

# **City of Lancaster, Texas**

Annual Comprehensive Financial Report

For the Fiscal Year Ended

September 30, 2021

Prepared by the Department of Finance

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**City of Lancaster, Texas**  
**Annual Comprehensive Financial Report**  
**Year Ended September 30, 2021**  
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February 24, 2022

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

We hereby issue the annual comprehensive financial report of the City of Lancaster, Texas (City) for the fiscal year ended September 30, 2021. State law requires that every municipality publish within six months of the close of each year a complete set of audited financial statements, to include the auditor's opinion on the statements, and this report fulfills that requirement.

This report consists of City management's representations concerning the finances of the City. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in the report. To provide a reasonable basis for making these representations, management of the City has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in accordance with generally accepted accounting principles (GAAP). Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose.

As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City's financial statements have been audited by **BKD, LLP**, independent auditors. The goal of the independent audit is to provide reasonable assurance that the financial statements of the City for the fiscal year ended September 30, 2021, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation.

The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified (clean) opinion that the City's financial statements for the fiscal year ended September 30, 2021, are fairly presented in accordance with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors.



## ***Profile***

Located in Southwest Dallas County, the City of Lancaster is situated just minutes from downtown Dallas. Adjacent to I-35 on its western border and I-20 on its northern boundary, the City covers approximately 33.13 square miles, and serves an estimated 2020 population of 41,275. The City is a political subdivision and municipal corporation of the State, duly organized and existing under the laws of the State and is a home-rule city operating under a Council/Manager form of government. The Council is comprised of the Mayor and six Council members, who enact local legislation, adopt budgets, determine policies, and appoint the City Manager, City Secretary, City Attorney and Judge of the municipal court. The City Manager is the chief administrative officer for the City and is responsible for the daily management of the City. Major services provided under general government and enterprise functions are: public safety (police and fire protection), emergency medical services, construction and maintenance of streets, water and sewer delivery services, parks, recreation, library services and general administrative services.

## ***Accounting System and Budgetary Control***

One of the objectives of the City's financial accounting system is to provide adequate internal controls. Internal controls are designed to provide reasonable, but not absolute, assurance regarding the safeguarding of assets against loss from unauthorized use or disposition, and the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived, and the evaluation of costs and benefits requires estimates and judgments by management. We believe that the City's internal controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

The City's accounting records for general governmental operations are maintained on a modified accrual basis, with revenues being recorded when available and measurable and expenditures being recorded when the services or goods are received, and the liabilities are incurred.

Accounting records for the City's enterprise activities are maintained on the accrual basis.

The City of Lancaster has adopted a comprehensive set of financial policies. During the current year the City updated its debt policy to include the GFOA recommendation to prohibit the City from investing in derivatives.

The government-wide financial statements are prepared using the accrual basis of accounting and the economic resources measurement focus. Government-wide financial statements do not provide information by fund, but distinguish between the City's governmental activities, business-type activities, and activities of its discretely presented component units on the statement of net position and statement of activities.

*Budgetary Controls:* The budgetary process begins each year with the preparation of both current and proposed revenue estimates by the City's administrative and financial management staff and expenditure estimates provided by each City department. Budgets are reviewed by the administrative and management staff which consists of the City Manager's office and department directors and managers. The City Manager makes final decisions and submits a recommended budget to the City Council. The proposed budget is reviewed by the City Council, a process which includes public hearing, in addition to work sessions which are open to the public. State law requires adoption of the City budget no later than the 30<sup>th</sup> day of September.

The objective of the budgetary controls maintained by the City is to ensure compliance with legal provisions embodied in the annual budget approved by the City Council. Activities of the general fund, water and sewer fund, and other funds are included in the annual budget and are appropriated annually. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amounts) is established by departments within the individual fund. The City Manager is authorized to transfer budgeted amounts between line items and departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the City Council.

Monthly departmental expenditure reports are generated by an automated accounting system and provide expenditure totals and encumbrances at the line-item level for the most recently completed month as well as the year-to-date total, and an actual versus budgeted rate of expenditure. Major expenditure requests are approved by the City Manager prior to the encumbrance of funds.

### ***Relevant Financial Policies***

The City has established a policy to have a balanced budget and to maintain a reserve account of 18 percent of budgeted expenditures. In fiscal year 2021, the General Fund accomplished this by having an unassigned fund balance of \$23,036,747 which exceeds reserve minimum requirements of 12 percent of the operating budget.

The City also has a long-range planning policy to identify major issues when developing its fiscal year budget. A five-year budget analysis of all City funds is developed to provide an understanding of the long-term impact of budget decisions. The fiscal year 2021 budget was prepared along with a planning budget for fiscal years 2022-25.

*Cash Management Policies and Practices:* The City's current bank depository contract is with JP Morgan Chase and will be in effect through 2022. The City's investment policy is to minimize credit and market risks while maintaining a competitive yield on its portfolio. The City's investment strategies include using cash flow analysis to purchase securities; however, cash temporarily idle during the year was invested in three public funds investment pools – TexPool, LOGIC and Texas CLASS. This practice allows for a diversified balanced approach to changing interest rates. Investments in the deferred compensation plans are held by the third-party plan administrators. The investment policy is annually updated and approved by the Council in compliance with the *Texas Public Funds Investment Act*.

### ***Pension and other post-employment benefit:***

The City participates in the Texas Municipal Retirement System (TMRS), an agency authorized by the State of Texas. Employees of the City contribute seven percent of their gross pay and the City offers a 2:1 match. TMRS participants are immediately vested in those funds they contribute plus allocated interest. Participants are vested in employer contributions after five years of credited participation. If participants withdraw from TMRS prior to five years of credited participation, they may withdraw from TMRS those funds they contributed plus interest earnings. The City also provides postretirement health and dental care benefits for certain retirees and their dependents at the retiree's expense. As of the current fiscal year, there were seven retired employees receiving these benefits. Additional information on the City's pension arrangements and post-employment benefits can be found in the notes to the basic financial statements.

## ***Local Economy***

2021 like the prior year was impacted by the COVID-19 Pandemic. The pandemic impacted the world economy. Like communities around the country, Lancaster had to pivot and continue to deliver services to the community utilizing technology as well as traditional means. While not immune from the impacts of the pandemic, our healthy reserve balance, prudent fiscal policies, conservative operational practices and timely actions by the City Council and management, allowed us to end the fiscal year in a positive position. The City of Lancaster received supplemental financial support from (ARPA) *American Rescue Plan Act of 2021*. We successfully continued service delivery with minimal changes and disruptions while being in compliance with the health professionals recommended mitigation protocols to slow the spread of the COVID-19 virus.

Lancaster's growing economy continues to be greatly influenced by the attraction of light manufacturing, fulfillment and logistics companies to the community. Currently, over ten million square feet of industrial/distribution space is under construction or approved for construction including two large Walmart facilities, a new ThredUp facility planning to employ two thousand workers, a McKinley Packaging manufacturing plant, Niagara Bottling plant, the million square foot regional headquarters for DSV Logistics and several large industrial/distribution facilities. The companies will join several existing national companies with facilities in Lancaster including but not limited to: Quaker/PepsiCo, BMW, Liggert Industries, United Natural Foods, Inc., ICU Medical, DW Distribution, Kodiak Robotics, Mars Petcare, Petmate, Wayfair, Mobis Parts America, Georgia Pacific, Fisher Paykel, Boise Cascade, Oak Creek Homes, AT&T, Oncor, Swift Transportation, Inc., BASF, LGS Technologies, Texas Nameplate, Brenntag, CMOP, and Brasscraft.

The new development will nearly double Lancaster's supply of industrial space from thirteen million square feet in 2018 to an estimated twenty-five million square feet in 2024. In addition, Lancaster offers over three thousand acres of undeveloped land zoned for manufacturing/distribution uses that is ready for development. This vacant land can accommodate over forty million additional square feet of industrial/distribution space. The interest in development in the community remains high and is expected to continue over the next three to five years.

The City's unemployment rate at FY21 end is currently 7.5 percent, down from the 2020 rate of 11.0 percent and the pandemic high of 15.3 percent. The City of Lancaster benefits from its easily accessible location in the Dallas-Fort Worth region, fifteen miles south of downtown Dallas and situated between three interstate highways – I-35E, I-20 and I-45. The City's location between the 3 interstate freeways and State Highway Loop 9 (under construction) has been referred to as the Golden Triangle. Lancaster is rapidly becoming an employment hub for the area. The City's location and the close proximity to job opportunities in Dallas, Fort Worth and the region also contribute to growth in the City. Lancaster is part of the Best Southwest Partnership, which includes Lancaster, Cedar Hill, DeSoto, and Duncanville.

The 2020 Census population for Lancaster is 41,275 people, an increase of 13.5 percent over the 2010 Census and 59.4 percent over the 2000 Census. Lancaster still contains a large amount of undeveloped residential land, only 50 percent of the City's 33.13 square miles of land are currently developed. Recent platting and residential construction activity indicate that this trend will continue.

In fiscal year 2021, the overall taxable value of property in the Lancaster was up 18.7 percent over the FY2020 value. Commercial and business personal property grew at a higher rate (21.9 percent increase) than residential property (15.8 percent increase).

Sales tax collections in FY2021 were significantly above FY2020 levels – 20.4 percent increase (\$2,140,509 increase over FY2020 collections). Sales tax collections were also 11.0 percent above pre-pandemic FY2019 levels. Much of the sales tax growth was from sales tax paid on construction (related to large amount of industrial construction activity), up 57.7 percent over FY2020; and internet retail, up 36.9 percent over FY2020 collections.

### ***Major Initiatives***

Annually, the City Council has adopted goals aimed at guiding Lancaster’s future growth and development. For fiscal year 2021-2022, included initiatives are:

- Quality development;
- Sound infrastructure;
- Professional and committed workforce;
- Health, safe and engaged community;
- Financially sound city government.

### ***Awards and Acknowledgements***

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certification of Achievement for Excellence in Financial Reporting to the City of Lancaster, Texas for its annual comprehensive financial report (ACFR) for the fiscal year ended September 30, 2020. In order to be awarded a Certificate of Achievement, the City of Lancaster, Texas had to publish an easily readable and efficiently organized ACFR that satisfied both generally accepted accounting principles and applicable program requirements.

A Certificate of Achievement for Excellence in Financial Reporting is valid for a period of one year only. We are submitting the September 30, 2021 report to the GFOA to determine eligibility for another certificate.

The preparation of this report on a timely basis could not be accomplished without the efficient and dedicated services of the City’s staff. In particular, we would like to recognize and express our heartfelt appreciation to all members of the Finance Department, who all worked diligently to assist and contribute to the preparation of this report. The Mayor and the City Council are to be commended for their willingness to participate in the strategic planning process for financial operations, and for their commitment to maintaining the highest standards of professionalism in the management of the City of Lancaster’s finances.

Respectively submitted,

  
Opal Mauldin-Jones, City Manager

  
Michael Delmore, Finance Director

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Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**City of Lancaster  
Texas**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

September 30, 2020

*Christopher P. Morill*

Executive Director/CEO

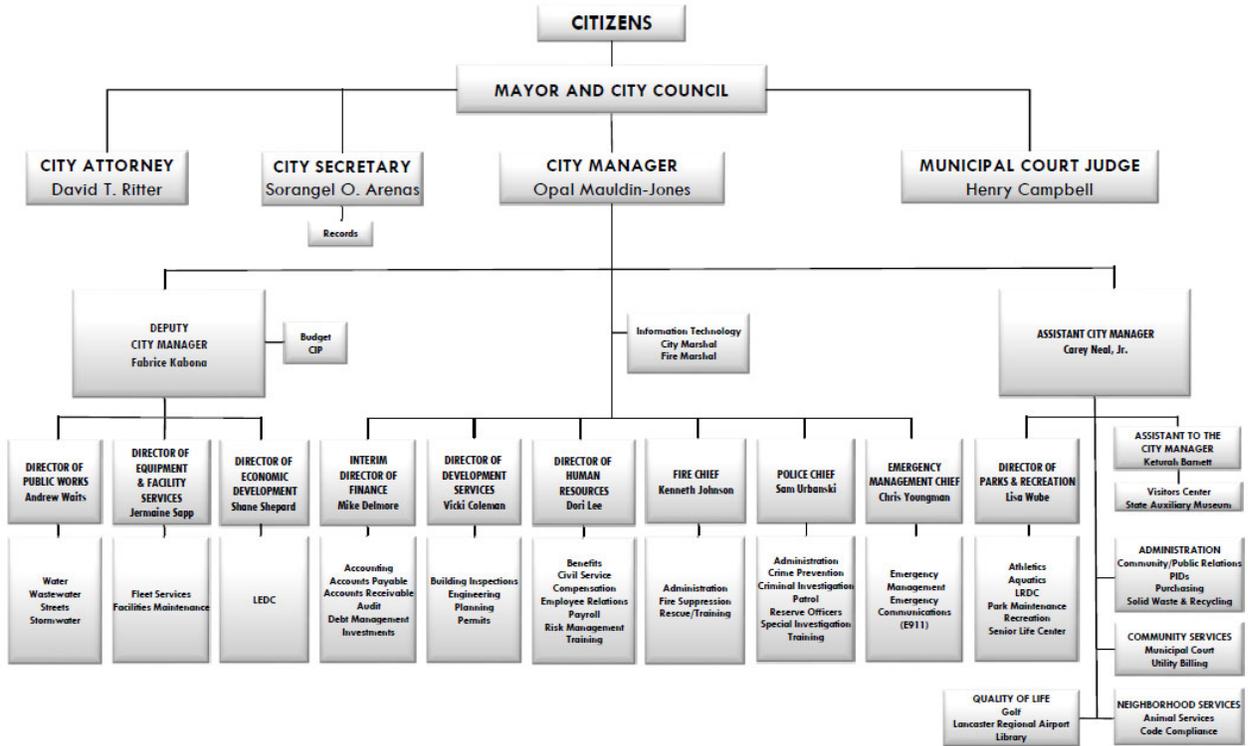
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# City of Lancaster, Texas

## Organizational Chart



### FY 2021-2022 Organizational Chart City of Lancaster



Updated 09/30/2021

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**City of Lancaster, Texas**  
**List of Principal Officers**  
**as of September 30, 2021**

**City Council**

Clyde C. Hairston.....	Mayor .....	Term Expires May 2024
Carol Strain-Burk.....	Council Member, District 1 .....	Term Expires May 2022
Stanley Jaglowski.....	Deputy Mayor Pro Tem, District 2.....	Term Expires November 2023
Marco Mejia.....	Council Member, District 3 .....	Term Expires May 2022
Keithsha Wheaton.....	Council Member, District 4 .....	Term Expires November 2023
Racheal Hill.....	Mayor Pro Tem, District 5.....	Term Expires May 2022
Betty Gooden-Davis.....	Council Member, District 6 .....	Term Expires November 2023

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**City of Lancaster, Texas**  
**Department Directors**

**City Executive Staff**

Opal Mauldin-Jones .....	City Manager
Fabrice Kabona .....	Deputy City Manager
Carey D. Neal Jr. ....	Assistant City Manager
Sorangel O. Arenas .....	City Secretary
Michael Delmore .....	Interim Director of Finance
Dori Lee .....	Director of Human Resources
Shane Shepard.....	Director of Economic Development
Jermaine Sapp .....	Director of Equipment & Facility Services
Andrew Waits .....	Director of Public Works
Kenneth Johnson.....	Fire Chief
Sam Urbanski.....	Police Chief
Lisa Wube .....	Director of Parks & Recreation
Vicki D. Coleman .....	Director of Development Services
Chris Youngman .....	Emergency Management Chief

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## **Financial Section**

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## Independent Auditor's Report

The Honorable Mayor and  
Members of the City Council  
City of Lancaster, Texas

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City of Lancaster, Texas (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 City'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 City'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.

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

### ***Opinion***

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, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City 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, budgetary comparison, pension and other post-employment benefits information as listed in the table of contents 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 accompanying combining and individual fund statements and the introductory and statistical sections as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund statements 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 fund statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we also have issued our report dated February 24, 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 the City's internal control over financial reporting and compliance.

*BKD, LLP*

Dallas, Texas  
February 24, 2022

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# City of Lancaster, Texas

## Management's Discussion and Analysis (Unaudited)

### September 30, 2021

#### ***Introduction***

The Management's Discussion and Analysis (MD&A) section presents a narrative overview and analysis of the financial activities of the City of Lancaster, Texas (City) for the fiscal year ended September 30, 2021. We encourage readers to consider the information presented here in conjunction with the City's financial statements, which follow this section.

#### ***Financial Highlights***

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the end of fiscal year 2021, resulting in \$156,051,200 of net position. Net position associated with governmental activities is \$74,718,261, or 48 percent of the total net position of the City. Net position associated with business-type activities is \$81,332,939, or 52 percent of the total net position of the City. The largest portion of net position consists of net investment in capital assets, which is \$82,939,915.
- Unrestricted net position, which may be used to meet the City's future obligations, consists of \$60,879,603, or 39 percent of the City's total net position. Unrestricted net position for governmental activities is \$22,124,021, or 30 percent of total net position for governmental activities. Unrestricted net position for business-type activities is \$38,755,582 or 48 percent of total net position for business-type activities.
- As of the close of fiscal year 2021, the City's Governmental Funds reported a combined ending fund balance of \$49,468,318, an increase of \$10,281,581 from the prior year.
- At the end of the current fiscal year, total fund balance for the General Fund was \$23,360,623. This represents approximately 70 percent of General Fund expenditures.

#### ***Overview of the Financial Statements***

The 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 required and other supplementary information in addition to the basic financial statements themselves.

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

**City of Lancaster, Texas**  
**Management's Discussion and Analysis (Unaudited)**  
**September 30, 2021**

The statement of activities presents information showing how the City's net position changed during the most recent fiscal year. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods, for example uncollected taxes and earned, but not used, vacation leave.

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general administration, public safety, public works, drainage systems, library, human resources and finance. The business-type activities of the City include water and sewer, airport operations, refuse and golf course operations.

The government-wide financial statements include the Economic Development Corporation and the Recreational Development Corporation as part of its reporting entity as discretely presented component units. Discrete presentation entails reporting component unit financial data in columns separate from the financial data of the primary government. The Lancaster Economic Development Corporation and the Lancaster Recreational Development Corporation are legally separate entities.

**Fund Financial Statements.** A *fund* is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. Some funds are required to be established by state law and by bond covenants. The City Council also establishes other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities when using certain taxes, grants or other money. The City's two kinds of funds – Governmental and Proprietary – utilize different accounting approaches.

**Governmental Funds.** The majority of the City's basic services are reported in Governmental Funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method identified as the modified accrual basis of accounting, which measures cash and all other financial assets that can be readily converted to cash. The Governmental Fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental Fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs.

By comparing information presented for Governmental Funds with similar information presented for governmental activities in the government-wide financial statements, readers may better understand the long-term impact of the government's near-term financing decisions. The relationships, or differences between governmental activities (reported in the accompanying Statement of Net Position and the Statement of Activities) and Governmental Funds, are detailed in a reconciliation following the fund financial statements.

**City of Lancaster, Texas**  
**Management's Discussion and Analysis (Unaudited)**  
**September 30, 2021**

Information is presented separately in the accompanying Governmental Funds Balance Sheet and in the accompanying Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances for the General Fund, Debt Service Fund, Capital Projects Fund, and ARPA Fund all of which are considered to be major funds. Data from the other Governmental 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.

**Proprietary Funds.** The City charges customers for the services it provides, whether to outside customers or to other units within the City. These services are generally reported in Proprietary Funds. Proprietary Funds are reported in the same way that all activities are reported in the accompanying Statement of Net Position and the Statement of Activities. The City's Enterprise Funds (a component of Proprietary Funds) are identical to the business-type activities reported in the government-wide statements, but provide information, such as cash flows.

The City maintains an Enterprise Fund to account for: (1) water and sewer services provided to the City's retail and wholesale customers, (2) trash collection and disposal services, (3) operation of the City's airport and (4) operation of the City's golf course. All activities associated with providing such services are accounted for in these funds, including administration, operation, maintenance, debt service, capital improvements, billing and collection. The City's intent is that the cost of providing the services to the general public on a continuing basis is financed through user charges in a manner similar to a private-sector business enterprise.

**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.

**Other Information.** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's progress in funding its obligations. Required supplementary information immediately follows the notes to the financial statements. Combining statements for Non-major Governmental Funds, Enterprise Funds and component units fund financial statements follow the section of required supplementary information.

***Government-Wide Financial Analysis***

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. As of September 30, 2021, City assets and deferred outflows of resources exceeded its liabilities and deferred inflows resulting in \$156,051,200 of net position.

**City of Lancaster, Texas**  
**Management's Discussion and Analysis (Unaudited)**  
**September 30, 2021**

**Statement of Net Position for Governmental and Business-type Activities**

	2021			2020		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Current and other assets	\$ 62,994,824	\$ 42,793,428	\$ 105,788,252	\$ 51,465,822	\$ 40,487,985	\$ 91,953,807
Capital assets	102,366,999	48,115,979	150,482,978	102,827,022	48,567,549	151,394,571
Total assets	165,361,823	90,909,407	256,271,230	154,292,844	89,055,534	243,348,378
Deferred outflows of resources	3,232,356	364,583	3,596,939	3,396,756	383,856	3,780,612
Long-term liabilities	78,971,957	6,348,706	85,320,663	84,515,725	7,030,284	91,546,009
Other liabilities	12,126,850	3,323,170	15,450,020	9,650,465	3,298,917	12,949,382
Total liabilities	91,098,807	9,671,876	100,770,683	94,166,190	10,329,201	104,495,391
Deferred inflows of resources	2,777,111	269,175	3,046,286	2,131,324	206,731	2,338,055
Net position						
Net investment in capital assets	40,362,558	42,577,357	82,939,915	37,281,365	42,523,889	79,805,254
Restricted	12,231,682	-	12,231,682	9,480,064	-	9,480,064
Unrestricted	22,124,021	38,755,582	60,879,603	14,630,657	36,379,569	51,010,226
Total net position	\$ 74,718,261	\$ 81,332,939	\$ 156,051,200	\$ 61,392,086	\$ 78,903,458	\$ 140,295,544

By far, the largest portion of the City's net position (53 percent) reflects its investment in capital assets (e.g., land, buildings, machinery, equipment, vehicles and infrastructure), less any related outstanding debt that was used to acquire those assets. The City uses these capital assets to provide a variety of services to its citizens. Accordingly, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources used to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position (7.8 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$60,879,603 is unrestricted and may be used to meet the government's ongoing obligations to its citizens and creditors.

**City of Lancaster, Texas**  
**Management's Discussion and Analysis (Unaudited)**  
**September 30, 2021**

**Analysis of City's Operations.** The following table provides a summary of the City's operations for the year ended September 30, 2021. Overall, the City had an increase in net position of \$15,755,656.

**Revenues and Expenses for Governmental and Business-type Activities**

	2021			2020		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
<b>Revenues</b>						
Program revenues						
Charges for services	\$ 9,743,310	\$ 21,419,591	\$ 31,162,901	\$ 5,145,928	\$ 20,998,155	\$ 26,144,083
Operating grants and contributions	2,546,121	-	2,546,121	4,496,757	-	4,496,757
Capital grants and contributions	-	-	-	-	-	-
General revenues						
Taxes and fees	37,384,525	-	37,384,525	34,059,101	-	34,059,101
Other	652,953	2,109,440	2,762,393	734,266	1,891,048	2,625,314
<b>Total revenues</b>	<b>50,326,909</b>	<b>23,529,031</b>	<b>73,855,940</b>	<b>44,436,052</b>	<b>22,889,203</b>	<b>67,325,255</b>
<b>Expenses</b>						
General government	6,205,691	-	6,205,691	8,618,415	-	8,618,415
Public safety	22,602,069	-	22,602,069	21,474,236	-	21,474,236
Public works	5,034,667	-	5,034,667	3,735,538	-	3,735,538
Community development and recreation	2,625,974	-	2,625,974	2,795,968	-	2,795,968
Interest and fiscal charges	2,331,002	-	2,331,002	2,794,842	-	2,794,842
Water and sewer	-	15,673,559	15,673,559	-	14,573,772	14,573,772
Refuse	-	1,702,400	1,702,400	-	1,891,782	1,891,782
Airport	-	891,042	891,042	-	780,611	780,611
Golf course	-	1,033,880	1,033,880	-	951,759	951,759
<b>Total expenses</b>	<b>38,799,403</b>	<b>19,300,881</b>	<b>58,100,284</b>	<b>39,418,999</b>	<b>18,197,924</b>	<b>57,616,923</b>
<b>Increase in Net Position</b>						
<b>Before Transfers</b>	11,527,506	4,228,150	15,755,656	5,017,053	4,691,279	9,708,332
Transfers	1,798,669	(1,798,669)	-	1,824,767	(1,824,767)	-
<b>Change in Net Position</b>	13,326,175	2,429,481	15,755,656	6,841,820	2,866,512	9,708,332
<b>Net Position, Beginning of Year</b>	61,392,086	78,903,458	140,295,544	54,550,266	76,036,946	130,587,212
<b>Net Position, End of Year</b>	<b>\$ 74,718,261</b>	<b>\$ 81,332,939</b>	<b>\$156,051,200</b>	<b>\$ 61,392,086</b>	<b>\$ 78,903,458</b>	<b>\$ 140,295,544</b>

**Governmental Activities.** Governmental activities increased the City's net position by \$13,326,175. Total revenue for the governmental activities (excluding transfers) increased from the previous year by \$5,890,857. General revenue had a net increase of \$3,244,111. Property tax collections increased as a result of new business and property additions as well as due to recent real property reappraisals.

**Business-type Activities.** Net position from business-type activities increased by \$2,429,481. Total revenue for the business-type activities increased from the previous year by \$639,828 primarily due to an increase in charges for services revenue.

**City of Lancaster, Texas**  
**Management's Discussion and Analysis (Unaudited)**  
**September 30, 2021**

***Financial Analysis of the City's Funds***

***Governmental Funds***

The focus of the City's Governmental Funds is to provide information on near term inflows, outflows and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the 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 a combined ending fund balance of \$49,468,318, an increase of \$10,281,581 from the prior year. This amount includes fund balance restricted for Public Improvement Districts of \$1,681,744, restricted for Capital Projects of \$9,991,544, restricted for Public Works of \$4,340,081, restricted for Court of \$202,952, restricted for Police Grants and Law Enforcement Purposes of \$1,279,573, restricted for Tourism of \$1,457,365, and restricted for Park Land Dedication of \$431,378. The net unassigned fund balance was \$22,784,087 an increase of \$7,191,349 from prior year. Components of the net increase of the total fund balance are:

- The General Fund recorded a net increase in fund balance of \$7,454,050, primarily related to increased property and sales tax revenue.
- Capital Projects Fund recorded a net increase in fund balance of \$1,397,476, primarily related to increased impact fees.
- General Obligation Debt Service Fund recorded a net increase in fund balance of \$1,881,652, primarily related to taxes.

***Proprietary Funds***

The City's proprietary funds provide the same type of information found in the government-wide financial statements. Unrestricted net position of the Water and Sewer Fund at the end of the fiscal year amounted to \$37,317,412, the Airport Fund reported an unrestricted net position of (\$1,662,723) and the Golf Fund reported an unrestricted net position of (\$1,346,552).

***Capital Assets***

The City's capital assets for its governmental and business-type activities as of September 30, 2021, amount to \$150,482,978 (net of accumulated depreciation). This net investment in capital assets includes land, buildings, park facilities, roads, bridges and water and sewer lines.

Additional information on capital asset activity can be found in *Note 6* of this report.

**City of Lancaster, Texas**  
**Management's Discussion and Analysis (Unaudited)**  
**September 30, 2021**

	Governmental Activities		Business-type Activities		Totals	
	2021	2020	2021	2020	2021	2020
Land	\$ 13,262,490	\$ 13,262,490	\$ 4,971,266	\$ 4,971,266	\$ 18,233,756	\$ 18,233,756
Buildings	37,183,289	37,183,289	2,808,948	2,808,948	39,992,237	39,992,237
Equipment	5,437,711	5,437,711	4,396,320	4,396,320	9,834,031	9,834,031
Construction in progress	11,779,491	10,935,608	2,860,748	1,982,465	14,640,239	12,918,073
Improvements	2,083,186	2,083,186	82,005,931	81,450,223	84,089,117	83,533,409
Streets and bridges	114,636,187	110,429,040	-	-	114,636,187	110,429,040
Drainage	7,433,204	7,433,204	-	-	7,433,204	7,433,204
Accumulated depreciation	<u>(89,448,559)</u>	<u>(83,937,506)</u>	<u>(48,927,234)</u>	<u>(47,041,673)</u>	<u>(138,375,793)</u>	<u>(130,979,179)</u>
Total	<u>\$ 102,366,999</u>	<u>\$ 102,827,022</u>	<u>\$ 48,115,979</u>	<u>\$ 48,567,549</u>	<u>\$ 150,482,978</u>	<u>\$ 151,394,571</u>

**Long-term Debt**

At the end of the current fiscal year, the City had total bonds outstanding of \$67,495,000, all being tax supported. The City also has \$2,206,665 of debt through capital leases.

During fiscal year 2021, the City of Lancaster entered into a capital lease for the purchase of a new fire truck in the amount of \$1,674,226 with an interest rate of 1.32 percent.

Additional information on long-term debt activity can be found in *Note 7* of this report.

	Governmental Activities		Business-type Activities		Totals	
	2021	2020	2021	2020	2021	2020
General obligation bonds	\$ 58,305,017	\$ 61,910,017	\$ 1,119,983	\$ 1,269,983	\$ 59,425,000	\$ 63,180,000
Certificates of obligation	3,600,000	3,680,000	4,470,000	4,825,000	8,070,000	8,505,000
Notes payable	-	1,859,583	-	-	-	1,859,583
Capital leases	<u>2,206,665</u>	<u>840,049</u>	<u>-</u>	<u>-</u>	<u>2,206,665</u>	<u>840,049</u>
Total	<u>\$ 64,111,682</u>	<u>\$ 68,289,649</u>	<u>\$ 5,589,983</u>	<u>\$ 6,094,983</u>	<u>\$ 69,701,665</u>	<u>\$ 74,384,632</u>

The City has an Aa3 rating from Moody's Investors Service and an AA rating from Standard and Poor's.

**Economic Factor and Next Year's Budgets and Rates**

In the fiscal year 2022 budget, General Fund revenues are budgeted to decrease by 1.75 percent from the 2021 budget year. The budget decrease is the direct result of the uncertainty of revenue streams impacted by the Covid-19 Pandemic and the variability of sales tax revenues.

Property taxes make up about 58 percent of budgeted revenues and sales tax make up about 19 percent of budgeted revenues.

**Request for Information**

For additional information please contact Director of Finance, Mike Delmore, at 972-218-1333 or Finance Department, City of Lancaster, Texas, P.O. Box 940, Lancaster, Texas, 75146, email [mdelmore@lancaster-tx.com](mailto:mdelmore@lancaster-tx.com).

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## **Basic Financial Statements**

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**City of Lancaster, Texas**  
**Statement of Net Position**  
**September 30, 2021**

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Lancaster Economic Development Corporation	Lancaster Recreational Development Corporation
<b>Assets</b>					
Cash and cash equivalents	\$ 47,643,265	\$ 43,136,271	\$ 90,779,536	\$ 7,295,496	\$ 2,087,651
Receivables (net of allowance)					
Notes	4,555,000	-	4,555,000	-	-
Delinquent taxes	963,024	-	963,024	-	-
Accounts	1,981,994	2,426,669	4,408,663	-	19,745
Sales tax	1,631,553	-	1,631,553	326,310	641,163
Fines	558,979	-	558,979	-	-
Due from other governments	745,706	-	745,706	672,238	-
Due from component unit	1,993,142	-	1,993,142	-	-
Prepaid items	50,778	-	50,778	-	15,707
Inventory	70,146	31,725	101,871	-	-
Internal balances	2,801,237	(2,801,237)	-	-	-
Capital assets					
Land and construction in progress	25,041,981	7,832,014	32,873,995	100,378	989,118
Other capital assets, net of accumulated depreciation	<u>77,325,018</u>	<u>40,283,965</u>	<u>117,608,983</u>	<u>-</u>	<u>8,605,514</u>
Total assets	<u>165,361,823</u>	<u>90,909,407</u>	<u>256,271,230</u>	<u>8,394,422</u>	<u>12,358,898</u>
<b>Deferred Outflows of Resources</b>					
Deferred charges on refunding	1,007,184	141,193	1,148,377	-	-
Deferred outflows on pensions – contributions	1,630,549	167,204	1,797,753	16,828	81,280
Deferred outflows on pensions – assumption changes	98,363	9,636	107,999	1,028	5,149
Deferred outflows on pensions – experience	92,724	9,191	101,915	963	4,753
Deferred outflows on OPEB – contributions	27,223	2,531	29,754	315	1,584
Deferred outflows on OPEB – assumption changes	368,278	34,073	402,351	3,922	19,612
Deferred outflows on OPEB – experience	<u>8,035</u>	<u>755</u>	<u>8,790</u>	<u>109</u>	<u>546</u>
Total deferred outflows of resources	<u>3,232,356</u>	<u>364,583</u>	<u>3,596,939</u>	<u>23,165</u>	<u>112,924</u>
<b>Liabilities</b>					
Accounts payable and contracts payable	1,397,215	618,434	2,015,649	83,712	32,181
Accrued liabilities	694,490	156,667	851,157	-	33,078
Accrued interest	296,182	59,293	355,475	6,016	11,484
Due to primary government	-	-	-	-	1,993,142
Due to component unit	-	672,238	672,238	-	-
Deposits	398,377	1,260,852	1,659,229	-	-
Unearned revenue	4,860,074	-	4,860,074	-	-
Noncurrent liabilities:					
Due within one year:					
General obligation bonds	3,630,000	155,000	3,785,000	-	-
Certificates of obligation	80,000	370,000	450,000	-	-
Notes payable	-	-	-	200,000	835,000
Compensated absences	346,087	30,686	376,773	-	-
Capital leases	424,425	-	424,425	-	-
Due in more than one year:					
General obligation bonds	59,538,073	1,054,815	60,592,888	-	-
Certificates of obligation	3,520,000	4,100,000	7,620,000	-	-
Notes payable	-	-	-	1,015,000	2,505,000
Compensated absences	3,114,783	71,602	3,186,385	-	-
Total OPEB liability	2,070,168	192,576	2,262,744	24,072	120,360
Capital leases	1,782,240	-	1,782,240	-	-
Net pension liability	<u>8,946,693</u>	<u>929,713</u>	<u>9,876,406</u>	<u>99,040</u>	<u>461,854</u>
Total liabilities	<u>91,098,807</u>	<u>9,671,876</u>	<u>100,770,683</u>	<u>1,427,840</u>	<u>5,992,099</u>
<b>Deferred Inflows of Resources</b>					
Deferred inflows on pensions – experience	664,745	65,124	729,869	6,945	34,800
Deferred inflows on pensions – difference in earnings	1,933,365	187,579	2,120,944	20,213	102,837
Deferred inflows on OPEB – experience	160,123	12,340	172,463	1,557	7,785
Deferred inflows on OPEB – assumption changes	<u>18,878</u>	<u>4,132</u>	<u>23,010</u>	<u>180</u>	<u>902</u>
Total deferred inflows of resources	<u>2,777,111</u>	<u>269,175</u>	<u>3,046,286</u>	<u>28,895</u>	<u>146,324</u>
<b>Net Position</b>					
Net investment in capital assets	40,362,558	42,577,357	82,939,915	100,378	6,254,632
Restricted for					
Court Security	84,640	-	84,640	-	-
Court Technology	118,312	-	118,312	-	-
Debt service	7,178,670	-	7,178,670	-	-
Public improvement districts	1,681,744	-	1,681,744	-	-
Tourism, convention centers, arts	1,457,365	-	1,457,365	-	-
Law enforcement purposes	1,279,573	-	1,279,573	-	-
Parkland dedication	431,378	-	431,378	-	-
Unrestricted	<u>22,124,021</u>	<u>38,755,582</u>	<u>60,879,603</u>	<u>6,860,474</u>	<u>78,767</u>
Total net position	<u>\$ 74,718,261</u>	<u>\$ 81,332,939</u>	<u>\$ 156,051,200</u>	<u>\$ 6,960,852</u>	<u>\$ 6,333,399</u>

**City of Lancaster, Texas**  
**Statement of Activities**  
**For the Year Ended September 30, 2021**

Functions/Program	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position				
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Units	
					Governmental Activities	Business-type Activities	Total	Lancaster Economic Development Corporation	Lancaster Recreational Development Corporation
<b>Primary Government</b>									
Governmental activities									
General government	\$ 6,205,691	\$ 1,902,060	\$ -	\$ -	\$ (4,303,631)	\$ -	\$ (4,303,631)	\$ -	\$ -
Public safety	22,602,069	1,221,518	-	-	(21,380,551)	-	(21,380,551)	-	-
Public works	5,034,667	6,619,732	-	-	1,585,065	-	1,585,065	-	-
Community development and recreation	2,625,974	-	2,546,121	-	(79,853)	-	(79,853)	-	-
Interest and fiscal charges	2,331,002	-	-	-	(2,331,002)	-	(2,331,002)	-	-
Total governmental activities	<u>38,799,403</u>	<u>9,743,310</u>	<u>2,546,121</u>	<u>-</u>	<u>(26,509,972)</u>	<u>-</u>	<u>(26,509,972)</u>	<u>-</u>	<u>-</u>
Business-type activities									
Water and sewer	15,673,559	17,668,813	-	-	-	1,995,254	1,995,254	-	-
Refuse	1,702,400	2,749,275	-	-	-	1,046,875	1,046,875	-	-
Airport	891,042	711,252	-	-	-	(179,790)	(179,790)	-	-
Golf course	1,033,880	290,251	-	-	-	(743,629)	(743,629)	-	-
Total business-type activities	<u>19,300,881</u>	<u>21,419,591</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,118,710</u>	<u>2,118,710</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 58,100,284</u>	<u>\$ 31,162,901</u>	<u>\$ 2,546,121</u>	<u>\$ -</u>	<u>\$ (26,509,972)</u>	<u>\$ 2,118,710</u>	<u>\$ (24,391,262)</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Component units</b>									
Lancaster Economic Development Corporation	\$ 818,598	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (818,598)	\$ -
Lancaster Recreational Development Corporation	2,719,065	488,707	-	-	-	-	-	-	(2,230,358)
Total component units	<u>\$ 3,537,663</u>	<u>\$ 488,707</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (818,598)</u>	<u>\$ (2,230,358)</u>
<b>General Revenues</b>									
Taxes									
Property taxes					\$ 27,233,924	\$ -	\$ 27,233,924	\$ -	\$ -
Sales taxes					7,817,596	-	7,817,596	1,563,519	3,127,039
Franchise taxes					2,310,260	-	2,310,260	-	-
Other local taxes					22,745	-	22,745	-	-
Interest on investments					32,465	26,682	59,147	4,721	1,311
Miscellaneous					620,488	2,082,758	2,703,246	-	6,903
Transfers					1,798,669	(1,798,669)	-	-	-
Total general revenues and transfers					<u>39,836,147</u>	<u>310,771</u>	<u>40,146,918</u>	<u>1,568,240</u>	<u>3,135,253</u>
<b>Change in Net Position</b>					<u>13,326,175</u>	<u>2,429,481</u>	<u>15,755,656</u>	<u>749,642</u>	<u>904,895</u>
<b>Net Position, Beginning of Year</b>					<u>61,392,086</u>	<u>78,903,458</u>	<u>140,295,544</u>	<u>6,211,210</u>	<u>5,428,504</u>
<b>Net Position, End of Year</b>					<u>\$ 74,718,261</u>	<u>\$ 81,332,939</u>	<u>\$ 156,051,200</u>	<u>\$ 6,960,852</u>	<u>\$ 6,333,399</u>

**City of Lancaster, Texas**  
**Balance Sheet**  
**Governmental Funds**  
**September 30, 2021**

	General Fund	Capital Projects Fund	General Obligation Debt Service Fund	ARPA Fund	Non-Major Governmental Funds	Total Governmental Funds
<b>Assets</b>						
Cash and cash equivalents	\$ 18,188,447	\$ 8,125,317	\$ 7,140,363	\$ 4,860,074	\$ 9,329,064	\$ 47,643,265
Receivables (net of allowance for uncollectibles)						
Notes	-	-	4,555,000	-	-	4,555,000
Delinquent taxes	682,384	-	271,154	-	9,486	963,024
Accounts	1,620,606	-	-	-	361,388	1,981,994
Sales tax	1,631,553	-	-	-	-	1,631,553
Fines	558,979	-	-	-	-	558,979
Due from:						
Component unit	627,352	1,365,790	-	-	-	1,993,142
Other governments	13,978	731,728	-	-	-	745,706
Other funds	3,035,429	18,468	-	-	-	3,053,897
Inventory, at cost	70,146	-	-	-	-	70,146
Prepaid items	50,778	-	-	-	-	50,778
	<u>\$ 26,479,652</u>	<u>\$ 10,241,303</u>	<u>\$ 11,966,517</u>	<u>\$ 4,860,074</u>	<u>\$ 9,699,938</u>	<u>\$ 63,247,484</u>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>						
<b>Liabilities</b>						
Accounts and contracts payable	\$ 773,486	\$ 249,759	\$ -	\$ -	\$ 373,970	\$ 1,397,215
Accrued liabilities	570,966	-	-	-	123,524	694,490
Deposits	398,377	-	-	-	-	398,377
Unearned revenue	-	-	-	4,860,074	-	4,860,074
Due to other funds	-	-	-	-	252,660	252,660
	<u>1,742,829</u>	<u>249,759</u>	<u>-</u>	<u>4,860,074</u>	<u>750,154</u>	<u>7,602,816</u>
Total liabilities	<u>1,742,829</u>	<u>249,759</u>	<u>-</u>	<u>4,860,074</u>	<u>750,154</u>	<u>7,602,816</u>
Deferred inflows of resources – unavailable revenue	<u>1,376,200</u>	<u>-</u>	<u>4,787,847</u>	<u>-</u>	<u>12,303</u>	<u>6,176,350</u>
<b>Fund balances</b>						
Nonspendable for inventory and prepaid items	120,924	-	-	-	-	120,924
Restricted for						
Court security	84,640	-	-	-	-	84,640
Court technology	118,312	-	-	-	-	118,312
Capital projects	-	9,991,544	-	-	-	9,991,544
Debt service	-	-	7,178,670	-	-	7,178,670
Public works	-	-	-	-	4,340,081	4,340,081
Public improvement districts	-	-	-	-	1,681,744	1,681,744
Police grants	-	-	-	-	39,343	39,343
Tourism, convention centers, arts	-	-	-	-	1,457,365	1,457,365
Law enforcement purposes	-	-	-	-	1,240,230	1,240,230
Parkland dedication	-	-	-	-	431,378	431,378
Unassigned	<u>23,036,747</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(252,660)</u>	<u>22,784,087</u>
Total fund balances	<u>23,360,623</u>	<u>9,991,544</u>	<u>7,178,670</u>	<u>-</u>	<u>8,937,481</u>	<u>49,468,318</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 26,479,652</u>	<u>\$ 10,241,303</u>	<u>\$ 11,966,517</u>	<u>\$ 4,860,074</u>	<u>\$ 9,699,938</u>	<u>\$ 63,247,484</u>

**City of Lancaster, Texas**  
**Reconciliation of the Balance Sheet of**  
**Governmental Funds to the Statement of Net Position**  
**September 30, 2021**

Total fund balances – governmental funds		\$ 49,468,318
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 current financial resources and therefore are not reported as assets in the governmental funds. Capital assets are reported in the government-wide financial statements, net of accumulated depreciation.		102,366,999
Interest payable on long-term debt does not require current financial resources, therefore interest payable is not reported as a liability in the governmental funds balance sheet.		(296,182)
Revenues earned but not available within 60 days of the year-end are not recognized as revenue on the fund financial statements.		1,621,350
Notes receivable are not measurable and available within 60 days of year-end, and therefore are entirely deferred in the fund financial statements.		4,555,000
Deferred outflows of resources and deferred inflows of resources represent flows of resources which relate to future periods and, therefore, are not reported in the fund financial statements. Deferred outflows of resources and deferred inflows of resources at year-end consist of:		
Deferred charges on refunding	\$ 1,007,184	
Employer contributions (GASB 75)	27,223	
Assumption changes (GASB 75)	349,400	
Experience difference (GASB 75)	(152,088)	
Employer contributions (GASB 68)	1,630,549	
Investment return difference (GASB 68)	(1,933,365)	
Assumption changes (GASB 68)	98,363	
Experience difference (GASB 68)	<u>(572,021)</u>	455,245
Long-term liabilities, including bonds payable are not due and payable in the current period and therefore are not reported in the fund financial statements. Long-term liabilities at year-end consist of:		
General obligation bonds	\$(58,305,017)	
Certificates of obligation	(3,600,000)	
Premiums on bond debt	(4,863,056)	
Net pension liability	(8,946,693)	
Compensated absences	(3,460,870)	
Total OPEB liability	(2,070,168)	
Capital leases	<u>(2,206,665)</u>	<u>(83,452,469)</u>
Total net position of governmental activities		<u>\$ 74,718,261</u>

**City of Lancaster, Texas**  
**Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended September 30, 2021**

	General Fund	Capital Projects Fund	General Obligation Debt Service Fund	ARPA Fund	Non-Major Governmental Funds	Total Governmental Funds
<b>Revenues</b>						
Taxes and fees	\$ 29,838,480	\$ 1,559,711	\$ 7,385,577	\$ -	\$ 3,722,355	\$ 42,506,123
Licenses and permits	2,977,477	-	-	-	221,711	3,199,188
Intergovernmental	814,155	786,966	945,000	-	-	2,546,121
Charges for services	1,860,833	-	-	-	-	1,860,833
Fines and forfeits	1,194,753	-	-	-	26,765	1,221,518
Interest	15,878	5,855	4,713	-	6,019	32,465
Miscellaneous	608,287	-	-	-	12,201	620,488
Total revenues	<u>37,309,863</u>	<u>2,352,532</u>	<u>8,335,290</u>	<u>-</u>	<u>3,989,051</u>	<u>51,986,736</u>
<b>Expenditures</b>						
Current						
General government	5,463,126	731,728	-	-	-	6,194,854
Public safety	18,324,118	-	-	-	242,033	18,566,151
Public works	2,736,377	-	-	-	1,781,910	4,518,287
Community development and recreation	1,838,056	-	-	-	442,418	2,280,474
Capital outlay	3,029,880	223,328	-	-	1,854,573	5,107,781
Debt service						
Principal retirement	1,859,583	-	3,962,610	-	30,000	5,852,193
Interest and fiscal charges	155,532	-	2,491,028	-	11,750	2,658,310
Total expenditures	<u>33,406,672</u>	<u>955,056</u>	<u>6,453,638</u>	<u>-</u>	<u>4,362,684</u>	<u>45,178,050</u>
Excess (deficiency) of revenues over expenditures	<u>3,903,191</u>	<u>1,397,476</u>	<u>1,881,652</u>	<u>-</u>	<u>(373,633)</u>	<u>6,808,686</u>
Other financing sources (uses)						
Transfers in	1,876,633	-	-	-	-	1,876,633
Transfers out	-	-	-	-	(77,964)	(77,964)
Capital leases issued	1,674,226	-	-	-	-	1,674,226
Total other financing sources (uses)	<u>3,550,859</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(77,964)</u>	<u>3,472,895</u>
<b>Net Change in Fund Balances</b>	7,454,050	1,397,476	1,881,652	-	(451,597)	10,281,581
<b>Fund Balance, Beginning of Year</b>	<u>15,906,573</u>	<u>8,594,068</u>	<u>5,297,018</u>	<u>-</u>	<u>9,389,078</u>	<u>39,186,737</u>
<b>Fund Balances, End of Year</b>	<u>\$ 23,360,623</u>	<u>\$ 9,991,544</u>	<u>\$ 7,178,670</u>	<u>\$ -</u>	<u>\$ 8,937,481</u>	<u>\$ 49,468,318</u>

**City of Lancaster, Texas**  
**Reconciliation of the Statement of Revenues, Expenditures, and Changes in**  
**Fund Balances of Governmental Funds to the Statement of Activities**  
**For the Year Ended September 30, 2021**

Net change in fund balances – total governmental funds		\$ 10,281,581
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. This is the amount by which capital outlays exceeded depreciation expense in the current period		(460,023)
Current year principal payments of long-term liabilities are shown as expenditures in the fund financial statements, but shown as reductions in long-term liabilities in the government-wide financial statements as follows:		
General and certificates of obligation bonds	3,685,000	
Notes payable	1,859,583	
Capital leases	307,610	5,852,193
The issuance of long-term debt, such as bonds and capital leases, are shown as “Other Sources” and “Other Uses” in the governmental funds, but are shown on the statement of net assets with related costs amortized over the life of the bonds. Differences consist of the following:		
Capital lease		(1,674,226)
Governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas the amounts are deferred and amortized in the statement of activities.		459,401
Governmental funds report the effect of losses on refundings when debt is first issued, whereas the amounts are deferred and amortized in the statement of activities.		(152,527)
Current year pension expenditures are reported on the fiscal year basis on the statement of revenues, expenditures and changes in fund balance and as actuarially determined in the government-wide statement of activities. These differences are reflected in deferred outflows of resources and deferred inflow of resources balances.		884,017
Current year change in long-term liability for compensated absences and OPEB liability do not require the use of current financial resources; therefore, are not reported as expenditures in governmental funds.		(224,848)
Current year changes in accrued interest payable do not require the use of current financial resources; therefore, are not reported as expenditures in governmental funds.		20,434
Certain revenues in the government-wide statement of activities that do not provide current financial resources are not reported as revenue in the governmental funds. This is the net change in these revenues for the year.		(1,659,827)
Change in net position of governmental activities		\$ 13,326,175

**City of Lancaster, Texas**  
**Statement of Net Position**  
**Proprietary Funds**  
**September 30, 2021**

	Water and Sewer Fund	Airport Fund	Golf Fund	Non-major Enterprise Funds	Total Proprietary Funds
<b>Assets and Deferred Outflows of Resources</b>					
<b>Current Assets</b>					
Cash and cash equivalents	\$ 38,825,183	\$ 33,063	\$ -	\$ 4,278,025	\$ 43,136,271
Receivables (net of allowance for uncollectibles):					
Accounts	1,004,450	-	-	168,363	1,172,813
Unbilled	1,096,423	-	-	157,433	1,253,856
Inventory	-	31,725	-	-	31,725
<b>Total current assets</b>	<b>40,926,056</b>	<b>64,788</b>	<b>-</b>	<b>4,603,821</b>	<b>45,594,665</b>
<b>Capital Assets</b>					
Nondepreciable	1,371,934	6,110,526	349,554	-	7,832,014
Depreciable (net of accumulated depreciation)	33,596,566	4,964,413	1,413,919	309,067	40,283,965
<b>Total non-current assets</b>	<b>34,968,500</b>	<b>11,074,939</b>	<b>1,763,473</b>	<b>309,067</b>	<b>48,115,979</b>
<b>Total assets</b>	<b>75,894,556</b>	<b>11,139,727</b>	<b>1,763,473</b>	<b>4,912,888</b>	<b>93,710,644</b>
<b>Deferred Outflows of Resources</b>					
Deferred charges on refunding	139,246	1,947	-	-	141,193
Deferred outflows on pensions – contributions	147,669	19,535	-	-	167,204
Deferred outflows on pensions – assumption changes	8,483	1,153	-	-	9,636
Deferred outflows on pensions – experience	8,096	1,095	-	-	9,191
Deferred outflows on OPEB – contributions	2,216	315	-	-	2,531
Deferred outflows on OPEB – assumption changes	29,813	4,260	-	-	34,073
Deferred outflows on OPEB – experience	661	94	-	-	755
<b>Total deferred outflows of resources</b>	<b>336,184</b>	<b>28,399</b>	<b>-</b>	<b>-</b>	<b>364,583</b>
<b>Liabilities, Deferred Inflows or Resources and Net Position</b>					
<b>Current Liabilities</b>					
Accounts and contracts payable	383,662	49,000	51,230	134,542	618,434
Accrued liabilities	114,533	5,790	15,382	20,962	156,667
Accrued interest	58,777	516	-	-	59,293
Deposits	1,260,852	-	-	-	1,260,852
Due to:					
Other funds	674,036	847,261	1,279,940	-	2,801,237
Component units	-	672,238	-	-	672,238
General obligation bonds	145,000	10,000	-	-	155,000
Certificates of obligation	370,000	-	-	-	370,000
Compensated absences	19,598	10,870	-	218	30,686
<b>Total current liabilities</b>	<b>3,026,458</b>	<b>1,595,675</b>	<b>1,346,552</b>	<b>155,722</b>	<b>6,124,407</b>
<b>Non-current Liabilities</b>					
General obligation bonds	1,034,354	20,461	-	-	1,054,815
Certificates of obligation	4,100,000	-	-	-	4,100,000
Compensated absences	70,948	-	-	654	71,602
Net pension liability	817,813	111,900	-	-	929,713
Total OPEB liability	168,504	24,072	-	-	192,576
<b>Total non-current liabilities</b>	<b>6,191,619</b>	<b>156,433</b>	<b>-</b>	<b>654</b>	<b>6,348,706</b>
<b>Total liabilities</b>	<b>9,218,077</b>	<b>1,752,108</b>	<b>1,346,552</b>	<b>156,376</b>	<b>12,473,113</b>
<b>Deferred Inflows of Resources</b>					
Deferred inflows on pensions – experience	57,331	7,793	-	-	65,124
Deferred inflows on pensions – difference in earnings	165,114	22,465	-	-	187,579
Deferred inflows on OPEB – assumption changes	3,616	516	-	-	4,132
Deferred inflows on OPEB – experience	10,798	1,542	-	-	12,340
<b>Total deferred inflows of resources</b>	<b>236,859</b>	<b>32,316</b>	<b>-</b>	<b>-</b>	<b>269,175</b>
<b>Net Position</b>					
Net investment in capital assets	29,458,392	11,046,425	1,763,473	309,067	42,577,357
Unrestricted	37,317,412	(1,662,723)	(1,346,552)	4,447,445	38,755,582
<b>Total net position</b>	<b>\$ 66,775,804</b>	<b>\$ 9,383,702</b>	<b>\$ 416,921</b>	<b>\$ 4,756,512</b>	<b>\$ 81,332,939</b>

**City of Lancaster, Texas**  
**Statement of Revenues, Expenses, and Changes in Net Position**  
**Proprietary Funds**  
**For the Year Ended September 30, 2021**

	<b>Water and Sewer Fund</b>	<b>Airport Fund</b>	<b>Golf Fund</b>	<b>Non-major Enterprise Funds</b>	<b>Total Proprietary Funds</b>
<b>Operating Revenues</b>					
Charges for services	\$ 17,668,813	\$ 711,252	\$ 290,251	\$ 2,749,275	\$ 21,419,591
Intergovernmental	-	29,761	-	-	29,761
Other revenue	911,551	19,814	591,940	-	1,523,305
Impact fee revenue	529,692	-	-	-	529,692
Total operating revenues	<u>19,110,056</u>	<u>760,827</u>	<u>882,191</u>	<u>2,749,275</u>	<u>23,502,349</u>
<b>Operating Expenses</b>					
Personnel services and benefits	1,749,162	243,310	-	-	1,992,472
Maintenance	1,255,307	65,687	29,235	99,746	1,449,975
Purchase of water	3,361,590	-	-	-	3,361,590
Materials and supplies	73,113	341,179	-	-	414,292
Heat, light and power	204,547	67,787	40,896	-	313,230
Sewage treatment	6,550,420	-	-	-	6,550,420
Special services	507,203	20,817	914,119	1,530,999	2,973,138
Bad debt expense	104,119	-	-	-	104,119
Equipment rental	10,549	23,859	4,925	18,433	57,766
Depreciation	1,660,436	127,198	44,705	53,222	1,885,561
Total operating expenses	<u>15,476,446</u>	<u>889,837</u>	<u>1,033,880</u>	<u>1,702,400</u>	<u>19,102,563</u>
<b>Operating Income (Loss)</b>	<u>3,633,610</u>	<u>(129,010)</u>	<u>(151,689)</u>	<u>1,046,875</u>	<u>4,399,786</u>
<b>Non-operating Revenues (Expenses)</b>					
Interest revenue	24,247	-	-	2,435	26,682
Interest and fiscal charges	(197,113)	(1,205)	-	-	(198,318)
Total non-operating revenues (expenses)	<u>(172,866)</u>	<u>(1,205)</u>	<u>-</u>	<u>2,435</u>	<u>(171,636)</u>
<b>Income (Loss) Before Transfers</b>	<u>3,460,744</u>	<u>(130,215)</u>	<u>(151,689)</u>	<u>1,049,310</u>	<u>4,228,150</u>
<b>Transfers</b>					
Transfers out	(1,635,624)	-	(7,000)	(156,045)	(1,798,669)
Total transfers	<u>(1,635,624)</u>	<u>-</u>	<u>(7,000)</u>	<u>(156,045)</u>	<u>(1,798,669)</u>
<b>Change in Net Position</b>	1,825,120	(130,215)	(158,689)	893,265	2,429,481
<b>Net Position, Beginning of Year</b>	<u>64,950,684</u>	<u>9,513,917</u>	<u>575,610</u>	<u>3,863,247</u>	<u>78,903,458</u>
<b>Net Position, End of Year</b>	<u>\$ 66,775,804</u>	<u>\$ 9,383,702</u>	<u>\$ 416,921</u>	<u>\$ 4,756,512</u>	<u>\$ 81,332,939</u>

**City of Lancaster, Texas**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended September 30, 2021**

	<b>Water and Sewer Fund</b>	<b>Airport Fund</b>	<b>Golf Fund</b>	<b>Non-major Enterprise Funds</b>	<b>Total</b>
<b>Operating Activities</b>					
Receipts from customers and users	\$ 18,900,584	\$ 795,636	\$ 913,365	\$ 2,703,375	\$ 23,312,960
Utility deposits collected	48,878	-	-	-	48,878
Payments to employees	(1,833,917)	(251,750)	-	-	(2,085,667)
Payments to suppliers	(12,116,022)	(503,415)	(987,364)	(1,687,894)	(15,294,695)
Net cash provided by operating activities	<u>4,999,523</u>	<u>40,471</u>	<u>(73,999)</u>	<u>1,015,481</u>	<u>5,981,476</u>
<b>Noncapital and Related Financing Activities</b>					
Transfers out	(1,635,624)	-	(7,000)	(156,045)	(1,798,669)
Advances from other funds	-	-	80,999	-	80,999
Net cash used in noncapital financing activities	<u>(1,635,624)</u>	<u>(18,750)</u>	<u>73,999</u>	<u>(156,045)</u>	<u>(1,736,420)</u>
<b>Capital and Related Financing Activities</b>					
Acquisition and construction of capital assets	(1,430,096)	(3,894)	-	-	(1,433,990)
Principal payments on debt	(503,545)	(10,345)	-	-	(513,890)
Interest payments on debt	(188,261)	(1,205)	-	-	(189,466)
Net cash used in capital and financing activities	<u>(2,121,902)</u>	<u>(15,444)</u>	<u>-</u>	<u>-</u>	<u>(2,137,346)</u>
<b>Investing Activities</b>					
Interest on investments	24,247	-	-	2,434	26,681
Net cash provided by investing activities	<u>24,247</u>	<u>-</u>	<u>-</u>	<u>2,434</u>	<u>26,681</u>
<b>Increase in Cash and Cash Equivalents</b>	1,266,244	6,277	-	861,870	2,134,391
<b>Cash and Cash Equivalents, Beginning of Year</b>	<u>37,558,939</u>	<u>26,786</u>	<u>-</u>	<u>3,416,155</u>	<u>41,001,880</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u>\$ 38,825,183</u>	<u>\$ 33,063</u>	<u>\$ -</u>	<u>\$ 4,278,025</u>	<u>\$ 43,136,271</u>
<b>Reconciliation of Net Operating Income (Loss) to Net Cash Provided by Operating Activities</b>					
Operating income (loss)	\$ 3,633,610	\$ (129,010)	\$ (151,689)	\$ 1,046,875	\$ 4,399,786
Item not requiring cash					
Depreciation	1,660,436	127,198	44,705	53,222	1,885,561
Changes in					
Accounts receivable	(209,472)	34,809	-	(45,900)	(220,563)
Inventories	-	(6,871)	-	-	(6,871)
Deferred outflows of resources	1,847	175	-	-	2,022
Accounts payable	(23,068)	48,778	31,174	3,650	60,534
Accrued expenses	22,772	(25,993)	1,811	(42,366)	(43,776)
Net pension liability	(133,639)	(18,166)	-	-	(151,805)
Total OPEB Liability	14,102	2,014	-	-	16,116
Deferred inflows of resources	54,907	7,537	-	-	62,444
Compensated absences	(21,972)	-	-	-	(21,972)
Net cash provided by operating activities	<u>\$ 4,999,523</u>	<u>\$ 40,471</u>	<u>\$ (73,999)</u>	<u>\$ 1,015,481</u>	<u>\$ 5,981,476</u>

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**City of Lancaster, Texas**  
**Notes to Basic Financial Statements**  
**September 30, 2021**

**Note 1: Summary of Significant Accounting Policies**

The accounting and reporting policies of the City of Lancaster (City) conform to the generally accepted accounting principles (GAAP) applicable to state and local governments. The Governmental Accounting Standards Board (GASB) is the accepted standards setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant accounting policies.

**Reporting Entity**

The City was incorporated in 1853. The City operates as a home-rule city, under a Council-manager form of government and provides the following services as authorized by its charter: public safety (police and fire), highways and streets, water and sewer utilities, sanitation, health and social services, parks and recreation, public improvements, airport, golf course, planning and zoning and general administrative services.

The City's basic financial statements include the separate governmental entities that are controlled by or are dependent on the City. The determination to include separate governmental entities is based on the criteria of GASB Statement No. 14, *The Financial Reporting Entity* (GASB 14), as amended by GASB Statement No.39, *Determining Whether Certain Organizations Are Component Units* and GASB Statement No. 61, *The Financial Reporting Entity: Omnibus*. GASB 14 defines the reporting entity as the primary government and those component units for which the primary government is financially accountable. To be financially accountable, a voting majority of the component unit's board must be appointed by the primary government, and either: (1) the primary government must be able to impose its will or (2) the primary government may potentially benefit financially or be financially responsible for the component unit. The Lancaster Economic Development Corporation (Economic) and the Lancaster Recreational Development Corporation (Recreational) are nonprofit industrial development corporations formed in July and October 1995, respectively, under the *Development Corporation Act of 1979*. Both Economic and Recreational are organized exclusively for the purposes of benefiting and accomplishing public purposes and to act on behalf of the City. This includes the construction and renovation of municipal buildings, the acquisition, improvement and operation of parks, as well as other economic development purposes. The affairs of these corporations are managed by two separate Boards of Directors, which are appointed by the City Council. The City Council approves annual budgets and issuances of debt. Economic and Recreational have been discretely presented in the accompanying financial statements. Separate stand-alone financial statements of the individual component units are not available.

**City of Lancaster, Texas**  
**Notes to Basic Financial Statements**  
**September 30, 2021**

***Basis of Presentation***

***Government-Wide Financial Statements***

The government-wide financial statements (the statement of net position and the statement of activities) report information on all of the activities of the City. The effect of interfund activity, within the governmental and business-type activities columns, has been removed from these statements. However, interfund services provided and used are not eliminated in the consolidation process. 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 net position presents information on all the City's assets, deferred outflows of resources, and liabilities and deferred inflows of resources, with the difference reported as "net position." Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

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 program of City government. *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 the operational or capital requirements of a particular program. Taxes and other items properly not included among program revenues are reported instead as general revenues.

***Fund Financial Statements***

The City segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Separate statements are presented for Governmental Funds and Proprietary Funds. These statements present each major fund as a separate column on the fund financial statements; all non-major funds are aggregated and presented in a single column.

Governmental Funds are those funds through which most governmental functions typically are financed. The measurement focus of Governmental Funds is on the sources, uses and balances of current financial resources. The City has presented the following major Governmental Funds:

**General Fund** – The General Fund is the main operating fund of the City. This fund is used to account for all financial resources not accounted for in other funds. All general tax revenues and other receipts that are not restricted by law or contractual agreement to some other funds 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.

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**Capital Projects Fund** – The Capital Projects Fund is utilized to account for financial resources to be used for the acquisition or construction of major capital facilities.

**General Obligation Debt Service Fund** – The Debt Service Fund is used to account for the accumulation of resources and for the payment of general long-term debt principal, interest and related costs, as well as the payment of lease/purchase items. The revenue source is principally ad-valorem taxes levied by the City and transfers in for the payment of lease/purchases.

**ARPA Fund** – The ARPA Fund is utilized to account for financial resources and related expenditures from the America Rescue Plan Act of 2021.

Proprietary Funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. The accounting objectives are determinations of net income, financial position and cash flow. All assets, deferred outflows and inflows of resources and liabilities are included on the Statement of Net Position. The City has presented the following major Proprietary Funds:

**Water and Sewer Fund** – The Water and Sewer Fund is used to account for the acquisition, operation and maintenance of a municipal water and sewer utility, supported primarily by user charges to the public.

**Airport Fund** – The Airport Fund is used to account for the operation of the City’s regional airport.

**Golf Course Fund** – The Golf Fund is used to account for the operation of the City’s golf course.

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. Operating expenses for the Proprietary Funds include the cost of personnel and contractual services, supplies and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

***Fund Balance Flow Assumptions***

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

**City of Lancaster, Texas**  
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***Classification of Fund Equity***

Fund balances are classified as nonspendable, restricted, committed, assigned or unassigned in governmental funds. Nonspendable fund balance cannot be spent, either because it is not in spendable form or because of legal or contractual requirements. Restricted fund balances have constraints for specific purposes which are externally imposed by providers, such as creditors, grantors or other governments; or by enabling legislation of the City Council. Committed fund balances can only be used for specific purposes pursuant to constraints imposed by the City Council through an ordinance or resolution. Assigned fund balances are constrained by intent to be used for specific purposes but are neither restricted nor committed. Assignments are made by City management based on Council direction. Unassigned fund balances include residual positive fund balances within the General Fund that had not been classified within the other mentioned categories. Unassigned fund balances may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed or assigned for those specific purposes.

***Measurement Focus and Basis of Accounting***

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

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

The governmental fund financial statements are reported using the current financial resources measurement focus. Revenues are recognized as soon as they are both measurable and available.

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

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Property taxes, sales taxes, franchise taxes, fines and forfeits, 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. Licenses and permits, charges for services (except for sanitation services) and rents and concessions are recorded as revenues when received in cash because they are generally not measurable until actually received. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the City.

***Cash and Cash Equivalents***

For purposes of the statement of cash flows, the City considers cash and cash equivalents to be cash and external investment pools.

***Investments***

Investments in external investment pools are carried at either net asset value or amortized cost, as determined by each pool's individual investment valuation method and whether there is a readily determinable fair value of the pool as of the City's fiscal year end. In instances where pools transact at amortized cost, no readily determinable fair value is deemed available.

***Allowance for Uncollectible Accounts***

An allowance for uncollectible taxes including penalties and interest and water and sewer billed receivables is provided based on an analysis of historical trends. The allowances at September 30, 2021, were \$731,905 for uncollectible taxes, \$2,222,163 for water and sewer billings, \$300,989 for court fees and fines and \$627,353 for ambulance fees.

***Inventory***

Inventories, which are recognized as expenditures as they are consumed, are stated at cost (first-in, first-out). Inventories consist of expendable supplies.

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***Prepaid Items***

Prepaid balances, which are recognized as expenditures as they are consumed, are for payments made by the City in the current year for services occurring in the subsequent year.

***Interfund Receivables and Payables***

Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

***Interfund Transactions***

Interfund services provided and used are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as a reduction of expenditures/expenses in the fund reimbursed. All other interfund transactions, except quasi-external transactions and reimbursements, are recorded as 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 cost is not available. Donated assets are valued at acquisition value on the date donated. Repairs and maintenance are recorded as expenses. Renewals and betterments are capitalized.

All items purchased with a price of \$5,000 or greater and a useful life exceeding one year is placed on the capital asset list. Each department is required to monitor their inventory and is accountable for the location of the asset. Asset tags are issued after payment has been processed. The Purchasing Agent conducts a yearly inventory to verify the inventory.

Assets capitalized have a useful life of over one year. Depreciation is recorded on each class of depreciable property utilizing the straight-line method over the estimated useful lives of the assets. Estimated useful lives of major categories of property are:

Plants and buildings	40 years
Improvements	5 – 50 years
Machinery and equipment	5 – 10 years

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***Deferred Outflows/Inflows of Resources***

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has the following items that qualify for reporting in this category.

- Deferred loss on refunding – A deferred loss on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and recognized over the shorter of the life of the refunded or refunding debt.
- Employer Contributions – Pensions and OPEB – These contributions are those made after the measurement date through the fiscal year end (January 1<sup>st</sup> – September 30<sup>th</sup>) resulting in a cash outlay not yet recognized in GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27* (GASB 68) and GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (GASB 75). This amount is deferred and recognized in the following fiscal year.
- Experience difference – Pensions and OPEB – These amounts represent the difference in expected and actual pension and OPEB experience. These differences are deferred and recognized over the estimated average remaining lives of all members determined as of the measurement date.
- Assumption changes – Pensions and OPEB – These amounts represent the difference resulting from a change in assumptions used to measure the underlying total pension liability and total OPEB liability. These differences are deferred and recognized over the estimated average remaining lives of all members determined as of the beginning of the measurement period.

In addition to liabilities, the statement of net position or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until then.

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The City has the following items that qualify for reporting in this category.

- Unavailable revenue – This amount represents uncollected property taxes, municipal court fees, ambulance fees and notes receivables. This amount is deferred and recognized once payments are made in the follow fiscal year. This item is only presented in the Balance Sheet – Governmental Funds.
- Experience difference – Pensions and OPEB –These amounts represent the difference in expected and actual OPEB experience. These differences are deferred and recognized over the estimated average remaining lives of all members determined as of the measurement date.
- Investment difference – Pensions – These amounts represent the difference in projected and actual earnings on pension plan assets. These differences are deferred and amortized over a closed five-year period.
- Assumption changes – OPEB – These amounts represent the difference resulting from a change in assumptions used to measure the underlying total OPEB liability. These differences are deferred and recognized over the estimated average remaining lives of all members determined as of the beginning of the measurement period.

***Compensated Absences***

Sick leave is recorded on governmental activities for the Fire and Police Departments. All other employees are not compensated for unused sick leave. Vacation is earned in varying amounts up to a maximum of 20 days per year for employees with 10 or more years of service. Unused vacation leave carried forward from one year to the next is limited to 260 hours.

The liability for unused vested vacation leave as of September 30, 2021, is shown as a liability for compensated absences in the applicable governmental or business-type activities columns in the government-wide statements and in the fund financial statements for the Proprietary Funds. The amount to be paid from current available financial resources is not considered significant.

***Defined Benefit Pension Plans***

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the Fiduciary Net Position of the Texas Municipal Retirement System (TMRS) and additions to/deductions from TMRS' Fiduciary Net Position have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. Information regarding the City's total pension liability is obtained from TMRS through a report prepared for the City by TMRS' consulting actuary, Gabriel Roeder Smith & Company, in compliance with GASB 68.

Fund allocation of related balances is determined by individual employee assignment. This assignment is uniform with regard to liquidation of the liability.

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***Defined Benefit Other Postemployment Benefit Plans***

The City has two single-employer defined benefit other postemployment benefit (OPEB) plans. For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB and OPEB expense have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms.

Allocation of OPEB related balances to reporting units is determined on the basis of employee payroll funding. The total OPEB liability is generally liquidated in the General Fund.

***Unearned Revenue***

Governmental funds report a liability, unearned revenue, in connection with resources that have been received, but not yet earned.

***Adoption of New Accounting Standards***

The GASB Statement No. 84 (“GASB 84”), *Fiduciary Activities*, established criteria for identifying fiduciary activities. It presents separate criteria for evaluating component units, pension and other postemployment benefit arrangements, and other fiduciary activities. The focus is on a government controlling the assets of the fiduciary activity and identification of the beneficiaries of those assets. Fiduciary activities are reported in one of four types of funds: pension (and other employee benefit) trust funds, investment trust funds, private-purpose trust funds, or custodial funds. Custodial funds are used to report fiduciary activities that are not held in a trust. The agency fund designation will no longer be used. GASB 84 also provides guidance on fiduciary fund statements and timing of recognition of a liability to beneficiaries. Implementation of GASB 84 had no material impact on the City.

GASB Statement No. 97 (“GASB 97”), *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans, an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*. This Statement will result in more consistent financial reporting of defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans, while mitigating the costs associated with reporting those plans. Implementation of GASB 97 had no material impact on the City.

Statement No. 98 (“GASB 98”), *The Annual Comprehensive Financial Report*. This statement establishes the new term annual comprehensive financial report and the acronym ACFR.

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***New Pronouncements***

The GASB has issued the following new statements to be implemented in future years.

GASB Statement No. 87, *Leases* (GASB 87):

This statement provides a new framework for accounting for leases under the principle that leases are financings. No longer will leases be classified between capital and operating. Lessees will recognize an intangible asset and a corresponding liability. The liability will be based on the payments expected to be paid over the lease term, which includes an evaluation of the likelihood of exercising renewal or termination options in the lease. Lessors will recognize a lease receivable and related deferred inflow of resources. Lessors will not derecognize the underlying asset.

An exception to the general model is provided for short-term leases that cannot last more than 12 months. Contracts that contain lease and nonlease components will need to be separated so each component is accounted for accordingly. This standard becomes effective for the City in fiscal year 2022.

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements* (GASB 94):

This statement addresses issues related to public-private and public-public partnership arrangements (PPPs) and availability payment arrangements (APAs). This statement will be effective for the City in fiscal year 2023. The City will evaluate the potential impact on the City's net position.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* (GASB 96):

This statement provides guidance on subscription-based information technology arrangements (SBITAs) to further report on government's obligations and assets from SBITAs. This statement will be effective for the City in fiscal year 2023. The City will evaluate the potential impact on the City's net position.

The City has not yet determined the effect on the City's financial statements or disclosures upon implementation of these new accounting standards.

**Note 2: Deposits and Investments**

The deposit and investment policies of the City are governed by State Statutes and the adopted City Investment Policy. City policies governing bank deposits require depositories to be FDIC-insured institutions, and depositories must fully collateralize all deposits in excess of FDIC insurance limits.

Statutes authorize the City to invest in obligations of the U.S. Treasury and U.S. agency securities, repurchase agreements and municipal pools.

# **City of Lancaster, Texas**

## **Notes to Basic Financial Statements**

### **September 30, 2021**

The City utilizes a pooled investment concept for all its funds to maximize its investment program. Investment income from this internal pooling is allocated to the respective funds based upon the sources of funds invested.

During the year ended September 30, 2021, the City invested in Texas CLASS, TexPool and LOGIC, which are investment pools authorized by the Texas Legislature.

Texas Cooperative Liquid Assets Securities System (Texas CLASS) was created specifically for the use of Texas local government entities and seeks to provide safety, liquidity, convenience and competitive rates of return. Public Trust Advisors, LLC serves as the pool's administrator and investment adviser. The marketing and operation functions of the portfolio are also performed by Public Trust Advisors, LLC. The pool is subject to the general supervision of the Board of Trustees and its Advisory Board, both of which are elected by the Texas CLASS Participants.

Wells Fargo Bank, N.A. serves as custodian for the pool. The investment objective and strategy of the pool is to seek preservation of principal, liquidity and current income through investment in a diversified portfolio of short-term marketable securities. The pool offers same day access to investment funds.

Texas CLASS attempts to minimize its exposure to market and credit risk through the use of various strategies and credit monitoring techniques. Texas CLASS limits its investments in any issuer to the top two ratings issued by nationally recognized statistical rating organizations. Texas CLASS is rated AAAM by Standard & Poor's.

The State Comptroller of Public Accounts exercises oversight responsibility over TexPool. Oversight includes the ability to significantly influence operations, designation of management, and accountability for fiscal matters. Additionally, the State Comptroller has established an Advisory Board composed both of participants in TexPool and of other persons who do not have a business relationship with TexPool. The Advisory Board members review the investment policy and management fee structure. Finally, TexPool is rated AAAM by Standard & Poor's. TexPool is not registered with the Securities and Exchange Commission (SEC) as an investment company.

LOGIC was established pursuant to an Interlocal Agreement, which was subsequently amended and is now entitled Participation Agreement and Trust Instrument (Agreement) between participating Government Entities. Participation in the Pool is limited to those eligible Government Entities which have become parties to the Agreement (Participants). Participants' assets in the Pool are represented by units of beneficial interest (Units), which are issued in discrete series (each a "Portfolio"), as authorized from time to time by the Board. Assets invested in any Portfolio will be managed separately, and segregated from, the assets of every other Portfolio. Since September 2005, J.P. Morgan Investment Management Inc. (JPMIM) has served as investment adviser to LOGIC. FirstSouthwest, a Division of Hilltop Securities (FirstSouthwest) and JPMIM serve as co-administrators to LOGIC, and FirstSouthwest provides administrative, participant support and marketing services.

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JPMorgan Chase Bank N.A. provides custodial services. The investment objective and strategy of the pool is to seek preservation of principal, liquidity and current income through investment in a diversified portfolio of short-term marketable securities. The pool offers same day access to investment funds. LOGIC is rated AAAM by Standard & Poor's.

TexPool is carried at amortized cost. Texas CLASS and LOGIC are carried at net asset value. Accordingly, the fair value of the position in the pools is the same as the value of the pools shares.

As of September 30, 2021, the City had cash and cash equivalents as classified below:

<b>Primary Government</b>	
Cash	\$ 7,304,398
Cash equivalents	<u>83,475,138</u>
	<u>90,779,536</u>
<b>Component Units</b>	
Cash	21,274
Cash equivalents	<u>9,361,873</u>
	<u>9,383,147</u>
Total cash and cash equivalents	<u><u>\$ 100,162,683</u></u>

As of September 30, 2021, the City held the following investments:

	<b>Carring Value</b>	<b>Weighted- Average Maturity (Days)</b>
<b>Primary Government</b>		
TexPool	\$ 31,373,051	30
LOGIC	27,068,148	34
Texas CLASS	<u>25,033,939</u>	22
Total primary government	<u>83,475,138</u>	
<b>Component Units</b>		
TexPool	3,518,539	30
LOGIC	3,035,737	34
Texas CLASS	<u>2,807,597</u>	22
Total component units	<u>9,361,873</u>	
Total investments	<u><u>\$ 92,837,011</u></u>	

**City of Lancaster, Texas**  
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***Interest Rate Risk***

The strategy of the City is to maintain sufficient liquidity in its portfolio and structure the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the secondary market prior to maturity.

***Custodial Credit Risk***

Custodial credit risk is the risk that a government will not be able to recover: (a) deposits if the depository financial institution fails or (b) the value of investment or collateral securities that are in the possession of an outside party if the counterparty to the investment or deposit transaction fails. To minimize such risk, the City requires collateralization of most deposits in excess of coverage, utilizes the delivery vs. payment method for investment purchases and contracts with a third-party safekeeping agent.

***Credit Risk***

It is the City's policy to follow statutes, which authorize the City to invest in obligations of the U.S. Treasury agencies and instrumentalities, obligations of the state of Texas and related agencies, obligations of states, agencies, counties, cities and other political subdivisions of any state rated "A" or above by Standard & Poor's Corporation or Moody's, repurchase agreements and designated investment pools. The City's assets in investment pools meet this requirement as noted above.

**Note 3: Disclosures About Fair Value of Assets**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

**Level 1** Quoted prices in active markets for identical assets or liabilities

**Level 2** Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities

**Level 3** Unobservable inputs supported by little or no market activity and are significant to the fair value of the assets or liabilities

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**Recurring Measurements**

The following table presents the fair value measurements of assets recognized in the accompanying financial statements measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at September 30, 2021:

	<b>Fair Value</b>
<b>Investments Measured at Net Asset Value</b>	
LOGIC	\$ 30,103,885
TexCLASS	27,841,536
Subtotal	57,945,421
 <b>Investments Measured at Amortized Cost</b>	
TexPool	34,891,590
Total investments	\$ 92,837,011

Certain investments that are measured using the net asset value per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts included above approximate net asset value for all related external investment pool balances.

**Note 4: Property Taxes**

Property taxes attach as an enforceable lien on property as of October 1. Taxes are levied on October 1, and are due and payable on or before January 31, of the following year. All unpaid taxes become delinquent February 1, of the following year. Tax collections for the year ended September 30, 2021, were 98.6 percent of the levy. Dallas County bills and collects property taxes for the City. Any uncollected property taxes at September 30, that are collected within 60 days is recognized as revenue and recorded as taxes receivable. Any uncollected property taxes at September 30, which are not expected to be collected within 60 days, are recorded as taxes receivable and deferred inflow of resources in governmental funds. Anticipated refunds of such taxes are recorded as liabilities and reductions of revenue when they are measurable, and their validity seems certain.

The statutes of the state of Texas do not prescribe a legal debt limit, nor does the City's charter provide for a debt limit. However, provision of Article XI, Section 5 of the Texas Constitution applicable to cities with populations greater than 5,000 limits the ad-valorem tax rate to \$2.50 per \$100 assessed valuation. However, as a city operating under a Home Rule Charter, the City has a debt limit of \$1.50 per \$100 assessed valuation. For the year ended September 30, 2021, the City had a tax rate of \$.8197 per \$100.00 assessed valuation, of which \$.6051 was allocated for general government and \$.2146 was allocated for the payment of principal and interest on general obligation debt.

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In Texas, county-wide central appraisal districts are required to assess all property within the appraisal district on the basis of 100 percent of its appraised value and are prohibited from applying any assessment ratios. The value of property within the appraisal district must be reviewed every three years; however, the City may, at its own expense, require annual reviews of appraised values.

The City may challenge appraised values established by the appraisal district through various appeals and, if necessary, legal action. Under this legislation, the City continues to set tax rates on City property.

However, if the effective tax rate, excluding tax rates for bonds and other contractual obligations, adjusted for new improvements, exceeds the tax rate for the previous year by more than eight percent, qualified voters of the City may petition for an election to determine whether to limit the tax rate to no more than eight percent above the tax rate of the previous year. This legislation provides that, if approved by the qualified voters in the City, both the appraisal and collection functions may be placed with the appraisal district. In addition, the City may obtain approval from its governing body to place these functions with the appraisal district.

**Note 5: Interfund receivables, payables, and transfers**

***Due To/Due From***

Due to and due from other funds are the short-term portion of the advances to and advances from other funds. For the year ended September 30, 2021, due to due from transactions, excluding discretely presented component units were as follows:

	<b>Due to Other Funds</b>	<b>Due from Other Funds</b>
General Fund	\$ -	\$ 3,035,429
Capital Projects	-	18,468
Street Maintenance	252,660	-
Water and Sewer Fund	674,036	-
Golf Fund	1,279,940	-
Airport Fund	847,261	-
Total due to/due from	<b>\$ 3,053,897</b>	<b>\$ 3,053,897</b>

**City of Lancaster, Texas**  
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***Interfund Transfers***

For the year ended September 30, 2021, interfund transactions, excluding discretely presented component units were as follows:

	<b>Transfers In</b>	<b>Transfers Out</b>
General Fund	\$ 1,876,633	\$ -
Non-major Governmental Funds	-	77,964
Water and Sewer Fund	-	1,635,624
Golf Fund	-	7,000
Non-major Enterprise Funds	-	156,045
Total interfund transfers	<u>\$ 1,876,633</u>	<u>\$ 1,876,633</u>

The interfund transfers to the General Fund from the Non-major Governmental and Enterprise Funds, and Water and Sewer Fund is for indirect services provided by central service departments accounted for in the General Fund.

**City of Lancaster, Texas**  
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**Note 6: Capital Assets**

**Governmental Activities**

Capital assets of the Governmental Activities are as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance</u>
<b>Governmental Activities</b>					
Capital assets not being depreciated					
Land	\$ 13,262,490	\$ -	\$ -	\$ -	\$ 13,262,490
Construction in progress	<u>10,935,608</u>	<u>843,883</u>	<u>-</u>	<u>-</u>	<u>11,779,491</u>
Total capital assets not being depreciated	<u>24,198,098</u>	<u>843,883</u>	<u>-</u>	<u>-</u>	<u>25,041,981</u>
Capital assets being depreciated					
Buildings	37,183,289	-	-	-	37,183,289
Infrastructure, improvements, equipment and furniture	<u>125,383,141</u>	<u>4,207,147</u>	<u>-</u>	<u>-</u>	<u>129,590,288</u>
Total capital assets being depreciated	<u>162,566,430</u>	<u>4,207,147</u>	<u>-</u>	<u>-</u>	<u>166,773,577</u>
Less accumulated depreciation for:					
Buildings	10,479,589	836,821	-	-	11,316,410
Infrastructure, improvements, equipment and furniture	<u>73,457,917</u>	<u>4,674,232</u>	<u>-</u>	<u>-</u>	<u>78,132,149</u>
Total accumulated depreciation	<u>83,937,506</u>	<u>5,511,053</u>	<u>-</u>	<u>-</u>	<u>89,448,559</u>
Total capital assets being depreciated, net	<u>78,628,924</u>	<u>(1,303,906)</u>	<u>-</u>	<u>-</u>	<u>77,325,018</u>
Governmental activities capital assets, net	<u>\$ 102,827,022</u>	<u>\$ (460,023)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 102,366,999</u>

Depreciation expense was charged as a direct expense to programs of the primary government as follows:

General and administrative	\$ 613,255
Public safety	4,035,918
Public works	516,380
Community development and recreation	<u>345,500</u>
Total depreciation expense – governmental activities	<u>\$ 5,511,053</u>

**City of Lancaster, Texas**  
**Notes to Basic Financial Statements**  
**September 30, 2021**

**Business-type Activities**

Capital assets of the Business-type Activities are as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance</u>
<b>Business-type Activities</b>					
Capital assets not being depreciated					
Land	\$ 4,971,266	\$ -	\$ -	\$ -	\$ 4,971,266
Construction in progress	1,982,465	878,283	-	-	2,860,748
Total capital assets not being depreciated	<u>6,953,731</u>	<u>878,283</u>	<u>-</u>	<u>-</u>	<u>7,832,014</u>
Capital assets being depreciated					
Plants and buildings	2,808,948	-	-	-	2,808,948
Other improvements	81,450,223	555,708	-	-	82,005,931
Vehicles	301,258	-	-	-	301,258
Machinery and equipment	4,095,062	-	-	-	4,095,062
Total capital assets being depreciated	88,655,491	555,708	-	-	89,211,199
Less accumulated depreciation for:					
Plants and buildings	2,464,504	13,270	-	-	2,477,774
Other improvements	41,409,772	1,691,769	-	-	43,101,541
Machinery and equipment	3,167,397	180,522	-	-	3,347,919
Total accumulated depreciation	<u>47,041,673</u>	<u>1,885,561</u>	<u>-</u>	<u>-</u>	<u>48,927,234</u>
Total capital assets being depreciated, net	<u>41,613,818</u>	<u>(1,329,853)</u>	<u>-</u>	<u>-</u>	<u>40,283,965</u>
Business-type activities capital assets, net	<u>\$ 48,567,549</u>	<u>\$ (451,570)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 48,115,979</u>

Depreciation expense was charged as a direct expense to programs of the primary government as follows:

Water and Sewer	\$ 1,660,436
Airport	127,198
Golf	44,705
Refuse	53,222
	<u>53,222</u>
Total depreciation expense – business-type activities	<u>\$ 1,885,561</u>

**City of Lancaster, Texas**  
**Notes to Basic Financial Statements**  
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***Discretely Presented Component Units***

Capital assets of the Lancaster Economic Development Corporation are as follows:

	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
Lancaster Economic Development Corporation Capital assets not being depreciated				
Land	\$ 100,378	\$ -	\$ -	\$ 100,378
Total capital assets not being depreciated	<u>\$ 100,378</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 100,378</u>

Capital assets of the Lancaster Recreational Development Corporation are as follows:

	<b>Beginning Balance</b>	<b>Increases</b>	<b>Transfers</b>	<b>Ending Balance</b>
Lancaster Recreational Development Corporation Capital assets not being depreciated				
Land	\$ 989,118	\$ -	\$ -	\$ 989,118
Total capital assets not being depreciated	<u>989,118</u>	<u>-</u>	<u>-</u>	<u>989,118</u>
Capital assets being depreciated				
Buildings	15,797,360	-	-	15,797,360
Other Improvements	3,965,809	-	-	3,965,809
Machinery and Equipment	<u>2,247,657</u>	<u>-</u>	<u>-</u>	<u>2,247,657</u>
Total capital assets being depreciated	22,010,826	-	-	22,010,826
Less accumulated depreciation for:				
Buildings	8,208,052	394,934	-	8,602,986
Other Improvements	3,965,809	-	-	3,965,809
Machinery and Equipment	<u>655,868</u>	<u>180,649</u>	<u>-</u>	<u>836,517</u>
Total accumulated depreciation	<u>12,829,729</u>	<u>575,583</u>	<u>-</u>	<u>13,405,312</u>
Total capital assets being depreciated, net	<u>9,181,097</u>	<u>(575,583)</u>	<u>-</u>	<u>8,605,514</u>
Lancaster Recreational Development Corporation capital assets, net	<u>\$ 10,170,215</u>	<u>\$ (575,583)</u>	<u>\$ -</u>	<u>\$ 9,594,632</u>

**City of Lancaster, Texas**  
**Notes to Basic Financial Statements**  
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**Note 7: Long-term Liabilities**

The following is a summary of changes in long-term liabilities:

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Retirements</b>	<b>Ending Balance</b>	<b>Due Within One Year</b>
<b>Governmental Activities</b>					
General obligation bonds	\$ 61,910,017	\$ -	\$ (3,605,000)	58,305,017	\$ 3,630,000
Certificates of obligation	3,680,000	-	(80,000)	3,600,000	80,000
Notes payable	1,859,583	-	(1,859,583)	-	-
Premiums on bond debt	5,322,457	-	(459,401)	4,863,056	-
Compensated absences	3,401,427	59,443	-	3,460,870	346,087
Capital leases	840,049	1,674,226	(307,610)	2,206,665	424,425
Total governmental activities	<u>\$ 77,013,533</u>	<u>\$ 1,733,669</u>	<u>\$ (6,311,594)</u>	<u>\$ 72,435,608</u>	<u>\$ 4,480,512</u>
<b>Business-type Activities</b>					
General obligation bonds	\$ 1,269,983	\$ -	\$ (150,000)	\$ 1,119,983	\$ 155,000
Certificates of obligation	4,825,000	-	(355,000)	4,470,000	370,000
Premiums on bond debt	107,121	-	(17,289)	89,832	-
Compensated absences	124,260	-	(21,972)	102,288	30,686
Total business-type activities	<u>\$ 6,326,364</u>	<u>\$ -</u>	<u>\$ (544,261)</u>	<u>\$ 5,782,103</u>	<u>\$ 555,686</u>
<b>Discretely Presented Component Units</b>					
Notes payable to primary government	<u>\$ 5,500,000</u>	<u>\$ -</u>	<u>\$ (945,000)</u>	<u>\$ 4,555,000</u>	<u>\$ 1,035,000</u>
Total discretely presented component units	<u>\$ 5,500,000</u>	<u>\$ -</u>	<u>\$ (945,000)</u>	<u>\$ 4,555,000</u>	<u>\$ 1,035,000</u>

General long-term debt consists of the following: capital leases; liabilities for accrued vacation leave; general obligation bonds and certificates of obligation, which are direct obligations; issued on the full faith and credit of the City. Principal and interest payments on the general obligation bonds and certificates of obligation are secured by ad-valorem taxes levied on all taxable property within the City, and surplus revenues of the Water and Sewer Fund and Airport Fund. A portion of the general obligation bonds has been issued on behalf of the Water and Sewer Fund. Although these bonds are secured by the full faith and credit of the City and have no specific claim against Water and Sewer Fund assets, debt service requirements are provided by the Water and Sewer Fund. Accordingly, this debt is reflected as an obligation of the Water and Sewer Fund.

For the governmental activities, compensated absences and net pension liabilities are generally liquidated in the General Fund and Stormwater Fund. The total OPEB liability is generally liquidated in the General Fund.

**City of Lancaster, Texas**  
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General obligation bonds, revenue bonds, certificates of obligation, notes payable and capital leases outstanding at September 30, 2021, consist of the following:

	<u>Governmental Activities</u>	<u>Water and Sewer</u>	<u>Airport</u>	<u>Total Primary Government</u>
<b><u>General Obligation Bonds</u></b>				
\$12,240,000, 2012 General Obligation Refunding Bonds, due in annual installments through February 15, 2024, 2.00% – 5.00%	\$ 3,940,000	\$ 100,000	\$ 30,000	\$ 4,070,000
\$22,530,000, 2015 General Obligation Refunding Bonds, due in annual installments through February 15, 2035, 2.00% – 3.75%	19,450,017	839,983	-	20,290,000
\$6,575,000, 2016 General Obligation Refunding Bonds, due in annual installments through February 15, 2032, 2.00% – 4.00%	2,800,000	150,000	-	2,950,000
\$9,050,000, 2018 General Obligation Bonds, due in annual installments through February 15, 2038 3.00% - 3.50%	8,425,000	-	-	8,425,000
\$24,530,000 2020 General Obligation Refunding Bonds, due in annual installments through February 15, 2040 3.00% - 4.00%	<u>23,690,000</u>	<u>-</u>	<u>-</u>	<u>23,690,000</u>
Total general obligation bonds	<u>\$ 58,305,017</u>	<u>\$ 1,089,983</u>	<u>\$ 30,000</u>	<u>\$ 59,425,000</u>
<b><u>Certificates of Obligation</u></b>				
\$7,585,000, 2011 Certificate of Obligation Bonds, due in annual installments through August 15, 2031, 2.00% – 3.50%	-	4,470,000	-	4,470,000
\$4,080,000, 2015 Certificate of Obligation Bonds, due in annual installments through February 15, 2035, 2.00% – 3.75%	<u>3,600,000</u>	<u>-</u>	<u>-</u>	<u>3,600,000</u>
Total certificates of obligation	<u>\$ 3,600,000</u>	<u>\$ 4,470,000</u>	<u>\$ -</u>	<u>\$ 8,070,000</u>

**City of Lancaster, Texas**  
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The City has pledged future water customer revenues, net of specified operating expenses, to repay \$7.6 million in water system revenue bonds issued in 2011. The bonds are payable solely from water customer net revenues and are payable through 2032. Annual principal and interest payments on the bonds are expected to require less than 25 percent of net revenues. The total principal and interest remaining to be paid on the bonds is \$5,312,444. Principal and interest paid for the current year was \$510,556. Total water and sewer customer net revenues for the current year were \$3,633,610.

	<b>Governmental Activities</b>	<b>Total Primary Government</b>	<b>Discretely Presented Component Units</b>
<b><u>Note Payable - Direct Borrowings</u></b>			
\$11,650,000 note payable, due in annual installments through February 15, 2024; 2.00% – 4.00%	\$ -	\$ -	\$ 3,340,000
\$1,125,000 note payable, due in annual installments through February 15, 2027; 2.00% – 3.75%	-	-	1,215,000
Total notes payable	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,555,000</u>

**Capital Leases - Direct Borrowings**

\$1,250,000 Lease Purchase Agreement due in due in monthly installments through January 15, 2024; 2.08%	\$ 270,000	\$ 270,000	\$ -
\$675,623 Lease Purchase Agreement due in bi-annual installments through May 25, 2025; 3.55%	376,980	376,980	-
\$1,674,226 Lease Purchase Agreement due in bi-annual installments through October 2, 2027; 1.32%	<u>1,559,685</u>	<u>1,559,685</u>	<u>-</u>
Total capital leases	<u>\$ 2,206,665</u>	<u>\$ 2,206,665</u>	<u>\$ -</u>

Capital leases represent the remaining principal amounts payable under lease purchase agreements for the acquisition of equipment through the General Fund. The lease purchase agreements are collateralized by the related financed equipment.

**City of Lancaster, Texas**  
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As of September 30, 2021, property and equipment under capital leases is carried at \$3,599,849, with \$1,516,568 in estimated accumulated depreciation, included in fixed assets. Amortization of these assets is included with depreciation expense.

The annual requirements to amortize the long-term debt as of September 30, 2021, are as follows:

<b>General Obligation Bonds</b>						
<b>Fiscal Year</b>	<b>Governmental Activities</b>			<b>Business-type Activities</b>		
	<b>Principal</b>	<b>Interest</b>	<b>Total</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2022	\$ 3,630,000	\$ 2,246,125	\$ 5,876,125	\$ 155,000	\$ 39,225	\$ 194,225
2023	3,950,000	2,074,975	6,024,975	170,000	31,775	201,775
2024	4,060,000	1,913,925	5,973,925	175,000	24,100	199,100
2025	3,210,000	1,775,425	4,985,425	135,000	17,075	152,075
2026	3,330,000	1,648,950	4,978,950	140,000	10,575	150,575
2027-2031	13,960,000	5,181,475	19,141,475	344,983	3,600	348,583
2032-2036	16,330,000	3,412,625	19,742,625	-	-	-
2037-2040	9,835,017	926,875	10,761,892	-	-	-
<b>Total</b>	<b>\$ 58,305,017</b>	<b>\$ 19,180,375</b>	<b>\$ 77,485,392</b>	<b>\$ 1,119,983</b>	<b>\$ 126,350</b>	<b>\$ 1,246,333</b>

<b>Certificates of Obligation</b>						
<b>Fiscal Year</b>	<b>Governmental Activities</b>			<b>Business-type Activities</b>		
	<b>Principal</b>	<b>Interest</b>	<b>Total</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2022	\$ 80,000	\$ 125,530	\$ 205,530	\$ 370,000	\$ 140,556	\$ 510,556
2023	80,000	123,330	203,330	385,000	129,456	514,456
2024	190,000	120,930	310,930	400,000	117,906	517,906
2025	195,000	118,530	313,530	415,000	105,906	520,906
2026	195,000	114,480	309,480	430,000	93,456	523,456
2027-2031	835,000	480,564	1,315,564	1,930,000	236,263	2,166,263
2032-2036	2,025,000	238,591	2,263,591	540,000	18,900	558,900
<b>Total</b>	<b>\$ 3,600,000</b>	<b>\$ 1,321,955</b>	<b>\$ 4,921,955</b>	<b>\$ 4,470,000</b>	<b>\$ 842,444</b>	<b>\$ 5,312,444</b>

**City of Lancaster, Texas**  
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<b>Note Payable - Direct Borrowing</b>			
<b>Fiscal Year</b>	<b>Discretely Presented Component Units</b>		
	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2022	\$ 1,035,000	\$ 140,425	\$ 1,175,425
2023	1,040,000	146,250	1,186,250
2024	1,080,000	100,675	1,180,675
2025	190,000	57,500	247,500
2026	200,000	31,475	1,050,325
2027-2031	<u>1,010,000</u>	<u>40,325</u>	<u>-</u>
Total	<u>\$ 4,555,000</u>	<u>\$ 516,650</u>	<u>\$ 4,840,175</u>

<b>Capital Leases - Direct Borrowings</b>			
<b>Fiscal Year</b>	<b>Governmental Activities</b>		
	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2022	424,425	23,614	448,039
2023	431,177	18,052	449,229
2024	438,103	12,359	450,462
2025	332,123	6,847	338,970
2026	243,856	2,168	246,024
2027-2028	<u>336,981</u>	<u>823</u>	<u>337,804</u>
Total	<u>\$ 2,206,665</u>	<u>\$ 63,863</u>	<u>\$ 2,270,528</u>

**Note 8: Employee Retirement System**

***Plan Description***

The City provides pension benefits for all of its full-time employees through a nontraditional, joint contributory, hybrid defined benefit plan in the state-wide TMRS, an agent multiple-employer public employee retirement system. The plan provisions that have been adopted by the City are within options available in the governing state statutes of TMRS. Lancaster Economic Development Corporation and Lancaster Recreational Development Corporation contribute to the plan with a cost share of 0.93 percent and 4.46 percent, respectively. There were no significant changes in the component unit's proportion to the plan during fiscal year 2021.

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TMRS issues a publicly available comprehensive financial report that includes financial statements and required supplementary information (RSI) for TMRS; the report also provides detailed explanations of the contributions, benefits and actuarial methods and assumptions used by the system. This report may be obtained by writing to Texas Municipal Retirement System, P.O. Box 149153, Austin, Texas, 78714-9153 or by calling 800-924-8677; in addition, the report is available on TMRS' website at [www.TMRS.com](http://www.TMRS.com).

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

Deposit rate	7.00%
Matching ratio (City to employee)	2 – 1
Years required for vesting	5
Service retirement eligibility	20 years at any age, 5 years at age 60 and above
Updated service credit	100% Repeating, Transfers
Annuity increase (to retirees)	50% of CPI Repeating

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	212
Inactive employees entitled to but not yet receiving benefits	261
Active employees	<u>259</u>
Total employees	<u><u>732</u></u>

**Contributions**

Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the entry age normal actuarial cost method beginning with the 2013 valuations. This rate consists of the normal cost contribution rate and the prior service contribution rate, which is calculated to be a level percent of payroll from year to year. The normal cost contribution rate finances the portion of an active member's projected benefit allocated annually; the prior service contribution rate amortizes the unfunded actuarial liability over the applicable period for that city. Both the normal cost and prior service contribution rates include recognition of the projected impact of annually repeating benefits, such as Updated Service Credits and Annuity Increases.

The City's contributions to TMRS for the year ended September 30, 2021, were \$2,467,021, and were equal to the required contributions.

The City contributes to the TMRS plan at an actuarially determined rate. Both the employees and the City make contributions monthly. Since the City needs to know its contribution rate in advance for budgetary purposes, there is a one-year delay between the actuarial valuation that serves as the basis for the rate and the calendar year when the rate goes into effect (*i.e.*, December 31, 2012, valuation is effective for the rates beginning January 1, 2014).

**City of Lancaster, Texas**  
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**Net Pension Liability**

*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
Investment rate of return	6.75% net of pension plan investment expense, including inflation

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

Actuarial assumptions used in the December 31, 2020, valuation was based on the results of actuarial experience studies. The experience study in TMRS was for the period December 31, 2010 through December 31, 2014. Healthy post-retirement mortality rates and annuity purchase rates were updated based on a *Mortality Experience Investigation Study* covering 2009 through 2011, and dated December 31, 2013. These assumptions were first used in the December 31, 2013, valuation along with a change to the Entry Age Normal (EAN) actuarial cost method.

Assumptions are reviewed annually. 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 is 6.75 percent. The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the TMRS Board of Trustees. 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, the actuary 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).

**City of Lancaster, Texas**  
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The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-term Expected Real Rate of Return</b>
Global Equity	30.00%	5.30%
Core Fixed Income	10.00%	1.25%
Non-Core Fixed Income	20.00%	4.14%
Real Return	10.00%	3.85%
Real Estate	10.00%	4.00%
Absolute Return	10.00%	3.48%
Private Equity	10.00%	7.75%
Total	<u>100.00%</u>	

***Discount Rate***

The discount rate used to measure the total pension liability was 6.75 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will remain at the current 6.75 percent and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**City of Lancaster, Texas**  
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***Changes in the Net Pension Liability***

	<b>Total Pension Liability (a)</b>	<b>Fiduciary Net Position (b)</b>	<b>Net Pension Liability (a) - (b)</b>
<b>Balances as of October 1, 2020</b>	\$ 91,348,530	\$ 79,112,586	\$ 12,235,944
Changes for the year			
Service cost	2,870,095	-	2,870,095
Interest on total pension liability	6,130,458	-	6,130,458
Effect of difference in expected and actual experience	(1,122,347)	-	(1,122,347)
Benefit payments	(3,923,955)	(3,923,955)	-
Changes in assumptions	-	-	-
Administrative expenses	-	(38,858)	38,858
Member contributions	-	1,270,757	(1,270,757)
Net investment income	-	6,004,800	(6,004,800)
Employer contributions	-	2,441,668	(2,441,668)
Other	-	(1,517)	1,517
Net changes	<u>3,954,251</u>	<u>5,752,895</u>	<u>(1,798,644)</u>
<b>Balances as of September 30, 2021</b>	<u>\$ 95,302,781</u>	<u>\$ 84,865,481</u>	<u>\$ 10,437,300</u>
Proportionate share and net pension liability reported in:			
Primary Government		94.62%	\$ 9,876,406
Lancaster Economic Development Corporation		0.95%	99,040
Lancaster Recreational Development Corporation		<u>4.43%</u>	<u>461,854</u>
Total		<u>100.00%</u>	<u>\$ 10,437,300</u>

**City of Lancaster, Texas**  
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***Sensitivity of the Net Pension Liability to Changes in the Discount Rate***

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

	<b>1% Decrease (5.75%)</b>	<b>Current Single Rate Assumption (6.75%)</b>	<b>1% Increase (7.75%)</b>
Primary government	\$ 23,992,572	\$ 9,876,406	\$ (1,484,931)
Lancaster Economic Development Corporation	240,596	99,040	(14,891)
Lancaster Recreational Development Corporation	<u>1,121,973</u>	<u>461,854</u>	<u>(69,440)</u>
Plan's net pension liability	<u>\$ 25,355,142</u>	<u>\$ 10,437,300</u>	<u>\$ (1,569,262)</u>

***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](http://www.tmr.com).

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

For the year ended September 30, 2021, the primary government recognized pension expense, as measured in accordance with GASB 68, of \$1,444,390.

At September 30, 2021, the primary government reported deferred outflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 101,915	\$ 729,869
Change of assumptions	107,999	-
Net difference between projected and actual investment earnings plan investments	-	2,120,944
Contributions subsequent to the measurement date	<u>1,797,753</u>	<u>-</u>
Total	<u>\$ 2,007,667</u>	<u>\$ 2,850,813</u>

**City of Lancaster, Texas**  
**Notes to Basic Financial Statements**  
**September 30, 2021**

For the year ended September 30, 2021, the primary government reported \$1,797,753 as deferred outflows of resources related to pensions resulting from primary government contributions subsequent to the measurement date and prior to year-end. This amount will be recognized as a reduction in the net pension liability at September 30, 2022.

For the year ended September 30, 2021, Lancaster Economic Development Corporation recognized pension expense, as measured in accordance with GASB 68, of \$14,484.

At September 30, 2021, Lancaster Economic Development Corporation reported deferred outflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 963	\$ 6,945
Change of assumptions	1,028	-
Net difference between projected and actual investment earnings plan investments	-	20,213
Contributions subsequent to the measurement date	16,828	-
Total	\$ 18,819	\$ 27,158

For the year ended September 30, 2021, Lancaster Economic Development Corporation reported \$16,828 as deferred outflows of resources related to pensions resulting from Lancaster Economic Development Corporation contributions subsequent to the measurement date and prior to year-end. This amount will be recognized as a reduction in the net pension liability at September 30, 2022.

For the year ended September 30, 2021, Lancaster Recreational Development Corporation recognized pension expense, as measured in accordance with GASB 68, of \$67,545.

**City of Lancaster, Texas**  
**Notes to Basic Financial Statements**  
**September 30, 2021**

At September 30, 2021, Lancaster Recreational Development Corporation reported deferred outflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 4,753	\$ 34,800
Change of assumptions	5,149	-
Net difference between projected and actual investment earnings		
plan investments	-	102,837
Contributions subsequent to the measurement date	81,280	-
Total	\$ 91,182	\$ 137,637

For the year ended September 30, 2021, Lancaster Recreational Development Corporation reported \$81,280 as deferred outflows of resources related to pensions resulting from Lancaster Recreational Development Corporation contributions subsequent to the measurement date and prior to year-end. This amount will be recognized as a reduction in the net pension liability at September 30, 2022.

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

<b>Year Ending September 30,</b>	
2022	\$ (957,395)
2023	(238,788)
2024	(1,321,523)
2025	(122,914)
Total	\$ (2,640,620)

**City of Lancaster, Texas**  
**Notes to Basic Financial Statements**  
**September 30, 2021**

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

<b>Year Ending September 30,</b>	
2022	\$ (9,601)
2023	(2,395)
2024	(13,253)
2025	82
Total	\$ (25,167)

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

<b>Year Ending September 30,</b>	
2022	\$ (44,774)
2023	(11,167)
2024	(61,803)
2025	(9,991)
Total	\$ (127,735)

**Note 9: Other Postemployment Benefits**

***Retiree Health Care Plan***

*Plan Description*

The City provides post-employment medical care (OPEB) for employees through a single-employer defined benefit medical plan. The plan provides medical benefits for eligible retirees, their spouses and dependents through the City’s group health insurance plans, which cover both active and retired members. The benefit levels and contribution rates are approved annually by the City management and the City Council as part of the budget process.

Since no assets are accumulated in a trust that meets the criteria of paragraph four of GASB 75, the plan is not accounted for as a trust fund. The plan does not issue a separate financial report.

**City of Lancaster, Texas**  
**Notes to Basic Financial Statements**  
**September 30, 2021**

*Benefits Provided*

The City provides post-employment medical and dental care benefits to its retirees. Retirees who elect COBRA cannot later elect retiree coverage. To be eligible for coverage an employee must qualify under all three of the following:

1. The retiree must have been covered for medical benefits under the City Health Plan as an employee immediately prior to termination of employment.
2. Apply for pension benefits from TMRS in accordance with their requirements and deadlines, but in no event later than 90 days from termination of employment; and
3. Enroll for retiree Health coverage within 31 days of the date of termination.

*Funding Policy*

The plan's premium rates are determined annually by City management and approved by the City Council as part of the annual budget. Members receiving HMO medical benefits contribute \$672 per month for retiree-only coverage, \$1,479 per month for retiree and spouse, and \$2,289 per month for retiree and family. Members receiving PPO medical benefits contribute \$822 per month for retiree-only coverage, \$1,808 per month for retiree and spouse, and \$2,798 per month for retiree and family. By the City not contributing anything toward this plan in advance, the City employs a pay-as-you-go method through ensuring the annual employer contributions each year are equal to the benefits that are paid on behalf of the retirees.

*Employees Covered by Benefit Terms*

Membership in the Plan by membership class at December 31, 2020, (measurement date), is as follows:

Inactive employees or beneficiaries currently receiving benefits	7
Inactive employees entitled to but not yet receiving benefits	-
Active employees	252
Total employees	259

*Total OPEB Liability for Retiree Health Care Plan*

The City and its component units' total OPEB liability of \$1,399,614 was measured as of December 31, 2020.

**City of Lancaster, Texas**  
**Notes to Basic Financial Statements**  
**September 30, 2021**

*Actuarial Assumptions*

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:

	<u>December 31, 2021</u>
Actuarial Cost Method	Individual Entry-Age
Discount Rate	2.00% as of December 31, 2020 (2.75% as of December 31, 2019)
Inflation	2.50%
Salary Increase	3.50% to 11.50%, including inflation
Demographic Assumptions	Based on the experience study covering the four-year period ending December 31, 2018, as conducted for the Texas Municipal Retirement System (TMRS).
Mortality	For healthy retirees, the gender-distinct 2019 Municipal Retirees of Texas Mortality Tables are used. The rates are projected on a fully generational basis using the ultimate mortality improvement rates in the MP tables to account for future mortality rates.
Health Care Trend Rates	Initial rate of 7.00% declining to an ultimate rate of 4.25% after 13 years
Participation Rates	25% for pre-65 retirees who are at least 50 years old at retirement; 0% for retirees younger than 50 years old at retirement

For plans that do not have a formal trust that meets GASB’s requirements, the discount rate equals the tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date. The discount rate was based on the daily rate closest to but not later than the measurement date of the Fidelity “20-Year Municipal GO AA Index”.

**City of Lancaster, Texas**  
**Notes to Basic Financial Statements**  
**September 30, 2021**

*Changes in Total OPEB Liability for Retiree Health Care Plan*

The total OPEB liability and related information are as follows for the City and its component units at September 30, 2021:

	<b><u>Total OPEB Liability</u></b>
<b>Balances as of October 1, 2020</b>	\$ 1,358,282
Changes for the year:	
Service cost	78,688
Interest on total OPEB liability	37,706
Difference between expected and actual experience	(124,895)
Effect of assumption changes (discount rate change)	102,810
Benefit payments, age adjusted premiums, net of retiree contributions	<u>(52,977)</u>
<b>Balances as of September 30, 2021</b>	<b><u>\$ 1,399,614</u></b>
 <b>City</b>	 <b><u>\$ 1,315,637</u></b>
<b>Lancaster Economic Development Corporation</b>	<b><u>\$ 13,996</u></b>
<b>Lancaster Recreational Development Corporation</b>	<b><u>\$ 69,981</u></b>

**City of Lancaster, Texas**  
**Notes to Basic Financial Statements**  
**September 30, 2021**

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

The total OPEB liability of the City and its component units has been calculated using a discount rate of 2.00 percent. The following presents the total OPEB liability using a discount rate one percent higher and one percent lower than the current discount rate.

	<b>1% Decrease 1.00%</b>	<b>Current Discount Rate Assumption 2.00%</b>	<b>1% Increase 3.00%</b>
Total OPEB Liability	\$ 1,549,663	\$ 1,399,614	\$ 1,264,265

*Sensitivity of Total OPEB Liability to Changes in the Health Care Trend Rates*

The total OPEB liability of the City and its component units has been calculated using a health care trend rate of 7.00 percent. The following presents the total OPEB liability using a discount rate one percent higher and one percent lower than the current discount rate.

	<b>1% Decrease</b>	<b>Current Healthcare Cost Trend Rate Assumption</b>	<b>1% Increase</b>
Total OPEB Liability	\$ 1,218,898	\$ 1,399,614	\$ 1,619,060

*OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources*

For the year ended September 30, 2021, the City and its component units recognized OPEB expense of \$133,209. At September 30, 2021, the City and its component units reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference between expected and actual experience	\$ 9,445	\$ 121,604
Changes of assumptions	209,325	-
Benefit payments subsequent to the measurement date	31,653	-
Total	\$ 250,423	\$ 121,604

**City of Lancaster, Texas**  
**Notes to Basic Financial Statements**  
**September 30, 2021**

Benefit payments subsequent to the measurement date and before fiscal year-end will be recognized as a reduction of the total OPEB liability in the year ending September 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<b>Year Ending September 30</b>	<b>Amortization of Deferred Outflows/(Inflows) of Resources</b>
2022	\$ 16,815
2023	16,815
2024	16,815
2025	16,815
2026	16,582
Thereafter	13,324
Total	\$ 97,166

**Supplemental Death Benefit Fund**

*Plan Description*

The City also participates in the single-employer defined benefit OPEB plan providing group term life insurance which is operated by TMRS and is known as the Supplemental Death Benefits fund (SDBF). The City elected, by ordinance, to provide group term life insurance coverage to active and retired members. 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.

*Benefits Provided*

The death benefit for active employees provides a lump-sum payment approximately equal to the employee’s annual salary (calculated based on the employee’s actual earnings, for the 12-month period preceding the month of death); retired employees are insured for \$7,500; this coverage is an “other post-employment benefit” or OPEB.

The City contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. This rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year; the intent is not to prefund retiree life insurance during employees’ entire careers. No assets are accumulated in a trust that meets the criteria in paragraph four of GASB 75.

**City of Lancaster, Texas**  
**Notes to Basic Financial Statements**  
**September 30, 2021**

*Employees Covered by Benefit Terms*

The following employees were covered by the benefit terms at December 31, 2020, (measurement date), is as follows:

Inactive employees or beneficiaries currently receiving benefits	128
Inactive employees entitled to but not yet receiving benefits	37
Active employees	259
Total employees	424

*Total OPEB Liability for Supplemental Death Benefits*

The City and its component units total OPEB liability of \$1,007,562 was measured as of December 31, 2020, and was determined by an actuarial valuation as of that date.

*Actuarial Assumptions*

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:

<b>December 31, 2020</b>	
Actuarial Cost Method	Individual Entry-Age
Discount Rate	2.00% as of December 31, 2020 (2.75% as of December 31, 2019)
Inflation	2.50%
Salary Increases	3.50% to 11.50%, including inflation
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 TMRS SDBF is treated as unfunded OPEB plan because the SDBF trust covers both actives and retirees, and the assets are not accumulated in a trust that meets the criteria of paragraph four of GASB 75. Under GASB 75 (paragraph 155), the discount rate for an unfunded OPEB plan should be based on 20-year tax-exempt AA or higher Municipal Bonds. Therefore, a discount rate of 2.00 percent based on the 20-Year Municipal GO AA Index published by bondbuyer.com is used as of the measurement date of December 31, 2020. At transition, GASB 75 also requires that the Total OPEB Liability (TOL) as of the prior fiscal year end be estimated based on the 20-Year Bond GO Index.

**City of Lancaster, Texas**  
**Notes to Basic Financial Statements**  
**September 30, 2021**

*Changes in Total OPEB Liability for Supplemental Death Benefits*

The total OPEB liability and related information are as follows for the City and its component units at September 30, 2021:

	<b><u>Total OPEB Liability</u></b>
<b>Balances as of October 1, 2020</b>	\$ 847,429
Changes for the year	
Service cost	39,938
Interest on total OPEB liability	23,779
Differences between expected and actual experience	(33,785)
Effect of assumption changes (discount rate change)	135,647
Benefit payments and age adjusted premiums, net of retiree contributions	<u>(5,446)</u>
<b>Balances as of September 30, 2021</b>	<b><u>\$ 1,007,562</u></b>
<b>City</b>	<b><u>\$ 947,108</u></b>
<b>Lancaster Economic Development Corporation</b>	<b><u>\$ 10,076</u></b>
<b>Lancaster Recreational Development Corporation</b>	<b><u>\$ 50,378</u></b>

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

The total OPEB liability of the City and its component units has been calculated using a discount rate of 2.00 percent. The following presents the total OPEB liability using a discount rate one percent higher and one percent lower than the current discount rate.

	<b>1% Decrease</b>	<b>Current Discount Rate Assumption</b>	<b>1% Increase</b>
	<b>1.00%</b>	<b>2.00%</b>	<b>3.00%</b>
Total OPEB Liability	\$ 1,236,134	\$ 1,007,562	\$ 832,163

**City of Lancaster, Texas**  
**Notes to Basic Financial Statements**  
**September 30, 2021**

*OPEB Expense and Deferred Outflows of Resources*

For the year ended September 30, 2021, the City and its component units recognized OPEB expense of \$99,478. At September 30, 2021, the City and its component units reported deferred outflows of resources related to OPEB from the following sources:

	<b>Outflows of Resources</b>	<b>Inflows of Resources</b>
Differences in expected and actual experience	\$ -	\$ 60,201
Changes of assumptions	216,560	24,092
Total	\$ 216,560	\$ 84,293

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

<b>September 30,</b>	<b>Amortization of Deferred Outflows of Resources</b>
2022	\$ 35,761
2023	30,671
2024	30,799
2025	26,969
2026	8,067
Total	\$ 132,267

**Note 10: 457(b) Retirement Plans**

The City offers all employees an opportunity to participate in two deferred compensation plans that have been established in accordance with Internal Revenue Code Section 457. These plans are 457(b) plans, and one is administered by ICMA and one is administered by Nationwide. The Plans provisions and contribution requirements are established and may be amended by plan administrator. Vantage Trust Company is the trustee of the ICMA plan and Nationwide is the trustee of its plan. Employees may enroll in the plans and/or change their contribution amounts at any time. The City does not contribute to either plan.

**City of Lancaster, Texas**  
**Notes to Basic Financial Statements**  
**September 30, 2021**

**Note 11: Litigation**

The City is party to several legal actions arising in the ordinary course of business. In the opinion of the City's legal counsel and management, the City has adequate legal defense and/or insurance coverage regarding each of these actions and does not believe the amount is probable.

**Note 12: Commitments and Contingencies**

***Risk Management***

The City is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City is part of the Texas Municipal League Intergovernmental Risk Pool (Pool). Premiums are paid to the Pool, which retain a limit of loss. Reinsurance companies insure the risks beyond those limits. The City retains, as a risk, only the deductible amount of each policy. There were no significant reductions in coverage in the past fiscal year and there were no settlements exceeding insurance coverage in any of the past three fiscal years.

***Trinity River Authority of Texas***

The City contracts with Trinity River Authority of Texas (TRA), a conservation and reclamation district, whereby TRA finances, constructs, operates and maintains sewage transportation and treatment facilities for the benefit of the City. The current contract is extended through the date until which all bonds have been paid. The City makes payments monthly, which are based on an estimate of its share of costs. The City's share of costs for the fiscal year ended September 30, 2021, was \$6,424,809 for the Ten Mile Creek Regional Wastewater System and \$119,612, for the Red Oak Creek Regional Wastewater System. This estimate is calculated by TRA who makes adjustments for over/under charges in the City's next fiscal year. There were no adjustments to the amounts as calculated by the TRA for the year ended September 30, 2021.

***Federal and State Programs***

The City participates in several federal and state grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that if the City has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable at September 30, 2021, may be impaired.

***Other Contingencies***

There are other claims and pending actions incidental to normal operations of the City. In the opinion of the City administration, the City's potential liability in these matters will not have a material impact in the accompanying financial statements.

**City of Lancaster, Texas**  
**Notes to Basic Financial Statements**  
**September 30, 2021**

**Note 13: Tax Incentive Rebates**

The City of Lancaster has active Commercial Development and Job Related Incentive Rebates that develop or redevelop a particular property attracting business that generates incremental tax revenues. In addition to GASB 77, the agreements are subject Chapter 380 of the Texas Local Government Code that promotes local economic development, commercial activity and business stimulation. City Council approves the agreements via resolution. As part of the agreement, the City agrees to rebate the tax valorem tax increment and the local sales tax after confirmation of payment. If the businesses do not meet the obligations as set forth in the agreement, a clawback provision for default on agreement is included in the agreement and the business agrees to return a percentage of the rebate back to the City. Total rebate of property tax dollars paid out of the general fund for the year ended September 30, 2021 is \$2,390,011.

The City also uses Sales Tax Incentive Programs to spur additional economic development. For FY2021, sales tax rebates paid out of LEDC was \$184,487.

**Note 14: Subsequent Events**

In November of 2021, the City took advantage of historically low interest rates and refinanced its 2011 Certificate of Obligation and its 2012 General Obligation Bond. The new interest rate of 1.35 percent on the November 2021 General Obligation Bonds compares favorably to the average outstanding interest rates of 3.36 percent on the existing debt instruments. The City saved \$547,426 in interest costs. The maturity date remained the same at September 30, 2031.

In December of 2021 the City refinanced two J.P. Morgan Capital Leases for Fire Apparatus totaling \$599,857.58. The combined average interest rate on the outstanding leases of 2.87 percent was improved to 1.85 percent and saved the city \$15,322 in interest costs. The maturity date on the new lease remained the same at May 25,2025.

## **Required Supplementary Information**

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**City of Lancaster, Texas**  
**Required Supplementary Information**  
**Schedule of Changes in Net Pension Liability and Related Ratios**  
**Texas Municipal Retirement System (Unaudited)**

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
<b>Total Pension Liability</b>							
Service cost	\$ 1,754,296	\$ 2,193,202	\$ 2,335,235	\$ 2,469,383	\$ 2,640,859	\$ 2,815,735	\$ 2,870,095
Interest (on the Total Pension Liability)	4,600,938	4,801,518	4,963,011	5,149,906	5,442,872	5,772,620	6,130,458
Changes in benefit terms	-	-	-	-	-	-	-
Differences between expected and actual experience	(470,634)	190,955	(1,104,406)	312,809	311,293	184,748	(1,122,347)
Changes in assumptions	-	961,057	-	-	-	287,170	-
Benefit payments, including refunds of employee contributions	(3,082,997)	(3,394,263)	(3,175,270)	(3,808,922)	(3,546,289)	(3,648,333)	(3,923,955)
Net change in total pension liability	<u>2,801,603</u>	<u>4,752,469</u>	<u>3,018,570</u>	<u>4,123,176</u>	<u>4,848,735</u>	<u>5,411,940</u>	<u>3,954,251</u>
Total pension liability – Beginning	<u>66,392,037</u>	<u>69,193,640</u>	<u>73,946,109</u>	<u>76,964,679</u>	<u>81,087,855</u>	<u>85,936,590</u>	<u>91,348,530</u>
Total pension liability – Ending (a)	<u>\$ 69,193,640</u>	<u>\$ 73,946,109</u>	<u>\$ 76,964,679</u>	<u>\$ 81,087,855</u>	<u>\$ 85,936,590</u>	<u>\$ 91,348,530</u>	<u>\$ 95,302,781</u>
<b>Plan Fiduciary Net Position</b>							
Contributions – employer	\$ 1,950,250	\$ 2,038,833	\$ 1,994,083	\$ 2,199,587	\$ 2,288,860	\$ 2,416,349	\$ 2,441,668
Contributions – employee	943,452	1,019,417	1,049,207	1,110,905	1,190,342	1,263,214	1,270,757
Net investment income	3,212,784	87,279	3,975,648	8,679,960	(2,119,471)	10,594,869	6,004,800
Benefit payments, including refunds of employee contributions	(3,082,997)	(3,394,263)	(3,175,270)	(3,808,922)	(3,546,289)	(3,648,333)	(3,923,955)
Administrative expense	(33,545)	(53,164)	(44,915)	(44,995)	(40,975)	(59,880)	(38,858)
Other	(2,758)	(2,625)	(2,420)	(2,281)	(2,140)	(1,799)	(1,516)
Net change in plan fiduciary net position	<u>2,987,186</u>	<u>(304,523)</u>	<u>3,796,333</u>	<u>8,134,254</u>	<u>(2,229,673)</u>	<u>10,564,420</u>	<u>5,752,896</u>
Plan fiduciary net position – Beginning	<u>56,164,588</u>	<u>59,151,774</u>	<u>58,847,251</u>	<u>62,643,584</u>	<u>70,777,838</u>	<u>68,548,165</u>	<u>79,112,585</u>
Plan fiduciary net position – Ending (b)	<u>\$ 59,151,774</u>	<u>\$ 58,847,251</u>	<u>\$ 62,643,584</u>	<u>\$ 70,777,838</u>	<u>\$ 68,548,165</u>	<u>\$ 79,112,585</u>	<u>\$ 84,865,481</u>
City's net pension liability – Ending (a) – (b)	<u>\$ 10,041,866</u>	<u>\$ 15,098,858</u>	<u>\$ 14,321,095</u>	<u>\$ 10,310,017</u>	<u>\$ 17,388,425</u>	<u>\$ 12,235,945</u>	<u>\$ 10,437,300</u>
Plan fiduciary net position as a percentage of the total pension liability	85.49%	79.58%	81.39%	87.29%	79.77%	86.61%	89.05%
Covered payroll	\$ 13,477,886	\$ 14,563,096	\$ 14,988,669	\$ 15,870,071	\$ 17,004,884	\$ 18,038,022	\$ 18,153,669
City's net pension liability as a percentage of covered payroll	74.51%	103.68%	95.55%	64.97%	102.26%	67.83%	57.49%

Changes in assumptions: In the 2015 valuation the investment rate decreased from 7.0 percent to 6.75 percent; the inflation rate was lowered from 3.0 percent to 2.5 percent; the experience study for retirement age was updated.

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the City will present information for only those years for which information is available. Information has been determined as of the City's measurement date (December 31).

**City of Lancaster, Texas**  
**Required Supplementary Information**  
**Schedule of Contributions**  
**Texas Municipal Retirement System (Unaudited)**

	Fiscal Year						
	2015	2016	2017	2018	2019	2020	2021
Actuarially determined contribution	\$ 2,012,259	\$ 2,002,110	\$ 2,134,819	\$ 2,285,017	\$ 2,441,322	\$ 2,451,002	\$ 2,467,021
Contributions in relation to the actuarially determined contribution	<u>2,012,259</u>	<u>2,002,110</u>	<u>2,134,819</u>	<u>2,285,017</u>	<u>2,441,322</u>	<u>2,451,002</u>	<u>2,467,021</u>
Contribution deficiency (excess)	<u>\$ -</u>						
Covered payroll	\$ 14,156,179	\$ 14,839,963	\$ 15,572,564	\$ 16,678,121	\$ 18,031,676	\$ 18,060,708	\$ 18,490,118
Contributions as a percentage of covered payroll	14.21%	13.49%	13.71%	13.70%	13.54%	13.57%	13.34%

**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 11.50%, including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2019 valuation pursuant to an experience study of the period 2014-2018
Mortality	Post retirement: 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP. Pre-retirement: PUB(10) mortality rates, 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

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the City will present information for only those years for which information is available. Information has been determined as of the City's most recent fiscal year-end (September 30).

**City of Lancaster, Texas**  
**Required Supplementary Information**  
**Schedule of Proportionate Share of Net Pension Liability and Contributions**  
**Texas Municipal Retirement System (Unaudited)**

	<b>Primary Government</b>						
	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
Proportionate share of net pension liability	94.63%	94.61%	94.62%	94.63%	94.61%	94.62%	94.62%
Net pension liability	\$ 9,502,407	\$ 14,285,030	\$ 13,550,087	\$ 9,756,009	\$ 16,451,475	\$ 11,577,744	\$ 9,876,406
Actuarially determined contribution	\$ 1,904,158	\$ 1,894,295	\$ 1,894,396	\$ 2,162,232	\$ 2,309,775	\$ 2,319,138	\$ 2,334,295
Covered payroll	\$ 13,395,694	\$ 14,040,821	\$ 14,041,573	\$ 15,781,923	\$ 17,060,067	\$ 17,067,576	\$ 17,177,002
Proportionate share of net pension liability as a percentage of covered payroll	70.94%	101.74%	96.50%	61.82%	96.43%	67.83%	57.50%
	<b>Lancaster Economic Development Corporation</b>						
	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
Proportionate share of net pension liability	0.95%	0.93%	0.93%	0.95%	0.93%	0.94%	0.95%
Net pension liability	\$ 95,378	\$ 140,419	\$ 133,994	\$ 97,894	\$ 161,599	\$ 115,227	\$ 99,040
Actuarially determined contribution	\$ 19,113	\$ 18,696	\$ 18,620	\$ 21,696	\$ 22,688	\$ 23,039	\$ 23,410
Covered payroll	\$ 134,456	\$ 138,576	\$ 138,012	\$ 158,359	\$ 167,577	\$ 169,557	\$ 172,261
Proportionate share of net pension liability as a percentage of covered payroll	70.94%	101.33%	97.09%	61.82%	96.43%	67.96%	57.49%
	<b>Lancaster Recreational Development Corporation</b>						
	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
Proportionate share of net pension liability	4.42%	4.45%	4.45%	4.42%	4.46%	4.44%	4.43%
Net pension liability	\$ 444,082	\$ 671,899	\$ 637,014	\$ 456,114	\$ 775,350	\$ 542,973	\$ 461,854
Actuarially determined contribution	\$ 88,988	\$ 89,119	\$ 89,094	\$ 101,089	\$ 108,859	\$ 108,824	\$ 109,167
Covered payroll	\$ 626,029	\$ 660,566	\$ 660,378	\$ 737,838	\$ 804,033	\$ 800,888	\$ 803,306
Proportionate share of net pension liability as a percentage of covered payroll	70.94%	101.72%	96.46%	61.82%	96.43%	67.80%	57.49%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the City will present information for only those years for which information is available. Information has been determined as of the City's most recent fiscal year-end (September 30).

**City of Lancaster, Texas**  
**Required Supplementary Information**  
**Retiree Health Care Plan**  
**Schedule of Changes in the City's Total OPEB Liability and Related Ratios**  
**(Unaudited)**

	Measurement Year			
	2017	2018	2019	2020
<b>Total OPEB Liability</b>				
Service Cost	\$ 51,667	\$ 65,663	\$ 64,079	\$ 78,688
Interest Cost	41,389	39,252	44,458	37,706
Difference Between Expected and Actual Experience of the Total OPEB Liability	(1,641)	(16,374)	12,409	(124,895)
Changes of Assumptions	57,658	2,136	112,094	102,810
Benefit Payments	(40,219)	(72,858)	(82,029)	(52,977)
Net Change in Total OPEB Liability	<u>108,854</u>	<u>17,819</u>	<u>151,011</u>	<u>41,332</u>
Total OPEB Liability (Beginning)	<u>1,080,598</u>	<u>1,189,452</u>	<u>1,207,271</u>	<u>1,358,282</u>
Total OPEB Liability (Ending)	<u>\$ 1,189,452</u>	<u>\$ 1,207,271</u>	<u>\$ 1,358,282</u>	<u>\$ 1,399,614</u>
Covered-Employee Payroll	15,871,627	17,005,491	17,580,142	18,150,111
Total OPEB Liability as a Percentage of Covered-Employee Payroll	7.49%	7.10%	8.59%	7.71%

Changes of assumptions reflect the effect of changes in the discount rate each period. The following are the discount rates used in each period: 2018 - 3.71%, 2019 - 2.75%, 2020 - 2.00%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the City will present information for only those years for which information is available. Information has been determined as of the City's measurement date (December 31).

**City of Lancaster, Texas**  
**Required Supplementary Information**  
**TMRs Supplemental Death Benefits Plan**  
**Schedule of Changes in the City's Total OPEB Liability and Related Ratios**  
**(Unaudited)**

	<b>Measurement Year</b>			
	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
<b>Total OPEB Liability</b>				
Service Cost	\$ 22,218	\$ 27,208	\$ 27,057	\$ 39,938
Interest Cost	23,780	24,222	26,296	23,779
Difference Between Expected and Actual Experience of the Total OPEB Liability	-	(16,454)	(39,707)	(33,785)
Changes of Assumptions	59,920	(52,661)	141,242	135,647
Benefit Payments	(6,348)	(5,101)	(5,411)	(5,446)
Net Change in Total OPEB Liability	<u>99,570</u>	<u>(22,786)</u>	<u>149,477</u>	<u>160,133</u>
Total OPEB Liability (Beginning)	<u>621,168</u>	<u>720,738</u>	<u>697,952</u>	<u>847,429</u>
Total OPEB Liability (Ending)	<u>\$ 720,738</u>	<u>\$ 697,952</u>	<u>\$ 847,429</u>	<u>\$ 1,007,562</u>
Covered-Employee Payroll	15,870,071	17,004,884	18,038,022	18,153,669
Total OPEB Liability as a Percentage of Covered-Employee Payroll	4.54%	4.10%	4.70%	5.55%

Changes of assumptions reflect the effect of changes in the discount rate each period. The following are the discount rates used in each period: 2018 - 3.71%, 2019 - 2.75%, 2020 - 2.00%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the City will present information for only those years for which information is available. Information has been determined as of the City's measurement date (December 31).

**City of Lancaster, Texas**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances**  
**Budget and Actual**  
**General Fund (Unaudited)**  
**For the Year Ended September 30, 2021**

	<u>Budgeted Amounts</u>		<b>Actual GAAP Basis</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Taxes and fees	\$ 25,694,529	\$ 25,694,529	\$ 29,838,480	\$ 4,143,951
Licenses and permits	890,390	890,390	2,977,477	2,087,087
Intergovernmental	15,000	15,000	814,155	799,155
Charges for services	1,049,350	1,049,350	1,860,833	811,483
Fines and forfeits	780,000	780,000	1,194,753	414,753
Interest	55,800	55,800	15,878	(39,922)
Grant and other income	2,500	2,500	-	(2,500)
Miscellaneous	36,042	36,042	608,287	572,245
	<u>28,523,611</u>	<u>28,523,611</u>	<u>37,309,863</u>	<u>8,786,252</u>
<b>Expenditures</b>				
Current				
General government	5,493,370	5,493,370	5,463,126	30,244
Public safety	17,776,020	17,776,020	18,324,118	(548,098)
Public works	1,288,286	1,288,286	2,736,377	(1,448,091)
Community development and recreation	1,889,164	1,889,164	1,838,056	51,108
Capital outlay	3,468,482	3,468,482	3,029,880	438,602
Debt service				
Principal retirement	-	-	1,859,583	(1,859,583)
Interest and fiscal charges	-	-	155,532	(155,532)
	<u>29,915,322</u>	<u>29,915,322</u>	<u>33,406,672</u>	<u>(3,491,350)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,391,711)</u>	<u>(1,391,711)</u>	<u>3,903,191</u>	<u>5,294,902</u>
Other financing sources				
Transfers in	2,320,914	2,320,914	1,876,633	(444,281)
Capital leases issued	-	-	1,674,226	1,674,226
	<u>2,320,914</u>	<u>2,320,914</u>	<u>3,550,859</u>	<u>1,229,945</u>
<b>Net Change in Fund Balances</b>	929,203	929,203	7,454,050	6,524,847
<b>Fund Balance, Beginning of Year</b>	<u>15,906,573</u>	<u>15,906,573</u>	<u>15,906,573</u>	<u>-</u>
<b>Fund Balance, End of Year</b>	<u>\$ 16,835,776</u>	<u>\$ 16,835,776</u>	<u>\$ 23,360,623</u>	<u>\$ 6,524,847</u>

**City of Lancaster, Texas**  
**Notes to Required Supplementary Information (Unaudited)**  
**September 30, 2021**

***Budgets and Budgetary Accounting***

The City adopts an “appropriated budget” of the General Fund on the modified accrual basis of accounting by department. The City is required to present the adopted and final amended budgeted revenues and expenditures. The City compares the final amended budget to actual revenues and expenditures.

Encumbrances are commitments related to unperformed (executory) contracts for goods or services (i.e., purchase orders, contracts, and commitments). Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. While all appropriations and encumbrances technically lapse at year end, valid outstanding encumbrances (those for which performance under the executory contract is expected in the next year) are reappropriated and spent in the subsequent year. The variances between General Fund - Budget and Actual Schedule, as noted on the previous page, are a result of prior year encumbrances and not expenditures in excess of current year appropriations.

An operating budget for the General Fund is legally adopted each fiscal year.

The budget is adopted on a basis consistent with generally accepted accounting principles (GAAP).

The City generally follows these procedures in establishing the budgetary data reflected in the financial statements:

1. A proposed operating budget including proposed expenditures and the means of financing them is submitted to the City Council by the City Manager.
2. Upon receipt of the budget estimates, the City Council holds a first reading on the Budget Ordinance and Tax Roll Ordinance. Information about the Budget Ordinance is then published in the official newspaper of the City.
3. A public hearing on the budget is held.
4. Prior to October 1 the budget is legally enacted through passage of an ordinance. The legal level of budgetary control is at the fund level. The City Manager is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the City Council. Budgetary control has been established at the detail level by line item activity for management control.

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**Combining and Individual Fund  
Statements and Schedules**

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**City of Lancaster, Texas**  
**Non-major Governmental Funds**  
**September 30, 2021**

***Special Revenue Funds***

Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

**Stormwater Drainage Fund** – to account for revenues received from a fee charged for the development of the City’s storm sewer drainage system.

**Public Improvement Districts Fund** – to account for the activities of the public improvement districts of the City.

**Police State Seized Fund** – to account for the activities of related funds awarded to the City by the Courts.

**Police Federal Seized Fund** – to account for the activities of related funds awarded to the City by the Courts.

**Hotel/Motel Fund** – to account for the revenues received from a hotel and motel tax.

**Emergency 911 Fund** – to account for revenues received from a fee charged for emergency services.

**Parkland Dedication Fund** – to account for revenues to provide for parks, open spaces and recreational areas.

***Capital Projects Fund***

**Street Maintenance Fund** – to account for maintenance of the City’s transportation system.

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**City of Lancaster, Texas**  
**Combining Balance Sheet**  
**Non-major Governmental Funds**  
**For the Year Ended September 30, 2021**

	Special Revenue Funds						Capital Projects Fund	Total Non-major Governmental Funds	
	Stormwater Drainage Fund	Public Improvement Districts Fund	Police State Seized Fund	Police Federal Seized Fund	Hotel/ Motel Fund	Emergency 911 Fund	Parkland Dedication Fund		Street Maintenance Fund
<b>Assets</b>									
Cash and cash equivalents	\$ 4,536,385	\$ 1,700,729	\$ 23,420	\$ 28,070	\$ 1,389,373	\$ 1,219,709	431,378	\$ -	\$ 9,329,064
Receivables (net of allowance for uncollectibles)									
Delinquent taxes	-	9,486	-	-	-	-	-	-	9,486
Accounts receivable	257,592	-	851	-	68,934	21,708	-	12,303	361,388
Total assets	<u>\$ 4,793,977</u>	<u>\$ 1,710,215</u>	<u>\$ 24,271</u>	<u>\$ 28,070</u>	<u>\$ 1,458,307</u>	<u>\$ 1,241,417</u>	<u>\$ 431,378</u>	<u>\$ 12,303</u>	<u>\$ 9,699,938</u>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>									
<b>Liabilities</b>									
Accounts and contracts payable	\$ 343,852	\$ 28,471	\$ -	\$ 323	\$ 942	\$ 382	\$ -	\$ -	\$ 373,970
Accrued liabilities	110,044	-	12,675	-	-	805	-	-	123,524
Due to other funds	-	-	-	-	-	-	-	252,660	252,660
Total liabilities	<u>453,896</u>	<u>28,471</u>	<u>12,675</u>	<u>323</u>	<u>942</u>	<u>1,187</u>	<u>-</u>	<u>252,660</u>	<u>750,154</u>
Deferred inflows of resources - unavailable revenue	-	-	-	-	-	-	-	12,303	12,303
<b>Fund balances</b>									
Restricted for									
Public works	4,340,081	-	-	-	-	-	-	-	4,340,081
Public improvement districts	-	1,681,744	-	-	-	-	-	-	1,681,744
Police grants	-	-	11,596	27,747	-	-	-	-	39,343
Tourism, convention centers, arts	-	-	-	-	1,457,365	-	-	-	1,457,365
Law enforcement purposes	-	-	-	-	-	1,240,230	-	-	1,240,230
Park dedication	-	-	-	-	-	-	431,378	-	431,378
Unassigned	-	-	-	-	-	-	-	(252,660)	(252,660)
Total fund balances	<u>4,340,081</u>	<u>1,681,744</u>	<u>11,596</u>	<u>27,747</u>	<u>1,457,365</u>	<u>1,240,230</u>	<u>431,378</u>	<u>(252,660)</u>	<u>8,937,481</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 4,793,977</u>	<u>\$ 1,710,215</u>	<u>\$ 24,271</u>	<u>\$ 28,070</u>	<u>\$ 1,458,307</u>	<u>\$ 1,241,417</u>	<u>\$ 431,378</u>	<u>\$ 12,303</u>	<u>\$ 9,699,938</u>

**City of Lancaster, Texas**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Non-major Governmental Funds**  
**For the Year Ended September 30, 2021**

	Special Revenue Funds						Capital Projects Fund	Total Non-major Governmental Funds	
	Stormwater Drainage Fund	Public Improvement Districts Fund	Police State Seized Fund	Police Federal Seized Fund	Hotel/ Motel Fund	Emergency 911 Fund	Parkland Dedication Fund		Street Maintenance Fund
<b>Revenues</b>									
Taxes and fees	\$ 1,902,060	\$ 720,720	\$ -	\$ -	\$ 273,191	\$ -	\$ -	826,384	\$ 3,722,355
Licenses and permits	-	-	-	-	-	221,711	-	-	221,711
Forfeitures	-	-	-	26,765	-	-	-	-	26,765
Miscellaneous	-	556	4,110	-	7,535	-	-	-	12,201
Interest	2,889	1,146	30	39	818	783	-	314	6,019
<b>Total revenues</b>	<u>1,904,949</u>	<u>722,422</u>	<u>4,140</u>	<u>26,804</u>	<u>281,544</u>	<u>222,494</u>	<u>-</u>	<u>826,698</u>	<u>3,989,051</u>
<b>Expenditures</b>									
Current									
Public safety	-	-	4,994	29,627	-	207,412	-	-	242,033
Public works	1,781,910	-	-	-	-	-	-	-	1,781,910
Community development and recreation	-	420,657	-	-	21,761	-	-	-	442,418
Capital outlay	-	-	24,975	24,975	-	65,859	-	1,738,764	1,854,573
Debt service									
Principal retirement	30,000	-	-	-	-	-	-	-	30,000
Interest and fiscal charges	11,750	-	-	-	-	-	-	-	11,750
<b>Total expenditures</b>	<u>1,823,660</u>	<u>420,657</u>	<u>29,969</u>	<u>54,602</u>	<u>21,761</u>	<u>273,271</u>	<u>-</u>	<u>1,738,764</u>	<u>4,362,684</u>
Excess (deficiency) of revenues over (under) expenditures	<u>81,289</u>	<u>301,765</u>	<u>(25,829)</u>	<u>(27,798)</u>	<u>259,783</u>	<u>(50,777)</u>	<u>-</u>	<u>(912,066)</u>	<u>(373,633)</u>
<b>Other Financing Sources (Uses)</b>									
Transfers out	(58,610)	-	-	-	(19,354)	-	-	-	(77,964)
<b>Total other financing sources (uses)</b>	<u>(58,610)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(19,354)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(77,964)</u>
<b>Net Change in Fund Balances</b>	22,679	301,765	(25,829)	(27,798)	240,429	(50,777)	-	(912,066)	(451,597)
<b>Fund Balances, Beginning of Year</b>	4,317,402	1,379,979	37,425	55,545	1,216,936	1,291,007	431,378	659,406	9,389,078
<b>Fund Balances, End of Year</b>	<u>\$ 4,340,081</u>	<u>\$ 1,681,744</u>	<u>\$ 11,596</u>	<u>\$ 27,747</u>	<u>\$ 1,457,365</u>	<u>\$ 1,240,230</u>	<u>\$ 431,378</u>	<u>\$ (252,660)</u>	<u>\$ 8,937,481</u>

**City of Lancaster, Texas**  
**Non-major Enterprise Funds**  
**September 30, 2021**

***Enterprise Funds***

Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises – where the intent of the City is that costs of providing the goods or services to the general public on a continuing basis will be financed or recovered through user charges. The City has one Non-major Enterprise Fund, which include the following:

**Refuse Fund** – to account for the operation of the City’s refuse services.

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**City of Lancaster, Texas**  
**Combining Statement of Net Position**  
**Non-major Enterprise Funds**  
**September 30, 2021**

<b>Assets</b>	<b>Refuse Fund</b>	<b>Total Non-major Enterprise Funds</b>
	<u>          </u>	<u>          </u>
<b>Current Assets</b>		
Cash and cash equivalents	\$ 4,278,025	\$ 4,278,025
Receivables (net of allowance for uncollectibles)		
Accounts	168,363	168,363
Unbilled	<u>157,433</u>	<u>157,433</u>
Total current assets	<u>4,603,821</u>	<u>4,603,821</u>
<b>Noncurrent Assets</b>		
Capital assets		
Nondepreciable	-	-
Depreciable (net of accumulated depreciation)	<u>309,067</u>	<u>309,067</u>
Total noncurrent assets	<u>309,067</u>	<u>309,067</u>
Total assets	<u>4,912,888</u>	<u>4,912,888</u>
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Accounts and contracts payable	134,542	134,542
Accrued liabilities	20,962	20,962
Due to General Fund	-	-
Compensated absences	<u>218</u>	<u>218</u>
Total current liabilities	<u>155,722</u>	<u>155,722</u>
<b>Noncurrent Liabilities</b>		
Compensated absences	<u>654</u>	<u>654</u>
Total noncurrent liabilities	<u>654</u>	<u>654</u>
Total liabilities	<u>156,376</u>	<u>156,376</u>
<b>Net Position</b>		
Net investment in capital assets	309,067	309,067
Unrestricted	<u>4,447,445</u>	<u>4,447,445</u>
Total net position	<u>\$ 4,756,512</u>	<u>\$ 4,756,512</u>

## City of Lancaster, Texas

### Combining Statement of Revenues, Expenses, and Changes in Net Position

#### Non-major Enterprise Funds

For the Year Ended September 30, 2021

	<u>Refuse Fund</u>	<u>Total Non-major Enterprise Funds</u>
<b>Operating Revenues</b>		
Charges for services	2,749,275	\$ 2,749,275
Miscellaneous	-	-
Total operating revenues	<u>2,749,275</u>	<u>2,749,275</u>
<b>Operating Expenses</b>		
Maintenance	99,746	99,746
Heat, light and power	-	-
Depreciation	53,222	53,222
Special services	1,530,999	1,530,999
Miscellaneous	18,433	18,433
Total operating expenses	<u>1,702,400</u>	<u>1,702,400</u>
<b>Operating Income (Loss)</b>	<u>1,046,875</u>	<u>1,046,875</u>
<b>Nonoperating Revenues</b>		
Interest revenue	2,435	2,435
Total nonoperating revenues	<u>2,435</u>	<u>2,435</u>
<b>Income (Loss) Before Transfers</b>	1,049,310	1,049,310
Transfers out	<u>(156,045)</u>	<u>(156,045)</u>
<b>Change in Net Position</b>	893,265	893,265
<b>Net Position, Beginning of Year</b>	<u>3,863,247</u>	<u>3,863,247</u>
<b>Net Position, End of Year</b>	<u>\$ 4,756,512</u>	<u>\$ 4,756,512</u>

**City of Lancaster, Texas**  
**Combining Statement of Cash Flows**  
**Non-major Enterprise Funds**  
**For the Year Ended September 30, 2021**

	<b>Refuse Fund</b>	<b>Total Non-major Enterprise Fund</b>
	<u>          </u>	<u>          </u>
<b>Operating Activities</b>		
Receipts from customers and users	\$ 2,703,375	\$ 2,703,375
Payments to suppliers	(1,687,894)	(1,687,894)
	<u>          </u>	<u>          </u>
Net cash provided by (used in) operating activities	<u>1,015,481</u>	<u>1,015,481</u>
<b>Noncapital and Related Financing Activities</b>		
Transfers out	(156,045)	(156,045)
	<u>          </u>	<u>          </u>
Net cash used in noncapital financing activities	<u>(156,045)</u>	<u>(156,045)</u>
<b>Investing Activities</b>		
Interest on investments	2,434	2,434
	<u>          </u>	<u>          </u>
Net cash provided by investing activities	<u>2,434</u>	<u>2,434</u>
<b>Increase in Cash and Cash Equivalents</b>	861,870	861,870
<b>Cash and Cash Equivalents, Beginning of Year</b>	<u>3,416,155</u>	<u>3,416,155</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u>\$ 4,278,025</u>	<u>\$ 4,278,025</u>
<b>Reconciliation of Net Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities</b>		
Operating income (loss)	\$ 1,046,875	\$ 1,046,875
Item not requiring cash		
Depreciation	53,222	53,222
Changes in		
Accounts receivable	(45,900)	(45,900)
Accounts payable	3,650	3,650
Accrued expenses	(42,366)	(42,366)
	<u>          </u>	<u>          </u>
Net cash provided by (used in) operating activities	<u>\$ 1,015,481</u>	<u>\$ 1,015,481</u>

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**City of Lancaster, Texas**  
**Discretely Presented Component Units**  
**September 30, 2021**

**Lancaster Economic Development Corporation** – to account for revenues from an industrial development sales tax to spur increased economic development activity within the City.

**Lancaster Recreational Development Corporation** – to account for revenues from a sales and use tax for the development of parks and recreational facilities.

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**City of Lancaster, Texas**  
**Balance Sheet**  
**Economic Development Corporation**  
**Discretely Presented Component Units**  
**September 30, 2021**

<b>Assets</b>	
Cash and cash equivalents	\$ 7,295,496
Sales tax receivable	326,310
Due from primary government	<u>672,238</u>
Total assets	<u>8,294,044</u>
<b>Liabilities</b>	
Accounts payable	<u>83,712</u>
Total liabilities	<u>83,712</u>
<b>Fund Balances</b>	
Unassigned	<u>8,210,332</u>
Total fund balances	<u>8,210,332</u>
<b>Total Liabilities and Fund Balance</b>	<u><u>\$ 8,294,044</u></u>

**City of Lancaster, Texas**  
**Reconciliation of the Balance Sheet of Governmental Funds**  
**to the Statement of Net Position**  
**Economic Development Corporation**  
**Discretely Presented Component Units**  
**September 30, 2021**

Total fund balance	\$ 8,210,332
Amounts reported in the statement of net position are different because:	
Interest payable on long-term debt does not require current financial resources; therefore, interest payable is not reported as a liability in the balance sheet.	(6,016)
Capital assets used in governmental activities are not financial resources; therefore, are not reported as assets in fund financial statements. Capital assets are reported in the government-wide financial statements, net of accumulated depreciation.	100,378
Long-term liabilities, including notes payable, net pension liability, and OPEB are not due and payable in the current period and therefore are not reported in the fund financial statements.	(1,338,112)
Deferred outflows of resources and deferred inflows of resources represent flows of resources which relate to future periods and, therefore, are not reported in the fund financial statements. Deferred outflows of resources and deferred inflows of resources at year-end consist of:	
Employer contributions (GASB 75)	315
Assumption changes (GASB 75)	3,742
Experience difference (GASB 75)	(1,448)
Employer contributions (GASB 68)	16,828
Investment return difference (GASB 68)	(20,213)
Assumption changes (GASB 68)	1,028
Experience difference (GASB 68)	(5,982)
Total net position	\$ 6,960,852

**City of Lancaster, Texas**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Economic Development Corporation**  
**Discretely Presented Component Units**  
**For the Year Ended September 30, 2021**

<b>Revenues</b>	
Sales taxes	\$ 1,563,519
Interest	4,721
	1,568,240
Total revenues	1,568,240
 <b>Expenditures</b>	
Cultural and recreation	771,397
Debt service	
Repayment of note payable to primary government	155,000
Repayment of interest to primary government	55,425
	981,822
Total expenditures	981,822
 <b>Net Change in Fund Balance</b>	 586,418
 <b>Fund Balance, Beginning of Year</b>	 7,623,914
 <b>Fund Balance, End of Year</b>	 \$ 8,210,332

# City of Lancaster, Texas

## Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities

### Economic Development Corporation Discretely Presented Component Units For the Year Ended September 30, 2021

Net change in fund balance	\$ 586,418
Amounts reported in the statement of activities are different because:	
Current year pension and OPEB expenditures are reported on the fiscal year basis on the governmental statement of revenues, expenditures and changes in fund balance and as actuarially determined in the government-wide statement of activities. These differences are reflected in deferred outflows of resources and deferred inflow of resources balances.	7,312
Current year principal payments of long-term liabilities are shown as expenditures in the fund financial statements, but shown as reductions in long-term liabilities in the government-wide financial statements.	<u>155,000</u>
Change in net position	<u>\$ 749,642</u>

**City of Lancaster, Texas**  
**Balance Sheet**  
**Recreational Development Corporation**  
**Discretely Presented Component Units**  
**September 30, 2021**

**Assets**

Cash and cash equivalents	\$ 2,087,651
Sales tax receivable	641,163
Accounts receivable	19,745
Prepaid expenses	<u>15,707</u>
 Total assets	 <u>2,764,266</u>

**Liabilities**

Accounts payable	32,181
Accrued liabilities	33,078
Due to primary government	<u>1,993,142</u>
 Total liabilities	 <u>2,058,401</u>

**Fund Balance**

Nonspendable for prepaid items	15,707
Unassigned	<u>690,158</u>
 Total fund balances	 <u>705,865</u>

**City of Lancaster, Texas**  
**Reconciliation of the Balance Sheet of Governmental Funds to the**  
**Statement of Net Position**  
**Recreational Development Corporation**  
**Discretely Presented Component Units**  
**September 30, 2021**

Total fund balance	\$ 705,865
Amounts reported in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in fund financial statements. Capital assets are reported in the government-wide financial statements, net of accumulated depreciation.	9,594,632
Interest payable on long-term debt does not require current financial resources, therefore interest payable is not reported as a liability in the balance sheet.	(11,484)
Long-term liabilities, including notes payable, are not due and payable in the current period and therefore are not reported in the fund financial statements.	(3,922,214)
Deferred outflows of resources and deferred inflows of resources represent flows of resources which relate to future periods and, therefore, are not reported in the fund financial statements. Deferred outflows of resources and deferred inflows of resources at year-end consist of:	
Employer contributions GASB 75)	1,584
Assumption changes (GASB 75)	18,710
Experience difference (GASB 75)	(7,239)
Employer contributions (GASB 68)	81,280
Investment return difference (GASB 68)	(102,837)
Assumption changes (GASB 68)	5,149
Experience difference (GASB 68)	<u>(30,047)</u>
Total net position	<u>\$ 6,333,399</u>

**City of Lancaster, Texas**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Recreational Development Corporation**  
**Discretely Presented Component Units**  
**For the Year Ended September 30, 2021**

<b>Revenues</b>	
Sales taxes	\$ 3,127,039
Charges for services	488,707
Other revenues	6,903
Interest	<u>1,311</u>
Total revenues	<u>3,623,960</u>
<b>Expenditures</b>	
Cultural and recreation	2,015,781
Capital outlay	36,938
Debt service	
Repayment of note payable to primary government	790,000
Repayment of interest to primary government	<u>132,500</u>
Total expenditures	<u>2,975,219</u>
Excess of revenues over expenditures	<u>648,741</u>
<b>Net Change in Fund Balance</b>	648,741
<b>Fund Balance, Beginning of Year</b>	<u>57,124</u>
<b>Fund Balance, End of Year</b>	<u><u>\$ 705,865</u></u>

# City of Lancaster, Texas

## Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities

### Recreational Development Corporation Discretely Presented Component Units For the Year Ended September 30, 2021

#### Reconciliation to Statement of Revenues RDC

Net change in fund balance	\$ 648,741
Amounts reported in the statement of activities are different because:	
Depreciation expense on capital assets is reported in the government-wide statement of activities and changes in net position, but they do not require the use of current financial resources. Therefore, depreciation expense is not reported as expenditures in the governmental funds.	(575,583)
Current year principal payments of long-term liabilities are shown as expenditures in the fund financial statements, but shown as reductions in long-term liabilities in the government-wide financial statements.	790,000
Current year pension and OPEB expenditures are reported on the fiscal year basis on the governmental statement of revenues, expenditures and changes in fund balance and as actuarially determined in the government-wide statement of activities. These differences are reflected in deferred outflows of resources and deferred inflow of resources balances.	36,658
Current year changes in accrued interest payable do not require the use of current financial resources; therefore, are not reported as expenditures in governmental funds.	<u>5,079</u>
Change in net position	<u><u>\$ 904,895</u></u>

## **Statistical Section**

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The following portion of the City of Lancaster Annual Comprehensive Financial Report presents detailed information as a context for understanding the information in the financial statements, note disclosures, and required supplementary information regarding the City’s overall financial health.

Table	Contents
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**Financial Trends** – *These tables contain trend information to help the reader understand how the City’s financial performance and well-being have changed over time.*

Entity-wide information:

- A Net position by component, last ten fiscal years
- B Changes in net position, last ten fiscal years

Governmental funds information:

- C Fund balances of governmental funds, last ten fiscal years
- D Changes in fund balances of governmental funds, last ten fiscal years

**Revenue Capacity** – *These tables contain information to help the reader assess one of the City’s most significant revenue sources, the property tax.*

- E Assessed and estimated actual value of taxable property, last ten fiscal years
- F Direct and overlapping property tax rates, last ten fiscal years
- G Principal taxpayers, current year and nine years ago
- H Ad-valorem tax levies and collections, last ten fiscal years

**Debt Capacity** – *These tables present information to help the reader assess the affordability of the City’s current levels of outstanding debt and the City’s ability to issue additional debt in the future.*

- I Ratios of outstanding debt by type, last ten fiscal years
- J Ratios of net general bonded debt outstanding *per capita*, last ten fiscal years
- K Legal debt margin information
- L Direct and overlapping governmental activities debt, last ten fiscal years
- M Secured revenue coverage – Water Bonds, last ten fiscal years

**Demographic and Economic Information** – *These tables offer demographic and economic indicators to help understand the environment within which the City’s financial activities take place and to help make comparisons over time and with other governments.*

- N Demographic and Economic Statistics, last ten calendar years
- O Principal employers, current and six years ago

**Table****Contents**

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**Operating Information** – *These tables contain information about the City’s operations and resources to help the reader understand how the City’s financial information relates to the services the City provides and activities it performs.*

- P Full-time equivalent City government employees by function/program, last ten years
- Q Operating indicators by function/program, last ten fiscal years
- R Capital asset statistics by function/program, last ten fiscal years

**Sources:** Unless otherwise noted, the information in these tables is derived from the Annual Comprehensive Financial Reports for the relevant years.

**City of Lancaster, Texas**  
**Table A – Net Position by Component**  
**Accrual Basis of Accounting**  
**Last Ten Fiscal Years (Unaudited)**

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>Governmental Activities</b>										
Net investment in capital assets	\$ 55,109,346	\$ 46,231,794	\$ 46,504,601	\$ 43,186,713	\$ 41,406,070	\$ 47,966,710	\$ 37,985,322	\$ 33,701,881	\$ 37,281,365	\$ 40,362,558
Restricted for										
Housing and Urban Development	-	201,618	198,242	-	-	-	-	-	-	-
Court Security	-	-	-	25,509	29,106	38,013	45,457	55,458	70,498	84,640
Court Technology	-	-	-	77,596	82,633	97,869	109,564	108,981	131,656	118,312
Debt service	242,823	352,439	397,888	602,627	808,824	1,749,893	1,949,459	3,245,575	5,297,018	7,178,670
Public improvement districts	-	254,959	324,233	443,707	613,074	829,346	839,635	1,095,705	1,379,979	1,681,744
Tourism, convention centers, arts	-	367,370	433,318	535,168	621,137	717,922	826,544	981,652	1,216,936	1,457,365
Law enforcement purposes	-	616,916	467,206	619,198	834,271	1,009,536	1,138,971	1,176,713	1,383,977	1,279,573
Unrestricted	2,408,817	8,209,270	6,496,829	1,745,271	2,596,403	(5,878,003)	7,779,240	14,184,301	14,630,657	22,555,399
Total governmental activities net asset	\$ 57,760,986	\$ 56,234,366	\$ 54,822,317	\$ 47,235,789	\$ 46,991,518	\$ 46,531,286	\$ 50,674,192	\$ 54,550,266	\$ 61,392,086	\$ 74,718,261
<b>Business-type Activities</b>										
Net investment in capital assets	\$ 37,955,920	\$ 37,933,467	\$ 38,224,476	\$ 33,117,792	\$ 42,684,653	\$ 43,805,254	\$ 40,005,241	\$ 41,354,370	\$ 42,523,889	\$ 42,577,357
Unrestricted	13,121,089	15,798,314	17,260,560	24,342,877	23,659,170	26,965,817	32,720,848	34,682,576	36,379,569	38,755,582
Total business-type activities net asset	\$ 51,077,009	\$ 53,731,781	\$ 55,485,036	\$ 57,460,669	\$ 66,343,823	\$ 70,771,071	\$ 72,726,089	\$ 76,036,946	\$ 78,903,458	\$ 81,332,939
<b>Primary Government</b>										
Net investment in capital assets	\$ 93,065,266	\$ 84,165,261	\$ 84,729,077	\$ 76,304,505	\$ 84,090,723	\$ 91,771,964	\$ 77,990,563	\$ 75,056,251	\$ 79,805,254	\$ 82,939,915
Restricted for										
Housing and Urban Development	-	201,618	198,242	-	-	-	-	-	-	-
Court Security	-	-	-	25,509	29,106	38,013	45,457	55,458	70,498	84,640
Court Technology	-	-	-	77,596	82,633	97,869	109,564	108,981	131,656	118,312
Public improvement districts	-	254,959	324,233	443,707	613,074	829,346	839,635	1,095,705	1,379,979	1,681,744
Tourism, convention centers, arts	-	367,370	433,318	535,168	621,137	717,922	826,544	981,652	1,216,936	1,457,365
Law enforcement purposes	-	616,916	467,206	619,198	834,271	1,009,536	1,138,971	1,176,713	1,383,977	1,279,573
Debt service	242,823	352,439	397,888	602,627	808,824	1,749,893	1,949,459	3,245,575	5,297,018	7,178,670
Impact fees	-	-	-	-	-	-	-	-	-	-
Capital	-	-	-	-	-	-	-	-	-	-
Governmental funded construction costs	-	-	-	-	-	-	-	-	-	-
Unrestricted	15,529,906	24,007,584	23,757,389	26,088,148	26,255,573	21,087,814	40,500,088	48,866,877	51,010,226	61,310,981
Total primary governmental net assets	\$ 108,837,995	\$ 109,966,147	\$ 110,307,353	\$ 104,696,458	\$ 113,335,341	\$ 117,302,357	\$ 123,400,281	\$ 130,587,212	\$ 140,295,544	\$ 156,051,200

Source: Comprehensive Annual Financial Report

**City of Lancaster, Texas**  
**Table B – Changes in Net Position**  
**Accrual Basis of Accounting**  
**Last Ten Fiscal Years (Unaudited)**

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>Expenses</b>										
Governmental activities										
General government	\$ 3,642,761	\$ 4,171,973	\$ 4,055,911	\$ 3,891,404	\$ 7,337,257	\$ 7,327,188	\$ 6,540,944	\$ 7,542,414	\$ 8,618,415	\$ 6,205,691
Public safety	14,232,681	14,350,239	14,898,549	16,540,660	18,522,908	18,869,618	20,671,196	22,445,886	21,474,236	22,602,069
Public works	5,119,834	4,991,125	4,926,327	5,987,362	3,651,258	3,869,238	3,441,079	3,512,367	3,735,538	5,034,667
Community development and recreation	1,173,498	1,238,745	1,260,500	1,225,730	1,366,830	1,829,003	2,214,694	2,461,161	2,795,968	2,625,974
Social and welfare	8,493,007	2,048,769	3,623	-	-	-	-	-	-	-
Interest and fiscal charges	2,367,927	1,836,254	3,054,899	3,379,380	3,200,431	2,935,851	4,304,629	2,928,389	2,794,842	2,331,002
Total governmental activities expenses	<u>35,029,708</u>	<u>28,637,105</u>	<u>28,199,809</u>	<u>31,024,536</u>	<u>34,078,684</u>	<u>34,830,898</u>	<u>37,172,542</u>	<u>38,890,217</u>	<u>39,418,999</u>	<u>38,799,403</u>
Business-type activities										
Water and sewer	10,085,993	9,945,611	11,215,515	12,185,162	12,960,201	12,635,280	14,113,248	14,151,252	14,573,772	15,673,559
Refuse	2,509,957	2,050,731	2,153,859	2,134,898	1,470,074	1,531,088	1,505,851	1,570,873	1,891,782	1,702,400
Airport	982,868	852,874	886,065	909,428	724,101	842,480	747,317	760,573	780,611	891,042
Golf course	139,621	108,196	86,605	82,234	79,667	116,867	1,038,286	1,093,145	951,759	1,033,880
Total business-type activities expenses	<u>13,718,439</u>	<u>12,957,412</u>	<u>14,342,044</u>	<u>15,311,722</u>	<u>15,234,043</u>	<u>15,125,715</u>	<u>17,404,702</u>	<u>17,575,843</u>	<u>18,197,924</u>	<u>19,300,881</u>
Total primary government expenses	<u>\$ 48,748,147</u>	<u>\$ 41,594,517</u>	<u>\$ 42,541,853</u>	<u>\$ 46,336,258</u>	<u>\$ 49,312,727</u>	<u>\$ 49,956,613</u>	<u>\$ 54,577,244</u>	<u>\$ 56,466,060</u>	<u>\$ 57,616,923</u>	<u>\$ 58,100,284</u>
<b>Program Revenues</b>										
Governmental activities										
Charges for services										
General government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,783,188	\$ 1,919,690	\$ 1,902,060
Public safety	1,529,136	787,570	990,079	1,436,765	2,303,526	1,563,791	1,910,595	1,322,261	1,473,204	2,781,229
Public works	682,137	1,863,869	1,856,563	1,838,598	3,346,266	2,931,542	2,892,010	3,508,030	1,753,034	5,060,021
Community development and recreation	-	-	-	-	-	-	-	-	-	-
Social and welfare	-	2,814,031	1,339,640	1,351,379	-	-	-	-	-	-
Operating grants and contributions	8,171,297	-	-	-	894,947	748,338	2,184,968	1,273,543	4,496,757	2,546,121
Capital grants and contributions	1,146,735	-	-	-	-	-	-	236,500	-	-
Total governmental activities program revenues	<u>\$ 11,529,305</u>	<u>\$ 5,465,470</u>	<u>\$ 4,186,282</u>	<u>\$ 4,626,742</u>	<u>\$ 6,544,739</u>	<u>\$ 5,243,671</u>	<u>\$ 6,987,573</u>	<u>\$ 8,123,522</u>	<u>\$ 9,642,685</u>	<u>\$ 12,289,431</u>

**City of Lancaster, Texas**  
**Table B – Changes in Net Position (Continued)**  
**Accrual Basis of Accounting**  
**Last Ten Fiscal Years (Unaudited)**

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Business-type activities										
Charges for services										
Water and sewer	\$ 14,209,081	\$ 14,251,489	\$ 14,291,481	\$ 15,807,876	\$ 15,708,146	\$ 16,072,343	\$ 16,544,138	\$ 16,466,683	\$ 17,413,522	\$ 17,668,813
Refuse	2,077,599	2,171,652	2,190,122	2,281,175	2,374,754	2,695,335	2,549,198	2,681,079	2,720,555	2,749,275
Airport	806,724	750,308	788,602	748,077	775,416	681,037	685,256	688,845	675,621	711,252
Golf course	94,847	85,595	79,845	72,021	69,582	113,629	152,823	191,012	188,457	290,251
Operating grants and contributions	-	-	-	-	-	-	-	-	-	-
Capital grants and contributions	300,000	-	-	-	3,612,835	-	-	-	-	-
Total business-type activities program revenues	<u>17,488,251</u>	<u>17,259,044</u>	<u>17,350,050</u>	<u>18,909,149</u>	<u>22,540,733</u>	<u>19,562,344</u>	<u>19,931,415</u>	<u>20,027,619</u>	<u>20,998,155</u>	<u>21,419,591</u>
Total primary government program revenues	<u>\$ 29,017,556</u>	<u>\$ 22,724,514</u>	<u>\$ 21,536,332</u>	<u>\$ 23,535,891</u>	<u>\$ 29,085,472</u>	<u>\$ 24,806,015</u>	<u>\$ 26,918,988</u>	<u>\$ 28,151,141</u>	<u>\$ 30,640,840</u>	<u>\$ 33,709,022</u>
<b>Net (Expenses) Revenues</b>										
Governmental activities	\$(23,500,403)	\$(23,171,635)	\$(24,013,527)	\$(26,397,794)	\$(27,533,945)	\$(29,587,227)	\$(30,184,969)	\$(30,766,695)	\$(29,776,314)	\$(26,509,972)
Business-type activities	3,769,812	4,301,632	3,008,006	3,597,427	7,306,690	4,436,629	2,526,713	2,451,776	2,800,231	2,118,710
Total primary government net expenses	<u>\$(19,730,591)</u>	<u>\$(18,870,003)</u>	<u>\$(21,005,521)</u>	<u>\$(22,800,367)</u>	<u>\$(20,227,255)</u>	<u>\$(25,150,598)</u>	<u>\$(27,658,256)</u>	<u>\$(28,314,919)</u>	<u>\$(26,976,083)</u>	<u>\$(24,391,262)</u>
<b>General Revenues and Other Changes in Net Assets</b>										
Governmental activities										
Taxes										
Property taxes	\$ 13,255,066	\$ 12,299,191	\$ 12,240,385	\$ 14,047,562	\$ 15,696,270	\$ 18,172,866	\$ 20,117,067	\$ 22,325,257	\$ 25,428,022	\$ 27,233,924
Sales taxes	5,676,841	4,845,324	4,960,391	5,545,413	5,633,760	6,168,242	7,160,171	6,869,083	6,557,347	7,817,596
Franchise taxes	3,526,875	2,969,849	3,337,767	2,127,730	2,041,390	2,138,384	2,272,208	2,305,492	2,057,524	2,310,260
Other local taxes	51,632	-	48,110	2,494,897	2,019,179	1,761,893	1,164,457	34,537	16,208	22,745
Interest on investments	44,197	22,654	10,241	15,923	111,569	270,073	501,786	1,031,549	388,113	32,465
Miscellaneous	484,754	343,709	324,621	489,467	292,911	581,435	788,192	416,070	346,153	620,488
Transfers	1,431,236	1,856,628	1,679,963	1,635,572	(193,511)	1,722,208	2,099,973	1,660,781	1,824,767	1,798,669
Total governmental activities	<u>24,470,601</u>	<u>22,337,355</u>	<u>22,601,478</u>	<u>26,356,564</u>	<u>25,601,568</u>	<u>30,815,101</u>	<u>34,103,854</u>	<u>34,642,769</u>	<u>36,618,134</u>	<u>39,836,147</u>
Business-type activities										
Interest on investments	30,081	26,255	9,682	14,728	89,948	219,076	489,104	830,598	368,113	26,682
Miscellaneous	(696,812)	511,763	415,530	787,542	1,293,005	1,493,751	1,173,073	1,689,264	1,522,935	2,082,758
Transfers	(1,431,236)	(1,856,628)	(1,679,963)	(1,635,572)	193,511	(1,722,208)	(2,099,973)	(1,660,781)	(1,824,767)	(1,798,669)
Total business-type activities	<u>(2,097,967)</u>	<u>(1,318,610)</u>	<u>(1,254,751)</u>	<u>(833,302)</u>	<u>1,576,464</u>	<u>(9,381)</u>	<u>(437,796)</u>	<u>859,081</u>	<u>66,281</u>	<u>310,771</u>
Total primary government	<u>22,372,634</u>	<u>21,018,745</u>	<u>21,346,727</u>	<u>25,523,262</u>	<u>27,178,032</u>	<u>30,805,720</u>	<u>33,666,058</u>	<u>35,501,850</u>	<u>36,684,415</u>	<u>40,146,918</u>
<b>Change in Net Position</b>										
Governmental activities	970,198	(834,280)	(1,412,049)	(41,230)	(1,932,377)	1,227,874	3,918,885	3,876,074	6,841,820	13,326,175
Business-type activities	1,671,845	2,983,022	1,753,255	2,764,125	8,883,154	4,427,248	2,088,917	3,310,857	2,866,512	2,429,481
Total primary government	<u>\$ 2,642,043</u>	<u>\$ 2,148,742</u>	<u>\$ 341,206</u>	<u>\$ 2,722,895</u>	<u>\$ 6,950,777</u>	<u>\$ 5,655,122</u>	<u>\$ 6,007,802</u>	<u>\$ 7,186,931</u>	<u>\$ 9,708,332</u>	<u>\$ 15,755,656</u>

Source: Comprehensive Annual Financial Report

**City of Lancaster, Texas**  
**Table C – Fund Balances of Governmental Funds**  
**Modified Accrual Basis of Accounting**  
**Last Ten Fiscal Years (Unaudited)**

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>General Fund</b>										
Nonspendable	\$ -	\$ 50,317	\$ 181,550	\$ 181,224	\$ 16,290	\$ 116,498	\$ 110,373	\$ 125,850	\$ 111,681	\$ 120,924
Court security	-	-	-	25,509	29,106	38,013	45,457	55,458	70,498	84,640
Court technology	-	-	-	77,596	82,633	97,869	109,564	108,981	131,656	118,312
Unassigned	6,793,956	6,447,889	5,676,223	6,383,964	6,846,881	8,815,560	12,029,708	14,025,595	15,592,738	23,036,747
<b>Total general fund</b>	<b>\$ 6,793,956</b>	<b>\$ 6,498,206</b>	<b>\$ 5,857,773</b>	<b>\$ 6,668,293</b>	<b>\$ 6,974,910</b>	<b>\$ 9,067,940</b>	<b>\$ 12,295,102</b>	<b>\$ 14,315,884</b>	<b>\$ 15,906,573</b>	<b>\$ 23,360,623</b>
<b>All Other Governmental Funds</b>										
Nonspendable	\$ -	\$ 3,519	\$ 3,519	\$ 7,553	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted for										
Housing and Urban Development	950,820	201,618	198,242	-	-	-	-	-	-	-
Capital projects	9,723,620	8,742,773	8,177,260	12,782,493	15,924,564	7,134,763	6,127,269	10,598,227	8,594,068	9,991,544
Debt service	242,823	352,439	397,888	602,627	808,824	1,749,893	1,949,459	3,245,575	5,297,018	7,178,670
Public works	832,928	1,085,362	1,395,072	1,704,102	2,067,582	2,497,565	3,085,202	3,659,232	4,317,402	4,340,081
Public improvement districts	189,076	254,959	324,233	443,707	613,074	829,346	839,635	1,095,705	1,379,979	1,681,744
Police grants	7,539	7,299	50,137	34,805	57,184	64,360	87,929	49,468	92,970	39,343
Tourism, convention centers arts	298,965	367,370	433,318	535,168	621,137	717,922	826,544	981,652	1,216,936	1,457,365
Law enforcement purposes	395,610	609,617	417,069	584,393	777,087	945,176	1,051,042	1,127,245	1,291,007	1,240,230
Parkland dedication	-	-	-	-	-	-	-	431,378	431,378	431,378
Street	-	-	-	-	-	-	-	200,000	659,406	(252,660)
<b>Total all other governmental funds</b>	<b>\$ 12,641,381</b>	<b>\$ 11,624,956</b>	<b>\$ 11,396,738</b>	<b>\$ 16,694,848</b>	<b>\$ 20,869,452</b>	<b>\$ 13,939,025</b>	<b>\$ 13,967,080</b>	<b>\$ 21,388,482</b>	<b>\$ 23,280,164</b>	<b>\$ 26,107,695</b>

**Source:** Comprehensive Annual Financial Report

**Notes:** The City implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* in fiscal year 2011.

# City of Lancaster, Texas

## Table D – Changes in Fund Balances of Governmental Funds Modified Accrual Basis of Accounting Last Ten Fiscal Years (Unaudited)

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>Revenues</b>										
Taxes and fees	\$ 22,746,133	\$ 20,301,610	\$ 21,269,177	\$ 23,577,637	\$ 25,270,016	\$ 28,571,938	\$ 31,820,128	\$ 34,074,520	\$ 36,784,104	\$ 40,946,412
Licenses and permits	857,841	1,148,329	975,217	951,760	1,830,079	1,484,252	1,695,322	1,370,116	1,299,206	3,199,188
Intergovernmental	8,821,297	2,814,031	1,339,640	1,946,379	1,504,947	1,280,288	2,801,908	1,273,543	4,496,757	2,546,121
Charges for services	671,295	715,540	881,346	886,838	1,516,187	1,447,290	1,196,688	2,137,914	453,828	1,860,833
Fines and forfeitures	884,828	787,570	990,079	1,436,765	2,303,526	1,563,791	1,910,595	1,322,261	1,473,204	2,781,229
Interest	44,197	22,654	10,241	15,923	111,569	270,073	501,786	1,031,549	388,113	32,465
Miscellaneous	484,754	343,709	324,621	489,467	292,911	581,435	356,692	391,411	346,153	620,488
<b>Total revenues</b>	<b>34,510,345</b>	<b>26,133,443</b>	<b>25,790,321</b>	<b>29,304,769</b>	<b>32,829,235</b>	<b>35,199,067</b>	<b>40,283,119</b>	<b>41,601,314</b>	<b>45,241,365</b>	<b>51,986,736</b>
<b>Expenditures</b>										
<b>Current</b>										
General government	3,234,973	3,375,903	3,437,170	3,800,206	4,171,215	4,801,896	5,045,895	5,334,851	7,373,944	6,194,854
Public safety	13,191,322	13,336,419	13,652,389	14,978,932	16,114,990	16,252,899	16,150,528	18,193,109	17,055,566	18,566,151
Public works	2,873,078	2,650,764	2,446,367	2,740,264	2,243,874	3,018,500	2,903,095	2,963,218	3,165,128	4,518,287
Community development and recreation	1,028,649	1,087,215	1,093,189	1,044,526	1,134,586	1,576,620	1,865,836	2,090,158	2,410,715	2,280,474
Social and welfare	8,493,007	2,048,769	3,623	-	-	-	-	-	-	-
Capital outlay	11,680,610	2,830,968	1,938,125	2,090,865	1,769,198	9,531,567	5,291,763	7,564,307	6,321,116	5,107,781
<b>Debt Service</b>										
Principal retirement	2,380,747	2,126,748	2,614,905	3,168,011	3,345,838	3,432,256	3,791,760	4,426,571	4,465,820	5,852,193
Interest and fiscal charges	2,392,568	1,895,777	3,102,850	3,248,164	3,454,802	3,144,934	4,510,498	3,038,551	2,789,973	2,658,310
Cost of issuance of bonds	94,871	-	-	294,059	-	95,206	-	100,791	298,874	-
<b>Total expenditures</b>	<b>\$ 45,369,825</b>	<b>\$ 29,352,563</b>	<b>\$ 28,288,618</b>	<b>\$ 31,365,027</b>	<b>\$ 32,234,503</b>	<b>\$ 41,853,878</b>	<b>\$ 39,559,375</b>	<b>\$ 43,711,556</b>	<b>\$ 43,881,136</b>	<b>\$ 45,178,050</b>
Excess (deficiency) of revenues over (under) expenditures	(10,859,480)	(3,219,120)	(2,498,297)	(2,060,258)	594,732	(6,654,811)	723,744	(2,110,242)	1,360,229	6,808,686
<b>Other Financing Sources (Uses)</b>										
Bonds issued	\$ 5,690,060	\$ -	\$ -	\$ 4,580,316	\$ 4,080,000	\$ -	\$ -	\$ 9,550,000	\$ -	\$ -
Capital leases issued	366,345	-	-	1,250,000	-	-	-	24,659	-	1,674,226
Payment to refunding escrow agent	(12,972,717)	-	-	(18,399,389)	-	(5,632,042)	-	-	(27,907,758)	-
Premium on issuance of bonds	1,417,588	-	-	2,167,688	-	397,248	-	80,486	3,675,133	-
Proceeds from refunding bonds issued	11,650,000	-	-	16,934,701	-	5,330,000	-	-	24,530,000	-
Proceeds from capital lease	-	-	-	-	-	-	431,500	-	-	-
Capital contributions	-	-	-	-	-	-	-	236,500	-	-
Transfers from other funds	1,535,236	1,960,628	1,807,362	1,992,109	1,729,308	1,786,755	2,164,520	2,059,634	1,886,227	1,876,633
Transfers to other funds	(104,000)	(104,000)	(127,399)	(356,537)	(1,922,819)	(64,547)	(64,547)	(398,853)	(61,460)	(77,964)
<b>Total other financing sources (uses)</b>	<b>7,582,512</b>	<b>1,856,628</b>	<b>1,679,963</b>	<b>8,168,888</b>	<b>3,886,489</b>	<b>1,817,414</b>	<b>2,531,473</b>	<b>11,552,426</b>	<b>2,122,142</b>	<b>3,472,895</b>
<b>Net Change in Fund Balances</b>	<b>\$ (3,276,968)</b>	<b>\$ (1,362,492)</b>	<b>\$ (818,334)</b>	<b>\$ 6,108,630</b>	<b>\$ 4,481,221</b>	<b>\$ (4,837,397)</b>	<b>\$ 3,255,217</b>	<b>\$ 9,442,184</b>	<b>\$ 3,482,371</b>	<b>\$ 10,281,581</b>
Debt service as a percentage of noncapital expenditures	14.2%	15.2%	21.7%	21.9%	22.3%	20.3%	24.2%	20.7%	19.3%	21.2%

Source: Comprehensive Annual Financial Report

**City of Lancaster, Texas**  
**Table E – Assessed and Estimated**  
**Actual Value of Taxable Property**  
**Last Ten Fiscal Years (Unaudited)**

<b>Fiscal Year</b>	<b>Residential Property</b>	<b>Commercial Property</b>	<b>Business Personal Property</b>	<b>Less Tax Exempt Property</b>	<b>Total Taxable Assessed Value<sup>a</sup></b>	<b>Total Direct Tax Rate</b>	<b>Estimated Actual Taxable Value</b>	<b>Assessed Value<sup>b</sup> as a Percentage of Actual Value</b>
2012	\$ 902,594,330	\$ 512,299,820	\$ 304,324,030	\$ 269,367,634	\$1,449,850,546	\$ 0.86750	\$ 1,449,850,546	100.00%
2013	\$ 882,606,250	\$ 540,891,270	\$ 337,042,810	\$ 297,144,885	\$1,463,395,445	\$ 0.86750	\$ 1,463,395,445	100.00%
2014	\$ 937,082,890	\$ 617,747,170	\$ 376,545,200	\$ 316,696,300	\$1,614,678,960	\$ 0.86750	\$ 1,614,678,960	100.00%
2015	\$ 1,044,064,220	\$ 654,954,260	\$ 445,658,700	\$ 372,240,134	\$1,772,437,046	\$ 0.86750	\$ 1,772,437,046	100.00%
2016	\$ 1,207,302,440	\$ 741,208,550	\$ 561,067,510	\$ 463,091,833	\$2,046,486,667	\$ 0.86750	\$ 2,046,486,667	100.00%
2017	\$ 1,327,351,000	\$ 848,479,790	\$ 536,241,530	\$ 457,769,736	\$2,254,302,584	\$ 0.86750	\$ 2,254,302,584	100.00%
2018	\$ 1,581,905,170	\$ 995,032,200	\$ 580,387,360	\$ 583,754,295	\$2,248,120,217	\$ 0.86750	\$ 2,248,120,217	100.00%
2019	\$ 1,809,417,380	\$ 1,214,870,120	\$ 785,887,340	\$ 709,011,720	\$3,101,163,120	\$ 0.84090	\$ 3,101,163,120	100.00%
2020	\$ 2,013,786,870	\$ 1,362,512,500	\$ 784,932,460	\$ 436,378,276	\$3,724,853,554	\$ 0.81974	\$ 3,724,853,554	100.00%
2021	\$ 2,093,899,710	\$ 1,427,452,630	\$ 849,668,200	\$ 798,681,531	\$3,572,339,009	\$ 0.81974	\$ 3,572,339,009	100.00%

**Source:** City of Lancaster Budget Document  
Dallas Central Appraisal District (a username and password is needed to access this info on the DCAD website)

**Note:** The County assesses property at 100% of its market value. Tax rates are per \$100 of assessed value.

<sup>a</sup> Includes adjustments to certified rolls.

<sup>b</sup> Excludes tax exempt property.

**City of Lancaster, Texas**  
**Table F – Direct and Overlapping**  
**Property Tax Rates**  
**Last Ten Fiscal Years (Unaudited)**

Fiscal Year	City Direct Rates			Overlapping Rates			
	Operating/ General Rate	General Obligation Debt Service	Total Direct	Lancaster Independent School District	Lancaster MUD#1	Dallas County	Dallas County Hospital (Parkland)
2012	0.601200	0.266300	0.867500	1.418000	1.060000	0.243100	0.271000
2013	0.601200	0.266300	0.867500	1.418000	1.060000	0.243100	0.271000
2014	0.601200	0.266300	0.867500	1.418000	1.060000	0.243100	0.271000
2015	0.601200	0.266300	0.867500	1.540000	1.060000	0.243100	0.286000
2016	0.601200	0.266300	0.867500	1.418000	1.060000	0.243100	0.276000
2017	0.601200	0.266300	0.867500	1.418000	1.060000	0.243100	0.276000
2018	0.601200	0.266300	0.867500	1.530000	1.000000	0.243100	0.279400
2019	0.595200	0.245725	0.840925	1.530000	1.000000	0.243100	0.269550
2020	0.605167	0.214569	0.819736	1.499900	0.950000	0.239740	0.266100
2021	0.605167	0.214569	0.819736	1.470400	0.920000	0.227946	0.255000

Source: Dallas County Tax Assessor

**City of Lancaster, Texas**  
**Table G – Principal Property Taxpayers**  
**Current Year and Nine Years Ago (Unaudited)**

Taxpayer	2021			2012		
	Assessed Value	Rank	Percentage of Total City Assessed Value <sup>a</sup>	Assessed Value	Rank	Percentage of Total City Assessed Value <sup>a</sup>
CSHV 20 35 LLC	\$ 193,550,470	1	28.2%			
AT&T Mobility	\$ 78,503,660	2	11.4%			
Oncor Electric Delivery	\$ 72,877,090	3	10.6%			
Ollies Bargain Outlet Inc.	\$ 62,761,960	4	9.1%			
PR I35 Logistics Crossing Building	\$ 60,194,940	5	8.8%			
United Natural Foods Inc.	\$ 47,397,510	6	6.9%			
Southpoint Industrial LLC	\$ 45,124,280	7	6.6%			
Walmart Stores Inc	\$ 43,969,850	8	6.4%			
Duke Secured Financing 2009	\$ 43,094,230	9	6.3%			
Mobis Parts America LLC	\$ 39,271,332	10	5.7%			
Oncor Electric Delivery				\$ 68,523,970	1	27.4%
AT&T				\$ 36,842,505	2	14.8%
Prologics & Argent LP				\$ 33,069,350	3	13.2%
United Natural Foods Inc.				\$ 30,437,436	4	12.2%
Walmart				\$ 21,342,530	5	8.5%
Pleasant Run Joint Venture				\$ 13,953,870	6	5.6%
Brasscraft Manufacturing Co.				\$ 12,435,932	7	5.0%
Tire Centers LLC				\$ 11,707,110	8	4.7%
Mobis Parts America LLC				\$ 10,800,000	9	4.3%
Southwestern Bell				\$ 10,520,840	10	4.2%
Total	\$ 686,745,322		71.82%	\$ 249,633,543		100.00%

**Source:** Dallas County Tax Office

**Note:** <sup>a</sup> Taxpayers are assessed on January 1st of each fiscal year.

**City of Lancaster, Texas**  
**Table H – Ad-Valorem Tax Levies and Collections**  
**Last Ten Fiscal Years (Unaudited)**

Fiscal Year	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Outstanding Delinquent Taxes	Total Collections	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2012	\$ 12,952,021	\$ 12,686,384	97.95%	\$ 52,330	\$ 12,899,691	99.60%
2013	\$ 12,624,467	\$ 12,375,869	98.03%	\$ 53,810	\$ 12,570,657	99.57%
2014	\$ 12,773,462	\$ 12,499,106	97.85%	\$ 59,749	\$ 12,713,713	99.53%
2015	\$ 14,050,021	\$ 13,785,499	98.12%	\$ 69,194	\$ 13,980,827	99.51%
2016	\$ 15,433,729	\$ 15,129,575	98.03%	\$ 80,080	\$ 15,353,649	99.48%
2017	\$ 17,874,074	\$ 17,606,753	98.50%	\$ 94,405	\$ 17,779,669	99.47%
2018	\$ 19,736,863	\$ 19,443,209	98.51%	\$ 128,719	\$ 19,608,144	99.35%
2019	\$ 22,150,576	\$ 22,097,533	99.76%	\$ 189,677	\$ 21,960,899	99.76%
2020	\$ 25,631,903	\$ 25,334,598	98.84%	\$ 588,496	\$ 25,043,407	98.84%
2021	\$ 28,092,618	\$ 27,699,321	98.60%	\$ 393,047	\$ 27,699,570	98.60%

**Source:** Dallas County Tax Assessor and Collector

**City of Lancaster, Texas**  
**Table I – Ratios of Outstanding Debt by Type**  
**Last Ten Fiscal Years (Unaudited)**

Fiscal Year	Governmental Activities			Business-type Activities			Total Primary Government	Percentage of Personal Income <sup>a</sup>	Per Capita <sup>a</sup>
	General Obligation Bonds	Certificates of Obligation	Other Obligations	Water and Sewer General Obligation Bonds & Certificates of Obligation	Airport Bonds	Other Obligations			
2012	52,695,925	22,268,525	6,147,351	14,200,793	129,284	56,631	95,498,509	11.96%	2,523
2013	51,233,460	21,536,425	6,075,603	13,001,471	118,511	37,998	92,003,468	11.45%	2,428
2014	49,615,995	20,919,325	5,555,698	11,763,738	107,828	17,703	87,980,287	11.40%	2,311
2015	60,129,226	14,037,329	5,877,687	14,782,527	92,060	-	94,918,829	12.24%	2,481
2016	57,913,267	17,325,229	5,091,849	9,529,799	76,282	-	89,936,426	11.29%	2,284
2017	57,739,077	14,340,000	4,488,159	8,427,451	68,254	-	85,062,941	6.92%	2,217
2018	54,684,104	13,975,000	3,751,399	7,156,505	55,000	-	79,622,008	9.20%	2,022
2019	60,800,425	13,600,000	3,306,328	6,659,435	51,566	-	84,417,754	9.44%	2,138
2020	67,232,474	3,680,000	2,699,632	6,054,983	40,000	-	79,707,089	8.46%	2,042
2021	53,670,000	3,600,000	2,038,457	5,365,000	30,000	-	64,703,457	6.49%	1,568

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

<sup>a</sup>See Table N for personal income and population data.

**City of Lancaster, Texas**  
**Table J – Ratios of Net General Bonded Debt**  
**Outstanding *per Capita***  
**Last Ten Fiscal Years (Unaudited)**

Fiscal Year	General Bonded Debt Outstanding			Total	Percentage of Actual Taxable Value of Property <sup>a</sup>	Per Capita <sup>b</sup>
	General Obligation Bonds	Certificates of Obligation	Less: Amounts Available in Debt Service Fund			
2012	\$ 57,599,904	\$ 22,269,623	\$ 242,823	\$ 79,626,704	5.49%	2,104
2013	\$ 55,437,371	\$ 21,537,496	\$ 352,439	\$ 76,622,428	5.24%	2,022
2014	\$ 53,096,505	\$ 20,920,381	\$ 397,888	\$ 73,618,998	4.56%	1,934
2015	\$ 63,872,886	\$ 18,118,360	\$ 602,627	\$ 81,388,619	4.59%	2,127
2016	\$ 60,873,448	\$ 17,326,233	\$ 808,824	\$ 77,390,857	3.78%	1,965
2017	\$ 60,420,622	\$ 20,157,414	\$ 2,067,582	\$ 78,510,454	3.48%	2,047
2018	\$ 56,400,609	\$ 19,470,000	\$ 3,085,202	\$ 72,785,407	3.24%	1,848
2019	\$ 62,346,425	\$ 18,765,000	\$ 3,659,232	\$ 77,452,193	2.50%	1,962
2020	\$ 67,232,474	\$ 8,505,000	\$ 4,317,402	\$ 71,420,072	1.92%	1,829
2021	\$ 59,425,000	\$ 8,070,000	\$ 1,379,979	\$ 66,115,021	1.85%	1,602

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

<sup>a</sup>See Table E for property value data.

<sup>b</sup>See Table N for population data.

**City of Lancaster, Texas**  
**Table K – Legal Debt Margin Information**  
**Last Ten Fiscal Years (Unaudited)**

	<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>
Tax rate limit	\$ 2.5000	\$ 2.5000	\$ 2.5000	\$ 2.5000	\$ 2.5000	\$ 2.5000	\$ 2.5000	\$ 2.5000	\$ 2.5000	\$ 2.5000
Current tax rate	<u>0.8675</u>	<u>0.8409</u>	<u>0.8197</u>	<u>0.7693</u>						
Available tax rate	<u>\$ 1.6325</u>	<u>\$ 1.6591</u>	<u>\$ 1.6803</u>	<u>\$ 1.7307</u>						

**Note:** The City Charter of the City of Lancaster, Texas, does not provide for a debt limit. Under provisions of state law, the maximum tax rate is limited to \$2.50 per \$100 assessed valuation. No direct bond debt limitation is imposed on the City under current state law or the City's Charter.

**City of Lancaster, Texas**  
**Table L – Direct and Overlapping**  
**Governmental Activities Debt**  
**September 30, 2021 (Unaudited)**

Governmental Unit	Gross Bonded Debt	Estimated Percentage Applicable	City Share of Overlapping Debt
Lancaster I.S.D.	\$ 190,201,933	87.91%	\$ 167,206,519
Dallas County	116,665,000	1.13%	\$ 1,318,315
Dallas County Hospital District	575,530,000	1.13%	\$ 6,503,489
Dallas County Community College District	115,750,000	1.13%	\$ 1,307,975
Dallas County Schools	16,679,652	1.13%	\$ 188,480
Dallas I.S.D.	3,259,600,000	0.10%	\$ 3,259,600
Ferris I.S.D.	28,998,059	3.00%	\$ 8,699
<b>City of Lancaster (Direct Debt)</b>	<u>67,495,000</u>	<u>100.00%</u>	<u>67,495,000</u>
<b>Total Direct and Overlapping Debt</b>	<u>\$4,370,919,644</u>		<u>\$ 247,288,077</u>

Source: Municipal Advisory Council of Texas

**City of Lancaster, Texas**  
**Table M – Secured Revenue Coverage**  
**Last Ten Fiscal Years (Unaudited)**

<b>Water and Sewer System General Obligation Bonds and Certificates of Obligation</b>					
<b>Fiscal Year</b>	<b>Total Revenues<sup>a</sup></b>	<b>Less: Operating Expenses<sup>b</sup></b>	<b>Net Available Revenue</b>	<b>Annual Requirement<sup>c</sup></b>	<b>Times Coverage</b>
2012	\$ 14,238,894	\$ 8,548,334	\$ 5,690,560	\$ 1,523,532	3.74
2013	\$ 14,905,946	\$ 8,281,266	\$ 6,624,680	\$ 1,182,245	5.60
2014	\$ 15,026,427	\$ 9,359,770	\$ 5,666,657	\$ 1,648,888	3.44
2015	\$ 17,044,261	\$ 13,552,343	\$ 3,491,918	\$ 1,504,088	2.32
2016	\$ 17,721,270	\$ 14,380,758	\$ 3,340,512	\$ 1,517,470	2.20
2017	\$ 17,988,887	\$ 12,635,280	\$ 5,353,607	\$ 1,484,822	3.61
2018	\$ 17,665,764	\$ 14,640,200	\$ 3,025,564	\$ 1,485,106	2.04
2019	\$ 17,801,357	\$ 12,508,268	\$ 5,293,089	\$ 1,365,406	3.88
2020	\$ 18,901,027	\$ 14,573,772	\$ 4,327,255	\$ 1,202,950	3.60
2021	\$ 19,134,303	\$ 13,816,010	\$ 5,318,293	\$ 704,781	7.55

**Note:** <sup>a</sup> Includes operating and nonoperating revenues.

<sup>b</sup> Includes operating expenses minus depreciation.

<sup>c</sup> Includes principal and interest.

**City of Lancaster, Texas**  
**Table N – Demographic and Economic Statistics**  
**Last Ten Calendar Years (Unaudited)**

<b>Year</b>	<b>Estimated Population<sup>a</sup></b>	<b>Personal Income</b>	<b>Per Capita Personal Income<sup>b</sup></b>	<b>Median Age<sup>b</sup></b>	<b>Median Household Income<sup>b</sup></b>	<b>School Enrollment<sup>c</sup></b>	<b>Unemployment Rate<sup>d</sup></b>
2012	37,845	\$ 798,188,895	\$ 21,091	34.1	\$ 51,533	6,160	9.0%
2013	37,893	\$ 803,407,386	\$ 21,202	35.0	\$ 46,254	6,538	8.8%
2014	38,071	\$ 771,661,099	\$ 20,269	32.0	\$ 53,652	6,823	7.0%
2015	38,256	\$ 775,410,864	\$ 22,347	32.0	\$ 53,652	6,910	6.8%
2016	39,380	\$ 796,342,360	\$ 20,222	32.3	\$ 49,590	7,051	5.8%
2017	38,361	\$ 1,228,973,384	\$ 31,144	32.9	\$ 50,137	7,315	6.4%
2018	39,386	\$ 865,901,210	\$ 21,985	33.1	\$ 54,331	7,365	5.9%
2019	39,477	\$ 893,838,234	\$ 22,642	33.1	\$ 55,907	7,365	5.3%
2020	39,040	\$ 942,308,480	\$ 24,137	32.2	\$ 57,259	7,467	11.0%
2021	41,275	\$ 996,254,675	\$ 24,137	32.2	\$ 57,259	7,474	7.5%

**Sources:**

- <sup>a</sup> Estimated Population – North Central Texas Council of Governments
- <sup>b</sup> Per Capital Income, Median Age, Median Household Income - U.S. Census Bureau 2004-2014, and the 2015-2019 American Community Survey 5-year Estimates
- <sup>c</sup> Texas Academic Performance Report; 2020-21 District Student Information
- <sup>d</sup> Unemployment, Texas Workforce Commission, Texas LMI Database

**Note:**

Personal income is calculated by multiplying estimated population by per capita personal income.

**City of Lancaster, Texas**  
**Table O – Principal Employers**  
**Current and Six Years Ago (Unaudited)**

Employer	2021			2015		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Lancaster I.S.D.	689	1	3.95%	689	1	3.65%
Walmart	453	2	2.59%	450	2	2.38%
Cedar Valley College	370	3	2.12%	220	5	1.16%
City of Lancaster	317	4	1.82%	212	6	1.12%
Oak Creak Homes/American Homestar	280	5	1.60%	280	4	1.48%
Swift Transportation	250	6	1.43%	200	7	1.06%
Consolidated Mail	230	7	1.32%	200	7	1.06%
Brasscraft	211	8	1.21%	380	3	2.01%
AT&T	205	9	1.17%	200	7	1.06%
United National Foods Inc.	200	10	1.15%	200	7	1.06%
Total	<u>3,205</u>		<u>18.36%</u>	<u>3,031</u>		<u>16.04%</u>

Source: City of Lancaster Economic Development Corporation

# City of Lancaster, Texas

## Table P – Full-Time Equivalent City Government Employees by Function/Program Last Ten Fiscal Years (Unaudited)

Function/Program	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Government Division	15	17	41	44	36	45	61	60	77	86
Public Safety Division	132	133	140	141	139	130	131	147	126	140
Public Works Division	5	5	4	4	4	4	3	2	4	4
Community Development Division	11	10	13	17	17	17	10	7	6	7
Nondepartmental Division	5	5	-	-	-	-	-	-	-	-
Water and Sewer	30	28	22	22	23	20	17	17	20	29
Airport	4	4	5	5	6	5	5	5	4	4
4A LEDC Fund	1	1	1	1	1	2	2	2	2	2
4B LRDC Fund – Library	8	9	8	8	13	13	13	11	10	8
Parks and Recreation Fund	32	32	24	25	34	33	42	34	22	24
Housing	9	4	-	-	-	-	-	-	-	-
Stormwater Fund	11	13	13	13	8	10	10	9	12	13
Total	262	260	271	280	281	279	294	294	283	317

**Sources:** City of Lancaster Budget Document

**City of Lancaster, Texas**  
**Table Q – Operating Indicators by Function/Program**  
**Last Ten Fiscal Years (Unaudited)**

Function/Program	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>Police</b>										
Number of police officers	51	51	49	54	52	44	54	55	57	54
Number of violations (citations)	12,269	9,432	8,185	5,808	6,698	8,110	13,014	17,726	10,422	8,748
<b>Municipal Court</b>										
Number of traffic cases	19,434	8,865	4,283	5,101	8,678	6,542	7,326	8,364	6,272	7,603
Number of city ordinance cases	2,298	322	85	1,098	1,085	330	426	438	776	775
<b>Fire</b>										
Number of fire fighters	56	56	62	62	62	63	68	66	66	66
Number of emergency fire responses	1,846	1,792	1,826	1,913	1,773	1,864	2,135	2,566	1,961	2,761
Number of medical emergencies	4,017	4,268	4,353	4,632	4,668	4,662	4,456	4,998	4,132	5,271
<b>Parks and Recreation</b>										
Number of acres	1,070	1,070	1,087	1,087	1,087	1,087	1,087	1,087	1,087	1,087
Number of recreation center participants	4,541	3,690	4,375	6,175	12,852	16,448	20,425	24,970	2,205	2,152
<b>Library</b>										
Volumes in collection	90,972	87,468	77,020	86,411	83,827	86,558	87,716	97,018	79,252	75,158
Number of library cardholders	23,701	27,584	30,011	35,892	10,364	35,305	36,906	12,961	13,363	20,374
<b>Water and Wastewater</b>										
Number of water accounts	12,611	12,613	12,723	12,845	14,242	15,119	15,312	15,587	15,361	16,108
Average daily water consumption (millions of gallons)	4	4	4	4	4	5	6	6	6	7
Average daily effluent (millions of gallons)	4	5	5	5	5	5	5	5	5	5

Sources: City Departments

**City of Lancaster, Texas**  
**Table R – Capital Asset Statistics by Function/Program**  
**Last Ten Fiscal Years (Unaudited)**

Function/Program	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>Public Safety</b>										
Fire stations	3	3	3	3	3	3	3	3	3	3
Police stations	1	1	1	1	1	1	1	1	1	1
<b>Culture and Recreation</b>										
Parks and Recreation										
Number of parks	25	25	25	25	25	25	25	25	25	25
Number of baseball diamonds	8	8	8	8	8	8	8	8	8	8
Number of soccer/football fields	13	13	13	13	13	13	13	13	13	13
Public swimming pools	1	1	1	1	1	1	1	1	1	1
Community centers	3	3	3	3	3	3	3	3	1	1
Library	1	1	1	1	1	1	1	1	1	1
<b>Water and Wastewater</b>										
Water mains (miles)	187	187	188	190	208	208	209	210	213	213
Sanitary sewer mains (miles)	160	160	161	163	174	205	210	211	212	214
Fire hydrants	1,554	1,554	1,558	1,598	1,638	1,793	1,804	1,845	1,862	1,883

Sources: City Departments

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