



City of Lake Jackson

Annual Comprehensive
Financial Report
for fiscal year ended September 30, 2021



For Further information, contact the City of
Lake Jackson

25 Oak Drive, Lake Jackson, TX 77566

Pam Eaves
Finance Director

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CITY OF LAKE JACKSON

Lake Jackson, Texas

*Annual Comprehensive Financial Report
For the Year Ended September 30, 2021*

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INTRODUCTORY SECTION

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CITY OF LAKE JACKSON

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March 29, 2022

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, 2021.

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

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

KM&L, LLC., Certified Public Accountants, has issued an unmodified ("clean") opinion on the city's financial statements for the year ended September 30, 2021.

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.

Entering March of 2020, the economic outlook for the area was very bright, then the Covid Pandemic became our new reality for the next year. The January 2021 County unemployment rate was 8.9%, but as pandemic restrictions were lifted, the unemployment rate dropped to 3.9% by November 2021.

In April 2021, Port Freeport began groundbreaking on a \$295 million federal cost shared project to deepen, widen and make general improvements to the Freeport Harbor Channel. This project will make Port Freeport the deepest port in Texas and open them to receiving the larger ships in service today. This provides the Port opportunity to market to a wider range of vessels, expand capacity and customer base and potentially attract new liner services. This, in turn is expected to facilitate additional economic opportunities.

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

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

CITY ECONOMY

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

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

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

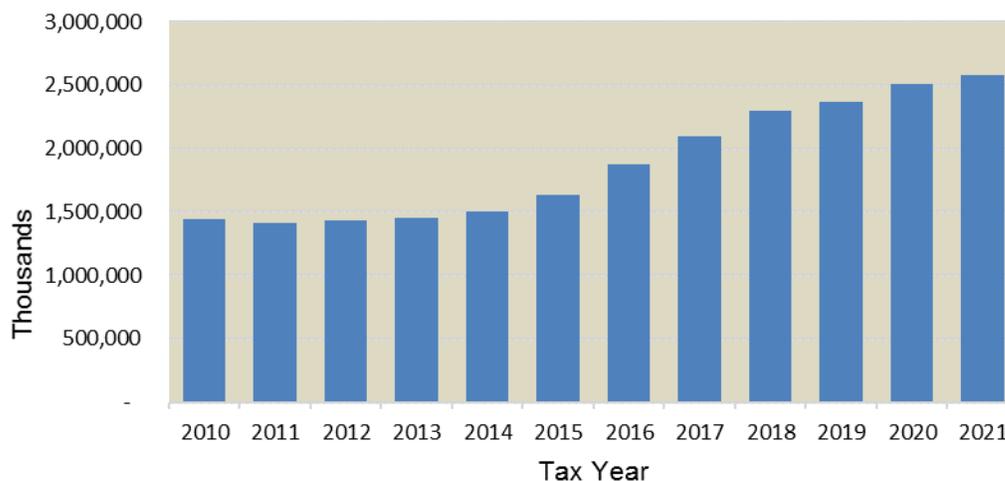
Olin Corporation recently opened its 62,500 square foot Technology and Administrative Center which will serve as their main building for Texas operations. This office building, converted from an abandoned grocery store, is designed to house 200 employees with room for growth. This facility and the Dow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

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

Overall, taxable assessed values increased 5.95% for FY2020 and 3.00% for FY 2021 with another new apartment complex, numerous smaller new and renovated commercial projects and continued residential construction, we anticipate values to maintain a steady growth.

Taxable Assessed Property Valuations



Despite the Covid 19 Pandemic, Sales Tax only decreased one-half percent in FY 2020. In FY 2021, the local economy rebounded quickly as reflected by a 10.2% increase in our Sales Tax revenue. A trend that continues into first half of FY 2022.

The City's portion of the 8.25% sales tax rate is 1.5% -- of which 1% is allocated to the General Fund, and ½ % is allocated to the Economic Development Fund. Sales tax comprises 30% of the General Operating Fund budget.



MAJOR ISSUES AND INITIATIVES

The City's plan of maintaining infrastructure including downtown revitalization continues to move forward. The next \$9 million phase of downtown revitalization is now under construction. Also voters approved an additional \$26.5 million in bonds. This includes a new animal services facility and police station expansion, but the remainder is infrastructure related. The bonds will be sold in three phases with the first phase sold in December 2021. Additionally, engineering 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.

Current development projects include an infill site where the original homes were demolished. This project is 130 residential homes owned by the developer as rental units. There are also two smaller townhome projects in the planning stages and a high end residential development for 108 homes. There is also a new developer for the Alden tract north of town. They have just entered their option period on the property and will be working closely with Council, planners, and staff to develop a Planned Unit Development (PUD) agreement to guide development of the property.

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

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

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

ACCOUNTING SYSTEM AND BUDGETARY CONTROLS

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

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

Budgetary Controls

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

DEBT ADMINISTRATION

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

INDEPENDENT AUDIT

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

CERTIFICATE OF ACHIEVEMENT

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in financial Reporting to the City of Lake Jackson for its annual comprehensive financial report for the fiscal year ended September 30, 2020. 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 26 years. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to GFOA to determine its eligibility for another certificate.

RESPONSIBILITY FOR FINANCIAL REPORTING

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

ACKNOWLEDGMENTS

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

Respectfully submitted,

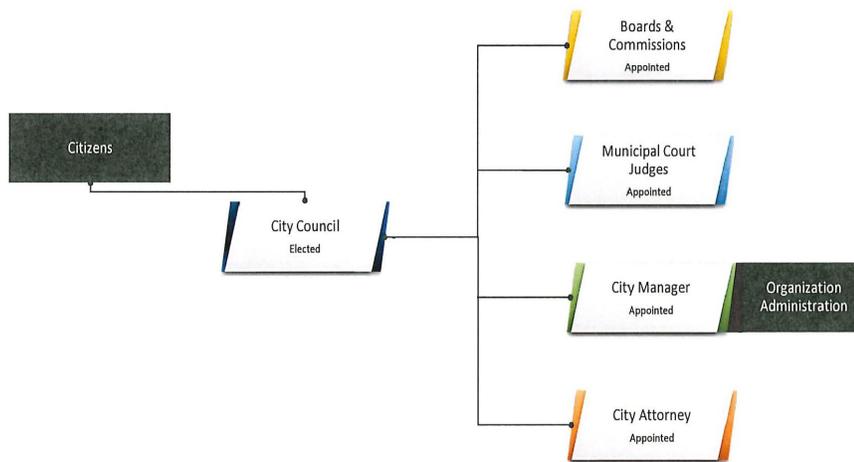
A handwritten signature in blue ink, appearing to read "Modesto Mundo".

Modesto Mundo
City Manager

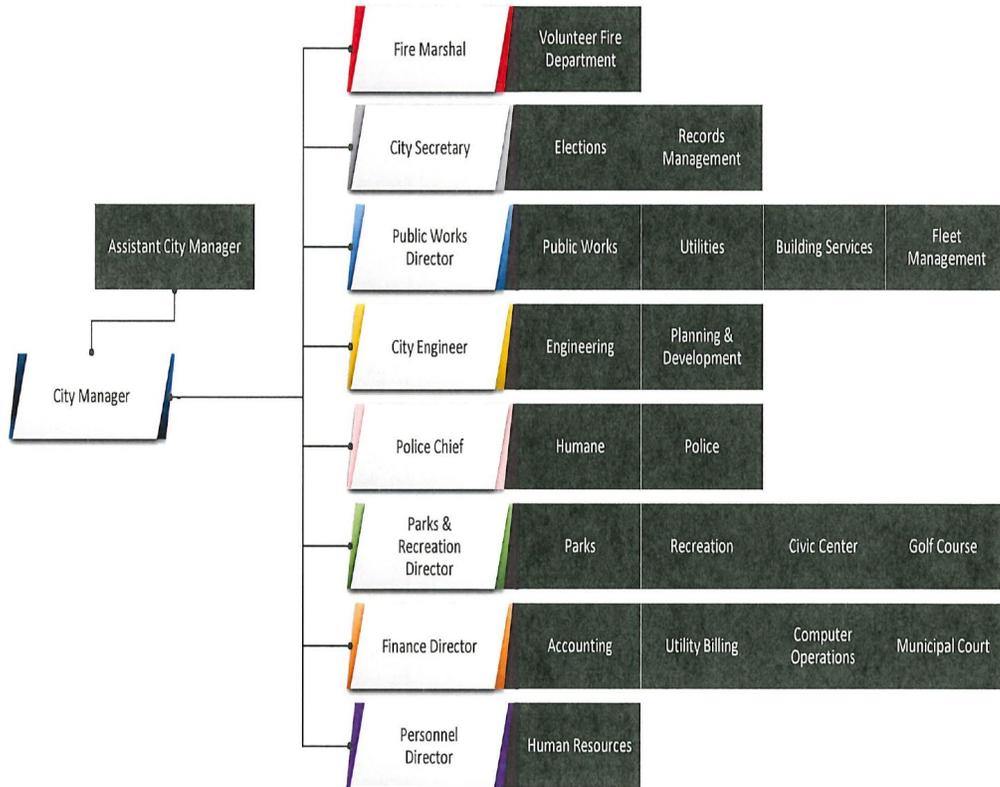
A handwritten signature in blue ink, appearing to read "Pamela K. Eaves".

Pamela K. Eaves, CPA
Finance Director

Council-Manager Form of Government



Organization Administration



Elected Officials

	Official	Title	Years Of Service	Term Expire	Occupation
*	Gerald Roznovsky	Mayor	2	2022	Retired
	Matthew Broaddus	Councilmember	5	2023	Attorney
**	Vinay Singhanian	Councilmember	4	2022	Retired
	Rhonda Seth	Councilmember	2	2023	Nurse
	Ralph “Buster” Buell	Councilmember	8	2022	Retired
***	Jon “JB” Baker	Councilmember	3	2023	Deputy Constable

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

** Served as Councilmember from 2006-2011 and 2018 to present (9 years).

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

City Officials

	Name	Title	Length of Service
*	<i>Modesto Mundo</i>	<i>City Manager</i>	<i>1.5 years</i>
	<i>Meagan Borth</i>	<i>Asst. City Manager</i>	<i>1.5 years</i>
	<i>Pam Eaves, CPA</i>	<i>Finance Director</i>	<i>32 years</i>
	<i>Salvador Aguirre</i>	<i>City Engineer</i>	<i>43 years</i>
	<i>Sherri Russell</i>	<i>City Attorney</i>	<i>15 years</i>
	<i>Hilltop Securities</i>	<i>Financial Advisors</i>	<i>17 years</i>

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



Government Finance Officers Association

Certificate of
Achievement for
Excellence in
Financial
Reporting

Presented to

**City of Lake Jackson
Texas**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2020

Christopher P. Morill

Executive Director/CEO

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FINANCIAL SECTION

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Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund, and budgetary comparison information of the City of Lake Jackson (the "City"), as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

Lake Jackson
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Lake Jackson, TX 77566
979-297-4075

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

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

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



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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund, and budgetary comparison information of the City of Lake Jackson, as of September 30, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 17 and required pension and Other Post-Employment Benefit (OPEB) related schedules on 90 through 98 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, statistical section, and continuing financial disclosures are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

To The Honorable Mayor and
Members of Council
City of Lake Jackson
Page 3

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 29, 2022, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City's internal control over financial reporting and compliance.

KM&L, LLC

Lake Jackson, Texas
March 29 ,2022

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CITY OF LAKE JACKSON, TEXAS
Management's Discussion and Analysis
For the Year Ended September 30, 2021

As management of the City of Lake Jackson (the "City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2021. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages ix-xv of this report.

Financial Highlights

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$ 109,013,022 (net position). This number must be viewed in the context that the vast majority of the City's net position of \$ 74,254,121 (68.11%) are investments in capital assets (e.g. land, buildings, improvements and other than buildings, furniture, equipment and vehicles, infrastructure, and construction in progress), less any debt used to acquire those assets that is still outstanding. Most capital assets in a government do not directly generate revenue nor can they be sold to generate liquid capital. The net position externally restricted for specific purposes totals \$ 6,759,334 (6.20%). The remaining \$ 27,999,567 (25.69%) is unrestricted net position and may be used to meet the City's ongoing obligations to citizens and creditors in accordance with the City's fund designation and fiscal policies.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$ 36,780,374. Within this total, \$ 113,141 is nonspendable, \$ 15,245,740 is restricted by specific legal requirements, \$ 951,479 has been committed for general contingency purpose, and \$ 12,866,390 has been assigned to specific types of expenditures.
- At the end of the current fiscal year, the general fund balance was \$ 17,543,832. Of this amount, \$ 113,141 is nonspendable, \$ 951,479 has been committed for general contingency purpose, and \$ 8,875,588 has been assigned primarily for equipment replacement. The remaining \$ 7,603,624 is unassigned and can be used for any lawful purpose.
- The City reported net pension liability of \$ 1,689,194 and a total OPEB (Other Post-Employment Benefits) liability of \$ 932,877, at September 30, 2021, with the implementation of GASB Statements Nos. 68, 71 and 75.

Overview of the Financial Statements

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

CITY OF LAKE JACKSON, TEXAS
Management's Discussion and Analysis
For the Year Ended September 30, 2021

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

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

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

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The *governmental activities* of the City include general government and administration, public safety, public works, and cultural and recreation. The *business-type activities* of the City include Water and Sewer, Sanitation, and Golf Course operations.

The government-wide financial statements can be found on pages 20-23 of this report.

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

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

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

CITY OF LAKE JACKSON, TEXAS
Management's Discussion and Analysis
For the Year Ended September 30, 2021

The City maintains eighteen (18) individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Economic Development Fund (special revenue fund), Coronavirus Recovery Fund (special revenue fund), and 2018 Downtown Improvement Fund (capital projects fund); all of which are considered to be major funds. Data from the other fourteen (14) funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report. The governmental funds financial statements can be found on pages 24-29 of this report.

Proprietary Funds. The City maintains two categories of *proprietary funds* - Enterprise Fund and Golf Course Operating Fund. Proprietary funds are used to report the same functions presented as business-type activities in government-wide financial statements. The City uses proprietary funds to account for its water and sewer, golf, and sanitation operations. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The basic proprietary fund financial statements can be found on pages 30-35 of this report.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 38-87 of this report.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. Required supplementary information can be found on pages 90-98 of this report. The combining and individual fund statements and schedules referred to earlier in connection with non-major governmental funds are presented following the required supplementary information. Combining and individual statements and schedules can be found on pages 102-170 of this report. The statistical section can be found on pages 172-195 of this report following the other schedules. The continuing financial disclosures can be found on pages 199-216 of this report following the statistical section.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$ 109,013,022 as of September 30, 2021.

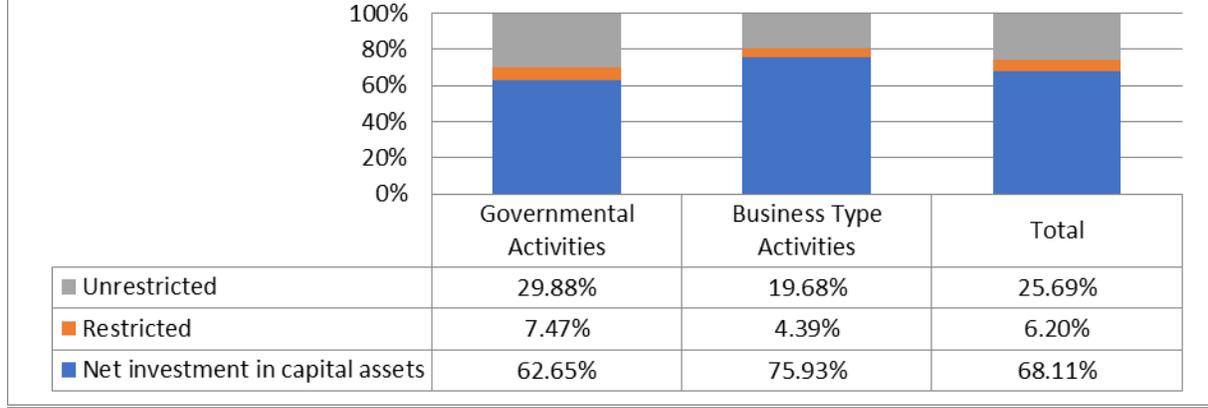
CITY OF LAKE JACKSON, TEXAS
Management's Discussion and Analysis
For the Year Ended September 30, 2021

CITY'S NET POSITION

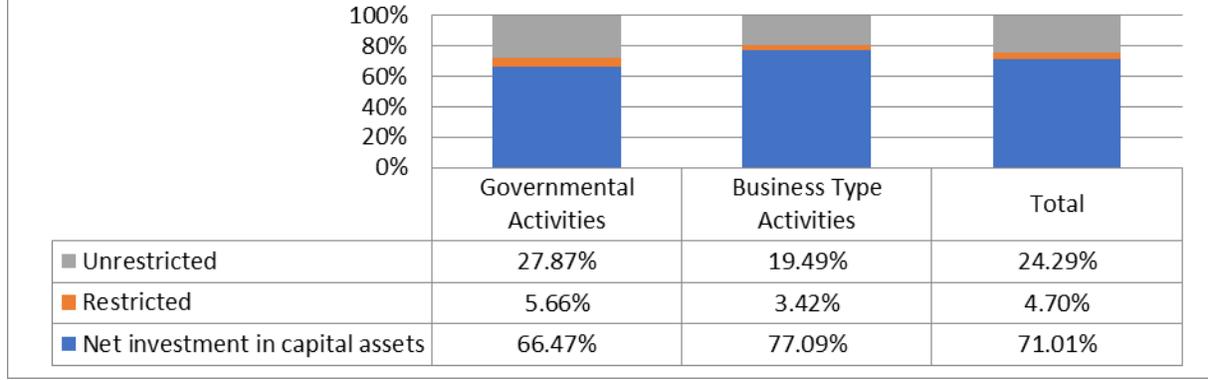
	Governmental Activities		Business-type Activities		Totals	
	September 30,		September 30,		September 30,	
	2021	2020	2021	2020	2021	2020
ASSETS						
Current and other assets	\$ 41,026,756	\$ 37,712,909	\$ 21,840,392	\$ 23,706,514	\$ 62,867,148	\$ 61,419,423
Capital assets	<u>61,858,706</u>	<u>63,714,897</u>	<u>40,881,287</u>	<u>41,267,292</u>	<u>102,739,993</u>	<u>104,982,189</u>
Total assets	<u>102,885,462</u>	<u>101,427,806</u>	<u>62,721,679</u>	<u>64,973,806</u>	<u>165,607,141</u>	<u>166,401,612</u>
DEFERRED OUTFLOWS OF RESOURCES						
Deferred outflows of resources	<u>1,169,079</u>	<u>1,320,322</u>	<u>285,288</u>	<u>297,096</u>	<u>1,454,367</u>	<u>1,617,418</u>
Total deferred outflows of resources	<u>1,169,079</u>	<u>1,320,322</u>	<u>285,288</u>	<u>297,096</u>	<u>1,454,367</u>	<u>1,617,418</u>
LIABILITIES						
Other liabilities	3,559,913	1,717,367	1,841,048	2,408,254	5,400,961	4,125,621
Long-term liabilities	<u>34,647,040</u>	<u>39,055,284</u>	<u>15,851,512</u>	<u>17,377,254</u>	<u>50,498,552</u>	<u>56,432,538</u>
Total liabilities	<u>38,206,953</u>	<u>40,772,651</u>	<u>17,692,560</u>	<u>19,785,508</u>	<u>55,899,513</u>	<u>60,558,159</u>
DEFERRED INFLOWS OF RESOURCES						
Deferred inflows of resources	<u>1,673,901</u>	<u>1,881,419</u>	<u>475,072</u>	<u>524,094</u>	<u>2,148,973</u>	<u>2,405,513</u>
Total deferred inflows of resources	<u>1,673,901</u>	<u>1,881,419</u>	<u>475,072</u>	<u>524,094</u>	<u>2,148,973</u>	<u>2,405,513</u>
NET POSITION						
Net investment in capital assets	40,206,296	39,944,744	34,047,825	34,659,879	74,254,121	74,604,623
Restricted	4,791,545	3,400,316	1,967,789	1,537,234	6,759,334	4,937,550
Unrestricted	<u>19,175,846</u>	<u>16,748,998</u>	<u>8,823,721</u>	<u>8,764,187</u>	<u>27,999,567</u>	<u>25,513,185</u>
Total net position	<u>\$ 64,173,687</u>	<u>\$ 60,094,058</u>	<u>\$ 44,839,335</u>	<u>\$ 44,961,300</u>	<u>\$ 109,013,022</u>	<u>\$ 105,055,358</u>

CITY OF LAKE JACKSON, TEXAS
Management's Discussion and Analysis
For the Year Ended September 30, 2021

2021 Percentage of Net Position by Type



2020 Percentage of Net Position by Type



CITY OF LAKE JACKSON, TEXAS
Management's Discussion and Analysis
For the Year Ended September 30, 2021

As of September 30, 2021, the City is able to report positive balances in all three categories of net position, both for the government as a whole, as well as for its separate categories governmental and business-type activities.

The largest portion of the City's net position, \$ 74,254,121 (68.11%) reflects its investments in capital assets less any debt used to acquire those assets that is still outstanding. The City uses capital assets to provide service to citizens; consequently these assets are not available for future spending. An additional portion of the City's net position of \$ 6,759,334 (6.20%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position of \$ 27,999,567 (25.69%) may be used to meet the government's ongoing obligations to citizens and creditors.

There was an increase of \$ 1,821,784 in restricted net position and a decrease of \$ 350,502 in net investment in capital assets. The increase in restricted net position and the decrease in net investment in capital assets, resulted from the new construction projects, payments of debt, and depreciation of capital assets.

Analysis of the City's Operations

Governmental Activities: Governmental activities increased the City's net position by \$ 4,079,629.

Total revenues for governmental activities increased from the previous year by \$ 1,834,353 (6.41%).

Program revenues increased from the previous year by \$ 1,017,784. This is a result of an increase in operating grants and contributions.

General revenues increased from the previous year by \$ 816,569. This is primarily resulting from the net of an increase in sales tax revenue and decreased investment earnings.

Business-type Activities: Business activities decreased the City's net position by \$ 121,965 (0.27%) which mainly resulted from a decrease in capital grant and contributions.

Total revenues decreased from the prior year by \$ 2,199,288 and total expenses increased from the prior year by \$ 883,005 respectively. Total revenues decreased from the prior year, due to a decrease in capital grants and contributions. Total expenses increased at a rate of about 5.39%. The major increases in 2021 expenses were water and sewer operating expenses.

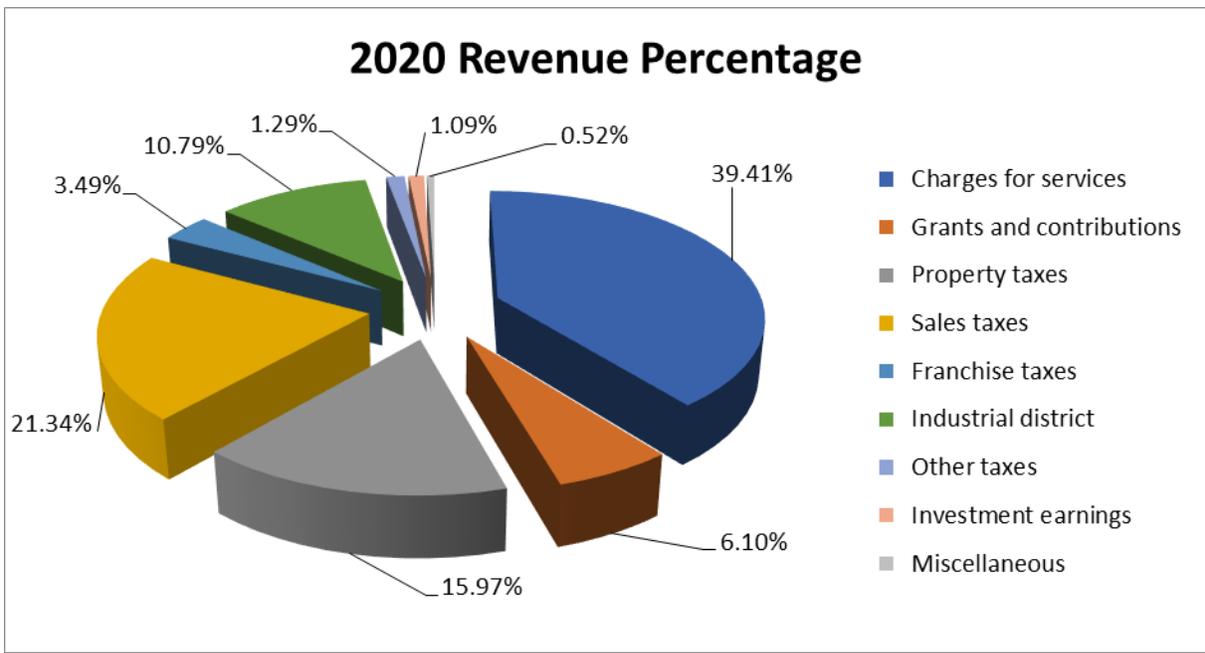
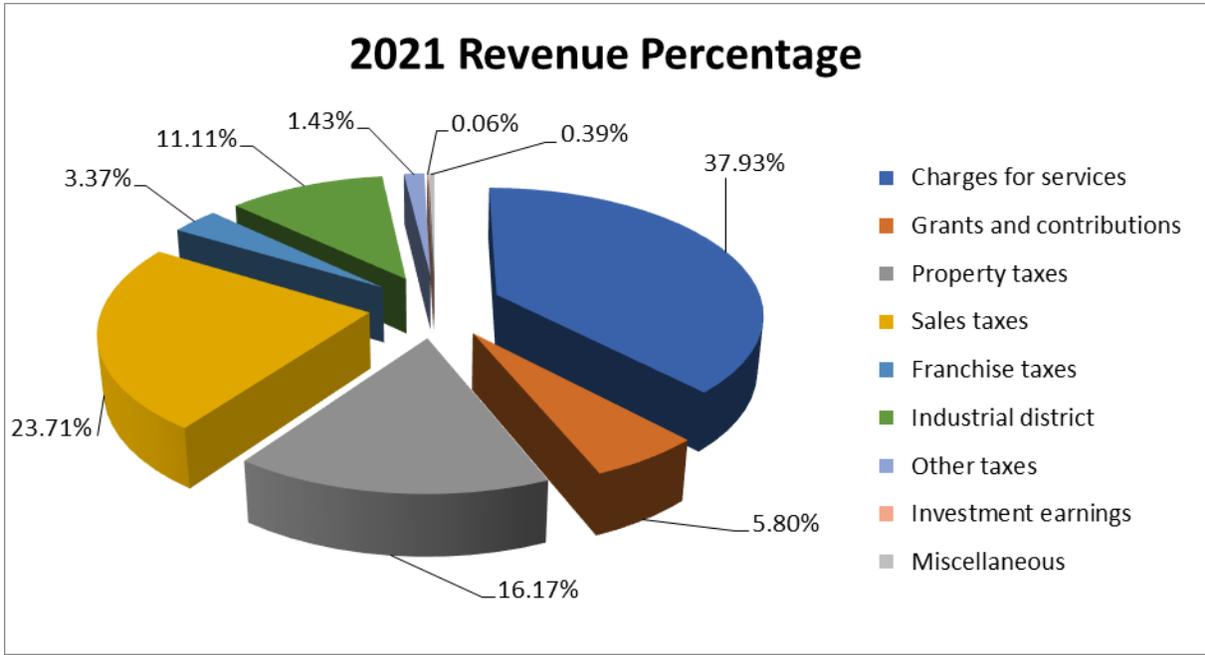
The following table provides a summary of the City's operations for the years ended September 30, 2021 and 2020.

CITY OF LAKE JACKSON, TEXAS
Management's Discussion and Analysis
For the Year Ended September 30, 2021

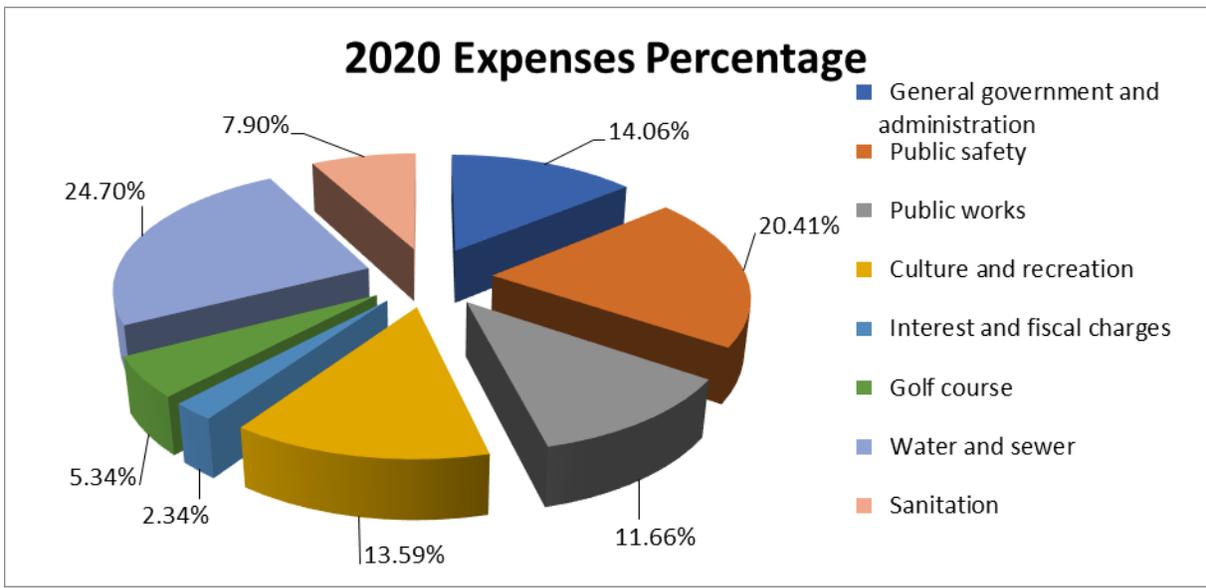
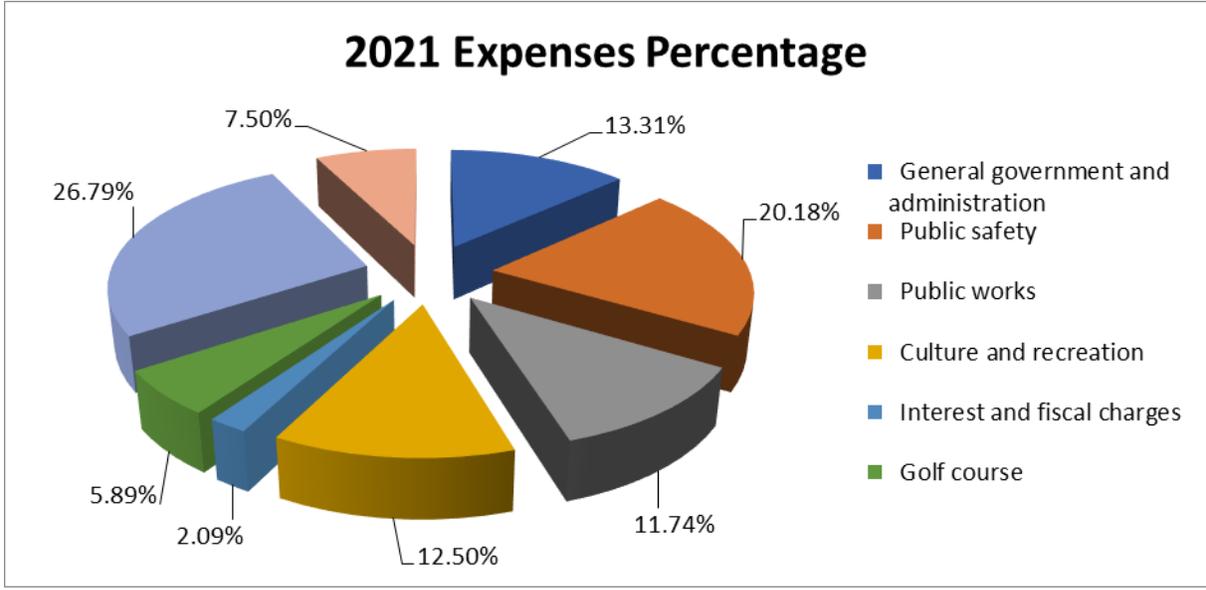
CITY'S ACTIVITIES

	Governmental Activities		Business-type Activities		Totals	
	September 30, 2021	2020	September 30, 2021	2020	September 30, 2021	2020
Revenues:						
Program Revenues:						
Charges for services	\$ 1,342,383	\$ 1,645,551	\$ 16,446,840	\$ 16,982,873	\$ 17,789,223	\$ 18,628,424
Operating grants and contributions	2,721,273	1,153,321	-	-	2,721,273	1,153,321
Capital grants and contributions	-	247,000	-	1,481,000	-	1,728,000
General Revenues:						
Property taxes	7,585,128	7,548,231	-	-	7,585,128	7,548,231
Sales taxes	11,121,684	10,084,371	-	-	11,121,684	10,084,371
Franchise taxes	1,580,134	1,650,098	-	-	1,580,134	1,650,098
Occupancy taxes	421,451	384,272	-	-	421,451	384,272
Other taxes	251,413	224,578	-	-	251,413	224,578
Industrial district	5,208,506	5,101,850	-	-	5,208,506	5,101,850
Investment earnings	18,535	321,323	10,419	192,674	28,954	513,997
Miscellaneous	144,237	180,814	-	-	144,237	180,814
Gain on disposition of capital assets	47,115	66,097	-	-	47,115	66,097
Total revenues	<u>30,441,859</u>	<u>28,607,506</u>	<u>16,457,259</u>	<u>18,656,547</u>	<u>46,899,118</u>	<u>47,264,053</u>
Expenses:						
General government and administration	5,715,450	6,069,375	-	-	5,715,450	6,069,375
Public safety	8,662,929	8,808,839	-	-	8,662,929	8,808,839
Public works	5,041,461	5,032,463	-	-	5,041,461	5,032,463
Culture and recreation	5,368,704	5,866,037	-	-	5,368,704	5,866,037
Interest and fiscal charges	897,694	1,009,362	-	-	897,694	1,009,362
Water and sewer	-	-	11,505,879	10,660,368	11,505,879	10,660,368
Sanitation	-	-	3,220,607	3,407,708	3,220,607	3,407,708
Golf course	-	-	2,528,730	2,304,135	2,528,730	2,304,135
Total expenses	<u>25,686,238</u>	<u>26,786,076</u>	<u>17,255,216</u>	<u>16,372,211</u>	<u>42,941,454</u>	<u>43,158,287</u>
Increase (decrease) in net position before transfers	4,755,621	1,821,430	(797,957)	2,284,336	3,957,664	4,105,766
Transfers	(675,992)	1,012,997	675,992	(1,012,997)	-	-
Changes in net position	4,079,629	2,834,427	(121,965)	1,271,339	3,957,664	4,105,766
Net position - beginning	<u>60,094,058</u>	<u>57,259,631</u>	<u>44,961,300</u>	<u>43,689,961</u>	<u>105,055,358</u>	<u>100,949,592</u>
Net position - ending	<u>\$ 64,173,687</u>	<u>\$ 60,094,058</u>	<u>\$ 44,839,335</u>	<u>\$ 44,961,300</u>	<u>\$ 109,013,022</u>	<u>\$ 105,055,358</u>

CITY OF LAKE JACKSON, TEXAS
Management's Discussion and Analysis
For the Year Ended September 30, 2021



CITY OF LAKE JACKSON, TEXAS
Management's Discussion and Analysis
For the Year Ended September 30, 2021



CITY OF LAKE JACKSON, TEXAS
Management's Discussion and Analysis
For the Year Ended September 30, 2021

Financial Analysis of the City's Funds

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

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

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$ 36,780,374, 20.67% of this total amount (\$ 7,603,624) constitutes unassigned fund balance. The remainder of the fund balance has been categorized as 1) nonspendable (\$ 113,141), 2) restricted (\$ 15,245,740), 3) committed (\$ 951,479), and 4) assigned (\$ 12,866,390).

In the General Fund, the City budgeted for a fund balance decrease of \$ 202,069. This included budgeting \$ 1,400,000 to transfer FY 2020 budget savings to General Capital Projects. The actual fund balance change was an increase for fiscal year 2021 of \$ 1,123,069 and was \$ 2,725,138 more than the budgeted amount. This was due to expenditures in most categories being less than expectations and the increase in sales revenue.

The Economic Development fund is used to account for revenue from the half-cent sales tax. In 2021, the revenues in the Economic Development fund were more than the budget by \$ 622,994 due to the increase in taxes revenue, and total expenditures in the Economic Development fund were less than the budget by \$ 469,919. As a result, the Economic Development fund balance increased by \$ 1,388,408 and was \$ 1,427,913 more increase than the budgeted amount.

The Coronavirus Recovery grant is used to account for proceeds awarded from the American Rescue Plan Act of 2021 through the United States Department of the Treasury. The funds under this grant provide support for local governments to meet local needs related to continued Covid-19 pandemic response efforts, economic stabilization, water, sewer and broadband infrastructure, and public health and safety. The fund balance increased by \$ 87.

2018 Downtown Improvement fund balance decreased by \$ 234,928 due to capital project expenditures.

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

Unrestricted net position at September 30, 2021 amounted to \$ 8,823,721. Total net position decreased \$ 121,965. In 2021, the decrease in net position for proprietary funds was a combination of a \$ 341,345 increase in the Enterprise Fund and a \$ 463,310 decrease in the Golf Course Fund. Other factors concerning these funds have previously been addressed in the discussion of the City's business-type activities.

CITY OF LAKE JACKSON, TEXAS
Management's Discussion and Analysis
For the Year Ended September 30, 2021

General Fund Budgetary Highlights.

During the year, the City did not make amendments to budgeted revenue. Appropriations were amended by City Council to transfer \$ 1,400,000 of fiscal year 2020 budget savings to the General Construction Fund.

The City's general fund actual revenues were more than the final budget by \$ 803,518 mainly due to sale taxes were more than expectation. The City's expenditure budget exceeded the actual expenditures by \$ 2,558,401 primarily due to overall spending control. It is the City's policy to transfer budget savings in the General Fund to the General Construction Fund. The saving generated in fiscal year 2021 will be transferred in fiscal year 2022.

Capital Assets

The City's investment in capital assets for its governmental and business-type activities as of September 30, 2021, amounts to \$ 102,739,993 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements other than buildings, furniture, equipment and vehicles, infrastructure, and construction in progress. The total decrease in the City's investment in capital assets for the current fiscal year was \$ 2,242,196. (\$ 1,856,191 decrease for governmental activities and \$ 386,005 decrease in business-type activities).

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

- Purchase pumper fire truck \$ 875,949
- Woodland park subdivision street and drainage replacement \$ 2,381,060
- Replace CNG compressor station \$ 462,853
- Balsam water tank recoating \$ 472,284

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

	Governmental Activities		Business-type Activities		Totals	
	September 30,		September 30,		September 30,	
	2021	2020	2021	2020	2021	2020
Land	\$ 2,551,017	\$ 2,551,017	\$ 3,821,585	\$ 3,821,585	\$ 6,372,602	\$ 6,372,602
Buildings	15,382,070	16,139,092	1,033,797	510,884	16,415,867	16,649,976
Improvements other than buildings	3,180,806	3,316,136	22,874,221	24,342,840	26,055,027	27,658,976
Furniture, equipment and vehicles	4,251,372	4,022,881	3,162,928	2,591,884	7,414,300	6,614,765
Infrastructure	34,621,782	34,626,579	8,120,975	8,750,139	42,742,757	43,376,718
Construction in progress	<u>1,871,659</u>	<u>3,059,192</u>	<u>1,867,781</u>	<u>1,249,960</u>	<u>3,739,440</u>	<u>4,309,152</u>
Total	<u>\$ 61,858,706</u>	<u>\$ 63,714,897</u>	<u>\$ 40,881,287</u>	<u>\$ 41,267,292</u>	<u>\$ 102,739,993</u>	<u>\$ 104,982,189</u>

Additional information on the City's capital assets can be found in Note 5 on pages 58-62 of this report.

CITY OF LAKE JACKSON, TEXAS
Management's Discussion and Analysis
For the Year Ended September 30, 2021

Debt Administration

At the end of the current fiscal year, the City had a total bonded debt of \$ 45,175,000. Of this amount, \$ 30,970,000 is comprised of bonded debt backed by the full faith and credit of the City. These bonds will be retired with revenues from property and sales taxes. The remaining \$ 14,205,000 represents bonds secured by water and sewer revenues.

OUTSTANDING LONG-TERM BONDS AT YEAR END

	Governmental Activities		Business-type Activities		Totals	
	2021	2020	2021	2020	2021	2020
General obligation bonds	\$ 7,580,000	\$ 8,375,000	\$ -	\$ -	\$ 7,580,000	\$ 8,375,000
Limited tax bonds	23,390,000	26,130,000	-	-	23,390,000	26,130,000
Revenue bonds	-	-	14,205,000	15,490,000	14,205,000	15,490,000
Bond premium	1,248,231	1,415,725	711,852	766,888	1,960,083	2,182,613
Net pension liability	1,066,384	1,825,233	622,810	835,594	1,689,194	2,660,827
Total OPEB liability	738,164	603,783	194,713	156,301	932,877	760,084
Compensated absences	624,261	705,543	117,137	128,471	741,398	834,014
Total	\$ 34,647,040	\$ 39,055,284	\$ 15,851,512	\$ 17,377,254	\$ 50,498,552	\$ 56,432,538

During the fiscal year, the City's total bonded debt decreased \$ 4,820,000 due to current debt payments. The underlying rating on all of such Bonds and other obligations payable from such source are "AA+" on the General Obligations and "AA" on the Revenue Bonds by S&P.

Additional information on the City's long term debt can be found in Note 7 on pages 64-70 of this report.

Economic Factors and Next Year's Budgets and Rates

In preparing for the FY 2021-22 budget, the emphasize was on recovery from the COVID pandemic, restoring operational funds and providing raises to employees as they received none in the prior year. The General Fund Budget was increased by 3.9 % over the prior year which is just slightly over the amount budgeted in FY 19-20. Sales tax continues to be the largest source of revenue for the General Fund at 30%, property tax revenues are 24% and industrial district revenues 23%. Certified assessed taxable values increased 3% with new values accounting for 1.3% of the increase. The Property tax rate adopted is \$.3390 which was a slight increase from the 20-21 rate of \$.328977 but less than the voter approval rate mandated by the state.

The Utility Fund 21-22 budget 4.66 % more than the 20-21 budget but only 3% greater than the 19-20 budget. Contributing to this increase were the cost for water purchased form the BWA increased from \$3.28 per thousand gallons to \$3.46 per thousand.

CITY OF LAKE JACKSON, TEXAS
Management's Discussion and Analysis
For the Year Ended September 30, 2021

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

Water Rates	<u>Fiscal Year 2021-22</u>	<u>Fiscal Year 2020-21</u>
Residential base (2,000 gallons)	\$ 14.50	\$ 13.85
Commercial & Multi-family base	\$ 29.00	\$ 27.70
2,000 to 20,000 gallons	\$ 4.75	\$ 4.50
Over 20,000 gallons	\$ 5.35	\$ 5.00

Sewer Rates	<u>Fiscal Year 2021-22</u>	<u>Fiscal Year 2020-21</u>
Residential base (2,000 gallons)	\$ 14.75	\$ 14.00
Commercial & Multi-family base	\$ 29.50	\$ 28.00
Over 2,000 gallons (15,000 max for residential)	\$ 5.25	\$ 5.00

Request for Information

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

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BASIC FINANCIAL STATEMENTS

CITY OF LAKE JACKSON

Lake Jackson, Texas

STATEMENT OF NET POSITION

September 30, 2021

	Governmental Activities	Business- Type Activities	Total
Assets:			
Cash and cash equivalents	\$ 37,427,842	\$ 9,725,654	\$ 47,153,496
Taxes receivable (net)	2,243,695	-	2,243,695
Accounts receivable (net)	743,838	888,668	1,632,506
Due from other governments	398,240	-	398,240
Investments	100,000	-	100,000
Inventories	95,430	64,147	159,577
Prepaid items	17,711	12,174	29,885
Restricted Assets:			
Temporarily Restricted:			
Cash and cash equivalents	-	11,149,749	11,149,749
Capital Assets (Net of Accumulated Depreciation):			
Land	2,551,017	3,821,585	6,372,602
Buildings	15,382,070	1,033,797	16,415,867
Improvements other than buildings	3,180,806	22,874,221	26,055,027
Furniture, equipment, and vehicles	4,251,372	3,162,928	7,414,300
Infrastructure	34,621,782	8,120,975	42,742,757
Construction in progress	<u>1,871,659</u>	<u>1,867,781</u>	<u>3,739,440</u>
Total assets	<u>102,885,462</u>	<u>62,721,679</u>	<u>165,607,141</u>
Deferred Outflows of Resources:			
Deferred outflows of resources - debt refunding cost	124,852	-	124,852
Deferred outflows of resources - pension	886,126	240,096	1,126,222
Deferred outflows of resources - OPEB	<u>158,101</u>	<u>45,192</u>	<u>203,293</u>
Total deferred outflows of resources	<u>1,169,079</u>	<u>285,288</u>	<u>1,454,367</u>

(continued)

CITY OF LAKE JACKSON

Lake Jackson, Texas

STATEMENT OF NET POSITION - Continued

September 30, 2021

	Governmental Activities	Business- Type Activities	Total
Liabilities:			
Accounts payable	\$ 889,910	\$ 520,901	\$ 1,410,811
Cash bonds and taxes	214,655	-	214,655
Accrued wages	726,141	136,041	862,182
Accrued interest	40,173	206,525	246,698
Unearned revenue	1,689,034	146,731	1,835,765
Liabilities payable from restricted assets	-	830,850	830,850
Noncurrent liabilities:			
Due within one year	3,919,478	1,321,553	5,241,031
Due in more than one year:			
Bonds payable and other	28,923,014	13,712,436	42,635,450
Net pension liability	1,066,384	622,810	1,689,194
Total OPEB liability	<u>738,164</u>	<u>194,713</u>	<u>932,877</u>
Total liabilities	<u>38,206,953</u>	<u>17,692,560</u>	<u>55,899,513</u>
Deferred Inflows of Resources:			
Deferred inflows of resources - pension	1,634,091	463,692	2,097,783
Deferred inflows of resources - OPEB	<u>39,810</u>	<u>11,380</u>	<u>51,190</u>
Total deferred inflows of resources	<u>1,673,901</u>	<u>475,072</u>	<u>2,148,973</u>
Net Position:			
Net investment in capital assets	40,206,296	34,047,825	74,254,121
Restricted For:			
Debt service	674,651	1,967,789	2,642,440
Grant	87	-	87
Economic development	3,504,159	-	3,504,159
Other	612,648	-	612,648
Unrestricted	<u>19,175,846</u>	<u>8,823,721</u>	<u>27,999,567</u>
Total net position	<u>\$ 64,173,687</u>	<u>\$ 44,839,335</u>	<u>\$ 109,013,022</u>

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

CITY OF LAKE JACKSON

Lake Jackson, Texas

STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2021

Functions/Programs	Expenses	Program Revenues	
		Charges for Services	Operating Grants and Contributions
Primary Government:			
Governmental Activities:			
General government and administration	\$ 5,715,450	\$ 451,313	\$ -
Public safety	8,662,929	-	2,164,276
Public works	5,041,461	355,062	556,997
Culture and recreation	5,368,704	536,008	-
Interest and fiscal charges	<u>897,694</u>	<u>-</u>	<u>-</u>
Total governmental activities	<u>25,686,238</u>	<u>1,342,383</u>	<u>2,721,273</u>
Business-type Activities:			
Water and sewer	11,505,879	10,373,811	-
Sanitation	3,220,607	4,172,609	-
Golf course	<u>2,528,730</u>	<u>1,900,420</u>	<u>-</u>
Total business-type activities	<u>17,255,216</u>	<u>16,446,840</u>	<u>-</u>
Total	<u>\$ 42,941,454</u>	<u>\$ 17,789,223</u>	<u>\$ 2,721,273</u>

General Revenue:

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

Change in net position

Net position - beginning

Net position - ending

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

Net (Expense) Revenue and
Changes in Net Position

Governmental Activities	Business- Type Activities	Total
\$ (5,264,137)	\$ -	\$ (5,264,137)
(6,498,653)	-	(6,498,653)
(4,129,402)	-	(4,129,402)
(4,832,696)	-	(4,832,696)
(897,694)	-	(897,694)
<u>(21,622,582)</u>	<u>-</u>	<u>(21,622,582)</u>
-	(1,132,068)	(1,132,068)
-	952,002	952,002
<u>-</u>	<u>(628,310)</u>	<u>(628,310)</u>
<u>-</u>	<u>(808,376)</u>	<u>(808,376)</u>
<u>(21,622,582)</u>	<u>(808,376)</u>	<u>(22,430,958)</u>
7,585,128	-	7,585,128
11,121,684	-	11,121,684
1,580,134	-	1,580,134
421,451	-	421,451
251,413	-	251,413
5,208,506	-	5,208,506
18,535	10,419	28,954
47,115	-	47,115
144,237	-	144,237
<u>(675,992)</u>	<u>675,992</u>	<u>-</u>
<u>25,702,211</u>	<u>686,411</u>	<u>26,388,622</u>
4,079,629	(121,965)	3,957,664
<u>60,094,058</u>	<u>44,961,300</u>	<u>105,055,358</u>
<u>\$ 64,173,687</u>	<u>\$ 44,839,335</u>	<u>\$ 109,013,022</u>

CITY OF LAKE JACKSON

Lake Jackson, Texas

**BALANCE SHEET -
GOVERNMENTAL FUNDS**

September 30, 2021

	General Fund	Economic Development Fund	Coronavirus Recovery Fund	2018 Downtown Improvements Fund	Other Governmental Funds	Total Governmental Funds
Assets						
Cash and cash equivalents	\$ 17,042,082	\$ 2,845,269	\$ 1,593,996	\$ 8,922,301	\$ 7,024,194	\$ 37,427,842
Receivables (net of allowance for uncollectibles):						
Taxes	1,538,591	661,630	-	-	43,474	2,243,695
Accounts	84,502	-	-	-	8,138	92,640
Grants	360,480	-	-	-	37,760	398,240
Investments	100,000	-	-	-	-	100,000
Inventories	95,430	-	-	-	-	95,430
Prepaid items	17,711	-	-	-	-	17,711
Total assets	<u>\$ 19,238,796</u>	<u>\$ 3,506,899</u>	<u>\$ 1,593,996</u>	<u>\$ 8,922,301</u>	<u>\$ 7,113,566</u>	<u>\$ 40,375,558</u>
Liabilities, Deferred Inflows of Resources and Fund Balances						
Liabilities:						
Accounts payable	\$ 610,546	\$ 2,740	\$ -	\$ 7,170	\$ 269,454	\$ 889,910
Cash bonds and taxes	214,655	-	-	-	-	214,655
Accrued wages	726,141	-	-	-	-	726,141
Unearned revenue	95,125	-	1,593,909	-	-	1,689,034
Total liabilities	<u>1,646,467</u>	<u>2,740</u>	<u>1,593,909</u>	<u>7,170</u>	<u>269,454</u>	<u>3,519,740</u>
Deferred Inflows of Resources:						
Deferred inflows of resources	48,497	-	-	-	26,947	75,444
Total deferred inflows of resources	<u>48,497</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>26,947</u>	<u>75,444</u>
Fund Balances:						
Nonspendable	113,141	-	-	-	-	113,141
Restricted	-	3,504,159	87	8,915,131	2,826,363	15,245,740
Committed	951,479	-	-	-	-	951,479
Assigned	8,875,588	-	-	-	3,990,802	12,866,390
Unassigned	7,603,624	-	-	-	-	7,603,624
Total fund balances	<u>17,543,832</u>	<u>3,504,159</u>	<u>87</u>	<u>8,915,131</u>	<u>6,817,165</u>	<u>36,780,374</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 19,238,796</u>	<u>\$ 3,506,899</u>	<u>\$ 1,593,996</u>	<u>\$ 8,922,301</u>	<u>\$ 7,113,566</u>	<u>\$ 40,375,558</u>

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

CITY OF LAKE JACKSON

Lake Jackson, Texas

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

September 30, 2021

Total fund balances - governmental funds balance sheet \$ 36,780,374

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

Capital assets net of accumulated depreciation used in governmental activities are not financial resources and therefore are not reported as assets in the governmental funds. The costs of these assets is \$ 179,479,394 and the accumulated depreciation is \$ 117,620,688 resulting in a net addition to net position. 61,858,706

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

Property taxes	\$ 75,444	
Municipal court accounts	<u>651,198</u>	726,642

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

General obligation bonds	\$(30,970,000)	
Premium on bonds	(1,248,231)	
Accrued compensated absences	(624,261)	
Accrued interest payable	<u>(40,173)</u>	(32,882,665)

Deferred refunding cost. 124,852

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

Net Pension Liabilities - TMRS	\$(824,864)	
Deferred Outflows of Resources - TMRS Pension	839,804	
Deferred Inflows of Resources - TMRS Pension	(1,622,194)	
Net Pension Liability - TESRS	(241,520)	
Deferred Outflows of Resources - TESRS Pension	46,322	
Deferred Inflows of Resources - TESRS Pension	<u>(11,897)</u>	(1,814,349)

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

Total OPEB liability	\$(738,164)	
Deferred Outflows of Resources	158,101	
Deferred Inflows of Resources	<u>(39,810)</u>	<u>(619,873)</u>

Total Net Position - Governmental Activities \$ 64,173,687

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

CITY OF LAKE JACKSON

Lake Jackson, Texas

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

For the Year Ended September 30, 2021

	General Fund	Economic Development Fund	Coronavirus Recovery Fund	2018 Downtown Improvements Fund	Other Governmental Funds	Total Governmental Funds
Revenues						
Taxes:						
Property	\$ 4,866,050	\$ -	\$ -	\$ -	\$ 2,730,992	\$ 7,597,042
Sales	7,375,702	3,745,982	-	-	-	11,121,684
Franchise	1,513,659	-	-	-	66,475	1,580,134
Occupancy	-	-	-	-	421,451	421,451
Other	251,413	-	-	-	-	251,413
Industrial district	5,208,506	-	-	-	-	5,208,506
Intergovernmental	385,818	-	1,778,458	-	556,997	2,721,273
Revenue producing facilities	536,008	-	-	-	-	536,008
Fines and fees	496,078	-	-	-	-	496,078
Licenses and permits	355,062	-	-	-	-	355,062
Investment earnings	7,769	3,441	87	3,604	3,634	18,535
Miscellaneous	120,271	-	-	-	23,966	144,237
Total revenues	<u>21,116,336</u>	<u>3,749,423</u>	<u>1,778,545</u>	<u>3,604</u>	<u>3,803,515</u>	<u>30,451,423</u>
Expenditures:						
Current:						
General government and administration	4,796,507	-	-	-	705,527	5,502,034
Public safety	7,236,728	-	596,737	-	61,835	7,895,300
Public works	2,490,288	-	-	-	31,300	2,521,588
Culture and recreation	4,366,330	60,341	-	-	353,789	4,780,460
Capital outlay	603,191	-	-	238,532	2,196,689	3,038,412
Debt Service:						
Principal retirement	-	-	-	-	3,535,000	3,535,000
Interest and fiscal charges	-	-	-	-	1,039,691	1,039,691
Total expenditures	<u>19,493,044</u>	<u>60,341</u>	<u>596,737</u>	<u>238,532</u>	<u>7,923,831</u>	<u>28,312,485</u>
Excess (deficiency) of revenues over expenditures	<u>1,623,292</u>	<u>3,689,082</u>	<u>1,181,808</u>	<u>(234,928)</u>	<u>(4,120,316)</u>	<u>2,138,938</u>
Other Financing Sources (Uses):						
Proceeds from sale of capital assets	60,270	-	-	-	-	60,270
Transfers in	2,167,702	-	-	-	3,423,959	5,591,661
Transfers out	<u>(2,728,195)</u>	<u>(2,300,674)</u>	<u>(1,181,721)</u>	<u>-</u>	<u>(57,063)</u>	<u>(6,267,653)</u>
Total other financing sources (uses)	<u>(500,223)</u>	<u>(2,300,674)</u>	<u>(1,181,721)</u>	<u>-</u>	<u>3,366,896</u>	<u>(615,722)</u>
Net change in fund balances	1,123,069	1,388,408	87	<u>(234,928)</u>	<u>(753,420)</u>	1,523,216
Fund balances - beginning	<u>16,420,763</u>	<u>2,115,751</u>	<u>-</u>	<u>9,150,059</u>	<u>7,570,585</u>	<u>35,257,158</u>
Fund balances - ending	<u>\$ 17,543,832</u>	<u>\$ 3,504,159</u>	<u>\$ 87</u>	<u>\$ 8,915,131</u>	<u>\$ 6,817,165</u>	<u>\$ 36,780,374</u>

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

CITY OF LAKE JACKSON

Lake Jackson, Texas

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

For the Year Ended September 30, 2021

Net change in fund balances - total governmental funds \$ 1,523,216

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

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

Capital outlay	\$ 3,038,412	
Depreciation expense	<u>(4,881,448)</u>	(1,843,036)

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

Principal payments	\$ 3,535,000	
Change in accrued compensated absences	81,282	
Change in accrued interest payable	4,764	
Amortization of bond premium	167,494	
Amortization of deferred charge on bond refunding	<u>(30,261)</u>	3,758,279

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

Net pension liability decreased	\$ 758,849	
Deferred outflows decreased	(178,416)	
Deferred inflows decreased	<u>196,444</u>	776,877

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

Total OPEB liability increased	\$ (134,381)	
Deferred outflows increased	57,434	
Deferred inflows decreased	<u>11,074</u>	(65,873)

Because some property tax receivables will not be collected for several months after the City's fiscal year ends, they are not considered available revenues and are deferred inflows in the governmental funds. (11,914)

Municipal court revenues in the governmental activities statement of activities do not provide current financial resources and are not reported as revenue in the funds. (44,765)

Governmental funds report proceeds from the sale of assets as revenue. However, in the governmental activities statement of activities, the cost of the assets disposed is offset against the proceeds to report gain or loss on the disposition of assets. (13,155)

Change in net position of governmental activities (see B-1) \$ 4,079,629

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

CITY OF LAKE JACKSON

Lake Jackson, Texas

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

For the Year Ended September 30, 2021

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Taxes:				
Property	\$ 4,961,293	\$ 4,961,293	\$ 4,866,050	\$(95,243)
Sales	6,335,000	6,335,000	7,375,702	1,040,702
Franchise	1,652,607	1,652,607	1,513,659	(138,948)
Other	140,000	140,000	251,413	111,413
Industrial district	5,203,881	5,203,881	5,208,506	4,625
Intergovernmental	43,000	43,000	385,818	342,818
Revenue producing facilities	831,175	831,175	536,008	(295,167)
Fines and fees	494,000	494,000	496,078	2,078
Licenses and permits	446,350	446,350	355,062	(91,288)
Investment earnings	159,012	159,012	7,769	(151,243)
Miscellaneous	46,500	46,500	120,271	73,771
Total revenues	20,312,818	20,312,818	21,116,336	803,518
Expenditures:				
Current:				
General government and administration	4,294,820	4,294,820	4,796,507	(501,687)
Public safety	8,096,942	8,096,942	7,236,728	860,214
Public works	3,009,297	3,009,297	2,490,288	519,009
Culture and recreation	4,896,106	4,896,106	4,366,330	529,776
Capital outlay	950,762	950,762	603,191	347,571
Total expenditures	21,247,927	21,247,927	19,493,044	1,754,883
Excess (deficiency) of revenue over expenditures	(935,109)	(935,109)	1,623,292	2,558,401
Other Financing sources (Uses):				
Proceeds from sale of capital assets	-	-	60,270	60,270
Transfers in	2,061,235	2,061,235	2,167,702	106,467
Transfers out	(1,328,195)	(2,728,195)	(2,728,195)	-
Total other financing sources (uses)	733,040	(666,960)	(500,223)	166,737
Net change in fund balance	(202,069)	(1,602,069)	1,123,069	2,725,138
Fund balance - beginning	16,420,763	16,420,763	16,420,763	-
Fund balance - ending	\$ 16,218,694	\$ 14,818,694	\$ 17,543,832	\$ 2,725,138

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

CITY OF LAKE JACKSON

Lake Jackson, Texas

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

For the Year Ended September 30, 2021

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 3,114,429	\$ 3,114,429	\$ 3,745,982	\$ 631,553
Investment earnings	12,000	12,000	3,441	(8,559)
Total revenues	<u>3,126,429</u>	<u>3,126,429</u>	<u>3,749,423</u>	<u>622,994</u>
Expenditures:				
Current:				
Culture and recreation	70,000	70,000	60,341	9,659
Capital outlay	-	460,260	-	460,260
Total expenditures	<u>70,000</u>	<u>530,260</u>	<u>60,341</u>	<u>469,919</u>
Excess of revenues over expenditures	<u>3,056,429</u>	<u>2,596,169</u>	<u>3,689,082</u>	<u>1,092,913</u>
Other Financing Uses:				
Transfers out	(2,635,674)	(2,635,674)	(2,300,674)	335,000
Total other financing uses	<u>(2,635,674)</u>	<u>(2,635,674)</u>	<u>(2,300,674)</u>	<u>335,000</u>
Net change in fund balance	420,755	(39,505)	1,388,408	1,427,913
Fund balance - beginning	<u>2,115,751</u>	<u>2,115,751</u>	<u>2,115,751</u>	<u>-</u>
Fund balance - ending	<u>\$ 2,536,506</u>	<u>\$ 2,076,246</u>	<u>\$ 3,504,159</u>	<u>\$ 1,427,913</u>

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

CITY OF LAKE JACKSON

Lake Jackson, Texas

STATEMENT OF NET POSITION - PROPRIETARY FUNDS

September 30, 2021

	Business-Type Activities		
	Enterprise	Golf Course Operating	Total
Assets:			
Current Assets:			
Cash and cash equivalents	\$ 9,555,632	\$ 170,022	\$ 9,725,654
Receivables (net of allowance for uncollectibles):			
Accounts	884,503	4,165	888,668
Inventories	-	64,147	64,147
Prepaid items	-	12,174	12,174
	<u>10,440,135</u>	<u>250,508</u>	<u>10,690,643</u>
Current Restricted Assets:			
Cash and cash equivalents	<u>8,975,435</u>	-	<u>8,975,435</u>
Total current restricted assets	<u>8,975,435</u>	-	<u>8,975,435</u>
Total current assets	<u>19,415,570</u>	<u>250,508</u>	<u>19,666,078</u>
Noncurrent Assets:			
Restricted Cash and Cash Equivalents:			
Revenue bond covenant accounts	<u>2,174,314</u>	-	<u>2,174,314</u>
Total noncurrent restricted assets	<u>2,174,314</u>	-	<u>2,174,314</u>
Capital Assets:			
Property, plant and equipment	83,711,838	10,169,321	93,881,159
Construction in progress	1,835,541	32,240	1,867,781
Less accumulated depreciation	(49,983,538)	(4,884,115)	(54,867,653)
Total capital assets (net of accumulated depreciation)	<u>35,563,841</u>	<u>5,317,446</u>	<u>40,881,287</u>
Total noncurrent assets	<u>37,738,155</u>	<u>5,317,446</u>	<u>43,055,601</u>
Total assets	<u>57,153,725</u>	<u>5,567,954</u>	<u>62,721,679</u>
Deferred Outflows of Resources:			
Deferred outflows of resources - pension	240,096	-	240,096
Deferred outflows of resources - OPEB	<u>45,192</u>	-	<u>45,192</u>
Total deferred outflows of resources	<u>285,288</u>	-	<u>285,288</u>

(continued)

CITY OF LAKE JACKSON

Lake Jackson, Texas

STATEMENT OF NET POSITION - PROPRIETARY FUNDS - Continued

September 30, 2021

	Business-Type Activities		
	Enterprise	Golf Course Operating	Total
Liabilities:			
Current Liabilities:			
Accounts payable	\$ 501,404	\$ 19,497	\$ 520,901
Accrued wages	136,041	-	136,041
Unearned revenue	-	146,731	146,731
Accrued compensated absences	81,996	-	81,996
Revenue bonds payable	<u>697,083</u>	<u>-</u>	<u>697,083</u>
	<u>1,416,524</u>	<u>166,228</u>	<u>1,582,752</u>
Current Liabilities Payable from Restricted Assets:			
Accrued interest	206,525	-	206,525
Customer deposits	830,850	-	830,850
Revenue bonds payable	<u>542,474</u>	<u>-</u>	<u>542,474</u>
Total current liabilities payable from restricted assets	<u>1,579,849</u>	<u>-</u>	<u>1,579,849</u>
Total current liabilities	<u>2,996,373</u>	<u>166,228</u>	<u>3,162,601</u>
Noncurrent Liabilities:			
Revenue bonds payable	13,677,295	-	13,677,295
Accrued compensated absences	35,141	-	35,141
Net pension liability	622,810	-	622,810
Total OPEB liability	<u>194,713</u>	<u>-</u>	<u>194,713</u>
Total noncurrent liabilities	<u>14,529,959</u>	<u>-</u>	<u>14,529,959</u>
Total liabilities	<u>17,526,332</u>	<u>166,228</u>	<u>17,692,560</u>
Deferred Inflows of Resources:			
Deferred inflows of resources - pension	463,692	-	463,692
Deferred inflows of resources - OPEB	<u>11,380</u>	<u>-</u>	<u>11,380</u>
Total deferred inflows of resources	<u>475,072</u>	<u>-</u>	<u>475,072</u>
Net Position:			
Net investment in capital assets	28,730,379	5,317,446	34,047,825
Restricted For:			
Revenue bond retirement	1,967,789	-	1,967,789
Unrestricted	<u>8,739,441</u>	<u>84,280</u>	<u>8,823,721</u>
Total net position	<u>\$ 39,437,609</u>	<u>\$ 5,401,726</u>	<u>\$ 44,839,335</u>

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

CITY OF LAKE JACKSON

Lake Jackson, Texas

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

For the Year Ended September 30, 2021

	Business-Type Activities		
	Enterprise	Golf Course Operating	Total
Operating Revenues:			
Water service	\$ 4,825,539	\$ -	\$ 4,825,539
Sewer service	5,023,164	-	5,023,164
Garbage fees	4,172,609	-	4,172,609
Tapping and connection fees	229,633	-	229,633
Golf course fees and charges	-	1,900,420	1,900,420
Other	295,475	-	295,475
	<u>14,546,420</u>	<u>1,900,420</u>	<u>16,446,840</u>
Total operating revenues			
Operating Expenses:			
Utility administration	826,181	-	826,181
Water production and treatment	4,234,988	-	4,234,988
Sewer collection	2,333,837	-	2,333,837
Sanitation	3,220,607	-	3,220,607
Golf course	-	2,045,317	2,045,317
Depreciation	3,680,760	483,413	4,164,173
	<u>14,296,373</u>	<u>2,528,730</u>	<u>16,825,103</u>
Total operating expenses			
Operating income (loss)	<u>250,047</u>	<u>(628,310)</u>	<u>(378,263)</u>
Non-Operating Revenues (Expenses):			
Investment earnings	10,419	-	10,419
Loss on disposition of capital assets	(9,200)	-	(9,200)
Interest and fiscal charges	(420,913)	-	(420,913)
	<u>(419,694)</u>	<u>-</u>	<u>(419,694)</u>
Total non-operating revenues (expenses)			
Loss before transfers	(169,647)	(628,310)	(797,957)
Transfers in	2,212,537	165,000	2,377,537
Transfers out	(1,701,545)	-	(1,701,545)
Change in net position	<u>341,345</u>	<u>(463,310)</u>	<u>(121,965)</u>
Net position - beginning	<u>39,096,264</u>	<u>5,865,036</u>	<u>44,961,300</u>
Net position - ending	<u>\$ 39,437,609</u>	<u>\$ 5,401,726</u>	<u>\$ 44,839,335</u>

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

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CITY OF LAKE JACKSON

Lake Jackson, Texas

**STATEMENT OF CASH FLOWS -
PROPRIETARY FUNDS**

For the Year Ended September 30, 2021

	Business-Type Activities		
	Enterprise	Golf Course Operating	Total
Cash Flows from Operating Activities:			
Receipts from customers and users	\$ 15,451,509	\$ 1,893,494	\$ 17,345,003
Payments to suppliers	(8,380,499)	(1,158,466)	(9,538,965)
Payments to employees	(2,997,431)	(916,300)	(3,913,731)
Net cash provided (used) by operating activities	<u>4,073,579</u>	<u>(181,272)</u>	<u>3,892,307</u>
Cash Flows from Non-Capital Financing Activities:			
Transfers in	2,212,537	165,000	2,377,537
Transfers out	(1,701,545)	-	(1,701,545)
Net cash provided by non-capital and related financing activities	<u>510,992</u>	<u>165,000</u>	<u>675,992</u>
Cash Flows from Capital and Related Financing Activities:			
Purchases of capital assets	(3,787,368)	-	(3,787,368)
Principal paid on capital debt	(1,247,500)	-	(1,247,500)
Interest and fiscal charges paid on capital debt	(534,920)	-	(534,920)
Net cash used by capital and related financing activities	<u>(5,569,788)</u>	<u>-</u>	<u>(5,569,788)</u>
Cash Flows from Investing Activities:			
Interest received	<u>10,419</u>	<u>-</u>	<u>10,419</u>
Net cash provided by investing activities	<u>10,419</u>	<u>-</u>	<u>10,419</u>
Change in cash and cash equivalents	(974,798)	(16,272)	(991,070)
Cash and cash equivalents - beginning	<u>21,680,179</u>	<u>186,294</u>	<u>21,866,473</u>
Cash and cash equivalents - ending	<u>\$ 20,705,381</u>	<u>\$ 170,022</u>	<u>\$ 20,875,403</u>

(continued)

CITY OF LAKE JACKSON

Lake Jackson, Texas

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

For the Year Ended September 30, 2021

	Business-Type Activities		
	Enterprise	Golf Course Operating	Total
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating income (loss)	\$ 250,047	\$(628,310)	\$(378,263)
Adjustment to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:			
Depreciation	3,680,760	483,413	4,164,173
(Increase) decrease in:			
Accounts receivable	219,722	(1,397)	218,325
Due from other funds	662,256	-	662,256
Inventories	-	(3,697)	(3,697)
Prepaid items	-	(1,832)	(1,832)
Increase (decrease) in:			
Accounts payable	(505,733)	(22,485)	(528,218)
Accrued wages payable	(30,878)	-	(30,878)
Unearned revenue	(2,786)	(6,964)	(9,750)
Net pension and total OPEB liability	(211,586)	-	(211,586)
Accrued compensated absences	(11,334)	-	(11,334)
Customer deposits	23,111	-	23,111
 Total adjustments	 3,823,532	 447,038	 4,270,570
 Net cash provided (used) by operating activities	 \$ 4,073,579	 \$(181,272)	 \$ 3,892,307

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

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CITY OF LAKE JACKSON

Lake Jackson, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2021

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CITY OF LAKE JACKSON

Lake Jackson, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General Statement

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

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

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

Reporting Entity

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

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

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

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

CITY OF LAKE JACKSON

Lake Jackson, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Reporting Entity - continued

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

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

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

Government-wide and Fund Financial Statements

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

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

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

CITY OF LAKE JACKSON

Lake Jackson, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessment receivable due within the current fiscal period is considered to be susceptible to accrual as revenues of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The City has presented the following major governmental funds:

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

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

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

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

CITY OF LAKE JACKSON

Lake Jackson, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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

The City reports the following major proprietary funds:

The *Enterprise Fund* is used to account for the provision of water, sewer and sanitation services to the residents of the City. Activities of the fund include administration, operations and maintenance of the water and sewer system, and billing and collection activities. The fund also accounts for the accumulation of resources for, and the payment of, long-term debt principal and interest for water and sewer debt. All costs are financed through charges to utility and sanitation customers with rates reviewed regularly and adjusted if necessary to ensure integrity of the funds.

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

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

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

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

New Pronouncements

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

CITY OF LAKE JACKSON

Lake Jackson, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

New Pronouncements - Continued

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

GASB No. 84 “Fiduciary Activities” was issued in January 2017. This statement was implemented and did not have a material effect on the City’s financial statements. The requirements of this Statement are effective for periods beginning after December 15, 2019.

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

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

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

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

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

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

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

CITY OF LAKE JACKSON

Lake Jackson, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

New Pronouncements - Continued

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

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

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

Budgetary Data

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

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

The City adopts annual budgets for all significant governmental fund types (general fund, special revenue funds except COVID-19 related funds, and debt service funds) and proprietary fund types (Enterprise Fund and Golf Course Operating Fund). The budgets for the capital projects funds are prepared on a project basis with costs being incurred over the project period.

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

CITY OF LAKE JACKSON

Lake Jackson, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Budgetary Data - Continued

The following reconciles the differences between the legally enacted budget basis and the GAAP basis of accounting for the year ended September 30, 2021:

Proprietary Fund Types:

	<u>Enterprise Fund</u>
Change in net position - GAAP basis	\$ 341,345
Provisions for Current Adjustments To: Depreciation	<u>3,680,760</u>
Change in net position - budgetary basis	<u>\$ 4,022,105</u>
	<u>Golf Course Operating Fund</u>
Change in net position - GAAP basis	\$(463,310)
Provisions for Current Adjustments To: Depreciation	<u>483,413</u>
Change in net position - budgetary basis	<u>\$ 20,103</u>

Encumbrances

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

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

CITY OF LAKE JACKSON

Lake Jackson, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Encumbrances - Continued

If the City allows encumbrances to lapse, even though it plans to honor the encumbrances, the appropriations authority expires and the items represented by the encumbrances are usually re-appropriated in the following year's budget. Open encumbrances at current period-end are included in restricted, committed or assigned fund balance, as appropriate. The city canceled all the open purchase orders at the end of fiscal year, therefore, the city had no outstanding encumbrances as of September 30, 2021.

Cash and Cash Equivalents

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

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

The City elected to implement GASB Statement No. 31 (GASB 31), *"Accounting and Financial Reporting for Certain Investments and for External Investment Pools"* as of September 30, 1996. As a governmental entity other than an external investment pool in accordance with GASB 31, the City's investments are stated at fair value, except for interest-earning investment contracts and external investment pools (See Note 2). In applying GASB 31, the City utilizes the following methods and assumptions as of September 30, 2021:

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

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

CITY OF LAKE JACKSON

Lake Jackson, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Interfund Receivables, Payables and Transfers

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

Capital Assets

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. The amount of interest cost to be capitalized on assets with tax-exempt borrowing is equal to the cost of the borrowing less interest earned on the related tax-exempt borrowing. No interest was capitalized during the year ended September 30, 2021.

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

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

Deferred Outflows and Inflows of Resources

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

CITY OF LAKE JACKSON

Lake Jackson, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Property Taxes

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

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

The assessed value of the property tax roll on August 1, 2020, upon which the levy for the 2020-21 fiscal year was based, was \$ 2,486,245,180. Taxes are delinquent if not paid by June 30. Delinquent taxes are subject to penalty and interest charges plus 20% delinquent collection fees for attorney costs.

The tax rates assessed for the year ended September 30, 2021, to finance general fund operations and the payment of principal and interest on general obligation long-term debt were \$ 0.219301 and \$ 0.109676 per \$ 100 valuation, respectively, for a total of \$ 0.328977 per \$ 100 valuation.

Current tax collections for the year ended September 30, 2021, were 99.86% of the year-end adjusted tax levy. Delinquent taxes are prorated between maintenance and debt service based on rates adopted for the year of the levy. Allowances for uncollectible taxes within the general and debt service funds are based on historical experience in collecting taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the City is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature. As of September 30, 2021, property taxes receivable, net of estimated uncollectible taxes, totaled \$ 48,497 and \$ 26,947 for the general and debt service funds, respectively.

Compensated Absences

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

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

CITY OF LAKE JACKSON

Lake Jackson, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Compensated Absences - Continued

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

As of September 30, 2021, accrued compensated absences reported in the Governmental Activities totaled \$ 624,261. Accrued compensated absences reported in the Enterprise Fund totaled \$ 117,137.

Pension Plans and OPEB Plan

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

Inventories

The City employs the consumption method of accounting for inventory. Inventories are valued at cost using the first-in first-out method. Purchases are recorded at cost as inventory when purchased, and then charged out as expenditures when used. The reserve for inventory has been recognized to signify that a portion of fund balance is not available for other subsequent expenditures. Inventory at September 30, 2021, consisted of the following:

	<u>Governmental Activities</u>	<u>Business Type Activities</u>
Supplies	\$ 69,823	\$ -
Supplies held for resale	<u>25,607</u>	<u>64,147</u>
	<u>\$ 95,430</u>	<u>\$ 64,147</u>

Long-Term Obligations

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

CITY OF LAKE JACKSON

Lake Jackson, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Long-Term Obligations - Continued

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

Fund Balances and Budget Stabilization Arrangements

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

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

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

Committed Fund Balance - Includes spendable net resources that can only be used for specific purposes pursuant to constraints imposed by formal City Council actions, no later than the close of the fiscal year. Those constraints remain binding unless removed or changed in the same manner employed to previously commit those resources. At September 30, 2021, the City Council approved to commit the total fund balance of General Contingency Fund during the council meeting.

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

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

CITY OF LAKE JACKSON

Lake Jackson, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

The following schedule presents details of fund balance components at September 30, 2021:

	<u>General Fund</u>	<u>Economic Development Fund</u>	<u>Coronavirus Recovery Fund</u>	<u>2018 Downtown Improvements Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Fund Balances:						
Nonspendable:						
Inventories	\$ 95,430	\$ -	\$ -	\$ -	\$ -	\$ 95,430
Prepaid items	17,711	-	-	-	-	17,711
Restricted:						
Debt service	-	-	-	-	687,877	687,877
Grant	-	-	87	-	-	87
Capital projects	-	-	-	8,915,131	1,525,838	10,440,969
Economic development	-	3,504,159	-	-	-	3,504,159
Program education	-	-	-	-	441,803	441,803
Encourage tourism	-	-	-	-	95,925	95,925
Law enforcement	-	-	-	-	74,920	74,920
Committed:						
Contingencies	951,479	-	-	-	-	951,479
Assigned:						
General construction	-	-	-	-	3,990,802	3,990,802
Unemployment insurance	59,759	-	-	-	-	59,759
Equipment replacement	8,642,130	-	-	-	-	8,642,130
Special events	71,958	-	-	-	-	71,958
Park improvement	101,741	-	-	-	-	101,741
Unassigned	<u>7,603,624</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,603,624</u>
Total fund balances	<u>\$ 17,543,832</u>	<u>\$ 3,504,159</u>	<u>\$ 87</u>	<u>\$ 8,915,131</u>	<u>\$ 6,817,165</u>	<u>\$ 36,780,374</u>

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

Net Position

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

CITY OF LAKE JACKSON

Lake Jackson, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

The following schedule presents details of net position balance components at September 30, 2021:

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>
Net Position:			
Net investment in capital assets	\$ 40,206,296	\$ 34,047,825	\$ 74,254,121
Restricted:			
Debt service	674,651	-	674,651
Grant	87	-	87
Economic development	3,504,159	-	3,504,159
Program education	441,803	-	441,803
Encourage tourism	95,925	-	95,925
Law enforcement	74,920	-	74,920
Revenue bond retirement	-	1,967,789	1,967,789
Unrestricted	<u>19,175,846</u>	<u>8,823,721</u>	<u>27,999,567</u>
Total net position	<u>\$ 64,173,687</u>	<u>\$ 44,839,335</u>	<u>\$ 109,013,022</u>

NOTE 2 - DEPOSITS AND INVESTMENTS

The City classifies deposits and investments for financial statement purposes as cash and temporary investments, and investments based upon both liquidity (demand deposits) and maturity date (deposits and investments) of the asset at the date of purchase. For this purpose, a temporary investment is one that when purchased it has maturity of three months or less. Cash and temporary investments, and investments, as reported on the government-wide Statement of Net Position at September 30, 2021, are as follows:

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total</u>
Cash and Cash Equivalents:			
Cash (petty cash accounts)	\$ 6,660	\$ -	\$ 6,660
Financial Institution Deposits:			
Demand deposits	3,786,047	895,362	4,681,409
Local Government Investment Pools:			
Texpool	16,368,419	3,870,965	20,239,384
Lone Star Investment Pool	8,357,523	1,976,469	10,333,992
TexSTAR	<u>18,634,847</u>	<u>4,406,953</u>	<u>23,041,800</u>
	<u>\$ 47,153,496</u>	<u>\$ 11,149,749</u>	<u>\$ 58,303,245</u>
Investments:			
Financial Institution Deposits:			
Certificates of deposit	<u>\$ 100,000</u>	<u>\$ -</u>	<u>\$ 100,000</u>
	<u>\$ 100,000</u>	<u>\$ -</u>	<u>\$ 100,000</u>

CITY OF LAKE JACKSON

Lake Jackson, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2021

NOTE 2 - DEPOSITS AND INVESTMENTS - Continued

Deposits

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

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

At September 30, 2021, in addition to petty cash of \$ 6,660, the carrying amount of the City's cash, savings, and time deposits was \$ 4,781,409. The financial institutions balances were \$ 5,609,036 at September 30, 2021. Bank balances of \$ 523,410 were covered by federal depository insurance, and \$ 5,085,626 was covered by collateral pledged in the City's name. The pledged collateral was held in safekeeping departments of unrelated banks, which act as the pledging bank's agent.

Investments

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

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

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

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

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

CITY OF LAKE JACKSON

Lake Jackson, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2021

NOTE 2 - DEPOSITS AND INVESTMENTS - Continued

Investments - Continued

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

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

The City invests in TexPool, Lone Star Investment Pool, and TexSTAR to provide its liquidity needs. TexPool, Lone Star Investment Pool, and TexSTAR are local government investment pools that were established in conformity with the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code and the Public Funds Investment Act, Chapter 2256 of the Code. TexPool, Lone Star Investment Pool, and TexSTAR are 2(a)7 like funds, meaning that they are structured similar to a money market mutual fund. Such funds allow shareholders the ability to deposit or withdraw funds on a daily basis. Interest rates are also adjusted on a daily basis. Such funds seek to maintain a constant net asset value of \$ 1.00, although this cannot be fully guaranteed. TexPool, Lone Star Investment Pool, and TexSTAR are rated AAAM and must maintain a dollar weighted average maturity not to exceed 60 days, which is the limit. At September 30, 2021 TexPool, Lone Star investment Pool, and TexSTAR, had a weighted average maturity of 37 days, 55 days, and 38 days, respectively. Although TexPool, Lone Star Investment Pool, and TexSTAR portfolios had a weighted average maturity of 37 days, 55 days, and 38 days, respectively, the City considers holdings in these funds to have a one day weighted average maturity. This is due to the fact that the share position can usually be redeemed each day at the discretion of the shareholder, unless there has been a significant change in value.

CITY OF LAKE JACKSON

Lake Jackson, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2021

NOTE 2 - DEPOSITS AND INVESTMENTS - Continued

Investments - Continued

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

The following table includes the portfolio balances of all investment types of the City at September 30, 2021.

	<u>Maturity Date</u>	<u>Rate %</u>	<u>Weighted Average Maturity (Days)</u>	<u>Fair Value</u>
Investments:				
Local Government Investment Pools:				
Texpool	N/A	Varies daily	37	\$ 20,239,384
Lone Star Investment Pool	N/A	Varies daily	55	10,333,992
TexSTAR	N/A	Varies daily	38	<u>23,041,800</u>
Total local government investment pools			41	<u>53,615,176</u>
Certificate of deposit	06/18/22	0.250 %	261	<u>100,000</u>
Total investments			41	<u>\$ 53,715,176</u>

Credit Risk - The City's policy requires that the investment pool must maintain a rating no lower than AAA, AAA-m or an equivalent rating by at least one nationally recognized rating agency. As of September 30, 2021, the LGIP's (which represent approximately 99.8% of the portfolio are rated AAAM by Standard and Poor's, while the certificates of deposits (0.2% of the portfolio) are fully insured.

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

Fair Value

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

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

CITY OF LAKE JACKSON

Lake Jackson, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2021

NOTE 2 - DEPOSITS AND INVESTMENTS - Continued

Fair Value - Continued

Level 2 Inputs to the valuation methodology include:

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

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

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

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. The City holds no assets or liabilities which are measured at fair value at September 30, 2021.

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

Government Funds

Governmental funds defer the recognition of revenue in connection with receivables that are considered to be unavailable to liquidate liabilities of the current period and report these amounts as deferred inflows of resources. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned and report these amounts as a liability (unearned revenue). As of September 30, 2021, the following components of deferred inflows of resources/unearned revenue were reported in the governmental funds:

	<u>Deferred Inflows of Resources</u>	<u>Unearned Revenue</u>
Delinquent property taxes receivable (general fund)	\$ 48,497	\$ -
Delinquent property taxes receivable (general debt service fund)	26,947	-
Recreation memberships and deposits	-	95,125
Grant received in advance	<u>-</u>	<u>1,593,909</u>
Total	<u>\$ 75,444</u>	<u>\$ 1,689,034</u>

Governmental and Business-Type Activities

Governmental and business-type activities defer the recognition of pension expense for contributions made from the measurement date to the current year-end of September 30, 2021 and report these as deferred outflows of resources. Governmental and business-type activities also defer revenue recognition in connection with resources that have been received, but not yet earned and report these amounts as a deferred inflow of resources. Further, for governmental and business-type activities, like governmental funds, defer revenue recognition in connection with resources that have been received, but not yet earned and report these amounts as a liability (unearned revenue).

CITY OF LAKE JACKSON

Lake Jackson, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2021

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

Governmental and Business-Type Activities - Continued

As of September 30, 2021, the various components of deferred inflows and outflows of resources reported in the governmental and business-type activities were as follows:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Unearned Revenue</u>
<u>Governmental Activities</u>			
Deferred refunding cost	\$ 124,852	\$ -	\$ -
Pension deferred outflows and inflows of resources less amortization - TMRS	57,529	1,622,194	-
Pension contributions subsequent to the measurement date - TMRS	782,275	-	-
Pension deferred outflows and inflows of resources less amortization - TESRS	1,310	11,897	-
Pension contributions subsequent to the measurement date - TESRS	45,012	-	-
OPEB deferred outflows and inflows of resources less amortization	149,188	39,810	-
OPEB contributions subsequent to the measurement date	8,913	-	-
Recreation memberships and deposits	-	-	95,125
Grant received in advance	<u>-</u>	<u>-</u>	<u>1,593,909</u>
 Totals	 <u>\$ 1,169,079</u>	 <u>\$ 1,673,901</u>	 <u>\$ 1,689,034</u>
<u>Business-Type Activities</u>			
Pension deferred outflows and inflows of resources less amortization - TMRS	\$ 16,444	\$ 463,692	\$ -
Pension contributions subsequent to the measurement date - TMRS	223,652	-	-
OPEB deferred outflows and inflows of resources less amortization	42,644	11,380	-
OPEB contributions subsequent to the measurement date	2,548	-	-
Golf course memberships and deposits	<u>-</u>	<u>-</u>	<u>146,731</u>
 Totals	 <u>\$ 285,288</u>	 <u>\$ 475,072</u>	 <u>\$ 146,731</u>

CITY OF LAKE JACKSON

Lake Jackson, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2021

NOTE 4 - INTERFUND TRANSFERS

Interfund transfers for the year ended September 30, 2021 consisted of the following individual fund transfers in and transfers out.

<u>Receiving Fund</u>	<u>Transferring Fund</u>	<u>Amount</u>	<u>Purpose</u>
General	Economic Development	\$ 350,000	Support of Recreation center operations
General	Coronavirus Recovery	59,094	Reimburse expenditures incurred in general fund for COVID related expenditures
General	Non-major	57,063	Motel fund to special events - to be spent by special events fund for the promotion of events that encourage tourism
General	Enterprise	1,701,545	\$ 150,000 solid waste franchise fee, sanitation administration fee \$ 300,000, water/sewer administration fee \$ 600,000, and \$ 651,545 for Equipment replacement
Non-major	General	1,400,000	Transfer 2020 savings to general construction fund
Non-major	Economic Development	1,785,674	Payment of Debt Service
Non-major	Coronavirus Recovery	238,285	Recovery act fund to General Projects to cover related expenditures
Enterprise	General	1,328,195	Enterprise assets purchase by the General Fund
Enterprise	Coronavirus Recovery	884,342	\$ 148,225 to utility fund and \$ 736,117 to utility projects To cover related expenditures
Golf Course	Economic Development	<u>165,000</u>	Support of Golf Course operations budgeted at \$ 500,000
		<u>\$ 7,969,198</u>	

CITY OF LAKE JACKSON

Lake Jackson, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2021

NOTE 5 - CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2021, was as follows:

	Balance 10-01-20	Additions	Retirements	Adjustments & Transfers	Balance 09-30-21
Governmental Activities:					
Capital Assets, Not Being Depreciated:					
Land	\$ 2,551,017	\$ -	\$ -	\$ -	\$ 2,551,017
Construction in progress	<u>3,059,192</u>	<u>2,501,092</u>	<u>-</u>	<u>(3,688,625)</u>	<u>1,871,659</u>
Total capital assets not being depreciated	<u>5,610,209</u>	<u>2,501,092</u>	<u>-</u>	<u>(3,688,625)</u>	<u>4,422,676</u>
Capital Assets, Being Depreciated:					
Buildings	32,710,484	-	-	128,285	32,838,769
Improvements other than buildings	15,160,744	-	-	184,459	15,345,203
Furniture, equipment, and vehicles	15,361,336	537,320	(212,685)	1,004,599	16,690,570
Infrastructure	<u>107,810,894</u>	<u>-</u>	<u>-</u>	<u>2,371,282</u>	<u>110,182,176</u>
Total capital assets being depreciated	<u>171,043,458</u>	<u>537,320</u>	<u>(212,685)</u>	<u>3,688,625</u>	<u>175,056,718</u>
Less Accumulated Depreciation For:					
Buildings	16,571,392	885,307	-	-	17,456,699
Improvements other than buildings	11,844,608	319,789	-	-	12,164,397
Furniture, equipment, and vehicles	11,338,455	1,300,273	(199,530)	-	12,439,198
Infrastructure	<u>73,184,315</u>	<u>2,376,079</u>	<u>-</u>	<u>-</u>	<u>75,560,394</u>
Total accumulated depreciation	<u>112,938,770</u>	<u>4,881,448</u>	<u>(199,530)</u>	<u>-</u>	<u>117,620,688</u>
Total capital assets being depreciated, net	<u>58,104,688</u>	<u>(4,344,128)</u>	<u>(13,155)</u>	<u>3,688,625</u>	<u>57,436,030</u>
Governmental activities capital assets, net	\$ <u>63,714,897</u>	\$ <u>(1,843,036)</u>	\$ <u>(13,155)</u>	\$ <u>-</u>	\$ <u>61,858,706</u>

CITY OF LAKE JACKSON

Lake Jackson, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2021

NOTE 5 - CAPITAL ASSETS - Continued

	<u>Balance</u> <u>10-01-20</u>	<u>Additions</u>	<u>Retirements</u>	<u>Adjustments &</u> <u>Transfers</u>	<u>Balance</u> <u>09-30-21</u>
Business-type Activities: (Utility Fund)					
Capital Assets, Not Being Depreciated:					
Construction in progress	\$ <u>1,217,720</u>	\$ <u>2,459,173</u>	\$ <u>-</u>	\$ <u>(1,841,352)</u>	\$ <u>1,835,541</u>
Total capital assets not being depreciated	<u>1,217,720</u>	<u>2,459,173</u>	<u>-</u>	<u>(1,841,352)</u>	<u>1,835,541</u>
Capital Assets, Being Depreciated:					
Buildings	5,399,947	-	-	805,879	6,205,826
Improvements other than buildings	49,058,242	-	-	1,035,473	50,093,715
Furniture, equipment, and vehicles	7,881,972	1,328,195	(1,129,354)	-	8,080,813
Infrastructure	<u>19,331,484</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,331,484</u>
Total capital assets being depreciated	<u>81,671,645</u>	<u>1,328,195</u>	<u>(1,129,354)</u>	<u>1,841,352</u>	<u>83,711,838</u>
Less Accumulated Depreciation For:					
Buildings	5,101,151	222,371	-	-	5,323,522
Improvements other than buildings	26,186,245	2,090,169	-	-	28,276,414
Furniture, equipment, and vehicles	5,554,191	739,056	(1,120,154)	-	5,173,093
Infrastructure	<u>10,581,345</u>	<u>629,164</u>	<u>-</u>	<u>-</u>	<u>11,210,509</u>
Total accumulated depreciation	<u>47,422,932</u>	<u>3,680,760</u>	<u>(1,120,154)</u>	<u>-</u>	<u>49,983,538</u>
Total capital assets being depreciated, net	<u>34,248,713</u>	<u>(2,352,565)</u>	<u>(9,200)</u>	<u>1,841,352</u>	<u>33,728,300</u>
Business-type activities capital assets, net	\$ <u>35,466,433</u>	\$ <u>106,608</u>	\$ <u>(9,200)</u>	\$ <u>-</u>	\$ <u>35,563,841</u>

(continued)

CITY OF LAKE JACKSON

Lake Jackson, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2021

NOTE 5 - CAPITAL ASSETS - Continued

	<u>Balance</u> <u>10-01-20</u>	<u>Additions</u>	<u>Retirements</u>	<u>Adjustments &</u> <u>Transfers</u>	<u>Balance</u> <u>09-30-21</u>
Business-type Activities: (Golf Course Fund)					
Capital Assets, Not Being Depreciated:					
Land	\$ 3,821,585	\$ -	\$ -	\$ -	\$ 3,821,585
Construction in progress	<u>32,240</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>32,240</u>
Total capital assets not being depreciated	<u>3,853,825</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,853,825</u>
Capital Assets, Being Depreciated:					
Buildings	1,222,546	-	-	-	1,222,546
Improvements other than buildings	4,711,749	-	-	-	4,711,749
Furniture, equipment, and vehicles	<u>413,441</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>413,441</u>
Total capital assets being depreciated	<u>6,347,736</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,347,736</u>
Less Accumulated Depreciation For:					
Buildings	1,010,458	60,595	-	-	1,071,053
Improvements other than buildings	3,240,906	413,923	-	-	3,654,829
Furniture, equipment, and vehicles	<u>149,338</u>	<u>8,895</u>	<u>-</u>	<u>-</u>	<u>158,233</u>
Total accumulated depreciation	<u>4,400,702</u>	<u>483,413</u>	<u>-</u>	<u>-</u>	<u>4,884,115</u>
Total capital assets being depreciated, net	<u>1,947,034</u>	<u>(483,413)</u>	<u>-</u>	<u>-</u>	<u>1,463,621</u>
Business-type activities capital assets, net	<u>\$ 5,800,859</u>	<u>\$(483,413)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,317,446</u>

(continued)

CITY OF LAKE JACKSON

Lake Jackson, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2021

NOTE 5 - CAPITAL ASSETS - Continued

	<u>Balance</u> <u>10-01-20</u>	<u>Additions</u>	<u>Retirements</u>	<u>Adjustments &</u> <u>Transfers</u>	<u>Balance</u> <u>09-30-21</u>
Business-type Activities: (Combined)					
Capital Assets, Not Being Depreciated:					
Land	\$ 3,821,585	\$ -	\$ -	\$ -	\$ 3,821,585
Construction in progress	<u>1,249,960</u>	<u>2,459,173</u>	<u>-</u>	<u>(1,841,352)</u>	<u>1,867,781</u>
Total capital assets not being depreciated	<u>5,071,545</u>	<u>2,459,173</u>	<u>-</u>	<u>(1,841,352)</u>	<u>5,689,366</u>
Capital Assets, Being Depreciated:					
Buildings	6,622,493	-	-	805,879	7,428,372
Improvements other than buildings	53,769,991	-	-	1,035,473	54,805,464
Furniture, equipment, and vehicles	8,295,413	1,328,195	(1,129,354)	-	8,494,254
Infrastructure	<u>19,331,484</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,331,484</u>
Total capital assets being depreciated, net	<u>88,019,381</u>	<u>1,328,195</u>	<u>(1,129,354)</u>	<u>1,841,352</u>	<u>90,059,574</u>
Less Accumulated Depreciation For:					
Buildings	6,111,609	282,966	-	-	6,394,575
Improvements other than buildings	29,427,151	2,504,092	-	-	31,931,243
Furniture, equipment, and vehicles	5,703,529	747,951	(1,120,154)	-	5,331,326
Infrastructure	<u>10,581,345</u>	<u>629,164</u>	<u>-</u>	<u>-</u>	<u>11,210,509</u>
Total accumulated depreciation	<u>51,823,634</u>	<u>4,164,173</u>	<u>(1,120,154)</u>	<u>-</u>	<u>54,867,653</u>
Total capital assets being depreciated, net	<u>36,195,747</u>	<u>(2,835,978)</u>	<u>(9,200)</u>	<u>1,841,352</u>	<u>35,191,921</u>
Business-type activities capital assets, net	<u>\$ 41,267,292</u>	<u>\$(376,805)</u>	<u>\$(9,200)</u>	<u>\$ -</u>	<u>\$ 40,881,287</u>

CITY OF LAKE JACKSON

Lake Jackson, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2021

NOTE 5 - CAPITAL ASSETS - Continued

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

Governmental Activities:

General government	\$ 421,850
Public safety	1,103,253
Public works, including depreciation of infrastructure	2,604,843
Culture and recreation	<u>751,502</u>
Total depreciation expense-governmental activities	<u>\$ 4,881,448</u>

Business-type Activities:

Water and sewer	\$ 3,181,624
Sanitation	499,136
Golf course	<u>483,413</u>
Total depreciation expense-business-type activities	<u>\$ 4,164,173</u>

The City has entered into contracts for construction as of September 30, 2021, as follows:

Governmental Fund Construction Commitments

	<u>Project Authorization</u>	<u>Expended to Date</u>	<u>Commitment</u>
Downtown revitalization engineering	\$ 966,000	\$ 840,843	\$ 125,157
N. parking place canopy demo	9,500	7,125	2,375
Walnut drainage crossing	759,948	606,838	153,110
Street panel replacement	<u>154,060</u>	<u>81,915</u>	<u>72,145</u>
Total	<u>\$ 1,889,508</u>	<u>\$ 1,536,721</u>	<u>\$ 352,787</u>

Proprietary Fund Construction Commitments

	<u>Project Authorization</u>	<u>Expended to Date</u>	<u>Commitment</u>
Overflow study best western	\$ 15,000	\$ 13,175	\$ 1,825
Water modeling	<u>144,480</u>	<u>68,851</u>	<u>75,629</u>
Total	<u>\$ 159,480</u>	<u>\$ 82,026</u>	<u>\$ 77,454</u>

CITY OF LAKE JACKSON

Lake Jackson, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2021

NOTE 6 - RECEIVABLES AND ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS

Governmental Funds

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

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

	<u>General Fund</u>	<u>Economic Development Fund</u>	<u>Other Governmental Fund</u>	<u>Total</u>
Taxes:				
Property	\$ 75,249	\$ -	\$ 43,589	\$ 118,838
Sales	1,323,261	661,630	-	1,984,891
Franchise	166,833	-	16,527	183,360
Allowance for uncollectible	<u>(26,752)</u>	<u>-</u>	<u>(16,642)</u>	<u>(43,394)</u>
Net taxes	<u>1,538,591</u>	<u>661,630</u>	<u>43,474</u>	<u>2,243,695</u>
Grant	<u>360,480</u>	<u>-</u>	<u>37,760</u>	<u>398,240</u>
Accounts	106,084	-	76,563	182,647
Allowance for uncollectible	<u>(21,582)</u>	<u>-</u>	<u>(68,425)</u>	<u>(90,007)</u>
Net account	<u>84,502</u>	<u>-</u>	<u>8,138</u>	<u>92,640</u>
Net total receivable	<u>\$ 1,983,573</u>	<u>\$ 661,630</u>	<u>\$ 89,372</u>	<u>\$ 2,734,575</u>

Proprietary Funds

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

	<u>Enterprise Fund</u>	<u>Golf Course Fund</u>	<u>Total</u>
Accounts	\$ 925,278	\$ 4,165	\$ 929,443
Allowance for uncollectible	<u>(40,775)</u>	<u>-</u>	<u>(40,775)</u>
Net total receivable	<u>\$ 884,503</u>	<u>\$ 4,165</u>	<u>\$ 888,668</u>

CITY OF LAKE JACKSON

Lake Jackson, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2021

NOTE 6 - RECEIVABLES AND ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS - Continued

Judicial Receivables

Municipal Court Receivables - Municipal court receivables are reported in the governmental activities statements of net position. Since these receivables do not represent current available resources, they are not reported in the governmental funds balance sheet. The allowance for uncollectible receivables related to municipal court assessments is determined based on historical experience and evaluation of collectability in relation to the aging of customer accounts. The municipal court receivables and allowance for uncollectible receivables for the year ended September 30, 2021, were \$ 1,632,685 and \$ 981,487, respectively.

NOTE 7 - LONG-TERM DEBT

General Obligation Bonds\Certificates of Obligation

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

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

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

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

CITY OF LAKE JACKSON

Lake Jackson, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2021

NOTE 7 - LONG-TERM DEBT - Continued

General Obligation Bonds\Certificates of Obligation - Continued

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

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

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

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

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

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

CITY OF LAKE JACKSON

Lake Jackson, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2021

NOTE 7 - LONG-TERM DEBT - Continued

General Obligation Bonds\Certificates of Obligation - Continued

General obligation bonds and certificates of obligation payable for governmental activities at September 30, 2021, are summarized as follows:

	Interest Rates %	Series Dates			Bonds Outstanding 09/30/21
		Issued	Maturity	Callable	
Limited Tax Series 2010	3.50-5.00	2010	2030	2020	\$ 1,350,000
Limited Tax Refunding Series 2011	2.00-4.00	2011	2023	2020	930,000
Limited Tax Refunding Series 2013	1.50-3.00	2013	2033	2023	2,400,000
Certificate of Obligation Series 2013	2.00-3.00	2013	2033	2023	1,200,000
Certificate of Obligation Series 2013A	2.00-3.00	2013	2023	2021	300,000
Certificates of Obligation Series 2014	2.00-3.00	2014	2034	2022	3,575,000
Limited Tax Refunding Series 2015	2.00-4.00	2015	2030	2026	5,070,000
Certificates of Obligation Series 2016	2.00-3.00	2016	2037	2025	2,505,000
Limited Tax Refunding Series 2016	2.00-3.00	2016	2036	2025	2,365,000
Limited Tax Series 2017	3.00-4.00	2017	2038	2026	3,335,000
Limited Tax Series 2018	3.50-5.00	2017	2039	2028	<u>7,940,000</u>
Total					<u>\$ 30,970,000</u>

General obligation bond transactions for the year ended September 30, 2021, were as follows:

Bonds outstanding, October 1,	\$ 34,505,000
Maturities	<u>(3,535,000)</u>
Bonds outstanding, September 30,	<u>\$ 30,970,000</u>

CITY OF LAKE JACKSON

Lake Jackson, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2021

NOTE 7 - LONG-TERM DEBT - Continued

General Obligation Bonds\Certificates of Obligation - Continued

The bond ordinances require that a tax be levied sufficient to pay current interest and create a sinking fund of not less than two percent of the principal of the outstanding bonds or the amount to pay current principal, whichever is greater. For the year ended September 30, 2021, the amount of property taxes collected for interest and sinking was \$ 2,730,992. The debt service requirements for principal and interest were \$ 4,574,691. In addition, \$ 1,785,674 transferred to the debt service funds. The bond resolutions provide no express remedies in the event of default and make no provision for acceleration of maturity of the bonds.

The following is a summary of general obligation bond requirements for governmental activities by year as of September 30, 2021:

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2022	\$ 3,315,000	\$ 919,404	\$ 4,234,404
2023	3,125,000	815,616	3,940,616
2024	2,590,000	725,885	3,315,885
2025	2,405,000	647,885	3,052,885
2026	2,385,000	576,091	2,961,091
2027-2031	9,395,000	1,959,453	11,354,453
2032-2036	5,900,000	761,450	6,661,450
2037-2039	<u>1,855,000</u>	<u>88,919</u>	<u>1,943,919</u>
Total	<u>\$ 30,970,000</u>	<u>\$ 6,494,703</u>	<u>\$ 37,464,703</u>

Revenue Bonds Payable

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

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

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

CITY OF LAKE JACKSON

Lake Jackson, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2021

NOTE 7 - LONG-TERM DEBT - Continued

Revenue Bonds Payable - Continued

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

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

Revenue bonds payable for business-type activities at September 30, 2021, are summarized as follows:

	Interest Rates %	Series Dates			Bonds Outstanding 09/30/21
		Issued	Maturity	Callable	
Revenue Bonds - Series 2013	2.500-3.000	2013	2033	2022	\$ 1,200,000
Revenue Bonds Refunding- Series 2016	3.000	2016	2033	2025	2,765,000
Revenue Bonds - Series 2017	3.000-4.000	2017	2038	2026	4,650,000
Revenue & Refunding Bonds - Series 2019	2.100-4.000	2019	2039	N/A	<u>5,590,000</u>
Total					<u>\$ 14,205,000</u>

Revenue bond transactions for the year ended September 30, 2021 were as follows:

Bonds outstanding, October 1	\$ 15,490,000
Maturities	(<u>1,285,000</u>)
Bonds outstanding, September 30	<u>\$ 14,205,000</u>

The bond ordinances require that amounts sufficient to pay the next scheduled principal and interest payment be paid into a sinking account in equal monthly installments. At September 30, 2021, the required balance in the sinking fund was \$ 684,905. Additionally, bond ordinances require a Reserve Fund in an amount equal to the succeeding fiscal year's interest and principal payment be accumulated and maintained. This fund is to be accumulated within sixty-one months from the date additional bonds are issued. At September 30, 2021, the required balance in the reserve fund was \$ 1,207,355; the balance in the City's reserve/sinking accounts designated for interest and sinking totaled \$ 684,905. The total account balance of \$ 2,174,314 is sufficient to cover the combined reserve and sinking requirement of \$ 1,892,260.

CITY OF LAKE JACKSON

Lake Jackson, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2021

NOTE 7 - LONG-TERM DEBT - Continued

Revenue Bonds Payable - Continued

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

The following is a summary of revenue bond requirements for business-type activities by year as of September 30, 2021:

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2022	\$ 1,195,000	\$ 448,770	\$ 1,643,770
2023	1,000,000	407,470	1,407,470
2024	1,000,000	371,170	1,371,170
2025	955,000	334,870	1,289,870
2026	950,000	300,120	1,250,120
2027-2031	4,275,000	1,033,670	5,308,670
2032-2036	3,540,000	459,935	3,999,935
2037-2039	<u>1,290,000</u>	<u>62,563</u>	<u>1,352,563</u>
Total	<u>\$ 14,205,000</u>	<u>\$ 3,418,568</u>	<u>\$ 17,623,568</u>

Transactions for the year ended September 30, 2021, are summarized as follows:

	<u>Balance 10-01-20</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 09-30-21</u>	<u>Due Within One Year</u>
Governmental Type Activities:					
Certificates of obligation bonds	\$ 8,375,000	\$ -	\$ 795,000	\$ 7,580,000	\$ 795,000
Limited tax bonds	26,130,000	-	2,740,000	23,390,000	2,520,000
Premiums on bonds	1,415,725	-	167,494	1,248,231	167,495
Net pension liability	1,825,233	4,682,254	5,441,103	1,066,384	-
Total OPEB liability	603,783	144,142	9,761	738,164	-
Compensated absences	<u>705,543</u>	<u>341,863</u>	<u>423,145</u>	<u>624,261</u>	<u>436,983</u>
Total governmental activities	<u>39,055,284</u>	<u>5,168,259</u>	<u>9,576,503</u>	<u>34,647,040</u>	<u>3,919,478</u>
Business-Type Activities:					
Revenue bonds	15,490,000	-	1,285,000	14,205,000	1,195,000
Premium on bonds	766,888	-	55,036	711,852	44,557
Net pension liability	835,594	1,320,122	1,532,906	622,810	-
Total OPEB liability	156,301	41,202	2,790	194,713	-
Compensated absences	<u>128,471</u>	<u>83,127</u>	<u>94,461</u>	<u>117,137</u>	<u>81,996</u>
Total business-type activities	17,377,254	1,444,451	2,970,193	15,851,512	1,321,553

(continued)

CITY OF LAKE JACKSON

Lake Jackson, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2021

NOTE 7 - LONG-TERM DEBT - Continued

Revenue Bonds Payable - Continued

	<u>Balance</u> <u>10-01-20</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>09-30-21</u>	<u>Due Within</u> <u>One Year</u>
Less Portion Payable from Restricted Assets:					
Revenue bonds payable	\$ 535,417	\$ 497,917	\$ 535,417	\$ 497,917	\$ 497,917
Premium on bonds	<u>55,036</u>	<u>44,557</u>	<u>55,036</u>	<u>44,557</u>	<u>44,557</u>
Net business-type activities	<u>16,786,801</u>	<u>901,977</u>	<u>2,379,740</u>	<u>15,309,038</u>	<u>779,079</u>
Total government (net)	<u>\$ 55,842,085</u>	<u>\$ 6,070,236</u>	<u>\$ 11,956,243</u>	<u>\$ 49,956,078</u>	<u>\$ 4,698,557</u>

Compensated Absences

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

Net Pension and total OPEB Liability

General fund and water and sewer enterprise fund have been used to liquidate the net pension liability and total OPEB liability. As of September 30, 2021, total aggregate expenses/expenditures were \$ 454,916 for pension and \$ 97,638 for OPEB. See Note 9 and Note 10 for net pension liability and note 11 for total OPEB liability information.

NOTE 8 - LEASING OPERATIONS

Lessor

The City is involved in various operating leases as lessor. These rental facilities are leased through 2037. The City has not determined the cost of these facilities as of September 30, 2021. Minimum future rentals to be received on noncancelable leases, as of September 30, 2021, for each of the next five years and in the aggregate are as follows:

<u>Year Ended</u> <u>September 30,</u>	<u>Amount</u>
2022	\$ 182,834
2023	188,120
2024	193,563
2025	199,169
2026	190,496
2027-2031	883,783
2032-2036	368,764
2037	<u>6,302</u>
	<u>\$ 2,213,031</u>

CITY OF LAKE JACKSON

Lake Jackson, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2021

NOTE 8 - LEASING OPERATIONS - Continued

Lessee

The City is involved in various operating leases as lessee. These leases include copier equipment, postage equipment, and golf cart and other golf course equipment. Minimum future rentals to be paid on noncancelable leases, as of September 30, 2021, for each of the next five years and in the aggregate are as follows:

<u>Year Ended</u> <u>September 30,</u>	<u>Amount</u>
2022	\$ 227,542
2023	213,336
2024	163,359
2025	137,006
2026	<u>24,544</u>
	<u>\$ 765,787</u>

NOTE 9 - TEXAS MUNICIPAL RETIREMENT SYSTEM PENSION PLAN

A. Plan Description

The City participates as one of 895 plans in the defined benefit cash-balance plan administered by the Texas Municipal Retirement System (TMRS). TMRS is a statewide public retirement plan created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for employees of Texas participating cities. The TMRS Act places the general administration and management of TMRS with a six-member, Governor-appointed Board of Trustees; however, TMRS is not fiscally dependent on the State of Texas. TMRS issues a publicly available Comprehensive Annual Financial Report (Annual Report) that can be obtained at tmrs.com.

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

B. Benefits Provided

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

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

CITY OF LAKE JACKSON

Lake Jackson, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2021

NOTE 9 - TEXAS MUNICIPAL RETIREMENT SYSTEM PENSION PLAN - Continued

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

Employees covered by benefit terms.

At the December 31, 2020 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	154
Inactive employees entitled to but not yet receiving benefits	186
Active employees	<u>230</u>
	570

C. 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 (EAN) actuarial cost method. The city's contribution rate is based on the liabilities created from the benefit plan options selected by the city and any changes in benefits or actual experience over time.

Employees for the City were required to contribute 6% of their annual gross earnings during the fiscal year. The contribution rates for the City were 11.41% and 12.04% in calendar years 2021 and 2020, respectively. The city's contributions to TMRS for the year ended September 30, 2021, were \$ 391,009, and were equal to the required contributions.

D. Net Pension Liability

The city's Net Pension Liability (NPL) was measured as of December 31, 2020, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial assumptions:

The Total Pension Liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions:

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

CITY OF LAKE JACKSON

Lake Jackson, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2021

NOTE 9 - TEXAS MUNICIPAL RETIREMENT SYSTEM PENSION PLAN - Continued

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

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2014 to December 31, 2018. They were adopted in 2019 and first used in the December 31, 2109 actuarial valuation. The post-retirement mortality assumption for Annuity Purchase Rates (APRs) is based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive). The target allocation and best estimates of real rates of return for each major asset class in fiscal year 2021 are summarized in the following table:

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

CITY OF LAKE JACKSON

Lake Jackson, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2021

NOTE 9 - TEXAS MUNICIPAL RETIREMENT SYSTEM PENSION PLAN - Continued

Discount Rate

The discount rate used to measure the Total Pension Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that Member and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive Members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balance at 12/31/2020	\$ 69,717,729	\$ 67,312,862	\$ 2,404,867
Changes for the Year:			
Service cost	1,740,285	-	1,740,285
Interest	4,647,878	-	4,647,878
Difference between expected and actual experience	(21,206)	-	(21,206)
Contributions - employer	-	1,504,167	(1,504,167)
Contributions - employee	-	749,584	(749,584)
Net investment income	-	5,104,750	(5,104,750)
Benefit payment, including refunds of employee contributions	(3,460,842)	(3,460,842)	-
Administrative expense	-	(33,061)	33,061
Other changes	-	(1,290)	1,290
Net changes	2,906,115	3,863,308	(957,193)
Balance at 12/31/2021	\$ 72,623,844	\$ 71,176,170	\$ 1,447,674

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

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

	1% Decrease In Discount Rate (5.75%)	Discount Rate (6.75%)	1% Increase In Discount Rate (7.75%)
City's Net Pension Liability/(Asset)	\$ 11,513,360	\$ 1,447,674	\$(6,798,286)

CITY OF LAKE JACKSON

Lake Jackson, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2021

NOTE 9 - TEXAS MUNICIPAL RETIREMENT SYSTEM PENSION PLAN - Continued

Pension Plan Fiduciary Net Position

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

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

For the year ended September 30, 2021, the City recognized pension expense of \$ 391,009.

At September 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 4,072	\$ 177,848
Changes in actuarial assumptions	69,901	-
Net difference between projected and actual earnings	-	1,908,038
Contributions subsequent to the measurement date	<u>1,005,927</u>	<u>-</u>
Total	<u>\$ 1,079,900</u>	<u>\$ 2,085,886</u>

\$ 1,005,927 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2022. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended September 30,</u>	
2022	\$(782,289)
2023	18,544
2024	(1,135,939)
2025	(112,229)

CITY OF LAKE JACKSON

Lake Jackson, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2021

NOTE 10 - TEXAS EMERGENCY SERVICES RETIREMENT SYSTEM PENSION PLAN

A Plan Description

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

Of the nine-member state board of trustees, at least five trustees must be active members of the pension system, one of whom must represent emergency medical services personnel. One trustee may be a retiree of the pension system, and three trustees must be persons who have experience in the fields of finance, securities investment, or pension administration. At August 31, 2020, there were 238 fire and/or emergency services member departments participating in TESRS. Eligible participants include volunteer emergency services personnel who are members in good standing of a member department.

B Benefits Provided

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

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

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

CITY OF LAKE JACKSON

Lake Jackson, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2021

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

C Contributions Required and Contributions Made

The contribution requirement per active emergency services personnel member per month is not actuarially determined. Rather, the minimum contribution provisions are set by board rule, and there is no maximum contribution rate. The City is not an employer of the members under the TESRS Plan. However, the City makes contributions directly to the TESRS Plan for members of the participating fire or emergency services departments in the City. During the measurement period of 2020 for fiscal 2021 reporting, the amount of the City's contributions recognized by the plan was \$ 44,675.

D Net Pension Liability

The System's net pension liability was measured as of August 31, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of August 31, 2020. The City's proportionate share of net pension liability was \$ 241,520.

Actuarial Assumptions

The total pension liability in the August 31, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0%
Salary increases	N/A
Investment rate of return	7.5%, net of pension plan investment expense, including inflation

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future net real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These components are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage (currently 4.6%) and by adding expected inflation (3.0%). In addition, the final 7.5% assumption was selected by rounding down.

CITY OF LAKE JACKSON

Lake Jackson, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2021

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

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

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

Discount Rate

The discount rate used to measure the total pension liability was 7.5%. No projection of cash flows was used to determine the discount rate because the August 31, 2020 actuarial valuation showed that expected contributions would pay the normal cost and amortize the unfunded actuarial accrued liability (UAAL) in 30 years using the level dollar amortization method. Because of the 30-year amortization period with the amortization method, the pension plan's fiduciary net position is expected to be available to make all projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the net pension liability of the City, calculated using the discount rate of 7.75%, in comparison to what the City's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.75%) or 1 percentage point higher (8.75%) than the current rate:

	1% Decrease In Discount Rate <u>(6.75%)</u>	Discount Rate <u>(7.75%)</u>	1% Increase In Discount Rate <u>(8.75%)</u>
City's Net Pension Liability	\$ <u>465,330</u>	\$ <u>241,520</u>	\$ <u>86,019</u>

CITY OF LAKE JACKSON

Lake Jackson, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2021

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

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

At September 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 11,502
Differences in assumption changes	-	395
Net differences between projected and actual earnings	1,310	-
Contributions subsequent to the measurement date	<u>45,012</u>	<u>-</u>
 Total	 <u>\$ 46,322</u>	 <u>\$ 11,897</u>

\$ 45,012 reported as deferred outflows of resources related to pensions relating from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2022. Other amounts reported as deferred outflows/(inflows) of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended September 30,</u>	
2022	\$(10,276)
2023	(2,111)
2024	8,304
2025	(6,504)

For the year ended September 30 2021, the City recognized pension expense of \$ 63,907.

NOTE 11 - POST-EMPLOYMENT BENEFIT OTHER THAN PENSION PLAN

A. Plan Description

The City also participates in the defined benefit group-term life insurance plan operated by TMRS known as the Supplemental Death Benefits Fund (SDBF). The City elected, by ordinance, to provide group-term life insurance coverage to both current and retired employees. The city may terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1. The SDBF covers both active and retiree benefits with no segregation of assets, and therefore doesn't meet the definition of a trust under GASB No. 75, paragraph 4b and there are no assets accumulated for OPEB. As such the SDBF is considered to be a single employer unfunded OPEB plan with benefit payments treated as being equal to the employer's yearly contributions for retirees.

CITY OF LAKE JACKSON

Lake Jackson, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2021

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

B. Benefits Provided

Benefits payable from the SDBF become due after the death of a covered active Member or retiree and are paid to the designated beneficiaries upon the receipt of an approved application for payment. The death benefit for active Members provides a lump-sum payment approximately equal to the Member's annual salary (calculated based on the Member's actual earnings for the 12-month period preceding the month of death). The death benefit for retirees is an "other post-employment benefit" and is a fixed amount of \$7,500.

Employees covered by benefit terms

At the December 31, 2020 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees currently receiving benefits	112
Inactive employees entitled to but not yet receiving benefits	36
Active employees	<u>230</u>
	378

C. Contributions

The City contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation, which was 0.24% and 0.21% in the calendar years 2021 and 2020, of which 0.13% and 0.05% represented the retiree-only portion, respectively, as a percentage of annual covered payroll. The City's contributions to the SDBF for the years ended September 30, 2021, 2020 and 2019 were \$ 28,861, \$ 25,620, and \$ 25,459, respectively, representing contributions for both active and retiree coverage which equaled the required contributions each year contributions. The City's contribution for retiree portion as of September 30, 2021 was \$ 13,295.

D. Total OPEB Liability

The City's total OPEB liability of \$ 932,877 was measured as of December 31, 2020, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs

The Total OPEB Liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

CITY OF LAKE JACKSON

Lake Jackson, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2021

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

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

The discount rate was based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2020.

The actuarial assumptions used in the December 31, 2020 valuation were based on the results of an actuarial experience study for the period December 31, 2014 to December 31, 2018.

Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Balance at 12/31/2019	\$ <u>760,084</u>
Changes for the Year:	
Service cost	34,981
Interest on total OPEB liability	21,297
Difference between expected and actual experience	(6,304)
Changes in assumption or other inputs	129,066
Benefit payments	<u>(6,247)</u>
 Net changes	 <u>172,793</u>
Balance at 12/31/2020	\$ <u><u>932,877</u></u>

CITY OF LAKE JACKSON

Lake Jackson, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2021

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

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

The following presents the total OPEB liability of the City, calculated using the discount rate of 2.00%, as well as what's the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.00%) or 1-percentage-point higher (3.00%) than the current rate:

	1% Decrease In Discount Rate <u>(1.00%)</u>	Discount Rate <u>(2.00%)</u>	1% Increase In Discount Rate <u>(3.00%)</u>
City's Total OPEB Liability	\$ <u>1,150,778</u>	\$ <u>932,877</u>	\$ <u>766,109</u>

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

For the year ended September 30, 2021, the City recognized OPEB expense of \$ 97,638.

At September 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 31,429
Differences in assumption changes	191,832	19,761
Contributions subsequent to the measurement date	<u>11,461</u>	<u>-</u>
Total	\$ <u>203,293</u>	\$ <u>51,190</u>

\$ 11,461 reported as deferred outflows of resources related to OPEB relating from contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability for the year ending September 30, 2022. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended <u>September 30,</u>	
2022	\$ 41,360
2023	32,647
2024	41,936
2025	24,699

CITY OF LAKE JACKSON

Lake Jackson, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2021

NOTE 12 - DEFERRED COMPENSATION PLAN

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

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

NOTE 13 - CONTINGENT LIABILITIES

The City is contingently liable in respect to lawsuits and other claims in the ordinary course of its operations. The potential settlement (if any) of such contingencies under the budgetary process would require appropriation of revenues yet to be realized and would not materially affect the financial position of the City at September 30, 2021.

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

NOTE 14 - RISK POOL PARTICIPATION

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

NOTE 15 - INDUSTRIAL DISTRICT CONTRACT

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

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

CITY OF LAKE JACKSON

Lake Jackson, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2021

NOTE 15 - INDUSTRIAL DISTRICT CONTRACT - Continued

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

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

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

The 2021 payment of \$ 11,432,188 is split as follows:

Clute	\$ 1,777,705
Freeport	4,445,977
Lake Jackson	<u>5,208,506</u>
Total	<u>\$ 11,432,188</u>

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

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

The industrial district revenues received during the year ended September 30, 2021 amounted to \$ 5,208,506. This revenue is not restricted to a specific function or program.

NOTE 16 - GRANTS, LOANS, ENTITLEMENTS AND SHARED REVENUES

During the year ended September 30, 2021, the City applied for and received federal and state grants related to various activities. The operations of these grants are reported in the General Fund, Special Revenue Fund, and Capital Project Fund.

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

<u>Source</u>	<u>Total</u>
Federal	\$ 2,355,120
State	<u>366,153</u>
Total	<u>\$ 2,721,273</u>

CITY OF LAKE JACKSON

Lake Jackson, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2021

NOTE 17 - INTERLOCAL AGREEMENT

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

The Shelter hired the SPCA to provide all administrative services necessary to administer the programs on behalf of the Cities and the SPCA. Each of the three Cities and the SPCA agreed to appropriate to the Shelter for the first year of the term of the agreement, in addition to their capital contribution, a stated amount for use in carrying out the programs developed by the Shelter and for its administrative operating services. For the year ending September 30, 2021, the City paid the Shelter \$ 261,737 under this agreement.

NOTE 18 - ECONOMIC DEVELOPMENT AGREEMENTS

On November 13, 2013 the City entered into an Economic Development Agreement with The Dow Chemical Company (Dow) in accordance with Chapter 380 of the Texas Local Government Code. Under terms of the agreement, Dow was expected to expend up to \$ 2,500,000 on infrastructure cost related to a project in the City and the City would reimburse them. Total reimbursable infrastructure costs were \$ 2,344,103. In addition the City will provide certain rebates according to terms of the agreement for real and personal property taxes. The term of the agreement is fifteen (15) years. Both the City and Dow have agreed to various covenants, warranties, obligations and duties as a part of this agreement. As of September 30, 2021, the City has made rebate payments of \$ 2,498,321 under this agreement and \$ 575,437 was paid during the fiscal year 2021.

On December 2, 2013 the City entered into an Economic Development Agreement with Brazosport Creekside, LLC (the Developer) in accordance with Chapter 380 of the Texas Local Government Code. Under terms of the agreement, the Developer constructed approximately 224 new homes in a development in the City. As a part of the development the City will reimburse the Developer up to six hundred seventy five thousand five hundred dollars (\$ 675,500) for the construction of a bridge. The reimbursement will occur based on additional property taxes collected over a period of fifteen (15) years along with the City will providing the Developer five yearly payments of seventy thousand dollars (\$ 70,000). In no event will the reimbursement exceed \$ 675,500 plus interest at the rate of five percent (5%) per annum. As of September 30, 2021, the City paid a total of \$ 538,389 under this agreement and \$ 77,873 was paid during the fiscal year 2021.

CITY OF LAKE JACKSON

Lake Jackson, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2021

NOTE 18 - ECONOMIC DEVELOPMENT AGREEMENTS - Continued

On December 9, 2013 the City entered into an Economic Development Agreement with HEB Grocery Company, LP (HEB) in accordance with Chapter 380 of the Texas Local Government Code. Under terms of the agreement, HEB constructed a HEB store and retail center in the City and the City reimbursed HEB three million dollars (\$ 3,000,000) in infrastructure costs related to the project. In addition the City will provide certain rebates according to terms of the agreement for real and personal property taxes and sales taxes. In no event shall the sum total of the tax rebates exceed five million dollars (\$ 5,000,000). Both the City and HEB have agreed to various covenants, warranties, obligations and duties as a part of this agreement. \$ 3,000,000 reimbursement was paid in 2018. As of September 30, 2021, the City paid a total of \$ 574,336 under this agreement, and \$ 140,070 was paid during fiscal year 2021.

On August 3, 2015 the city entered into a hotel occupancy tax (HOT) agreement with Omkar Enterprise Management LLC. The terms of the agreement are for 15 years or a maximum total hotel occupancy tax reimbursements of \$ 2,750,000, whichever is reached first. The maximum HOT reimbursed for any year is 75% of the total of the city's assessed HOT collected and remitted to the city by Courtyard by Marriott. Under the agreement Omkar agreed to build a Courtyard by Marriott with a minimum investment of \$ 12 million. Omkar agreed to employ a minimum of 25 employees and build the Courtyard by Marriott to include at least 108 guest rooms, 18 of which will be executive suites. At least 6 of the executive suites that are a minimum of 450 sq. ft. and at least 12 executive suites that are a minimum of 550 sq.ft. All guest rooms shall have a refrigerator and microwave and 5% of all guest rooms shall have a separate shower and jacuzzi type bath tub. The hotel shall have a minimum 6,500 sq. ft. meeting space inclusive of pre-event areas, restrooms, catering/serving kitchen, main meeting room and at least one boardroom or break out room. The hotel shall also have a bar/lounge; sit down restaurant/room service; full kitchen, minimum 600 sq. ft. workout room; guest laundry; home theatre area in lobby, business area with computer access; and, swimming pool. The hotel formally opened in January 2018, As of September 30, 2021, the City paid a total of \$ 529,645 under this agreement of which \$ 131,814 was paid during the fiscal year 2021.

On November 16, 2015 the City entered into a hotel occupancy tax (HOT) agreement with Vighnersherwill, llc (Staybridge). The term of the agreement is 15 years or when the HOT reimbursement reaches \$1,500,000, whichever is first. The first day of the term is May 14th, 2018, the day Staybridge received their Certificate of Occupancy. The maximum hotel tax reimbursed for any quarter is 65% of the City HOT collected and remitted to the City by Staybridge. The reimbursement will be for Staybridge's marketing expenses that meet the guidelines established by the Texas Tax Code section 351.101(a)(3), which are advertising and conducting solicitations and promotional programs to attract tourists and convention delegates or registrants to the municipality or its vicinity. As of September 30, 2021, the City paid a total of \$ 223,034 under this agreement, of which \$ 81,942 was paid in fiscal year 2021.

NOTE 19 - TAX ABATEMENTS

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

CITY OF LAKE JACKSON

Lake Jackson, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2021

NOTE 20 - EVALUATION OF SUBSEQUENT EVENTS

The City has evaluated subsequent events through March 29, 2022, the date which the financial statements were available to be issued.

On December 16, 2021, the City issued Limited Tax Bonds, Series 2021, in the amount of \$ 7,345,000 to finance animal control facility project and street, water/sewer, and drainage replacement projects. On December 29, 2021, the City issued Limited Tax Refunding Bonds, Series 2021, in the amount of \$ 7,320,000. The purpose of the bonds is refund outstanding Limited Tax bonds, Series 2010, Certificate of Obligation bonds, Series 2013, Limited Tax Bonds, Series 2013, and Certificate of Obligation bonds, Series 2014 .

NOTE 21 - EXCESS OF EXPENDITURES OVER APROPRIATIONS

During the year ended September 30, 2021, expenditures exceeded appropriations in the funds as follows:

Motel Occupancy Fund	\$	844
Police Seizure Fund	\$	9,086

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

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REQUIRED SUPPLEMENTARY INFORMATION

CITY OF LAKE JACKSON

Lake Jackson, Texas

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

WITH MEASUREMENT DATE OF DECEMBER 31,

	2020	2019	2018	2017
Total Pension Liability				
Service cost	\$ 1,740,285	\$ 1,709,877	\$ 1,628,211	\$ 1,625,159
Interest (on the Total Pension Liability)	4,647,878	4,451,456	4,219,875	3,989,640
Difference between expected and actual experience	(21,206)	(394,418)	28,033	223,108
Changes in assumptions	-	169,049	-	-
Benefit payments, including refunds of employee contributions	<u>(3,460,842)</u>	<u>(2,621,578)</u>	<u>(2,350,684)</u>	<u>(2,506,390)</u>
Net Change in Total Pension Liability	2,906,115	3,314,386	3,525,435	3,331,517
Total Pension Liability - Beginning	<u>69,717,729</u>	<u>66,403,343</u>	<u>62,877,908</u>	<u>59,546,391</u>
Total Pension Liability - Ending (a)	<u>\$ 72,623,844</u>	<u>\$ 69,717,729</u>	<u>\$ 66,403,343</u>	<u>\$ 62,877,908</u>
Plan Fiduciary Net Position				
Contributions - Employer	\$ 1,504,167	\$ 1,454,852	\$ 1,389,070	\$ 1,356,015
Contributions - Employee	749,584	728,641	686,526	687,171
Net Investment Income	5,104,750	9,073,511	(1,822,401)	7,467,864
Benefit payments, including refunds of employee contributions	(3,460,842)	(2,621,578)	(2,350,684)	(2,506,390)
Administrative expense	(33,061)	(51,304)	(35,236)	(38,715)
Other	<u>(1,290)</u>	<u>(1,542)</u>	<u>(1,842)</u>	<u>(1,962)</u>
Net Change in Plan Fiduciary Net Position	3,863,308	8,582,580	(2,134,567)	6,963,983
Plan Fiduciary Net Position - Beginning	<u>67,312,862</u>	<u>58,730,282</u>	<u>60,864,849</u>	<u>53,900,866</u>
Plan Fiduciary Net Position - Ending (b)	<u>\$ 71,176,170</u>	<u>\$ 67,312,862</u>	<u>\$ 58,730,282</u>	<u>\$ 60,864,849</u>
Net Pension Liability (a-b)	<u>\$ 1,447,674</u>	<u>\$ 2,404,867</u>	<u>\$ 7,673,061</u>	<u>\$ 2,013,059</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	<u>98.01%</u>	<u>96.55%</u>	<u>88.44%</u>	<u>96.80%</u>
Covered Payroll	<u>\$ 12,493,072</u>	<u>\$ 12,144,015</u>	<u>\$ 11,442,099</u>	<u>\$ 11,452,850</u>
Net Pension Liability as a Percentage of Covered Payroll	<u>11.59%</u>	<u>19.80%</u>	<u>67.06%</u>	<u>17.58%</u>

Notes to Schedule:

N/A

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

<u>2016</u>	<u>2015</u>	<u>2014</u>
\$ 1,470,736	\$ 1,395,740	\$ 1,235,156
3,770,178	3,720,766	3,586,517
458,906	(455,995)	(864,997)
-	268,564	-
<u>(2,545,111)</u>	<u>(1,986,637)</u>	<u>(2,251,635)</u>
3,154,709	2,942,438	1,705,041
<u>56,391,682</u>	<u>53,449,244</u>	<u>51,744,203</u>
<u>\$ 59,546,391</u>	<u>\$ 56,391,682</u>	<u>\$ 53,449,244</u>
\$ 1,213,201	\$ 1,274,547	\$ 1,276,545
620,564	606,865	557,850
3,458,936	75,651	2,798,520
(2,545,111)	(1,986,637)	(2,251,635)
(39,074)	(46,082)	(29,219)
<u>(2,105)</u>	<u>(2,275)</u>	<u>(2,402)</u>
2,706,411	(77,931)	2,349,659
<u>51,194,455</u>	<u>51,272,386</u>	<u>48,922,727</u>
<u>\$ 53,900,866</u>	<u>\$ 51,194,455</u>	<u>\$ 51,272,386</u>
<u>\$ 5,645,525</u>	<u>\$ 5,197,227</u>	<u>\$ 2,176,858</u>
<u>90.52%</u>	<u>90.78%</u>	<u>95.93%</u>
<u>\$ 10,342,727</u>	<u>\$ 10,099,421</u>	<u>\$ 9,297,496</u>
<u>54.58%</u>	<u>51.46%</u>	<u>23.41%</u>

CITY OF LAKE JACKSON

Lake Jackson, Texas

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Actuarially determined contribution	\$ 1,476,363	\$ 1,466,849	\$ 1,464,706	\$ 1,357,569
Contributions in relation to the actuarially determined contribution	<u>1,476,363</u>	<u>1,466,849</u>	<u>1,464,706</u>	<u>1,357,569</u>
Contribution deficiency (excess)	\$ <u> -</u>	\$ <u> -</u>	\$ <u> -</u>	\$ <u> -</u>
Covered payroll	\$ <u>12,483,756</u>	\$ <u>12,199,945</u>	\$ <u>11,970,987</u>	\$ <u>11,257,155</u>
Contributions as a percentage of covered payroll	<u>11.83%</u>	<u>12.02%</u>	<u>12.24%</u>	<u>12.06%</u>

Notes to Schedule of Contributions

Valuation date

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

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial cost method	Entry age normal
Amortization method	Level Percentage of Payroll, Closed
Remaining Amortization period	25 years
Asset valuation method	10 Year smoothed market; 12% soft corridor
Inflation	2.50%
Salary increases	3.50% to 11.5% including inflation
Investment rate of return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2019 valuation pursuant to an experience study of the period 2014 - 2018.
Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP. Pre-retirement: PUB(10) mortality tables, with the Public Safety table used for males and the General Employee table used for females. The rates are projected on a fully generational basis with scale UMP.

Other Information

Notes There were no benefit changes during the year.

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

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$ 1,336,648	\$ 1,224,103	\$ 1,226,556	\$ 1,271,157
<u>1,336,648</u>	<u>1,224,103</u>	<u>1,226,556</u>	<u>1,248,479</u>
\$ <u> -</u>	\$ <u> -</u>	\$ <u> -</u>	\$ <u>22,678</u>
\$ <u>11,316,010</u>	\$ <u>10,226,026</u>	\$ <u>9,526,517</u>	\$ <u>9,241,149</u>
<u>11.81%</u>	<u>11.97%</u>	<u>12.88%</u>	<u>13.51%</u>

CITY OF LAKE JACKSON

Lake Jackson, Texas

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

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
City's proportion of the net pension liability	0.958%	0.903%	1.373%	1.215%
City' proportionate share of the net pension liability	\$ 241,520	\$ 255,960	\$ 297,261	\$ 291,620
Plan fiduciary position as a percentage of total pension liability	83.20%	80.20 %	84.30%	81.40%

Notes to Schedule:

N/A

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

<u>2016</u>	<u>2015</u>	<u>2014</u>
1.426%	1.491%	1.287%
\$ 415,367	\$ 397,986	\$ 233,869
76.30%	76.90%	83.50%

CITY OF LAKE JACKSON

Lake Jackson, Texas

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contributions	\$ 45,012	\$ 65,774	\$ 59,048	\$ 96,681
Contributions in relation to the contractually required contribution	<u>45,012</u>	<u>65,774</u>	<u>59,048</u>	<u>96,681</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Notes to Schedule:

N/A

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

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$ 77,681	\$ 82,103	\$ 78,528	\$ 69,499
<u>77,681</u>	<u>82,103</u>	<u>78,528</u>	<u>69,499</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF LAKE JACKSON

Lake Jackson, Texas

SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
FOR THE LAST TEN YEARS⁽¹⁾
WITH MEASUREMENT DATE OF DECEMBER 31,

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Service cost	\$ 34,981	\$ 24,288	\$ 25,173	\$ 21,760
Interest	21,297	23,388	21,767	21,378
Changes in benefit terms	-	-	(20,020)	-
Difference between expected and actual experience	(6,304)	(29,761)	-	-
Changes in assumptions or other inputs	129,066	126,942	(47,208)	53,507
Benefit payments	<u>(6,247)</u>	<u>(6,072)</u>	<u>(6,865)</u>	<u>(5,726)</u>
 Net Change in Total OPEB Liability	 172,793	 138,785	 (27,153)	 90,919
 Total OPEB Liability - Beginning	 <u>760,084</u>	 <u>621,299</u>	 <u>648,452</u>	 <u>557,533</u>
 Total OPEB Liability - Ending	 <u>\$ 932,877</u>	 <u>\$ 760,084</u>	 <u>\$ 621,299</u>	 <u>\$ 648,452</u>
 Covered Payroll	 <u>\$ 12,493,072</u>	 <u>\$ 12,144,015</u>	 <u>\$ 11,452,850</u>	 <u>\$ 11,452,850</u>
 Total OPEB Liability as a Percentage of Covered Payroll	 <u>7.47%</u>	 <u>6.26%</u>	 <u>5.43%</u>	 <u>5.66%</u>

Notes to Schedule:

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

2020	2.00%
2019	2.75%
2018	3.71%
2017	3.78%

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

**COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES**

COMBINING FINANCIAL STATEMENTS

NON-MAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

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

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

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

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

Debt Service Funds

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

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

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

Capital Projects Funds

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

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

COMBINING FINANCIAL STATEMENTS

NON-MAJOR GOVERNMENTAL FUNDS

Capital Projects Funds - Continued

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

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

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

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

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

CITY OF LAKE JACKSON

Lake Jackson, Texas

COMBINING BALANCE SHEET- NONMAJOR GOVERNMENTAL FUNDS

September 30, 2021

	<u>Special Revenue Funds</u>			
	<u>Motel Occupancy Tax</u>	<u>Police Seizure</u>	<u>Program Education</u>	<u>Coronavirus Relief Fund</u>
<u>Assets</u>				
Cash and cash equivalents	\$ 136,727	\$ 74,920	\$ 425,276	\$ -
Receivables (net of allowance for uncollectibles):				
Taxes	-	-	16,527	-
Accounts	-	-	-	-
Grants	-	-	-	-
Total assets	<u>\$ 136,727</u>	<u>\$ 74,920</u>	<u>\$ 441,803</u>	<u>\$ -</u>
<u>Liabilities, Deferred Inflows of Resources and Fund Balances</u>				
<u>Liabilities:</u>				
Accounts payable	<u>\$ 40,802</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total liabilities	<u>40,802</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Deferred Inflows of Resources:</u>				
Deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Fund Balances:</u>				
 Restricted:				
Debt service	-	-	-	-
Capital projects	-	-	-	-
Program education	-	-	441,803	-
Encourage tourism	95,925	-	-	-
Law enforcement	-	74,920	-	-
Assigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>95,925</u>	<u>74,920</u>	<u>441,803</u>	<u>-</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 136,727</u>	<u>\$ 74,920</u>	<u>\$ 441,803</u>	<u>\$ -</u>

Debt Service			Capital Projects Funds			
General Debt Fund	Economic Development	Golf Course	General Construction	Court/Emergency Operations Center/ Brazos Oaks Construction	2013 Infrastructure	2017 Infrastructure Improvements
\$ 715,583	\$ -	\$ -	\$ 4,040,802	\$ 3,685	\$ 997	\$ 1,285,649
26,947	-	-	-	-	-	-
-	-	-	8,138	-	-	-
-	-	-	37,760	-	-	-
<u>\$ 742,530</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,086,700</u>	<u>\$ 3,685</u>	<u>\$ 997</u>	<u>\$ 1,285,649</u>
\$ 27,706	\$ -	\$ -	\$ 95,898	\$ -	\$ -	\$ 34,902
27,706	-	-	95,898	-	-	34,902
26,947	-	-	-	-	-	-
26,947	-	-	-	-	-	-
687,877	-	-	-	-	-	-
-	-	-	-	3,685	997	1,250,747
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	3,990,802	-	-	-
687,877	-	-	3,990,802	3,685	997	1,250,747
<u>\$ 742,530</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,086,700</u>	<u>\$ 3,685</u>	<u>\$ 997</u>	<u>\$ 1,285,649</u>

(continued)

CITY OF LAKE JACKSON

Lake Jackson, Texas

COMBINING BALANCE SHEET- NONMAJOR GOVERNMENTAL FUNDS - Continued

September 30, 2021

	Capital Projects Funds			
	2010 Drainage Infrastructure	2014 Economic Incentive	2013 Downtown Improvement	Total Non-major Governmental Funds
<u>Assets</u>				
Cash and cash equivalents	\$ 230,909	\$ 93,096	\$ 16,550	\$ 7,024,194
Receivables (net of allowance for uncollectibles):				
Taxes	-	-	-	43,474
Accounts	-	-	-	8,138
Grants	-	-	-	37,760
Total assets	\$ 230,909	\$ 93,096	\$ 16,550	\$ 7,113,566
<u>Liabilities, Deferred Inflows of Resources and Fund Balances</u>				
<u>Liabilities:</u>				
Accounts payable	\$ 70,146	\$ -	\$ -	\$ 269,454
Total liabilities	70,146	-	-	269,454
<u>Deferred Inflows of Resources:</u>				
Deferred inflows of resources	-	-	-	26,947
Total deferred inflows of resources	-	-	-	26,947
<u>Fund Balances:</u>				
<u>Restricted:</u>				
Debt service	-	-	-	687,877
Capital projects	160,763	93,096	16,550	1,525,838
Program education	-	-	-	441,803
Encourage tourism	-	-	-	95,925
Law enforcement	-	-	-	74,920
Assigned	-	-	-	3,990,802
Total fund balances	160,763	93,096	16,550	6,817,165
Total liabilities, deferred inflows of resources and fund balances	\$ 230,909	\$ 93,096	\$ 16,550	\$ 7,113,566

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CITY OF LAKE JACKSON

Lake Jackson, Texas

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

For the Year Ended September 30, 2021

	Special Revenue Funds			
	Motel Occupancy Tax	Police Seizure	Program Education	Coronavirus Relief Fund
Revenues:				
Property tax	\$ -	\$ -	\$ -	\$ -
Franchise tax	-	-	66,475	-
Motel occupancy tax	421,451	-	-	-
Intergovernmental	-	-	-	556,500
Investment earning	42	-	213	-
Miscellaneous	-	23,966	-	-
Total revenues	421,493	23,966	66,688	556,500
Expenditures:				
Current:				
General government and administration	-	-	588	556,500
Public safety	-	27,286	-	-
Public works	-	-	-	-
Cultural and Recreation:				
Contribution to Fine Arts Council	57,063	-	-	-
Contribution to Museum of Natural Science	85,595	-	-	-
Contribution to Chamber of Commerce	118,202	-	-	-
Contribution to Historical Museum	85,595	-	-	-
Other	7,334	-	-	-
Capital outlay	-	-	14,373	-
Debt Service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	353,789	27,286	14,961	556,500
Excess (deficiency) of revenues over expenditures	67,704	(3,320)	51,727	-
Other Financing Sources (Uses):				
Transfers in	-	-	-	-
Transfers out	(57,063)	-	-	-
Total other financing sources (uses)	(57,063)	-	-	-
Net change in fund balances	10,641	(3,320)	51,727	-
Fund balances - beginning	85,284	78,240	390,076	-
Fund balances - ending	\$ 95,925	\$ 74,920	\$ 441,803	\$ -

Debt Service			Capital Projects Funds			
General Debt Fund	Economic Development	Golf Course	General Construction	Court/Emergency Operations Center/ Brazos Oaks Construction	2013 Infrastructure	2017 Infrastructure Improvements
\$ 2,730,992	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	497	-	-	-
710	-	-	1,283	-	-	1,212
-	-	-	-	-	-	-
<u>2,731,702</u>	-	-	<u>1,780</u>	-	-	<u>1,212</u>
-	-	-	148,439	-	-	-
-	-	-	34,549	-	-	-
-	-	-	20,000	-	-	11,300
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	872,668	-	-	1,029,449
2,066,933	1,048,067	420,000	-	-	-	-
<u>722,084</u>	<u>278,007</u>	<u>39,600</u>	-	-	-	-
<u>2,789,017</u>	<u>1,326,074</u>	<u>459,600</u>	<u>1,075,656</u>	-	-	<u>1,040,749</u>
(57,315)	(1,326,074)	(459,600)	(1,073,876)	-	-	(1,039,537)
-	1,326,074	459,600	1,638,285	-	-	-
-	-	-	-	-	-	-
-	<u>1,326,074</u>	<u>459,600</u>	<u>1,638,285</u>	-	-	-
(57,315)	-	-	564,409	-	-	(1,039,537)
<u>745,192</u>	-	-	<u>3,426,393</u>	<u>3,685</u>	<u>997</u>	<u>2,290,284</u>
<u>\$ 687,877</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,990,802</u>	<u>\$ 3,685</u>	<u>\$ 997</u>	<u>\$ 1,250,747</u>

(continued)

CITY OF LAKE JACKSON

Lake Jackson, Texas

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

For the Year Ended September 30, 2021

	Capital Projects Funds			
	2010 Drainage Infrastructure	2014 Economic Incentive	2013 Downtown Improvement	Total Non-major Governmental Funds
Revenues:				
Property Tax	\$ -	\$ -	\$ -	\$ 2,730,992
Franchise tax	-	-	-	66,475
Motel occupancy tax	-	-	-	421,451
Intergovernmental	-	-	-	556,997
Investment earnings	127	37	10	3,634
Miscellaneous	-	-	-	23,966
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenues	127	37	10	3,803,515
Expenditures:				
Current:				
General government and administration	-	-	-	705,527
Public safety	-	-	-	61,835
Public works	-	-	-	31,300
Cultural and Recreation:				
Contribution to Fine Arts Council	-	-	-	57,063
Contribution to Museum of Natural Science	-	-	-	85,595
Contribution to Chamber of Commerce	-	-	-	118,202
Contribution to Historical Museum	-	-	-	85,595
Other	-	-	-	7,334
Capital outlay	271,492	-	8,707	2,196,689
Debit Service				
Principal	-	-	-	3,535,000
Interest and fiscal charges	-	-	-	1,039,691
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditures	271,492	-	8,707	7,923,831
Excess (deficiency) of revenues over expenditures	<u>(271,365)</u>	<u>37</u>	<u>(8,697)</u>	<u>(4,120,316)</u>
Other Financing Sources (Uses):				
Transfers in	-	-	-	3,423,959
Transfers out	<hr/>	<hr/>	<hr/>	<u>(57,063)</u>
Total other financing sources (uses)	<hr/>	<hr/>	<hr/>	<u>3,366,896</u>
Net change in fund balances	<u>(271,365)</u>	<u>37</u>	<u>(8,697)</u>	<u>(753,420)</u>
Fund balances - beginning	<u>432,128</u>	<u>93,059</u>	<u>25,247</u>	<u>7,570,585</u>
Fund balances - ending	<u>\$ 160,763</u>	<u>\$ 93,096</u>	<u>\$ 16,550</u>	<u>\$ 6,817,165</u>

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

Special Revenue and Debt Service Funds

CITY OF LAKE JACKSON

Lake Jackson, Texas

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

For the Year Ended September 30, 2021
With Comparative Actual Totals for 2020

	2021			Variance with Final Budget- Positive (Negative)	2020
	Budgeted Amounts		Actual		Actual GAAP Basis
	Original	Final			
Revenues:					
Motel occupancy tax	\$ 426,700	\$ 426,700	\$ 421,451	\$ (5,249)	\$ 384,272
Investment earnings	100	100	42	(58)	1,290
Total revenues	<u>426,800</u>	<u>426,800</u>	<u>421,493</u>	<u>(5,307)</u>	<u>385,562</u>
Expenditures:					
Current:					
Culture and recreation	<u>352,945</u>	<u>352,945</u>	<u>353,789</u>	<u>(844)</u>	<u>371,155</u>
Total expenditures	<u>352,945</u>	<u>352,945</u>	<u>353,789</u>	<u>(844)</u>	<u>371,155</u>
Excess (deficiency) of revenues over expenditures	<u>73,855</u>	<u>73,855</u>	<u>67,704</u>	<u>(6,151)</u>	<u>14,407</u>
Other Financing Uses:					
Transfers out	<u>(59,690)</u>	<u>(59,690)</u>	<u>(57,063)</u>	<u>2,627</u>	<u>(55,889)</u>
Total other financing uses	<u>(59,690)</u>	<u>(59,690)</u>	<u>(57,063)</u>	<u>2,627</u>	<u>(55,889)</u>
Net changes in fund balance	14,165	14,165	10,641	(3,524)	(41,482)
Fund balance - beginning	<u>85,284</u>	<u>85,284</u>	<u>85,284</u>	<u>-</u>	<u>126,766</u>
Fund balance - ending	<u>\$ 99,449</u>	<u>\$ 99,449</u>	<u>\$ 95,925</u>	<u>\$ (3,524)</u>	<u>\$ 85,284</u>

CITY OF LAKE JACKSON

Lake Jackson, Texas

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

For the Year Ended September 30, 2021
With Comparative Actual Totals for 2020

	2021			Variance with Final Budget- Positive (Negative)	2020
	Budgeted Amounts		Actual		Actual GAAP Basis
	Original	Final			
Revenues:					
Investment earnings	\$ 100	\$ 100	\$ -	\$ (100)	\$ 114
Other	<u>52,000</u>	<u>52,000</u>	<u>23,966</u>	<u>(28,034)</u>	<u>54,661</u>
Total revenues	<u>52,100</u>	<u>52,100</u>	<u>23,966</u>	<u>(28,134)</u>	<u>54,775</u>
Expenditures:					
Current:					
Seizures administration	<u>18,200</u>	<u>18,200</u>	<u>27,286</u>	<u>(9,086)</u>	<u>69,953</u>
Total expenditures	<u>18,200</u>	<u>18,200</u>	<u>27,286</u>	<u>(9,086)</u>	<u>69,953</u>
Net changes in fund balance	<u>33,900</u>	<u>33,900</u>	<u>(3,320)</u>	<u>(37,220)</u>	<u>(15,178)</u>
Fund balance - beginning	<u>78,240</u>	<u>78,240</u>	<u>78,240</u>	<u>-</u>	<u>93,418</u>
Fund balance - ending	<u>\$ 112,140</u>	<u>\$ 112,140</u>	<u>\$ 74,920</u>	<u>\$ (37,220)</u>	<u>\$ 78,240</u>

CITY OF LAKE JACKSON

Lake Jackson, Texas

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

For the Year Ended September 30, 2021
With Comparative Actual Totals for 2020

	2021			Variance with Final Budget- Positive (Negative)	2020
	Budgeted Amounts		Actual		Actual GAAP Basis
	Original	Final			
Revenues:					
Franchise tax	\$ 70,000	\$ 70,000	\$ 66,475	\$(3,525)	\$ 69,004
Investment earnings	<u>2,500</u>	<u>2,500</u>	<u>213</u>	<u>(2,287)</u>	<u>3,699</u>
Total revenues	<u>72,500</u>	<u>72,500</u>	<u>66,688</u>	<u>(5,812)</u>	<u>72,703</u>
Expenditures:					
Current:					
General government and administration	<u>62,000</u>	<u>82,000</u>	<u>14,961</u>	<u>67,039</u>	<u>49,500</u>
Total expenditures	<u>62,000</u>	<u>82,000</u>	<u>14,961</u>	<u>67,039</u>	<u>49,500</u>
Net changes in fund balance	<u>10,500</u>	<u>(9,500)</u>	<u>51,727</u>	<u>61,227</u>	<u>23,203</u>
Fund balance - beginning	<u>390,076</u>	<u>390,076</u>	<u>390,076</u>	<u>-</u>	<u>366,873</u>
Fund balance - ending	<u>\$ 400,576</u>	<u>\$ 380,576</u>	<u>\$ 441,803</u>	<u>\$ 61,227</u>	<u>\$ 390,076</u>

CITY OF LAKE JACKSON

Lake Jackson, Texas

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

For the Year Ended September 30, 2021
With Comparative Actual Totals for 2020

	2021			Variance with Final Budget- Positive (Negative)	2020
	Budgeted Amounts		Actual		Actual GAAP Basis
	Original	Final			
Revenues:					
Property taxes	\$ 2,781,518	\$ 2,781,518	\$ 2,730,992	\$ (50,526)	\$ 2,766,535
Investment earning	<u>8,500</u>	<u>8,500</u>	<u>710</u>	<u>(7,790)</u>	<u>16,356</u>
Total revenues	<u>2,790,018</u>	<u>2,790,018</u>	<u>2,731,702</u>	<u>(58,316)</u>	<u>2,782,891</u>
Expenditures:					
Debt Services:					
Principal retirement	2,066,933	2,066,933	2,066,933	-	1,995,000
Interest and fiscal charges	<u>723,085</u>	<u>723,085</u>	<u>722,084</u>	<u>1,001</u>	<u>794,489</u>
Total expenditures	<u>2,790,018</u>	<u>2,790,018</u>	<u>2,789,017</u>	<u>1,001</u>	<u>2,789,489</u>
Net changes in fund balance	<u>-</u>	<u>-</u>	<u>(57,315)</u>	<u>(57,315)</u>	<u>(6,598)</u>
Fund balance - beginning	<u>745,192</u>	<u>745,192</u>	<u>745,192</u>	<u>-</u>	<u>751,790</u>
Fund balance - ending	<u>\$ 745,192</u>	<u>\$ 745,192</u>	<u>\$ 687,877</u>	<u>\$ (57,315)</u>	<u>\$ 745,192</u>

CITY OF LAKE JACKSON

Lake Jackson, Texas

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

For the Year Ended September 30, 2021
With Comparative Actual Total for 2020

	2021			Variance with Final Budget- Positive (Negative)	2020
	Budgeted Amounts		Actual		Actual GAAP Basis
	Original	Final			
Revenues	\$ -	\$ -	\$ -	\$ -	\$ -
Expenditures:					
Debt Service:					
Principal retirement	1,048,067	1,048,067	1,048,067	-	1,045,000
Interest and fiscal charges	278,007	278,007	278,007	-	304,140
Total expenditures	1,326,074	1,326,074	1,326,074	-	1,349,140
Deficiency of revenues over expenditures	(1,326,074)	(1,326,074)	(1,326,074)	-	(1,349,140)
Other Financing Sources:					
Transfers in	1,326,074	1,326,074	1,326,074	-	1,349,140
Total other financing sources	1,326,074	1,326,074	1,326,074	-	1,349,140
Net changes in fund balance	-	-	-	-	-
Fund balance - beginning	-	-	-	-	-
Fund balance - ending	\$ -	\$ -	\$ -	\$ -	\$ -

CITY OF LAKE JACKSON

Lake Jackson, Texas

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

For the Year Ended September 30, 2021
With Comparative Actual Totals for 2020

	2021			Variance with Final Budget- Positive (Negative)	2020
	Budgeted Amounts		Actual		Actual GAAP Basis
	Original	Final			
Revenues	\$ -	\$ -	\$ -	\$ -	\$ -
Expenditures:					
Debt Service:					
Principal retirement	420,000	420,000	420,000	-	415,000
Interest and fiscal charges	39,600	39,600	39,600	-	56,300
Total expenditures	459,600	459,600	459,600	-	471,300
Deficiency of revenues over expenditures	(459,600)	(459,600)	(459,600)	-	(471,300)
Other Financing Sources:					
Transfers in	459,600	459,600	459,600	-	471,300
Total other financing sources	459,600	459,600	459,600	-	471,300
Net changes in fund balance	-	-	-	-	-
Fund balance - beginning	-	-	-	-	-
Fund balance - ending	\$ -	\$ -	\$ -	\$ -	\$ -

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**SUPPLEMENTARY INDIVIDUAL FUND
FINANCIAL STATEMENTS AND SCHEDULES**

General Fund

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

CITY OF LAKE JACKSON

Lake Jackson, Texas

COMPARATIVE BALANCE SHEETS - General Fund

September 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
<u>Assets</u>		
Cash and cash equivalents	\$ 17,042,082	\$ 16,178,693
Receivable (net of allowance for uncollectibles):		
Taxes	1,538,591	1,320,968
Accounts	84,502	91,184
Grants	360,480	8,213
Investments	100,000	100,000
Inventories	95,430	88,957
Prepaid items	<u>17,711</u>	<u>-</u>
Total assets	<u>\$ 19,238,796</u>	<u>\$ 17,788,015</u>
<u>Liabilities, Deferred Inflows of Resources and Fund Balance</u>		
<u>Liabilities:</u>		
Accounts payable	\$ 610,546	\$ 369,779
Cash bonds and taxes	214,655	196,263
Accrued wages	726,141	643,216
Unearned revenue	<u>95,125</u>	<u>101,346</u>
Total liabilities	<u>1,646,467</u>	<u>1,310,604</u>
Deferred Inflows of Resources:		
Deferred inflows of resources	<u>48,497</u>	<u>56,648</u>
Total deferred inflows of resources	<u>48,497</u>	<u>56,648</u>
Fund Balance:		
Nonspendable:		
Inventories	95,430	88,957
Prepaid items	17,711	-
Committed:		
General contingencies	951,479	951,063
Assigned:		
Unemployment insurance	59,759	62,388
Equipment replacement	8,642,130	8,092,279
Special events	71,958	37,877
Park improvement	101,741	101,696
Unassigned	<u>7,603,624</u>	<u>7,086,503</u>
Total fund balance	<u>17,542,832</u>	<u>16,420,763</u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 19,238,796</u>	<u>\$ 17,788,015</u>

CITY OF LAKE JACKSON

Lake Jackson, Texas

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

For the Year Ended September 30, 2021
With Comparative Actual Totals for 2020

	2021			Variance with Final Budget- Positive (Negative)	2020
	Budgeted Amounts		Actual GAAP Basis		Actual GAAP Basis
	Original	Final			
Revenues:					
Taxes:					
Property	\$ 4,961,293	\$ 4,961,293	\$ 4,866,050	\$(95,243)	\$ 4,765,356
Sales	6,335,000	6,335,000	7,375,702	1,040,702	6,685,758
Franchise	1,652,607	1,652,607	1,513,659	(138,948)	1,581,094
Other	140,000	140,000	251,413	111,413	224,578
Industrial district	5,203,881	5,203,881	5,208,506	4,625	5,101,850
Intergovernmental	43,000	43,000	385,818	342,818	21,483
Revenue producing facilities	831,175	831,175	536,008	(295,167)	503,792
Fines and fees	494,000	494,000	496,078	2,078	544,436
Licenses and permits	446,350	446,350	355,062	(91,288)	599,601
Investment earnings	159,012	159,012	7,769	(151,243)	134,451
Miscellaneous	46,500	46,500	120,271	73,771	94,693
Total revenues	<u>20,312,818</u>	<u>20,312,818</u>	<u>21,116,336</u>	<u>803,518</u>	<u>20,257,092</u>
Expenditures:					
Current:					
General government and Administration	4,294,820	4,294,820	4,796,507	(501,687)	4,316,225
Public safety	8,096,942	8,096,942	7,236,728	860,214	7,521,764
Public works	3,009,297	3,009,297	2,490,288	519,009	2,467,106
Culture and recreation	4,896,106	4,896,106	4,366,330	529,776	4,347,480
Capital outlay	950,762	950,762	603,191	347,571	708,063
Total expenditures	<u>21,247,927</u>	<u>21,247,927</u>	<u>19,493,044</u>	<u>1,754,883</u>	<u>19,360,638</u>
Excess (deficiency) of revenues over expenditures	<u>(935,109)</u>	<u>(935,109)</u>	<u>1,623,292</u>	<u>2,558,401</u>	<u>896,454</u>
Other Financing Uses:					
Proceeds from sale of capital assets	-	-	60,270	60,270	45,575
Transfers in	2,061,235	2,061,235	2,167,702	106,467	2,057,435
Transfers out	(1,328,195)	(2,728,195)	(2,728,195)	-	(916,955)
Total other financing sources (uses)	<u>733,040</u>	<u>(666,069)</u>	<u>(500,223)</u>	<u>166,737</u>	<u>1,186,055</u>
Net changes in fund balance	<u>(202,069)</u>	<u>(1,602,069)</u>	<u>1,123,069</u>	<u>2,725,138</u>	<u>2,082,509</u>
Fund balances - beginning	<u>16,420,763</u>	<u>16,420,763</u>	<u>16,420,763</u>	<u>-</u>	<u>14,338,254</u>
Fund balances - ending	<u>\$ 16,218,694</u>	<u>\$ 14,818,694</u>	<u>\$ 17,543,832</u>	<u>\$ 2,725,138</u>	<u>\$ 16,420,763</u>

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**SUPPLEMENTARY INDIVIDUAL FUND
FINANCIAL STATEMENTS AND SCHEDULES**

Economic Development Fund

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

CITY OF LAKE JACKSON

Lake Jackson, Texas

COMPARATIVE BALANCE SHEETS-
Economic Development Fund

September 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
<u>Assets</u>		
Cash and cash equivalents	\$ 2,845,269	\$ 1,569,036
Receivable (net of allowance for uncollectibles):		
Taxes	<u>661,630</u>	<u>548,665</u>
Total assets	<u>\$ 3,506,899</u>	<u>\$ 2,117,701</u>
<u>Liabilities and Fund Balance</u>		
Liabilities:		
Accounts payable	\$ <u>2,740</u>	\$ <u>1,950</u>
Total liabilities	<u>2,740</u>	<u>1,950</u>
Fund Balances:		
Restricted For:		
Economic development	<u>3,504,159</u>	<u>2,115,751</u>
Total fund balances	<u>3,504,159</u>	<u>2,115,751</u>
Total liabilities and fund balances	<u>\$ 3,506,899</u>	<u>\$ 2,117,701</u>

CITY OF LAKE JACKSON

Lake Jackson, Texas

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

For the Year Ended September 30, 2021
With Comparative Actual Totals for 2020

	2021			Variance with Final Budget- Positive (Negative)	2020
	Budgeted Amounts		Actual GAAP Basis		Actual GAAP Basis
	Original	Final			
Revenues:					
Sales taxes	\$ 3,114,429	\$ 3,114,429	\$ 3,745,982	\$ 631,553	\$ 3,398,613
Intergovernmental	-	-	-	-	89,063
Investment earnings	12,000	12,000	3,441	(8,559)	12,414
Miscellaneous	-	-	-	-	20,000
Total revenues	<u>3,126,429</u>	<u>3,126,429</u>	<u>3,749,423</u>	<u>622,994</u>	<u>3,520,090</u>
Expenditures:					
Current:					
Culture and recreation	70,000	70,000	60,341	9,659	146,723
Capital outlay	-	460,260	-	460,260	142,087
Total expenditures	<u>70,000</u>	<u>530,260</u>	<u>60,341</u>	<u>469,919</u>	<u>288,810</u>
Excess of revenues over expenditures	<u>3,056,429</u>	<u>2,596,169</u>	<u>3,689,082</u>	<u>1,092,913</u>	<u>3,231,280</u>
Other Financing Uses:					
Proceeds from sale of capital assets	-	-	-	-	71,924
Transfers out	(2,635,674)	(2,635,674)	(2,300,674)	335,000	(2,545,440)
Total other financing sources (uses)	<u>(2,635,674)</u>	<u>(2,635,674)</u>	<u>(2,300,674)</u>	<u>335,000</u>	<u>(2,473,516)</u>
Net changes in fund balance	420,755	(39,505)	1,388,408	1,427,913	757,764
Fund balances - beginning	<u>2,115,751</u>	<u>2,115,751</u>	<u>2,115,751</u>	-	<u>1,357,987</u>
Fund balances - ending	<u>\$ 2,536,506</u>	<u>\$ 2,076,246</u>	<u>\$ 3,504,159</u>	<u>\$ 1,427,913</u>	<u>\$ 2,115,751</u>

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**SUPPLEMENTARY INDIVIDUAL FUND
FINANCIAL STATEMENTS AND SCHEDULES**

Proprietary Funds

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

CITY OF LAKE JACKSON

Lake Jackson, Texas

COMPARATIVE STATEMENTS OF NET POSITION
Enterprise Fund

September 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Assets:		
Current Assets:		
Cash and cash equivalents	\$ 9,555,632	\$ 9,136,239
Receivables (net of allowance for uncollectibles):		
Accounts	884,503	1,104,225
Due from other funds	<u>-</u>	<u>662,256</u>
	<u>10,440,135</u>	<u>10,902,720</u>
Restricted Assets:		
Cash and cash equivalents	<u>8,975,435</u>	<u>10,188,258</u>
Total restricted assets	<u>8,975,435</u>	<u>10,188,258</u>
Total current assets	<u>19,415,570</u>	<u>21,090,978</u>
Noncurrent Assets:		
Restricted Cash and Cash Equivalents:		
Revenue bond covenant accounts	<u>2,174,314</u>	<u>2,355,682</u>
Total noncurrent restricted assets	<u>2,174,314</u>	<u>2,355,682</u>
Capital Assets:		
Property, plant and equipment	83,711,838	81,671,645
Construction in process	1,835,541	1,217,720
Less accumulated depreciation	<u>(49,983,538)</u>	<u>(47,422,932)</u>
Total capital assets (net of accumulated depreciation)	<u>35,563,841</u>	<u>35,466,433</u>
Total noncurrent assets	<u>37,738,155</u>	<u>37,822,115</u>
Total assets	<u>57,153,725</u>	<u>58,913,093</u>
Deferred Outflows of Resources:		
Deferred outflows of resources - pension	240,096	269,050
Deferred outflows of resources - OPEB	<u>45,192</u>	<u>28,046</u>
Total deferred outflows of resources	<u>285,288</u>	<u>297,096</u>

(continued)

CITY OF LAKE JACKSON

Lake Jackson, Texas

COMPARATIVE STATEMENTS OF NET POSITION
Enterprise Fund - Continued

September 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Liabilities:		
Current Liabilities:		
Accounts payable	\$ 501,404	\$ 1,007,137
Unearned revenue	-	2,786
Accrued wages	136,041	166,919
Accrued compensated absences	81,996	102,843
Revenue bonds payable	<u>697,083</u>	<u>749,583</u>
	<u>1,416,524</u>	<u>2,029,268</u>
Current Liabilities Payable from Restricted Assets:		
Accrued interest	206,525	227,996
Customer deposits	830,850	807,739
Revenue bonds payable	<u>542,474</u>	<u>590,452</u>
Total current liabilities payable from restricted assets	<u>1,579,849</u>	<u>1,626,187</u>
Total current liabilities	<u>2,996,373</u>	<u>3,655,455</u>
Noncurrent Liabilities:		
Revenue bonds payable	13,677,295	14,916,853
Accrued compensated absences	35,141	25,628
Net pension liability	622,810	835,594
Total OPEB liability	<u>194,713</u>	<u>156,301</u>
Total noncurrent liabilities	<u>14,529,959</u>	<u>15,934,376</u>
Total liabilities	<u>17,526,332</u>	<u>19,589,831</u>
Deferred Inflows of Resources:		
Deferred inflows of resources - pension	463,692	509,917
Deferred inflows of resources - OPEB	<u>11,380</u>	<u>14,177</u>
Total deferred inflows of resources	<u>475,072</u>	<u>524,094</u>
Net Position:		
Net investment in capital assets	28,730,379	28,859,020
Restricted For:		
Revenue bond retirement	1,967,789	1,537,234
Unrestricted	<u>8,739,441</u>	<u>8,700,010</u>
Total net position	<u>\$ 39,437,609</u>	<u>\$ 39,096,264</u>

CITY OF LAKE JACKSON

Lake Jackson, Texas

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

For the Year Ended September 30, 2021
With Comparative Actual Totals for 2020

	Budgeted Amounts	
	Original	Final
Operating Revenues:		
Water service	\$ 4,671,575	\$ 4,671,575
Sewer service	5,149,876	5,149,876
Garbage fees	4,233,361	4,233,361
Tapping and connection fees	250,000	250,000
Other	86,003	86,003
Total revenues	14,390,815	14,390,815
Operating Expenses:		
Utility administration	797,245	797,245
Water production, treatment and distribution	4,145,200	5,379,985
Sewer collection and treatment	2,684,935	2,684,935
Sanitation	3,818,435	3,818,435
Depreciation	-	-
Total operating expenses	11,445,815	12,680,600
Operating income	2,945,000	1,710,215
Non-Operating Revenues (Expenses):		
Investment earnings	66,500	66,500
Loss on disposal of capital assets	-	-
Interest expense and fiscal charge	(499,420)	(499,420)
Total non-operating revenues (expenses)	(432,920)	(432,920)
Income before contributions and transfers	2,512,080	1,277,295
Contributions	-	-
Transfers in	-	-
Transfers out	(1,205,000)	(1,205,000)
Change in net position	1,307,080	72,295
Net position - beginning	39,096,264	39,096,264
Net position - ending	\$ 40,403,344	\$ 39,168,559

2021			2020	
Actual	Adjustments to Budgetary Basis	Actual on Budgetary Basis	Variance with Final Budget-Positive (Negative)	Actual GAAP Basis
\$ 4,825,539	\$ -	\$ 4,825,539	\$ 153,964	\$ 5,184,843
5,023,164	-	5,023,164	(126,712)	5,541,015
4,172,609	-	4,172,609	(60,752)	4,315,988
229,633	-	229,633	(20,367)	217,913
295,475	-	295,475	209,472	282,703
<u>14,546,420</u>	<u>-</u>	<u>14,546,420</u>	<u>155,605</u>	<u>15,542,462</u>
826,181	-	826,181	(28,936)	666,970
4,234,988	-	4,234,988	1,144,997	3,737,187
2,333,837	-	2,333,837	351,098	2,135,755
3,220,607	-	3,220,607	597,828	3,407,708
3,680,760	(3,680,760)	-	-	3,493,820
<u>14,296,373</u>	<u>(3,680,760)</u>	<u>10,615,613</u>	<u>2,064,987</u>	<u>13,441,440</u>
<u>250,047</u>	<u>3,680,760</u>	<u>3,930,807</u>	<u>2,220,592</u>	<u>2,101,022</u>
10,419	-	10,419	(56,081)	192,074
(9,200)	-	(9,200)	(9,200)	(18,400)
(420,913)	-	(420,913)	78,507	(608,236)
<u>(419,694)</u>	<u>-</u>	<u>(419,694)</u>	<u>13,226</u>	<u>(434,562)</u>
(169,647)	3,680,760	3,511,113	2,233,818	1,666,460
-	-	-	-	1,481,000
2,212,537	-	2,212,537	2,212,537	219,491
(1,701,545)	-	(1,701,545)	(496,545)	(1,651,546)
341,345	3,680,760	4,022,105	3,949,810	1,715,405
<u>39,096,264</u>	<u>-</u>	<u>39,096,264</u>	<u>-</u>	<u>37,380,859</u>
<u>\$ 39,437,609</u>	<u>\$ 3,680,760</u>	<u>\$ 43,118,369</u>	<u>\$ 3,949,810</u>	<u>\$ 39,096,264</u>

CITY OF LAKE JACKSON

Lake Jackson, Texas

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

For the Years Ended September 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Cash Flows from Operating Activities:		
Receipts from customers and users	\$ 15,451,509	\$ 15,333,547
Payments to other funds	-	(662,256)
Payments to suppliers	(8,380,499)	(6,772,809)
Payments to employees	(2,997,431)	(2,556,071)
Net cash provided by operating activities	<u>4,073,579</u>	<u>5,342,411</u>
Cash Flows from Non-Capital Financing Activities:		
Transfers in	2,212,537	219,491
Transfers out	(1,701,545)	(1,651,546)
Net cash provided (used) provided by non-capital financing activities	<u>510,992</u>	(1,432,055)
Cash Flows from Capital and Related Financing Activities:		
Purchases of capital assets	(3,787,368)	(2,793,657)
Proceeds from sale of bonds	-	6,096,847
Principal and premium paid on capital debt	(1,247,500)	(2,281,993)
Interest and fiscal charges paid on capital debt	(534,920)	(546,224)
Net cash provided (used) provided by capital and related financing activities	<u>(5,569,788)</u>	<u>474,973</u>
Cash Flows from Investing Activities:		
Interest received	<u>10,419</u>	<u>192,074</u>
Net cash provided by investing activities	<u>10,419</u>	<u>192,074</u>
Change in cash and cash equivalents	(974,798)	4,577,403
Cash and cash equivalents - beginning	<u>21,680,179</u>	<u>17,102,776</u>
Cash and cash equivalents - ending	<u>\$ 20,705,381</u>	<u>\$ 21,680,179</u>

(continued)

CITY OF LAKE JACKSON

Lake Jackson, Texas

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

For the Years Ended September 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Reconciliation of Operating Income to Net Cash		
Provided by Operating Activities:		
Operating income	\$ <u>250,047</u>	\$ <u>2,101,022</u>
Adjustments to Reconcile Operating Income to Net Cash		
Provided by Operating Activities:		
Depreciation	3,680,760	3,493,820
(Increase) decrease in:		
Accounts receivable	219,722	(200,407)
Due from other funds	662,256	(662,256)
Increase (decrease) in:		
Accounts payable	(505,733)	474,587
Accrued wages payable	(30,878)	37,622
Unearned revenue	(2,786)	2,786
Net pension and OPEB liability	(211,586)	120,477
Accrued compensated absences	(11,334)	(16,732)
Customer deposits	<u>23,111</u>	<u>(8,508)</u>
Total adjustments	<u>3,823,532</u>	<u>3,241,389</u>
Net cash provided by operating activities	\$ <u><u>4,073,579</u></u>	\$ <u><u>5,342,411</u></u>
Non-cash Investing, Capital, and Financing Activities:		
Capital contributions	\$ <u>-</u>	\$ <u>1,481,000</u>
Net effect of non-cash transactions	\$ <u><u>-</u></u>	\$ <u><u>1,481,000</u></u>

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CITY OF LAKE JACKSON

Lake Jackson, Texas

COMPARATIVE STATEMENTS OF NET POSITION
Golf Course Operating Fund

September 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Assets:		
Current Assets:		
Cash and cash equivalents	\$ 170,022	\$ 186,294
Receivables (net of allowance for uncollectibles):		
Accounts	4,165	2,768
Inventories	64,147	60,450
Prepaid items	<u>12,174</u>	<u>10,342</u>
Total current assets	<u>250,508</u>	<u>259,854</u>
Capital Assets:		
Property, plant and equipment	10,169,321	10,169,321
Construction in progress	32,240	32,240
Less accumulated depreciation	<u>(4,884,115)</u>	<u>(4,400,702)</u>
Total capital assets (net of accumulated depreciation)	<u>5,317,446</u>	<u>5,800,859</u>
Total noncurrent assets	<u>5,317,446</u>	<u>5,800,859</u>
Total assets	<u>5,567,954</u>	<u>6,060,713</u>
Liabilities:		
Current Liabilities:		
Accounts payable	19,497	41,982
Unearned revenues	<u>146,731</u>	<u>153,695</u>
Total current liabilities	166,228	195,677
Net Position:		
Net investment in capital assets	5,317,446	5,800,859
Unrestricted	<u>84,280</u>	<u>64,177</u>
Total net position	<u>\$ 5,401,726</u>	<u>\$ 5,865,036</u>

CITY OF LAKE JACKSON

Lake Jackson, Texas

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

For the Year Ended September 30, 2021
With Comparative Actual Totals for 2020

	Budgeted Amounts	
	Original	Final
Operating Revenues:		
Course and ground	\$ 787,199	\$ 787,199
Cart	144,320	144,320
Pro shop	155,730	155,730
Range	52,627	52,627
Food and beverage	226,866	226,866
Other	-	-
Total operating revenues	<u>1,366,742</u>	<u>1,366,742</u>
Operating Expenses:		
Cost of Sales:		
Pro shop	98,311	98,311
Food and beverage	89,320	89,320
Payroll and related benefits	901,752	901,752
Other expenses	618,820	618,820
Management fee	95,364	95,364
Depreciation	-	-
Total operating expenses	<u>1,803,567</u>	<u>1,803,567</u>
Operating income (loss)	<u>(436,825)</u>	<u>(436,825)</u>
Non-Operating Revenues:		
Investment earnings	-	-
Total non-operating revenues	<u>-</u>	<u>-</u>
Income (loss) before contributions and transfers	<u>(436,825)</u>	<u>(436,825)</u>
Capital contributions		
Transfers in	<u>500,000</u>	<u>500,000</u>
Change in net position	63,175	63,175
Net position - beginning	<u>5,865,036</u>	<u>5,865,036</u>
Net position - ending	<u>\$ 5,928,211</u>	<u>\$ 5,928,211</u>

2021			2020	
Actual	Adjustments to Budgetary Basis	Actual on Budgetary Basis	Variance with Final Budget-Positive (Negative)	Actual GAAP Basis
\$ 1,153,871	\$ -	\$ 1,153,871	\$ 366,672	\$ 892,444
200,024	-	200,024	55,704	129,824
215,347	-	215,347	59,617	151,332
32,335	-	32,335	(20,292)	41,024
261,422	-	261,422	34,556	225,787
37,421	-	37,421	37,421	-
<u>1,900,420</u>	<u>-</u>	<u>1,900,420</u>	<u>533,678</u>	<u>1,440,411</u>
144,290	-	144,290	(45,979)	97,403
106,140	-	106,140	(16,820)	90,249
916,300	-	916,300	(14,548)	878,173
784,645	-	784,645	(165,825)	615,338
93,942	-	93,942	1,422	93,942
483,413	(483,413)	-	-	529,030
<u>2,528,730</u>	<u>(483,413)</u>	<u>2,045,317</u>	<u>(241,750)</u>	<u>2,304,135</u>
(628,310)	483,413	(144,897)	291,928	(863,724)
-	-	-	-	600
-	-	-	-	600
(628,310)	483,413	(144,897)	291,928	(863,124)
-	-	-	-	26,594
<u>165,000</u>	<u>-</u>	<u>165,000</u>	<u>(335,000)</u>	<u>392,464</u>
(463,310)	483,413	20,103	(43,072)	(444,066)
<u>5,865,036</u>	<u>-</u>	<u>5,865,036</u>	<u>-</u>	<u>6,309,102</u>
<u>\$ 5,401,726</u>	<u>\$ 483,413</u>	<u>\$ 5,885,139</u>	<u>\$ (43,072)</u>	<u>\$ 5,865,036</u>

CITY OF LAKE JACKSON

Lake Jackson, Texas

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

For the Years Ended September 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Cash Flows from Operating Activities:		
Receipts from customers and users	\$ 1,893,494	\$ 1,436,541
Payments to suppliers	(1,158,466)	(901,051)
Payments to employees	(916,300)	(879,147)
Net cash used by operating activities	<u>(181,272)</u>	<u>(343,657)</u>
Cash Flows from Non-Capital Financing Activities:		
Transfers in	<u>165,000</u>	<u>375,000</u>
Net cash provided by non-capital financing activities	<u>165,000</u>	<u>375,000</u>
Cash Flows from Capital and Related Financing Activities:		
Net cash used by capital and related financing activities	<u>-</u>	<u>-</u>
Cash Flows from Investing Activities:		
Interest received	<u>-</u>	<u>600</u>
Net cash provided by investing activities	<u>-</u>	<u>600</u>
Change in cash and cash equivalents	(16,272)	31,943
Cash and cash equivalents - beginning	<u>186,294</u>	<u>154,351</u>
Cash and cash equivalents - ending	<u>\$ 170,022</u>	<u>\$ 186,294</u>

(continued)

CITY OF LAKE JACKSON

Lake Jackson, Texas

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

For the Years Ended September 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Reconciliation of Operating Loss to Net Cash		
Used by Operating Activities:		
Operating loss	\$(<u>628,310</u>)	\$(<u>863,724</u>)
Adjustments to Reconcile Operating Loss to Net Cash		
Used by Operating Activities:		
Depreciation	483,413	529,030
(Increase) decrease in:		
Accounts receivable	(1,397)	26,280
Inventories	(3,697)	4,357
Prepaid expenses	(1,832)	3,237
Increase (decrease) in:		
Accounts payable	(22,485)	(12,687)
Unearned revenues	<u>6,964</u>	<u>30,150</u>
Total adjustments	<u>447,038</u>	<u>520,067</u>
Net cash used by operating activities	\$(<u><u>181,272</u></u>)	\$(<u><u>343,657</u></u>)
Noncash Investing, Capital, and Financing Activities:		
Capital contributions	\$ <u>-</u>	\$ <u>26,594</u>
Net effect of noncash transactions	\$ <u><u>-</u></u>	\$ <u><u>26,594</u></u>

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CAPITAL ASSET SCHEDULES

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

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CITY OF LAKE JACKSON

Lake Jackson, Texas

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

September 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Governmental Activities Capital Assets:		
Land	\$ 2,551,017	\$ 2,551,017
Buildings	32,838,769	32,710,484
Improvements other than buildings	15,345,203	15,160,744
Furniture, equipment and vehicles	16,690,570	15,361,336
Infrastructure	110,182,176	107,810,894
Construction in progress	<u>1,871,659</u>	<u>3,059,192</u>
Total governmental activities capital assets	<u>\$ 179,479,394</u>	<u>\$ 176,653,667</u>
Investments in Governmental Activities Capital Assets by Source:		
General fund	\$ 14,350,083	\$ 13,959,577
Special revenue fund	8,879,266	8,864,893
Capital projects fund	126,785,605	124,364,757
Contributed	<u>29,464,440</u>	<u>29,464,440</u>
Total governmental activities capital assets	<u>\$ 179,479,394</u>	<u>\$ 176,653,667</u>

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

CITY OF LAKE JACKSON

Lake Jackson, Texas

**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL ACTIVITIES
SCHEDULE BY FUNCTION
September 30, 2021**

<u>Function</u>	<u>Land</u>	<u>Buildings</u>	<u>Improvements Other Than Buildings</u>
General government	\$ 1,094,732	\$ 7,742,064	\$ 1,446,370
Public safety	-	7,819,575	626,608
Public works	-	1,984,549	734,663
Culture and recreation	<u>1,456,285</u>	<u>15,292,581</u>	<u>12,537,562</u>
Total governmental activities capital assets	<u>\$ 2,551,017</u>	<u>\$ 32,838,769</u>	<u>\$ 15,345,203</u>

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

<u>Machinery and Equipment</u>	<u>Infrastructure</u>	<u>Construction in Progress</u>	<u>Total</u>
\$ 1,370,301	\$ 1,667,597	\$ 56,577	\$ 13,377,641
10,493,156	218,945	-	19,158,284
3,011,954	107,042,920	1,770,082	114,544,168
<u>1,815,159</u>	<u>1,252,714</u>	<u>45,000</u>	<u>32,399,301</u>
<u>\$ 16,690,570</u>	<u>\$ 110,182,176</u>	<u>\$ 1,871,659</u>	<u>\$ 179,479,394</u>

CITY OF LAKE JACKSON

Lake Jackson, Texas

**CAPITAL ASSETS USED
IN THE OPERATIONS OF GOVERNMENTAL ACTIVITIES
SCHEDULE OF CHANGES BY FUNCTION
For the Year Ended September 30, 2021**

<u>Function</u>	<u>Funds Capital Assets 09/30/20</u>	<u>Additions</u>	<u>Deductions</u>	<u>Funds Capital Assets 09/30/21</u>
General government	\$ 13,287,637	\$ 100,532	\$ 10,528	\$ 13,377,641
Public safety	18,354,126	910,933	106,775	19,158,284
Public works	112,744,729	1,832,553	33,114	114,544,168
Culture and recreation	<u>32,267,175</u>	<u>194,394</u>	<u>62,268</u>	<u>32,399,301</u>
Total governmental activities capital assets	<u>\$ 176,653,667</u>	<u>\$ 3,038,412</u>	<u>\$ 212,685</u>	<u>\$ 179,479,394</u>

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

OTHER SCHEDULES

CITY OF LAKE JACKSON

Lake Jackson, Texas

CONSOLIDATED SCHEDULE OF ASSETS, LIABILITIES AND FUND BALANCE - GENERAL FUND - SUB-FUNDS

September 30, 2021

	General	Clearing	Payroll	General Contingencies
Assets				
Cash and cash equivalents	\$ 4,160	\$ 17,037,922	\$ -	\$ -
Receivables (net of allowance for uncollectibles):				
Property taxes	48,497	-	-	-
Accounts	84,502	-	-	-
Sales tax	1,323,261	-	-	-
Franchise tax	166,833	-	-	-
Grants	27,879	-	-	-
Due from clearing fund	7,638,966	-	-	951,479
Investments	-	100,000	-	-
Inventories:				
Resale items	25,608	-	-	-
Supplies	69,822	-	-	-
Prepaid items	-	-	17,111	-
Total assets	\$ 9,389,528	\$ 17,137,922	\$ 17,711	\$ 951,479
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities:				
Accounts payable	\$ 593,345	\$ -	\$ -	\$ -
Cash bonds and taxes	214,655	-	-	-
Accrued wages	726,141	-	-	-
Unearned revenue	95,125	-	-	-
Due to other funds	-	17,137,922	12,711	-
Total liabilities	1,629,266	17,137,922	12,711	-
Deferred Inflows of Resources:				
Deferred inflows of resources	48,497	-	-	-
Total deferred inflows of resources	48,497	-	-	-
Fund Balance:				
Nonspendable:				
Inventories	95,430	-	-	-
Prepaid items	-	-	17,711	-
Committed:				
Contingencies	-	-	-	951,479
Assigned:				
Unemployment insurance	-	-	-	-
Equipment replacement	-	-	-	-
Special events	-	-	-	-
Park improvement	-	-	-	-
Unassigned	7,616,335	-	(12,711)	-
Total fund balance	7,711,765	-	5,000	951,479
Total liabilities, deferred inflows of resources and fund balance	\$ 9,389,528	\$ 17,137,922	\$ 17,711	\$ 951,479

Equipment Replacement	Unemployment Insurance	Special Events	Park	Consolidation	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 17,042,082
-	-	-	-	-	48,497
-	-	-	-	-	84,502
-	-	-	-	-	1,323,261
-	-	-	-	-	166,833
332,601	-	-	-	-	360,480
8,326,425	60,064	71,958	101,741	(17,150,633)	-
-	-	-	-	-	100,000
-	-	-	-	-	25,608
-	-	-	-	-	69,822
-	-	-	-	-	17,711
<u>\$ 8,659,026</u>	<u>\$ 60,064</u>	<u>\$ 71,958</u>	<u>\$ 101,741</u>	<u>\$(17,150,633)</u>	<u>\$ 19,238,796</u>
\$ 16,896	\$ 305	\$ -	\$ -	\$ -	\$ 610,546
-	-	-	-	-	214,655
-	-	-	-	-	726,141
-	-	-	-	-	95,125
-	-	-	-	(17,150,633)	-
<u>16,896</u>	<u>305</u>	<u>-</u>	<u>-</u>	<u>(17,150,633)</u>	<u>1,646,467</u>
-	-	-	-	-	48,497
-	-	-	-	-	48,497
-	-	-	-	-	95,430
-	-	-	-	-	17,711
-	-	-	-	-	951,479
-	59,759	-	-	-	59,759
8,642,130	-	-	-	-	8,642,130
-	-	71,958	-	-	71,958
-	-	-	101,741	-	101,741
-	-	-	-	-	7,603,624
<u>8,642,130</u>	<u>59,759</u>	<u>71,958</u>	<u>101,741</u>	<u>-</u>	<u>17,543,832</u>
<u>\$ 8,659,026</u>	<u>\$ 60,064</u>	<u>\$ 71,958</u>	<u>\$ 101,741</u>	<u>\$(17,150,633)</u>	<u>\$ 19,238,796</u>

CITY OF LAKE JACKSON

Lake Jackson, Texas

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

For the Year Ended September 30, 2021

	General	Clearing	Payroll	General Contingencies
Revenues:				
Taxes:				
Property	\$ 4,866,050	\$ -	\$ -	\$ -
Sales	7,375,702	-	-	-
Franchise	1,513,659	-	-	-
Other	251,413	-	-	-
Industrial district	5,208,506	-	-	-
Intergovernmental	23,217	-	-	-
Revenue producing facilities	536,008	-	-	-
Fines and fees	496,078	-	-	-
Licenses and permits	355,062	-	-	-
Investment earnings	3,729	-	-	416
Miscellaneous	102,136	-	-	-
Total revenues	20,731,560	-	-	416
Expenditures:				
Current:				
General government and administration				
General administration	1,773,788	-	-	-
Finance	1,181,395	-	-	-
Elections	34,536	-	-	-
Legal	224,226	-	-	-
Municipal court	406,467	-	-	-
Engineering	577,168	-	-	-
Flood Related Expenditures	550,141	-	-	-
Public Safety:				
Police	5,498,777	-	-	-
Fire	750,363	-	-	-
EMS department	494,287	-	-	-
Humane	441,570	-	-	-
Public works:				
Garage	718,004	-	-	-
Street	607,046	-	-	-
Drainage	549,532	-	-	-
Building inspection	612,467	-	-	-
Culture and recreation:				
Parks	1,378,340	-	-	-
Recreation	2,172,681	-	-	-
Civic Center & Jasmine Hall	539,734	-	-	-
Commissions and Boards	230,431	-	-	-
Special events	-	-	-	-
Capital outlay	65,871	-	-	-
Total expenditures	18,806,824	-	-	-

<u>Equipment Replacement</u>	<u>Unemployment Insurance</u>	<u>Special Events</u>	<u>Park</u>	<u>Consolidation</u>	<u>Total</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,866,050
-	-	-	-	-	7,375,702
-	-	-	-	-	1,513,659
-	-	-	-	-	251,413
-	-	-	-	-	5,208,506
362,601	-	-	-	-	385,818
-	-	-	-	-	536,008
-	-	-	-	-	496,078
-	-	-	-	-	355,062
3,484	27	68	45	-	7,769
-	-	<u>18,135</u>	-	-	<u>120,271</u>
<u>366,085</u>	<u>27</u>	<u>18,203</u>	<u>45</u>	<u>-</u>	<u>21,116,336</u>
46,130	2,656	-	-	-	1,822,574
-	-	-	-	-	1,181,395
-	-	-	-	-	34,536
-	-	-	-	-	224,226
-	-	-	-	-	406,467
-	-	-	-	-	577,168
-	-	-	-	-	550,141
51,731	-	-	-	-	5,550,508
-	-	-	-	-	750,363
-	-	-	-	-	494,287
-	-	-	-	-	441,570
-	-	-	-	-	718,004
-	-	-	-	-	607,046
-	-	-	-	-	549,532
3,239	-	-	-	-	615,706
-	-	-	-	-	1,378,340
3,959	-	-	-	-	2,176,640
-	-	-	-	-	539,734
-	-	-	-	-	230,431
-	-	41,185	-	-	41,185
<u>537,320</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>603,191</u>
<u>642,379</u>	<u>2,656</u>	<u>41,185</u>	<u>-</u>	<u>-</u>	<u>19,493,044</u>

CITY OF LAKE JACKSON

Lake Jackson, Texas

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

For the Year Ended September 30, 2021

	<u>General</u>	<u>Clearing</u>	<u>Payroll</u>	<u>General Contingencies</u>
Excess (deficiency) of revenues over expenditures	\$ <u>1,924,736</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>416</u>
Other Financing Sources (Uses):				
Proceeds from sale of capital assets	32,800	-	-	-
Transfers in	1,459,094	-	-	-
Transfers out	<u>(2,875,325)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>(1,383,431)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	541,305	-	-	416
Fund balances - beginning	<u>7,170,460</u>	<u>-</u>	<u>5,000</u>	<u>951,063</u>
Fund balances - ending	<u><u>\$ 7,711,765</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 5,000</u></u>	<u><u>\$ 951,479</u></u>

<u>Equipment Replacement</u>	<u>Unemployment Insurance</u>	<u>Special Events</u>	<u>Park</u>	<u>Consolidation</u>	<u>Total</u>
\$(<u>276,294</u>)	\$(<u>2,629</u>)	\$(<u>22,982</u>)	\$ <u>45</u>	\$ <u>-</u>	\$ <u>1,623,292</u>
27,470	-	-	-	-	60,270
2,126,870	-	57,063	-	(1,475,325)	2,167,702
(<u>1,328,195</u>)	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,475,325</u>	(<u>2,728,195</u>)
<u>826,145</u>	<u>-</u>	<u>57,063</u>	<u>-</u>	<u>-</u>	(<u>500,223</u>)
549,851	(2,629)	34,081	45	-	1,123,069
<u>8,092,279</u>	<u>62,388</u>	<u>37,877</u>	<u>101,696</u>	<u>-</u>	<u>16,420,763</u>
<u>\$ 8,642,130</u>	<u>\$ 59,759</u>	<u>\$ 71,958</u>	<u>\$ 101,741</u>	<u>\$ -</u>	<u>\$ 17,543,832</u>

CITY OF LAKE JACKSON

Lake Jackson, Texas

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

September 30, 2021

	<u>Utility</u>	<u>Utility Contingency</u>	<u>Utility Revenue Bond Interest and Sinking</u>
Assets:			
Current Assets:			
Cash and cash equivalents	\$ 4,079,188	\$ 421,049	\$ -
Receivables (Net of Allowance for Uncollectibles)	<u>882,919</u>	<u>-</u>	<u>-</u>
	<u>4,962,107</u>	<u>421,049</u>	<u>-</u>
Current Restricted Assets:			
Cash and temporary investments	<u>830,850</u>	<u>-</u>	<u>-</u>
Total current restricted assets	<u>830,850</u>	<u>-</u>	<u>--</u>
Total current assets	<u>5,792,957</u>	<u>421,049</u>	<u>-</u>
Noncurrent Assets:			
Restricted Cash and Temporary Investments:			
Revenue bond covenant accounts	<u>-</u>	<u>-</u>	<u>2,174,314</u>
Total noncurrent restricted assets	<u>-</u>	<u>-</u>	<u>2,174,314</u>
Capital Assets:			
Property, plant and equipment	83,711,838	-	-
Construction in progress	-	-	-
Less accumulated depreciation	<u>(49,983,538)</u>	<u>-</u>	<u>-</u>
Total capital assets (net of accumulated depreciation)	<u>33,728,300</u>	<u>-</u>	<u>-</u>
Total noncurrent assets	<u>33,728,300</u>	<u>-</u>	<u>2,174,314</u>
Total assets	<u>39,521,257</u>	<u>421,049</u>	<u>2,174,314</u>
Deferred Outflows of Resources:			
Deferred outflows of resources - pension	240,096	-	-
Deferred outflows of resources - OPEB	<u>45,192</u>	<u>-</u>	<u>-</u>
Total deferred outflows of resources	<u>285,288</u>	<u>-</u>	<u>-</u>

Utility Construction	2013 Revenue Bond	2019 Revenue Bond	North Sewer Extension	2017 Utility Bond	Total
\$ 5,055,395	\$ -	\$ -	\$ -	\$ -	\$ 9,555,632
1,584	-	-	-	-	884,503
<u>5,056,979</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,440,135</u>
-	135,863	5,027,858	846,054	2,134,810	8,975,435
-	135,863	5,027,858	846,054	2,134,810	8,975,435
<u>5,056,979</u>	<u>135,863</u>	<u>5,027,858</u>	<u>846,054</u>	<u>2,134,810</u>	<u>19,415,570</u>
-	-	-	-	-	2,174,314
-	-	-	-	-	2,174,314
-	-	-	-	-	83,711,838
193,725	29,172	-	82,136	1,530,508	1,835,541
-	-	-	-	-	(49,983,538)
<u>193,725</u>	<u>29,172</u>	<u>-</u>	<u>82,136</u>	<u>1,530,508</u>	<u>35,563,841</u>
<u>193,725</u>	<u>29,172</u>	<u>-</u>	<u>82,136</u>	<u>1,530,508</u>	<u>37,738,155</u>
<u>5,250,704</u>	<u>165,035</u>	<u>5,027,858</u>	<u>928,190</u>	<u>3,665,318</u>	<u>57,153,725</u>
-	-	-	-	-	240,096
-	-	-	-	-	45,192
-	-	-	-	-	285,288

(continued)

CITY OF LAKE JACKSON

Lake Jackson, Texas

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

September 30, 2021

	<u>Utility</u>	<u>Utility Contingency</u>	<u>Utility Revenue Bond Interest and Sinking</u>
Liabilities:			
Current Liabilities:			
Accounts payable	\$ 425,953	\$ -	\$ -
Accrued wages	136,041	-	-
Accrued compensated absences	81,996	-	-
Revenue bonds payable	<u>697,083</u>	<u>-</u>	<u>-</u>
	<u>1,341,073</u>	<u>-</u>	<u>-</u>
Current Liabilities Payable from Restricted Assets:			
Accrued interest	-	-	206,525
Customer deposits	830,850	-	-
Revenue bonds payable	<u>-</u>	<u>-</u>	<u>542,474</u>
Total current liabilities payable from restricted assets	<u>830,850</u>	<u>-</u>	<u>748,999</u>
Total current liabilities	<u>2,171,923</u>	<u>-</u>	<u>748,999</u>
Noncurrent Liabilities:			
Revenue bonds payable	13,010,000	-	667,295
Accrued compensated absences	35,141	-	-
Net pension liabilities	622,810	-	-
Total OPEB liabilities	<u>194,713</u>	<u>-</u>	<u>-</u>
Total noncurrent liabilities	<u>13,862,664</u>	<u>-</u>	<u>667,295</u>
Total liabilities	<u>16,034,587</u>	<u>-</u>	<u>1,416,294</u>
Deferred Inflows of Resources:			
Deferred inflows of resources - pension	463,692	-	-
Deferred inflows of resources - OPEB	<u>11,380</u>	<u>-</u>	<u>-</u>
Total deferred inflows of resources	<u>475,072</u>	<u>-</u>	<u>-</u>
Net Position:			
Net investment in capital assets	20,021,217	-	(1,209,769)
Restricted For:			
Revenue bond retirement	-	-	1,967,789
Unrestricted	<u>3,275,669</u>	<u>421,049</u>	<u>-</u>
Total net position	<u>\$ 23,296,886</u>	<u>\$ 421,049</u>	<u>\$ 758,020</u>

Utility Construction	2013 Revenue Bond	2019 Revenue Bond	North Sewer Extension	2017 Utility Bond	Total
\$ 14,256	\$ -	\$ -	\$ -	\$ 61,195	\$ 501,404
-	-	-	-	-	136,041
-	-	-	-	-	81,996
-	-	-	-	-	697,083
<u>14,256</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>61,195</u>	<u>1,416,524</u>
-	-	-	-	-	206,525
-	-	-	-	-	830,850
-	-	-	-	-	542,474
-	-	-	-	-	1,579,849
<u>14,256</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>61,195</u>	<u>2,996,373</u>
-	-	-	-	-	13,677,295
-	-	-	-	-	35,141
-	-	-	-	-	622,810
-	-	-	-	-	194,713
-	-	-	-	-	14,529,959
<u>14,256</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>61,195</u>	<u>17,526,332</u>
-	-	-	-	-	463,692
-	-	-	-	-	11,380
-	-	-	-	-	475,072
193,725	165,035	5,027,858	928,190	3,604,123	28,730,379
-	-	-	-	-	1,967,789
<u>5,042,723</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,739,441</u>
<u>\$ 5,236,448</u>	<u>\$ 165,035</u>	<u>\$ 5,027,858</u>	<u>\$ 928,190</u>	<u>\$ 3,604,123</u>	<u>\$ 39,437,609</u>

CITY OF LAKE JACKSON

Lake Jackson, Texas

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

For the Year Ended September 30, 2021

	<u>Utility</u>	<u>Utility Contingency</u>	<u>Utility Revenue Bond Interest and Sinking</u>
Operating Revenues:			
Water service	\$ 4,825,539	\$ -	\$ -
Sewer service	5,023,164	-	-
Garbage fees	4,172,609	-	-
Tapping and connection fees	229,633	-	-
Other	<u>245,475</u>	<u>-</u>	<u>-</u>
Total operating revenues	<u>14,496,420</u>	<u>-</u>	<u>-</u>
Operating Expenses:			
Utility administration	826,181	-	-
Water production and treatment	4,234,988	-	-
Sewer collection	2,333,837	-	-
Sanitation	3,220,607	-	-
Depreciation	<u>3,680,760</u>	<u>-</u>	<u>-</u>
Total operating expenses	<u>14,296,373</u>	<u>-</u>	<u>-</u>
Operating income	<u>200,047</u>	<u>-</u>	<u>-</u>
Non-Operating Revenues (Expenses):			
Investment earnings	3,235	184	1,052
Loss on disposition of capital assets	(9,200)	-	-
Interest and fiscal charges	<u>-</u>	<u>-</u>	<u>(420,913)</u>
Total non-operating revenues (expenses)	<u>(5,965)</u>	<u>184</u>	<u>(419,861)</u>
Income (loss) before transfers	194,082	184	(419,861)
Transfers in	1,476,420	-	-
Transfers out	(1,701,545)	-	-
Intrafund transfers	<u>(596,931)</u>	<u>-</u>	<u>352,500</u>
Change in net position	<u>(627,974)</u>	<u>184</u>	<u>(67,361)</u>
Net position - beginning	<u>23,924,860</u>	<u>420,865</u>	<u>825,381</u>
Net position - ending	<u>\$ 23,296,886</u>	<u>\$ 421,049</u>	<u>\$ 758,020</u>

Utility Construction	2013 Revenue Bond	2019 Revenue Bond	North Sewer Extension	2017 Utility Bond	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,825,539
-	-	-	-	-	5,023,164
-	-	-	-	-	4,172,609
-	-	-	-	-	229,633
<u>50,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>295,475</u>
<u>50,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,546,420</u>
-	-	-	-	-	826,181
-	-	-	-	-	4,234,988
-	-	-	-	-	2,333,837
-	-	-	-	-	3,220,607
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,680,760</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,296,373</u>
<u>50,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>250,047</u>
2,028	65	1,978	334	1,543	10,419
-	-	-	-	-	(9,200)
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(420,913)</u>
<u>2,028</u>	<u>65</u>	<u>1,978</u>	<u>334</u>	<u>1,543</u>	<u>(419,694)</u>
52,028	65	1,978	334	1,543	(169,647)
736,117	-	-	-	-	2,212,537
-	-	-	-	-	(1,701,545)
<u>336,478</u>	<u>-</u>	<u>-</u>	<u>(4,000)</u>	<u>(88,047)</u>	<u>-</u>
1,124,623	65	1,978	(3,666)	(86,504)	341,345
<u>4,111,825</u>	<u>164,970</u>	<u>5,025,880</u>	<u>931,856</u>	<u>3,690,627</u>	<u>39,096,264</u>
<u>\$ 5,236,448</u>	<u>\$ 165,035</u>	<u>\$ 5,027,858</u>	<u>\$ 928,190</u>	<u>\$ 3,604,123</u>	<u>\$ 39,437,609</u>

CITY OF LAKE JACKSON

Lake Jackson, Texas

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

For the Year Ended September 30, 2021

	Utility	Utility Contingency	Utility Revenue Bond Interest and Sinking
Cash Flows from Operating Activities:			
Receipts from customers and users	\$ 15,401,509	\$ -	\$ -
Payments to suppliers	(8,133,570)	-	-
Payments to employees	(2,997,431)	-	-
Net cash provided (used) by operating activities	<u>4,270,508</u>	-	-
Cash Flows from Non-Capital Financing Activities:			
Transfers in	1,476,420	-	-
Transfers out	(1,701,545)	-	-
Intrafund transfers	(2,152,500)	-	352,500
Net cash provided (used) by non-capital financing activities	<u>(2,377,625)</u>	-	<u>352,500</u>
Cash Flows from Capital and Related Financing Activities:			
Purchases of capital assets	(1,613,978)	-	-
Principal and premium paid on capital debt	(1,247,500)	-	-
Interest and fiscal charges paid on capital debt	-	-	(534,920)
Net cash used by capital and related financing activities	<u>(2,861,478)</u>	-	<u>(534,920)</u>
Cash Flows from Investing Activities:			
Investment earnings	<u>3,235</u>	<u>184</u>	<u>1,052</u>
Net cash provided by investing activities	<u>3,235</u>	<u>184</u>	<u>1,052</u>
Change in cash and cash equivalents	(965,360)	184	(181,368)
Cash and cash equivalents - beginning	<u>5,875,398</u>	<u>420,865</u>	<u>2,355,682</u>
Cash and cash equivalents - ending	<u>\$ 4,910,038</u>	<u>\$ 421,049</u>	<u>\$ 2,174,314</u>

Utility Construction	2013 Revenue Bond	2019 Revenue Bond	North Sewer Extension	2017 Utility Bond	Total
\$ 50,000	\$ -	\$ -	\$ -	\$ -	\$ 15,451,509
13,372	-	-	-	(260,301)	(8,380,499)
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,997,431)</u>
63,372	-	-	-	(260,301)	4,073,579
					1,476,420
					(1,701,545)
<u>2,536,117</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>736,117</u>
2,536,117	-	-	-	-	510,992
(1,193,837)	(29,172)	-	(4,000)	(946,381)	(3,787,368)
-	-	-	-	-	(1,247,500)
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(534,920)</u>
(1,193,837)	(29,172)	-	(4,000)	(946,381)	(5,569,788)
<u>2,028</u>	<u>65</u>	<u>1,978</u>	<u>334</u>	<u>1,543</u>	<u>10,419</u>
<u>2,028</u>	<u>65</u>	<u>1,978</u>	<u>334</u>	<u>1,543</u>	<u>10,419</u>
1,407,680	(29,107)	1,978	(3,666)	(1,205,139)	(974,798)
<u>3,647,715</u>	<u>164,970</u>	<u>5,025,880</u>	<u>849,720</u>	<u>3,339,949</u>	<u>21,680,179</u>
<u>\$ 5,055,395</u>	<u>\$ 135,863</u>	<u>\$ 5,027,858</u>	<u>\$ 846,054</u>	<u>\$ 2,134,810</u>	<u>\$ 20,705,381</u>

CITY OF LAKE JACKSON

Lake Jackson, Texas

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

For the Year Ended September 30, 2021

	<u>Utility</u>	<u>Utility Contingency</u>	<u>Utility Revenue Bond Interest and Sinking</u>
Reconciliation of Operating Income to Net Cash Provided (used) by Operating Activities:			
Operating income	\$ 200,047	\$ -	\$ -
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:			
Depreciation	3,680,760	-	-
(Increase) decrease in:			
Accounts receivable	219,722	-	-
Due from other funds	662,256	-	-
Increase (decrease) in:			
Accounts payable	(258,804)	-	-
Accrued wages payable	(30,878)	-	-
Unearned revenue	(2,786)	-	-
Net pension and OPEB liability	(211,586)	-	-
Accrued compensated absences	(11,334)	-	-
Customer deposits	23,111	-	-
Total adjustments	<u>4,070,461</u>	<u>-</u>	<u>-</u>
Net cash provided (used) by operating activities	<u>\$ 4,270,508</u>	<u>\$ -</u>	<u>\$ -</u>

<u>Utility Construction</u>	<u>2013 Revenue Bond</u>	<u>2019 Revenue Bond</u>	<u>North Sewer Extension</u>	<u>2017 Utility Bond</u>	<u>Total</u>
\$ <u>50,000</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>250,047</u>
-	-	-	-	-	3,680,760
-	-	-	-	-	219,722
-	-	-	-	-	662,256
13,372	-	-	-	(260,301)	(505,733)
-	-	-	-	-	(30,878)
-	-	-	-	-	(2,786)
-	-	-	-	-	(211,586)
-	-	-	-	-	(11,334)
-	-	-	-	-	23,111
<u>13,372</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(260,301)</u>	<u>3,823,532</u>
\$ <u>63,372</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>(260,301)</u>	\$ <u>4,073,579</u>

CITY OF LAKE JACKSON

Lake Jackson, Texas

**GENERAL OBLIGATION BONDS
DEBT SERVICE SCHEDULE**

September 30, 2021

Year Ending 09/30	Series 2010		Series 2011	
	Principal	Interest	Principal	Interest
2022	\$ 150,000	\$ 51,375	\$ 555,000	\$ 26,100
2023	150,000	45,375	375,000	7,500
2024	150,000	39,375		
2025	150,000	33,375		
2026	150,000	27,375		
2027	150,000	21,375		
2028	150,000	15,375		
2029	150,000	9,281		
2030	150,000	3,094		
2031				
2032				
2033				
2034				
2035				
2036				
2037				
2038				
2039				
TOTAL	<u>\$ 1,350,000</u>	<u>\$ 246,000</u>	<u>\$ 930,000</u>	<u>\$ 33,600</u>

(continued)

Series 2013 LTB		Series 2013 Certificate		Series 2013A Certificate	
Principal	Interest	Principal	Interest	Principal	Interest
\$ 200,000	\$ 58,000	\$ 100,000	\$ 31,750	\$ 150,000	\$ 6,750
200,000	54,000	100,000	29,625	150,000	2,250
200,000	50,000	100,000	27,375		
200,000	46,000	100,000	24,875		
200,000	41,500	100,000	22,125		
200,000	36,500	100,000	19,375		
200,000	31,500	100,000	16,500		
200,000	26,500	100,000	13,500		
200,000	21,000	100,000	10,500		
200,000	15,000	100,000	7,500		
200,000	9,000	100,000	4,500		
200,000	3,000	100,000	1,500		
<hr/>		<hr/>		<hr/>	
<u>\$ 2,400,000</u>	<u>\$ 392,000</u>	<u>\$ 1,200,000</u>	<u>\$ 209,125</u>	<u>\$ 300,000</u>	<u>\$ 9,000</u>

CITY OF LAKE JACKSON

Lake Jackson, Texas

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

September 30, 2021

Year Ending 09/30	Series 2014 Certificate		Series 2015 LT Refunding Bonds	
	Principal	Interest	Principal	Interest
2022	\$ 275,000	\$ 98,656	\$ 820,000	\$ 134,737
2023	275,000	92,468	810,000	110,288
2024	275,000	85,938	800,000	86,137
2025	275,000	79,063	615,000	64,912
2026	275,000	72,188	605,000	47,369
2027	275,000	65,141	595,000	30,869
2028	275,000	57,922	320,000	18,287
2029	275,000	50,187	315,000	9,556
2030	275,000	41,594	190,000	2,613
2031	275,000	32,656		
2032	275,000	23,719		
2033	275,000	14,438		
2034	275,000	4,812		
2035				
2036				
2037				
2038				
2039				
TOTAL	<u>\$ 3,575,000</u>	<u>\$ 718,782</u>	<u>\$ 5,070,000</u>	<u>\$ 504,768</u>

(continued)

<u>Series 2016 LT Refunding Bonds</u>		<u>Series 2016 LT Certificate</u>		<u>Series 2017 LT Tax Bonds</u>	
<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
\$ 150,000	\$ 58,326	\$ 270,000	\$ 59,700	\$ 200,000	\$ 100,685
150,000	53,825	270,000	54,300	200,000	92,685
150,000	49,325	270,000	47,550	200,000	84,685
150,000	44,825	270,000	39,450	200,000	77,685
150,000	41,074	270,000	32,700	195,000	71,760
150,000	38,075	120,000	28,800	195,000	65,910
150,000	35,075	115,000	26,450	195,000	60,060
150,000	32,075	115,000	24,150	195,000	54,210
150,000	28,700	115,000	21,563	195,000	48,360
145,000	25,012	115,000	18,687	195,000	42,900
145,000	21,388	115,000	15,525	195,000	37,830
145,000	17,763	115,000	12,075	195,000	32,565
145,000	13,956	115,000	8,625	195,000	27,105
145,000	9,969	115,000	5,175	195,000	21,450
145,000	5,981	115,000	1,725	195,000	15,600
145,000	1,994			195,000	9,506
				195,000	3,169
<hr/>		<hr/>		<hr/>	
<u>\$ 2,365,000</u>	<u>\$ 477,363</u>	<u>\$ 2,505,000</u>	<u>\$ 396,475</u>	<u>\$ 3,335,000</u>	<u>\$ 846,165</u>

CITY OF LAKE JACKSON

Lake Jackson, Texas

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

September 30, 2021

Year Ending 09/30	Series 2018LT Tax Bonds		Totals		
	Principal	Interest	Principal	Interest	Total
2022	\$ 445,000	\$ 293,325	\$ 3,315,000	\$ 919,404	\$ 4,234,404
2023	445,000	273,300	3,125,000	815,616	3,940,616
2024	445,000	255,500	2,590,000	725,885	3,315,885
2025	445,000	237,700	2,405,000	647,885	3,052,885
2026	440,000	220,000	2,385,000	576,091	2,961,091
2027	440,000	202,400	2,225,000	508,445	2,733,445
2028	440,000	185,900	1,945,000	447,069	2,392,069
2029	440,000	170,500	1,940,000	389,959	2,329,959
2030	440,000	155,100	1,815,000	332,524	2,147,524
2031	440,000	139,700	1,470,000	281,455	1,751,455
2032	440,000	123,750	1,470,000	235,712	1,705,712
2033	440,000	107,250	1,470,000	188,591	1,658,591
2034	440,000	90,750	1,170,000	145,248	1,315,248
2035	440,000	74,250	895,000	110,844	1,005,844
2036	440,000	57,750	895,000	81,056	976,056
2037	440,000	41,250	780,000	52,750	832,750
2038	440,000	24,750	635,000	27,919	662,919
2039	440,000	8,250	440,000	8,250	448,250
	<u>\$ 7,940,000</u>	<u>\$ 2,661,425</u>	<u>\$ 30,970,000</u>	<u>\$ 6,494,703</u>	<u>\$ 37,464,703</u>

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CITY OF LAKE JACKSON

Lake Jackson, Texas

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

September 30, 2021

Year Ending 09/30	Series 2013		Series 2016 Refunding		Series 2017 Refunding	
	Principal	Interest	Principal	Interest	Principal	Interest
2022	\$ 100,000	\$ 35,250	\$ 250,000	\$ 82,950	\$ 275,000	\$ 151,175
2023	100,000	32,500	245,000	75,450	275,000	142,925
2024	100,000	29,750	245,000	68,100	275,000	131,925
2025	100,000	27,000	245,000	60,750	275,000	120,925
2026	100,000	24,000	240,000	53,400	275,000	109,925
2027	100,000	21,000	235,000	46,200	275,000	98,925
2028	100,000	18,000	145,000	39,150	275,000	90,675
2029	100,000	15,000	145,000	34,800	275,000	82,425
2030	100,000	12,000	145,000	30,450	275,000	74,175
2031	100,000	9,000	145,000	26,100	275,000	65,925
2032	100,000	6,000	145,000	21,750	275,000	57,675
2033	100,000	3,000	145,000	17,400	275,000	49,425
2034			145,000	13,050	270,000	41,175
2035			145,000	8,700	270,000	33,075
2036			145,000	4,350	270,000	24,975
2037					270,000	16,875
2038					270,000	8,438
2039						
TOTAL	<u>\$ 1,200,000</u>	<u>\$ 232,500</u>	<u>\$ 2,765,000</u>	<u>\$ 582,600</u>	<u>\$ 4,650,000</u>	<u>\$ 1,300,638</u>

Series 2019 Revenue Bonds		Totals		
Principal	Interest	Principal	Interest	Total
\$ 570,000	\$ 179,395	\$ 1,195,000	\$ 448,770	1,643,770
380,000	156,595	1,000,000	407,470	1,407,470
380,000	141,395	1,000,000	371,170	1,371,170
335,000	126,195	955,000	334,870	1,289,870
335,000	112,795	950,000	300,120	1,250,120
335,000	99,395	945,000	265,520	1,210,520
335,000	85,995	855,000	233,820	1,088,820
330,000	72,595	850,000	204,820	1,054,820
330,000	59,395	850,000	176,020	1,026,020
255,000	52,465	775,000	153,490	928,490
255,000	47,110	775,000	132,535	907,535
250,000	41,500	770,000	111,325	881,325
250,000	36,000	665,000	90,225	755,225
250,000	30,250	665,000	72,025	737,025
250,000	24,500	665,000	53,825	718,825
250,000	18,500	520,000	35,375	555,375
250,000	12,500	520,000	20,938	540,938
<u>250,000</u>	<u>6,250</u>	<u>250,000</u>	<u>6,250</u>	<u>256,250</u>
<u>\$ 5,590,000</u>	<u>\$ 1,302,830</u>	<u>\$ 14,205,000</u>	<u>\$ 3,418,568</u>	<u>\$ 17,623,568</u>

CITY OF LAKE JACKSON

Lake Jackson, Texas

INSURANCE COVERAGE

September 30, 2021

<u>Type of Coverage</u>	<u>Amount of Coverage</u>	<u>Expiration Date</u>
Texas Municipal League:		
General and Auto Liability:		
General liability	\$ 5,000,000	10/01/22
Automobile liability	5,000,000	10/01/22
Other Liability:		
Law enforcement liability	5,000,000	10/01/22
Errors and omissions	2,000,000	10/01/22
Property coverage	58,832,135	10/01/22
Mobil equipment	3,093,736	10/01/22
Boiler and machinery	1,000,000	10/01/22
Cyber Liability	2,000,000	10/01/22
Pollution liability insurance	20,000/premise	10/01/22
American Governmental Risk and Insurance Programs:		
Windstorm and hail coverage on property, buildings and contents	25,000,000	01/26/23

STATISTICAL SECTION

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

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

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

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

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

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

CITY OF LAKE JACKSON

Lake Jackson, Texas

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

	(Restated) 2012	2013	(Restated) 2014	2015	2016
Governmental Activities:					
Net investment in capital assets	\$ 31,925,095	\$ 32,758,260	\$ 32,216,296	\$ 33,568,778	\$ 36,518,760
Restricted	2,954,878	3,336,660	3,555,361	3,770,121	3,156,731
Unrestricted	<u>12,831,196</u>	<u>13,720,520</u>	<u>13,914,437</u>	<u>15,824,959</u>	<u>14,662,475</u>
Total governmental activities net Position	<u>\$ 47,711,169</u>	<u>\$ 49,815,440</u>	<u>\$ 49,686,094</u>	<u>\$ 53,163,858</u>	<u>\$ 54,337,966</u>
Business-type Activities Net Position:					
Net investment in capital assets	\$ 27,647,349	\$ 25,127,439	\$ 25,271,709	\$ 25,797,977	\$ 30,118,830
Restricted	2,203,481	4,128,057	5,098,779	4,277,148	2,315,334
Unrestricted	<u>3,249,031</u>	<u>3,459,981</u>	<u>2,667,740</u>	<u>2,789,247</u>	<u>4,122,879</u>
Total business-type activities net position	<u>\$ 33,099,861</u>	<u>\$ 32,715,477</u>	<u>\$ 33,038,228</u>	<u>\$ 32,864,372</u>	<u>\$ 36,557,043</u>
Primary Government:					
Net investment in capital assets	\$ 59,572,444	\$ 57,885,699	\$ 57,488,005	\$ 59,366,755	\$ 66,637,590
Restricted	5,158,359	7,464,717	8,654,140	8,047,269	5,472,065
Unrestricted	<u>16,080,227</u>	<u>17,180,501</u>	<u>16,582,177</u>	<u>18,614,206</u>	<u>18,785,354</u>
Total primary government net position	<u>\$ 80,811,030</u>	<u>\$ 82,530,917</u>	<u>\$ 82,724,322</u>	<u>\$ 86,028,230</u>	<u>\$ 90,895,009</u>

(Restated) 2017	2018	2019	2020	2021
\$ 34,776,336	\$ 36,842,141	\$ 39,430,164	\$ 39,944,744	\$ 40,206,296
3,135,742	3,280,276	2,857,520	3,400,316	4,791,545
<u>12,962,925</u>	<u>14,139,592</u>	<u>14,971,947</u>	<u>16,748,998</u>	<u>19,175,846</u>
<u>\$ 50,875,003</u>	<u>\$ 54,262,009</u>	<u>\$ 57,259,631</u>	<u>\$ 60,094,058</u>	<u>\$ 64,173,687</u>
\$ 31,654,276	\$ 27,429,024	\$ 34,480,019	\$ 34,659,879	\$ 34,047,825
4,156,093	8,285,251	1,599,229	1,537,234	1,967,789
<u>4,558,480</u>	<u>6,520,045</u>	<u>7,609,713</u>	<u>8,764,187</u>	<u>8,823,721</u>
<u>\$ 40,368,849</u>	<u>\$ 42,234,320</u>	<u>\$ 43,689,961</u>	<u>\$ 44,961,300</u>	<u>\$ 44,839,335</u>
\$ 66,430,612	\$ 64,271,165	\$ 73,911,183	\$ 74,604,623	\$ 74,254,121
7,291,835	11,565,527	4,456,749	4,937,550	6,759,334
<u>17,521,405</u>	<u>20,659,637</u>	<u>22,581,660</u>	<u>25,513,185</u>	<u>27,999,567</u>
<u>\$ 91,243,852</u>	<u>\$ 96,496,329</u>	<u>\$100,949,592</u>	<u>\$105,055,358</u>	<u>\$109,013,022</u>

CITY OF LAKE JACKSON

Lake Jackson, Texas

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

	(Restated) 2012	2013	2014	2015	2016
Expenses					
Governmental Activities:					
General government and administration	\$ 3,338,677	\$ 3,644,824	\$ 3,963,493	\$ 3,976,659	\$ 4,637,221
Public safety	6,146,043	6,260,664	6,391,647	6,364,951	6,996,740
Public works	4,378,048	4,827,784	4,467,635	4,466,925	4,800,673
Culture and recreation	4,896,044	4,501,507	5,173,328	5,561,349	5,934,908
Interest on long-term debt	<u>1,629,413</u>	<u>1,258,756</u>	<u>985,786</u>	<u>1,071,742</u>	<u>1,177,942</u>
Total governmental activities expenses	<u>20,388,225</u>	<u>20,493,538</u>	<u>20,981,889</u>	<u>21,441,626</u>	<u>23,547,484</u>
Business-type Activities:					
Water and sewer	7,811,698	7,774,236	7,775,096	8,122,897	8,717,505
Sanitation	2,219,316	2,278,112	2,442,771	2,551,608	2,864,997
Golf Course	<u>1,922,542</u>	<u>1,972,608</u>	<u>1,951,623</u>	<u>1,952,353</u>	<u>1,895,258</u>
Total business-type activities expenses	<u>11,953,556</u>	<u>12,024,956</u>	<u>12,169,490</u>	<u>12,636,858</u>	<u>13,477,760</u>
Total primary government expenses	<u>\$ 32,341,781</u>	<u>\$ 32,518,494</u>	<u>\$ 33,151,379</u>	<u>\$ 34,078,484</u>	<u>\$ 37,025,244</u>
Program Revenues					
Governmental Activities:					
Charges for Services:					
General government and administration	\$ 550,251	\$ 657,598	\$ 678,652	\$ 584,423	\$ 444,607
Public safety	-	-	-	-	-
Public works	227,672	587,897	501,138	666,610	496,068
Culture and recreation	1,042,830	1,043,331	1,135,711	1,186,243	1,263,879
Operating grants and contributions	131,528	304,854	6,613	111,615	254,433
Capital grants and contributions	<u>100,168</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,011,011</u>
Total governmental activities program revenues	<u>2,052,449</u>	<u>2,251,680</u>	<u>2,322,114</u>	<u>2,548,891</u>	<u>4,469,998</u>
Business-type Activities:					
Charges for Services:					
Water and sewer	7,362,306	7,393,568	7,303,337	8,060,180	8,610,062
Sanitation	3,052,811	3,161,165	3,163,629	3,287,706	3,765,504
Golf	1,519,738	1,608,396	1,446,320	1,386,531	1,276,932
Operating grants and contributions	143,858	-	-	-	-
Capital grants and contributions	<u>28,969</u>	<u>36,214</u>	<u>133,195</u>	<u>38,897</u>	<u>945,311</u>
Total business-type activities program revenues	<u>12,107,682</u>	<u>12,199,343</u>	<u>12,046,481</u>	<u>12,773,314</u>	<u>14,597,809</u>
Total primary government program revenues	<u>\$ 14,160,131</u>	<u>\$ 14,451,023</u>	<u>\$ 14,368,595</u>	<u>\$ 15,322,205</u>	<u>\$ 19,067,807</u>

<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
\$ 5,185,914	\$ 4,469,968	\$ 4,864,266	\$ 6,069,375	\$ 5,715,450
8,116,735	8,014,355	9,185,098	8,808,839	8,662,929
5,013,485	4,815,157	5,470,552	5,032,463	5,041,461
6,197,113	6,259,805	6,372,810	5,866,037	5,368,704
<u>788,505</u>	<u>962,144</u>	<u>1,228,818</u>	<u>1,009,362</u>	<u>897,694</u>
<u>25,301,752</u>	<u>24,521,429</u>	<u>27,121,544</u>	<u>26,786,076</u>	<u>25,686,238</u>
9,321,589	9,670,841	10,254,413	10,660,368	11,505,879
3,014,234	3,240,185	3,415,379	3,407,708	3,220,607
<u>1,985,245</u>	<u>2,038,347</u>	<u>2,179,331</u>	<u>2,304,135</u>	<u>2,528,730</u>
<u>14,321,068</u>	<u>14,949,373</u>	<u>15,849,123</u>	<u>16,372,211</u>	<u>17,255,216</u>
<u>\$ 39,622,820</u>	<u>\$ 39,470,802</u>	<u>\$ 42,970,667</u>	<u>\$ 43,158,287</u>	<u>\$ 42,941,454</u>
\$ 553,511	\$ 627,106	\$ 710,294	\$ 542,158	\$ 451,313
-	-	-	-	-
341,122	334,908	556,953	599,601	355,062
1,236,652	1,150,568	1,098,384	503,792	536,008
130,185	394,666	1,205,727	1,153,321	2,721,273
<u>296,861</u>	<u>554,207</u>	<u>1,477,454</u>	<u>247,000</u>	<u>-</u>
<u>2,558,331</u>	<u>3,061,455</u>	<u>5,048,812</u>	<u>3,045,872</u>	<u>4,063,656</u>
9,448,487	11,048,240	10,459,653	11,226,474	10,373,811
3,849,309	3,920,214	4,067,481	4,315,988	4,172,609
1,286,124	1,309,422	1,300,240	1,440,411	1,900,420
-	-	-	-	-
<u>209,122</u>	<u>232,540</u>	<u>429,186</u>	<u>1,481,000</u>	<u>-</u>
<u>14,793,042</u>	<u>16,510,416</u>	<u>16,256,560</u>	<u>18,463,873</u>	<u>16,446,840</u>
<u>\$ 17,351,373</u>	<u>\$ 19,571,871</u>	<u>\$ 21,305,572</u>	<u>\$ 21,509,745</u>	<u>\$ 20,510,496</u>

CITY OF LAKE JACKSON

Lake Jackson, Texas

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

	2012	2013	2014	2015	2016
Net (Expense)/Revenue:					
Governmental activities	\$(18,335,776)	\$(18,241,858)	\$(18,659,775)	\$(18,892,735)	\$(19,077,486)
Business-type activities	<u>154,126</u>	<u>174,387</u>	<u>(123,009)</u>	<u>136,456</u>	<u>1,120,049</u>
Total primary governmental net expense	<u>(18,181,650)</u>	<u>(18,067,471)</u>	<u>(18,782,784)</u>	<u>(18,756,279)</u>	<u>(17,957,437)</u>
 General Revenues & Other Changes in Net Position					
Governmental Activities:					
Taxes:					
Property	5,537,580	5,606,122	5,687,918	5,827,889	5,879,917
Sales	7,230,131	7,712,671	7,978,873	9,129,362	9,417,731
Occupancy	219,915	274,101	311,774	498,844	526,662
Franchise	1,593,448	1,616,709	1,657,659	1,734,149	1,720,294
Other	130,992	141,546	164,284	206,901	217,926
Industrial district	4,100,000	4,100,000	4,186,100	4,249,304	4,317,295
Investment earnings	106,725	107,960	61,941	57,363	96,689
Miscellaneous	22,367	191,495	142,508	333,321	613,002
Gain (loss) on sale/retirement of capital assets	-	290,564	29,403	7,314	-
Transfers	<u>753,332</u>	<u>595,525</u>	<u>(623,332)</u>	<u>326,052</u>	<u>(2,537,922)</u>
Total governmental activities	<u>19,985,054</u>	<u>20,346,129</u>	<u>19,597,128</u>	<u>22,370,499</u>	<u>20,251,594</u>
 Business-type Activities:					
Investment earnings	42,432	36,754	14,192	15,740	34,700
Gain(loss) on disposition of capital assets	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Transfers	<u>(753,332)</u>	<u>(595,525)</u>	<u>623,332</u>	<u>(326,052)</u>	<u>2,537,922</u>
Total business-type activities	<u>(710,900)</u>	<u>558,771</u>	<u>637,524</u>	<u>(310,312)</u>	<u>2,572,622</u>
Total primary government	<u>19,274,154</u>	<u>19,787,358</u>	<u>20,234,552</u>	<u>22,060,187</u>	<u>22,824,216</u>
 Change in Net Position					
Governmental activities	1,649,278	2,104,271	937,353	3,477,764	1,174,1098
Business-type activities	<u>(556,774)</u>	<u>(384,384)</u>	514,515	<u>(173,856)</u>	3,692,671
Adjustments	<u>-</u>	<u>-</u>	<u>(1,258,463)</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 1,092,504</u>	<u>\$ 1,719,887</u>	<u>\$ 193,405</u>	<u>\$ 3,303,908</u>	<u>\$ 4,866,779</u>

Source: Comprehensive Annual Financial Report

<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
\$(22,743,421)	\$(21,459,974)	\$(22,072,732)	\$(23,740,204)	\$(21,622,582)
<u>471,974</u>	<u>1,561,043</u>	<u>407,437</u>	<u>2,091,662</u>	<u>(808,376)</u>
<u>(22,271,447)</u>	<u>(19,898,931)</u>	<u>(21,665,295)</u>	<u>(21,648,542)</u>	<u>(22,430,958)</u>
6,090,100	6,619,739	7,047,330	7,548,231	7,585,128
9,489,693	10,266,971	10,033,280	10,084,371	11,121,684
539,553	590,629	510,517	384,272	421,451
1,687,768	1,693,598	1,744,435	1,650,098	1,580,134
222,443	254,155	253,500	224,578	251,413
4,394,560	4,501,353	5,006,224	5,101,850	5,208,506
171,392	387,708	781,232	321,323	18,535
473,897	553,819	349,277	180,814	144,237
-	1,666	10,467	66,097	47,115
<u>(3,360,087)</u>	<u>(31,459)</u>	<u>(655,441)</u>	<u>1,012,997</u>	<u>(675,992)</u>
<u>19,710,985</u>	<u>24,846,980</u>	<u>25,070,354</u>	<u>26,574,631</u>	<u>25,702,211</u>
98,251	272,969	392,763	192,674	10,419
8,500	-	-	-	-
-	-	-	-	-
<u>3,360,087</u>	<u>31,459</u>	<u>655,441</u>	<u>(1,012,997)</u>	<u>675,992</u>
<u>3,466,838</u>	<u>304,428</u>	<u>1,048,204</u>	<u>(820,323)</u>	<u>686,411</u>
<u>23,177,823</u>	<u>25,151,406</u>	<u>26,118,558</u>	<u>25,754,308</u>	<u>26,388,622</u>
(3,032,436)	3,387,006	2,997,622	2,834,427	4,079,629
3,938,812	1,865,471	1,455,641	1,271,339	(121,965)
<u>(557,533)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 348,843</u>	<u>\$ 5,252,477</u>	<u>\$ 4,453,263</u>	<u>\$ 4,105,766</u>	<u>\$ 3,957,664</u>

CITY OF LAKE JACKSON

Lake Jackson, Texas

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

	2012	2013	2014	2015	2016
General Fund:					
Nonspendable	\$ 135,790	\$ 88,399	\$ 90,320	\$ 100,472	\$ 80,608
Committed:					
General contingencies	1,037,756	800,085	801,448	903,264	906,260
Assigned:					
Unemployment insurance	194,179	176,847	165,785	144,302	125,052
Equipment replacement	4,909,100	5,544,711	5,813,661	6,193,352	6,284,423
Special events	31,881	12,308	12,937	32,652	50,934
Parks	284,576	245,889	295,836	172,762	146,532
Unassigned	5,636,513	6,240,900	6,644,409	7,480,835	6,763,696
 Total general fund	 \$ 12,229,795	 \$ 13,109,139	 \$ 13,824,396	 \$ 15,027,639	 \$ 14,357,505
 All Other Governmental Funds:					
Restricted:					
Debt Service	\$ 608,056	\$ 707,536	\$ 717,734	\$ 714,676	\$ 693,467
Grant	-	-	-	-	-
Capital Projects	3,321,850	7,526,486	5,112,819	9,510,524	3,126,573
Economic Development	2,207,924	2,292,698	2,412,766	2,519,353	1,901,916
Encourage tourism	39,718	42,375	45,523	49,798	45,333
Law enforcement	142,911	122,313	108,418	70,847	96,797
Traffic safety	48,533	26,738	23,492	-	-
Contributor purpose	-	-	-	-	-
Program education	75,138	124,901	196,245	281,104	366,271
Assigned:					
General construction	1,475,196	1,370,332	1,903,546	2,102,001	2,044,549
 Total all other governmental funds	 \$ 7,919,326	 \$ 12,313,379	 \$ 10,520,543	 \$ 15,248,303	 \$ 8,274,906

<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
\$ 248,341	\$ 117,040	\$ 97,186	\$ 88,957	\$ 113,141
910,307	921,955	941,824	951,063	951,479
116,289	114,181	108,305	62,388	59,759
6,648,936	6,831,217	6,788,333	8,092,279	8,642,130
64,943	6,468	9,289	37,877	71,958
87,573	73,458	123,175	101,696	101,741
<u>4,918,169</u>	<u>6,371,628</u>	<u>6,270,142</u>	<u>7,086,503</u>	<u>7,603,624</u>
<u>\$ 12,994,558</u>	<u>\$ 14,435,947</u>	<u>\$ 14,338,254</u>	<u>\$ 16,420,763</u>	<u>\$ 17,543,832</u>

\$ 3,304,455	\$ 736,349	\$ 751,790	\$ 745,192	\$ 687,877
-	-	-	-	87
2,543,712	6,534,635	14,380,492	11,995,459	10,440,969
1,708,061	1,824,256	1,357,987	2,115,751	3,504,159
77,791	155,192	126,766	85,284	95,925
89,425	61,989	93,418	78,240	74,920
-	-	-	-	-
-	-	-	-	-
284,202	287,232	366,873	390,076	441,803
<u>2,644,777</u>	<u>2,015,677</u>	<u>3,633,972</u>	<u>3,426,393</u>	<u>3,990,802</u>
<u>\$ 10,652,423</u>	<u>\$ 11,615,330</u>	<u>\$ 20,711,298</u>	<u>\$ 18,836,395</u>	<u>\$ 19,236,542</u>

CITY OF LAKE JACKSON

Lake Jackson, Texas

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

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Revenues:					
Taxes and industrial district	\$ 18,824,139	\$ 19,468,703	\$ 19,985,385	\$ 21,638,472	\$ 22,073,188
Intergovernmental	131,528	304,854	6,613	111,615	254,433
Charges for services	1,042,830	1,043,331	1,135,711	1,186,243	1,263,879
Fines and fees	504,603	569,700	625,201	573,801	472,117
Licenses and permits	227,672	245,897	501,138	666,810	496,068
Special assessment	-	-	-	-	-
Investment earnings	106,725	107,960	61,941	57,363	96,689
Contributions	100,168	-	-	-	-
Miscellaneous	290,564	191,495	142,508	333,321	613,002
Total revenues	<u>21,228,229</u>	<u>21,931,940</u>	<u>22,458,497</u>	<u>24,565,425</u>	<u>25,269,376</u>
Expenditures:					
General government administration	3,068,045	3,478,670	3,762,435	2,787,952	4,039,007
Public safety	5,600,724	5,686,957	5,751,812	5,966,657	6,039,765
Public works	2,717,025	2,618,713	2,697,647	2,578,564	2,837,563
Culture and recreation	4,105,287	4,101,500	4,236,809	4,812,107	5,068,207
Capital outlay	4,181,783	3,736,077	4,111,550	3,166,664	10,051,261
Debt Service:					
Principal retirement	2,830,000	2,785,000	2,805,000	3,150,000	3,210,000
Interest and fiscal charges	1,187,465	1,068,892	1,115,999	1,163,523	1,000,440
Total expenditures	<u>23,690,329</u>	<u>23,475,809</u>	<u>24,481,252</u>	<u>24,625,467</u>	<u>32,245,243</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,462,100)</u>	<u>(1,543,869)</u>	<u>(2,022,755)</u>	<u>(60,042)</u>	<u>(6,975,867)</u>
Other Financing Sources (Uses):					
Issuance of bonds	7,360,000	6,000,000	1,500,000	5,550,000	7,870,000
Bond issuance premium	810,870	106,996	40,920	83,600	537,550
Proceeds from sale of capital assets	73,120	14,745	127,588	81,393	41,105
Payment to bond refunding escrow agent	(8,113,305)	-	-	-	(8,300,732)
Transfers in	4,071,614	3,929,614	4,315,121	4,646,206	4,930,442
Transfers out	<u>(3,318,282)</u>	<u>(3,334,089)</u>	<u>(4,938,453)</u>	<u>(4,320,154)</u>	<u>(5,829,749)</u>
Total other financing sources (uses)	<u>884,017</u>	<u>6,717,266</u>	<u>1,045,176</u>	<u>5,991,045</u>	<u>(751,384)</u>
Net change in fund balances	<u>\$(1,578,083)</u>	<u>\$ 5,173,397</u>	<u>\$(977,579)</u>	<u>\$(5,931,003)</u>	<u>\$(7,727,251)</u>
Debt Service as a percentage of noncapital Expenditures	20.6%	19.5%	19.2%	20.1%	19.0%

<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
\$ 22,421,836	\$ 23,917,953	\$ 24,584,607	\$ 24,977,060	\$ 26,180,230
130,185	394,666	1,205,727	1,153,321	2,721,273
1,236,652	1,150,568	1,098,384	503,792	536,008
535,164	553,806	589,588	544,436	496,078
341,122	334,908	556,953	599,601	355,062
-	-	-	-	-
171,392	387,708	781,232	321,323	18,535
-	-	-	-	-
<u>473,897</u>	<u>553,819</u>	<u>349,277</u>	<u>180,814</u>	<u>144,237</u>
<u>25,310,248</u>	<u>27,293,428</u>	<u>29,165,768</u>	<u>28,280,347</u>	<u>30,451,423</u>
4,645,330	4,078,465	4,201,120	5,555,183	5,502,034
7,005,479	7,182,671	7,567,176	7,591,717	7,895,300
2,795,351	2,681,410	2,936,613	2,470,459	2,521,588
5,318,988	5,406,493	5,258,156	4,865,358	4,780,460
3,820,985	5,913,695	4,949,028	4,137,186	3,038,412
3,395,000	3,175,000	3,135,000	3,455,000	3,535,000
<u>1,128,293</u>	<u>1,095,273</u>	<u>1,364,117</u>	<u>1,154,929</u>	<u>1,039,691</u>
<u>28,109,426</u>	<u>29,533,007</u>	<u>29,411,210</u>	<u>29,229,831</u>	<u>28,312,485</u>
(2,799,178)	(2,239,579)	(245,442)	(949,484)	<u>2,138,938</u>
6,820,000	3,935,000	8,800,000	-	-
268,528	173,307	392,162	-	-
30,142	75,328	108,488	117,499	60,270
-	-	-	-	-
5,162,794	3,955,595	5,432,436	4,557,875	5,591,661
<u>(8,467,716)</u>	<u>(3,495,355)</u>	<u>(5,489,369)</u>	<u>(3,518,284)</u>	<u>(6,267,653)</u>
<u>3,813,748</u>	<u>4,643,875</u>	<u>9,243,717</u>	<u>1,157,090</u>	<u>(615,722)</u>
<u>\$ 1,014,570</u>	<u>\$ 2,404,296</u>	<u>\$ 8,998,275</u>	<u>\$ 207,606</u>	<u>\$ 1,523,216</u>
18.60%	18.1%	18.4%	18.4%	18.1%

CITY OF LAKE JACKSON

Lake Jackson, Texas

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

Fiscal Year	Estimated Market Value		Less: Tax-Exempt Property	Taxable Assessed Value	Total Direct Tax Rate
	Real Property	Personal Property			
2012	\$ 1,608,903,194	\$ 115,032,120	\$ 312,052,094	\$ 1,411,883,220	\$ 0.39000
2013	1,567,292,079	119,916,600	315,852,118	1,371,356,561	0.39000
2014	1,689,132,358	120,394,220	360,227,700	1,449,298,878	0.39000
2015	1,762,892,528	121,122,020	387,056,318	1,496,958,230	0.38750
2016	1,891,672,481	126,898,430	380,347,986	1,638,222,925	0.36000
2017	2,181,716,658	148,736,930	431,167,524	1,899,286,064	0.33750
2018	2,346,973,604	213,594,960	438,685,773	2,121,882,791	0.33750
2019	2,535,273,409	229,136,090	445,956,710	2,317,452,789	0.33520
2020	2,811,646,878	235,288,670	492,560,669	2,544,374,879	0.34820
2021	2,752,718,877	231,623,090	498,096,787	2,486,245,180	0.32900

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

CITY OF LAKE JACKSON

Lake Jackson, Texas

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

Fiscal Year	City Direct Rates			Overlapping Rates				
	Operating/ General Rate	General Obligation Debt Service	Total Direct	Brazoria County	Brazosport ISD	Brazos River Navigation	Brazosport College	Velasco Drainage
2012	\$ 0.2315	\$ 0.1585	\$ 0.3900	\$ 0.4259	\$ 1.2595	\$ 0.0515	\$ 0.2594	\$ 0.0948
2013	0.2323	0.1577	0.3900	0.4302	1.2553	0.0450	0.2673	0.1002
2014	0.2376	0.1524	0.3900	0.4920	1.2553	0.0450	0.2673	0.1002
2015	0.2408	0.1467	0.3875	0.4985	1.2553	0.0450	0.2809	0.0980
2016	0.2323	0.1277	0.3600	0.5174	1.2553	0.0401	0.2850	0.0915
2017	0.2251	0.1124	0.3375	0.4574	1.2553	0.0401	0.3032	0.0850
2018	0.2295	0.1080	0.3375	0.4402	1.2553	0.0401	0.3032	0.0850
2019	0.2280	0.1072	0.3352	0.4279	1.2553	0.0401	0.2985	0.0841
2020	0.2316	0.1166	0.3482	0.3920	1.1817	0.0401	0.2979	0.0815
2021	0.2193	0.1097	0.3290	0.3865	1.1787	0.0400	0.3093	0.0836

Source: Brazoria County Appraisal District

CITY OF LAKE JACKSON
Lake Jackson, Texas

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

2021			2011		
Taxpayer	Taxable Assessed Value	Percentage of Total City Taxable Assessed Value	Taxpayer	Taxable Assessed Value	Percentage of Total City Taxable Assessed Value
BG Woodward, LLC	\$ 126,861,140	4.91%	Brazos Outlets (Mall)	\$ 18,716,440	1.30%
Dow Chemical Company	97,694,010	3.78%	Wal-Mart Stores, Inc.	17,428,690	1.21%
Cole Ofc Lake Jackson	37,103,430	1.44%	Lowe's	11,253,250	0.78%
Covey Plantation LP	28,000,000	1.08%	Dow Chemical Company	9,641,350	0.67%
532 Title Way LLC	23,840,000	0.92%	Home Depot	9,172,638	0.64%
AC Brazos Mall Partners LLC	22,500,000	0.87%	Centerpoint Energy	9,025,390	0.63%
Urban Crest Apt	26,658,814	1.03%	Partners of Lake Jackson	8,886,000	0.62%
The Residence of Lake Jackson	21,000,000	0.81%	Texas Dow Employees C.U.	8,629,980	0.60%
The Reserve	19,300,000	0.75%	Buc-ee's LTD	6,284,290	0.44%
Edgewater Apts	<u>17,000,000</u>	<u>0.66%</u>	Ling Villages of Lake Jackson	<u>6,231,979</u>	<u>0.43%</u>
Total	<u>\$ 419,957,394</u>	<u>16.25%</u>	Total	<u>\$ 105,270,007</u>	<u>7.32%</u>

Source: Brazoria County Appraisal District

CITY OF LAKE JACKSON

Lake Jackson, Texas

Table 8
Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year	Taxes Levied for the Fiscal Year ¹	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2012	\$ 5,506,055	\$ 5,468,387	99.3%	\$ 32,611	\$ 5,500,998	99.9%
2013	5,581,007	5,546,523	99.4%	27,429	5,573,952	99.9%
2014	5,652,730	5,617,595	99.4%	24,495	5,642,090	99.8%
2015	5,800,884	5,762,010	99.3%	22,840	5,784,850	99.7%
2016	5,897,602	5,852,979	99.2%	26,377	5,879,356	99.7%
2017	6,339,467	6,300,623	99.4%	17,986	6,318,609	99.7%
2018	7,071,936	7,032,982	99.5%	17,403	7,050,385	99.7%
2019	7,699,155	7,657,580	99.5%	16,340	7,664,457	99.6%
2020	8,240,262	8,195,520	99.5%	11,914	8,211,071	99.7%
2021	8,241,324	8,207,294	99.6%		8,229,535	99.9%

Source: Brazoria County Tax Office

¹ Adjusted Tax Levy

CITY OF LAKE JACKSON

Lake Jackson, Texas

Table 9
Sales Tax Analysis
Last Ten Fiscal Years

Fiscal Year	General Fund Sales Tax Collections ³	Half-Cent Sales Tax Collections ¹	Total Sales Tax Collections	Percentage Growth	Sales Tax as a % of Total Revenues	Per Capita ²
2012	\$ 4,772,141	\$ 2,457,990	\$ 7,230,131	4.5%	34.1%	\$ 262.47
2013	5,093,359	2,619,312	7,712,671	6.7%	35.2%	279.04
2014	5,226,636	2,752,237	7,978,872	3.5%	35.5%	287.87
2015	5,991,129	3,138,233	9,129,362	14.4%	37.1%	328.75
2016	6,190,272	3,227,460	9,417,732	3.2%	37.3%	337.24
2017	6,377,917	3,188,958	9,566,875	1.6%	37.8%	343.97
2018	6,815,971	3,451,000	10,266,971	7.3%	37.6%	373.71
2019	6,833,831	3,416,916	10,250,747	(.16%)	34.4%	321.78
2020	6,685,758	3,398,616	10,084,371	(.17%)	35.7%	343.15
2021	7,375,702	3,745,982	11,121,684	10.2%	36.5%	371.42

Source: Finance Department

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

² See Table 14 for population data.

³ Net of Sales Tax Rebate agreements.

CITY OF LAKE JACKSON
Lake Jackson, Texas

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

Fiscal Year	Governmental Activities		Business-Type Activities		Total Primary Government	Percentage of Personal Income*	Per Capita*
	General Obligation Bonds	Certificates of Obligation	Water and Sewer Revenue Bonds	Capital Leases			
2012	\$ 22,740,000	\$ 4,655,000	\$ 10,550,000	\$ -0-	37,945,000	3.92%	\$ 1,377
2013	24,090,000	6,250,000	11,345,000	-0-	41,685,000	4.39%	1,508
2014	21,785,000	7,250,000	10,145,000	-0-	39,180,000	4.15%	1,414
2015	20,311,193	11,975,000	9,129,371	-0-	41,415,564	4.29%	1,192
2016	20,658,003	8,700,000	7,941,333	-0-	37,299,336	3.58%	999
2017	21,386,772	11,510,000	9,870,009	-0-	42,766,781	3.89%	1,082
2018	23,200,542	10,465,000	13,788,494	-0-	47,454,036	4.17%	1,145
2019	30,027,019	9,420,000	12,422,033	-0-	51,869,052	3.74%	1,190
2020	27,330,714	8,590,011	16,256,888	-0-	52,177,613	5.16%	1,515
2021	24,442,096	7,776,135	14,916,852	-0-	47,135,083	3.43%	1,027

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

*See Table 14 for personal income and population data.

CITY OF LAKE JACKSON

Lake Jackson, Texas

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

Fiscal Year	Gross Bonded Debt ¹	Less: Amounts Available in Debt Service Fund	Net Bonded Debt	Percentage of Actual Taxable Value of Property ²	Per Capita ³
2012	\$ 27,405,000	\$ 608,056	\$ 26,796,944	1.90%	973
2013	30,340,000	707,537	29,632,463	2.16%	1,072
2014	29,035,000	715,235	28,319,765	1.95%	1,022
2015	32,286,193	705,319	31,580,874	2.11%	1,137
2016	29,358,003	685,096	28,672,907	1.75%	1,027
2017	32,896,772	728,509	32,168,263	1.69%	1,157
2018	33,665,542	749,331	32,916,211	1.55%	1,198
2019	39,447,019	768,879	38,678,140	1.67%	1,214
2020	35,920,725	745,192	35,175,533	1.38%	1,197
2021	32,218,231	687,877	31,530,354	1.27%	1,053

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

⁰ Does not include Revenue Bonds

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

² See Table 5 for property value data.

³ See Table 14 for population data

CITY OF LAKE JACKSON

Lake Jackson, Texas

Table 12
Direct and Overlapping Governmental Activities Debt
As of September 30, 2021

Governmental Unit	Debt Outstanding	As of	Estimated Percentage Applicable**	Estimated Share of Overlapping Debt
Debt repaid with property taxes:				
Angleton Danbury Medical	\$ 2,770,000	09/30/21	0.01%	\$ 277
Angleton ISD	160,075	09/30/21	0.01%	16,008
Brazoria County	135,313,313	09/30/21	4.96%	6,711,540
Brazosport College District	45,820,000	09/30/21	12.55%	5,750,410
Brazosport ISD	401,780,000	09/30/21	12.55%	50,423,392
Columbia-Brazoria ISD	36,980,000	09/30/21	1.03%	380,894
Port Freeport	68,490,000	09/30/21	8.38%	5,739,462
Velasco DD	4,605,000	09/30/21	12.63%	<u>581,612</u>
Subtotal, overlapping debt				69,603,592
City of Lack Jackson (direct debt)	32,218,231	* 09/30/21	100.00%	<u>32,218,231</u>
Total direct and overlapping debt				<u>\$ 101,821,823</u>

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

* Gross Debt

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

CITY OF LAKE JACKSON
Lake Jackson, Texas

Table 13
Pledged Revenue Coverage
Last Ten Fiscal Years

Fiscal Year	Water and Sewer System Revenue Bonds						
	Utility Revenue and Other ⁰	Less: Operating Expenses ¹	Net Available Revenue	Average Annual Requirement	Average Coverage	Maximum Annual Requirements	Maximum Coverage
2012	\$ 7,546,012	\$ 5,249,307	\$ 2,296,705	\$ 716,854	3.20	\$ 1,564,350	1.47
2013	7,427,529	5,315,927	2,111,602	697,008	3.03	1,579,676	1.34
2014	7,316,364	5,341,519	1,974,845	650,551	3.04	1,539,275	1.28
2015	8,075,590	5,674,608	2,400,962	601,175	3.99	1,486,875	1.61
2016	8,644,107	6,222,344	2,421,763	643,455	3.76	1,526,375	1.59
2017	9,554,486	6,694,433	2,860,053	872,517	3.28	1,742,975	1.64
2018	11,319,328	6,416,974	4,902,354	836,176	5.86	1,742,975	2.81
2019	10,850,622	6,701,864	4,148,758	836,176	4.96	1,742,975	2.38
2020	11,418,549	6,539,912	4,878,636	769,059	6.34	1,647,190	2.96
2021	10,384,230	7,395,006	2,989,224	1,021,262	2.93	1,780,420	1.68

Source: Lake Jackson Finance Department

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

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

CITY OF LAKE JACKSON

Lake Jackson, Texas

Table 14
Demographic and Economic Statistics
Last Ten Calendar Years

Year	Estimated Population	Estimated Personal Income	Per Capita Personal Income	Median Age ¹	School Enrollment	Unemploy- ment Rate	Labor Force
2012	27,547	967,175,170	\$ 35,110	--	6,338	6.2%	13,714
2013	27,640	950,594,880	34,392	--	6,268	6.1%	13,649
2014	27,717	943,292,661	34,033	--	6,172	5.0%	13,970
2015	27,770	964,840,880	34,744		6,150	4.2%	13,947
2016	27,926	1,043,091,952	37,352	36.9	6,300	4.5%	14,080
2017	27,813	1,099,114,134	39,518	—	6,125	3.2%	15,149
2018	27,473	1,138,591,012	41,444	38.0	6,053	4.2%	16,092
2019	31,856	1,388,443,760	43,585	37.8	6,506	4.9%	14,095
2020	29,388	1,011,946,392	34,434	37.0	6,117	5.2%	14,137
2021	29,943	1,374,802,902	45,914	37.2	6,117	7.2%	17,391

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

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

School enrollment provided by Brazosport Independent School District.

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

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

CITY OF LAKE JACKSON
Lake Jackson, Texas

Table 15
Principal Employers
Current Year and Ten Years Ago

2021			2011		
Employer	Employees	Percentage of Total County Employment	Employer	Employees	Percentage of Total County Employment
Various Industrial Contractors	3,399	2.0%	Brazosport Memorial Hospital	676	4.67%
The Dow Chemical Company	3,510	2.0%	Wal-Mart	470	3.25%
Texas Dept of Criminal Justice	2,102	1.2%	Brazosport I.S.D.	380	2.63%
Brazosport ISD	1,900	1.1%	Dow Credit Union	215	1.49%
Olin Corp	1,250	.74%	City of Lake Jackson	206	1.42%
Phillips 66	1,039	.62%	Target	158	1.09%
Wood Group	1,000	.59%	Lowes	135	.93%
BASF Corp	906	.54%	Home Depot	95	.66%
Marquis Construction Service	804	.48%	Ryan's Steakhouse	70	.48%
Chi St. Lukes Health	<u>526</u>	<u>.31%</u>	Randall's	63	.44%
			Jerry's Food King	<u>38</u>	<u>.26%</u>
Total	<u><u>16,436</u></u>	<u><u>9.58%</u></u>	Total	<u><u>2,506</u></u>	<u><u>17.32%</u></u>

Source: Economic Development Alliance for Brazoria County

CITY OF LAKE JACKSON

Lake Jackson, Texas

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

<u>Function/Program</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
General Government and Administration	35	35	35	35	35	36	37	34	34	33
Public Safety:										
Police	60	60	60	60	60	62	62	65	68	65
Fire	1	1	1	1	2	2	2	2	2	2
Humane	3	3	3	1	3	3	3	3	3	3
Culture and Recreation	27	27	27	27	28	29	29	33	33	33
Public Works:										
Streets	7	7	7	7	7	7	7	7	7	7
Drainage	15	15	15	15	15	15	15	15	16	15
Building/Code	8	8	8	8	8	8	8	8	8	8
Garage	9	9	9	9	9	9	6	9	10	10
Water and Sewer	37	37	37	37	37	40	40	41	41	41
Sanitation	<u>25</u>									
	<u>227</u>	<u>227</u>	<u>227</u>	<u>222</u>	<u>229</u>	<u>236</u>	<u>237</u>	<u>242</u>	<u>247</u>	<u>242</u>

Source: City Budget

CITY OF LAKE JACKSON
Lake Jackson, Texas

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

Function/Program	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Public Safety:										
Police:										
% Criminal Offenses ³										
Cleared	39%	40% ²	45% ²	30%	49%	75%	58%	57%	57% ⁸	75%
Traffic contacts ³	18,523	16,074	16,000	14,599	9,204	16,137	16,894	15,121	9,008	13,159
Fire:										
Fire calls	441	525	688	688	650	517	578	599	469	710
EMS calls	2,907	2,958	3,719	3,719	3,904	4,177	4,662	5,099	4,656	4,969
Inspections	289	247	436	425	450	343	322	201	230	456
Public Works:										
Streets:										
Potholes repaired ⁴	301	436	547	852	660	550	269	399	183	508
Gutter sweeping (cu yd) ⁵	1,820	1,759	1,520	100%	100%	100%	100%	100%	100%	83%
Culture and Recreation:										
Recreation Center members	4,434	4,600	4,327	4,900	5,889	8,388	7,250	6,727	3,088 ⁷	7,803
Recreation Center Attendance	175,528	187,990	205,762	197,838	211,676	211,884	212,840	181,358	14,707 ⁷	94,771
Water and Sewer:										
Number of sewer leaks Repaired ⁶	1	4	9	3	N/A	N/A	9	N/A	N/A	N/A
Linear feet of sewer mains cleaned	67,726	7,188	9,205	4,820	30,565	19,054	56,283	2,500	66,435	2,500
Millions of gallons of wastewater treated				845	950	915	1,213	1,260	979	1,036
Sanitation:										
Refuse Collected:⁶										
Residential garbage (cu yd)	20,331	20,120	22,000	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Commercial garbage ⁶ (cu yd)	33,389	35,027	35,500	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Garbage collected (compacted yd ³)				61,000	65,888	65,584	69,696	75,525	68,906	70,789
Large trash to landfill (non-compacted yd ³)				36,183	60,530	55,515	44,011	47,653	69,285	54,394

Source: City Departments

² Represents actual percentage; not estimate

³ Uniform Crime Report (Beginning 2017)

⁴ Man Hours (Beginning 2015)

⁵ Swept 4 times a year (Beginning 2015)

⁶ Operating indicator no longer recorded in this format

⁷ No day pass sales 6/1/20 – 9/30/2-; closed for 3 months for Covid.

⁸. Due to pandemic.

CITY OF LAKE JACKSON
Lake Jackson, Texas

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

Function/Program	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Public Safety:										
Police Stations	1	1	1	1	1	1	1	1	1	1
Fire Stations	2	2	2	2	2	2	2	2	2	2
Culture and Recreation:										
Tennis Courts	8	8	8	8	8	8	8	8	8	8
Swimming Pools	2	2	2	2	2	2	2	2	2	2
Community Center	2	2	2	2	2	2	2	2	2	2
Recreation Center	1	1	1	1	1	1	1	1	1	1
Parks Acreage ¹	1,306	1,306	1,306	1,306	1,306	1,643	1,643	1,643	1,643	1,643
Parks	23	23	23	23	23	23	23	23	23	23
Baseball/softball fields	23	23	23	23	23	23	23	23	23	23
Soccer fields	24	24	24	24	24	24	24	24	24	10 ³
Water:										
Water mains (miles)	130	130	130	130	130	134	140	140	140	142
Fire Hydrants	917	1,000	1,000	1,000	1,015	1,015	1,020	1,020	1,021	1,104
Wastewater²										
Maximum daily treatment capacity (thousands of gallons)	5,890	5,890	5,890	5,890	5,890	5,890	5,890	5,890	5,890	5,890

Source: Various City departments

¹ In 2007 Dow donated 9.86 acres of land.

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

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

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CONTINUING FINANCIAL DISCLOSURES

As of 02/28/22

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

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CITY OF LAKE JACKSON

Lake Jackson, Texas

Table CD-1 Bond Summary and Authorization (As of 2/28/22)

Summary of Bonds Outstanding

General Obligation Bonds and Certificates of Obligation

2010 Limited Tax Bonds	\$	150,000
2011 Limited Tax Refunding Bonds (\$ 780,000)*		930,000
2013 Limited Tax Bonds		200,000
2013 Limited Tax Bonds*		100,000
2013 Limited Tax Bonds*		300,000
2014 Certificates of Obligation*		275,000
2015 Limited Tax Refunding Bonds (\$ 2,079,020)*		5,070,000
2016 Limited Tax General Obligation Bonds		2,365,000
2016 Certificates of Obligation *		2,505,000
2017 Limited Tax General Obligation Bonds		3,335,000
2018 Limited Tax General Obligation Bonds		7,940,000
2021 Limited Tax General Obligation Bonds		7,345,000
2021 Limited Tax Refunding General Obligation Bonds (\$ 4,145,000)*		<u>7,320,000</u>
Total Ad Valorem Tax Secured Debt Outstanding	\$	<u>37,835,000</u>

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

Waterworks and Sewer System Bonds

2013 Waterworks and Sewer System Bonds	\$	1,200,000
2016 Waterworks and Sewer System Bonds		2,765,000
2017 Waterworks and Sewer System Bonds		4,650,000
2019 Waterworks and Sewer System Refunding Bonds		<u>5,590,000</u>
Total Waterworks and Sewer System Debt Outstanding	\$	<u>14,205,000</u>

General Obligation Bonds Authorized but not Issued as of 02/28/22

None.

Waterworks and Sewer System Bonds Authorized but not Issued as of 02/28/22

None.

CITY OF LAKE JACKSON

Lake Jackson, Texas

Table CD-2
Financial Information
(As of 2/28/2022)

2021 (fiscal year 21-22) Assessed Valuation (100% of Actual) ¹	\$ <u>2,581,165,425</u>
<u>General Obligation Bonds Outstanding</u>²	
Presently outstanding (02/28/22)	\$ 37,835,000
Other Bonds issued to date	<u>-</u>
Gross debt	37,835,000
Less: Amounts payable from ½ Cent Optional Tax	10,184,020
Less: Debt Service Cash Balance	<u>3,257,700</u>
Net Debt	\$ <u>24,393,280</u>
Ratio of Net Debt to 2020 Assessed Valuation	0.95%
2021 Estimated Population	29,943
2021 Assessed Valuation per Capita	\$ 86,203
Net Debt per Capita	\$ 815
Area of the City	18 square miles

¹ Tax Year; Net of exemptions in the amount of \$ 498,096,787.

² Excludes the Waterworks and Sewer System Revenue Bonds outstanding.

CITY OF LAKE JACKSON

Lake Jackson, Texas

Table CD-3
Estimated Direct & Overlapping Debt Statement

Political Subdivision	Net Debt		Estimated Percent Overlapping	Amount Overlapping
	Amount	As of		
Angleton-Danbury Hospital District	\$ 2,770,000	09/30/21	0.01%	\$ 277
Angleton ISD	160,075,000	09/30/21	0.01%	16,008
Brazoria County	135,313,313	09/30/21	4.96%	6,711,540
Brazosport College District	45,820,000	09/30/21	12.55%	5,750,410
Brazosport ISD.	401,780,000	09/30/21	12.55%	50,423,390
Columbia-Brazoria ISD	36,980,000	09/30/21	1.03%	380,894
Port Freeport	68,490,000	09/30/21	8.38%	5,739,462
Velasco Drainage District	4,605,000	09/30/21	12.63%	<u>581,612</u>
Total Overlapping Debt				69,603,592
City of Lake Jackson as of 2/28/22				<u>30,970,000</u>
Total Direct and Overlapping Debt				\$ <u>100,573,592</u>
Ratio of Total Direct and Overlapping Debt to 2021 Assessed Valuation				3.90%
Per Capita Total Direct and Overlapping Debt				\$ 3,359
Assessed Valuation per Capita				\$ 86,203

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

* Gross Debt

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

CITY OF LAKE JACKSON

Lake Jackson, Texas

Table CD-4
Outstanding Debt Service Requirements
As of February 28, 2022
General Obligation Debt

<u>Fiscal Year Ending 09/30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service Requirements</u>
2022	\$ 3,315,000	\$ 975,616	\$ 4,290,616
2023	3,455,000	970,141	4,425,141
2024	2,925,000	863,766	3,788,766
2025	2,735,000	773,141	3,508,141
2026	2,710,000	693,023	3,403,023
2027	2,545,000	616,298	3,161,298
2028	2,270,000	541,191	2,811,191
2029	2,270,000	467,510	2,737,510
2030	2,140,000	398,354	2,538,354
2031	1,810,000	343,419	2,153,419
2032	1,795,000	297,461	2,092,461
2033	1,790,000	250,671	2,040,671
2034	1,510,000	206,355	1,716,355
2035	1,260,000	166,963	1,426,963
2036	1,260,000	129,875	1,389,875
2037	1,145,000	94,269	1,239,269
2038	1,000,000	62,138	1,062,138
2039	805,000	35,169	840,169
2040	365,000	19,619	384,619
2041	365,000	12,091	377,091
2042	<u>365,000</u>	<u>4,105</u>	<u>369,105</u>
	<u>\$ 37,835,000</u>	<u>\$ 7,921,175</u>	<u>\$ 45,756,175</u>

CITY OF LAKE JACKSON

Lake Jackson, Texas

Table CD-5
Water and Sewer System
As of February 28, 2022
Revenue Bonds Debt Service Schedule

<u>Fiscal Year Ending 09/30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service Requirements</u>
2022	\$ 1,195,000	\$ 224,385	\$ 1,419,385
2023	1,000,000	407,470	1,407,470
2024	1,000,000	371,170	1,371,170
2025	955,000	334,870	1,289,870
2026	950,000	300,120	1,250,120
2027	945,000	265,520	1,210,520
2028	855,000	233,820	1,088,820
2029	850,000	204,820	1,054,820
2030	850,000	176,020	1,026,020
2031	775,000	153,490	928,490
2032	775,000	132,535	907,535
2033	770,000	111,325	881,325
2034	665,000	90,225	755,225
2035	665,000	72,025	737,025
2036	665,000	53,825	718,815
2037	520,000	35,375	555,375
2038	520,000	20,937	540,937
2039	<u>250,000</u>	<u>6,250</u>	<u>256,250</u>
	<u>\$ 14,205,000</u>	<u>\$ 3,194,183</u>	<u>\$ 17,399,183</u>

CITY OF LAKE JACKSON

Lake Jackson, Texas

Table CD-6
Tax Adequacy

The following calculation does not include the estimated fund balance as of 9/30/21, nor any of the debt to be repaid from the half-cent sales tax as indicated on CD-1.

	<u>Average Requirements (2022-2042)</u>	<u>Maximum Requirement 2023</u>
General Obligation Debt Service Requirements	\$ 1,627,700	\$ 2,808,131
Debt Service Fund tax rate required on 2021 Assessed Taxable Valuation @ 98% collection	\$ 0.06435	\$ 0.11101

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

	<u>Average Requirements (2022-2042)</u>	<u>Maximum Requirement 2022</u>
General Obligation Debt Service Requirements	\$ 771,631	\$ 1,680,300
Debt Service Fund tax rate required on 2021 Assessed Taxable Valuation @ 98% collection	\$ 0.03050	\$ 0.06643

CITY OF LAKE JACKSON

Lake Jackson, Texas

Table CD-7 Tax Rate and Tax Collection Information

Tax Collection Period

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

Tax Collection Record

Tax Year	Fiscal Year	Assessed Taxable Valuation	Tax Rate	Percent Tax Collections		Year Ending
				Current	Total	
2007	2008	\$ 1,391,605,040	0.3850	99.0%	99.8%	09/30/08
2008	2009	1,451,257,205	0.3900	99.0%	99.7%	09/30/09
2009	2010	1,456,655,358	0.3900	99.0%	99.7%	09/30/10
2010	2011	1,439,512,774	0.3900	98.2%	99.7%	09/30/11
2011	2012	1,414,924,084	0.3900	85.6%	99.7%	09/30/12
2012	2013	1,431,169,883	0.3900	99.4%	99.9%	09/30/13
2013	2014	1,451,619,228	0.3900	98.8%	99.8%	09/30/14
2014	2015	1,498,799,409	0.3875	99.3%	99.8%	09/30/15
2015	2016	1,638,222,925	0.3600	99.2%	99.7%	09/30/16
2016	2017	1,878,358,842	0.3375	99.4%	99.6%	09/30/17
2017	2018	2,095,371,788	0.3375	99.4%	99.5%	09/30/18
2018	2019	2,296,883,965	0.3352	99.5%	99.5%	09/30/19
2019	2020	2,366,531,329	0.3482	99.5%	99.6%	09/30/20
2020	2021	2,505,136,977	0.3290	90.9%	99.6%	09/30/21
2021	2022	2,581,165,425	0.3340	92.5%		thru 02/28/22

Tax Rate Limitations

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

Tax Rate Distribution

Tax Year	2021	2020	2019	2018	2017	2016
General Fund	\$ 0.2193 <u>0.1097</u>	\$ 0.2302 <u>0.1180</u>	\$ 0.2280 <u>0.1072</u>	\$ 0.2280 <u>0.1072</u>	\$ 0.2295 <u>0.1080</u>	\$ 0.2255 <u>0.1120</u>
Total Tax Rate	\$ <u>0.3290</u>	\$ <u>0.3482</u>	\$ <u>0.3352</u>	\$ <u>0.3352</u>	\$ <u>0.3375</u>	\$ <u>0.3375</u>

CITY OF LAKE JACKSON

Lake Jackson, Texas

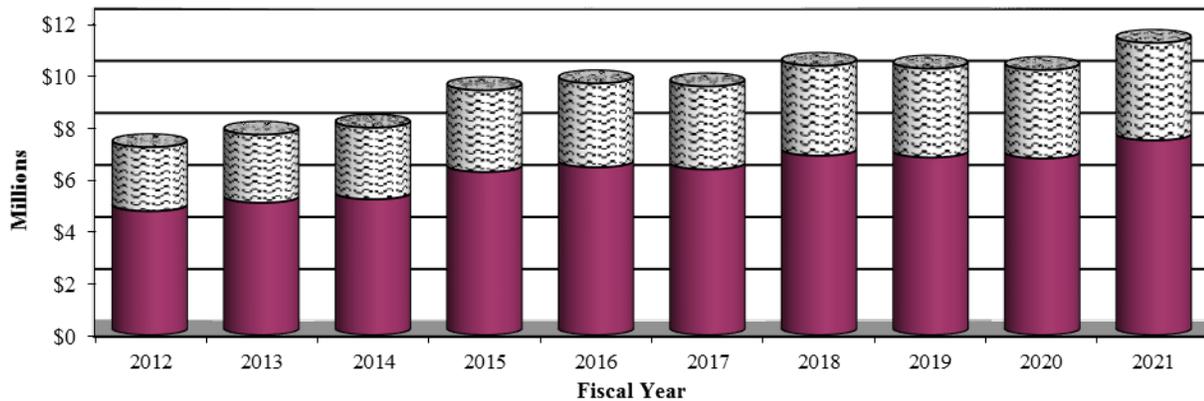
Table CD-8
Sales Tax Collection History

City Sales Tax Collection

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

Sales Tax Collection History

Fiscal Year	One Cent Sales Tax	Optional Half Cent Sales Tax ¹
2012	\$ 4,772,141	\$ 2,457,990
2013	5,093,359	2,619,312
2014	5,226,636	2,752,237
2015	6,276,466	3,138,233
2016	6,454,920	3,227,460
2017	6,377,916	3,188,958
2018	6,902,000	3,451,000
2019	6,833,831	3,416,916
2020	6,797,226	3,398,613
2021	7,491,965	3,745,982
2022 y-t-d	3,430,313	1,715,156



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

CITY OF LAKE JACKSON

Lake Jackson, Texas

Table CD-9
Economic Development Fund

Resources	ACTUAL 2018-19	ACTUAL 2019-20	ACTUAL 2020-21	AMENDED 2021-22
Fund Balance	\$ <u>1,824,257</u>	\$ <u>1,357,988</u>	\$ <u>2,115,750</u>	\$ <u>3,508,628</u>
Revenues:				
Interest income	11,944	12,414	3,441	-
Miscellaneous	277,703	180,986	-	-
Half Cent sales tax	<u>3,416,916</u>	<u>3,398,613</u>	<u>3,750,451</u>	<u>3,450,000</u>
	<u>3,706,563</u>	<u>3,592,013</u>	<u>3,753,892</u>	<u>3,450,000</u>
Total Resources	\$ <u>5,530,819</u>	\$ <u>4,950,000</u>	\$ <u>5,869,642</u>	\$ <u>6,958,628</u>
Expenditures:				
Transfer to Economic Development Debt Service	\$ 1,376,478	\$ 1,349,141	\$ 1,326,074	\$ 1,341,239
Landscaping and Maintenance	57,614	66,428	42,341	70,000
New Skate Park at MacLean/Repairs	45,000	-	-	372,500
MacLean Park Improvements	8,190	-	-	-
Dog Park	676,359	4,250	-	-
Cart Barn	415,398	-	-	-
Misc Repairs at Golf Course	-	54,570	-	187,000
Golf Course Pump House	94,353	11,594	-	-
Golf Course Lake Dredging	32,240	-	18,000	-
Con Vault Fuel Containment System	42,500	-	-	-
Rec Center Boiler	35,000	-	-	-
Rec Center Chiller repairs	62,000	-	-	-
Rec Center Pool Slide	-	40,725	-	-
Parking Lots/Trails Asphalt Overlays	-	11,142	-	227,000
Playground Replacement	-	100,100	-	-
Rec Center carpet & flooring	-	-	-	80,000
Replace Ballfield fence	-	-	-	100,000
Rec Center UV system	-	-	-	80,000
Rec Center – Replace Pool pack	-	-	-	60,000
Civic Center – Marque sign	-	-	-	55,000
Garland Park Tennis Center renovation	-	-	-	40,000
Harvey Blevins Complex sign	-	-	-	11,000
Transfer to Golf Course Debt Service	477,700	471,300	459,600	428,100
Golf Course Operating	500,000	375,000	165,000	500,000
Transfer to General Fund	<u>350,000</u>	<u>350,000</u>	<u>350,000</u>	<u>400,000</u>
Total Expenditures	\$ <u>4,172,832</u>	\$ <u>2,834,250</u>	\$ <u>2,361,015</u>	\$ <u>3,951,839</u>
Ending Fund Balance	\$ <u>1,357,987</u>	\$ <u>2,115,750</u>	\$ <u>3,508,627</u>	\$ <u>3,006,789</u>

CITY OF LAKE JACKSON

Lake Jackson, Texas

Table CD-10
Debt Service Fund Management Index

General Debt Service Fund

Debt Service Fund Balance as of 9/30/21	\$	687,877
Debt Service Tax Levy of \$.118031 per \$ 100 of Assessed Valuation on 2021 (FY 21-22) Assessed Valuation of \$ 2,581,165,425 at 92.5% collection		2,818,082
Interest Earnings on Debt Service Fund		<u>1,000</u>
Total Available for 2022 Debt Service		3,506,959
Less: FY 2022 Debt Service Requirements		<u>2,610,316</u>
Projected Debt Service Fund Balance at 9/30/22	\$	<u><u>896,643</u></u>

Economic Development and Golf Course Debt Service Funds

These funds were established to account for the debt service on all bond issues which are to be repaid with the revenue from the optional half-cent sales tax. As of 02/28/22, there are seven outstanding issues; the 2011 Limited Tax Refunding Bonds originally for the Golf Course, the 2013 CO's for the Downtown Project (South Parking Place), the 2013A CO's for the extension of water for further development, the 2014 CO's for infrastructure improvement incentives for Dow and HEB, the 2015 Refunding Bonds, the 2016 CO's for replacement of force main from Lift Station 25 to the Wastewater Treatment Plant and Extension of Sewer to the northwest, the 2021 Infrastructure Improvement construction bond for Pin Oak, N. Shady Oaks, Forest Oaks, Library flooring.

	<u>Golf Course</u>	<u>Economic Development</u>
Debt Service Fund Balance as of 9/30/21	\$ -	\$ -
Transfer from Economic Development Fund (Sales Tax Revenue)	<u>459,600</u>	<u>1,326,074</u>
Total Available for 2022 Debt Service	459,600	1,326,074
Less: 2022 Debt Service Requirements	<u>459,600</u>	<u>1,326,074</u>
Projected Debt Service Fund Balance at 9/30/22	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>

CITY OF LAKE JACKSON

Lake Jackson, Texas

Table CD-11

Utility Debt Service Fund Management Index

Utility Revenue Interest and Sinking Fund (Including Reserve Balance)

Debt Service Fund Balance as of 9/30/21	\$ 2,174,314
Transfer from Utility Operating Fund (as budgeted)	1,600,000
2022 Projected Interest Earnings	<u>1,000</u>
Total Available for 2022 Debt Service	3,775,314
Less: 2022 Debt Service Requirements (including agent fees)	<u>1,684,300</u>
Projected Debt Service Fund Balance at 9/30/22	\$ <u>2,091,014</u>

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

CITY OF LAKE JACKSON

Lake Jackson, Texas

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

	Fiscal Year	
	2020	2021
Revenues:		
Taxes	\$ 24,977,060	\$ 26,180,230
Intergovernmental	1,153,321	2,721,273
Charges for services	503,792	536,008
Fines and fees	544,436	496,078
Licenses and permits	599,601	355,062
Investment earnings	321,323	18,535
Miscellaneous	180,814	144,237
Total revenues	<u>28,280,347</u>	<u>30,451,423</u>
Expenditures:		
General government and administration	5,555,183	5,502,034
Public safety	7,591,177	7,895,300
Public works	2,470,458	2,521,588
Culture and recreation	4,865,358	4,780,460
Capital Outlay	4,137,186	3,038,412
Debt Service:		
Principal	3,455,000	3,535,000
Interest and fiscal charges	1,154,929	1,039,691
Total expenditures	<u>29,229,831</u>	<u>28,312,485</u>
Excess of revenues over expenditures	<u>(949,484)</u>	<u>2,138,938</u>
Other Financing Sources (Uses):		
Sale of capital assets	117,499	60,270
Transfers in	4,557,875	5,591,661
Transfers out	<u>(3,518,284)</u>	<u>(6,267,653)</u>
Total other financing sources (uses)	<u>1,157,090</u>	<u>(615,722)</u>
Net change in fund balances	<u>\$ 207,606</u>	<u>\$ 1,523,216</u>

CITY OF LAKE JACKSON

Lake Jackson, Texas

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

The following schedule presents a summary of the Proprietary Funds for the fiscal year ended September 30, 2020 and 2021.

	2020	2021
Revenues:		
Water and sewer services	\$ 10,725,858	\$ 9,848,703
Sanitation service	4,315,988	4,172,609
Tapping and connection fees	217,913	229,633
Golf course fees and charges	1,440,411	1,900,420
Other	282,703	295,475
	16,982,873	16,446,840
 Operating Expenses:		
Utility administration	666,970	826,181
Water production and treatment	3,737,187	4,234,988
Sewer collection and treatment	2,135,755	2,333,837
Golf course	1,775,105	2,045,317
Sanitation	3,407,708	3,220,607
Depreciation	4,022,850	4,164,173
	15,745,575	16,825,103
 Net revenues	1,237,298	(378,263)
 Nonoperating Revenues (Expenses):		
Interest earnings	192,674	10,419
Gain on disposition of capital assets	(18,400)	(9,200)
Interest expense and fiscal charges	(608,236)	(420,913)
Contributions	1,481,000	-
Transfers:		
Coronavirus Recovery	-	884,342
for franchise fee	(150,000)	(150,000)
for water and w/w admin fee	(850,000)	(900,000)
for equipment replacement	(651,546)	(651,545)
for golf course operation	419,058	165,000
Assets purchased by general fund	219,491	1,328,195
	34,041	256,298
 Net income	\$ 1,271,339	\$(121,965)

CITY OF LAKE JACKSON
Lake Jackson, Texas

Table CD-14
Water and Sewer Information

Water and Sewer Rates

Current water and sewer rates became effective October 1, 2021.

Water:	First 2000 gallons	\$ 14.50 Minimum
	Over 2000 gallons	\$ 4.75 per 1,000 gallons
	Over 20,000 gallons	\$ 5.35 per 1,000 gallons
Sewer:	First 2000 gallons	\$ 14.75 Minimum
	Over 2000 gallons	\$ 5.25 per 1,000 gallons

Water Supply Facilities

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

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

Wastewater Treatment Plant

Sewer treatment is provided to the City by one water reclamation facility. This facility has a permitted capacity of 5.89 million gallons per day. Wastewater generated throughout the City flows through a series of lift stations prior to reaching the treatment plant. There are currently six “master” lift stations that pump directly to the treatment plant, and 41 lift stations that serve various subdivisions and convey wastewater to a “master” lift station.

Water and Sewer Customers

Currently, the City has 26 apartment complexes (3,708 units); 438 Commercial businesses, 66 institutions (churches, schools, etc.) and 8,508 residences utilizing the City’s water and sewer services.

CITY OF LAKE JACKSON

Lake Jackson, Texas

Table CD-15
Top Ten Utility Customers

<u>Name of Business</u>	<u>Type of Business</u>	<u>FY 2021 Consumption in 1000's</u>	<u>Total Percent of Water Consumed</u>
Dow Innovation Center	Office Building/Labs	51,858	5.82%
Pearl Grove Villas	Apartments	22,743	2.55%
Brazosport Hospital	Hospital	19,480	2.19 %
Buc-ee's #29	Gas Station/Car Wash	18,064	2.03%
Gateway Housing	Apartments	13,788	1.55%
Brazosport College	College	11,760	1.32%
Villages of Lake Jackson	Apartments	11,677	1.31%
Oyster Creek Apartments	Apartments	10,935	1.23%
Edgewater	Apartments	9,122	1.02%
Residence of Lake Jackson	Apartments	6,153	0.69%
		<u>175,580</u>	<u>19.72%</u>

Total water consumption for the period October 1, 2020 to September 30, 2021 in thousands of gallons was 890,300.

CITY OF LAKE JACKSON

Lake Jackson, Texas

Table CD-16
Principal Taxpayers and Assessed Valuation

Principal Taxpayers

<u>Taxpayer</u>	<u>Type of Business</u>	<u>Tax Year 2021 Assessed Taxable Valuation</u>	<u>Percent of Assessed Valuation</u>
BG Woodward LLC Dow Research	Industrial	\$ 126,861,140	4.91%
Dow Chemical Company	Various Properties	97,694,010	3.78%
Cole Ofc Lake Jackson Dow Admin	Industrial	37,103,430	1.44%
Covey Plantation LP (Plantation Park)	Apartments	28,000,000	1.08%
532 Title Way (Treasure Bay+Oyster Creek)	Apartments	23,840,000	0.92%
AC Brazos Mall Partners	Mall	22,500,000	0.87%
Urban Crest Apartments	Apartments	26,658,814	1.03%
The Residence of Lake Jackson	Apartments	21,000,000	0.81%
Oyster Creek Apartments	Apartments	19,300,000	0.75%
Edgewater Apartments	Apartments	17,000,000	0.66%
		<u>\$ 419,957,394</u>	<u>16.26%</u>

Assessed Valuation by Classification

<u>Classification</u>	<u>2021 Assessed Taxable Valuation</u>	<u>Percent of Total</u>
Residential	\$ 1,940,893,962	65.04%
Real, Vacant Platted Lots/Tracts	11,371,950	0.38%
Commercial & Industrial	675,520,207	22.64%
Real, Acreage (Land only)	14,941,102	0.50%
Utilities & Pipelines	31,239,860	1.05%
Special Inventory & Other	310,374,886	10.40%
Total Market/Appraised Value	\$ 2,984,341,967	<u>100.00%</u>
Less Exemptions	<u>515,393,627</u>	
	2,468,948,340	
Under protest at certification	<u>113,581,315</u>	
Net Taxable Value	<u>\$ 2,582,529,655</u>	

CITY OF LAKE JACKSON
Lake Jackson, Texas

Table CD-17
General Fund - Budget Summary

On August 16, 2021, the 2021-22 budget was adopted by the City Council. The following General Fund Operating Budget is presented on a budget basis presentation.

	2019-20	2020-21	2021-22
	<u>Actual</u>	<u>Actual</u>	<u>Adopted Budget</u>
Revenues:			
Property tax	\$ 4,765,356	\$ 4,866,050	\$ 5,426,467
Sales tax	6,685,758	7,375,702	6,720,000
Franchise fees	1,639,274	1,663,658	1,730,645
Industrial district	5,101,850	5,208,506	5,280,000
Licenses and permits	559,601	440,996	481,300
Fines and fees	536,613	651,417	493,000
Civic Center fees	219,260	185,240	246,000
Recreation Center fees	388,185	368,235	662,500
Intergovernmental	163,549	125,311	200,500
Interest and other	157,643	88,339	24,000
Utility Administrative fee	850,000	900,000	900,000
Transfer from Economic Development	<u>350,000</u>	<u>350,000</u>	<u>400,000</u>
Total revenues	<u>\$ 21,417,090</u>	<u>\$ 22,223,454</u>	<u>\$ 22,564,412</u>
Expenditures:			
General government services	\$ 1,831,590	\$ 3,789,572	\$ 1,873,860
Financial services	1,739,517	1,653,566	1,882,280
Legal services	222,130	225,026	277,960
Public safety services	8,589,721	8,279,502	9,510,470
Engineering services	575,653	590,903	616,570
Public works services	2,654,325	2,718,876	3,403,217
Parks & recreation services	4,164,665	4,194,277	4,667,715
Miscellaneous services	237,816	230,428	332,340
Prior Year Budget saving transfers	<u>680,000</u>	<u>1,400,000</u>	<u>-</u>
Total expenditures	<u>\$ 20,695,417</u>	<u>\$ 23,082,150</u>	<u>\$ 22,564,412</u>

CITY OF LAKE JACKSON
Lake Jackson, Texas

Table CD-18
Utility Fund - Budget Summary

On August 16, 2021, the 2021-22 budget was adopted by the City Council. The following Utility Fund Operating Budget is presented on a budget basis presentation.

	<u>2019-20</u> Actual	<u>2020-21</u> Actual	<u>2021-22</u> Adopted Budget
Revenues:			
Plumbing fees	\$ 35,800	\$ 21,080	\$ 20,000
Tap fees	22,910	13,470	10,000
Administrative fees	159,203	195,083	200,000
Water sales	5,437,559	5,102,354	5,402,955
Sewer sales	5,541,015	5,032,835	5,134,115
Senior discount	(252,716)	(267,371)	(270,000)
Sanitation sales	4,315,988	4,153,493	4,444,225
Other revenues	231,346	244,154	179,510
Interest and sales tax discount	<u>56,342</u>	<u>4,557</u>	<u>4,000</u>
Total revenues	<u>\$ 15,597,448</u>	<u>\$ 14,499,655</u>	<u>\$ 15,124,805</u>
Expenditures:			
Utility administration	\$ 715,647	\$ 782,919	\$ 936,675
Water	4,140,438	4,460,965	4,419,090
Wastewater	2,327,822	2,562,779	3,016,545
Sanitation	3,768,388	3,582,308	4,152,495
Non-departmental	2,961,967	2,813,975	2,600,000
Budget savings transfer to Capital	<u>820,000</u>	<u>1,800,000</u>	<u>-</u>
Total expenditures	<u>\$ 14,734,262</u>	<u>\$ 16,002,946</u>	<u>\$ 15,124,805</u>

FEDERAL AWARDS SECTION

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Lake Jackson, Texas (the "City"), as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 29, 2022.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2021-001 that we consider to be material weaknesses.

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Angleton, TX 77515
979-849-8297

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



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

Compliance and Other Matters

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

The City's Response to Findings

The City's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

KM&L, LLC

Lake Jackson, Texas
March 29, 2022



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

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

Report on Compliance for Each Major Federal Program

We have audited the City of Lake Jackson, Texas' (the "City") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended September 30, 2021. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2021.

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

Report on Internal Control over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2021-001, that we consider to be material weaknesses.

The City's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

KM&L, LLC

Lake Jackson, Texas
March 29, 2022

CITY OF LAKE JACKSON, TEXAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended September 30, 2021

I. Summary of auditor's results:

1. Type of auditor's report issued on the financial statements: Unmodified.
2. One internal control finding, required to be reported in this schedule, was disclosed in the audit of the financial statements.
3. Noncompliance, which is material to the financial statements: None.
4. One internal control finding, required to be reported in this schedule, was disclosed in the audit of the major programs.
5. Type of auditor's report on compliance for major programs: Unmodified.
6. Did the audit disclose findings which are required to be reported in accordance with Uniform Guidance 2 CFR 200.516(a): Yes
7. Major Programs Include:
 - CFDA 21.027 Coronavirus State and Local Fiscal Recovery Fund
8. Dollar threshold used to distinguish between Type A and Type B programs: \$750,000.
9. Low Risk Auditee: Yes.

II. Findings related to the financial statements

1. Schedule reference number 2021-001; Purchasing Bid Requirements. The City failed to obtain competitive bids in five of seven vendors tested. There were four vendors that had cumulative purchases over \$50,000 where bids were not obtained. There was one vendor that had an expired bid from April 2016.

Criteria: State and local policies require the City to bid expenditures/expenses that exceed \$ 50,000 individually and in the aggregate, assuming a homogeneous product, acquired during the City's fiscal year.

Effect: The City failed to comply with its purchasing policy and that of the State.

Cause: The four vendors were used for multiple purchases smaller than \$50,000. The total of the purchases by vendor was not monitored. The one vendor with the expired bid was not re-bid.

Recommendation: We recommend that the City evaluate its control procedures for identifying purchases that require competitive bidding. A procedure should be established to prevent multiple purchases, each under the bid limit, from cumulatively exceeding the bid limit. Each year a listing of vendors with purchases over the \$ 50,000 limit should be reviewed to identify those that may require bidding in future periods.

Questioned Cost/Basis: None.

CITY OF LAKE JACKSON, TEXAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS - Continued

For the Year Ended September 30, 2021

III. Findings and questioned costs related to the federal awards.

1. Schedule reference number 2021-001, (Coronavirus State and Local Fiscal Recovery Fund, CFDA #21.027) Purchasing Bid Requirements.

See Finding in Section II above.

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CITY OF LAKE JACKSON

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

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

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

None.



CITY OF LAKE JACKSON

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

Corrective Action Planned (2021-001): The City's purchasing and accounting department personnel plan to review the City's and State's purchasing bid requirements as well as its resources and training to determine if changes in its procedures and priorities are necessary to obtain competitive bids on all required purchases. The assistant City Manager will monitor the implementation of this corrective action and appropriately report to the City Manager.

Person responsible for Finding Resolution:

Megan Borth/Assistant City Manager

Anticipated Completion Date:

June 30, 2022

CITY OF LAJE JACKSON, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended September 30, 2021

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-through Program Number	Expenditures Indirect Costs or Award Amount
U.S. Department of Treasury:			
Direct Program:			
Coronavirus State and Local Fiscal Recovery Funds	21.027	--	\$ 1,778,458
Passed Through Texas Division of Emergency Management:			
Coronavirus Relief Fund	21.019	--	<u>556,500</u>
Total U.S. Department of Treasury			<u><u>2,334,958</u></u>
U.S. Department of Homeland Security:			
Passed Through the Texas Department of Public Safety:			
Disaster Grant - Public Assistance	97.036	TX4586	8,239
Disaster Grant - Public Assistance	97.036	TX3540	11,426
Disaster Grant - Public Assistance	97.036	TX4332	<u>497</u>
Total U.S. Department of Homeland Security			<u><u>20,162</u></u>
TOTAL FEDERAL ASSISTANCE			\$ <u><u>2,355,120</u></u>
TOTAL MAJOR PROGRAMS			\$ <u><u>1,778,458</u></u>
TYPE A PROGRAM			\$ <u><u>750,000</u></u>

CITY OF LAKE JACKSON

NOTES ON ACCOUNTING POLICIES FOR FEDERAL AWARDS

Year Ended September 30, 2021

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

Governmental Fund Types:

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

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

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

2. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The Governmental Fund types are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and deferred outflows of resources, and current liabilities and deferred inflows of resources generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in fund balance. Federal grant funds were accounted for in the General Fund, Special Revenue Fund, and Capital Project Fund, a component of the Governmental Fund type.
3. The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of the City under programs of the federal government for the year ended September 30, 2021. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Because the schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position or cash flows of the City.

CITY OF LAKE JACKSON

NOTES ON ACCOUNTING POLICIES FOR FEDERAL AWARDS - Continued

Year Ended September 30, 2021

4. Indirect Cost Rate - The City did not elected to use the 10 percent de minimis indirect cost rate as covered in 2.CFR.200.414. Uniform Guidance 200.510(6).