

City of Lancaster, Texas

Annual Comprehensive Financial Report

For the Fiscal Year Ended September 30, 2023

Prepared by the Department of Finance



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Year Ended September 30, 2023
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March 7, 2023

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

We hereby issue the Annual Comprehensive Financial Report (ACFR) of the City of Lancaster, Texas (City) for the fiscal year ended September 30, 2023. 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 **FORVIS, 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, 2023, 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, 2023, 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 2023 population of 41,685. 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, fire protection and 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 a 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 30th 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 as long as it does not alter the overall budget of said 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 in excess of \$50k are approved by the City Council 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% of budgeted expenditures. In fiscal year 2023, the General Fund accomplished this by having an unassigned fund balance of \$7,496,731 which exceeds reserve minimum requirements of 12% 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 2023 budget was prepared along with a planning budget for fiscal years 2024-2028.

Cash Management Policies and Practices: The City's current bank depository contract is with JP Morgan Chase. 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 7% 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 eight 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

The economic landscape of Lancaster has been profoundly active since 2019, demonstrating a notable enhancement across multiple sectors. Over the past few years, the city has successfully attracted substantial investments, diversified its industrial base, and has experienced commendable growth in household incomes and real estate values. Lancaster's strategic location and robust infrastructure have continued to attract a myriad of significant investments, solidifying its standing as a logistical and industrial hub. Currently, 8.1 million square feet of industrial/distribution space is under construction with 1.5 million square feet of industrial space being recently completed.

A monumental investment came from Walmart, which announced the construction of an eCommerce Fulfillment Center and Cold Storage Facility, bringing in an expected capital expenditure (capex) of \$1.2 billion and necessitating the creation of 1300 jobs. Prominent companies such as Kodiak Robotics have expanded their operations within the city. Kodiak not only broadened its service network but also enlarged its Lancaster facility, ensuring its continual contribution to the local economy. Their new operational headquarters, inclusive of an internal data center, marked a \$1.5 million capex, signifying a strengthened commitment to Lancaster. (Dallas Business Journal)

The city also welcomed a series of noteworthy projects that have fortified its economic foundation. DSV Logistics, Fisher, Paykel, ICU Medical, and Mars Inc. are among the corporations that have established extensive facilities in Lancaster, leading to a surge in job creation and economic stimulation. These ventures reflect a remarkable influx of industrial activities within the city. (Dallas News)

In line with the targeted industry sectors outlined in the Lancaster Economic Development Strategic Plan, the City has realized meaningful advancements. Notable projects that materialized between 2022 and early 2023 span across sectors such as Artificial Intelligence, Advanced Manufacturing, and High Tech Distribution. This diversified investment landscape underscores the city's strategic focus and adaptability in driving economic growth.

The City's unemployment rate at the 2023 fiscal year end was 5.6%, which has leveled off to pre-pandemic level. 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 Box. 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 2023 Census population estimate from the North Central Texas Council of Governments for Lancaster is 41,685 people, an increase of 14.6% over the 2010 Census and 61.0% over the 2000 Census. Lancaster still contains a large amount of undeveloped residential land, approximately only 67.1% 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 2023, the overall taxable value of property in the Lancaster was up 21% over the fiscal year 2022 value. Commercial and business personal property grew at a higher rate (23% increase) than residential property (18.4% increase). Tax exempt property valuations grew 10.5% year over year resulting in an overall city net taxable value increase of 21%. Sales tax collections in FY2023 rose 2.8% above FY2022 levels – by \$316,225. Much of the sales tax growth was from sales tax paid on construction (related to large amount of industrial construction activity).

Major Initiatives

Annually, the City Council has adopted goals aimed at guiding Lancaster's future growth and development. For fiscal year 2022-2023, included initiatives are:

- Financially Sound Government;
- Professional & Committed City Workforce;
- Healthy, Safe & Engaged Community;
- Quality Development;
- Sound Infrastructure.

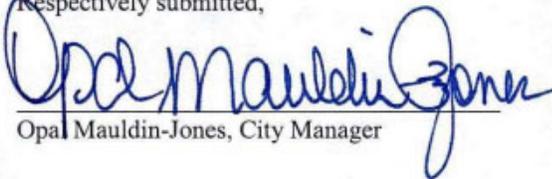
Awards and Acknowledgements

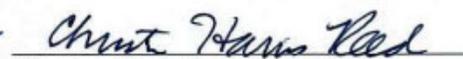
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certification of Achievement for Excellence in Financial Reporting to the City of Lancaster, Texas for its annual comprehensive financial report (ACFR) for the fiscal year ended September 30, 2021. In order to 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. The ACFR for the fiscal year ended September 30, 2022, was submitted to the GFOA to determine eligibility for another certificate, however due to processing delays at GFOAT, the certificate has not been received.

A Certificate of Achievement for Excellence in Financial Reporting is valid for a period of one year only. We are submitting the September 30, 2023, 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


Christine Harris Reed, Finance Director



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, 2021

Christopher P. Morill

Executive Director/CEO

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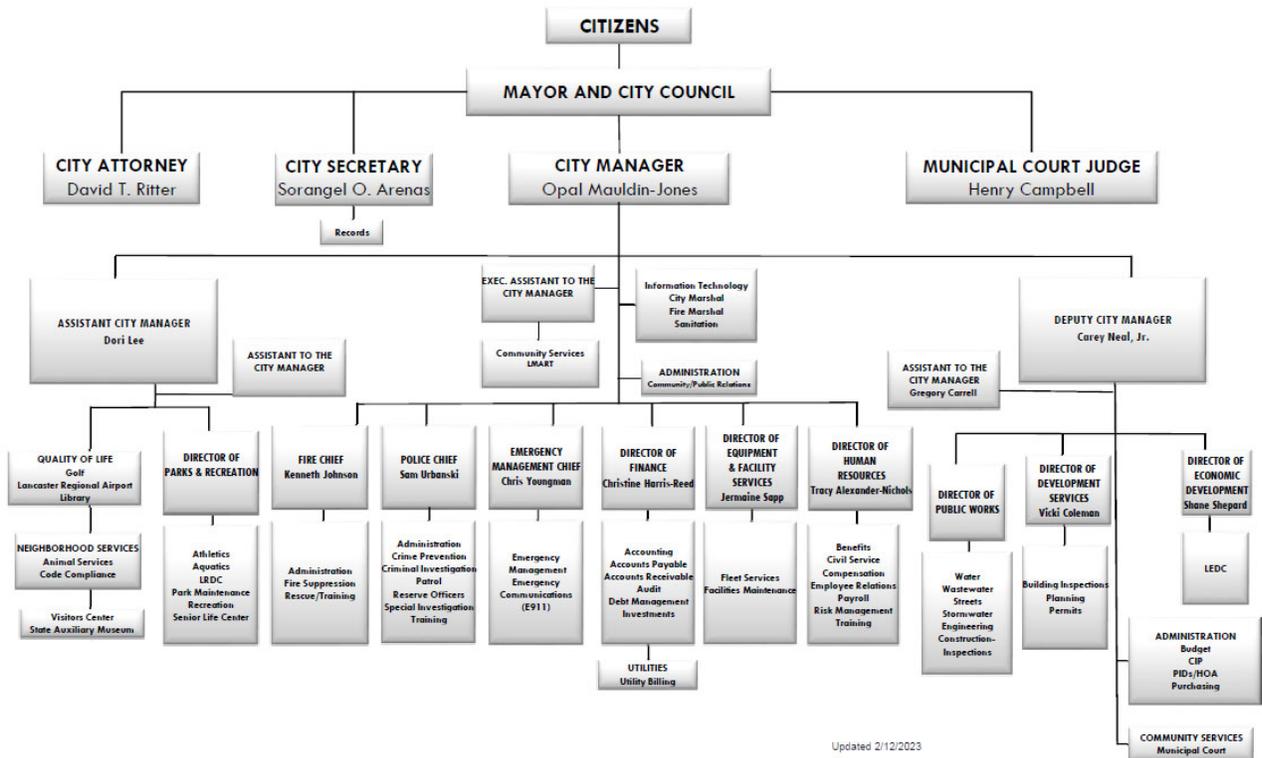
City of Lancaster, Texas

Organizational Chart



FY 2023-2024 Organizational Chart

City of Lancaster



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City of Lancaster, Texas
List of Principal Officers
as of September 30, 2023

City Council

Clyde C. Hairston.....	Mayor.....	Term Expires May 2024
Carol Strain-Burk.....	Council Member, District 1	Term Expires May 2025
Stanley Jaglowski.....	Council Member, District 2	Term Expires May 2026
Marco Mejia.....	Council Member, District 3	Term Expires May 2025
Derrick D. Robinson.	Council Member, District 4	Term Expires May 2026
Mitchell Cheatham.....	Mayor Pro Tem, District 5	Term Expires May 2025
Betty Gooden-Davis.....	Deputy Mayor Pro Tem, District 6	Term Expires May 2026

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City of Lancaster, Texas
Department Directors

City Executive Staff

Opal Mauldin-JonesCity Manager

Carey D. Neal Jr.Deputy City Manager

Dori Lee.....Assistant City Manager

Sorangel O. ArenasCity Secretary

Vicki D. ColemanDirector of Development Services

Shane Shepard.....Director of Economic Development

Chris YoungmanEmergency Management Chief

Jermaine SappDirector of Equipment & Facility
Services

Christine Harris ReedDirector of Finance

Kenneth JohnsonFire Chief

Tracy Alexander-NicholsDirector of Human Resources

Lisa WubeDirector of Parks & Recreation

Douglas Box.....Interim Director of Public Works

Sam UrbanskiPolice Chief

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Financial Section

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forvis.com

Independent Auditor's Report

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

Opinions

We have audited the 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, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City as of September 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are required to be independent of the City, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the combining and individual fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

FORVIS,LLP

**Dallas, Texas
March 7, 2024**

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City of Lancaster, Texas

Management's Discussion and Analysis (Unaudited)

September 30, 2023

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, 2023. 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 2023, resulting in \$200,606,075 of net position. Net position associated with governmental activities is \$107,929,195, or 54% of the total net position of the City. Net position associated with business-type activities is \$92,676,880, or 46% of the total net position of the City. The largest portion of net position consists of net investment in capital assets, which is \$89,216,902.
- Unrestricted net position, which may be used to meet the City's future obligations, consists of \$78,112,873, or 39% of the City's total net position. Unrestricted net position for governmental activities is \$28,419,865, or 26% of total net position for governmental activities. Unrestricted net position for business-type activities is \$49,693,008 or 54% of total net position for business-type activities.
- As of the close of fiscal year 2023, the City's Governmental Funds reported a combined ending fund balance of \$72,722,411, an increase of \$10,414,431 from the prior year.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$7,496,731. This represents approximately 18% of budgeted 2024 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, 2023

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 Lancaster Economic Development Corporation and the Lancaster 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, 2023

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, 2023, City assets and deferred outflows of resources exceeded its liabilities and deferred inflows resulting in \$200,606,075 of net position.

City of Lancaster, Texas
Management's Discussion and Analysis (Unaudited)
September 30, 2023

Statement of Net Position for Governmental and Business-type Activities

	2023			2022		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Current and other assets	\$ 87,573,743	\$ 54,529,415	\$ 142,103,158	\$ 79,873,763	\$ 47,177,928	\$ 127,051,691
Capital and subscription assets	105,112,684	47,388,801	152,501,485	99,580,542	47,244,412	146,824,954
Total assets	<u>192,686,427</u>	<u>101,918,216</u>	<u>294,604,643</u>	<u>179,454,305</u>	<u>94,422,340</u>	<u>273,876,645</u>
Deferred outflows of resources	9,502,315	1,008,129	10,510,444	3,763,659	461,210	4,224,869
Long-term liabilities	77,390,486	5,934,648	83,325,134	70,654,659	5,390,583	76,045,242
Other liabilities	15,920,322	4,224,925	20,145,247	17,043,401	3,569,394	20,612,795
Total liabilities	<u>93,310,808</u>	<u>10,159,573</u>	<u>103,470,381</u>	<u>87,698,060</u>	<u>8,959,977</u>	<u>96,658,037</u>
Deferred inflows of resources	948,739	89,892	1,038,631	5,579,900	538,519	6,118,419
Net position						
Net investment in capital assets	46,233,030	42,983,872	89,216,902	37,622,318	42,158,125	79,780,443
Restricted	33,276,300	-	33,276,300	29,661,959	-	29,661,959
Unrestricted	28,419,865	49,693,008	78,112,873	22,655,727	43,226,929	65,882,656
Total net position	<u>\$ 107,929,195</u>	<u>\$ 92,676,880</u>	<u>\$ 200,606,075</u>	<u>\$ 89,940,004</u>	<u>\$ 85,385,054</u>	<u>\$ 175,325,058</u>

By far, the largest portion of the City's net position (44%) 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 (17%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$78,112,873 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, 2023

Analysis of City's Operations. The following table provides a summary of the City's operations for the year ended September 30, 2023. Overall, the City had an increase in net position of \$25,281,017.

Revenues and Expenses for Governmental and Business-type Activities

	2023			2022		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Revenues						
Program revenues						
Charges for services	\$ 8,507,581	\$ 28,540,889	\$ 37,048,470	\$ 10,173,793	\$ 25,979,974	\$ 36,153,767
Operating grants and contributions	1,604,960	10,133	1,615,093	2,272,438	-	2,272,438
Capital grants and contributions	-	-	-	-	-	-
General revenues						
Taxes and fees	47,421,564	-	47,421,564	42,038,163	-	42,038,163
Grants not restricted to specific programs	2,149,369	-	2,149,369	1,458,905	-	1,458,905
Other	3,511,427	3,634,975	7,146,402	1,031,549	1,349,734	2,381,283
Total revenues	63,194,901	32,185,997	95,380,898	56,974,848	27,329,708	84,304,556
Expenses						
General government	9,485,015	-	9,485,015	10,674,597	-	10,674,597
Public safety	27,130,065	-	27,130,065	23,875,475	-	23,875,475
Public works	5,507,307	-	5,507,307	4,580,441	-	4,580,441
Community development and recreation	3,225,052	-	3,225,052	2,579,686	-	2,579,686
Interest and fiscal charges	1,746,748	-	1,746,748	1,969,847	-	1,969,847
Water and sewer	-	17,956,938	17,956,938	-	17,309,616	17,309,616
Refuse	-	2,752,590	2,752,590	-	1,632,505	1,632,505
Airport	-	999,604	999,604	-	1,135,709	1,135,709
Golf course	-	1,296,562	1,296,562	-	1,272,822	1,272,822
Total expenses	47,094,187	23,005,694	70,099,881	43,680,046	21,350,652	65,030,698
Increase in Net Position						
Before Transfers	16,100,714	9,180,303	25,281,017	13,294,802	5,979,056	19,273,858
Transfers	1,888,477	(1,888,477)	-	1,926,941	(1,926,941)	-
Change in Net Position	17,989,191	7,291,826	25,281,017	15,221,743	4,052,115	19,273,858
Net Position, Beginning of Year	89,940,004	85,385,054	175,325,058	74,718,261	81,332,939	156,051,200
Net Position, End of Year	\$ 107,929,195	\$ 92,676,880	\$ 200,606,075	\$ 89,940,004	\$ 85,385,054	\$ 175,325,058

Governmental Activities. Governmental activities increased the City's net position by \$17,989,191. Total revenue for the governmental activities (excluding transfers) increased from the previous year by \$6,220,053. General revenue had a net increase of \$8,553,743. Property tax collections increased as a result of new business and property additions as well as due to recent real property reappraisals. Public safety expense increased over prior year primarily due to increased cost in personnel.

Business-type Activities. Net position from business-type activities increased by \$7,291,826. Total revenue for the business-type activities increased from the previous year by \$4,856,289 primarily due to an increase in charges for services revenue.

City of Lancaster, Texas
Management's Discussion and Analysis (Unaudited)
September 30, 2023

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 \$72,722,411, an increase of \$10,414,431 from the prior year. This amount includes fund balance committed for \$22,776,671 due to adoption of ordinances approved by City Council for special projects. The City has fund balance assigned by the City Manager of \$7,584,825. The City also has fund balance restrictions for court, capital projects, debt service, public works, public improvement districts, police, tourism, law enforcement, and parkland dedication, for a total of \$34,764,522. The net unassigned fund balance was \$7,383,093. Components of the net increase of the total fund balance are:

- The General Fund recorded a net increase in fund balance of \$6,709,436, primarily related to increased property and sales tax revenue.
- Capital Projects Fund recorded a net increase in fund balance of \$112,971, primarily related to increased impact fees and investment return.
- General Obligation Debt Service Fund recorded a net increase in fund balance of \$3,284,160, primarily related to taxes.
- ARPA Fund remained at a deficit fund balance of \$555.

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 \$47,023,254, the Airport Fund reported an unrestricted net position of (\$1,571,967) and the Golf Fund reported an unrestricted net position of (\$1,439,567).

Capital Assets

The City's capital assets for its governmental and business-type activities as of September 30, 2023, amount to \$152,501,485 (net of accumulated depreciation). This net investment in capital assets includes land, buildings, park facilities, roads, bridges, water and sewer lines and subscription assets.

Additional information on capital asset activity can be found in *Note 7* of this report.

City of Lancaster, Texas
Management's Discussion and Analysis (Unaudited)
September 30, 2023

	Governmental Activities		Business-type Activities		Totals	
	2023	2022*	2023	2022	2023	2022*
Land	\$ 13,262,490	\$ 13,262,490	\$ 5,966,737	\$ 4,971,266	\$ 19,229,227	\$ 18,233,756
Construction in progress	2,147,097	11,034,531	1,213,505	2,803,869	3,360,602	13,838,400
Buildings	37,482,501	37,188,289	4,399,312	2,808,948	41,881,813	39,997,237
Infrastructure, improvements, equipment, and furniture	149,485,442	131,374,305	88,828,377	87,552,579	238,313,819	218,926,884
Subscription assets	781,420	781,420	-	-	781,420	781,420
Accumulated depreciation	(98,046,266)	(93,279,072)	(53,019,130)	(50,892,250)	(151,065,396)	(144,171,322)
Total	\$ 105,112,684	\$ 100,361,963	\$ 47,388,801	\$ 47,244,412	\$ 152,501,485	\$ 147,606,375

* Fiscal year 2022 amounts have been restated for GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*

Long-term Debt

At the end of the current fiscal year, the City had total bonds outstanding of \$59,710,000 all being tax supported. The City also has \$1,373,718 of debt through financed purchases. The City also has \$378,657 of subscription liability.

Additional information on long-term debt activity can be found in *Note 8* of this report.

	Governmental Activities		Business-type Activities		Totals	
	2023	2022*	2023	2022	2023	2022*
General obligation bonds	\$ 50,555,017	\$ 54,530,017	\$ 4,489,983	\$ 5,079,983	\$ 55,045,000	\$ 59,610,000
Certificates of obligation	3,440,000	3,520,000	-	-	3,440,000	3,520,000
Tax notes	1,225,000	-	-	-	1,225,000	-
Subscription liability	378,657	781,420	-	-	378,657	781,420
Financed purchases	1,373,718	1,789,757	-	95,097	1,373,718	1,884,854
Total	\$ 56,972,392	\$ 60,621,194	\$ 4,489,983	\$ 5,175,080	\$ 61,462,375	\$ 65,796,274

* Fiscal year 2022 amounts have been restated for GASB 96

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 2024 budget, General Fund revenues are budgeted to increase by 10% from the 2023 budget year. The budget increase is the direct result of increased property and sales tax revenue.

Property taxes make up about 60% of budgeted revenues and sales tax make up about 22% of budgeted revenues.

Request for Information

For additional information please contact Director of Finance, Christine Harris, at 972-218-1323 or Finance Department, City of Lancaster, Texas, P.O. Box 940, Lancaster, Texas, 75146, email creed@lancaster-tx.com.

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Basic Financial Statements

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City of Lancaster, Texas
Statement of Net Position
September 30, 2023

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Lancaster Economic Development Corporation	Lancaster Recreational Development Corporation
Assets					
Cash and cash equivalents	\$ 73,716,312	\$ 54,284,022	\$ 128,000,334	\$ 9,509,712	\$ 5,480,542
Receivables (net of allowance)					
Notes	2,455,000	-	2,455,000	-	-
Delinquent taxes	1,123,594	-	1,123,594	-	-
Leases	-	2,215	2,215	-	-
Accounts	2,078,979	3,071,678	5,150,657	-	52,203
Sales tax	2,279,093	-	2,279,093	455,798	900,179
Fines	1,173,340	-	1,173,340	-	-
Due from other governments	2,799	-	2,799	634,738	-
Due from component unit	1,694,171	-	1,694,171	-	-
Prepaid items	49,835	-	49,835	-	15,707
Inventory	163,465	8,655	172,120	-	-
Internal balances	2,837,155	(2,837,155)	-	-	-
Capital assets					
Land and construction in progress	15,409,587	7,180,242	22,589,829	100,378	989,118
Other capital assets, net of accumulated depreciation	89,703,097	40,208,559	129,911,656	291,732	7,521,549
Total assets	<u>192,686,427</u>	<u>101,918,216</u>	<u>294,604,643</u>	<u>10,992,358</u>	<u>14,959,298</u>
Deferred Outflows of Resources					
Deferred charges on refunding	765,402	143,973	909,375	-	-
Deferred outflows of resources – Pension	8,476,509	840,595	9,317,104	86,511	448,053
Deferred outflows of resources – OPEB	260,404	23,561	283,965	2,964	14,837
Total deferred outflows of resources	<u>9,502,315</u>	<u>1,008,129</u>	<u>10,510,444</u>	<u>89,475</u>	<u>462,890</u>
Liabilities					
Accounts payable and contracts payable	1,727,163	1,348,758	3,075,921	48,517	48,190
Accrued liabilities	508,086	260,384	768,470	-	53,388
Accrued interest	128,837	8,886	137,723	4,065	1,310
Due to primary government	-	-	-	-	1,694,171
Due to component unit	-	634,738	634,738	-	-
Deposits	963,603	1,341,966	2,305,569	-	-
Unearned revenue	6,131,083	-	6,131,083	-	-
Noncurrent liabilities:					
Due within one year:					
General obligation bonds	4,045,000	600,000	4,645,000	-	-
Certificates of obligation	80,000	-	80,000	-	-
Notes payable	-	-	-	175,000	895,000
Subscription liability	292,381	-	292,381	-	-
Compensated absences	396,658	30,193	426,851	-	-
Financed purchases	422,511	-	422,511	-	-
Tax notes	1,225,000	-	1,225,000	-	-
Due in more than one year:					
General obligation bonds	50,558,888	3,948,902	54,507,790	-	-
Certificates of obligation	3,360,000	-	3,360,000	-	-
Subscription liability	86,276	-	86,276	-	-
Notes payable	-	-	-	705,000	680,000
Compensated absences	3,569,923	91,450	3,661,373	-	-
Total OPEB liability	1,420,224	132,116	1,552,340	16,514	82,571
Financed purchases	951,207	-	951,207	-	-
Net pension liability	17,443,968	1,762,180	19,206,148	187,810	906,691
Total liabilities	<u>93,310,808</u>	<u>10,159,573</u>	<u>103,470,381</u>	<u>1,136,906</u>	<u>4,361,321</u>
Deferred Inflows of Resources					
Deferred inflows of resources - Lease	-	2,036	2,036	-	-
Deferred inflows of resources – Pension	60,690	5,922	66,612	981	2,555
Deferred inflows of resources – OPEB	888,049	81,934	969,983	10,264	51,322
Total deferred inflows of resources	<u>948,739</u>	<u>89,892</u>	<u>1,038,631</u>	<u>11,245</u>	<u>53,877</u>
Net Position					
Net investment in capital assets	46,233,030	42,983,872	89,216,902	392,110	6,935,667
Restricted for					
Court Security	84,318	-	84,318	-	-
Court Technology	115,016	-	115,016	-	-
Capital projects	9,945,624	-	9,945,624	-	-
Debt service	11,690,613	-	11,690,613	-	-
Public works	5,008,525	-	5,008,525	-	-
Public improvement districts	2,386,156	-	2,386,156	-	-
Police grants	222,174	-	222,174	-	-
Tourism, convention centers, arts	1,887,850	-	1,887,850	-	-
Law enforcement purposes	1,382,846	-	1,382,846	-	-
Parkland dedication	553,178	-	553,178	-	-
Economic and recreational development	-	-	-	9,541,572	4,071,323
Unrestricted	<u>28,419,865</u>	<u>49,693,008</u>	<u>78,112,873</u>	<u>-</u>	<u>-</u>
Total net position	<u>\$ 107,929,195</u>	<u>\$ 92,676,880</u>	<u>\$ 200,606,075</u>	<u>\$ 9,933,682</u>	<u>\$ 11,006,990</u>

City of Lancaster, Texas
Statement of Activities
For the Year Ended September 30, 2023

Functions/Program	Program Revenues				Net (Expense) Revenue and Changes in Net Position				
	Expenses	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
Primary Government									
Governmental activities									
General government	\$ 9,485,015	\$ 2,029,171	\$ -	\$ -	\$ (7,455,844)	\$ -	\$ (7,455,844)	\$ -	\$ -
Public safety	27,130,065	1,797,442	-	-	(25,332,623)	-	(25,332,623)	-	-
Public works	5,507,307	4,680,968	-	-	(826,339)	-	(826,339)	-	-
Community development and recreation	3,225,052	-	1,604,960	-	(1,620,092)	-	(1,620,092)	-	-
Interest and fiscal charges	1,746,748	-	-	-	(1,746,748)	-	(1,746,748)	-	-
Total governmental activities	<u>47,094,187</u>	<u>8,507,581</u>	<u>1,604,960</u>	<u>-</u>	<u>(36,981,646)</u>	<u>-</u>	<u>(36,981,646)</u>	<u>-</u>	<u>-</u>
Business-type activities									
Water and sewer	17,956,938	23,632,512	-	-	-	5,675,574	5,675,574	-	-
Refuse	2,752,590	2,754,046	-	-	-	1,456	1,456	-	-
Airport	999,604	929,014	10,133	-	-	(60,457)	(60,457)	-	-
Golf course	1,296,562	1,225,317	-	-	-	(71,245)	(71,245)	-	-
Total business-type activities	<u>23,005,694</u>	<u>28,540,889</u>	<u>10,133</u>	<u>-</u>	<u>-</u>	<u>5,545,328</u>	<u>5,545,328</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 70,099,881</u>	<u>\$ 37,048,470</u>	<u>\$ 1,615,093</u>	<u>\$ -</u>	<u>\$ (36,981,646)</u>	<u>\$ 5,545,328</u>	<u>\$ (31,436,318)</u>	<u>\$ -</u>	<u>\$ -</u>
Component units									
Lancaster Economic Development Corporation	\$ 1,025,566	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (1,025,566)	\$ -
Lancaster Recreational Development Corporation	3,000,800	486,751	-	-	-	-	-	-	(2,514,049)
Total component units	<u>\$ 4,026,366</u>	<u>\$ 486,751</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,025,566)</u>	<u>\$ (2,514,049)</u>
General Revenues									
Taxes									
Property taxes					\$ 32,012,126	\$ -	\$ 32,012,126	\$ -	\$ -
Sales taxes					12,872,185	-	12,872,185	2,574,437	5,148,874
Franchise taxes					2,484,796	-	2,484,796	-	-
Other local taxes					52,457	-	52,457	-	-
Grants not restricted to specific programs					2,149,369	-	2,149,369	-	-
Interest on investments					3,042,035	2,057,169	5,099,204	373,013	195,728
Miscellaneous					469,392	1,577,806	2,047,198	-	34,104
Transfers					1,888,477	(1,888,477)	-	-	-
Total general revenues and transfers					<u>54,970,837</u>	<u>1,746,498</u>	<u>56,717,335</u>	<u>2,947,450</u>	<u>5,378,706</u>
Change in Net Position					<u>17,989,191</u>	<u>7,291,826</u>	<u>25,281,017</u>	<u>1,921,884</u>	<u>2,864,657</u>
Net Position, Beginning of Year					<u>89,940,004</u>	<u>85,385,054</u>	<u>175,325,058</u>	<u>8,011,798</u>	<u>8,142,333</u>
Net Position, End of Year					<u>\$ 107,929,195</u>	<u>\$ 92,676,880</u>	<u>\$ 200,606,075</u>	<u>\$ 9,933,682</u>	<u>\$ 11,006,990</u>

City of Lancaster, Texas
Balance Sheet
Governmental Funds
September 30, 2023

	General Fund	Capital Projects Fund	General Obligation Debt Service Fund	ARPA Fund	Non-Major Governmental Funds	Total Governmental Funds
Assets						
Cash and cash equivalents	\$ 33,654,938	\$ 10,366,471	\$ 11,682,847	6,455,901	\$ 11,556,155	\$ 73,716,312
Receivables (net of allowance for uncollectibles)						
Notes	-	-	2,455,000	-	-	2,455,000
Delinquent taxes	834,941	-	279,165	-	9,488	1,123,594
Accounts	1,425,644	-	-	-	653,335	2,078,979
Sales tax	2,279,093	-	-	-	-	2,279,093
Fines	1,173,340	-	-	-	-	1,173,340
Due from:						
Component unit	533,249	1,160,922	-	-	-	1,694,171
Other governments	2,799	-	-	-	-	2,799
Other funds	3,071,347	18,468	-	-	-	3,089,815
Inventory, at cost	163,465	-	-	-	-	163,465
Prepaid items	49,835	-	-	-	-	49,835
	<u>\$ 43,188,651</u>	<u>\$ 11,545,861</u>	<u>\$ 14,417,012</u>	<u>\$ 6,455,901</u>	<u>\$ 12,218,978</u>	<u>\$ 87,826,403</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances						
Liabilities						
Accounts and contracts payable	\$ 1,120,019	\$ 112,015	\$ -	\$ 325,373	\$ 169,756	\$ 1,727,163
Accrued liabilities	305,544	-	-	-	202,542	508,086
Deposits	963,603	-	-	-	-	963,603
Unearned revenue	-	-	-	6,131,083	-	6,131,083
Due to other funds	-	-	-	-	252,660	252,660
	<u>2,389,166</u>	<u>112,015</u>	<u>-</u>	<u>6,456,456</u>	<u>624,958</u>	<u>9,582,595</u>
Deferred inflows of resources – unavailable revenue	2,528,624	-	2,726,399	-	266,374	5,521,397
Fund balances						
Nonspendable for inventory and prepaid items	213,300	-	-	-	-	213,300
Restricted for						
Court security	84,318	-	-	-	-	84,318
Court technology	115,016	-	-	-	-	115,016
Capital projects	-	11,433,846	-	-	-	11,433,846
Debt service	-	-	11,690,613	-	-	11,690,613
Public works	-	-	-	-	5,008,525	5,008,525
Public improvement districts	-	-	-	-	2,386,156	2,386,156
Police grants	-	-	-	-	222,174	222,174
Tourism, convention centers, arts	-	-	-	-	1,887,850	1,887,850
Law enforcement purposes	-	-	-	-	1,382,846	1,382,846
Parkland dedication	-	-	-	-	553,178	553,178
Committed	22,776,671	-	-	-	-	22,776,671
Assigned	7,584,825	-	-	-	-	7,584,825
Unassigned	7,496,731	-	-	(555)	(113,083)	7,383,093
	<u>38,270,861</u>	<u>11,433,846</u>	<u>11,690,613</u>	<u>(555)</u>	<u>11,327,646</u>	<u>72,722,411</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 43,188,651</u>	<u>\$ 11,545,861</u>	<u>\$ 14,417,012</u>	<u>\$ 6,455,901</u>	<u>\$ 12,218,978</u>	<u>\$ 87,826,403</u>

City of Lancaster, Texas
Reconciliation of the Balance Sheet of
Governmental Funds to the Statement of Net Position
September 30, 2023

Total fund balances – governmental funds	\$	72,722,411
Amounts reported for governmental activities in the statement of net position are different because:		
Capital and subscription assets (net of accumulated depreciation/amortization) used in governmental activities are not current financial resources and therefore are not reported as assets in the governmental funds. Capital and subscription assets are reported in the government-wide financial statements, net of accumulated depreciation/amortization.		
		105,112,684
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.		
		(128,837)
Revenues earned but not available within 60 days of the year-end are not recognized as revenue on the fund financial statements.		
		5,521,397
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	\$ 765,402	
Deferred outflows of resources – pension	8,476,509	
Deferred outflows of resources – OPEB	260,404	
Deferred inflows of resources – pension	(60,690)	
Deferred inflows of resources – OPEB	<u>(888,049)</u>	8,553,576
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	\$ (50,555,017)	
Certificates of obligation	(3,440,000)	
Tax notes	(1,225,000)	
Premiums on bond debt	(4,048,871)	
Subscription liability	(378,657)	
Net pension liability	(17,443,968)	
Compensated absences	(3,966,581)	
Total OPEB liability	(1,420,224)	
Financed purchases	<u>(1,373,718)</u>	<u>(83,852,036)</u>
Total net position of governmental activities	\$	<u>107,929,195</u>

City of Lancaster, Texas
Statement of Revenues, Expenditures, and
Changes in Fund Balances
Governmental Funds
For the Year Ended September 30, 2023

	General Fund	Capital Projects Fund	General Obligation Debt Service Fund	ARPA Fund	Non-Major Governmental Funds	Total Governmental Funds
Revenues						
Taxes and fees	\$ 37,845,088	\$ 675,681	\$ 7,149,660	\$ -	\$ 4,410,387	\$ 50,080,816
Licenses and permits	2,127,157	-	-	-	307,100	2,434,257
Intergovernmental	554,960	-	1,050,000	2,149,369	-	3,754,329
Charges for services	1,571,030	-	-	-	-	1,571,030
Fines and forfeits	1,690,127	-	-	-	107,315	1,797,442
Interest	1,731,001	414,252	419,208	-	477,574	3,042,035
Miscellaneous	458,301	-	-	-	11,091	469,392
Total revenues	45,977,664	1,089,933	8,618,868	2,149,369	5,313,467	63,149,301
Expenditures						
Current						
General government	7,366,860	-	-	-	-	7,366,860
Public safety	23,210,813	-	-	377,186	226,872	23,814,871
Public works	3,185,905	-	-	-	1,907,564	5,093,469
Community development and recreation	2,086,050	-	-	-	869,463	2,955,513
Capital outlay	4,957,943	976,962	-	1,772,183	1,895,972	9,603,060
Debt service						
Principal retirement	402,763	-	4,436,039	-	35,000	4,873,802
Interest and fiscal charges	8,378	-	2,102,078	-	8,725	2,119,181
Cost of issuance of bonds	-	-	21,591	-	-	21,591
Total expenditures	41,218,712	976,962	6,559,708	2,149,369	4,943,596	55,848,347
Excess (deficiency) of revenues over expenditures	4,758,952	112,971	2,059,160	-	369,871	7,300,954
Other financing sources (uses)						
Transfers in	1,950,484	-	-	-	-	1,950,484
Transfers out	-	-	-	-	(62,007)	(62,007)
Issuance of tax notes	-	-	1,225,000	-	-	1,225,000
Total other financing sources (uses)	1,950,484	-	1,225,000	-	(62,007)	3,113,477
Net Change in Fund Balances	6,709,436	112,971	3,284,160	-	307,864	10,414,431
Fund Balance (Deficit), Beginning of Year	31,561,425	11,320,875	8,406,453	(555)	11,019,782	62,307,980
Fund Balances (Deficit), End of Year	\$ 38,270,861	\$ 11,433,846	\$ 11,690,613	\$ (555)	\$ 11,327,646	\$ 72,722,411

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, 2023

Net change in fund balances – total governmental funds		\$ 10,414,431
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation/amortization expense.		9,517,915
Depreciation/amortization expense on capital and subscription assets is reported in the statement of activities but does not require the use of current financial resources. Therefore, depreciation/amortization expense is not reported as expenditures in the governmental funds.		(4,767,194)
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	\$ 4,055,000	
Issuance of tax notes	(1,225,000)	
Subscription liability	402,763	
Financed purchases	<u>416,039</u>	3,648,802
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.		368,487
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.		(114,413)
Current year pension 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.		(1,191,435)
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.		(72,952)
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.		139,950
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.		<u>45,600</u>
Change in net position of governmental activities		<u>\$ 17,989,191</u>

City of Lancaster, Texas
Statement of Net Position
Proprietary Funds
September 30, 2023

	Water and Sewer Fund	Airport Fund	Golf Fund	Non-major Enterprise Funds	Total Proprietary Funds
Assets and Deferred Outflows of Resources					
Current Assets					
Cash and cash equivalents	\$ 48,237,331	\$ 68,851	\$ -	\$ 5,977,840	\$ 54,284,022
Receivables (net of allowance for uncollectibles):					
Accounts	1,567,724	-	4,092	213,869	1,785,685
Lease	-	2,215	-	-	2,215
Unbilled	1,154,288	-	-	131,705	1,285,993
Inventory	-	8,655	-	-	8,655
Total current assets	<u>50,959,343</u>	<u>79,721</u>	<u>4,092</u>	<u>6,323,414</u>	<u>57,366,570</u>
Capital Assets					
Nondepreciable	2,310,526	4,520,162	349,554	-	7,180,242
Depreciable (net of accumulated depreciation)	<u>32,420,454</u>	<u>6,291,751</u>	<u>1,325,519</u>	<u>170,835</u>	<u>40,208,559</u>
Total non-current assets	<u>34,730,980</u>	<u>10,811,913</u>	<u>1,675,073</u>	<u>170,835</u>	<u>47,388,801</u>
Total assets	<u>85,690,323</u>	<u>10,891,634</u>	<u>1,679,165</u>	<u>6,494,249</u>	<u>104,755,371</u>
Deferred Outflows of Resources					
Deferred charges on refunding	143,973	-	-	-	143,973
Deferred outflows of resources – Pension	740,499	100,096	-	-	840,595
Deferred outflows of resources – OPEB	<u>20,617</u>	<u>2,944</u>	<u>-</u>	<u>-</u>	<u>23,561</u>
Total deferred outflows of resources	<u>905,089</u>	<u>103,040</u>	<u>-</u>	<u>-</u>	<u>1,008,129</u>
Liabilities, Deferred Inflows or Resources and Net Position					
Current Liabilities					
Accounts payable	672,017	57,520	40,529	578,692	1,348,758
Accrued liabilities	157,161	-	40,661	62,562	260,384
Accrued interest	8,370	516	-	-	8,886
Deposits	1,341,966	-	-	-	1,341,966
Due to:					
Other funds	674,036	800,650	1,362,469	-	2,837,155
Component units	-	634,738	-	-	634,738
General obligation bonds	590,000	10,000	-	-	600,000
Compensated absences	<u>9,691</u>	<u>20,284</u>	<u>-</u>	<u>218</u>	<u>30,193</u>
Total current liabilities	<u>3,453,241</u>	<u>1,523,708</u>	<u>1,443,659</u>	<u>641,472</u>	<u>7,062,080</u>
Non-current Liabilities					
General obligation bonds	3,948,902	-	-	-	3,948,902
Compensated absences	90,796	-	-	654	91,450
Net pension liability	1,550,660	211,520	-	-	1,762,180
Total OPEB liability	<u>115,602</u>	<u>16,514</u>	<u>-</u>	<u>-</u>	<u>132,116</u>
Total non-current liabilities	<u>5,705,960</u>	<u>228,034</u>	<u>-</u>	<u>654</u>	<u>5,934,648</u>
Total liabilities	<u>9,159,201</u>	<u>1,751,742</u>	<u>1,443,659</u>	<u>642,126</u>	<u>12,996,728</u>
Deferred Inflows of Resources					
Deferred inflows of resources – Lease	-	2,036	-	-	2,036
Deferred inflows of resources – Pension	5,213	709	-	-	5,922
Deferred inflows of resources – OPEB	<u>71,693</u>	<u>10,241</u>	<u>-</u>	<u>-</u>	<u>81,934</u>
Total deferred inflows of resources	<u>76,906</u>	<u>12,986</u>	<u>-</u>	<u>-</u>	<u>89,892</u>
Net Position					
Net investment in capital assets	30,336,051	10,801,913	1,675,073	170,835	42,983,872
Unrestricted	<u>47,023,254</u>	<u>(1,571,967)</u>	<u>(1,439,567)</u>	<u>5,681,288</u>	<u>49,693,008</u>
Total net position	<u>\$ 77,359,305</u>	<u>\$ 9,229,946</u>	<u>\$ 235,506</u>	<u>\$ 5,852,123</u>	<u>\$ 92,676,880</u>

City of Lancaster, Texas
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended September 30, 2023

	Water and Sewer Fund	Airport Fund	Golf Fund	Non-major Enterprise Funds	Total Proprietary Funds
Operating Revenues					
Charges for services	\$ 22,456,217	\$ 929,014	\$ 1,225,317	\$ 2,754,046	\$ 27,364,594
Intergovernmental	-	10,133	-	-	10,133
Other revenue	1,440,402	25,887	111,517	-	1,577,806
Impact fee revenue	1,176,295	-	-	-	1,176,295
Total operating revenues	<u>25,072,914</u>	<u>965,034</u>	<u>1,336,834</u>	<u>2,754,046</u>	<u>30,128,828</u>
Operating Expenses					
Personnel services and benefits	2,486,268	303,293	-	-	2,789,561
Maintenance	1,106,138	43,513	65,077	421,779	1,636,507
Purchase of water	5,252,982	-	-	-	5,252,982
Materials and supplies	93,517	394,948	-	-	488,465
Heat, light and power	216,069	88,166	44,513	-	348,748
Sewage treatment	6,242,036	-	-	-	6,242,036
Special services	561,096	10,164	1,037,982	2,217,602	3,826,844
Bad debt expense	151,509	-	-	-	151,509
Equipment rental	7,925	17,220	8,675	26,245	60,065
Depreciation	1,757,535	142,066	140,315	86,964	2,126,880
Total operating expenses	<u>17,875,075</u>	<u>999,370</u>	<u>1,296,562</u>	<u>2,752,590</u>	<u>22,923,597</u>
Operating Income (Loss)	<u>7,197,839</u>	<u>(34,336)</u>	<u>40,272</u>	<u>1,456</u>	<u>7,205,231</u>
Non-operating Revenues (Expenses)					
Interest revenue	1,829,850	-	-	227,319	2,057,169
Interest and fiscal charges	(81,863)	(234)	-	-	(82,097)
Total non-operating revenues (expenses)	<u>1,747,987</u>	<u>(234)</u>	<u>-</u>	<u>227,319</u>	<u>1,975,072</u>
Income (Loss) Before Transfers	<u>8,945,826</u>	<u>(34,570)</u>	<u>40,272</u>	<u>228,775</u>	<u>9,180,303</u>
Transfers					
Transfers out	(1,700,507)	-	(7,000)	(180,970)	(1,888,477)
Total transfers	<u>(1,700,507)</u>	<u>-</u>	<u>(7,000)</u>	<u>(180,970)</u>	<u>(1,888,477)</u>
Change in Net Position	7,245,319	(34,570)	33,272	47,805	7,291,826
Net Position, Beginning of Year	<u>70,113,986</u>	<u>9,264,516</u>	<u>202,234</u>	<u>5,804,318</u>	<u>85,385,054</u>
Net Position, End of Year	<u>\$ 77,359,305</u>	<u>\$ 9,229,946</u>	<u>\$ 235,506</u>	<u>\$ 5,852,123</u>	<u>\$ 92,676,880</u>

City of Lancaster, Texas
Statement of Cash Flows
Proprietary Funds
For the Year Ended September 30, 2023

	Water and Sewer Fund	Airport Fund	Golf Fund	Non-major Enterprise Funds	Total
Operating Activities					
Receipts from customers and users	\$ 24,821,105	\$ 968,034	\$ 1,321,225	\$ 2,763,868	\$ 29,874,232
Utility deposits collected	35,458	-	-	-	35,458
Payments to employees	(2,363,339)	(293,085)	-	-	(2,656,424)
Payments to suppliers	(13,498,709)	(577,114)	(1,132,452)	(2,057,817)	(17,266,092)
Net cash provided by operating activities	<u>8,994,515</u>	<u>97,835</u>	<u>188,773</u>	<u>706,051</u>	<u>9,987,174</u>
Noncapital and Related Financing Activities					
Transfers out	(1,700,507)	-	(7,000)	(180,970)	(1,888,477)
Payment to Component Unit	-	(18,750)	-	-	(18,750)
Advances from other funds	-	-	(86,676)	-	(86,676)
Net cash used in noncapital financing activities	<u>(1,700,507)</u>	<u>(18,750)</u>	<u>(93,676)</u>	<u>(180,970)</u>	<u>(1,993,903)</u>
Capital and Related Financing Activities					
Acquisition and construction of capital assets	(2,271,270)	-	-	-	(2,271,270)
Principal payments on debt	(592,992)	(10,000)	(95,097)	-	(698,089)
Interest payments on debt	(66,547)	(234)	-	-	(66,781)
Net cash used in capital and financing activities	<u>(2,930,809)</u>	<u>(10,234)</u>	<u>(95,097)</u>	<u>-</u>	<u>(3,036,140)</u>
Investing Activities					
Interest on investments	1,829,850	-	-	227,319	2,057,169
Net cash provided by investing activities	<u>1,829,850</u>	<u>-</u>	<u>-</u>	<u>227,319</u>	<u>2,057,169</u>
Increase in Cash and Cash Equivalents	6,193,049	68,851	-	752,400	7,014,300
Cash and Cash Equivalents, Beginning of Year	42,044,282	-	-	5,225,440	47,269,722
Cash and Cash Equivalents, End of Year	<u>\$ 48,237,331</u>	<u>\$ 68,851</u>	<u>\$ -</u>	<u>\$ 5,977,840</u>	<u>\$ 54,284,022</u>
Reconciliation of Net Operating Income (Loss) to Net Cash Provided by Operating Activities					
Operating income (loss)	\$ 7,197,839	\$ (34,336)	\$ 40,272	\$ 1,456	\$ 7,205,231
Item not requiring cash					
Depreciation	1,757,535	142,066	140,315	86,964	2,126,880
Changes in					
Accounts receivable	(251,809)	3,000	564	9,822	(238,423)
Inventories	-	11,575	-	-	11,575
Deferred outflows of resources	(496,264)	(67,386)	-	-	(563,650)
Accounts payable	97,266	(11,015)	(16,173)	578,692	648,770
Accrued expenses	70,755	(23,663)	23,795	29,117	100,004
Net pension liability	1,052,954	143,134	-	-	1,196,088
Total OPEB Liability	(56,239)	(8,034)	-	-	(64,273)
Deferred inflows of resources	(392,857)	(55,770)	-	-	(448,627)
Compensated absences	15,335	(1,736)	-	-	13,599
Net cash provided by operating activities	<u>\$ 8,994,515</u>	<u>\$ 97,835</u>	<u>\$ 188,773</u>	<u>\$ 706,051</u>	<u>\$ 9,987,174</u>

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City of Lancaster, Texas
Notes to Basic Financial Statements
September 30, 2023

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, 2023

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.

City of Lancaster, Texas
Notes to Basic Financial Statements
September 30, 2023

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
Notes to Basic Financial Statements
September 30, 2023

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.

The City has established a policy to maintain a reserve account of 18% of budgeted expenditures. As of September 30, 2023, the City was in compliance with this policy as unassigned fund balance in the General Fund was equal to 18% of current year expenditures.

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.

City of Lancaster, Texas
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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, 2023, were \$705,860 for uncollectible taxes, \$3,202,065 for water, sewer, and stormwater billings, \$631,799 for court fees and fines and \$947,247 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.

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."

City of Lancaster, Texas
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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.

Lease Receivable

The City leases a portion of its property to various businesses who use the space to conduct their operations. The City recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements.

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

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

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

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

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.

City of Lancaster, Texas
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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

Subscription Assets

Subscription assets are initially recorded at the initial measurement of the subscription liability, plus subscription payments made at or before the commencement of the subscription-based information technology arrangement (SBITA) term, less any SBITA vendor incentives received from the SBITA vendor at or before the commencement of the SBITA term, plus capitalizable initial implementation costs. Subscription assets are amortized on a straight-line basis over the shorter of the SBITA term or the useful life of the underlying IT asset.

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 assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has 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 1st – September 30th) 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.
- 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.

City of Lancaster, Texas
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- 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.

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 assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until then.

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.
- 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.
- Lease related – this represents the initial value of the lease receivable under GASB 87 systematically reduced and recognized as lease revenue over the term of the lease. This deferred inflow is recorded at both the fund level and government-wide financial statements.

Subscription Liability

The City contracts for noncancellable subscriptions of information technology software. The City recognizes a subscription liability and an intangible subscription asset (subscription asset) in the government-wide financial statements. The City recognizes subscription assets with an initial, individual value of \$5,000 or more. At the commencement of a subscription, the City measures the subscription liability at the present value of payments expected to be made during the subscription term. Subsequently, the subscription liability is reduced by the principal portion of subscription payments made.

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.

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The liability for unused vested vacation leave as of September 30, 2023, 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.

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

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. This standard addresses the gap in current accounting guidance related to public private and public-public partnerships (both referred to as PPPs) that do not meet the definition of a service concession arrangement. The adoption of this standard had no impact on the City.

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GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. The implementation of this standard establishes a single model for subscription-based information technology arrangements (SBITAs) accounting based on the principle that contracts are financings of the right to use an underlying information technology software asset. The standard requires recognition of certain right-to-use subscription assets and subscription liabilities. As a result of implementing this standard the City recognized right-to-use subscription assets and liabilities. The adoption of this standard had no impact on beginning net position. The additional disclosures required by this standard are included in *Note 7 and 8*.

New Pronouncements

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

GASB Statement No. 100, *Accounting Changes and Error Corrections*—an amendment of GASB Statement No. 62 (GASB 100):

This statement improves the clarity and requirements for accounting changes and error corrections. This statement will be effective for the City in fiscal year 2024. The City will evaluate the potential impact on the City's net position.

GASB Statement No. 101, *Compensated Absences* (GASB 101):

This statement addresses the recognition and measurement of compensated absences. This statement will be effective for the City in fiscal year 2025. The City will evaluate the potential impact on the City's net position.

GASB Statement No. 102, *Certain Risk Disclosures* (GASB 102):

This statement requires governments to disclose information about certain concentrations or constraints that could affect services provided or the ability to meet obligations as they come due. This statement will be effective for the City in fiscal year 2025. The City will evaluate the potential impact on the City's net position.

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.

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, 2023, the City invested in Texas CLASS, TexPool, and LOGIC, which are investment pools authorized by the Texas Legislature.

City of Lancaster, Texas
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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.

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.

City of Lancaster, Texas
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As of September 30, 2023, the City had cash and cash equivalents as classified below:

Primary Government	
Cash	\$ 8,212,820
Cash equivalents	<u>119,787,514</u>
	<u>128,000,334</u>
 Component Units	
Cash	21,273
Cash equivalents	<u>14,968,981</u>
	<u>14,990,254</u>
Total cash and cash equivalents	<u><u>\$ 142,990,588</u></u>

As of September 30, 2023, the City held the following investments:

	Carrying Value	Weighted- Average Maturity (Days)
Primary Government		
TexPool	\$ 17,142,930	30
LOGIC	55,652,280	34
Texas CLASS	<u>46,992,304</u>	22
Total primary government	<u>119,787,514</u>	
 Component Units		
TexPool	2,142,228	30
LOGIC	6,954,464	34
Texas CLASS	<u>5,872,289</u>	22
Total component units	<u>14,968,981</u>	
Total investments	<u><u>\$ 134,756,495</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

City of Lancaster, Texas
Notes to Basic Financial Statements
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Recurring Measurements

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

The following table presents the fair value measurements of assets recognized in the accompanying financial statements measured at net asset value or amortized cost at September 30, 2023:

	Fair Value
Investments Measured at Net Asset Value	
LOGIC	\$ 62,606,744
Texas CLASS	52,864,593
Subtotal	115,471,337
Investments Measured at Amortized Cost	
TexPool	19,285,158
Total investments	\$ 134,756,495

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, 2023, were 98.13% 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.

City of Lancaster, Texas
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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 \$2.50 per \$100 assessed valuation. For the year ended September 30, 2023, the City had a tax rate of \$.6390 per \$100.00 assessed valuation, of which \$.4841 was allocated for general government and \$.1549 was allocated for the payment of principal and interest on general obligation debt.

In Texas, county-wide central appraisal districts are required to assess all property within the appraisal district on the basis of 100% 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 8%, qualified voters of the City may petition for an election to determine whether to limit the tax rate to no more than 8% 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, 2023, due to due from transactions, excluding discretely presented component units were as follows:

	Due to Other Funds	Due from Other Funds
General Fund	\$ -	\$ 3,071,347
Capital Projects Fund	-	18,468
Non-major Governmental Funds	252,660	-
Water and Sewer Fund	674,036	-
Golf Fund	1,362,469	-
Airport Fund	800,650	-
Total due to/due from	\$ 3,089,815	\$ 3,089,815

City of Lancaster, Texas
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Interfund Transfers

For the year ended September 30, 2023, interfund transactions, excluding discretely presented component units were as follows:

	Transfers In	Transfers Out
General Fund	\$ 1,950,484	\$ -
Non-major Governmental Funds	-	62,007
Water and Sewer Fund	-	1,700,507
Golf Fund	-	7,000
Non-major Enterprise Funds	-	180,970
	\$ 1,950,484	\$ 1,950,484
Total interfund transfers		

The interfund transfers to the General Fund from the Water and Sewer Fund, Golf Fund, Non-major Governmental, and Enterprise Funds represent those revenues that are transferred from one fund to another to recover administrative costs of the General Fund. This is sometimes referred to as indirect costs or overhead and are made to recognize and account for the fact that one fund incurs untraceable costs directly associated with another fund. The transfer ensures that each fund pays its fair share of the costs to operate that fund. A transfer is the preferred method to cover these costs and those associated with operating these funds.

Note 6: Lease Receivable

GASB No. 87 Leases - Included

The City leases a portion of its property to various businesses who use the space to conduct their operations, the terms of which expire in 2024. The measurement of the lease receivable is based on the present value of lease payments expected to be received during the lease term, such as fixed payments, variable payments that depend on an index or rate, variable payments that are fixed in substance, residual value guarantee payments that are fixed in substance, and any lease incentives payable to the lessee.

The City recognized \$2,714 in lease revenue and \$285 in lease interest during the current fiscal year related to these leases. As of September 30, 2023, the City receivable for lease payments was \$2,215. Also, the City has a deferred inflow of resources associated with these leases that will be recognized as revenue over the lease term. As of September 30, 2023, the balance of the deferred inflow of resources was \$2,036.

City of Lancaster, Texas
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The following is a schedule by year of minimum payments to be received under the City's leases that are included in the measurement of the lease receivable as of September 30, 2023:

Fiscal Year	Business-type Activities		
	Principal	Interest	Total
2024	2,215	103	2,318
	\$ 2,215	\$ 103	\$ 2,318

GASB No. 87 Excluded Leases – Regulated

In accordance with GASB No. 87, the City does not recognize a lease receivable and a deferred inflow of resources for regulated leases. Regulated leases are certain leases that are subject to external laws, regulations, or legal rulings, e.g., the Federal Aviation Administration, between airports and aeronautical users. Regulated leases include hanger buildings, space in the terminal building, as well as various land leases used for aeronautical purposes. The City recognized \$6,702 in lease revenue and \$514 in lease interest during the current fiscal year related to these leases.

Future minimum lease payments for regulated leases are as follows:

Fiscal Year	Principal
2024	6,703
2025	5,857
2026	5,857
2027	5,857
2028	5,857
2029-2033	8,945
2034-2038	3,860
2039-2042	1,288
Total	\$ 44,224

City of Lancaster, Texas
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Note 7: Capital and Subscription Assets

Governmental Activities

Capital and subscription assets of the Governmental Activities are as follows:

	Beginning Balance*	Increases	Decreases	Transfers	Ending Balance
Governmental Activities					
Capital assets not being depreciated					
Land	\$ 13,262,490	\$ -	\$ -	\$ -	\$ 13,262,490
Construction in progress	11,034,531	136,695	-	(9,024,129)	2,147,097
Total capital assets not being depreciated	24,297,021	136,695	-	(9,024,129)	15,409,587
Capital and subscription assets being depreciated					
Buildings	37,188,289	294,212	-	-	37,482,501
Infrastructure, improvements, equipment, and furniture	131,374,305	9,087,008	-	9,024,129	149,485,442
Subscription asset	781,420	-	-	-	781,420
Total capital assets being depreciated/amortized	169,344,014	9,381,220	-	9,024,129	187,749,363
Less accumulated depreciation/amortization for:					
Buildings	12,153,231	844,710	-	-	12,997,941
Infrastructure, improvements, equipment, and furniture	81,125,841	3,635,112	-	-	84,760,953
Subscription asset	-	287,372	-	-	287,372
Total accumulated depreciation/amortization	93,279,072	4,767,194	-	-	98,046,266
Total capital assets being depreciated/amortized, net	76,064,942	4,614,026	-	9,024,129	89,703,097
Governmental activities capital assets, net	\$ 100,361,963	\$ 4,750,721	\$ -	\$ -	\$ 105,112,684

* Fiscal year 2022 amounts have been restated for GASB 96

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

General and administrative	\$ 768,623
Public safety	3,315,194
Public works	413,838
Community development and recreation	269,539
Total depreciation/amortization expense – governmental activities	<u>\$ 4,767,194</u>

City of Lancaster, Texas
Notes to Basic Financial Statements
September 30, 2023

Business-type Activities

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

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Business-type Activities					
Capital assets not being depreciated					
Land	\$ 4,971,266	\$ 995,471	\$ -	\$ -	\$ 5,966,737
Construction in progress	2,803,869	-	-	(1,590,364)	1,213,505
Total capital assets not being depreciated	<u>7,775,135</u>	<u>995,471</u>	<u>-</u>	<u>(1,590,364)</u>	<u>7,180,242</u>
Capital assets being depreciated					
Plants and buildings	2,808,948	-		1,590,364	4,399,312
Other improvements	82,482,873	910,891	-	-	83,393,764
Vehicles	721,768	213,728	-	-	935,496
Machinery and equipment	4,347,938	151,179	-	-	4,499,117
Total capital assets being depreciated	<u>90,361,527</u>	<u>1,275,798</u>	<u>-</u>	<u>1,590,364</u>	<u>93,227,689</u>
Less accumulated depreciation for:					
Plants and buildings	2,491,043	34,376	-	-	2,525,419
Other improvements	44,682,858	1,623,213	-	-	46,306,071
Vehicles	91,005	80,931	-	-	171,936
Machinery and equipment	3,627,344	388,360	-	-	4,015,704
Total accumulated depreciation	<u>50,892,250</u>	<u>2,126,880</u>	<u>-</u>	<u>-</u>	<u>53,019,130</u>
Total capital assets being depreciated, net	<u>39,469,277</u>	<u>(851,082)</u>	<u>-</u>	<u>1,590,364</u>	<u>40,208,559</u>
Business-type activities capital assets, net	<u>\$ 47,244,412</u>	<u>\$ 144,389</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 47,388,801</u>

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

Water and Sewer	\$ 1,757,535
Airport	142,066
Golf	140,315
Non-major	<u>86,964</u>
Total depreciation expense – business-type activities	<u>\$ 2,126,880</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:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Lancaster Economic Development Corporation Capital assets not being depreciated				
Land	\$ 100,378	\$ -	\$ -	\$ 100,378
Capital assets being depreciated				
Buildings	299,212	-	-	299,212
Total capital assets being depreciated	299,212	-	-	299,212
Less accumulated depreciation for:				
Buildings	-	7,480	-	7,480
Total accumulated depreciation	-	7,480	-	7,480
Total capital assets being depreciated, net	299,212	(7,480)	-	291,732
Lancaster Economic Development Corporation capital assets, net	<u>\$ 399,590</u>	<u>\$ (7,480)</u>	<u>\$ -</u>	<u>\$ 392,110</u>

City of Lancaster, Texas
Notes to Basic Financial Statements
September 30, 2023

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

	Beginning Balance	Increases	Decreases	Ending Balance
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>2,326,657</u>	<u>-</u>	<u>-</u>	<u>2,326,657</u>
Total capital assets being depreciated	22,089,826	-	-	22,089,826
Less accumulated depreciation for:				
Buildings	8,997,920	394,934	-	9,392,854
Other improvements	3,965,809	-	-	3,965,809
Machinery and equipment	<u>1,028,465</u>	<u>181,149</u>	<u>-</u>	<u>1,209,614</u>
Total accumulated depreciation	<u>13,992,194</u>	<u>576,083</u>	<u>-</u>	<u>14,568,277</u>
Total capital assets being depreciated, net	<u>8,097,632</u>	<u>(576,083)</u>	<u>-</u>	<u>7,521,549</u>
Lancaster Recreational Development Corporation capital assets, net	<u>\$ 9,086,750</u>	<u>\$ (576,083)</u>	<u>\$ -</u>	<u>\$ 8,510,667</u>

City of Lancaster, Texas
Notes to Basic Financial Statements
September 30, 2023

Note 8: Long-term Liabilities and Subscription Liabilities

Subscription Liability

The City has obtained the right to use various server software subscriptions under the provision of various subscription-based information technology arrangements. The measurement of the subscription liabilities is based on the present value of subscription payments expected to be paid during the subscription term, such as fixed payments, variable payments that depend on an index or rate, variable payments that are fixed in substance, residual value guarantee payments that are fixed in substance, and any subscription incentives payable.

An initial subscription liability was recorded in the amount of \$781,420. Incremental borrowing rates of 3.50% to 5.0% were used to measure the subscription liabilities. The value of the subscription assets as of the end of the current fiscal year was \$781,420 and had accumulated amortization of \$287,372.

The following schedule details minimum subscription payments to maturity for the City’s subscription liability at September 30, 2023:

Fiscal Year	Subscription Liability		
	Governmental Activities		
	Principal	Interest	Total
2024	292,381	12,276	304,657
2025	78,326	2,804	81,130
2026	7,950	263	8,213
Total	<u>\$ 378,657</u>	<u>\$ 15,343</u>	<u>\$ 394,000</u>

City of Lancaster, Texas
Notes to Basic Financial Statements
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The following is a summary of changes in long-term liabilities:

	Beginning Balance*	Additions	Retirements	Ending Balance	Due Within One Year
Governmental Activities					
General obligation bonds	\$ 54,530,017	\$ -	\$ (3,975,000)	50,555,017	\$ 4,045,000
Certificates of obligation	3,520,000	-	(80,000)	3,440,000	80,000
Tax notes	-	1,225,000	-	1,225,000	1,225,000
Premiums on bond debt	4,417,358	-	(368,487)	4,048,871	-
Compensated absences	3,735,900	604,271	(373,590)	3,966,581	396,658
Subscription liability	781,420	-	(402,763)	378,657	292,381
Financed purchases	1,789,757	-	(416,039)	1,373,718	422,511
Total governmental activities	<u>\$ 68,774,452</u>	<u>\$ 1,829,271</u>	<u>\$ (5,615,879)</u>	<u>\$ 64,987,844</u>	<u>\$ 6,461,550</u>
Business-type Activities					
General obligation bonds	\$ 5,079,983	\$ -	\$ (590,000)	\$ 4,489,983	\$ 600,000
Premiums on bond debt	71,911	-	(12,992)	58,919	-
Compensated absences	108,044	54,563	(41,836)	120,771	30,193
Financed purchases	95,097	-	(95,097)	-	-
Total business-type activities	<u>\$ 5,355,035</u>	<u>\$ 54,563</u>	<u>\$ (739,925)</u>	<u>\$ 4,669,673</u>	<u>\$ 630,193</u>
Discretely Presented Component Units					
Notes payable to primary government	\$ 3,510,000	\$ -	\$ (1,055,000)	\$ 2,455,000	\$ 1,070,000
Total discretely presented component units	<u>\$ 3,510,000</u>	<u>\$ -</u>	<u>\$ (1,055,000)</u>	<u>\$ 2,455,000</u>	<u>\$ 1,070,000</u>

* Beginning balance amounts have been restated for GASB 96

General long-term debt consists of the following: subscription liabilities; financed purchases; liabilities for accrued vacation leave; general obligation bonds and certificates of obligation along with associated premiums, 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, net pension liabilities, and total OPEB liabilities are generally liquidated in the General Fund.

City of Lancaster, Texas
Notes to Basic Financial Statements
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General obligation bonds, certificates of obligation, notes payable and financed purchases outstanding at September 30, 2023, consist of the following:

	<u>Governmental Activities</u>	<u>Water and Sewer</u>	<u>Airport</u>	<u>Total Primary Government</u>
<u>General Obligation Bonds</u>				
\$22,530,000, 2015 General Obligation Refunding Bonds, due in annual installments through February 15, 2035; 2.00% – 3.75%	\$ 17,325,017	\$ 644,983	\$ -	\$ 17,970,000
\$6,575,000, 2016 General Obligation Refunding Bonds, due in annual installments through February 15, 2032; 2.00% – 4.00%	2,495,000	105,000	-	2,600,000
\$9,050,000, 2018 General Obligation Bonds, due in annual installments through February 15, 2038; 3.00% - 3.50%	7,645,000	-	-	7,645,000
\$24,530,000 2020 General Obligation Refunding Bonds, due in annual installments through February 15, 2040; 3.00% - 4.00%	21,900,000	-	-	21,900,000
\$7,315,000 2021 General Obligation Refunding Bonds, due in annual installments through August 15, 2031; 1.17%	<u>1,190,000</u>	<u>3,730,000</u>	<u>10,000</u>	<u>4,930,000</u>
Total general obligation bonds	<u>\$ 50,555,017</u>	<u>\$ 4,479,983</u>	<u>\$ 10,000</u>	<u>\$ 55,045,000</u>
<u>Certificates of Obligation</u>				
\$4,080,000, 2015 Certificate of Obligation Bonds, due in annual installments through February 15, 2035; 2.00% – 3.75%	<u>\$ 3,440,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,440,000</u>
Total certificates of obligation	<u>\$ 3,440,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,440,000</u>
<u>Tax Notes</u>				
\$1,225,000, 2023 Tax Notes, due in annual installments through August 15, 2024; 5.46%	<u>\$ 1,225,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,225,000</u>
Total tax notes	<u>\$ 1,225,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,225,000</u>

City of Lancaster, Texas
Notes to Basic Financial Statements
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	Governmental Activities	Golf	Total Primary Government	Discretely Presented Component Units
<u>Note Payable - Direct Borrowings</u>				
\$11,650,000 note payable, due in annual installments through February 15, 2024; 2.00% – 4.00%	\$ -	\$ -	\$ -	\$ 1,575,000
\$1,125,000 note payable, due in annual installments through February 15, 2027; 2.00% – 3.75%	-	-	-	880,000
Total notes payable	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,455,000</u>
<u>Financed Purchases</u>				
\$1,250,000 Lease Purchase Agreement due in due in monthly installments through January 15, 2024; 2.08%	\$ 1,093,907	-	\$ 1,093,907	\$ -
\$599,858 Lease Purchase Agreement due in bi-annual installments through May 25, 2025; 1.85%	279,811	-	279,811	-
Total financed purchases	<u>\$ 1,373,718</u>	<u>\$ -</u>	<u>\$ 1,373,718</u>	<u>\$ -</u>

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

As of September 30, 2023, property and equipment under financed purchase agreements is carried at \$2,262,510, with \$765,268 in estimated accumulated depreciation, included in capital assets. Amortization of these assets is included with depreciation expense.

City of Lancaster, Texas
Notes to Basic Financial Statements
September 30, 2023

The annual requirements to amortize the long-term debt as of September 30, 2023, are as follows:

General Obligation Bonds						
Fiscal Year	Governmental Activities			Business-type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2024	\$ 4,045,000	\$ 1,903,749	\$ 5,948,749	\$ 600,000	\$ 66,958	\$ 666,958
2025	3,210,000	1,775,425	4,985,425	570,000	55,334	625,334
2026	3,330,000	1,648,950	4,978,950	580,000	43,745	623,745
2027	3,470,000	1,505,325	4,975,325	605,000	31,622	636,622
2028	3,365,000	1,354,025	4,719,025	465,000	22,698	487,698
2029-2031	10,895,000	3,268,300	14,163,300	1,475,000	34,809	1,509,809
2032-2036	14,635,000	3,412,325	18,047,325	194,983	-	194,983
2037-2040	7,605,017	581,100	8,186,117	-	-	-
Total	\$ 50,555,017	\$ 15,449,199	\$ 66,004,216	\$ 4,489,983	\$ 255,166	\$ 4,745,149

Certificates of Obligation				Tax Notes		
Fiscal Year	Governmental Activities			Governmental Activities		
	Principal	Interest	Total	Principal	Interest	Total
2024	\$ 80,000	\$ 118,530	\$ 198,530	\$ 1,225,000	\$ 59,038	\$ 1,284,038
2025	190,000	114,480	304,480	-	-	-
2026	195,000	108,705	303,705	-	-	-
2027	200,000	102,780	302,780	-	-	-
2028	205,000	96,577	301,577	-	-	-
2029-2031	655,000	247,309	902,309	-	-	-
2032-2036	1,915,000	163,784	2,078,784	-	-	-
Total	\$ 3,440,000	\$ 952,165	\$ 4,392,165	1,225,000	59,038	1,284,038

Note Payable – Direct Borrowing			
Fiscal Year	Discretely Presented Component Units		
	Principal	Interest	Total
2024	\$ 1,070,000	\$ 94,050	\$ 1,164,050
2025	1,080,000	50,625	1,130,625
2026	190,000	24,100	214,100
2027	115,000	14,900	129,900
Total	\$ 2,455,000	\$ 183,675	\$ 2,638,675

City of Lancaster, Texas
Notes to Basic Financial Statements
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Fiscal Year	Financed Purchases		
	Governmental Activities		
	Principal	Interest	Total
2024	\$ 422,511	\$ 12,359	\$ 434,870
2025	332,123	6,847	338,970
2026	243,856	2,168	246,024
2027	247,086	2,168	249,254
2028	128,142	823	128,965
Total	<u>\$ 1,373,718</u>	<u>\$ 24,365</u>	<u>\$ 1,398,083</u>

Note 9: 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 0.98% and 4.37%, respectively. There were no significant changes in the component unit's proportion to the plan during fiscal year 2023.

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.

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	75% Repeating, Transfers
Annuity increase (to retirees)	50% of CPI Repeating

City of Lancaster, Texas
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At the December 31, 2022, valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	231
Inactive employees entitled to but not yet receiving benefits	282
Active employees	271
Total employees	784

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. 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, 2023, were \$2,869,775 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, 2022, valuation is effective for the rates beginning January 1, 2024).

Net Pension Liability

Actuarial Assumptions

The total pension liability in the December 31, 2022, actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	3.05% to 11.5%, including inflation
Investment rate of return	6.75% net of pension plan investment expense, including inflation

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

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2014 to December 31, 2018. They were adopted in 2019 and first used in the December 31, 2019 actuarial valuation. The post-retirement mortality assumption for Annuity Purchase Rates (APRs) is based on the Mortality Experience Investigation Study. 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%. 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.

City of Lancaster, Texas
Notes to Basic Financial Statements
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The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive). The target allocation and best estimates of real rates of return for each major asset class in fiscal year 2023 are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Global Equity	35.00%	7.70%
Core Fixed Income	6.00%	4.90%
Non-Core Fixed Income	20.00%	8.70%
Other Public and Private Markets	12.00%	8.10%
Real Estate	12.00%	5.80%
Hedge Funds	5.00%	6.90%
Private Equity	10.00%	11.80%
Total	<u>100.00%</u>	

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee contributions will remain at the current 6.75% 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
Notes to Basic Financial Statements
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Changes in the Net Pension Liability

	Total Pension Liability (a)	Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances as of October 1, 2022	\$ 101,877,718	\$ 95,748,723	\$ 6,128,995
Changes for the year			
Service cost	3,357,167	-	3,357,167
Interest on total pension liability	6,842,974	-	6,842,974
Effect of difference in expected and actual experience	1,322,682	-	1,322,682
Benefit payments	(4,357,818)	(4,357,818)	-
Changes in assumptions	-	-	-
Administrative expenses	-	(60,481)	60,481
Member contributions	-	1,496,826	(1,496,826)
Net investment income	-	(6,988,491)	6,988,491
Employer contributions	-	2,831,143	(2,831,143)
Other	-	72,172	(72,172)
	7,165,005	(7,006,649)	14,171,654
Balances as of September 30, 2023	\$ 109,042,723	\$ 88,742,074	\$ 20,300,649
Proportionate share and net pension liability reported in:			
Primary Government		94.61%	\$ 19,206,148
Lancaster Economic Development Corporation		0.93%	187,810
Lancaster Recreational Development Corporation		4.46%	906,691
Total		100.00%	\$ 20,300,649

City of Lancaster, Texas
Notes to Basic Financial Statements
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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%, 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%) or 1-percentage-point higher (7.75%) than the current rate:

	1% Decrease (5.75%)	Current Single Rate Assumption (6.75%)	1% Increase (7.75%)
Primary government	\$ 35,105,764	19,206,148	\$ 6,378,310
Lancaster Economic Development Corporation	343,287	187,810	62,371
Lancaster Recreational Development Corporation	<u>1,657,286</u>	<u>906,691</u>	<u>301,110</u>
Plan's net pension liability	<u>\$ 37,106,337</u>	<u>\$ 20,300,649</u>	<u>\$ 6,741,791</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 at www.tmr.com.

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

For the year ended September 30, 2023, the primary government recognized pension expense, as measured in accordance with GASB 68, of \$4,210,919.

At September 30, 2023, the primary government reported deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,286,372	\$ 66,612
Net difference between projected and actual investment earnings plan investments	5,768,634	-
Contributions subsequent to the measurement date	<u>2,262,099</u>	<u>-</u>
Total	<u>\$ 9,317,104</u>	<u>\$ 66,612</u>

City of Lancaster, Texas
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For the year ended September 30, 2023, the primary government reported \$2,262,099 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, 2024.

For the year ended September 30, 2023, Lancaster Economic Development Corporation recognized pension expense, as measured in accordance with GASB 68, of \$41,393.

At September 30, 2023, Lancaster Economic Development Corporation reported deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 12,579	\$ 981
Net difference between projected and actual investment earnings plan investments	51,812	-
Contributions subsequent to the measurement date	22,120	-
Total	<u>\$ 86,511</u>	<u>\$ 981</u>

For the year ended September 30, 2023, Lancaster Economic Development Corporation reported \$22,120 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, 2024.

For the year ended September 30, 2023, Lancaster Recreational Development Corporation recognized pension expense, as measured in accordance with GASB 68, of \$198,506.

City of Lancaster, Texas
Notes to Basic Financial Statements
September 30, 2023

At September 30, 2023, Lancaster Recreational Development Corporation reported deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 60,728	\$ 2,555
Net difference between projected and actual investment earnings plan investments	280,535	-
Contributions subsequent to the measurement date	106,790	-
Total	\$ 448,053	\$ 2,555

For the year ended September 30, 2023, Lancaster Recreational Development Corporation reported \$106,790 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, 2024.

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:

	Year Ending September 30,
2024	\$ 1,019,834
2025	1,866,617
2026	1,560,414
2027	2,541,530
Total	\$ 6,988,394

City of Lancaster, Texas
Notes to Basic Financial Statements
September 30, 2023

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:

Year Ending September 30,	
2024	\$ 10,025
2025	18,349
2026	15,339
2027	19,698
Total	\$ 63,410

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:

Year Ending September 30,	
2024	\$ 48,076
2025	87,994
2026	73,559
2027	129,077
Total	\$ 338,707

Note 10: 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, 2023

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, \$1,480 per month for retiree and spouse, and \$2,290 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, 2022, (measurement date based on an actuarial valuation as of December 31, 2022), is as follows:

Inactive employees or beneficiaries currently receiving benefits	5
Inactive employees entitled to but not yet receiving benefits	-
Active employees	259
	259
Total employees	264

Total OPEB Liability for Retiree Health Care Plan

The City and its component units’ total OPEB liability of \$910,347 was measured as of December 31, 2023.

City of Lancaster, Texas
Notes to Basic Financial Statements
September 30, 2023

Actuarial Assumptions

The total OPEB liability in the December 31, 2022, 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, 2022</u>
Measurement Date	December 31, 2022, based on an actuarial valuation as of December 31, 2022
Actuarial Cost Method	Individual Entry-Age
Discount Rate	4.05% as of December 31, 2022 (1.84% as of December 31, 2021)
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 15 years
Participation Rates	20% 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, 2023

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, 2023:

	Total OPEB Liability
Balances as of October 1, 2022	\$ 1,377,637
Changes for the year:	
Service cost	125,204
Interest on total OPEB liability	26,075
Difference between expected and actual experience	(212,982)
Effect of assumption changes (discount rate change)	(359,346)
Benefit payments, age adjusted premiums, net of retiree contributions	(46,241)
Balances as of September 30, 2023	\$ 910,347
 City	 \$ 855,727
 Lancaster Economic Development Corporation	 \$ 9,103
 Lancaster Recreational Development Corporation	 \$ 45,517

City of Lancaster, Texas
Notes to Basic Financial Statements
September 30, 2023

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 4.05%. The following presents the total OPEB liability using a discount rate one percent higher and one percent lower than the current discount rate.

	1% Decrease 3.05%	Current Discount Rate Assumption 4.05%	1% Increase 5.05%
Total OPEB Liability	\$ 1,004,500	\$ 910,347	\$ 826,549

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 assumed trend rates. The following presents the total OPEB liability using a health care trend rate one percent higher and one percent lower than the current health care trend rate.

	1% Decrease	Current Healthcare Cost Trend Rate Assumption	1% Increase
Total OPEB Liability	\$ 801,750	\$ 910,347	\$ 1,040,982

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

For the year ended September 30, 2023, the City and its component units recognized OPEB expense of \$89,446. At September 30, 2023, the City and its component units reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 7,262	\$ 275,844
Changes of assumptions	144,965	391,464
Benefit payments subsequent to the measurement date	30,129	-
Total	\$ 182,356	\$ 667,308

City of Lancaster, Texas
Notes to Basic Financial Statements
September 30, 2023

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, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending September 30	Amortization of Deferred Outflows/(Inflows) of Resources
2024	\$ (61,833)
2025	(61,833)
2026	(62,066)
2027	(67,021)
2028	(75,674)
Thereafter	(186,654)
Total	\$ (515,081)

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.

City of Lancaster, Texas
Notes to Basic Financial Statements
September 30, 2023

Employees Covered by Benefit Terms

The following employees were covered by the benefit terms at December 31, 2022, (measurement date), is as follows:

Inactive employees or beneficiaries currently receiving benefits	133
Inactive employees entitled to but not yet receiving benefits	36
Active employees	271
Total employees	440

Total OPEB Liability for Supplemental Death Benefits

The City and its component units total OPEB liability of \$741,078 was measured as of December 31, 2022, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The total OPEB liability in the December 31, 2022, actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

	December 31, 2021
Actuarial Cost Method	Individual Entry-Age
Discount Rate	4.05% as of December 31, 2022 (1.84% as of December 31, 2021)
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 4.05% based on the 20-Year Municipal GO AA Index published by bondbuyer.com is used as of the measurement date of December 31, 2022. 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, 2023

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, 2023:

	Total OPEB Liability
Balances as of October 1, 2022	\$ 1,077,211
Changes for the year	
Service cost	57,735
Interest on total OPEB liability	20,155
Differences between expected and actual experience	(19,533)
Effect of assumption changes (discount rate change)	(373,107)
Benefit payments and age adjusted premiums, net of retiree contributions	(21,383)
Balances as of September 30, 2023	\$ 741,078
City	\$ 696,613
Lancaster Economic Development Corporation	\$ 7,411
Lancaster Recreational Development Corporation	\$ 37,054

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 4.05%. The following presents the total OPEB liability using a discount rate one percent higher and one percent lower than the current discount rate.

	1% Decrease	Current Discount Rate Assumption	1% Increase
	3.05%	4.05%	5.05%
Total OPEB Liability	\$ 884,035	\$ 741,078	\$ 629,277

City of Lancaster, Texas
Notes to Basic Financial Statements
September 30, 2023

OPEB Expense and Deferred Outflows of Resources

For the year ended September 30, 2022, the City and its component units recognized OPEB expense of \$38,756. At September 30, 2023, the City and its component units reported deferred outflows of resources related to OPEB from the following sources:

	Outflows of Resources	Inflows of Resources
Differences in expected and actual experience	\$ -	\$ 55,075
Changes of assumptions	119,410	309,186
Total	\$ 119,410	\$ 364,261

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

September 30,	Amortization of Deferred Inflows of Resources
2024	\$ (39,006)
2025	(42,836)
2026	(61,738)
2027	(71,521)
2028	(29,750)
Total	\$ (244,851)

Note 11: 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, 2023

Note 12: 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 13: 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, 2023, was \$6,059,687 for the Ten Mile Creek Regional Wastewater System and \$134,888, 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, 2023.

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, 2023, 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, 2023

Note 14: 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, *Tax Abatement Disclosures*, the agreements are subject to 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 ad 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, 2023, is \$892,809

The City also uses Sales Tax Incentive Programs to spur additional economic development. For the year ended September 30, 2023, sales tax rebates paid out of LEDC was \$150,000.

Note 15: Subsequent Events

On November 13, 2023, the City of Lancaster issued Combination Tax and Revenue Certificates of Obligation, Series 2023 worth \$29,415,000. Proceeds from the sale of the Certificates will be used to finance: (i) design, construction, repair and improvement of various street and roadways located within the City, including road, street, sidewalks, curb, drainage and related improvements; (ii) design, construction, repair, improvements, and the expansion of Ferris Road from Beltline Road to the City limit, including the road, street, sidewalks, curb, drainage and related improvements; and (iii) professional services rendered in connection with the above listed project. The Certificates were issued at an interest rate of 5.00%.

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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)

	Measurement Year								
	2014	2015	2016	2017	2018	2019	2020	2021	2022
Total Pension Liability									
Service cost	\$ 1,754,296	\$ 2,193,202	\$ 2,335,235	\$ 2,469,383	\$ 2,640,859	\$ 2,815,735	\$ 2,870,095	\$ 2,976,346	\$ 3,357,167
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	6,394,896	6,842,974
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)	1,307,190	1,322,682
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)	(4,103,495)	(4,357,818)
Net Change in Total OPEB Liability	2,801,603	4,752,469	3,018,570	4,123,176	4,848,735	5,411,940	3,954,251	6,574,937	7,165,005
Total OPEB Liability (Beginning)	66,392,037	69,193,640	73,946,109	76,964,679	81,087,855	85,936,590	91,348,530	95,302,781	101,877,718
Total OPEB Liability (Ending)	\$ 69,193,640	\$ 73,946,109	\$ 76,964,679	\$ 81,087,855	\$ 85,936,590	\$ 91,348,530	\$ 95,302,781	\$ 101,877,718	\$ 109,042,723
Plan Fiduciary Net Position									
Contributions – employer	\$ 1,950,250	\$ 2,038,833	\$ 1,994,083	\$ 2,199,587	\$ 2,288,860	\$ 2,416,349	\$ 2,441,668	\$ 2,643,238	\$ 2,831,143
Contributions – employee	943,452	1,019,417	1,049,207	1,110,905	1,190,342	1,263,214	1,270,757	1,331,273	1,496,826
Net investment income	3,212,784	87,279	3,975,648	8,679,960	(2,119,471)	10,594,869	6,004,800	11,063,066	(6,988,491)
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)	(4,103,495)	(4,357,818)
Administrative expense	(33,545)	(53,164)	(44,915)	(44,995)	(40,975)	(59,880)	(38,858)	(51,190)	(60,481)
Other	(2,758)	(2,625)	(2,420)	(2,281)	(2,140)	(1,799)	(1,516)	351	72,172
Net Change in Plan Fiduciary Net Position	2,987,186	(304,523)	3,796,333	8,134,254	(2,229,673)	10,564,420	5,752,896	10,883,243	(7,006,649)
Plan Fiduciary Net Position (Beginning)	56,164,588	59,151,774	58,847,251	62,643,584	70,777,838	68,548,165	79,112,585	84,865,481	95,748,723
Plan Fiduciary Net Position (Ending) (b)	\$ 59,151,774	\$ 58,847,251	\$ 62,643,584	\$ 70,777,838	\$ 68,548,165	\$ 79,112,585	\$ 84,865,481	\$ 95,748,724	\$ 88,742,074
City's net pension liability – Ending (a) – (b)	\$ 10,041,866	\$ 15,098,858	\$ 14,321,095	\$ 10,310,017	\$ 17,388,425	\$ 12,235,945	\$ 10,437,300	\$ 6,128,994	\$ 20,300,649
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%	93.98%	81.38%
Covered payroll	\$ 13,477,886	\$ 14,563,096	\$ 14,988,669	\$ 15,870,071	\$ 17,004,884	\$ 18,038,022	\$ 18,153,669	\$ 19,018,182	\$ 21,383,231
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%	32.23%	94.94%

Changes in assumptions: In the 2015 valuation the investment rate decreased from 7.0% to 6.75%; the inflation rate was lowered from 3.0% to 2.5%; 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	2022	2023	
Actuarially determined contribution	\$ 2,012,259	\$ 2,002,110	\$ 2,134,819	\$ 2,285,017	\$ 2,441,322	\$ 2,451,002	\$ 2,467,021	\$ 2,675,859	\$ 2,869,775	
Contributions in relation to the actuarially determined contribution	2,012,259	2,002,110	2,134,819	2,285,017	2,441,322	2,451,002	2,467,021	2,675,859	2,869,775	
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Covered payroll	\$ 14,156,179	\$ 14,839,963	\$ 15,572,564	\$ 16,678,121	\$ 18,031,676	\$ 18,060,708	\$ 18,490,118	\$ 21,593,406	\$ 22,484,075	
Contributions as a percentage of covered payroll	14.21%	13.49%	13.71%	13.70%	13.54%	13.57%	13.34%	12.39%	12.76%	

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	23 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 Post retirement: 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP.
Mortality	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 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)

	Primary Government								
	2015	2016	2017	2018	2019	2020	2021	2022	2023
Proportionate share of net pension liability	94.63%	94.61%	94.62%	94.63%	94.61%	94.62%	94.62%	94.59%	94.61%
Net pension liability	\$ 9,502,407	\$ 14,285,030	\$ 13,550,087	\$ 9,756,009	\$ 16,451,475	\$ 11,577,744	\$ 9,876,406	\$ 5,801,180	\$ 19,206,148
Actuarially determined contribution	\$ 1,904,158	\$ 1,894,295	\$ 1,894,396	\$ 2,162,232	\$ 2,309,775	\$ 2,319,138	\$ 2,334,295	\$ 2,531,095	\$ 2,715,094
Covered payroll	\$ 13,395,694	\$ 14,040,821	\$ 14,041,573	\$ 15,781,923	\$ 17,060,067	\$ 17,067,576	\$ 17,177,002	\$ 17,989,298	\$ 20,230,675
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%	32.25%	94.94%

	Lancaster Economic Development Corporation								
	2015	2016	2017	2018	2019	2020	2021	2022	2023
Proportionate share of net pension liability	0.95%	0.93%	0.93%	0.95%	0.93%	0.94%	0.95%	0.90%	0.93%
Net pension liability	\$ 95,378	\$ 140,419	\$ 133,994	\$ 97,894	\$ 161,599	\$ 115,227	\$ 99,040	\$ 60,265	\$ 187,810
Actuarially determined contribution	\$ 19,113	\$ 18,696	\$ 18,620	\$ 21,696	\$ 22,688	\$ 23,039	\$ 23,410	\$ 24,083	\$ 26,550
Covered payroll	\$ 134,456	\$ 138,576	\$ 138,012	\$ 158,359	\$ 167,577	\$ 169,557	\$ 172,261	\$ 171,164	\$ 197,825
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%	35.21%	94.94%

	Lancaster Recreational Development Corporation								
	2015	2016	2017	2018	2019	2020	2021	2022	2023
Proportionate share of net pension liability	4.42%	4.45%	4.45%	4.42%	4.46%	4.44%	4.43%	4.51%	4.47%
Net pension liability	\$ 444,082	\$ 671,899	\$ 637,014	\$ 456,114	\$ 775,350	\$ 542,973	\$ 461,854	\$ 267,549	\$ 906,691
Actuarially determined contribution	\$ 88,988	\$ 89,119	\$ 89,094	\$ 101,089	\$ 108,859	\$ 108,824	\$ 109,167	\$ 120,681	\$ 128,173
Covered payroll	\$ 626,029	\$ 660,566	\$ 660,378	\$ 737,838	\$ 804,033	\$ 800,888	\$ 803,306	\$ 857,720	\$ 955,043
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%	31.19%	94.94%

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	2021	2022
Total OPEB Liability						
Service cost	\$ 51,667	\$ 65,663	\$ 64,079	\$ 78,688	\$ 89,062	\$ 125,204
Interest cost	41,389	39,252	44,458	37,706	28,451	26,075
Difference between expected and actual experience of the total OPEB liability	(1,641)	(16,374)	12,409	(124,895)	1,021	(212,982)
Changes of assumptions	57,658	2,136	112,094	102,810	(97,296)	(359,346)
Benefit payments	(40,219)	(72,858)	(82,029)	(52,977)	(43,215)	(46,241)
Net Change in Total OPEB Liability	108,854	17,819	151,011	41,332	(21,977)	(467,290)
Total OPEB Liability (Beginning)	<u>1,080,598</u>	<u>1,189,452</u>	<u>1,207,271</u>	<u>1,358,282</u>	<u>1,399,614</u>	<u>1,377,637</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>	<u>\$ 1,377,637</u>	<u>\$ 910,347</u>
Covered-employee payroll	15,871,627	17,005,491	17,580,142	18,150,111	19,018,182	21,281,494
Total OPEB liability as a percentage of covered-employee payroll	7.49%	7.10%	8.59%	7.71%	7.24%	4.28%

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%, 2021 – 1.84%, 2022 – 4.05%. Additionally, the election percentage, spousal coverage and health care trend rate assumptions were updated to better reflect the plan's anticipated experience.

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)

	Measurement Year					
	2017	2018	2019	2020	2021	2022
Total OPEB Liability						
Service cost	\$ 22,218	\$ 27,208	\$ 27,057	\$ 39,938	\$ 51,349	\$ 57,735
Interest cost	23,780	24,222	26,296	23,779	20,494	20,155
Difference between expected and actual experience of the total OPEB liability	-	(16,454)	(39,707)	(33,785)	(19,014)	(19,533)
Changes of assumptions	59,920	(52,661)	141,242	135,647	33,936	(373,107)
Benefit payments	(6,348)	(5,101)	(5,411)	(5,446)	(17,116)	(21,383)
Net Change in Total OPEB Liability	99,570	(22,786)	149,477	160,133	69,649	(336,133)
Total OPEB Liability (Beginning)	621,168	720,738	697,952	847,429	1,007,562	1,077,211
Total OPEB Liability (Ending)	<u>\$ 720,738</u>	<u>\$ 697,952</u>	<u>\$ 847,429</u>	<u>\$ 1,007,562</u>	<u>\$ 1,077,211</u>	<u>\$ 741,078</u>
Covered-employee payroll	15,870,071	17,004,884	18,038,022	18,153,669	19,018,182	21,383,231
Total OPEB liability as a percentage of covered-employee payroll	4.54%	4.10%	4.70%	5.55%	5.66%	3.47%

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%, 2021 – 1.84%, 2022 - 4.05%

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, 2023

	<u>Budgeted Amounts</u>		Actual GAAP Basis	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes and fees	\$ 31,865,698	\$ 31,865,698	\$ 37,845,088	\$ 5,979,390
Licenses and permits	1,321,550	1,321,550	2,127,157	805,607
Intergovernmental	15,000	15,000	554,960	539,960
Charges for services	1,241,200	1,241,200	1,571,030	329,830
Fines and forfeits	684,350	684,350	1,690,127	1,005,777
Interest	226,867	226,867	1,731,001	1,504,134
Grant and other income	3,967	3,967	-	(3,967)
Miscellaneous	50,856	50,856	458,301	407,445
	<u>35,409,488</u>	<u>35,409,488</u>	<u>45,977,664</u>	<u>10,568,176</u>
Expenditures				
Current				
General government	7,606,204	7,606,204	7,366,860	239,344
Public safety	21,505,250	21,505,250	23,210,813	(1,705,563)
Public works	4,453,235	4,453,235	3,185,905	1,267,330
Community development and recreation	2,766,865	2,766,865	2,086,050	680,815
Capital outlay	4,205,407	4,205,407	4,957,943	(752,536)
Debt service				
Principal retirement	-	-	402,763	(402,763)
Interest and fiscal charges	-	-	8,378	(8,378)
	<u>40,536,961</u>	<u>40,536,961</u>	<u>41,218,712</u>	<u>(681,751)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(5,127,473)</u>	<u>(5,127,473)</u>	<u>4,758,952</u>	<u>9,886,425</u>
Other financing sources				
Transfers in	2,677,458	2,677,458	1,950,484	(726,974)
	<u>2,677,458</u>	<u>2,677,458</u>	<u>1,950,484</u>	<u>(726,974)</u>
Net Change in Fund Balances	(2,450,015)	(2,450,015)	6,709,436	9,159,451
Fund Balance, Beginning of Year	<u>31,561,425</u>	<u>31,561,425</u>	<u>31,561,425</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 29,111,410</u>	<u>\$ 29,111,410</u>	<u>\$ 38,270,861</u>	<u>\$ 9,159,451</u>

City of Lancaster, Texas
Notes to Required Supplementary Information (Unaudited)
September 30, 2023

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, 2023

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, 2023

	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
Assets									
Cash and cash equivalents	\$ 5,028,654	\$ 2,391,476	\$ 63,305	\$ 214,800	\$ 1,823,995	\$ 1,341,170	553,178	\$ 139,577	\$ 11,556,155
Receivables (net of allowance for uncollectibles)									
Delinquent taxes	-	9,488	-	-	-	-	-	-	9,488
Accounts receivable	279,211	-	-	-	314,964	42,786	-	16,374	653,335
Total assets	<u>\$ 5,307,865</u>	<u>\$ 2,400,964</u>	<u>\$ 63,305</u>	<u>\$ 214,800</u>	<u>\$ 2,138,959</u>	<u>\$ 1,383,956</u>	<u>\$ 553,178</u>	<u>\$ 155,951</u>	<u>\$ 12,218,978</u>
Liabilities, Deferred Inflows of Resources and Fund Balances									
Liabilities									
Accounts and contracts payable	\$ 153,144	\$ 14,808	\$ -	\$ 390	\$ 1,109	\$ 305	\$ -	\$ -	\$ 169,756
Accrued liabilities	146,196	-	55,541	-	-	805	-	-	202,542
Due to other funds	-	-	-	-	-	-	-	252,660	252,660
Total liabilities	<u>299,340</u>	<u>14,808</u>	<u>55,541</u>	<u>390</u>	<u>1,109</u>	<u>1,110</u>	<u>-</u>	<u>252,660</u>	<u>624,958</u>
Deferred inflows of resources – unavailable revenue	-	-	-	-	250,000	-	-	16,374	266,374
Fund balances									
Restricted for									
Public works	5,008,525	-	-	-	-	-	-	-	5,008,525
Public improvement districts	-	2,386,156	-	-	-	-	-	-	2,386,156
Police grants	-	-	7,764	214,410	-	-	-	-	222,174
Tourism, convention centers, and arts	-	-	-	-	1,887,850	-	-	-	1,887,850
Law enforcement purposes	-	-	-	-	-	1,382,846	-	-	1,382,846
Park dedication	-	-	-	-	-	-	553,178	-	553,178
Unassigned	-	-	-	-	-	-	-	(113,083)	(113,083)
Total fund balances (deficit)	<u>5,008,525</u>	<u>2,386,156</u>	<u>7,764</u>	<u>214,410</u>	<u>1,887,850</u>	<u>1,382,846</u>	<u>553,178</u>	<u>(113,083)</u>	<u>11,327,646</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 5,307,865</u>	<u>\$ 2,400,964</u>	<u>\$ 63,305</u>	<u>\$ 214,800</u>	<u>\$ 2,138,959</u>	<u>\$ 1,383,956</u>	<u>\$ 553,178</u>	<u>\$ 155,951</u>	<u>\$ 12,218,978</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, 2023

	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
Revenues									
Taxes and fees	\$ 2,029,171	\$ 1,028,903	\$ -	\$ -	\$ 352,372	\$ -	\$ -	999,941	\$ 4,410,387
Licenses and permits	-	-	-	-	-	307,100	-	-	307,100
Forfeitures	-	-	-	107,315	-	-	-	-	107,315
Miscellaneous	-	-	-	-	11,091	-	-	-	11,091
Interest	203,211	102,996	2,584	6,135	75,591	57,419	-	29,638	477,574
Total revenues	<u>2,232,382</u>	<u>1,131,899</u>	<u>2,584</u>	<u>113,450</u>	<u>439,054</u>	<u>364,519</u>	<u>-</u>	<u>1,029,579</u>	<u>5,313,467</u>
Expenditures									
Current									
Public safety	-	-	5,683	25,054	-	196,135	-	-	226,872
Public works	1,907,564	-	-	-	-	-	-	-	1,907,564
Community development and recreation	-	547,623	-	-	321,840	-	-	-	869,463
Capital outlay	-	-	-	-	-	93,860	-	1,802,112	1,895,972
Debt service									
Principal retirement	35,000	-	-	-	-	-	-	-	35,000
Interest and fiscal charges	8,725	-	-	-	-	-	-	-	8,725
Total expenditures	<u>1,951,289</u>	<u>547,623</u>	<u>5,683</u>	<u>25,054</u>	<u>321,840</u>	<u>289,995</u>	<u>-</u>	<u>1,802,112</u>	<u>4,943,596</u>
Excess (deficiency) of revenues over (under) expenditures	<u>281,093</u>	<u>584,276</u>	<u>(3,099)</u>	<u>88,396</u>	<u>117,214</u>	<u>74,524</u>	<u>-</u>	<u>(772,533)</u>	<u>369,871</u>
Other Financing Sources (Uses)									
Transfers out	(60,590)	-	-	-	(1,417)	-	-	-	(62,007)
Total other financing sources (uses)	<u>(60,590)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,417)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(62,007)</u>
Net Change in Fund Balances	220,503	584,276	(3,099)	88,396	115,797	74,524	-	(772,533)	307,864
Fund Balances, Beginning of Year	4,788,022	1,801,880	10,863	126,014	1,772,053	1,308,322	553,178	659,450	11,019,782
Fund Balances (Deficit), End of Year	<u>\$ 5,008,525</u>	<u>\$ 2,386,156</u>	<u>\$ 7,764</u>	<u>\$ 214,410</u>	<u>\$ 1,887,850</u>	<u>\$ 1,382,846</u>	<u>\$ 553,178</u>	<u>\$ (113,083)</u>	<u>\$ 11,327,646</u>

City of Lancaster, Texas
Non-major Enterprise Funds
September 30, 2023

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, 2023

Assets	Refuse Fund	Total Non-major Enterprise Funds
Current Assets		
Cash and cash equivalents	\$ 5,977,840	\$ 5,977,840
Receivables (net of allowance for uncollectibles)		
Accounts	213,869	213,869
Unbilled	131,705	131,705
Total current assets	6,323,414	6,323,414
Noncurrent Assets		
Capital assets		
Depreciable (net of accumulated depreciation)	170,835	170,835
Total noncurrent assets	170,835	170,835
Total assets	6,494,249	6,494,249
Liabilities		
Current Liabilities		
Accrued liabilities	62,562	62,562
Compensated absences	218	218
Total current liabilities	641,472	641,472
Noncurrent Liabilities		
Compensated absences	654	654
Total noncurrent liabilities	654	654
Total liabilities	642,126	642,126
Net Position		
Net investment in capital assets	170,835	170,835
Unrestricted	5,681,288	5,681,288
Total net position	\$ 5,852,123	\$ 5,852,123

City of Lancaster, Texas
Combining Statement of Revenues, Expenses, and Changes in Net Position
Non-major Enterprise Funds
For the Year Ended September 30, 2023

	Refuse Fund	Total Non-major Enterprise Funds
	<u> </u>	<u> </u>
Operating Revenues		
Charges for services	\$ 2,754,046	\$ 2,754,046
Total operating revenues	<u>2,754,046</u>	<u>2,754,046</u>
Operating Expenses		
Maintenance	421,779	421,779
Depreciation	86,964	86,964
Special services	2,217,602	2,217,602
Miscellaneous	26,245	26,245
Total operating expenses	<u>2,752,590</u>	<u>2,752,590</u>
Operating Income	<u>1,456</u>	<u>1,456</u>
Nonoperating Revenues		
Interest revenue	<u>227,319</u>	<u>227,319</u>
Total nonoperating revenues	<u>227,319</u>	<u>227,319</u>
Income Before Transfers	228,775	228,775
Transfers out	<u>(180,970)</u>	<u>(180,970)</u>
Change in Net Position	47,805	47,805
Net Position, Beginning of Year	<u>5,804,318</u>	<u>5,804,318</u>
Net Position, End of Year	<u>\$ 5,852,123</u>	<u>\$ 5,852,123</u>

City of Lancaster, Texas
Combining Statement of Cash Flows
Non-major Enterprise Funds
For the Year Ended September 30, 2023

	Refuse Fund	Total Non-major Enterprise Fund
Operating Activities		
Receipts from customers and users	\$ 2,763,868	\$ 2,763,868
Payments to suppliers	<u>(2,057,817)</u>	<u>(2,057,817)</u>
Net cash provided by operating activities	<u>706,051</u>	<u>706,051</u>
Noncapital and Related Financing Activities		
Transfers out	<u>(180,970)</u>	<u>(180,970)</u>
Net cash used in noncapital financing activities	<u>(180,970)</u>	<u>(180,970)</u>
Investing Activities		
Interest on investments	<u>227,319</u>	<u>227,319</u>
Net cash provided by investing activities	<u>227,319</u>	<u>227,319</u>
Increase in Cash and Cash Equivalents	752,400	752,400
Cash and Cash Equivalents, Beginning of Year	<u>5,225,440</u>	<u>5,225,440</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 5,977,840</u></u>	<u><u>\$ 5,977,840</u></u>
Reconciliation of Net Operating Income to Net Cash Provided by Operating Activities		
Operating income	\$ 1,456	\$ 1,456
Item not requiring cash		
Depreciation	86,964	86,964
Changes in		
Accounts receivable	9,822	9,822
Accounts payable	578,692	578,692
Accrued expenses	<u>29,117</u>	<u>29,117</u>
Net cash provided by operating activities	<u><u>\$ 706,051</u></u>	<u><u>\$ 706,051</u></u>

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City of Lancaster, Texas
Discretely Presented Component Units
September 30, 2023

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, 2023

Assets	
Cash and cash equivalents	\$ 9,509,712
Sales tax receivable	455,798
Due from primary government	<u>634,738</u>
Total assets	<u>10,600,248</u>
Liabilities	
Accounts payable	<u>48,517</u>
Total liabilities	<u>48,517</u>
Fund Balances	
Unassigned	<u>10,551,731</u>
Total fund balances	<u>10,551,731</u>
Total Liabilities and Fund Balance	<u><u>\$ 10,600,248</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, 2023

Total Fund Balance	\$ 10,551,731
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.	(4,065)
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.	392,110
Long-term liabilities, including notes payable, net pension liability, and total OPEB liability are not due and payable in the current period and therefore are not reported in the fund financial statements.	(1,084,324)
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 outflows of resources – Pension	86,511
Deferred outflows of resources – OPEB	2,964
Deferred inflows of resources – Pension	(981)
Deferred inflows of resources – OPEB	(10,264)
	(10,264)
Total Net Position	\$ 9,933,682

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, 2023

Revenues	
Sales taxes	\$ 2,574,437
Interest	<u>373,013</u>
Total revenues	<u>2,947,450</u>
 Expenditures	
Cultural and recreation	965,488
Debt service	
Repayment of note payable to primary government	170,000
Repayment of interest to primary government	<u>40,450</u>
Total expenditures	<u>1,175,938</u>
 Net Change in Fund Balance	 1,771,512
 Fund Balance, Beginning of Year	 <u>8,780,219</u>
 Fund Balance, End of Year	 <u><u>\$ 10,551,731</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

Economic Development Corporation Discretely Presented Component Units For the Year Ended September 30, 2023

Net Change in Fund Balance	\$ 1,771,512
Amounts reported 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 of capital assets recorded in the current period.	(7,480)
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.	(13,139)
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.	170,000
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>991</u>
Change in Net Position	<u><u>\$ 1,921,884</u></u>

City of Lancaster, Texas
Balance Sheet
Recreational Development Corporation
Discretely Presented Component Units
September 30, 2023

Assets	
Cash and cash equivalents	\$ 5,480,542
Sales tax receivable	900,179
Accounts receivable	52,203
Prepaid expenses	<u>15,707</u>
 Total assets	 <u>6,448,631</u>
 Liabilities	
Accounts payable	48,190
Accrued liabilities	53,388
Due to primary government	<u>1,694,171</u>
 Total liabilities	 <u>1,795,749</u>
 Fund Balance	
Nonspendable for prepaid items	15,707
Unassigned	<u>4,637,175</u>
 Total fund balances	 <u>4,652,882</u>
 Total liabilities and fund balance	 <u><u>\$ 6,448,631</u></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, 2023

Total fund balance	\$ 4,652,882
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.	8,510,667
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.	(1,310)
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.	(2,564,262)
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 outflows of resources – Pension	448,053
Deferred outflows of resources – OPEB	14,837
Deferred inflows of resources – Pension	(2,555)
Deferred inflows of resources – OPEB	(51,322)
	(51,322)
Total net position	\$ 11,006,990

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, 2023

Revenues	
Sales taxes	\$ 5,148,874
Charges for services	486,751
Other revenues	34,104
Interest	<u>195,728</u>
Total revenues	<u>5,865,457</u>
Expenditures	
Cultural and recreation	2,339,355
Debt service	
Repayment of note payable to primary government	885,000
Repayment of interest to primary government	<u>20,826</u>
Total expenditures	<u>3,245,181</u>
Net Change in Fund Balance	2,620,276
Fund Balance, Beginning of Year	<u>2,032,606</u>
Fund Balance, End of Year	<u><u>\$ 4,652,882</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, 2023

Net change in fund balance	\$ 2,620,276
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.	(576,083)
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.	885,000
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.	(65,829)
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>1,293</u>
Change in net position	<u>\$ 2,864,657</u>

Statistical Section

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
Financial Trends – <i>These tables contain trend information to help the reader understand how the City’s financial performance and well-being have changed over time.</i>	
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 – <i>These tables contain information to help the reader assess one of the City’s most significant revenue sources, the property tax.</i>	
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 – <i>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>	
I	Ratios of outstanding debt by type, last ten fiscal years
J	Ratios of net general bonded debt outstanding <i>per capita</i> , 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 – <i>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.</i>	
N	Demographic and Economic Statistics, last ten calendar years
O	Principal employers, current and six years ago

Table**Contents**

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									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Governmental Activities										
Net investment in capital assets	\$ 46,504,601	\$ 43,186,713	\$ 41,406,070	\$ 47,966,710	\$ 37,985,322	\$ 33,701,881	\$ 37,281,365	\$ 40,362,558	\$ 37,622,318	\$ 46,233,030
Restricted for										
Housing and Urban Development	198,242	-	-	-	-	-	-	-	-	-
Court security	-	25,509	29,106	38,013	45,457	55,458	70,498	84,640	78,707	84,318
Court technology	-	77,596	82,633	97,869	109,564	108,981	131,656	118,312	118,358	115,016
Capital projects	-	-	-	-	-	-	-	-	9,901,782	9,945,624
Debt service	397,888	602,627	808,824	1,749,893	1,949,459	3,245,575	5,297,018	7,178,670	8,406,453	11,690,613
Public works	-	-	-	-	-	-	-	-	4,788,022	5,008,525
Public improvement districts	324,233	443,707	613,074	829,346	839,635	1,095,705	1,379,979	1,681,744	1,801,880	2,386,156
Police grants	-	-	-	-	-	-	-	-	136,877	222,174
Tourism, convention centers, and arts	433,318	535,168	621,137	717,922	826,544	981,652	1,216,936	1,457,365	1,772,053	1,887,850
Law enforcement purposes	467,206	619,198	834,271	1,009,536	1,138,971	1,176,713	1,383,977	1,279,573	1,445,199	1,382,846
Parkland dedication	-	-	-	-	-	-	-	-	553,178	553,178
Unrestricted	6,496,829	1,745,271	2,596,403	(5,878,003)	7,779,240	14,184,301	14,630,657	22,555,399	22,655,727	28,419,865
Total governmental activities net position	\$ 54,822,317	\$ 47,235,789	\$ 46,991,518	\$ 46,531,286	\$ 50,674,192	\$ 54,550,266	\$ 61,392,086	\$ 74,718,261	\$ 89,280,554	\$ 107,929,195
Business-type Activities										
Net investment in capital assets	\$ 38,224,476	\$ 33,117,792	\$ 42,684,653	\$ 43,805,254	\$ 40,005,241	\$ 41,354,370	\$ 42,523,889	\$ 42,577,357	\$ 42,158,125	\$ 42,983,872
Unrestricted	17,260,560	24,342,877	23,659,170	26,965,817	32,720,848	34,682,576	36,379,569	38,755,582	43,226,929	49,693,008
Total business-type activities net position	\$ 55,485,036	\$ 57,460,669	\$ 66,343,823	\$ 70,771,071	\$ 72,726,089	\$ 76,036,946	\$ 78,903,458	\$ 81,332,939	\$ 85,385,054	\$ 92,676,880
Primary Government										
Net investment in capital assets	\$ 84,729,077	\$ 76,304,505	\$ 84,090,723	\$ 91,771,964	\$ 77,990,563	\$ 75,056,251	\$ 79,805,254	\$ 82,939,915	\$ 79,780,443	\$ 89,216,902
Restricted for										
Housing and Urban Development	198,242	-	-	-	-	-	-	-	-	-
Court security	-	25,509	29,106	38,013	45,457	55,458	70,498	84,640	78,707	84,318
Court technology	-	77,596	82,633	97,869	109,564	108,981	131,656	118,312	118,358	115,016
Capital projects	-	-	-	-	-	-	-	-	9,901,782	9,945,624
Public works	-	-	-	-	-	-	-	-	4,788,022	5,008,525
Public improvement districts	324,233	443,707	613,074	829,346	839,635	1,095,705	1,379,979	1,681,744	1,801,880	2,386,156
Police grants	-	-	-	-	-	-	-	-	136,877	222,174
Tourism, convention centers, and arts	433,318	535,168	621,137	717,922	826,544	981,652	1,216,936	1,457,365	1,772,053	1,887,850
Law enforcement purposes	467,206	619,198	834,271	1,009,536	1,138,971	1,176,713	1,383,977	1,279,573	1,445,199	1,382,846
Debt service	397,888	602,627	808,824	1,749,893	1,949,459	3,245,575	5,297,018	7,178,670	8,406,453	11,690,613
Parkland dedication	-	-	-	-	-	-	-	-	553,178	553,178
Unrestricted	23,757,389	26,088,148	26,255,573	21,087,814	40,500,088	48,866,877	51,010,226	61,310,981	65,882,656	78,112,873
Total primary governmental net position	\$ 110,307,353	\$ 104,696,458	\$ 113,335,341	\$ 117,302,357	\$ 123,400,281	\$ 130,587,212	\$ 140,295,544	\$ 156,051,200	\$ 174,665,608	\$ 200,606,075

Source: Annual Comprehensive Financial Report

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

	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Expenses										
Governmental activities										
General government	\$ 4,055,911	\$ 3,891,404	\$ 7,337,257	\$ 7,327,188	\$ 6,540,944	\$ 7,542,414	\$ 8,618,415	\$ 6,205,691	\$ 10,674,597	\$ 9,485,015
Public safety	14,898,549	16,540,660	18,522,908	18,869,618	20,671,196	22,445,886	21,474,236	22,602,069	23,875,475	27,130,065
Public works	4,926,327	5,987,362	3,651,258	3,869,238	3,441,079	3,512,367	3,735,538	5,034,667	4,580,441	5,507,307
Community development and recreation	1,260,500	1,225,730	1,366,830	1,829,003	2,214,694	2,461,161	2,795,968	2,625,974	2,579,686	3,225,052
Interest and fiscal charges	3,054,899	3,379,380	3,200,431	2,935,851	4,304,629	2,928,389	2,794,842	2,331,002	1,969,847	1,746,748
Total governmental activities expenses	<u>28,196,186</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>	<u>43,680,046</u>	<u>47,094,187</u>
Business-type activities										
Water and sewer	11,215,515	12,185,162	12,960,201	12,635,280	14,113,248	14,151,252	14,573,772	15,673,559	17,309,616	17,956,938
Refuse	2,153,859	2,134,898	1,470,074	1,531,088	1,505,851	1,570,873	1,891,782	1,702,400	1,632,505	2,752,590
Airport	886,065	909,428	724,101	842,480	747,317	760,573	780,611	891,042	1,135,709	999,604
Golf course	86,605	82,234	79,667	116,867	1,038,286	1,093,145	951,759	1,033,880	1,272,822	1,296,562
Total business-type activities expenses	<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>	<u>21,350,652</u>	<u>23,005,694</u>
Total primary government expenses	<u>\$ 42,538,230</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>	<u>\$ 65,030,698</u>	<u>\$ 70,099,881</u>
Program Revenues										
Governmental activities										
Charges for services										
General government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,783,188	\$ 1,919,690	\$ 1,902,060	\$ 1,944,669	\$ 2,029,171
Public safety	990,079	1,436,765	2,303,526	1,563,791	1,910,595	1,322,261	1,473,204	2,781,229	1,964,050	1,797,442
Public works	1,856,563	1,838,598	3,346,266	2,931,542	2,892,010	3,508,030	1,753,034	5,060,021	6,143,274	4,680,968
Social and welfare	1,339,640	1,351,379	-	-	-	-	-	-	-	-
Operating grants and contributions	-	-	894,947	748,338	2,184,968	1,273,543	4,496,757	2,546,121	2,272,438	1,604,960
Capital grants and contributions	-	-	-	-	-	236,500	-	-	-	-
Total governmental activities program revenues	<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>	<u>\$ 12,324,431</u>	<u>\$ 10,112,541</u>

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

	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Business-type Activities										
Charges for services										
Water and sewer	\$ 14,291,481	\$ 15,807,876	\$ 15,708,146	\$ 16,072,343	\$ 16,544,138	\$ 16,466,683	\$ 17,413,522	\$ 17,668,813	\$ 20,040,970	\$ 23,632,512
Refuse	2,190,122	2,281,175	2,374,754	2,695,335	2,549,198	2,681,079	2,720,555	2,749,275	2,803,273	2,754,046
Airport	788,602	748,077	775,416	681,037	685,256	688,845	675,621	711,252	994,533	939,147
Golf course	79,845	72,021	69,582	113,629	152,823	191,012	188,457	290,251	982,227	1,225,317
Capital grants and contributions	-	-	3,612,835	-	-	-	-	-	-	-
Total business-type activities program revenues	17,350,050	18,909,149	22,540,733	19,562,344	19,931,415	20,027,619	20,998,155	21,419,591	24,821,003	28,551,022
Total primary government program revenues	\$ 21,536,332	\$ 23,535,891	\$ 29,085,472	\$ 24,806,015	\$ 26,918,988	\$ 28,151,141	\$ 30,640,840	\$ 33,709,022	\$ 37,145,434	\$ 38,663,563
Net (Expenses) Revenues										
Governmental activities	\$ (24,009,904)	\$ (26,397,794)	\$ (27,533,945)	\$ (29,587,227)	\$ (30,184,969)	\$ (30,766,695)	\$ (29,776,314)	\$ (26,509,972)	\$ (31,355,615)	\$ (36,981,646)
Business-type activities	3,008,006	3,597,427	7,306,690	4,436,629	2,526,713	2,451,776	2,800,231	2,118,710	3,470,351	5,545,328
Total primary government net expenses	\$ (21,001,898)	\$ (22,800,367)	\$ (20,227,255)	\$ (25,150,598)	\$ (27,658,256)	\$ (28,314,919)	\$ (26,976,083)	\$ (24,391,262)	\$ (27,885,264)	\$ (31,436,318)
General Revenues and Other Changes in Net Position										
Governmental activities										
Taxes										
Property taxes	\$ 12,240,385	\$ 14,047,562	\$ 15,696,270	\$ 18,172,866	\$ 20,117,067	\$ 22,325,257	\$ 25,428,022	\$ 27,233,924	\$ 28,220,448	\$ 32,012,126
Sales taxes	4,960,391	5,545,413	5,633,760	6,168,242	7,160,171	6,869,083	6,557,347	7,817,596	11,394,534	12,872,185
Franchise taxes	3,337,767	2,127,730	2,041,390	2,138,384	2,272,208	2,305,492	2,057,524	2,310,260	2,384,293	2,484,796
Other local taxes	48,110	2,494,897	2,019,179	1,761,893	1,164,457	34,537	16,208	22,745	38,888	52,457
Grants not restricted to specific programs	-	-	-	-	-	-	-	-	-	2,149,369
Interest on investments	10,241	15,923	111,569	270,073	501,786	1,031,549	388,113	32,465	466,456	3,042,035
Miscellaneous	324,621	489,467	292,911	581,435	788,192	416,070	346,153	620,488	565,093	469,392
Transfers	1,679,963	1,635,572	(193,511)	1,722,208	2,099,973	1,660,781	1,824,767	1,798,669	1,926,941	1,888,477
Total governmental activities	22,601,478	26,356,564	25,601,568	30,815,101	34,103,854	34,642,769	36,618,134	39,836,147	44,996,653	54,970,837
Business-type activities										
Interest on investments	9,682	14,728	89,948	219,076	489,104	830,598	368,113	26,682	323,409	2,057,169
Miscellaneous	415,530	787,542	1,293,005	1,493,751	1,173,073	1,689,264	1,522,935	2,082,758	1,026,325	1,577,806
Transfers	(1,679,963)	(1,635,572)	193,511	(1,722,208)	(2,099,973)	(1,660,781)	(1,824,767)	(1,798,669)	(1,926,941)	(1,888,477)
Total business-type activities	(1,254,751)	(833,302)	1,576,464	(9,381)	(437,796)	859,081	66,281	310,771	(577,207)	1,746,498
Total primary government	21,346,727	25,523,262	27,178,032	30,805,720	33,666,058	35,501,850	36,684,415	40,146,918	44,419,446	56,717,335
Change in Net Position										
Governmental activities	(1,408,426)	(41,230)	(1,932,377)	1,227,874	3,918,885	3,876,074	6,841,820	13,326,175	13,641,038	17,989,191
Business-type activities	1,753,255	2,764,125	8,883,154	4,427,248	2,088,917	3,310,857	2,866,512	2,429,481	2,893,144	7,291,826
Total primary government	\$ 344,829	\$ 2,722,895	\$ 6,950,777	\$ 5,655,122	\$ 6,007,802	\$ 7,186,931	\$ 9,708,332	\$ 15,755,656	\$ 16,534,182	\$ 25,281,017

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

	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Fund										
Nonspendable	\$ 181,550	\$ 181,224	\$ 16,290	\$ 116,498	\$ 110,373	\$ 125,850	\$ 111,681	\$ 120,924	\$ 159,024	\$ 213,300
Court security	-	25,509	29,106	38,013	45,457	55,458	70,498	84,640	78,707	84,318
Court technology	-	77,596	82,633	97,869	109,564	108,981	131,656	118,312	118,312	115,016
Committed	-	-	-	-	-	-	-	-	20,075,173	22,776,671
Assigned	-	-	-	-	-	-	-	-	4,231,873	7,584,825
Unassigned	5,676,223	6,383,964	6,846,881	8,815,560	12,029,708	14,025,595	15,592,738	23,036,747	6,898,290	7,496,731
Total general fund	\$ 5,857,773	\$ 6,668,293	\$ 6,974,910	\$ 9,067,940	\$ 12,295,102	\$ 14,315,884	\$ 15,906,573	\$ 23,360,623	\$ 31,561,379	\$ 38,270,861
All Other Governmental Funds										
Nonspendable	\$ 3,519	\$ 7,553	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted for										
Housing and Urban Development	198,242	-	-	-	-	-	-	-	-	-
Capital projects	8,177,260	12,782,493	15,924,564	7,134,763	6,127,269	10,598,227	8,594,068	9,991,544	11,320,875	11,433,846
Debt service	397,888	602,627	808,824	1,749,893	1,949,459	3,245,575	5,297,018	7,178,670	8,406,753	11,690,613
Public works	1,395,072	1,704,102	2,067,582	2,497,565	3,085,202	3,659,232	4,317,402	4,340,081	4,788,022	5,008,525
Public improvement districts	324,233	443,707	613,074	829,346	839,635	1,095,705	1,379,979	1,681,744	1,801,880	2,386,156
Police grants	50,137	34,805	57,184	64,360	87,929	49,468	92,970	39,343	136,877	222,174
Tourism, convention centers, and arts	433,318	535,168	621,137	717,922	826,544	981,652	1,216,936	1,457,365	1,772,053	1,887,850
Law enforcement purposes	417,069	584,393	777,087	945,176	1,051,042	1,127,245	1,291,007	1,240,230	1,308,322	1,382,846
Parkland dedication	-	-	-	-	-	431,378	431,378	431,378	553,178	553,178
Street maintenance	-	-	-	-	-	-	-	-	659,450	-
Unassigned	-	-	-	-	-	200,000	659,406	(252,660)	(555)	(113,638)
Total all other governmental funds	\$ 11,396,738	\$ 16,694,848	\$ 20,869,452	\$ 13,939,025	\$ 13,967,080	\$ 21,388,482	\$ 23,280,164	\$ 26,107,695	\$ 30,746,855	\$ 34,451,550

Source: Annual Comprehensive Financial Report

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									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Revenues										
Taxes and fees	\$ 21,269,177	\$ 23,577,637	\$ 25,270,016	\$ 28,571,938	\$ 31,820,128	\$ 34,074,520	\$ 36,784,104	\$ 40,946,412	\$ 46,037,378	\$ 50,080,816
Licenses and permits	975,217	951,760	1,830,079	1,484,252	1,695,322	1,370,116	1,299,206	3,199,188	3,342,571	2,434,257
Intergovernmental	1,339,640	1,946,379	1,504,947	1,280,288	2,801,908	1,273,543	4,496,757	2,546,121	3,731,343	3,754,329
Charges for services	881,346	886,838	1,516,187	1,447,290	1,196,688	2,137,914	453,828	1,860,833	1,568,509	1,571,030
Fines and forfeitures	990,079	1,436,765	2,303,526	1,563,791	1,910,595	1,322,261	1,473,204	2,781,229	1,964,050	1,797,442
Interest	10,241	15,923	111,569	270,073	501,786	1,031,549	388,113	32,465	466,456	3,042,035
Miscellaneous	324,621	489,467	292,911	581,435	356,692	391,411	346,153	620,488	565,093	469,392
Total revenues	25,790,321	29,304,769	32,829,235	35,199,067	40,283,119	41,601,314	45,241,365	51,986,736	57,675,400	63,149,301
Expenditures										
Current										
General government	3,437,170	3,800,206	4,171,215	4,801,896	5,045,895	5,334,851	7,373,944	6,194,854	10,716,203	7,366,860
Public safety	13,652,389	14,978,932	16,114,990	16,252,899	16,150,528	18,193,109	17,055,566	18,566,151	21,016,777	23,814,871
Public works	2,446,367	2,740,264	2,243,874	3,018,500	2,903,095	2,963,218	3,165,128	4,518,287	4,230,705	5,093,469
Community development and recreation	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	3,623	-	-	-	-	-	-	-	2,357,091	2,955,513
Capital outlay	1,938,125	2,090,865	1,769,198	9,531,567	5,291,763	7,564,307	6,321,116	5,107,781	1,854,424	9,603,060
Debt Service										
Principal retirement	2,614,905	3,168,011	3,345,838	3,432,256	3,791,760	4,426,571	4,465,820	5,852,193	4,346,908	4,873,802
Interest and fiscal charges	3,102,850	3,248,164	3,454,802	3,144,934	4,510,498	3,038,551	2,789,973	2,658,310	2,240,571	2,119,181
Cost of issuance of bonds	-	294,059	-	95,206	-	100,791	298,874	-	22,900	21,591
Total expenditures	28,288,618	31,365,027	32,234,503	41,853,878	39,559,375	43,711,556	43,881,136	45,178,050	46,785,579	55,848,347
Excess (deficiency) of revenues over (under) expenditures	\$ (2,498,297)	\$ (2,060,258)	\$ 594,732	\$ (6,654,811)	\$ 723,744	\$ (2,110,242)	\$ 1,360,229	\$ 6,808,686	\$ 10,889,821	\$ 7,300,954
Other Financing Sources (Uses)										
Bonds issued	\$ -	\$ 4,580,316	\$ 4,080,000	\$ -	\$ -	\$ 9,550,000	\$ -	\$ -	\$ -	\$ -
Capital leases issued	-	1,250,000	-	-	431,500	24,659	-	1,674,226	-	-
Payment to refunding escrow agent	-	(18,399,389)	-	(5,632,042)	-	-	(27,907,758)	-	(2,657,100)	-
Premium on issuance of bonds	-	2,167,688	-	397,248	-	80,486	3,675,133	-	-	-
Proceeds from refunding bonds issued	-	16,934,701	-	5,330,000	-	-	24,530,000	-	2,680,000	-
Proceeds from tax notes issued	-	-	-	-	-	-	-	-	-	1,225,000
Capital contributions	-	-	-	-	-	236,500	-	-	-	-
Transfers from other funds	1,807,362	1,992,109	1,729,308	1,786,755	2,164,520	2,059,634	1,886,227	1,876,633	1,990,448	1,950,484
Transfers to other funds	(127,399)	(356,537)	(1,922,819)	(64,547)	(64,547)	(398,853)	(61,460)	(77,964)	(63,507)	(62,007)
Total other financing sources (uses)	1,679,963	8,168,888	3,886,489	1,817,414	2,531,473	11,552,426	2,122,142	3,472,895	1,949,841	3,113,477
Net Change in Fund Balances	\$ (818,334)	\$ 6,108,630	\$ 4,481,221	\$ (4,837,397)	\$ 3,255,217	\$ 9,442,184	\$ 3,482,371	\$ 10,281,581	\$ 12,839,662	\$ 10,414,431
Debt service as a percentage of noncapital expenditures	21.7%	21.9%	22.3%	20.3%	24.2%	20.7%	19.3%	21.2%	14.7%	15.1%

Source: Annual Comprehensive Financial Report

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

Fiscal Year	Residential Property	Commercial Property	Business Personal Property	Less Tax Exempt Property	Total Taxable Assessed Value^a	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value^b as a Percentage of Actual Value
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	\$ 2,573,570,435	\$ 0.86750	\$ 2,573,570,435	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%
2022	\$ 2,649,382,350	\$ 1,908,765,100	\$ 1,032,042,050	\$ 1,236,403,466	\$ 4,353,786,034	\$ 0.69182	\$ 4,353,786,034	100.00%
2023	\$ 3,103,363,380	\$ 2,323,942,270	\$ 1,206,081,140	\$ 1,365,689,913	\$ 5,267,696,877	\$ 0.63900	\$ 5,267,696,877	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.

^a Includes adjustments to certified rolls.

^b 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)
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
2022	0.531384	0.160438	0.691822	1.378100	0.920000	0.217946	0.235800
2023	0.484072	0.154932	0.639004	1.226700	0.920000	0.215718	0.219500

Source: Dallas County Tax Assessor

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

Taxpayer	2023			2014		
	Assessed Value	Rank	Percentage of Total City Assessed Value ^a	Assessed Value	Rank	Percentage of Total City Assessed Value ^a
Walmart Stores Inc	\$ 260,949,040	1	5.0%			
CSHV 20 35 LLC	245,924,810	2	4.7%			
White Tract LLC	95,568,470	3	1.8%			
Wayfair LLC	83,324,160	4	1.6%			
PR I35 Logistics Crossing Bldg	76,321,860	5	1.4%			
Hilltop Bottling Works LLC	72,261,820	6	1.4%			
AT&T Mobility LLC	70,210,460	7	1.3%			
United Natural Foods Inc.	85,225,690	8	1.6%			
Midpoint Owner LLC	63,811,450	9	1.2%			
Ollies Bargain Outlet Inc	75,525,260	10	1.4%			
Southpoint Owner LLC				\$ 62,968,090	1	3.9%
ONCOR Electronic Delivery				56,567,090	2	3.5%
Liberty Property Limited				56,231,420	3	3.5%
Duke Realty land LLC				54,642,880	4	3.4%
Mobis Parts America LLC				48,737,155	5	3.0%
Riverbend Apartments LLC				44,532,500	6	2.8%
RHP202 LLC				39,552,000	7	2.4%
P9 Dallas 2023 LP				37,706,540	8	2.3%
Southwestern Bell				37,688,490	9	2.3%
IDIL Interstate Commerce Center				37,630,670	10	2.3%
Total	\$ 1,129,123,020		21.4%	\$ 476,256,835		29.5%

Source: Dallas County Tax Office

Note: ^a 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
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	99.14%
2020	\$ 25,631,903	\$ 25,334,598	98.84%	\$ 588,496	\$ 25,043,407	97.70%
2021	\$ 28,092,618	\$ 27,699,321	98.60%	\$ 393,047	\$ 27,699,570	98.60%
2022	\$ 28,706,632	\$ 28,133,681	98.00%	\$ 572,951	\$ 28,133,681	98.00%
2023	\$ 31,358,549	\$ 30,773,255	98.13%	\$ 890,698	\$ 30,467,851	97.16%

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 ^a	Per Capita ^a
	General Obligation Bonds	Certificates of Obligation	Tax Notes	Subscription Liability	Other Obligations	Water and Sewer General Obligation Bonds & Certificates of Obligation	Airport Bonds	Other Obligations				
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	
2022	59,590,000	3,520,000	-	-	1,789,757	-	20,000	95,097	65,014,854	6.42%	1,564	
2023	54,603,888	3,440,000	1,225,000	378,657	1,373,718	4,538,902	10,000	-	65,570,165	5.48%	1,573	

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

^aSee 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 ^a	Per Capita ^b
	General Obligation Bonds	Certificates of Obligation	Less: Amounts Available in Debt Service Fund				
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	2.83%	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	\$ 5,297,018	\$ 70,440,456	1.89%	1,804	
2021	\$ 59,425,000	\$ 8,070,000	\$ 7,178,670	\$ 60,316,330	1.69%	1,461	
2022	\$ 54,530,017	\$ 3,520,000	\$ 8,406,453	\$ 49,643,564	1.14%	1,195	
2023	\$ 50,555,017	\$ 3,440,000	\$ 11,690,613	\$ 42,304,404	0.80%	1,015	

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

^aSee Table E for property value data.

^bSee Table N for population data.

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

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
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>0.8675</u>	<u>0.8675</u>	<u>0.8675</u>	<u>0.8675</u>	<u>0.8409</u>	<u>0.8197</u>	<u>0.7693</u>	<u>0.6918</u>	<u>0.6390</u>
Available tax rate	<u>\$ 1.6325</u>	<u>\$ 1.6591</u>	<u>\$ 1.6803</u>	<u>\$ 1.7307</u>	<u>\$ 1.8082</u>	<u>\$ 1.8610</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, 2023 (Unaudited)

Governmental Unit	Gross Bonded Debt	Estimated Percentage Applicable	City Share of Overlapping Debt
Lancaster I.S.D.	\$ 17,992,005	87.91%	\$ 148,807,723
Dallas County	217,675,000	1.13%	2,873,310
Dallas County Hospital District	543,495,000	1.13%	7,174,134
Dallas County Community College District	375,515,000	1.13%	495,698
Dallas I.S.D.	3,795,285,000	0.10%	7,967,999
Ferris I.S.D.	25,108,059	0.03%	12,554
City of Lancaster (Direct Debt)	<u>65,570,165</u>	100.00%	<u>65,570,165</u>
Total Direct and Overlapping Debt	<u>\$ 5,040,640,229</u>		<u>\$ 232,901,583</u>

Source: Municipal Advisory Council of Texas

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

Water and Sewer System General Obligation Bonds and Certificates of Obligation					
Less:					
Fiscal Year	Total Revenues^a	Operating Expenses^b	Net Available Revenue	Annual Requirement^c	Times Coverage
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
2022	\$ 22,408,699	\$ 15,597,498	\$ 6,811,201	\$ 668,274	10.19
2023	\$ 26,902,764	\$ 16,117,540	\$ 10,785,224	\$ 666,958	16.17

Note: ^a Includes operating and nonoperating revenues.

^b Includes operating expenses minus depreciation.

^c Includes principal and interest.

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

Year	Estimated Population ^a	Personal Income	Per Capita Personal Income ^b	Median Age ^b	Median Household Income ^b	School Enrollment ^c	Unemployment Rate ^d
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%
2022	41,560	\$ 1,012,817,200	\$ 24,370	32.6	\$ 57,832	7,176	6.1%
2023	41,685	\$ 1,196,651,295	\$ 28,707	32.6	\$ 59,952	7,096	5.9%

Sources:

- ^a Estimated Population – North Central Texas Council of Governments
- ^b Per Capital Income, Median Age, Median Household Income - U.S. Census Bureau 2004-2014, and the 2015-2019 American Community Survey 5-year Estimates
- ^c Texas Academic Performance Report; 2020-21 District Student Information
- ^d 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	2023			2016		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Lancaster ISD	970	1	5.13%	689	1	3.45%
Walmart	714	2	3.78%	450	2	2.25%
United National Foods Inc.	415	3	2.20%	200	5	1.00%
Oak Creek Homes/American Homestar	322	4	1.70%	280	6	1.40%
City of Lancaster	337	5	1.78%	212	4	1.06%
Cedar Valley College	305	6	1.61%	220	7	1.10%
AT&T	279	7	1.48%	200	7	1.00%
Frozen Food Express	261	8	1.38%	180	-	0.90%
Ollie's Bargain Outlet Warehouse	245	9	1.30%	0	-	0.00%
Veterans CMOP	217	10	1.15%	150	-	0.75%
Total	<u>4,065</u>		<u>21.51%</u>	<u>2,581</u>		<u>12.93%</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	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Government Division	41	44	36	45	61	60	77	86	72	76
Public Safety Division	140	141	139	130	131	147	126	140	139	138
Public Works Division	4	4	4	4	3	2	4	4	5	5
Community Development Division	13	17	17	17	10	7	6	7	6	6
Nondepartmental Division	-	-	-	-	-	-	-	-	-	-
Water and Sewer	22	22	23	20	17	17	20	29	24	29
Airport	5	5	6	5	5	5	4	4	4	5
4A LEDC Fund	1	1	1	2	2	2	2	2	2	2
4B LRDC Fund – Library	8	8	13	13	13	11	10	8	6	7
Parks and Recreation Fund	24	25	34	33	42	34	22	24	24	24
Housing	-	-	-	-	-	-	-	-	-	-
Stormwater Fund	13	13	8	10	10	9	12	13	6	13
Total	271	280	281	279	294	294	283	317	288	305

Sources: City of Lancaster Budget Document

Note: ^a Full-time equivalent information is unavailable.

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

Function/Program	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Police										
Number of police officers	49	54	52	44	54	55	57	54	52	66
Number of violations (citations)	8,185	5,808	6,698	8,110	13,014	17,726	10,422	8,748	8,182	11,417
Municipal Court										
Number of traffic cases	4,283	5,101	8,678	6,542	7,326	8,364	6,272	7,603	6,306	6,508
Number of city ordinance cases	85	1,098	1,085	330	426	438	776	775	814	465
Fire										
Number of fire fighters	62	62	62	63	68	66	66	66	64	67
Number of emergency fire responses	1,826	1,913	1,773	1,864	2,135	2,566	1,961	2,761	3,701	5,066
Number of medical emergencies	4,353	4,632	4,668	4,662	4,456	4,998	4,132	5,271	4,984	3,163
Parks and Recreation										
Number of acres	1,087	1,087	1,087	1,087	1,087	1,087	1,087	1,087	1,087	1,087
Number of recreation center participants	4,375	6,175	12,852	16,448	20,425	24,970	2,205	2,152	3,344	6,678
Library										
Volumes in collection	77,020	86,411	83,827	86,558	87,716	97,018	79,252	75,158	76,086	70,521
Number of library cardholders	30,011	35,892	10,364	35,305	36,906	12,961	13,363	20,374	21,001	21,586
Water and Wastewater										
Number of water accounts	12,723	12,845	14,242	15,119	15,312	15,587	15,361	16,108	16,905	15,573
Average daily water consumption (millions of gallons)	4	4	4	5	6	6	6	7	8	8
Average daily effluent (millions of gallons)	5	5	5	5	5	5	5	5	6	4

Sources: City Departments

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

Function/Program	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Public Safety										
Fire stations	3	3	3	3	3	3	3	3	3	3
Police stations	1	1	1	1	1	1	1	1	1	1
Culture and Recreation										
Parks and Recreation										
Number of parks	25	25	25	25	25	25	25	25	26	26
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	1	1	1	1
Library	1	1	1	1	1	1	1	1	1	1
Water and Wastewater										
Water mains (miles)	188	190	208	208	209	210	213	213	215	217
Sanitary sewer mains (miles)	161	163	174	205	210	211	212	214	217	217
Fire hydrants	1,558	1,598	1,638	1,793	1,804	1,845	1,862	1,883	1,921	1,856

Sources: City Departments

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