIAL STATEMENTS
 September 30, 2024

NOTE 4 - OTHER INFORMATION (Continued)

The member city contributes to the SDBF at a contractually required rate (based on the covered payroll of employee members) as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year. The intent is not to pre-fund retiree term life insurance during employees' entire careers. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (GASB 75). As such, the SDBF is considered to be a single-employer unfunded OPEB defined benefit plan with benefit payments treated as being equal to the employer's yearly contributions for retirees.

The contributions to the SDBF are pooled for investment purposes with those of the Pension Trust Fund (PTF). The SDBF's funding policy assures that adequate resources are available to meet all death benefit payments for the upcoming year. The SDBF is a pay-as-you-go fund, and any excess contributions are available for future SDBF benefits.

Benefits: The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death). The death benefit for retirees is considered an OPEB and is a fixed amount of \$7,500. As the SDBF covers both active and retiree participants with no segregation of assets, the SDBF is considered to be an unfunded OPEB plan (i.e., no assets are accumulated).

Participation in the SDBF as of December 31, 2023 is summarized below:

| | <u>Primary Government</u> |
|------------------------------------------------------------------|-------------------------------|
| Inactive employees or beneficiaries currently receiving benefits | 129 |
| Inactive employees entitled to, but not yet receiving, benefits | 46 |
| Active employees | <u>237</u> |
| Total | <u><u>412</u></u> |

Total OPEB Liability: The City's total OPEB liability of \$758,783 was measured as of December 31, 2023 and was determined by an actuarial valuation as of that date.

(Continued)

CITY OF LAKE JACKSON, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2024

NOTE 4 - OTHER INFORMATION (Continued)

Actuarial Assumptions and Other Inputs: The total OPEB liability in the December 31, 2023 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

| | |
|-------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Inflation | 2.50% |
| Salary increases | 3.60% to 11.85% including inflation |
| Discount rate* | 3.77% |
| Retirees' shares of benefit-related costs | Zero |
| Administrative expenses | All administrative expenses are paid through the PTF and accounted for under reporting requirements of 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. Males rates are multiplied by 103% and female rates are multiplied by 105%. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence). |

* The discount rate is based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2023.

The actuarial assumptions used in the December 31, 2023 valuation were based on the results of an actuarial experience study for the period December 31, 2022.

Changes in the Total OPEB Liability

| | <u>Total OPEB Liability</u> |
|---------------------------------------------------|---------------------------------|
| Changes for the year: | |
| Service cost | \$ 24,255 |
| Interest | 27,610 |
| Difference between expected and actual experience | 10,997 |
| Changes of assumptions | 39,872 |
| Benefit payments* | (27,109) |
| Net changes | 75,625 |
| Balance at December 31, 2022 | 683,158 |
| Balance at December 31, 2023 | \$ 758,783 |

* Due to the SDBF being considered an unfunded OPEB plan under GASB 75, benefit payments are treated as being equal to the City's yearly contributions for retirees.

The discount rate increased from 4.05% as of December 31, 2022 to 3.77% as of December 31, 2023. There were no other changes of assumptions or other inputs that affected measurement of the total OPEB liability during the measurement period.

There were no changes of benefit terms that affected measurement of the total OPEB liability during the measurement period.

(Continued)

CITY OF LAKE JACKSON, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2024

NOTE 4 - OTHER INFORMATION (Continued)

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate: The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current discount rate:

| | <u>1% Decrease in Discount Rate (2.77%)</u> | <u>Discount Rate (3.77%)</u> | <u>1% Increase in Discount Rate (4.77%)</u> |
|----------------------------------------------|-----------------------------------------------------|----------------------------------|-----------------------------------------------------|
| Primary government's total OPEB liability | <u>\$ 909,135</u> | <u>\$ 758,783</u> | <u>\$ 641,938</u> |

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB: For the year ended September 30, 2024, the City recognized OPEB expense of \$29,952. The City reported deferred outflows/inflows of resources related to OPEB from the following sources:

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|---------------------------------------------------|-----------------------------------------------|----------------------------------------------|
| Difference between expected and actual experience | \$ 9,675 | \$ 9,063 |
| Changes in actuarial assumptions | 69,968 | 202,576 |
| Contributions subsequent to the measurement date | 18,741 | - |
| Total | <u>\$ 98,384</u> | <u>\$ 211,639</u> |

\$18,741 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability for the fiscal year ending September 30, 2025.

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

| <u>Fiscal Year ended September 30,</u> | <u>OPEB Expense Amount</u> |
|----------------------------------------|--------------------------------|
| 2025 | \$ (39,147) |
| 2026 | (64,804) |
| 2027 | (34,090) |
| 2028 | 6,045 |
| Total | <u>\$ (131,996)</u> |

(Continued)

CITY OF LAKE JACKSON, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2024

NOTE 4 - OTHER INFORMATION (Continued)

Deferred Compensation Plan: The City offers its employees a deferred compensation plan (the “Plan”) created in accordance with Internal Revenue Code Section 457. The Plan, available to all City employees, permits them 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. The Plan’s trust arrangements are established to protect deferred compensation amounts of employees under the Plan from any other use than intended under the Plan (eventual payment to employees deferring the compensation) in accordance with federal tax laws. Amounts of compensation deferred by employees under Plan provisions are disbursed monthly by the City to a third-party administrator. The third-party administrator handles all funds in the Plan and makes investment decisions and disburses funds to employees in accordance with Plan provisions.

Industrial District Agreement: In 2011, the City, in conjunction with the cities of Clute and Freeport, Texas, entered into a new contract (the “Contract”) with the Dow Chemical Company (Dow), BASF Corporation, and the Brock interests.

In the Contract, the City removed the need to determine what value was in each city’s jurisdiction and instead 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.

The 15-year Contract set floor payments 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 consumer price index-unit (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 2024 payment of \$15,380,508 is split as follows:

| <u>City</u> | <u>Amount</u> |
|--------------|----------------------|
| Clute | \$ 2,447,860 |
| Freeport | 6,122,012 |
| Lake Jackson | 6,810,636 |
| | <u>\$ 15,380,508</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.

The 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 was not a hindrance.

The Industrial District revenues received during the year ended September 30, 2024 amounted to \$6,810,636. This revenue is not restricted to a specific function or program.

(Continued)

NOTE 4 - OTHER INFORMATION (Continued)

Economic Development Agreements: On November 13, 2013, the City entered into an Economic Development Agreement (the "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 15 years. Both the City and Dow have agreed to various covenants, warranties, obligations and duties as a part of the Agreement. As of September 30, 2024, the City has made rebate payments of \$4,167,458 under the Agreement, and \$532,900 was paid during the fiscal year 2024.

On December 9, 2013, the City entered into an Economic Development Agreement (the "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 store and retail center in the City, and the City reimbursed HEB \$3 million 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 \$5 million. Both the City and HEB have agreed to various covenants, warranties, obligations and duties as a part of the Agreement. A \$3,000,000 reimbursement was paid in 2018. As of September 30, 2024, the City paid a total of \$1,085,652 under the Agreement, and \$191,274 was paid during fiscal year 2024.

On August 3, 2015, the City entered into a hotel occupancy tax (HOT) agreement (the "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 should have a minimum of 450 square feet and at least 12 executive suites should have a minimum of 550 square feet. 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 square foot 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 square foot 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, 2024, the City paid a total of \$1,118,450 under the Agreement, of which \$212,395 was paid during the fiscal year 2024.

On November 16, 2015, the City entered into a hotel occupancy tax (HOT) agreement (the "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 14, 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, 2024, the City paid a total of \$579,663 under the Agreement, of which \$146,211 was paid in fiscal year 2024.

(Continued)

CITY OF LAKE JACKSON, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2024

NOTE 4 - OTHER INFORMATION (Continued)

Tax Abatement: 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 and Economic Development Agreements.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF LAKE JACKSON, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
For the year ended September 30, 2024

| | Original Budgeted Amounts | Final Budgeted Amounts | Actual Amounts | Variance with Final Budget Positive (Negative) |
|-----------------------------------------------------------------|---------------------------------|------------------------------|----------------------|---------------------------------------------------------|
| Revenues | | | | |
| Taxes | | | | |
| Property | \$ 5,953,272 | \$ 5,953,272 | \$ 5,933,807 | \$ (19,465) |
| Sales | 8,168,000 | 8,168,000 | 8,265,274 | 97,274 |
| Franchise | 1,730,645 | 1,730,645 | 1,486,991 | (243,654) |
| Other | 153,600 | 153,600 | 248,589 | 94,989 |
| Industrial district | 6,323,810 | 6,323,810 | 6,810,636 | 486,826 |
| Licenses and permits | 546,500 | 546,500 | 272,829 | (273,671) |
| Fines and forfeitures | 431,000 | 431,000 | 481,735 | 50,735 |
| Charges for services | 935,915 | 935,915 | 1,091,224 | 155,309 |
| Intergovernmental | 100,000 | 100,000 | 97,179 | (2,821) |
| Investment revenue | 125,000 | 125,000 | 1,217,560 | 1,092,560 |
| Other revenue | 32,630 | 32,630 | 440,998 | 408,368 |
| Total revenues | <u>24,500,372</u> | <u>24,500,372</u> | <u>26,346,822</u> | <u>1,846,450</u> |
| Expenditures | | | | |
| Current: | | | | |
| General government | 5,377,825 | 12,398,219 | 11,851,386 | 546,833 |
| Public safety | 10,851,490 | 10,851,490 | 9,507,950 | 1,343,540 |
| Public works | 4,793,152 | 3,688,594 | 3,436,196 | 252,398 |
| Culture and recreation | 4,877,905 | 5,517,750 | 5,489,510 | 28,240 |
| Capital outlay | 1,626,997 | 1,626,997 | 1,626,997 | - |
| Debt service | | | | |
| Principal | 23,680 | 23,680 | 23,680 | - |
| Interest and fiscal agent fees | 1,265 | 1,265 | 1,265 | - |
| Total expenditures | <u>27,552,314</u> | <u>34,107,995</u> | <u>31,936,984</u> | <u>2,171,011</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(3,051,942)</u> | <u>(9,607,623)</u> | <u>(5,590,162)</u> | <u>4,017,461</u> |
| Other financing sources (uses) | | | | |
| Transfers in | <u>1,400,000</u> | <u>1,540,973</u> | <u>1,540,973</u> | <u>-</u> |
| Total other financing (uses) | <u>1,400,000</u> | <u>1,540,973</u> | <u>1,540,973</u> | <u>-</u> |
| Net change in fund balances | <u>\$ (1,651,942)</u> | <u>\$ (8,066,650)</u> | <u>(4,049,189)</u> | <u>\$ 4,017,461</u> |
| Beginning fund balances | | | <u>22,148,584</u> | |
| Ending fund balances | | | <u>\$ 18,099,395</u> | |

Notes to Required Supplementary Information:

- Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

CITY OF LAKE JACKSON, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
ECONOMIC DEVELOPMENT SPECIAL REVENUE FUND
For the year ended September 30, 2024

| | <u>Original Budgeted Amounts</u> | <u>Final Budgeted Amounts</u> | <u>Actual Amounts</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|-----------------------------------------------------------------|------------------------------------------|---------------------------------------|---------------------------|-------------------------------------------------------------------|
| Revenues | | | | |
| Taxes | | | | |
| Sales | \$ 4,180,000 | \$ 4,180,000 | \$ 4,172,699 | \$ (7,301) |
| Investment revenue | <u>200,000</u> | <u>200,000</u> | <u>195,992</u> | <u>(4,008)</u> |
| Total revenues | <u>4,380,000</u> | <u>4,380,000</u> | <u>4,368,691</u> | <u>(11,309)</u> |
| Expenditures | | | | |
| Current: | | | | |
| Culture and recreation | 605,853 | 317,621 | 106,111 | 211,510 |
| Capital outlay | <u>986,647</u> | <u>986,647</u> | <u>986,647</u> | <u>-</u> |
| Total expenditures | <u>1,592,500</u> | <u>1,304,268</u> | <u>1,092,758</u> | <u>211,510</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>2,787,500</u> | <u>3,075,732</u> | <u>3,275,933</u> | <u>200,201</u> |
| Other financing sources (uses) | | | | |
| Transfers (out) | <u>(1,967,935)</u> | <u>(2,256,167)</u> | <u>(2,256,167)</u> | <u>-</u> |
| Total other financing (uses) | <u>(1,967,935)</u> | <u>(2,256,167)</u> | <u>(2,256,167)</u> | <u>-</u> |
| Net change in fund balances | <u>\$ 819,565</u> | <u>\$ 819,565</u> | <u>1,019,766</u> | <u>\$ 200,201</u> |
| Beginning fund balances | | | <u>3,748,346</u> | |
| Ending fund balances | | | <u>\$ 4,768,112</u> | |

Notes to Required Supplementary Information:

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

CITY OF LAKE JACKSON, TEXAS
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
TEXAS MUNICIPAL RETIREMENT SYSTEM
Last Ten Years

| | Measurement Year | | | | | | | | | |
|------------------------------------------------------------------------|------------------|---------------|----------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
| Total pension liability | | | | | | | | | | |
| Service cost | \$ 2,000,339 | \$ 1,807,478 | \$ 1,699,654 | \$ 1,740,285 | \$ 1,709,877 | \$ 1,628,211 | \$ 1,625,159 | \$ 1,470,736 | \$ 1,395,740 | \$ 1,235,156 |
| Interest (on the total pension liability) | 5,370,143 | 5,071,744 | 4,831,496 | 4,647,878 | 4,451,456 | 4,219,875 | 3,989,640 | 3,770,178 | 3,720,766 | 3,586,517 |
| Difference between expected and actual experience | 755,388 | 1,144,252 | 795,863 | (21,206) | (394,418) | 28,033 | 223,108 | 458,906 | (455,995) | (864,997) |
| Change of assumptions | (794,634) | - | - | - | 169,049 | - | - | - | 268,564 | - |
| Benefit payments, including refunds of employee contributions | (3,546,840) | (3,851,517) | (3,791,894) | (3,460,842) | (2,621,578) | (2,350,684) | (2,506,390) | (2,545,111) | (1,986,637) | (2,251,635) |
| Net change in total pension liability | 3,784,396 | 4,171,957 | 3,535,119 | 2,906,115 | 3,314,386 | 3,525,435 | 3,331,517 | 3,154,709 | 2,942,438 | 1,705,041 |
| Beginning total pension liability | 80,330,920 | 76,158,963 | 72,623,844 | 69,717,729 | 66,403,343 | 62,877,908 | 59,546,391 | 56,391,682 | 53,449,244 | 51,744,203 |
| Ending total pension liability | \$ 84,115,316 | \$ 80,330,920 | \$ 76,158,963 | \$ 72,623,844 | \$ 69,717,729 | \$ 66,403,343 | \$ 62,877,908 | \$ 59,546,391 | \$ 56,391,682 | \$ 53,449,244 |
| Plan fiduciary net position | | | | | | | | | | |
| Contributions - employer | \$ 1,595,927 | \$ 1,435,351 | \$ 1,397,193 | \$ 1,504,167 | \$ 1,454,852 | \$ 1,389,070 | \$ 1,356,015 | \$ 1,213,201 | \$ 1,274,547 | \$ 1,276,545 |
| Contributions - employee | 856,490 | 777,968 | 734,721 | 749,584 | 728,641 | 686,526 | 687,171 | 620,564 | 606,865 | 557,850 |
| Net investment income | 8,243,667 | (5,739,619) | 9,269,719 | 5,104,750 | 9,073,511 | (1,822,401) | 7,467,864 | 3,458,936 | 75,651 | 2,798,520 |
| Benefit payments, including refunds of employee contributions | (3,546,840) | (3,851,517) | (3,791,894) | (3,460,842) | (2,621,578) | (2,350,684) | (2,506,390) | (2,545,111) | (1,986,637) | (2,251,635) |
| Administrative expense | (52,554) | (49,740) | (42,933) | (33,061) | (51,304) | (35,236) | (38,715) | (39,074) | (46,082) | (29,219) |
| Other | (367) | 59,355 | 294 | (1,290) | (1,542) | (1,842) | (1,962) | (2,105) | (2,275) | (2,402) |
| Net change in plan fiduciary net position | 7,096,323 | (7,368,202) | 7,567,100 | 3,863,308 | 8,582,580 | (2,134,567) | 6,963,983 | 2,706,411 | (77,931) | 2,349,659 |
| Beginning plan fiduciary net position | 71,375,068 | 78,743,270 | 71,176,170 | 67,312,862 | 58,730,282 | 60,864,849 | 53,900,866 | 51,194,455 | 51,272,386 | 48,922,727 |
| Ending Plan Fiduciary Net Position | \$ 78,471,391 | \$ 71,375,068 | \$ 78,743,270 | \$ 71,176,170 | \$ 67,312,862 | \$ 58,730,282 | \$ 60,864,849 | \$ 53,900,866 | \$ 51,194,455 | \$ 51,272,386 |
| Net Pension Liability/(asset) | \$ 5,643,925 | \$ 8,955,852 | \$ (2,584,307) | \$ 1,447,674 | \$ 2,404,867 | \$ 7,673,061 | \$ 2,013,059 | \$ 5,645,525 | \$ 5,197,227 | \$ 2,176,858 |
| Plan fiduciary net position as a percentage of total pension liability | 93.29% | 88.85% | 103.39% | 98.01% | 96.55% | 88.44% | 96.80% | 90.52% | 90.78% | 95.93% |
| Covered Payroll | \$ 14,267,755 | \$ 12,966,127 | \$ 12,245,342 | \$ 12,493,072 | \$ 12,245,342 | \$ 12,966,127 | \$ 11,452,850 | \$ 10,342,727 | \$ 10,099,421 | \$ 9,297,496 |
| Net pension liability/(asset) as a percentage of covered payroll | 39.56% | 69.07% | -21.10% | 11.59% | 19.80% | 67.06% | 17.58% | 54.58% | 51.46% | 23.14% |

CITY OF LAKE JACKSON, TEXAS
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
TEXAS EMERGENCY SERVICE RETIREMENT SYSTEM
Last Ten Years

| | Measurement Year | | | | | | | | | |
|----------------------------------------------------------------------------|-------------------|-------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | <u>2023</u> | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> |
| City's proportion of the net pension liability | 1.279% | 0.925% | 1.017% | 0.958% | 0.903% | 1.373% | 1.215% | 1.426% | 1.491% | 1.287% |
| City's proportionate share of the net pension liability | \$ 553,642 | \$ 379,528 | \$ 208,963 | \$ 241,520 | \$ 255,960 | \$ 297,261 | \$ 291,620 | \$ 415,367 | \$ 397,986 | \$ 233,869 |
| State's proportionate share of the net pension liability | <u>146,736</u> | <u>98,519</u> | <u>NA**</u> |
| Total | <u>\$ 700,378</u> | <u>\$ 478,047</u> | <u>NA**</u> |
| Number of active members* | 21 | 23 | NA** |
| City's net pension liability per active member | \$ 26,364 | \$ 16,501 | NA** |
| Plan fiduciary net position as a percentage of the total pension liability | 93.1% | 75.2% | 93.1% | 83.2% | 80.2% | 84.3% | 81.4% | 76.3% | 76.9% | 83.5% |

*There is no compensation for active members. Number of active members is used.

**Information was not available. Only two years of information is currently available. The City will include this information for this schedule over the future periods.

Notes to Required Supplementary Information:

1. Changes in benefit terms
There was no changes of benefit terms that affected measurement of the total pension liability (TPL) during the measurement period.
2. Changes in assumptions
There was no changes in assumptions or other inputs that affected measurement of the TPL during the measurement period.

CITY OF LAKE JACKSON, TEXAS
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
TEXAS MUNICIPAL RETIREMENT SYSTEM
Last Seven Years

| | Measurement Year* | | | | | | |
|------------------------------------------------------------------|-------------------|-------------------|---------------------|-------------------|-------------------|-------------------|-------------------|
| | <u>2023</u> | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> |
| Total OPEB liability | | | | | | | |
| Service cost | \$ 24,255 | \$ 45,381 | \$ 41,634 | \$ 34,981 | \$ 24,288 | \$ 25,173 | \$ 21,760 |
| Interest (on the total pension liability) | 27,610 | 18,880 | 18,915 | 21,297 | 23,388 | 21,767 | 21,378 |
| Changes in benefit terms | - | - | - | - | - | (20,020) | - |
| Difference between expected and actual experience | 10,997 | (13,297) | 2,866 | (6,304) | (29,761) | - | - |
| Change of assumptions | 39,872 | (361,459) | 32,729 | 129,066 | 126,942 | (47,208) | 53,507 |
| Benefit payments** | <u>(27,109)</u> | <u>(19,449)</u> | <u>(15,919)</u> | <u>(6,247)</u> | <u>(6,072)</u> | <u>(6,865)</u> | <u>(5,726)</u> |
| Net change in total OPEB liability | 75,625 | (329,944) | 80,225 | 172,793 | 138,785 | (27,153) | 90,919 |
| Beginning total OPEB liability | <u>683,158</u> | <u>1,013,102</u> | <u>932,877</u> | <u>760,084</u> | <u>621,299</u> | <u>648,452</u> | <u>557,533</u> |
| Ending total OPEB liability | <u>\$ 758,783</u> | <u>\$ 683,158</u> | <u>\$ 1,013,102</u> | <u>\$ 932,877</u> | <u>\$ 760,084</u> | <u>\$ 621,299</u> | <u>\$ 648,452</u> |
| Covered-employee payroll | \$ 14,267,755 | \$ 12,966,127 | \$ 12,245,342 | \$ 12,493,072 | \$ 12,144,015 | \$ 11,452,850 | \$ 11,452,850 |
| Total OPEB liability as a percentage of covered-employee payroll | 5.32% | 5.27% | 8.27% | 7.47% | 6.26% | 5.42% | 5.66% |

(Continued)

CITY OF LAKE JACKSON, TEXAS
 SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
 TEXAS MUNICIPAL RETIREMENT SYSTEM
 Last Seven Years

*Only seven years of information is currently available. The City will build this schedule over the next four-year period.

**Due to the SDBF being considered an unfunded OPEB plan under GASB 75, benefit payments are treated as being equal to the employer's yearly contributions for retirees.

Notes to Required Supplementary Information:

1. Valuation Date: Actuarially determined contribution rates are calculated as of December 31 and become effective in January, 13 months later.

2. Methods and Assumptions Used to Determine Contribution Rates:

| | |
|-------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Actuarial cost method | Entry age normal |
| Inflation | 2.50% |
| Salary increases | 3.60% to 11.85% including inflation |
| Discount rate | 3.77% |
| Administrative expenses | All administrative expenses are paid through the PTF and accounted for under reporting requirements of GASB Statement No. 68. |
| Mortality rates – service retirees | 2019 Municipal Retirees of Texas Mortality Tables. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence). |
| 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 3.0% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (either immediate convergence) to account for future mortality improvements subject to the floor. Other Information: No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB 75 to pay related benefits. |

3. Other Information:

No assets are accumulated in a trust that meets the criteria of GASB Statement No. 75 to pay related benefits.

* The discount rate was based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2023.

The actuarial assumptions used in the December 31, 2023 valuation were based on the results of an actuarial experience study for the period ending December 31, 2022.

There were no benefit changes during the year.

CITY OF LAKE JACKSON, TEXAS
SCHEDULE OF CONTRIBUTIONS
TEXAS MUNICIPAL RETIREMENT SYSTEM
Last Ten Years

| | Fiscal Year | | | | | | | | | |
|----------------------------------------------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
| Actuarially determined contribution | \$ 1,833,516 | \$ 1,552,001 | \$ 1,474,767 | \$ 1,476,363 | \$ 1,466,849 | \$ 1,464,706 | \$ 1,357,568 | \$ 1,336,648 | \$ 1,224,103 | \$ 1,226,556 |
| Contributions in relation to the actuarially determined contribution | <u>1,833,516</u> | <u>1,552,001</u> | <u>1,474,767</u> | <u>1,476,363</u> | <u>1,466,849</u> | <u>1,464,706</u> | <u>1,357,568</u> | <u>1,336,648</u> | <u>1,224,103</u> | <u>1,226,556</u> |
| Contribution deficiency (excess) | <u>\$ -</u> |
| Covered payroll | \$ 15,268,475 | \$ 13,913,493 | \$ 13,190,422 | \$ 12,483,756 | \$ 12,199,945 | \$ 11,970,987 | \$ 11,257,155 | \$ 11,316,010 | \$ 20,336,026 | \$ 9,526,517 |
| Contributions as a percentage of covered payroll | 12.01% | 11.15% | 11.18% | 11.83% | 12.02% | 12.24% | 12.06% | 11.81% | 11.97% | 12.88% |

Notes to Required Supplementary Information:

1. Valuation Date: Actuarially determined contribution rates are calculated as of December 31 and become effective in January, 13 months later.
2. Methods and Assumptions Used to Determine Contribution Rates:

| | |
|-------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Actuarial cost method | Entry age normal |
| Amortization method | Level percentage of payroll, closed |
| Remaining amortization period | 22 years (longest amortization ladder) |
| Asset valuation method | 10 year smoothed market; 12% soft corridor |
| Inflation | 2.50% |
| Salary increases | 3.60% to 11.85% including inflation |
| Investment rate of return | 6.75% |
| Retirement age | Experience-based table of rates that vary by age. Last updated for the 2023 valuation pursuant to an experience study of the period ending 2022. |
| Mortality | Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence). Pre-retirement: PUB(10) mortality tables, with the 110% of the Public Safety table used for males and the 100% of the General Employee table used for females. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence). |

2. Other Information: There were no benefit changes during the year.

CITY OF LAKE JACKSON, TEXAS
SCHEDULE OF CONTRIBUTIONS
TEXAS EMERGENCY SERVICES RETIREMENT SYSTEM
Last Ten Years

| | Fiscal Year | | | | | | | | | |
|----------------------------------------------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | <u>2024</u> | <u>2023</u> | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> |
| Contractually required contribution | \$ 49,990 | \$ 60,950 | \$ 88,134 | \$ 45,012 | \$ 65,774 | \$ 59,048 | \$ 96,681 | \$ 77,681 | \$ 82,103 | \$ 78,528 |
| Contributions in relation to the contractually required contribution | <u>49,990</u> | <u>60,950</u> | <u>88,134</u> | <u>45,012</u> | <u>65,774</u> | <u>59,048</u> | <u>96,681</u> | <u>77,681</u> | <u>82,103</u> | <u>78,528</u> |
| Contribution deficiency (excess) | <u>\$ -</u> |
| Number of active members* | 21 | 29 | NA** |
| Contributions per active member | \$ 2,380 | \$ 2,102 | NA** |

*There is no compensation for active members. Number of active members is used instead.

**Information was not available. Only one year of information is currently available. The City will include this information for this schedule over the future periods.

COMBINING STATEMENTS AND SCHEDULES

CITY OF LAKE JACKSON, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL
GENERAL GOVERNMENTAL DEBT SERVICE FUND
For the Year Ended September 30, 2024

| | General Governmental Debt Service Fund | | | |
|--------------------------------|----------------------------------------|------------------------------|-------------------|---------------------------------------------------------|
| | Original Budgeted Amounts | Final Budgeted Amounts | Actual Amounts | Variance with Final Budget Positive (Negative) |
| Revenues | | | | |
| Property taxes | \$ 4,147,327 | \$ 4,147,327 | \$ 4,084,707 | \$ (62,620) |
| Investment revenue | <u>50,000</u> | <u>50,000</u> | <u>102,397</u> | <u>52,397</u> |
| Total revenues | <u>4,197,327</u> | <u>4,197,327</u> | <u>4,187,104</u> | <u>(10,223)</u> |
| Expenditures | | | | |
| Debt service | | | | |
| Principal | 2,849,601 | 2,849,601 | 2,849,601 | - |
| Interest and fiscal agent fees | <u>1,297,726</u> | <u>1,495,208</u> | <u>1,495,208</u> | <u>-</u> |
| Total expenditures | <u>4,147,327</u> | <u>4,344,809</u> | <u>4,344,809</u> | <u>-</u> |
| Net change in fund balance | <u>\$ 50,000</u> | <u>\$ (147,482)</u> | <u>(157,705)</u> | <u>\$ (10,223)</u> |
| Beginning fund balance | | | <u>853,086</u> | |
| Ending fund balance | | | <u>\$ 695,381</u> | |

Notes to Supplementary Information:

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

CITY OF LAKE JACKSON, TEXAS
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended September 30, 2024

SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

Motel Occupancy Tax Fund: This fund is used to account for resources generated from the local hotel/motel occupancy tax. Expenditures and transfers from this fund are restricted activities and reimbursement for special events paid by the general fund to.

Police Seizure Fund: This fund is used to account for the receipt and expenditure of revenues derived from crime seizures that are to be used for law enforcement purposes.

Program Education Fund: This fund is used to account for restricted revenues and expenditures from Public, Educational, and Governmental access (PEG) fees.

DEBT SERVICE FUNDS

Debt Service Funds are used to account for the accumulation of resources for the annual payment requirement for principal and interest on debt.

Economic Development Debt Service Fund: This fund is used to account for the annual payment of the economic development principal and interest on debt issued and to provide a reserve for such payments. The annual payments include principal and interest on all of the certificates of obligation for series 2016 and 2022, all of the general obligation bonds series 2013, and a portion of the general obligation bonds series 2015 and 2021.

CAPITAL PROJECTS FUNDS

Capital Projects Funds are used to account for and report financial resources that are restricted or assigned expenditures for capital outlays including the acquisition or construction of capital facilities and other capital assets.

General Construction Fund: This fund is used to account for resources assigned 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.

Brazos Oaks Construction Fund: This fund accounts for the remaining funds from the issuance of prior year bonds for the reconstruction of streets and drainage in the Brazos Oaks subdivision. The remaining funds are restricted for future capital projects within the City.

2013 Infrastructure Fund: This fund accounts for the remaining funds from the issuance of prior year bonds for capital projects related to the replacement of streets and associated water, sewer, and sidewalks. The remaining funds are restricted for future capital projects within the City.

2017 Infrastructure Improvements Fund: This fund accounts for the funds from the issuance of the 2016 Limited Tax Bonds during fiscal year 2017. The fund is used for restricted expenditures associated with ongoing infrastructure improvements.

(Continued)

CITY OF LAKE JACKSON, TEXAS
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended September 30, 2024

CAPITAL PROJECTS FUNDS (Continued)

2014 Economic Incentive Fund: This fund accounts for the remaining funds from the issuance of prior year bonds for capital projects related the redevelopment of the Oak Woods subdivision and the development of the Dow Texas Innovation Center. The remaining funds are restricted for future capital projects within the City.

2018 Downtown Improvement Fund: This fund accounts for the expenditures related to the completion of the downtown improvement plan.

2022 Parks and Recreation Improvement Fund: This fund accounts for the funds from the 2022 Certificates of Obligation issued during fiscal year 2022. The fund is used for restricted expenditures associated with ongoing replacement and expansion of the City's parks.

2021 Infrastructure Improvement Fund: This fund accounts for the funds from the 2021 Limited Tax Bonds for during fiscal year 2023. The fund is used for restricted expenditures associated with capital improvements to City facilities, street improvement, and street panel replacement.

CITY OF LAKE JACKSON, TEXAS
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 September 30, 2024

| | Special Revenue Funds | | | Debt Service Funds | Capital Projects Funds | |
|------------------------------------------------------------------------|---------------------------|-------------------|----------------------|-------------------------|-------------------------|----------------------------|
| | Motel Occupancy Tax | Police Seizure | Program Education | Economic Development | General Construction | Brazos Oak Construction |
| ASSETS | | | | | | |
| Cash and cash equivalents | \$ 97,521 | \$ 64,788 | \$ 407,060 | \$ 98,146 | \$ 5,367,006 | \$ 3,685 |
| Receivables, net | - | - | 12,104 | - | 45,897 | - |
| Total assets | <u>\$ 97,521</u> | <u>\$ 64,788</u> | <u>\$ 419,164</u> | <u>\$ 98,146</u> | <u>\$ 5,412,903</u> | <u>\$ 3,685</u> |
| LIABILITIES | | | | | | |
| Accounts payable and accrued liabilities | \$ 39,334 | \$ - | \$ - | \$ - | \$ 422,396 | \$ - |
| Total liabilities | <u>39,334</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>422,396</u> | <u>-</u> |
| FUND BALANCES | | | | | | |
| Restricted for: | | | | | | |
| Debt Service | - | - | - | 98,146 | - | - |
| Enabling legislation | 58,187 | 64,788 | 419,164 | - | - | - |
| Capital projects | - | - | - | - | - | 3,685 |
| Assigned to: | | | | | | |
| General construction | - | - | - | - | 4,990,507 | - |
| Total fund balances | <u>58,187</u> | <u>64,788</u> | <u>419,164</u> | <u>98,146</u> | <u>4,990,507</u> | <u>3,685</u> |
| Total liabilities, deferred inflows of resources, and fund balances | <u>\$ 97,521</u> | <u>\$ 64,788</u> | <u>\$ 419,164</u> | <u>\$ 98,146</u> | <u>\$ 5,412,903</u> | <u>\$ 3,685</u> |

(Continued)

CITY OF LAKE JACKSON, TEXAS
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 September 30, 2024

| | Capital Project Funds | | | | | (Formerly Major) Infrastructure Improvement |
|----------------------------------------------------------------------------|---------------------------------------|----------------------------------------|-------------------------------|---------------------------------|---------------------------------------------|---------------------------------------------------|
| | 2013 Infrastructure Improvement | 2017 Infrastructure Improvements | 2014 Economic Incentive | 2018 Downtown Improvement | 2022 Parks and Recreation Improvement | |
| ASSETS | | | | | | |
| Cash and cash equivalents | \$ 997 | \$ 1,297,052 | \$ 1,266 | \$ 1,179,955 | \$ 1,706,080 | \$ 5,872,691 |
| Receivables, net | - | - | - | - | - | - |
| Total assets | <u>\$ 997</u> | <u>\$ 1,297,052</u> | <u>\$ 1,266</u> | <u>\$ 1,179,955</u> | <u>\$ 1,706,080</u> | <u>\$ 5,872,691</u> |
| LIABILITIES | | | | | | |
| Accounts payable and accrued liabilities | \$ - | \$ - | \$ - | \$ 377,695 | \$ 97,638 | \$ 26,515 |
| Total liabilities | <u>-</u> | <u>-</u> | <u>-</u> | <u>377,695</u> | <u>97,638</u> | <u>26,515</u> |
| FUND BALANCES | | | | | | |
| Restricted for: | | | | | | |
| Debt Service | - | - | - | - | - | - |
| Enabling legislation | - | - | - | - | - | - |
| Capital projects | 997 | 1,297,052 | 1,266 | 802,260 | 1,608,442 | 5,846,176 |
| Assigned to: | | | | | | |
| General construction | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total fund balances | <u>997</u> | <u>1,297,052</u> | <u>1,266</u> | <u>802,260</u> | <u>1,608,442</u> | <u>5,846,176</u> |
| Total liabilities, deferred inflows of resources, and fund balances | <u>\$ 997</u> | <u>\$ 1,297,052</u> | <u>\$ 1,266</u> | <u>\$ 1,179,955</u> | <u>\$ 1,706,080</u> | <u>\$ 5,872,691</u> |

(Continued)

CITY OF LAKE JACKSON, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
September 30, 2024

| | Total Nonmajor Governmental Funds |
|------------------------------------------------------------------------|-----------------------------------------|
| ASSETS | |
| Cash and cash equivalents | \$ 16,096,247 |
| Receivables, net | <u>58,001</u> |
| Total assets | <u>\$ 16,154,248</u> |
| LIABILITIES | |
| Accounts payable and accrued liabilities | \$ <u>963,578</u> |
| Total liabilities | <u>963,578</u> |
| FUND BALANCES | |
| Restricted for: | |
| Debt Service | 98,146 |
| Enabling legislation | 542,139 |
| Capital projects | 9,559,878 |
| Assigned to: | |
| General construction | <u>4,990,507</u> |
| Total fund balances | <u>15,190,670</u> |
| Total liabilities, deferred inflows of resources, and fund balances | <u>\$ 16,154,248</u> |

CITY OF LAKE JACKSON, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE
 NONMAJOR GOVERNMENTAL FUNDS
 For the Year Ended September 30, 2024

| | Special Revenue Funds | | | Debt Service | Capital Projects Funds | |
|----------------------------------------------------------------------|---------------------------|-------------------|----------------------|----------------------------------|-------------------------|----------------------------|
| | Motel Occupancy Tax | Police Seizure | Program Education | Funds Economic Development | General Construction | Brazos Oak Construction |
| Revenues | | | | | | |
| Taxes | | | | | | |
| Franchise | \$ - | \$ - | \$ 50,194 | \$ - | \$ - | \$ - |
| Occupancy | 539,201 | - | - | - | - | - |
| Intergovernmental | - | - | - | - | 10,965 | - |
| Investment revenue | 3,596 | 45 | 18,903 | - | 256,174 | - |
| Other revenue | - | 24,450 | - | - | 25,000 | - |
| Total revenues | <u>542,797</u> | <u>24,495</u> | <u>69,097</u> | <u>-</u> | <u>292,139</u> | <u>-</u> |
| Expenditures | | | | | | |
| Current | | | | | | |
| General government | - | - | 2,463 | - | 301,122 | - |
| Public safety | - | 57,462 | - | - | 4,981 | - |
| Public works | - | - | - | - | - | - |
| Culture and recreation | 462,864 | - | - | - | - | - |
| Capital outlay | - | - | - | - | 1,611,477 | - |
| Debt service | | | | | | |
| Principal | - | - | - | 1,210,399 | - | - |
| Interest and fiscal agent fees | - | - | - | 307,536 | - | - |
| Total expenditures | <u>462,864</u> | <u>57,462</u> | <u>2,463</u> | <u>1,517,935</u> | <u>1,917,580</u> | <u>-</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | <u>79,933</u> | <u>(32,967)</u> | <u>66,634</u> | <u>(1,517,935)</u> | <u>(1,625,441)</u> | <u>-</u> |
| Other financing sources (uses) | | | | | | |
| Transfers in | - | - | - | 1,517,935 | 1,200,000 | - |
| Transfers (out) | (75,407) | - | - | - | - | - |
| Total other financing sources (uses) | <u>(75,407)</u> | <u>-</u> | <u>-</u> | <u>1,517,935</u> | <u>1,200,000</u> | <u>-</u> |
| Net change in fund balances | 4,526 | (32,967) | 66,634 | - | (425,441) | - |
| Beginning fund balances | <u>53,661</u> | <u>97,755</u> | <u>352,530</u> | <u>98,146</u> | <u>5,415,948</u> | <u>3,685</u> |
| Change to or within financial reporting entity | - | - | - | - | - | - |
| Beginning fund balances, as adjusted | <u>53,661</u> | <u>97,755</u> | <u>352,530</u> | <u>98,146</u> | <u>5,415,948</u> | <u>3,685</u> |
| Ending fund balances | <u>\$ 58,187</u> | <u>\$ 64,788</u> | <u>\$ 419,164</u> | <u>\$ 98,146</u> | <u>\$ 4,990,507</u> | <u>\$ 3,685</u> |

(Continued)

CITY OF LAKE JACKSON, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE
 NONMAJOR GOVERNMENTAL FUNDS
 For the Year Ended September 30, 2024

| | Capital Project Funds | | | | | |
|----------------------------------------------------------------------|------------------------|----------------------------------------|-------------------------------|---------------------------------|---------------------------------------------|---------------------------------------------------|
| | 2013 Infrastructure | 2017 Infrastructure Improvements | 2014 Economic Incentive | 2018 Downtown Improvement | 2022 Parks and Recreation Improvement | (Formerly Major) Infrastructure Improvement |
| Revenues | | | | | | |
| Taxes | | | | | | |
| Franchise | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Occupancy | - | - | - | - | - | - |
| Intergovernmental | - | - | - | - | - | - |
| Investment revenue | - | 88,629 | 1,265 | 78,407 | 92,348 | 362,624 |
| Other revenue | - | - | - | - | - | - |
| Total revenues | <u>-</u> | <u>88,629</u> | <u>1,265</u> | <u>78,407</u> | <u>92,348</u> | <u>362,624</u> |
| Expenditures | | | | | | |
| Current | | | | | | |
| General government | - | - | 84,059 | - | - | - |
| Public safety | - | - | - | - | - | - |
| Public works | - | - | - | - | - | - |
| Culture and recreation | - | - | - | - | - | - |
| Capital outlay | - | - | - | 270,452 | 444,923 | 1,322,820 |
| Debt service | | | | | | |
| Principal | - | - | - | - | - | - |
| Interest and fiscal agent fees | - | - | - | - | - | - |
| Total expenditures | <u>-</u> | <u>-</u> | <u>84,059</u> | <u>270,452</u> | <u>444,923</u> | <u>1,322,820</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | <u>-</u> | <u>88,629</u> | <u>(82,794)</u> | <u>(192,045)</u> | <u>(352,575)</u> | <u>(960,196)</u> |
| Other financing sources (uses) | | | | | | |
| Transfers in | - | - | - | - | - | - |
| Transfers (out) | - | - | - | - | - | - |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Net change in fund balances | - | 88,629 | (82,794) | (192,045) | (352,575) | (960,196) |
| Beginning fund balances | <u>997</u> | <u>1,208,423</u> | <u>84,060</u> | <u>994,305</u> | <u>1,961,017</u> | <u>-</u> |
| Change to or within financial reporting entity | - | - | - | - | - | \$ 6,806,372 |
| Beginning fund balances, as adjusted | <u>997</u> | <u>1,208,423</u> | <u>84,060</u> | <u>994,305</u> | <u>1,961,017</u> | <u>6,806,372</u> |
| Ending fund balances | <u>\$ 997</u> | <u>\$ 1,297,052</u> | <u>\$ 1,266</u> | <u>\$ 802,260</u> | <u>\$ 1,608,442</u> | <u>\$ 5,846,176</u> |

(Continued)

CITY OF LAKE JACKSON, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE
 NONMAJOR GOVERNMENTAL FUNDS
 For the Year Ended September 30, 2024

| | Total Nonmajor Governmental Funds |
|----------------------------------------------------------------------|-----------------------------------------|
| Revenues | |
| Taxes | |
| Franchise | \$ 50,194 |
| Occupancy | 539,201 |
| Intergovernmental | 10,965 |
| Investment revenue | 901,991 |
| Other revenue | 49,450 |
| Total revenues | <u>1,551,801</u> |
| Expenditures | |
| Current | |
| General government | 387,644 |
| Public safety | 62,443 |
| Public works | - |
| Culture and recreation | 462,864 |
| Capital outlay | 3,649,672 |
| Debt service | |
| Principal | 1,210,399 |
| Interest and fiscal agent fees | 307,536 |
| Total expenditures | <u>6,080,558</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | <u>(4,528,757)</u> |
| Other financing sources (uses) | |
| Transfers in | 2,717,935 |
| Transfers (out) | (75,407) |
| Total other financing sources (uses) | <u>2,642,528</u> |
| Net change in fund balances | (1,886,229) |
| Beginning fund balances | <u>10,270,527</u> |
| Change to or within financial reporting entity | 6,806,372 |
| Beginning fund balances, as adjusted | <u>17,076,899</u> |
| Ending fund balances | <u>\$ 15,190,670</u> |

CITY OF LAKE JACKSON, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL
MOTEL OCCUPANCY FUND
For the Year Ended September 30, 2024

| | <u>Original Budgeted Amounts</u> | <u>Final Budgeted Amounts</u> | <u>Actual Amounts</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|-----------------------------------------|------------------------------------------|---------------------------------------|---------------------------|-------------------------------------------------------------------|
| Revenues | | | | |
| Taxes | | | | |
| Occupancy | \$ 521,024 | \$ 521,024 | \$ 539,201 | \$ 18,177 |
| Investment revenue | <u>1,750</u> | <u>1,750</u> | <u>3,596</u> | <u>1,846</u> |
| Total revenues | <u>522,774</u> | <u>522,774</u> | <u>542,797</u> | <u>20,023</u> |
| Expenditures | | | | |
| Current: | | | | |
| Culture and recreation | <u>442,645</u> | <u>472,238</u> | <u>462,864</u> | <u>9,374</u> |
| Total expenditures | <u>442,645</u> | <u>472,238</u> | <u>462,864</u> | <u>9,374</u> |
| Excess of revenues over expenditures | <u>80,129</u> | <u>50,536</u> | <u>79,933</u> | <u>29,397</u> |
| Other financing sources (uses) | | | | |
| Transfers (out) | <u>(65,000)</u> | <u>(75,407)</u> | <u>(75,407)</u> | <u>-</u> |
| Total other financing (uses) | <u>(65,000)</u> | <u>(75,407)</u> | <u>(75,407)</u> | <u>-</u> |
| Net change in fund balances | <u>\$ 15,129</u> | <u>\$ (24,871)</u> | <u>4,526</u> | <u>\$ 29,397</u> |
| Beginning fund balances | | | <u>53,661</u> | |
| Ending fund balances | | | <u>\$ 58,187</u> | |

CITY OF LAKE JACKSON, TEXAS
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE – BUDGET AND ACTUAL
 POLICE SEIZURE FUND
 For the Year Ended September 30, 2024

| | Original Budgeted Amounts | Final Budgeted Amounts | Actual Amounts | Variance with Final Budget Positive (Negative) |
|-----------------------------|---------------------------------|------------------------------|-------------------|---------------------------------------------------------|
| Revenues | | | | |
| Investment revenue | \$ - | \$ - | \$ 45 | \$ 45 |
| Other revenue | <u>20,000</u> | <u>20,000</u> | <u>24,450</u> | <u>4,450</u> |
| Total revenues | <u>20,000</u> | <u>20,000</u> | <u>24,495</u> | <u>4,495</u> |
| Expenditures | | | | |
| Current | | | | |
| Public safety | <u>20,000</u> | <u>65,000</u> | <u>57,462</u> | <u>7,538</u> |
| Total expenditures | <u>20,000</u> | <u>65,000</u> | <u>57,462</u> | <u>7,538</u> |
| Net change in fund balances | <u>\$ -</u> | <u>\$ (45,000)</u> | <u>(32,967)</u> | <u>\$ 12,033</u> |
| Beginning fund balances | | | <u>97,755</u> | |
| Ending fund balances | | | <u>\$ 64,788</u> | |

CITY OF LAKE JACKSON, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL
PROGRAM EDUCATION FUND
For the Year Ended September 30, 2024

| | <u>Original Budgeted Amounts</u> | <u>Final Budgeted Amounts</u> | <u>Actual Amounts</u> | Variance with Final Budget Positive (Negative) |
|-----------------------------|------------------------------------------|---------------------------------------|---------------------------|---------------------------------------------------------|
| Revenues | | | | |
| Taxes | | | | |
| Franchise | \$ 65,000 | \$ 65,000 | \$ 50,194 | \$ (14,806) |
| Investment revenue | <u>250</u> | <u>250</u> | <u>18,903</u> | <u>18,653</u> |
| Total revenues | <u>65,250</u> | <u>65,250</u> | <u>69,097</u> | <u>3,847</u> |
| Expenditures | | | | |
| Current | | | | |
| General government | <u>50,000</u> | <u>50,000</u> | <u>2,463</u> | <u>47,537</u> |
| Total expenditures | <u>50,000</u> | <u>50,000</u> | <u>2,463</u> | <u>47,537</u> |
| Net change in fund balances | <u>\$ 15,250</u> | <u>\$ 15,250</u> | <u>66,634</u> | <u>\$ 51,384</u> |
| Beginning fund balances | | | <u>352,530</u> | |
| Ending fund balances | | | <u>\$ 419,164</u> | |

CITY OF LAKE JACKSON, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL
ECONOMIC DEVELOPMENT DEBT SERVICE FUND
For the Year Ended September 30, 2024

| | <u>Original Budgeted Amounts</u> | <u>Final Budgeted Amounts</u> | <u>Actual Amounts</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|-----------------------------------------|------------------------------------------|---------------------------------------|---------------------------|-------------------------------------------------------------------|
| Expenditures | | | | |
| Debt service: | | | | |
| Principal | \$ 1,210,399 | \$ 1,210,399 | 1,210,399 | \$ - |
| Interest and fiscal agent fees | <u>307,536</u> | <u>307,536</u> | <u>307,536</u> | <u>-</u> |
| Total expenditures | <u>1,517,935</u> | <u>1,517,935</u> | <u>1,517,935</u> | <u>-</u> |
| Excess of revenues over expenditures | <u>(1,517,935)</u> | <u>(1,517,935)</u> | <u>(1,517,935)</u> | <u>-</u> |
| Other financing sources | | | | |
| Transfers in | <u>1,517,935</u> | <u>1,517,935</u> | <u>1,517,935</u> | <u>-</u> |
| Total other financing sources | <u>1,517,935</u> | <u>1,517,935</u> | <u>1,517,935</u> | <u>-</u> |
| Net change in fund balances | <u>\$ -</u> | <u>\$ -</u> | <u>-</u> | <u>\$ -</u> |
| Beginning fund balances | | | <u>98,146</u> | |
| Ending fund balances | | | <u>\$ 98,146</u> | |

OTHER SUB-FUND STATEMENTS

CITY OF LAKE JACKSON, TEXAS
CONSOLIDATED BALANCE SHEET –
GENERAL FUND – SUB FUNDS
September 30, 2024

| | General Operations | Clearing | Payroll | General Contingencies | Equipment Replacement |
|------------------------------------------------------------------------|-----------------------|----------------------|-----------------|--------------------------|--------------------------|
| ASSETS | | | | | |
| Cash and cash equivalents | \$ 7,000 | \$ 18,176,200 | \$ - | \$ - | \$ - |
| Investments | - | 100,000 | - | - | - |
| Receivables, net | 2,327,360 | - | - | - | - |
| Due from other funds | 10,219,673 | - | 5,000 | 1,038,847 | 6,620,680 |
| Inventories | <u>145,783</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total assets | <u>\$ 12,699,816</u> | <u>\$ 18,276,200</u> | <u>\$ 5,000</u> | <u>\$ 1,038,847</u> | <u>\$ 6,620,680</u> |
| LIABILITIES | | | | | |
| Accounts payable and accrued liabilities | \$ 1,356,045 | \$ - | \$ - | \$ - | \$ 114,931 |
| Due to other funds | - | 18,276,200 | - | - | - |
| Customer deposits | 425,616 | - | - | - | - |
| Unearned revenue | <u>110,547</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total liabilities | <u>1,892,208</u> | <u>18,276,200</u> | <u>-</u> | <u>-</u> | <u>114,931</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | | |
| Unavailable revenue - property taxes | 80,594 | - | - | - | - |
| Unavailable revenue - court collections | <u>568,028</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total deferred inflows of resources | <u>648,622</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| FUND BALANCES | | | | | |
| Nonspendable | | | | | |
| Inventories | 145,783 | - | - | - | - |
| Prepaid items | - | - | - | - | - |
| Committed | | | | | |
| Contingencies | - | - | - | 1,038,847 | - |
| Assigned | | | | | |
| Unemployment insurance | - | - | - | - | - |
| Equipment replacement | - | - | - | - | 6,505,749 |
| Special events | - | - | - | - | - |
| Park improvement | - | - | - | - | - |
| Unassigned | <u>10,013,203</u> | <u>-</u> | <u>5,000</u> | <u>-</u> | <u>-</u> |
| Total fund balances | <u>10,158,986</u> | <u>-</u> | <u>5,000</u> | <u>1,038,847</u> | <u>6,505,749</u> |
| Total liabilities, deferred inflows of resources, and fund balances | <u>\$ 12,699,816</u> | <u>\$ 18,276,200</u> | <u>\$ 5,000</u> | <u>\$ 1,038,847</u> | <u>\$ 6,620,680</u> |

(Continued)

CITY OF LAKE JACKSON, TEXAS
CONSOLIDATED BALANCE SHEET –
GENERAL FUND – SUB FUNDS
September 30, 2024

| | Unemployment Insurance | Special Events | Parks | Consolidation | Total General Fund |
|----------------------------------------------------------------------------|---------------------------|-------------------|-------------------|------------------------|--------------------------|
| ASSETS | | | | | |
| Cash and cash equivalents | \$ - | \$ - | \$ - | \$ - | \$ 18,183,200 |
| Investments | - | - | - | - | 100,000 |
| Receivables, net | - | - | - | - | 2,327,360 |
| Due from other funds | 1,211 | 66,747 | 324,042 | (18,276,200) | - |
| Inventories | - | - | - | - | 145,783 |
| Total assets | \$ 1,211 | \$ 66,747 | \$ 324,042 | \$ (18,276,200) | \$ 20,756,343 |
| LIABILITIES | | | | | |
| Accounts payable and accrued liabilities | \$ 1,187 | \$ - | \$ - | \$ - | \$ 1,472,163 |
| Due to other funds | - | - | - | (18,276,200) | - |
| Customer deposits | - | - | - | - | 425,616 |
| Unearned revenue | - | - | - | - | 110,547 |
| Total liabilities | 1,187 | - | - | (18,276,200) | 2,008,326 |
| DEFERRED INFLOWS OF RESOURCES | | | | | |
| Unavailable revenue - property taxes | - | - | - | - | 80,594 |
| Unavailable revenue - court collections | - | - | - | - | 568,028 |
| Total deferred inflows of resources | - | - | - | - | 648,622 |
| FUND BALANCES | | | | | |
| Nonspendable | | | | | |
| Inventories | - | - | - | - | 145,783 |
| Committed | | | | | |
| Contingencies | - | - | - | - | 1,038,847 |
| Assigned | | | | | |
| Unemployment insurance | 24 | - | - | - | 24 |
| Equipment replacement | - | - | - | - | 6,505,749 |
| Special events | - | 66,747 | - | - | 66,747 |
| Park improvement | - | - | 324,042 | - | 324,042 |
| Unassigned | - | - | - | - | 10,018,203 |
| Total fund balances | 24 | 66,747 | 324,042 | - | 18,099,395 |
| Total liabilities, deferred inflows of resources, and fund balances | \$ 1,211 | \$ 66,747 | \$ 324,042 | \$ (18,276,200) | \$ 20,756,343 |

CITY OF LAKE JACKSON, TEXAS
CONSOLIDATED STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN
FUND BALANCES – GENERAL FUND – SUB FUNDS
For the Year Ended September 30, 2024

| | <u>General Operations</u> | <u>Clearing</u> | <u>Payroll</u> | <u>General Contingencies</u> | <u>Equipment Replacement</u> |
|----------------------------------------------------------------------|-------------------------------|-----------------|-----------------|----------------------------------|----------------------------------|
| Revenues | | | | | |
| Taxes | | | | | |
| Property | \$ 5,933,807 | \$ - | \$ - | \$ - | \$ - |
| Sales | 8,265,274 | - | - | - | - |
| Franchise | 1,486,991 | - | - | - | - |
| Other | 248,589 | - | - | - | - |
| Industrial district | 6,810,636 | - | - | - | - |
| Licenses and permits | 272,829 | - | - | - | - |
| Fines and forfeitures | 481,735 | - | - | - | - |
| Charges for services | 1,091,224 | - | - | - | - |
| Intergovernmental | 97,179 | - | - | - | - |
| Investment revenue | 556,256 | - | - | 50,939 | 590,824 |
| Other revenue | 333,171 | - | - | - | 77,767 |
| Total revenues | <u>25,577,691</u> | <u>-</u> | <u>-</u> | <u>50,939</u> | <u>668,591</u> |
| Expenditures | | | | | |
| Current | | | | | |
| General government | 10,641,438 | - | - | - | 1,144,505 |
| Public safety | 9,507,950 | - | - | - | - |
| Public works | 3,436,196 | - | - | - | - |
| Culture and recreation | 5,353,287 | - | - | - | - |
| Capital outlay | 128,690 | - | - | - | 1,498,307 |
| Debt service | | | | | |
| Principal | 23,680 | - | - | - | - |
| Interest and fiscal agent fees | 1,265 | - | - | - | - |
| Total expenditures | <u>29,092,506</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>2,642,812</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(3,514,815)</u> | <u>-</u> | <u>-</u> | <u>50,939</u> | <u>(1,974,221)</u> |
| Other financing sources (uses) | | | | | |
| Transfers in | 626,761 | - | - | - | 794,805 |
| Intrafund transfers | 4,512,675 | - | - | - | (4,512,675) |
| Total other financing sources (uses) | <u>5,139,436</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(3,717,870)</u> |
| Net change in fund balances | 1,624,621 | - | - | 50,939 | (5,692,091) |
| Beginning fund balances | <u>8,534,365</u> | <u>-</u> | <u>5,000</u> | <u>987,908</u> | <u>12,197,840</u> |
| Ending fund balances | <u>\$ 10,158,986</u> | <u>\$ -</u> | <u>\$ 5,000</u> | <u>\$ 1,038,847</u> | <u>\$ 6,505,749</u> |

(Continued)

CITY OF LAKE JACKSON, TEXAS
CONSOLIDATED STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN
FUND BALANCES – GENERAL FUND – SUB FUNDS
For the Year Ended September 30, 2024

| | Unemployment Insurance | Special Events | Parks | Consolidation | Total General Fund |
|----------------------------------------------------------------------|---------------------------|-------------------|-------------------|---------------|--------------------------|
| Revenues | | | | | |
| Taxes | | | | | |
| Property | \$ - | \$ - | \$ - | \$ - | \$ 5,933,807 |
| Sales | - | - | - | - | 8,265,274 |
| Franchise | - | - | - | - | 1,486,991 |
| Other | - | - | - | - | 248,589 |
| Industrial district | - | - | - | - | 6,810,636 |
| Licenses and permits | - | - | - | - | 272,829 |
| Fines and forfeitures | - | - | - | - | 481,735 |
| Charges for services | - | - | - | - | 1,091,224 |
| Intergovernmental | - | - | - | - | 97,179 |
| Investment revenue | 244 | 1,347 | 17,950 | - | 1,217,560 |
| Other revenue | - | 30,060 | - | - | 440,998 |
| Total revenues | <u>244</u> | <u>31,407</u> | <u>17,950</u> | <u>-</u> | <u>26,346,822</u> |
| Expenditures | | | | | |
| Current | | | | | |
| General government | 17,671 | - | 47,772 | - | 11,851,386 |
| Public safety | - | - | - | - | 9,507,950 |
| Public works | - | - | - | - | 3,436,196 |
| Culture and recreation | - | 136,223 | - | - | 5,489,510 |
| Capital outlay | - | - | - | - | 1,626,997 |
| Debt service | - | - | - | - | - |
| Principal | - | - | - | - | 23,680 |
| Interest and fiscal agent fees | - | - | - | - | 1,265 |
| Total expenditures | <u>17,671</u> | <u>136,223</u> | <u>47,772</u> | <u>-</u> | <u>31,936,984</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | | | | | |
| | <u>(17,427)</u> | <u>(104,816)</u> | <u>(29,822)</u> | <u>-</u> | <u>(5,590,162)</u> |
| Other financing sources (uses) | | | | | |
| Transfers in | 4,000 | 115,407 | - | - | 1,540,973 |
| Intrafund transfers | - | - | - | - | - |
| Total other financing sources (uses) | <u>4,000</u> | <u>115,407</u> | <u>-</u> | <u>-</u> | <u>1,540,973</u> |
| Net change in fund balances | (13,427) | 10,591 | (29,822) | - | (4,049,189) |
| Beginning fund balances | <u>13,451</u> | <u>56,156</u> | <u>353,864</u> | <u>-</u> | <u>22,148,584</u> |
| Ending fund balances | <u>\$ 24</u> | <u>\$ 66,747</u> | <u>\$ 324,042</u> | <u>\$ -</u> | <u>\$ 18,099,395</u> |

CITY OF LAKE JACKSON, TEXAS
CONSOLIDATED STATEMENT OF NET POSITION –
UTILITY OPERATIONS FUND – SUB-FUNDS
September 30, 2024

| | Utility General Operations | Utility Contingency | Utility Revenue Bond Interest and Sinking | Utility Construction | 2013 Revenue Bond |
|------------------------------------------------------------|----------------------------------|------------------------|----------------------------------------------------|-------------------------|-------------------------|
| ASSETS | | | | | |
| Current assets | | | | | |
| Cash and cash equivalents | \$ 4,432,060 | \$ - | \$ - | \$ 5,831,991 | \$ - |
| Accounts receivables (net of allowance for uncollectibles) | 1,088,553 | - | - | - | - |
| Lease receivable | 115,614 | - | - | - | - |
| Restricted cash and cash equivalents | | | | | |
| Revenue bond covenant account | - | 459,711 | 4,138,498 | - | - |
| Customer deposits | 907,766 | - | - | - | - |
| Total current assets | <u>6,543,993</u> | <u>459,711</u> | <u>4,138,498</u> | <u>5,831,991</u> | <u>-</u> |
| Noncurrent assets | | | | | |
| Lease receivable | 2,122,266 | - | - | - | - |
| Capital assets: | | | | | |
| Construction in progress | 2,406,806 | - | - | - | - |
| Buildings | 7,686,314 | - | - | - | - |
| Improvements other than buildings | 74,705,656 | - | - | - | - |
| Machinery and equipment | 8,690,556 | - | - | - | - |
| Less accumulated depreciation and amortization | (60,043,917) | - | - | - | - |
| Total noncurrent assets | <u>35,567,681</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total assets | <u>42,111,674</u> | <u>459,711</u> | <u>4,138,498</u> | <u>5,831,991</u> | <u>-</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | | | |
| Deferred outflows - pensions | 955,012 | - | - | - | - |
| Deferred outflows - OPEB | 21,435 | - | - | - | - |
| Total deferred outflows of resources | <u>976,447</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |

(Continued)

CITY OF LAKE JACKSON, TEXAS
CONSOLIDATED STATEMENT OF NET POSITION –
UTILITY OPERATIONS FUND – SUB-FUNDS
September 30, 2024

| | Utility General Operations | Utility Contingency | Utility Revenue Bond Interest and Sinking | Utility Construction | 2013 Revenue Bond |
|----------------------------------------------------|----------------------------------|------------------------|----------------------------------------------------|-------------------------|-------------------------|
| LIABILITIES | | | | | |
| Current liabilities | | | | | |
| Accounts payable and accrued liabilities | \$ 839,886 | \$ - | \$ - | \$ 170,920 | \$ - |
| Accrued interest payable | - | - | 269,664 | - | - |
| Compensated absences - current | 115,024 | - | - | - | - |
| Total OPEB liability - current | 4,090 | - | - | - | - |
| Bonds payable due within one year | 1,245,000 | - | - | - | - |
| Current liabilities payable from restricted assets | | | | | |
| Customer deposits | 907,766 | - | - | - | - |
| Total current liabilities | <u>3,111,766</u> | <u>-</u> | <u>269,664</u> | <u>170,920</u> | <u>-</u> |
| Noncurrent liabilities | | | | | |
| Compensated absences | 12,781 | - | - | - | - |
| Bonds payable | 14,030,000 | - | 1,994,118 | - | - |
| Net pension liability - TMRS | 1,242,691 | - | - | - | - |
| Total OPEB liability | 155,468 | - | - | - | - |
| Total noncurrent liabilities | <u>15,440,940</u> | <u>-</u> | <u>1,994,118</u> | <u>-</u> | <u>-</u> |
| Total liabilities | <u>18,552,706</u> | <u>-</u> | <u>2,263,782</u> | <u>170,920</u> | <u>-</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | | |
| Deferred inflows - pensions | 113,573 | - | - | - | - |
| Deferred inflows - OPEB | 43,493 | - | - | - | - |
| Deferred inflows - leases | 2,046,812 | - | - | - | - |
| Total deferred inflows of resources | <u>2,203,878</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| NET POSITION | | | | | |
| Net investment in capital assets | 18,170,415 | - | (1,994,118) | - | - |
| Restricted | | | | | |
| Debt service | - | - | 3,868,834 | - | - |
| Unrestricted | <u>4,161,122</u> | <u>459,711</u> | <u>-</u> | <u>5,661,071</u> | <u>-</u> |
| Total net position | <u>\$ 22,331,537</u> | <u>\$ 459,711</u> | <u>\$ 1,874,716</u> | <u>\$ 5,661,071</u> | <u>\$ -</u> |

(Continued)

CITY OF LAKE JACKSON, TEXAS
CONSOLIDATED STATEMENT OF NET POSITION –
UTILITY OPERATIONS FUND – SUB-FUNDS
September 30, 2024

| | 2019 Revenue <u>Bond</u> | North Sewer <u>Extension</u> | 2017 Utility <u>Bond</u> | 2022 Utility <u>Bond</u> | Total <u>Utility Fund</u> |
|--------------------------------------------------------------|--------------------------------|------------------------------------|--------------------------------|--------------------------------|------------------------------|
| ASSETS | | | | | |
| Current assets | | | | | |
| Cash and cash equivalents | \$ - | \$ - | \$ - | \$ - | \$ 10,264,051 |
| Accounts receivable (net of allowance for uncollectibles) | - | - | - | - | 1,088,553 |
| Lease receivable | - | - | - | - | 115,614 |
| Restricted cash and cash equivalents | | | | | |
| Revenue bond covenant account | 4,166,272 | - | 1,283,405 | 5,768,377 | 15,816,263 |
| Customer deposits | - | - | - | - | 907,766 |
| Total current assets | <u>4,166,272</u> | <u>-</u> | <u>1,283,405</u> | <u>5,768,377</u> | <u>28,192,247</u> |
| Noncurrent assets | | | | | |
| Lease receivable | - | - | - | - | 2,122,266 |
| Capital assets: | | | | | |
| Construction in progress | - | - | - | 795,902 | 3,202,708 |
| Buildings | - | - | - | - | 7,686,314 |
| Improvements other than buildings | - | - | - | - | 74,705,656 |
| Machinery and equipment | - | - | - | - | 8,690,556 |
| Less accumulated depreciation and amortization | - | - | - | - | (60,043,917) |
| Total noncurrent assets | <u>-</u> | <u>-</u> | <u>-</u> | <u>795,902</u> | <u>36,363,583</u> |
| Total assets | <u>4,166,272</u> | <u>-</u> | <u>1,283,405</u> | <u>6,564,279</u> | <u>64,555,830</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | | | |
| Deferred outflows - pensions | - | - | - | - | 955,012 |
| Deferred outflows - OPEB | - | - | - | - | 21,435 |
| Total deferred inflows of resources | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>976,447</u> |

(Continued)

CITY OF LAKE JACKSON, TEXAS
CONSOLIDATED STATEMENT OF NET POSITION –
UTILITY OPERATIONS FUND – SUB-FUNDS
September 30, 2024

| | 2019 Revenue <u>Bond</u> | North Sewer <u>Extension</u> | 2017 Utility <u>Bond</u> | 2022 Utility <u>Bond</u> | Total <u>Utility Fund</u> |
|----------------------------------------------------|--------------------------------|------------------------------------|--------------------------------|--------------------------------|------------------------------|
| LIABILITIES | | | | | |
| Current liabilities | | | | | |
| Accounts payable and accrued liabilities | \$ - | \$ - | \$ - | \$ - | \$ 1,010,806 |
| Accrued interest payable | - | - | - | - | 269,664 |
| Compensated absences - current | - | - | - | - | 115,024 |
| Total OPEB liability - current | - | - | - | - | 4,090 |
| Bonds payable due within one year | - | - | - | - | 1,245,000 |
| Current liabilities payable from restricted assets | | | | | |
| Customer deposits | - | - | - | - | 907,766 |
| Total current liabilities | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>3,552,350</u> |
| Noncurrent liabilities | | | | | |
| Compensated absences | - | - | - | - | 12,781 |
| Bonds payable | - | - | - | - | 16,024,118 |
| Net pension liability - TMRS | - | - | - | - | 1,242,691 |
| Total OPEB liability | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>155,468</u> |
| Total noncurrent liabilities | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>17,435,058</u> |
| Total liabilities | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>20,987,408</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | | |
| Deferred inflows - pensions | - | - | - | - | 113,573 |
| Deferred inflows - OPEB | - | - | - | - | 43,493 |
| Deferred inflows - leases | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>2,046,812</u> |
| Total deferred inflows of resources | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>2,203,878</u> |
| NET POSITION | | | | | |
| Net investment in capital assets | 4,166,272 | - | 1,283,405 | 6,564,279 | 28,190,253 |
| Restricted | | | | | |
| Debt service | - | - | - | - | 3,868,834 |
| Unrestricted | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>10,281,904</u> |
| Total net position | <u>\$ 4,166,272</u> | <u>\$ -</u> | <u>\$ 1,283,405</u> | <u>\$ 6,564,279</u> | <u>\$ 42,340,991</u> |

CITY OF LAKE JACKSON, TEXAS
CONSOLIDATED STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND NET POSITION –
UTILITY OPERATIONS FUND – SUB-FUNDS
For the Year Ended September 30, 2024

| | Utility General Operations | Utility Contingency | Revenue Bond Interest and Sinking | Utility Construction | 2013 Revenue Bond |
|-----------------------------------------|----------------------------------|------------------------|-----------------------------------------|-------------------------|-------------------------|
| Operating revenues | | | | | |
| Water services | \$ 5,842,209 | \$ - | \$ - | \$ - | \$ - |
| Sewer services | 5,899,660 | - | - | - | - |
| Garbage services | 5,577,935 | - | - | - | - |
| Tapping and connection fees | 413,179 | - | - | - | - |
| Other revenues | 330,679 | - | - | - | - |
| Total operating revenues | <u>18,063,662</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Operating expenses | | | | | |
| Utility administration | 813,726 | - | - | - | - |
| Water and production and treatment | 5,049,916 | - | - | - | - |
| Sewer collection | 2,672,643 | - | - | - | - |
| Sanitation | 4,209,696 | - | - | - | - |
| Depreciation/amortization | 3,328,057 | - | - | - | - |
| Total operating expenses | <u>16,074,038</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Operating income | <u>1,989,624</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Nonoperating revenues (expenses) | | | | | |
| Investment revenues | 288,057 | 22,541 | 200,168 | 290,130 | 248 |
| Interest and fiscal agent fees | - | - | (569,378) | - | - |
| Total nonoperating revenues (expense) | <u>288,057</u> | <u>22,541</u> | <u>(369,210)</u> | <u>290,130</u> | <u>248</u> |
| Income (loss) before transfers | <u>2,277,681</u> | <u>22,541</u> | <u>(369,210)</u> | <u>290,130</u> | <u>248</u> |
| Transfers | | | | | |
| Transfers (out) | (2,215,566) | - | - | - | - |
| Intrafund transfers | 1,955,010 | - | 691,670 | (1,035,777) | (248) |
| Total transfers | <u>(260,556)</u> | <u>-</u> | <u>691,670</u> | <u>(1,035,777)</u> | <u>(248)</u> |
| Change in net position | 2,017,125 | 22,541 | 322,460 | (745,647) | - |
| Beginning net position | <u>20,314,412</u> | <u>437,170</u> | <u>1,552,256</u> | <u>6,406,718</u> | <u>-</u> |
| Ending net position | <u>\$ 22,331,537</u> | <u>\$ 459,711</u> | <u>\$ 1,874,716</u> | <u>\$ 5,661,071</u> | <u>\$ -</u> |

(Continued)

CITY OF LAKE JACKSON, TEXAS
CONSOLIDATED STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND NET POSITION –
UTILITY OPERATIONS FUND – SUB-FUNDS
For the Year Ended September 30, 2024

| | 2019 Revenue <u>Bond</u> | North Sewer <u>Extension</u> | 2017 Utility <u>Bond</u> | 2022 Utility <u>Bond</u> | Total <u>Utility Fund</u> |
|-----------------------------------------|--------------------------------|------------------------------------|--------------------------------|--------------------------------|------------------------------|
| Revenues | | | | | |
| Water services | \$ - | \$ - | \$ - | \$ - | \$ 5,842,209 |
| Sewer services | - | - | - | - | 5,899,660 |
| Garbage services | - | - | - | - | 5,577,935 |
| Tapping and connection fees | - | - | - | - | 413,179 |
| Other revenues | - | - | - | - | 330,679 |
| Total revenues | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>18,063,662</u> |
| Expenditures | | | | | |
| Utility administration | - | - | - | - | 813,726 |
| Water and production and treatment | - | - | - | - | 5,049,916 |
| Sewer collection | - | - | - | - | 2,672,643 |
| Sanitation | - | - | - | - | 4,209,696 |
| Depreciation/amortization | - | - | - | - | 3,328,057 |
| Total expenditures | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>16,074,038</u> |
| Operating Income | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>1,989,624</u> |
| Nonoperating Revenues (Expenses) | | | | | |
| Investment revenues | 282,331 | 13,760 | 41,463 | 338,906 | 1,477,604 |
| Interest and fiscal agent fees | - | - | - | - | (569,378) |
| Total nonoperating revenue (expense) | <u>282,331</u> | <u>13,760</u> | <u>41,463</u> | <u>338,906</u> | <u>908,226</u> |
| Income (loss) before transfers | <u>282,331</u> | <u>13,760</u> | <u>41,463</u> | <u>338,906</u> | <u>2,897,850</u> |
| Transfers | | | | | |
| Transfers (out) | - | - | - | - | (2,215,566) |
| Intrafund transfers | (1,394,769) | (778,862) | 562,976 | - | - |
| Total transfers | <u>(1,394,769)</u> | <u>(778,862)</u> | <u>562,976</u> | <u>-</u> | <u>(2,215,566)</u> |
| Change in net position | (1,112,438) | (765,102) | 604,439 | 338,906 | 682,284 |
| Beginning net position | <u>5,278,710</u> | <u>765,102</u> | <u>678,966</u> | <u>6,225,373</u> | <u>41,658,707</u> |
| Ending net position | <u>\$ 4,166,272</u> | <u>\$ -</u> | <u>\$ 1,283,405</u> | <u>\$ 6,564,279</u> | <u>\$ 42,340,991</u> |

CITY OF LAKE JACKSON, TEXAS
CONSOLIDATED STATEMENT OF CASH FLOWS –
UTILITY OPERATIONS FUND – SUB-FUNDS
For the Year Ended September 30, 2024

| | Utility General Operations | Utility Contingency | Utility Revenue Bond Interest and Sinking | Utility Construction | 2013 Revenue Bond |
|----------------------------------------------------------------------|----------------------------------|------------------------|----------------------------------------------------|-------------------------|-------------------------|
| Cash flows form operating activities | | | | | |
| Receipts from customers and users | \$ 18,162,591 | \$ - | \$ - | \$ - | \$ - |
| Payments to suppliers | (7,786,163) | - | - | (63,450) | - |
| Payments to employees | (4,666,489) | - | - | - | - |
| Net cash provided by operating activities | <u>5,709,939</u> | <u>-</u> | <u>-</u> | <u>(63,450)</u> | <u>-</u> |
| Cash flows from noncapital financing activities | | | | | |
| Transfers from other funds | 2,430,546 | - | 691,670 | - | - |
| Transfers to other funds | (2,907,236) | - | - | (1,035,777) | (248) |
| Net cash provided by (used) by noncapital financing activities | <u>(476,690)</u> | <u>-</u> | <u>691,670</u> | <u>(1,035,777)</u> | <u>(248)</u> |
| Cash flows from capital and related financing activities | | | | | |
| Acquisition of capital assets | (4,027,508) | - | - | - | - |
| Principal paid on capital debt | (1,245,000) | - | (50,000) | - | - |
| Interest and fiscal agent fees paid | - | - | (638,546) | - | - |
| Net cash provided (used) by capital and related financing activities | <u>(5,272,508)</u> | <u>-</u> | <u>(688,546)</u> | <u>-</u> | <u>-</u> |
| Cash flows from investing activities | | | | | |
| Interest on deposits | 288,057 | 22,541 | 200,168 | 290,130 | 248 |
| Net cash provided by investing activities | <u>288,057</u> | <u>22,541</u> | <u>200,168</u> | <u>290,130</u> | <u>248</u> |
| Net increase (decrease) in cash and cash equivalents | 248,798 | 22,541 | 203,292 | (809,097) | - |
| Beginning cash and cash equivalents | <u>5,091,028</u> | <u>437,170</u> | <u>3,935,206</u> | <u>6,641,088</u> | <u>-</u> |
| Ending cash and cash equivalents | <u>\$ 5,339,826</u> | <u>\$ 459,711</u> | <u>\$ 4,138,498</u> | <u>\$ 5,831,991</u> | <u>\$ -</u> |
| Ending cash and cash equivalents | | | | | |
| Unrestricted cash and cash equivalents | 4,432,060 | - | - | 5,831,991 | - |
| Restricted cash and cash equivalents | 907,766 | 459,711 | 4,138,498 | - | - |
| | <u>\$ 5,339,826</u> | <u>\$ 459,711</u> | <u>\$ 4,138,498</u> | <u>\$ 5,831,991</u> | <u>\$ -</u> |

(Continued)

CITY OF LAKE JACKSON, TEXAS
CONSOLIDATED STATEMENT OF CASH FLOWS –
UTILITY OPERATIONS FUND – SUB-FUNDS
For the Year Ended September 30, 2024

| | <u>Utility General Operations</u> | <u>Utility Contingency</u> | <u>Utility Revenue Bond Interest and Sinking</u> | <u>Utility Construction</u> | <u>2013 Revenue Bond</u> |
|------------------------------------------------------------------------------------------------|-------------------------------------------|--------------------------------|--------------------------------------------------------------|---------------------------------|----------------------------------|
| Reconciliation of operating income (loss) to net cash provided (used) by operating activities | | | | | |
| Operating income (loss) | 1,989,624 | - | - | - | - |
| Adjustments to reconcile operating income (loss) to net cash provided by operating activities: | | | | | |
| Depreciation and amortization | 3,328,057 | - | - | - | - |
| Changes in operating assets and liabilities | | | | | |
| (Increase) decrease in assets | | | | | |
| Accounts receivable | 117,476 | - | - | - | - |
| Lease receivables | 107,009 | - | - | - | - |
| Deferred outflows of resources - pension | 546,127 | - | - | - | - |
| Deferred outflows of resources - OPEB | 4,494 | - | - | - | - |
| Increase (decrease) in | | | | | |
| Accounts payable and accrued liabilities | 248,804 | - | - | (63,450) | - |
| Compensated absences | 16,378 | - | - | - | - |
| Customer deposits | 37,073 | - | - | - | - |
| Deferred inflows of resources - pension | 113,182 | - | - | - | - |
| Deferred inflows of resources - OPEB | (20,167) | - | - | - | - |
| Deferred inflows of resources - leases | (162,629) | - | - | - | - |
| Net pension liability | (632,140) | - | - | - | - |
| Total OPEB liability | <u>16,651</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Net cash provided by operating activities | <u>\$ 5,709,939</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ (63,450)</u> | <u>\$ -</u> |

(Continued)

CITY OF LAKE JACKSON, TEXAS
CONSOLIDATED STATEMENT OF CASH FLOWS –
UTILITY OPERATIONS FUND – SUB-FUNDS
For the Year Ended September 30, 2024

| | 2019 Revenue Bond | North Sewer Extension | 2017 Utility Bond | 2022 Utility Bond | Total Utility Fund |
|----------------------------------------------------------------------|-------------------------|-----------------------------|-------------------------|-------------------------|-----------------------|
| Cash flows form operating activities | | | | | |
| Receipts from customers and users | \$ - | \$ - | \$ - | \$ - | \$ 18,162,591 |
| Payments to suppliers | - | - | - | - | (7,849,613) |
| Payments to employees | - | - | - | - | (4,666,489) |
| Net cash provided by operating activities | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>5,646,489</u> |
| Cash flows from noncapital financing activities | | | | | |
| Transfers from other funds | - | - | 779,110 | - | 3,901,326 |
| Transfers to other funds | (1,394,769) | (778,862) | - | - | (6,116,892) |
| Net cash provided by (used) by noncapital financing activities | <u>(1,394,769)</u> | <u>(778,862)</u> | <u>779,110</u> | <u>-</u> | <u>(2,215,566)</u> |
| Cash flows from capital and related financing activities | | | | | |
| Acquisition of capital assets | - | - | - | (795,902) | (4,823,410) |
| Principal paid on capital debt | - | - | - | - | (1,295,000) |
| Interest and fiscal agent fees paid | - | - | - | - | (638,546) |
| Net cash provided (used) by capital and related financing activities | <u>-</u> | <u>-</u> | <u>-</u> | <u>(795,902)</u> | <u>(6,756,956)</u> |
| Cash flows from investing activities | | | | | |
| Interest on deposits | 282,331 | 13,760 | 41,463 | 338,906 | 1,477,604 |
| Net cash provided by investing activities | <u>282,331</u> | <u>13,760</u> | <u>41,463</u> | <u>338,906</u> | <u>1,477,604</u> |
| Net increase (decrease) in cash and cash equivalents | (1,112,438) | (765,102) | 820,573 | (456,996) | (1,848,429) |
| Beginning cash and cash equivalents | 5,278,710 | 765,102 | 462,832 | 6,225,373 | 28,836,509 |
| Ending cash and cash equivalents | <u>\$ 4,166,272</u> | <u>\$ -</u> | <u>\$ 1,283,405</u> | <u>\$ 5,768,377</u> | <u>\$ 26,988,080</u> |
| Ending cash and cash equivalents | | | | | |
| Unrestricted cash and cash equivalents | - | - | - | - | 10,264,051 |
| Restricted cash and cash equivalents | 4,166,272 | - | 1,283,405 | 5,768,377 | 16,724,029 |
| | <u>\$ 4,166,272</u> | <u>\$ -</u> | <u>\$ 1,283,405</u> | <u>\$ 5,768,377</u> | <u>\$ 26,988,080</u> |

(Continued)

CITY OF LAKE JACKSON, TEXAS
CONSOLIDATED STATEMENT OF CASH FLOWS –
UTILITY OPERATIONS FUND – SUB-FUNDS
For the Year Ended September 30, 2024

| | 2019 Revenue <u>Bond</u> | North Sewer <u>Extension</u> | 2017 Utility <u>Bond</u> | 2022 Utility <u>Bond</u> | Total <u>Utility Fund</u> |
|------------------------------------------------------------------------------------------------|--------------------------------|------------------------------------|--------------------------------|--------------------------------|------------------------------|
| Reconciliation of operating income (loss) to net cash provided (used) by operating activities | | | | | |
| Operating income (loss) | - | - | - | - | \$ 1,989,624 |
| Adjustments to reconcile operating income (loss) to net cash provided by operating activities: | | | | | |
| Depreciation and amortization | - | - | - | - | 3,328,057 |
| Changes in operating assets and liabilities | | | | | |
| (Increase) decrease in assets | | | | | |
| Accounts receivable | - | - | - | - | 117,476 |
| Lease receivables | - | - | - | - | 107,009 |
| Deferred outflows of resources - pension | - | - | - | - | 546,127 |
| Deferred outflows of resources - OPEB | - | - | - | - | 4,494 |
| Increase (decrease) in | | | | | |
| Accounts payable and accrued liabilities | - | - | - | - | 185,354 |
| Compensated absences | - | - | - | - | 16,378 |
| Customer deposits | - | - | - | - | 37,073 |
| Deferred inflows of resources - pension | - | - | - | - | 113,182 |
| Deferred inflows of resources - OPEB | - | - | - | - | (20,167) |
| Deferred inflows of resources - leases | - | - | - | - | (162,629) |
| Net pension liability | - | - | - | - | (632,140) |
| Total OPEB liability | - | - | - | - | 16,651 |
| Net cash provided by operating activities | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 5,646,489</u> |

STATISTICAL SECTION

CITY OF LAKE JACKSON, TEXAS
STATISTICAL SECTION

This part of the City's Annual Comprehensive Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and Required Supplementary Information says about the City's overall financial health.

CONTENTS

FINANCIAL TRENDS..... 114

These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.

REVENUE CAPACITY..... 119

These schedules contain information to help the reader assess the government's most significant local revenue sources, sales and property tax.

DEBT CAPACITY..... 123

These schedules 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 128

These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.

OPERATING INFORMATION..... 130

These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.

Sources: Unless otherwise noted, the information in these schedules is derived from the annual comprehensive financial reports from the relevant year.

CITY OF LAKE JACKSON, TEXAS
NET POSITION BY COMPONENT
Last Ten Years
(Accrual Basis of Accounting)

| | Fiscal Year | | | | | | | | | |
|----------------------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|----------------------|----------------------|----------------------|----------------------|
| | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
| Governmental activities | | | | | | | | | | |
| Net investment in capital assets | \$ 50,626,258 | \$ 46,591,942 | \$ 41,473,527 | \$ 40,206,296 | \$ 39,944,744 | \$ 39,430,164 | \$ 36,842,141 | \$ 34,776,336 | \$ 36,518,760 | \$ 33,568,778 |
| Restricted | 6,113,707 | 5,196,980 | 7,846,356 | 4,791,545 | 3,400,316 | 2,857,520 | 3,280,276 | 3,135,742 | 3,156,731 | 3,770,121 |
| Unrestricted | 20,439,137 | 25,286,042 | 19,589,849 | 19,175,846 | 16,748,998 | 14,971,947 | 14,139,592 | 12,962,925 | 14,662,475 | 15,824,959 |
| Total governmental activities net position | \$ 77,179,102 | \$ 77,074,964 | \$ 68,909,732 | \$ 64,173,687 | \$ 60,094,058 | \$ 57,259,631 | \$ 54,262,009 | \$ 50,875,003 | \$ 54,337,966 | \$ 53,163,858 |
| Business-type activities | | | | | | | | | | |
| Net investment in capital assets | \$ 32,748,143 | \$ 31,569,227 | \$ 33,095,598 | \$ 34,047,825 | \$ 34,659,879 | \$ 34,480,019 | \$ 27,429,024 | \$ 31,654,276 | \$ 30,118,830 | \$ 25,797,977 |
| Restricted | 3,868,834 | 3,641,982 | 1,633,333 | 1,967,789 | 1,537,234 | 1,599,229 | 8,285,251 | 4,156,093 | 2,315,334 | 4,277,148 |
| Unrestricted | 10,463,995 | 11,422,172 | 9,777,377 | 8,823,721 | 8,764,187 | 7,609,713 | 6,520,045 | 4,558,480 | 4,122,879 | 2,789,247 |
| Total business-type activities net position | \$ 47,080,972 | \$ 46,633,381 | \$ 44,506,308 | \$ 44,839,335 | \$ 44,961,300 | \$ 43,688,961 | \$ 42,234,320 | \$ 40,368,849 | \$ 36,557,043 | \$ 32,864,372 |
| Primary government | | | | | | | | | | |
| Net investment in capital assets | \$ 83,374,401 | \$ 78,161,169 | \$ 74,569,125 | \$ 74,254,121 | \$ 74,604,623 | \$ 73,910,183 | \$ 64,271,165 | \$ 66,430,612 | \$ 66,637,590 | \$ 59,366,755 |
| Restricted | 9,982,541 | 8,838,962 | 9,479,689 | 6,759,334 | 4,937,550 | 4,456,749 | 11,565,527 | 7,291,835 | 5,472,065 | 8,047,269 |
| Unrestricted | 30,903,132 | 36,708,214 | 29,367,226 | 27,999,567 | 25,513,185 | 22,581,660 | 20,659,637 | 17,521,405 | 18,785,354 | 18,614,206 |
| Total primary government net position | \$ 124,260,074 | \$ 123,708,345 | \$ 113,416,040 | \$ 109,013,022 | \$ 105,055,358 | \$ 100,948,592 | \$ 96,496,329 | \$ 91,243,852 | \$ 90,895,009 | \$ 86,028,230 |

CITY OF LAKE JACKSON, TEXAS
CHANGES IN NET POSITION
Last Ten Years
(Accrual Basis of Accounting)

| | Fiscal Year | | | | | | | | | |
|------------------------------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
| | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
| Expenses | | | | | | | | | | |
| Governmental activities | | | | | | | | | | |
| General government | \$ 12,808,758 | \$ 5,876,608 | \$ 5,490,852 | \$ 5,715,450 | \$ 6,069,375 | \$ 4,864,266 | \$ 4,469,968 | \$ 5,185,914 | \$ 4,637,221 | \$ 3,976,659 |
| Public safety | 11,055,660 | 10,508,653 | 8,814,132 | 8,662,929 | 8,808,839 | 9,185,098 | 8,014,355 | 8,116,735 | 6,996,740 | 6,364,951 |
| Public works | 6,297,998 | 6,171,917 | 5,486,432 | 5,041,461 | 5,032,463 | 5,470,552 | 4,815,157 | 5,013,485 | 4,800,673 | 4,466,925 |
| Culture and recreation | 7,068,911 | 6,746,331 | 5,993,872 | 5,368,704 | 5,866,037 | 6,372,810 | 6,259,805 | 6,197,113 | 5,934,908 | 5,561,349 |
| Interest on long-term debt | 1,595,835 | 910,984 | 1,240,078 | 897,694 | 1,009,362 | 1,228,818 | 962,144 | 788,505 | 1,177,942 | 1,071,742 |
| Total governmental activities expenses | <u>38,827,162</u> | <u>30,214,493</u> | <u>27,025,366</u> | <u>25,686,238</u> | <u>26,786,076</u> | <u>27,121,544</u> | <u>24,521,429</u> | <u>25,301,752</u> | <u>23,547,484</u> | <u>21,441,626</u> |
| Business-type activities | | | | | | | | | | |
| Water and sewer | 11,997,591 | 12,110,795 | 11,008,302 | 11,505,879 | 10,660,368 | 10,254,413 | 9,670,841 | 9,321,589 | 8,717,505 | 8,122,897 |
| Sanitation | 4,645,825 | 4,842,671 | 3,588,880 | 3,220,607 | 3,407,708 | 3,415,379 | 3,240,185 | 3,014,234 | 2,864,997 | 2,551,608 |
| Golf course | 2,602,843 | 2,735,859 | 2,729,728 | 2,528,730 | 2,304,135 | 2,179,331 | 2,038,347 | 1,985,245 | 1,895,258 | 1,952,353 |
| Total business-type activities expenses | <u>19,246,259</u> | <u>19,689,325</u> | <u>17,326,910</u> | <u>17,255,216</u> | <u>16,372,211</u> | <u>15,849,123</u> | <u>14,949,373</u> | <u>14,321,068</u> | <u>13,477,760</u> | <u>12,626,858</u> |
| Total primary government expenses | <u>\$ 58,073,421</u> | <u>\$ 49,903,818</u> | <u>\$ 44,352,276</u> | <u>\$ 42,941,454</u> | <u>\$ 43,158,287</u> | <u>\$ 42,970,667</u> | <u>\$ 39,470,802</u> | <u>\$ 39,622,820</u> | <u>\$ 37,025,244</u> | <u>\$ 34,068,484</u> |
| Program revenues | | | | | | | | | | |
| Governmental activities | | | | | | | | | | |
| Charges for services | | | | | | | | | | |
| General government | \$ 456,413 | \$ 401,815 | \$ 477,216 | \$ 451,313 | \$ 542,158 | \$ 710,294 | \$ 627,106 | \$ 553,511 | \$ 444,607 | \$ 584,423 |
| Public works | 272,829 | 546,270 | 409,046 | 355,062 | 599,601 | 556,953 | 334,908 | 341,122 | 496,068 | 666,610 |
| Culture and recreation | 1,091,224 | 1,080,025 | 892,794 | 536,008 | 503,792 | 1,098,384 | 1,150,568 | 1,236,652 | 1,263,879 | 1,186,243 |
| Operating grants and contributions | 97,179 | 77,865 | 142,985 | 2,721,273 | 1,153,321 | 1,205,727 | 394,666 | 130,185 | 254,433 | 111,615 |
| Capital grants and contributions | 10,965 | 3,105,808 | - | - | 247,000 | 1,477,454 | 554,207 | 296,861 | 2,011,011 | - |
| Total governmental activities program revenues | <u>1,928,610</u> | <u>5,211,783</u> | <u>1,922,041</u> | <u>4,063,656</u> | <u>3,045,872</u> | <u>5,048,812</u> | <u>3,061,455</u> | <u>2,558,331</u> | <u>4,469,998</u> | <u>2,548,891</u> |
| Business-type activities | | | | | | | | | | |
| Charges for services | | | | | | | | | | |
| Water and sewer | 12,485,727 | 12,790,698 | 11,526,990 | 10,373,811 | 11,226,474 | 10,459,653 | 11,048,240 | 9,448,487 | 8,610,062 | 8,060,180 |
| Sanitation | 5,577,935 | 5,220,025 | 4,501,891 | 4,172,609 | 4,315,988 | 4,067,481 | 3,920,214 | 3,849,309 | 3,765,504 | 3,287,706 |
| Golf course | 1,917,521 | 2,214,905 | 2,189,550 | 1,900,420 | 1,440,411 | 1,300,240 | 1,309,422 | 1,286,124 | 1,276,932 | 1,386,531 |
| Capital grants and contributions | - | 1,867,131 | - | - | 1,481,000 | 429,186 | 232,540 | 209,122 | 945,311 | 38,897 |
| Total business-type activities revenues | <u>19,981,183</u> | <u>22,092,759</u> | <u>18,218,431</u> | <u>16,446,840</u> | <u>18,463,873</u> | <u>16,256,560</u> | <u>16,510,416</u> | <u>14,793,042</u> | <u>14,597,809</u> | <u>12,773,314</u> |
| Total primary government program revenues | <u>\$ 21,909,793</u> | <u>\$ 27,304,542</u> | <u>\$ 20,140,472</u> | <u>\$ 20,510,496</u> | <u>\$ 21,509,745</u> | <u>\$ 21,305,372</u> | <u>\$ 19,571,871</u> | <u>\$ 17,351,373</u> | <u>\$ 19,067,807</u> | <u>\$ 15,322,205</u> |
| Net revenue/(expense) | | | | | | | | | | |
| Governmental activities | \$ (36,898,552) | \$ (25,002,710) | \$ (25,103,325) | \$ (21,622,582) | \$ (23,740,204) | \$ (22,072,732) | \$ (21,459,974) | \$ (22,743,421) | \$ (19,077,486) | \$ (18,892,735) |
| Business-type activities | 734,924 | 2,403,434 | 891,521 | (808,376) | 2,091,662 | 407,437 | 1,561,043 | 471,974 | 1,120,049 | 146,456 |
| Total primary government net (expense) | <u>\$ (36,163,628)</u> | <u>\$ (22,599,276)</u> | <u>\$ (24,211,804)</u> | <u>\$ (22,430,958)</u> | <u>\$ (21,648,542)</u> | <u>\$ (21,665,295)</u> | <u>\$ (19,898,931)</u> | <u>\$ (22,271,447)</u> | <u>\$ (17,957,437)</u> | <u>\$ (18,746,279)</u> |

(Continued)

CITY OF LAKE JACKSON, TEXAS
 CHANGES IN NET POSITION
 Last Ten Years
 (Accrual Basis of Accounting)

| | Fiscal Year | | | | | | | | | |
|----------------------------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
| General revenues and other changes in net position | | | | | | | | | | |
| Governmental activities | | | | | | | | | | |
| Taxes | | | | | | | | | | |
| Property | \$ 10,043,607 | \$ 8,513,047 | \$ 8,196,599 | \$ 7,585,128 | \$ 7,548,231 | \$ 7,047,330 | \$ 6,619,739 | \$ 6,090,100 | \$ 5,879,917 | \$ 5,827,889 |
| Sales | 12,437,973 | 11,919,333 | 11,739,782 | 11,121,684 | 10,084,371 | 10,033,280 | 10,266,971 | 9,489,693 | 9,417,731 | 9,129,362 |
| Franchise | 1,537,185 | 1,558,151 | 1,560,850 | 1,580,134 | 1,650,098 | 1,744,435 | 1,693,598 | 1,687,768 | 1,720,294 | 1,734,149 |
| Occupancy | 539,201 | 435,058 | 489,704 | 421,451 | 384,272 | 510,517 | 590,629 | 539,553 | 526,662 | 498,844 |
| Other | 248,589 | 267,148 | 274,089 | 251,413 | 224,578 | 253,500 | 254,155 | 222,443 | 217,926 | 206,901 |
| Industrial district | 6,810,636 | 6,323,810 | 5,583,516 | 5,208,506 | 5,101,850 | 5,006,224 | 4,501,353 | 4,394,560 | 4,317,295 | 4,249,304 |
| Investment revenue | 3,119,391 | 2,195,058 | 331,298 | 18,535 | 321,323 | 781,232 | 387,708 | 171,392 | 96,689 | 57,363 |
| Other revenues | 490,448 | 522,169 | 296,225 | 191,352 | 246,911 | 359,744 | 564,286 | 475,563 | 613,002 | 340,635 |
| Transfers | 1,775,660 | 1,434,168 | 1,367,307 | (675,992) | 1,012,997 | (655,441) | (31,459) | (3,360,087) | (2,537,922) | 326,052 |
| Total governmental activities | <u>37,002,690</u> | <u>33,167,942</u> | <u>29,839,370</u> | <u>25,702,211</u> | <u>26,574,631</u> | <u>25,080,821</u> | <u>24,846,980</u> | <u>19,710,985</u> | <u>20,251,594</u> | <u>22,370,499</u> |
| Business-type activities | | | | | | | | | | |
| Investment revenues | 1,488,327 | 1,157,807 | 142,759 | 10,419 | 193,674 | 391,763 | 272,969 | 98,251 | 34,700 | 15,740 |
| Gain on disposition of capital assets | - | - | - | - | - | - | - | 8,500 | - | - |
| Transfers | (1,775,660) | (1,434,168) | (1,367,307) | 675,992 | (1,012,997) | 655,441 | 31,459 | 3,360,087 | 2,537,922 | (326,052) |
| Total business-type activities | <u>(287,333)</u> | <u>(276,361)</u> | <u>(1,224,548)</u> | <u>686,411</u> | <u>(819,323)</u> | <u>1,047,204</u> | <u>304,428</u> | <u>3,466,838</u> | <u>2,572,622</u> | <u>(310,312)</u> |
| Total primary government | <u>\$ 36,715,357</u> | <u>\$ 32,891,581</u> | <u>\$ 28,614,822</u> | <u>\$ 26,388,622</u> | <u>\$ 25,755,308</u> | <u>\$ 26,128,025</u> | <u>\$ 25,151,408</u> | <u>\$ 23,177,823</u> | <u>\$ 22,824,216</u> | <u>\$ 22,060,187</u> |
| Change in net position | | | | | | | | | | |
| Governmental activities | \$ 104,138 | \$ 8,165,232 | \$ 4,736,045 | \$ 4,079,629 | \$ 2,834,427 | \$ 2,997,622 | \$ 3,387,006 | \$ (3,032,436) | \$ 1,174,108 | \$ 3,477,764 |
| Business-type activities | 447,591 | 2,127,073 | (333,027) | (121,965) | 1,272,339 | 1,454,641 | 1,865,471 | 3,938,812 | 3,692,671 | (173,856) |
| Adjustments | - | - | - | - | - | - | - | (557,533) | - | - |
| Total primary government | <u>\$ 551,729</u> | <u>\$ 10,292,305</u> | <u>\$ 4,403,018</u> | <u>\$ 3,957,664</u> | <u>\$ 4,106,766</u> | <u>\$ 4,452,263</u> | <u>\$ 5,252,477</u> | <u>\$ 348,843</u> | <u>\$ 4,866,779</u> | <u>\$ 3,303,908</u> |

CITY OF LAKE JACKSON, TEXAS
 FUND BALANCES - GOVERNMENTAL FUNDS
 Last Ten Years
 (Modified Accrual Basis of Accounting)

| | Fiscal Year | | | | | | | | | |
|------------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | <u>2024</u> | <u>2023</u> | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> |
| General fund | | | | | | | | | | |
| Nonspendable | \$ 145,783 | \$ 236,412 | \$ 236,405 | \$ 113,141 | \$ 88,957 | \$ 97,186 | \$ 117,040 | \$ 248,341 | \$ 80,608 | \$ 100,472 |
| Committed | 1,038,847 | 987,908 | 955,693 | 951,479 | 951,063 | 941,824 | 921,955 | 910,307 | 906,260 | 903,264 |
| Assigned | 6,896,562 | 12,621,311 | 10,592,124 | 8,875,588 | 8,294,240 | 7,029,102 | 7,025,324 | 6,917,741 | 6,606,941 | 6,543,068 |
| Unassigned | <u>10,018,203</u> | <u>8,302,953</u> | <u>7,140,905</u> | <u>7,603,624</u> | <u>7,086,503</u> | <u>6,270,142</u> | <u>6,371,628</u> | <u>4,918,169</u> | <u>6,763,696</u> | <u>7,480,835</u> |
| Total general fund | <u>\$ 18,099,395</u> | <u>\$ 22,148,584</u> | <u>\$ 18,925,127</u> | <u>\$ 17,543,832</u> | <u>\$ 16,420,763</u> | <u>\$ 14,338,254</u> | <u>\$ 14,435,947</u> | <u>\$ 12,994,558</u> | <u>\$ 14,357,505</u> | <u>\$ 15,027,639</u> |
| All other governmental funds | | | | | | | | | | |
| Restricted | 32,629,733 | \$ 16,262,383 | \$ 20,954,651 | \$ 15,245,740 | \$ 15,410,002 | \$ 17,077,326 | \$ 9,599,653 | \$ 8,007,646 | \$ 6,230,357 | \$ 13,146,302 |
| Assigned | <u>4,990,507</u> | <u>5,415,948</u> | <u>3,987,759</u> | <u>3,990,802</u> | <u>3,426,393</u> | <u>3,633,972</u> | <u>2,015,677</u> | <u>2,644,777</u> | <u>2,044,549</u> | <u>2,102,001</u> |
| Total all other governmental funds | <u>\$ 37,620,240</u> | <u>\$ 21,678,331</u> | <u>\$ 24,942,410</u> | <u>\$ 19,236,542</u> | <u>\$ 18,836,395</u> | <u>\$ 20,711,298</u> | <u>\$ 11,615,330</u> | <u>\$ 10,652,423</u> | <u>\$ 8,274,906</u> | <u>\$ 15,248,303</u> |

CITY OF LAKE JACKSON, TEXAS
 CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
 Last Ten Years
 (Modified Accrual Basis of Accounting)

| | Fiscal Year | | | | | | | | | |
|-----------------------------------------------------------|----------------------|--------------------|---------------------|---------------------|-------------------|---------------------|---------------------|---------------------|-----------------------|---------------------|
| | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
| Revenues | | | | | | | | | | |
| Taxes and industrial district | \$ 31,343,509 | \$ 29,029,622 | \$ 27,806,420 | \$ 26,180,230 | \$ 24,977,060 | \$ 24,584,607 | \$ 23,917,953 | \$ 22,421,836 | \$ 22,073,188 | \$ 21,636,472 |
| Intergovernmental | 108,144 | 3,183,673 | 142,985 | 2,721,273 | 1,153,321 | 1,205,727 | 394,666 | 130,185 | 254,433 | 111,615 |
| Charges for services | 1,091,224 | 1,080,025 | 892,794 | 536,008 | 503,792 | 1,098,384 | 1,150,568 | 1,236,652 | 1,263,879 | 1,186,243 |
| Fines and forfeitures | 481,735 | 434,449 | 502,429 | 496,078 | 544,436 | 589,588 | 553,806 | 535,164 | 472,117 | 573,801 |
| Licenses and permits | 272,829 | 546,270 | 409,046 | 355,062 | 599,601 | 556,953 | 334,908 | 341,122 | 496,068 | 666,610 |
| Investment earnings | 3,119,391 | 2,195,058 | 331,298 | 18,535 | 321,323 | 781,232 | 387,708 | 171,392 | 96,689 | 57,363 |
| Other revenues | 739,037 | 522,169 | 222,600 | 144,237 | 180,814 | 349,277 | 553,819 | 473,897 | 613,002 | 333,321 |
| Total revenues | 37,155,869 | 36,991,266 | 30,307,572 | 30,451,423 | 28,280,347 | 29,165,768 | 27,293,428 | 25,310,248 | 25,269,376 | 24,565,425 |
| Expenditures | | | | | | | | | | |
| General government | 12,239,030 | 5,561,752 | 5,427,669 | 5,502,034 | 5,555,183 | 4,201,120 | 4,078,465 | 4,645,330 | 4,039,007 | 3,787,952 |
| Public safety | 9,570,393 | 8,898,468 | 8,572,172 | 7,895,300 | 7,591,717 | 7,567,176 | 7,182,671 | 7,005,479 | 6,038,765 | 5,966,657 |
| Public works | 3,436,196 | 4,489,391 | 2,952,511 | 2,521,588 | 2,470,459 | 2,936,613 | 2,681,410 | 2,795,351 | 2,837,563 | 2,578,564 |
| Culture and recreation | 6,058,485 | 6,088,453 | 5,490,139 | 4,780,460 | 4,865,358 | 5,258,156 | 5,406,493 | 5,318,988 | 5,068,207 | 4,812,107 |
| Capital outlay | 6,779,901 | 8,726,599 | 8,999,252 | 3,038,412 | 4,137,186 | 4,949,028 | 5,913,695 | 3,820,985 | 10,051,261 | 3,166,664 |
| Debt service | | | | | | | | | | |
| Principal | 4,083,680 | 3,818,061 | 3,337,459 | 3,535,000 | 3,455,000 | 3,135,000 | 3,175,000 | 3,395,000 | 3,210,000 | 3,150,000 |
| Interest and fees | 1,804,009 | 1,117,990 | 1,468,401 | 1,039,691 | 1,154,929 | 1,364,117 | 1,095,273 | 1,128,293 | 1,000,440 | 1,163,523 |
| Total expenditures | 43,971,694 | 38,700,714 | 36,247,603 | 28,312,485 | 29,229,832 | 29,411,210 | 29,533,007 | 28,109,426 | 32,245,243 | 24,625,467 |
| Excess (deficiency) of revenues over (under) expenditures | (6,815,825) | (1,709,448) | (5,940,031) | 2,138,938 | (949,485) | (245,442) | (2,239,579) | (2,799,178) | (6,975,867) | (60,042) |
| Other financing sources (uses) | | | | | | | | | | |
| Proceeds from issuance of debt | 15,830,000 | - | 14,978,685 | - | - | 8,800,000 | 3,935,000 | 6,820,000 | - | 5,550,000 |
| Issuance of refunding on debt | - | - | 3,175,000 | - | - | - | - | - | 7,870,000 | - |
| Premium on debt issued | 951,211 | - | 1,337,708 | - | - | 392,162 | 173,307 | 268,528 | 537,550 | 83,600 |
| Proceeds from sales of capital assets | - | - | 73,625 | 60,270 | 117,499 | 108,488 | 75,328 | 30,142 | 41,105 | 81,393 |
| Payments to refunding bond escrow agent | - | - | (7,905,131) | - | - | - | - | - | (8,300,732) | - |
| Transfers in | 4,258,908 | 4,601,213 | 5,220,163 | 5,591,661 | 4,557,875 | 5,432,436 | 3,955,595 | 5,162,794 | 4,930,442 | 4,646,206 |
| Transfers out | (2,331,574) | (2,932,387) | (3,852,856) | (6,267,653) | (3,518,283) | (5,489,369) | (3,495,355) | (8,467,716) | (5,829,749) | (4,320,154) |
| Total other financing sources (uses) | 18,708,545 | 1,668,826 | 13,027,194 | (615,722) | 1,157,091 | 9,243,717 | 4,643,875 | 3,813,748 | (751,384) | 6,041,045 |
| Net change in fund balances | \$ 11,892,720 | \$ (40,622) | \$ 7,087,163 | \$ 1,523,216 | \$ 207,606 | \$ 8,998,275 | \$ 2,404,296 | \$ 1,014,570 | \$ (7,727,251) | \$ 5,981,003 |
| Debt service as a percentage of noncapital expenditures | 15.83% | 17.53% | 17.64% | 17.10% | 18.37% | 18.39% | 18.08% | 18.62% | 18.97% | 20.10% |

CITY OF LAKE JACKSON, TEXAS
 ASSESSED VALUE AND ESTIMATED ACTUAL VALUE
 OF TAXABLE PROPERTY
 Last Ten Years
 (Modified Accrual Basis of Accounting)

| | Fiscal Year | | | | | | | | | |
|---------------------------------------------------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
| | <u>2024</u> | <u>2023</u> | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> |
| Residential property | \$ 235,446,460 | \$ 234,566,180 | \$ 234,904,410 | \$ 231,623,090 | \$ 235,288,670 | \$ 229,136,090 | \$ 213,594,960 | \$ 148,736,930 | \$ 126,898,430 | \$ 121,122,020 |
| Commercial property | 3,903,123,819 | 3,205,899,920 | 2,869,254,167 | 2,752,718,877 | 2,811,646,878 | 2,535,273,409 | 2,346,973,604 | 2,181,716,658 | 1,891,672,481 | 1,762,892,528 |
| Less tax exempt property | <u>(825,203,652)</u> | <u>(629,943,299)</u> | <u>(526,485,409)</u> | <u>(498,096,787)</u> | <u>(492,560,669)</u> | <u>(445,956,710)</u> | <u>(438,682,773)</u> | <u>(431,167,524)</u> | <u>(380,347,986)</u> | <u>(387,056,318)</u> |
| Total taxable assessed value (1) | <u>\$3,313,366,627</u> | <u>\$2,810,522,801</u> | <u>\$2,577,673,168</u> | <u>\$2,486,245,180</u> | <u>\$2,554,374,879</u> | <u>\$2,318,452,789</u> | <u>\$2,121,885,791</u> | <u>\$1,899,286,064</u> | <u>\$1,638,222,925</u> | <u>\$1,496,958,230</u> |
| Taxable assessed value as a percentage of estimated actual value | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% |
| Estimated actual taxable value | \$3,313,366,627 | \$2,810,522,801 | \$2,577,673,168 | \$2,486,245,180 | \$2,554,374,879 | \$2,317,452,789 | \$2,121,882,791 | \$1,899,286,064 | \$1,638,222,925 | \$1,496,958,230 |
| Total direct tax rate | \$ 0.32717 | \$ 0.32312 | \$ 0.33900 | \$ 0.32900 | \$ 0.34920 | \$ 0.33520 | \$ 0.33750 | \$ 0.33750 | \$ 0.36000 | \$ 0.38750 |

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

(1) Property is assessed at actual value, therefore, the assessed values are equal to actual value. Tax rates are per \$100 of assessed value.

CITY OF LAKE JACKSON, TEXAS
PROPERTY TAX RATES – DIRECT AND OVERLAPPING GOVERNMENTS
Last Ten Years

| | Fiscal Year | | | | | | | | | |
|----------------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| | <u>2024</u> | <u>2023</u> | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> |
| City by fund | | | | | | | | | | |
| Operating | \$ 0.20070 | \$ 0.22476 | \$ 0.23180 | \$ 0.21930 | \$ 0.23160 | \$ 0.22800 | \$ 0.22950 | \$ 0.22510 | \$ 0.23230 | \$ 0.24080 |
| Debt service | 0.12650 | 0.09836 | 0.10720 | 0.10970 | 0.11660 | 0.10720 | 0.10800 | 0.11240 | 0.12770 | 0.14670 |
| Total direct rates | <u>0.32720</u> | <u>0.32312</u> | <u>0.33900</u> | <u>0.32900</u> | <u>0.34820</u> | <u>0.33520</u> | <u>0.33750</u> | <u>0.33750</u> | <u>0.36000</u> | <u>0.38750</u> |
| Brazoria County | 0.30350 | 0.31390 | 0.34000 | 0.38650 | 0.39200 | 0.42790 | 0.44020 | 0.45740 | 0.51740 | 0.49850 |
| Brazosport ISD | 0.95080 | 0.95330 | 1.13300 | 1.17870 | 1.18170 | 1.25530 | 1.25530 | 1.25530 | 1.25530 | 1.25530 |
| Brazos River Navigation | - | 0.01600 | 0.03500 | 0.04000 | 0.04010 | 0.04010 | 0.04010 | 0.04010 | 0.04010 | 0.04500 |
| Brazosport College | 0.26880 | 0.26480 | 0.28590 | 0.30930 | 0.29790 | 0.29850 | 0.30320 | 0.30320 | 0.28500 | 0.28090 |
| Velasco Drainage | 0.07120 | 0.06730 | 0.07450 | 0.08360 | 0.08150 | 0.08410 | 0.08500 | 0.08500 | 0.09150 | 0.09800 |
| Total direct and overlapping rates (1) | <u>\$ 1.92150</u> | <u>\$ 1.93842</u> | <u>\$ 2.20740</u> | <u>\$ 2.32710</u> | <u>\$ 2.34140</u> | <u>\$ 2.44110</u> | <u>\$ 2.46130</u> | <u>\$ 2.47850</u> | <u>\$ 2.54930</u> | <u>\$ 2.56520</u> |

Tax rates per \$100 of assessed valuation Source: Brazoria County Appraisal District

(1) Overlapping rates are those of local and county governments that apply within the City of Lake Jackson.

CITY OF LAKE JACKSON, TEXAS
 PRINCIPAL PROPERTY TAXPAYERS
 Current Year and Ten Years Ago

| Property Tax Payer | 2024 | | | 2015 | | |
|--------------------------------|-------------------------|------|--------------------------|-------------------------|------|--------------------------|
| | Taxable Value | Rank | % of Total Taxable Value | Taxable Assessed Value | Rank | % of Total Taxable Value |
| BG Woodward | \$ 126,861,140 | 1 | 3.83% | \$ - | - | 0.00% |
| Dow Chemical Company | 83,518,720 | 2 | 2.52% | 8,930,627 | 9 | 0.54% |
| Brazos Mall Partners LLC | 59,619,590 | 3 | 1.80% | 21,641,440 | 1 | 1.31% |
| Galaxy Properties LLC | 37,103,430 | 4 | 1.12% | - | - | 0.00% |
| Covey Plantation LP | 32,000,000 | 5 | 0.97% | - | - | 0.00% |
| 514 That Way LLC | 31,942,590 | 6 | 0.96% | - | - | 0.00% |
| Interurban Wilshire LLC | 29,500,000 | 7 | 0.89% | - | - | 0.00% |
| James Billups 1996 Trust No. 1 | 26,412,006 | 8 | 0.80% | - | - | 0.00% |
| Canam Lake Jackson LLC | 24,600,000 | 9 | 0.74% | - | - | 0.00% |
| Partners of Lake Jackson LLC | 22,555,329 | 10 | 0.68% | - | - | 0.00% |
| Core LJ One Ltd | - | - | 0.00% | 18,248,010 | 2 | 1.10% |
| Wal-Mart Stores Texas LLC | - | - | 0.00% | 18,044,250 | 3 | 1.09% |
| Redwood Westdale Edgewater | - | - | 0.00% | 14,100,000 | 4 | 0.85% |
| Spyglass - Lake Jackson | - | - | 0.00% | 10,600,000 | 5 | 0.64% |
| Gulf Coast Kingston Properties | - | - | 0.00% | 9,715,270 | 6 | 0.59% |
| Centerpoint Energy | - | - | 0.00% | 9,499,440 | 7 | 0.58% |
| HEB Grocery Company | - | - | 0.00% | 9,229,910 | 8 | 0.56% |
| LEX Lake Jackson LP | - | - | 0.00% | 8,112,960 | 10 | 0.48% |
| Subtotal | <u>474,112,805</u> | | 14.31% | <u>128,121,907</u> | | 7.74% |
| Other taxpayers | <u>2,839,253,822</u> | | 85.69% | <u>1,368,836,323</u> | | 92.26% |
| Total | <u>\$ 3,313,366,627</u> | | 100.00% | <u>\$ 1,496,958,230</u> | | 100.00% |

Source: Brazoria County Appraisal District

CITY OF LAKE JACKSON, TEXAS
PROPERTY TAX LEVIES AND COLLECTIONS
Last Ten Years

| | Fiscal Year | | | | | | | | | |
|--------------------------------------------------------------|---------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | <u>2024</u> | <u>2023</u> | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> |
| Tax levy* | \$ 10,594,883 | \$ 9,078,033 | \$ 8,740,189 | \$ 8,241,324 | \$ 8,240,262 | \$ 7,699,155 | \$ 7,071,936 | \$ 6,339,467 | \$ 5,897,602 | \$ 5,800,884 |
| Current tax collected | \$ 10,517,059 | \$ 9,028,121 | \$ 8,702,055 | \$ 8,207,294 | \$ 8,195,520 | \$ 7,657,580 | \$ 7,032,982 | \$ 6,300,623 | \$ 5,852,979 | \$ 5,762,010 |
| Percentage of current tax collections | 99.26% | 99.45% | 99.56% | 99.59% | 99.46% | 99.46% | 99.45% | 99.39% | 99.24% | 99.33% |
| Delinquent tax collections | \$ - | \$ 3,482 | \$ 20,578 | \$ 24,272 | \$ 33,938 | \$ 35,079 | \$ 33,810 | \$ 34,229 | \$ 34,274 | \$ 34,701 |
| Total tax collections | \$ 10,517,059 | \$ 9,031,603 | \$ 8,722,633 | \$ 8,231,566 | \$ 8,229,458 | \$ 7,692,659 | \$ 7,066,792 | \$ 6,334,852 | \$ 5,887,253 | \$ 5,796,711 |
| Total collections as a percentage of current levy | 99.30% | 99.45% | 99.80% | 99.88% | 99.87% | 99.92% | 99.93% | 99.93% | 99.82% | 99.93% |
| Outstanding delinquent taxes | \$ 77,824 | \$ 49,912 | \$ 17,556 | \$ 9,758 | \$ 10,804 | \$ 6,496 | \$ 5,144 | \$ 4,615 | \$ 10,349 | \$ 4,173 |
| Outstanding delinquent taxes as a percentage of current levy | 0.73% | 0.55% | 0.20% | 0.12% | 0.13% | 0.08% | 0.07% | 0.07% | 0.18% | 0.07% |

Source: Brazoria County Tax Office
* Adjusted tax levy

CITY OF LAKE JACKSON, TEXAS
RATIOS OF OUTSTANDING DEBT BY TYPE
Last Ten Years

| | Fiscal Year | | | | | | | | | |
|-----------------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
| Primary government | | | | | | | | | | |
| Governmental activities | | | | | | | | | | |
| General obligation bonds | \$ 43,972,660 | \$ 30,830,942 | \$ 34,177,813 | \$ 24,442,096 | \$ 27,330,714 | \$ 30,027,019 | \$ 23,200,542 | \$ 21,386,003 | \$ 20,658,003 | \$ 20,311,193 |
| Certificates of obligation | 4,642,842 | 5,280,244 | 5,943,153 | 7,776,135 | 8,590,011 | 9,420,000 | 10,465,000 | 11,510,000 | 8,700,000 | 11,975,000 |
| Leases payable | 34,485 | 58,165 | 81,226 | - | - | - | - | - | - | - |
| Subtotal | <u>48,649,987</u> | <u>36,169,351</u> | <u>40,202,192</u> | <u>32,218,231</u> | <u>35,920,725</u> | <u>39,447,019</u> | <u>33,665,542</u> | <u>32,896,003</u> | <u>29,358,003</u> | <u>32,286,193</u> |
| Business-type activities | | | | | | | | | | |
| Revenue bonds | 17,269,118 | 18,609,726 | 13,677,295 | 14,916,852 | 16,256,888 | 12,422,033 | 13,788,494 | 9,870,009 | 7,941,333 | 9,129,371 |
| Leases payable | 525,044 | 756,494 | 465,247 | - | - | - | - | - | - | - |
| Subtotal | <u>17,794,162</u> | <u>19,366,220</u> | <u>14,142,542</u> | <u>14,916,852</u> | <u>16,256,888</u> | <u>12,422,033</u> | <u>13,788,494</u> | <u>9,870,009</u> | <u>7,941,333</u> | <u>9,129,371</u> |
| Total primary government | <u>\$ 66,444,149</u> | <u>\$ 55,535,571</u> | <u>\$ 54,344,734</u> | <u>\$ 47,135,083</u> | <u>\$ 52,177,613</u> | <u>\$ 51,869,052</u> | <u>\$ 47,454,036</u> | <u>\$ 42,766,012</u> | <u>\$ 37,299,336</u> | <u>\$ 41,415,564</u> |
| Personal income | \$1,376,100,783 | \$1,337,160,477 | \$1,362,537,168 | \$1,374,802,902 | \$1,011,946,392 | \$1,388,443,760 | \$1,138,591,012 | \$1,099,114,134 | \$1,043,091,952 | \$ 964,840,880 |
| Debt as a percentage of personal income | 4.83% | 4.29% | 3.58% | 3.89% | 4.17% | 3.74% | 5.16% | 9.43% | 3.99% | 4.15% |
| Population | 28,443 | 27,879 | 29,424 | 29,943 | 29,388 | 31,856 | 27,473 | 27,813 | 27,926 | 27,770 |
| Debt per capita | \$ 2,336 | \$ 1,992 | \$ 1,100 | \$ 1,027 | \$ 1,515 | \$ 1,190 | \$ 1,145 | \$ 1,082 | \$ 999 | \$ 1,192 |

Notes:
Details regarding the City's outstanding debt can be found in the notes to the financial statements. The schedule presents debt net of related premiums, discounts, and adjustments.

CITY OF LAKE JACKSON, TEXAS
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
Last Ten Years

| | Fiscal Year | | | | | | | | | |
|-------------------------------------------------------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | <u>2024</u> | <u>2023</u> | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> |
| Estimated actual taxable value of property | | | | | | | | | | |
| All property | \$3,313,366,627 | \$2,810,522,801 | \$2,577,673,168 | \$2,486,245,180 | \$2,554,374,879 | \$2,317,452,789 | \$2,121,882,791 | \$1,899,286,064 | \$1,638,222,925 | \$1,496,958,230 |
| Net bonded debt | | | | | | | | | | |
| General obligation bonds* | \$ 43,972,660 | \$ 30,830,942 | \$ 34,177,813 | \$ 24,442,096 | \$ 27,330,714 | \$ 30,027,019 | \$ 23,200,542 | \$ 21,386,772 | \$ 20,658,003 | \$ 21,386,772 |
| Less restricted debt service funds | <u>793,527</u> | <u>951,232</u> | <u>821,241</u> | <u>687,877</u> | <u>745,192</u> | <u>751,790</u> | <u>736,349</u> | <u>976,263</u> | <u>693,467</u> | <u>976,263</u> |
| Net bonded debt | <u>\$ 43,179,133</u> | <u>\$ 29,879,710</u> | <u>\$ 33,356,572</u> | <u>\$ 23,754,219</u> | <u>\$ 26,585,522</u> | <u>\$ 29,275,229</u> | <u>\$ 22,464,193</u> | <u>\$ 20,410,509</u> | <u>\$ 19,964,536</u> | <u>\$ 20,410,509</u> |
| Net bonded debt as a percentage of estimated actual taxable value of property | 1.30% | 1.06% | 1.29% | 0.96% | 1.04% | 1.26% | 1.06% | 1.07% | 1.22% | 1.31% |
| Population | 28,443 | 27,879 | 29,424 | 29,943 | 29,388 | 31,856 | 27,473 | 27,813 | 27,926 | 27,770 |
| Net bonded debt per capita | \$ 1,518 | \$ 1,072 | \$ 1,134 | \$ 793 | \$ 905 | \$ 919 | \$ 818 | \$ 734 | \$ 715 | \$ 706 |

* Includes Series 2013, 2015, and 2021 which a portion or all of the bond series is currently being repaid with sources from the economic development fund from revenues generated from the half-cent optional sales tax.

Notes:

Details regarding the City's outstanding general obligation bonds can be found in the notes to the financial statements.

The schedule presents general obligation bonds net of related premiums, discounts, and adjustments which are subject to legal limits in accordance with State law.

CITY OF LAKE JACKSON, TEXAS
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

| | Net Bonded Debt <u>Outstanding</u> | Estimated Percentage <u>Applicable</u> | Estimated Share of direct and Overlapping <u>Debt</u> |
|---------------------------------------|------------------------------------------|----------------------------------------------|----------------------------------------------------------------|
| Governmental unit | | | |
| Debt repaid with property taxes | | | |
| Angleton ISD | \$ 223,230,000 | 0.01% | \$ 22,323 |
| Brazoria County | 207,948,313 | 4.82% | 10,023,109 |
| Brazosport College District | 40,710,000 | 13.01% | 5,296,371 |
| Brazosport ISD | 342,640,000 | 13.01% | 44,577,464 |
| Columbia-Brazoria IDS | 69,030,000 | 1.05% | 724,815 |
| Port Freeport | 122,980,000 | 8.27% | 10,170,446 |
| Velasco DD | 4,200,000 | 13.09% | <u>549,780</u> |
| Subtotal, overlapping debt | | | 71,364,308 |
| City direct debt (1) | \$ 48,649,987 | 100.00% | <u>48,649,987</u> |
| Total direct and overlapping debt (2) | | | <u>\$ 120,014,295</u> |

Source: Taxing jurisdictions and the Texas Municipal Advisory Council of Texas Notes:

Overlapping rates are those of local and county governments that apply within the City of Lake Jackson. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the property taxpayers of the City of Lake Jackson. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire burden borne by the property taxpayers should be taken into account. However, this does not imply that every taxpayer is a resident and, therefore, responsible for repaying the debt, of each overlapping government.

- 1) City direct debt is comprised of debt that is supported and/or secured by a pledge of ad valorem taxes
- 2) The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the overlapping government's taxable assessed value that is within the City's boundaries and dividing it by the overlapping government's total taxable assessed value.

CITY OF LAKE JACKSON, TEXAS
LEGAL DEBT MARGIN INFORMATION
Last Ten Years

| | Fiscal Year | | | | | | | | | |
|----------------------------------------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
| Debt limit (10% of assessed taxable value) | \$ 331,336,663 | \$ 281,052,280 | \$ 257,767,317 | \$ 248,624,518 | \$ 255,437,488 | \$ 231,745,279 | \$ 212,188,279 | \$ 189,928,606 | \$ 163,822,293 | \$ 149,695,823 |
| Net bonded deb applicable limit | 43,179,133 | 29,879,710 | 33,356,572 | 23,754,219 | 26,585,522 | 29,275,229 | 22,464,193 | 20,410,509 | 19,964,536 | 19,596,517 |
| Legal debt margin | <u>\$ 288,157,530</u> | <u>\$ 251,172,570</u> | <u>\$ 224,410,745</u> | <u>\$ 224,870,299</u> | <u>\$ 228,851,966</u> | <u>\$ 202,470,050</u> | <u>\$ 189,724,086</u> | <u>\$ 169,518,097</u> | <u>\$ 143,857,757</u> | <u>\$ 130,099,306</u> |
| Total net debt applicable to the limit as a percentage of debt limit | 8.70% | 10.63% | 12.94% | 9.55% | 10.41% | 12.63% | 10.59% | 10.75% | 12.19% | 13.09% |
| Legal debt margin calculatoin for Fiscal Year 2024 | | | | | | | | | | |
| Assessed taxable value | \$3,313,366,627 | | | | | | | | | |
| Debt limit (10% of assessed taxable value) | 331,336,663 | | | | | | | | | |
| Debt applicable to limit | | | | | | | | | | |
| General obligation bonds | 43,972,660 | | | | | | | | | |
| Less amount set asided for repayment of general obligation debt | (793,527) | | | | | | | | | |
| Total net debt applicable to limit | <u>43,179,133</u> | | | | | | | | | |
| Legal debt margin | <u>\$ 288,157,530</u> | | | | | | | | | |

Note: Under state finance law, the City's outstanding general obligation debt should not exceed 10 percent of total assessed property value. By law the general obligation debt subject to the limitation may be offset by amounts set aside for repaying general obligation bonds.

CITY OF LAKE JACKSON, TEXAS
 PLEDGED-REVENUE COVERAGE
 Last Ten Years

| | Fiscal Year | | | | | | | | | |
|-----------------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| | <u>2024</u> | <u>2023</u> | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> |
| Gross revenues (1) | \$ 13,632,652 | \$ 13,643,403 | \$ 13,436,865 | \$ 12,260,451 | \$ 11,199,041 | \$ 8,791,640 | \$ 8,126,553 | \$ 7,124,351 | \$ 7,642,799 | \$ 7,124,351 |
| Operating expenses (2) | <u>8,536,285</u> | <u>8,234,558</u> | <u>3,861,494</u> | <u>4,012,455</u> | <u>4,021,047</u> | <u>3,996,306</u> | <u>4,018,228</u> | <u>3,515,952</u> | <u>4,758,924</u> | <u>3,515,952</u> |
| Net revenues available for debt service | <u>\$ 5,096,367</u> | <u>\$ 5,408,845</u> | <u>\$ 9,575,371</u> | <u>\$ 8,247,996</u> | <u>\$ 7,177,994</u> | <u>\$ 4,795,334</u> | <u>\$ 4,108,325</u> | <u>\$ 3,608,399</u> | <u>\$ 2,883,875</u> | <u>\$ 3,608,399</u> |
| Average annual requirement | \$ 1,379,456 | \$ 1,459,149 | \$ 1,352,070 | \$ 1,021,262 | \$ 769,059 | \$ 839,176 | \$ 836,176 | \$ 872,517 | \$ 643,455 | \$ 601,175 |
| Average coverage | 3.69 | 3.71 | 3.33 | 2.93 | 6.34 | 4.96 | 5.86 | 3.28 | 0.76 | 3.99 |
| Maximum annual requirement | \$ 1,829,270 | \$ 1,930,320 | \$ 1,918,516 | \$ 1,780,420 | \$ 1,647,190 | \$ 1,742,975 | \$ 1,742,975 | \$ 1,742,975 | \$ 1,526,375 | \$ 1,486,875 |
| Maximum coverage | 2.79 | 2.80 | 2.40 | 1.68 | 2.96 | 2.38 | 2.81 | 1.64 | 1.59 | 1.61 |

Source: Finance Department

- 1) Gross revenues include water, sewer, tapping and connection fees, and investment earnings.
- 2) Excludes sanitation, interest and fiscal agent fees, and depreciation.

CITY OF LAKE JACKSON, TEXAS
 DEMOGRAPHIC AND ECONOMIC STATISTICS
 Last Ten Calendar Years

| <u>Fiscal Year</u> | <u>Population (1)</u> | <u>Personal Income (1)</u> | <u>Per Capita Personal Income (1)</u> | <u>Median Age (5)</u> | <u>School Enrollment</u> | <u>Labor Force (3)</u> | <u>Unemployment Rate (3)</u> |
|--------------------|-----------------------|----------------------------|---------------------------------------|-----------------------|--------------------------|------------------------|------------------------------|
| 2015 | 27,770 | \$ 964,840,880 | \$ 34,744 | | 6,150 | 13,947 | 4.20% |
| 2016 | 27,926 | 1,043,091,952 | 37,352 | 36.90 | 6,300 | 14,080 | 4.50% |
| 2017 | 27,813 | 1,099,114,134 | 39,518 | 0.00 | 6,125 | 15,149 | 3.20% |
| 2018 | 27,473 | 1,138,591,012 | 41,444 | 38.00 | 6,053 | 16,092 | 4.20% |
| 2019 | 31,856 | 1,388,443,760 | 43,585 | 37.80 | 6,506 | 14,095 | 4.90% |
| 2020 | 29,388 | 1,011,946,392 | 3,434 | 37.00 | 6,117 | 14,137 | 5.20% |
| 2021 | 29,943 | 1,374,802,902 | 45,914 | 37.20 | 6,117 | 17,391 | 7.20% |
| 2022 | 29,424 | 1,362,537,168 | 46,307 | 37.70 | 6,123 | 16,617 | 5.30% |
| 2023 | 27,879 | 1,337,160,477 | 47,963 | 37.80 | 5,959 | 15,724 | 5.20% |
| 2024 | 28,443 | 1,376,100,783 | 48,381 | 37.00 | 5,900 | 16,082 | 5.20% |

Data sources:

- 1) Estimated population, per capita income, and median age provided by U.S. Census and the Economic Development Alliance for Brazoria County.
- 2) School enrollment provided by Brazosport Independent School District.
- 3) Unemployment rate and Labor Force provided by the Texas Employment Commission website.
- 4) Estimated personal income is derived from per capita personal income and estimated population.
- 5) Median age only available in census years, otherwise it is estimated.

CITY OF LAKE JACKSON, TEXAS
 PRINCIPAL EMPLOYERS
 Current Year and Ten Years Ago

| Employer | 2024 | | | 2015 | | |
|--------------------------------|---------------|------|---------------------------------------|---------------|------|---------------------------------------|
| | Employees | Rank | Percentage of Total County Employment | Employees | Rank | Percentage of Total County Employment |
| The Dow Chemical Company | 3,666 | 1 | 1.87% | 4,200 | 1 | 2.62% |
| Texas Dept of Criminal Justice | 2,579 | 2 | 1.32% | 2,409 | 4 | 1.50% |
| Brazosport ISD | 2,000 | 3 | 1.02% | - | - | 0.00% |
| Turner Industries | 1,272 | 4 | 0.65% | - | - | 0.00% |
| Phillips 66 | 1,044 | 5 | 0.53% | 970 | 7 | 0.61% |
| Olin Corp | 974 | 6 | 0.50% | - | - | 0.00% |
| BASF Corp | 908 | 7 | 0.46% | 915 | 8 | 0.57% |
| Wood Group | 700 | 8 | 0.36% | - | - | 0.00% |
| Chevron Phillips Chemical | 698 | 9 | 0.36% | - | - | 0.00% |
| ICS | 593 | 10 | 0.30% | - | - | 0.00% |
| Fluor Corporation | - | - | 0.00% | 3,161 | 2 | 1.97% |
| Zachry Group | - | - | 0.00% | 2,821 | 3 | 1.76% |
| The Infinity Group | - | - | 0.00% | 1,673 | 5 | 1.04% |
| Brock Group | - | - | 0.00% | 1,569 | 6 | 0.98% |
| Excel | - | - | 0.00% | 750 | 9 | 0.47% |
| Texas Dow Employee CU | - | - | 0.00% | 750 | 10 | 0.47% |
| Total | <u>14,434</u> | | | <u>19,218</u> | | |

Source: Economic Development Alliance for Brazoria County
 Note: City-wide employer information not readily available.

CITY OF LAKE JACKSON, TEXAS
 FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION
 Last Ten Years

| | Fiscal Year | | | | | | | | | |
|---------------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| | <u>2024</u> | <u>2023</u> | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> |
| General fund | | | | | | | | | | |
| General government and administration | 38 | 38 | 38 | 33 | 34 | 34 | 37 | 36 | 35 | 35 |
| Public safety | | | | | | | | | | |
| Police | 65 | 65 | 65 | 65 | 68 | 65 | 62 | 62 | 60 | 60 |
| Fire | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 1 |
| Humane | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 1 |
| Culture and recreation | 30 | 30 | 30 | 33 | 33 | 33 | 29 | 29 | 28 | 27 |
| Public works | | | | | | | | | | |
| Streets | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 |
| Drainage | 15 | 15 | 15 | 16 | 15 | 15 | 15 | 15 | 15 | 15 |
| Building/code | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 |
| Garage | 9 | 9 | 9 | 10 | 10 | 9 | 6 | 9 | 9 | 9 |
| General fund total | <u>177</u> | <u>177</u> | <u>177</u> | <u>177</u> | <u>180</u> | <u>176</u> | <u>169</u> | <u>171</u> | <u>167</u> | <u>163</u> |
| Water and sewer fund | | | | | | | | | | |
| Water and sewer | 40 | 40 | 40 | 41 | 41 | 41 | 40 | 40 | 37 | 37 |
| Sanitation | 27 | 27 | 27 | 25 | 25 | 25 | 25 | 25 | 25 | 25 |
| Enterprise fund total | <u>67</u> | <u>67</u> | <u>67</u> | <u>66</u> | <u>66</u> | <u>66</u> | <u>65</u> | <u>65</u> | <u>62</u> | <u>62</u> |
| Total city positions | <u><u>244</u></u> | <u><u>244</u></u> | <u><u>244</u></u> | <u><u>243</u></u> | <u><u>246</u></u> | <u><u>242</u></u> | <u><u>234</u></u> | <u><u>236</u></u> | <u><u>229</u></u> | <u><u>225</u></u> |

Source: City budget

CITY OF LAKE JACKSON, TEXAS
OPERATING INDICATORS BY FUNCTION
Last Ten Years

| Function/program | Fiscal Year | | | | | | | | | |
|-------------------------------------------------|-------------|---------|---------|--------|--------|---------|---------|---------|---------|---------|
| | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
| Police | | | | | | | | | | |
| % criminal offenses cleared (1) | 57% | 77% | 58% | 75% | 57% | 57% | 58% | 75% | 49% | 30% |
| Traffic contacts (1) | 13,041 | 15,121 | 16,894 | 13,159 | 9,008 | 15,121 | 16,894 | 16,137 | 9,204 | 14,599 |
| Fire | | | | | | | | | | |
| Fire calls | 714 | 585 | 578 | 710 | 469 | 15,121 | 578 | 517 | 650 | 688 |
| EMS calls | 5,121 | 4,953 | 4,662 | 4,969 | 4,656 | 599 | 4,662 | 4,177 | 3,904 | 3,719 |
| Inspections | 508 | 462 | 322 | 456 | 230 | 5,099 | 322 | 343 | 450 | 425 |
| Public works | | | | | | | | | | |
| Potholes repaired (2) | 256 | 310 | 269 | 508 | 183 | 201 | 269 | 550 | 660 | 852 |
| Gutter sweeping (cubic yard/ percentage) (3) | 100% | 100% | 100% | 83% | 100% | 100% | 100% | 100% | 100% | 100% |
| Culture and recreation | | | | | | | | | | |
| Recreation Center members | 15,782 | 15,146 | 12,114 | 7,803 | 3,088 | 6,727 | 7,250 | 8,388 | 5,889 | 4,900 |
| Recreation Center attendance | 140,916 | 140,878 | 120,562 | 94,771 | 14,707 | 181,358 | 212,840 | 211,884 | 211,676 | 197,838 |
| Water and sewer | | | | | | | | | | |
| Sewer leaks repaired (4) | N/A | N/A | 9 | N/A | N/A | N/A | 9 | N/A | N/A | 3 |
| Linear feet of sewer mains cleaned | 4,450 | 10,100 | 56,283 | 2,500 | 66,435 | 2,500 | 56,283 | 19,054 | 30,565 | 4,820 |
| Wastewater treated (millions of gallons) | 1,028 | 1,230 | 1,213 | 1,036 | 979 | 1,260 | 1,213 | 915 | 950 | 845 |
| Sanitation | | | | | | | | | | |
| Garbage collected (compacted yard) | 67,946 | 73,493 | 68,696 | 70,789 | 68,906 | 75,525 | 69,696 | 65,584 | 65,888 | 61,000 |
| Large trash to landfill (non-compacted yard) | 57,851 | 61,438 | 44,041 | 54,394 | 69,285 | 47,653 | 44,011 | 55,515 | 60,530 | 36,183 |

Source: City departments

- 1) Uniform Crime Report (Beginning 2017)
- 2) Man Hours (Beginning 2015)
- 3) Swept 4 times a year (Beginning 2015)
- 4) Operating indicator no longer recorded in this format

CITY OF LAKE JACKSON, TEXAS
CAPITAL ASSET STATISTICS BY FUNCTION
Last Ten Years

| Function/program | Fiscal Year | | | | | | | | | |
|------------------------------------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | <u>2024</u> | <u>2023</u> | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> |
| 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 pool | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Community center | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Recreation center | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Park acreage (1) | 1,642 | 1,643 | 1,643 | 1,643 | 1,643 | 1,643 | 1,643 | 1,643 | 1,306 | 1,306 |
| 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 (3) | 24 | 24 | 10 | 10 | 24 | 24 | 24 | 24 | 24 | 24 |
| Water | | | | | | | | | | |
| Water mains (miles) | 142 | 142 | 142 | 142 | 140 | 140 | 140 | 134 | 130 | 130 |
| Fire hydrants | 1,104 | 1,104 | 1,104 | 1,104 | 1,021 | 1,020 | 1,020 | 1,015 | 1,000 | 1,000 |
| Sewer (2) | | | | | | | | | | |
| 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

Note: There are no capital asset indicators available for the general government functions.

- 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 BISD fields behind Rasco that were counted in the past.