

# **City of Lancaster, Texas**

## **Annual Comprehensive Financial Report**

For the Fiscal Year Ended September 30, 2024

**Prepared by the Department of Finance**

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**Annual Comprehensive Financial Report**  
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March 19, 2025

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, 2024. 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 Mazars, 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, 2024, 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, 2024, 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 2024 population of 42,183. 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 name the Chief Financial Officer as the Compliance Officer and key contact for debt related matters. The updated policy also named Hilltop Securities as the entity responsible for making any required updates to EMMA (Electronic Municipal Market Access System) with the City's Finance Department serving as backup.

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 30<sup>th</sup> day of September.

The objective of the budgetary controls maintained by the City is to ensure compliance with legal provisions embodied in the annual budget approved by the City Council. Activities of the general fund, water and sewer fund, and other funds are included in the annual budget and are appropriated annually. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amounts) is established by departments within the individual fund. The City Manager is authorized to transfer budgeted amounts between line items and departments 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 percent of budgeted expenditures. In fiscal year 2024, the General Fund accomplished this by having an unassigned fund balance of \$8,321,200 which meets that reserve requirement.

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 2024 budget was prepared along with a planning budget for fiscal years 2025-2029.

*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 seven percent of their gross pay and the City offers a 2:1 match. TMRS participants are immediately vested in those funds they contribute plus allocated interest. Participants are vested in employer contributions after five years of credited participation. If participants withdraw from TMRS prior to five years of credited participation, they may withdraw from TMRS those funds they contributed plus interest earnings. The City also provides postretirement health and dental care benefits for certain retirees and their dependents at the retiree's expense. As of the current fiscal year, there were ten 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 profoundly diversified and grew since 2019, demonstrating a notable enhancement across multiple sectors. Over the past few years, the city successfully attracted substantial new investment, diversified its industrial base, gained a significant number of higher paying jobs, saw the rejuvenation of the downtown square and experienced steady growth in household income and real estate values. Lancaster added over fifteen million square feet of new industrial space in the last five years.

Planned investment in substantial electric power service improvements for the area, coupled with increased national needs for improved data services, make Lancaster a prime site for new data center development. With over two thousand acres of developable vacant land in the eastern and northern portion of the city, several new data center developments are anticipated. These facilities typically have large assessed valuations for both real and business personal property and offer higher paying jobs.

Lancaster is benefitting from several recently completed projects. Walmart, completed the construction of an eCommerce Fulfillment Center and Cold Storage Facility, bringing in an expected capital expenditure (capex) of \$1.2 billion and creating approximately 1,300 jobs. The Walmart facilities are highly automated and employees are more likely to oversee the robots than manual labor.

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).

Niagara Bottling completed its largest facility in the world here in 2024. The 1.2 million square foot plant employs approximately 300 people. McKinley Packaging also completed their 450,000 square foot facility in 2024 and will be fully staffed by 2026.

The city is also sustained by a number of major US and international companies that located in Lancaster in the last five years: DSV Logistics, Best Buy, CRC Global, Electrolux (expansion and move to larger location), Linde Gas, MineArc, ICU Medical, ThredUp, Waabi, American Licorice, Cold Summit, Blue Triton, Ollie's, Boise Cascade, DW Distribution, Curt Manufacturing, Shock Gard, Wayfair and Mars Petcare are among the corporations with 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.

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 2024 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 2024 fiscal year end was 4.9 percent. The City of Lancaster benefits from its easily accessible location in the Dallas-Fort Worth region, fifteen miles south of downtown Dallas and situated between three interstate highways – I-35E, I-20 and I-45. The City's location between the 3 interstate freeways and State Highway Loop 9 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 world class cultural, sports, arts and entertainment centers in Dallas, Fort Worth and the region also contribute to growth in the City. Lancaster is part of the Best Southwest Partnership, which includes the cities of Lancaster, Cedar Hill, DeSoto, and Duncanville.

The 2024 North Central Texas Council of Governments population estimate for Lancaster is 42,183 people, an increase of 16.0 percent over the 2010 Census and 62.9 percent over the 2000 Census. Lancaster still contains a large amount of undeveloped land within the City's 33.13 square miles.

In fiscal year 2024, the overall taxable value of property in the Lancaster was up 24.5 percent over the fiscal year 2023 value. Commercial and business personal property grew at a higher rate (37 percent increase) than residential property (10.0 percent increase). Sales tax collections in FY2024 rose 12.5% above FY2023 levels – by \$2,583,973. 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 2024-2025, 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, 2023. 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 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

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Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**City of Lancaster  
Texas**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

September 30, 2023

*Christopher P. Morill*

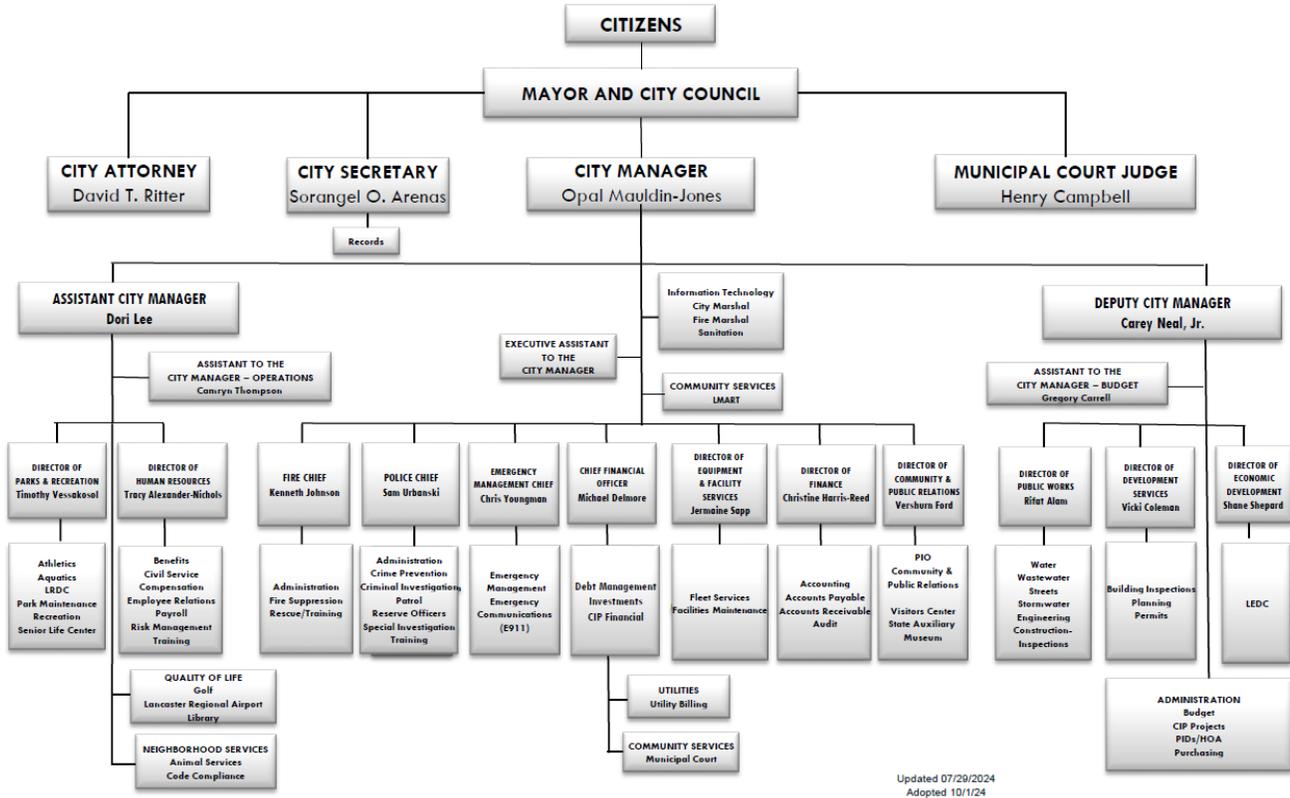
Executive Director/CEO

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# City of Lancaster, Texas Organizational Chart



## FY 2024-2025 Organizational Chart City of Lancaster



Updated 07/29/2024  
Adopted 10/1/24

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## **City Council**

Clyde C. Hairston . . . . .	Mayor . . . . .	Term Expires May 2028
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 . . . . .	Deputy Mayor Pro Tem, District 5. . . . .	Term Expires May 2025
Betty Gooden-Davis . . . . .	Mayor Pro Tem, District 6 . . . . .	Term Expires May 2026

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## **City Executive Staff**

Opal Mauldin-Jones . . . . .	City Manager
Carey D. Neal Jr. . . . .	Deputy City Manager
Dori Lee. . . . .	Assistant City Manager
Sorangel O. Arenas . . . . .	City Secretary
Vicki D. Coleman . . . . .	Director of Development Services
Shane Shepard . . . . .	Director of Economic Development
Chris Youngman . . . . .	Emergency Management Chief
Jermaine Sapp . . . . .	Director of Equipment & Facility Services
Christine Harris Reed . . . . .	Director of Finance
Michael Delmore . . . . .	Chief Financial Officer
Kenneth Johnson . . . . .	Fire Chief
Tracy Alexander-Nichols . . . . .	Director of Human Resources
Timothy Vessakosol . . . . .	Director of Parks & Recreation
Rifat Alam . . . . .	Director of Public Works
Sam Urbanski . . . . .	Police Chief

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## **Financial Section**

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## **Independent Auditor's Report**

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

### ***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, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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

### ***Basis for Opinions***

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

### ***Responsibilities of Management for the Financial Statements***

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for 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 auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements is 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 and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

***Forvis Mazars, LLP***

**Dallas, Texas  
March 19, 2025**

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**City of Lancaster, Texas**  
**Management's Discussion and Analysis (Unaudited)**  
**September 30, 2024**

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***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, 2024. 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 2024, resulting in \$225,500,650 of net position. Net position associated with governmental activities is \$122,700,740, or 54% of the total net position of the City. Net position associated with business-type activities is \$102,799,910, 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 \$103,293,750.
- Unrestricted net position, which may be used to meet the City's future obligations, consists of \$91,921,196 or 41% of the City's total net position. Unrestricted net position for governmental activities is \$33,200,849, or 27% of total net position for governmental activities. Unrestricted net position for business-type activities is \$58,720,347 or 57% of total net position for business-type activities.
- As of the close of fiscal year 2024, the City's Governmental Funds reported a combined ending fund balance of \$108,858,586, an increase of \$36,136,175 from the prior year.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$8,321,200. This represents approximately 18% of budgeted 2025 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.

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.

**City of Lancaster, Texas**  
**Management's Discussion and Analysis (Unaudited)**  
**September 30, 2024**

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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.

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.

**City of Lancaster, Texas**  
**Management's Discussion and Analysis (Unaudited)**  
**September 30, 2024**

**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, 2024, City assets and deferred outflows of resources exceeded its liabilities and deferred inflows resulting in \$225,500,650 of net position.

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

	2024			2023		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Current and other assets	\$ 122,431,580	\$ 64,483,827	\$ 186,915,407	\$ 87,573,743	\$ 54,529,415	\$ 142,103,158
Capital and subscription assets	111,167,306	47,889,415	159,056,721	105,112,684	47,388,801	152,501,485
<b>Total assets</b>	<b>233,598,886</b>	<b>112,373,242</b>	<b>345,972,128</b>	<b>192,686,427</b>	<b>101,918,216</b>	<b>294,604,643</b>
Deferred outflows of resources	6,921,856	748,791	7,670,647	9,502,315	1,008,129	10,510,444
Long-term liabilities	106,883,553	5,743,784	112,627,337	77,390,486	5,934,648	83,325,134
Other liabilities	9,793,982	4,471,259	14,265,241	15,920,322	4,224,925	20,145,247
<b>Total liabilities</b>	<b>116,677,535</b>	<b>10,215,043</b>	<b>126,892,578</b>	<b>93,310,808</b>	<b>10,159,573</b>	<b>103,470,381</b>
Deferred inflows of resources	1,142,467	107,080	1,249,547	948,739	89,892	1,038,631
Net position						
Net investment in capital assets	59,214,187	44,079,563	103,293,750	46,233,030	42,983,872	89,216,902
Restricted	30,285,704	-	30,285,704	33,276,300	-	33,276,300
Unrestricted	33,200,849	58,720,347	91,921,196	28,419,865	49,693,008	78,112,873
<b>Total net position</b>	<b>\$ 122,700,740</b>	<b>\$ 102,799,910</b>	<b>\$ 225,500,650</b>	<b>\$ 107,929,195</b>	<b>\$ 92,676,880</b>	<b>\$ 200,606,075</b>

By far, the largest portion of the City's net position (46%) 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 (13%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$91,921,196 is unrestricted and may be used to meet the government's ongoing obligations to its citizens and creditors.

**Analysis of City's Operations.** The following table provides a summary of the City's operations for the year ended September 30, 2024. Overall, the City had an increase in net position of \$24,894,575.

**City of Lancaster, Texas**  
**Management's Discussion and Analysis (Unaudited)**  
**September 30, 2024**

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

	2024			2023		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
<b>Revenues</b>						
Program revenues						
Charges for services	\$ 7,786,128	\$ 32,008,916	\$ 39,795,044	\$ 8,507,581	\$ 28,540,889	\$ 37,048,470
Operating grants and contributions	1,549,733	22,993	1,572,726	1,604,960	10,133	1,615,093
Capital grants and contributions	99,051	-	99,051	-	-	-
General revenues						
Taxes and fees	51,142,793	-	51,142,793	47,890,956	-	47,890,956
Grants not restricted to specific programs	1,650,325	-	1,650,325	2,149,369	-	2,149,369
Other	6,035,345	4,209,835	10,245,180	3,042,035	3,634,975	6,677,010
<b>Total revenues</b>	<b>68,263,375</b>	<b>36,241,744</b>	<b>104,505,119</b>	<b>63,194,901</b>	<b>32,185,997</b>	<b>95,380,898</b>
<b>Expenses</b>						
General government	13,460,900	-	13,460,900	9,485,015	-	9,485,015
Public safety	28,665,700	-	28,665,700	27,130,065	-	27,130,065
Public works	6,296,008	-	6,296,008	5,507,307	-	5,507,307
Community development and recreation	3,248,748	-	3,248,748	3,225,052	-	3,225,052
Interest and fiscal charges	2,712,975	-	2,712,975	1,746,748	-	1,746,748
Water and sewer	-	20,244,327	20,244,327	-	17,956,938	17,956,938
Refuse	-	2,506,501	2,506,501	-	2,752,590	2,752,590
Airport	-	1,049,400	1,049,400	-	999,604	999,604
Golf course	-	1,425,985	1,425,985	-	1,296,562	1,296,562
<b>Total expenses</b>	<b>54,384,331</b>	<b>25,226,213</b>	<b>79,610,544</b>	<b>47,094,187</b>	<b>23,005,694</b>	<b>70,099,881</b>
<b>Increase in Net Position</b>						
<b>Before Transfers</b>	13,879,044	11,015,531	24,894,575	16,100,714	9,180,303	25,281,017
Transfers	892,501	(892,501)	-	1,888,477	(1,888,477)	-
<b>Change in Net Position</b>	<b>14,771,545</b>	<b>10,123,030</b>	<b>24,894,575</b>	<b>17,989,191</b>	<b>7,291,826</b>	<b>25,281,017</b>
<b>Net Position, Beginning of Year</b>	<b>107,929,195</b>	<b>92,676,880</b>	<b>200,606,075</b>	<b>89,940,004</b>	<b>85,385,054</b>	<b>175,325,058</b>
<b>Net Position, End of Year</b>	<b>\$ 122,700,740</b>	<b>\$ 102,799,910</b>	<b>\$ 225,500,650</b>	<b>\$ 107,929,195</b>	<b>\$ 92,676,880</b>	<b>\$ 200,606,075</b>

**Governmental Activities.** Governmental activities increased the City's net position by \$14,771,545. Total revenue for the governmental activities (excluding transfers) increased from the previous year by \$5,068,474. Property tax collections increased as a result of new business and property additions as well as due to recent real property reappraisals. Charges for services decreased from the previous year as a result of less building permits issued in current year. General government expenses increased over prior year primarily due to increased salaries, benefits, and pension costs. 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 \$10,123,030. Total revenue for the business-type activities increased from the previous year by \$4,055,747 primarily due to an increase in charges for services revenue as a result of an increase in water rates. Expenses increased for business-type activities from the previous year primarily due to an increase in water purchases and sewer treatment costs.

## ***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 \$108,858,586, an increase of \$36,136,175 from the prior year. This amount includes fund balance committed for \$18,004,281 due to adoption of ordinances approved by City Council for special projects. The City has fund balance assigned by the City Manager of \$16,934,993. 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 \$65,397,918. The net unassigned fund balance was \$8,320,645. Components of the net increase of the total fund balance are:

- The General Fund recorded a net increase in fund balance of \$5,211,165, primarily related to increased property and sales tax revenue due to a robust economy.
- Capital Projects Fund recorded a net increase in fund balance of \$26,325,200, primarily related to the issuance of debt and increased investment return due to strong market performance, offset by an increase in capital outlay as a result of planned spending of debt proceeds on eligible capital projects.
- General Obligation Debt Service Fund recorded a net increase in fund balance of \$1,208,990, primarily related to property tax revenue due to a robust economy.
- 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 \$55,617,279, the Airport Fund reported an unrestricted net position of (\$1,537,125) and the Golf Fund reported an unrestricted net position of (\$1,495,853).

### ***General Fund Budgetary Highlights***

Significant amendment changes:

There were no changes to budgeted revenues or expenditures for the fiscal year 2024.

Significant budget variances:

Revenues exceeded budget by \$10,457,955 as a result of a robust and active economy. More than half of the increase is reflected in increased property and sales tax revenue.

### ***Capital Assets***

The City's capital assets for its governmental and business-type activities as of September 30, 2024, amount to \$159,056,721 (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, 2024**

	Governmental Activities		Business-type Activities		Totals	
	2024	2023	2024	2023	2024	2023
Land	\$ 14,069,995	\$ 13,262,490	\$ 7,633,631	\$ 5,966,737	\$ 21,703,626	\$ 19,229,227
Construction in progress	669,016	2,147,097	-	1,213,505	669,016	3,360,602
Buildings	37,482,501	37,482,501	4,399,312	4,399,312	41,881,813	41,881,813
Infrastructure, improvements, equipment, and furniture	160,536,972	149,485,442	90,801,005	88,828,377	251,337,977	238,313,819
Subscription assets	781,420	781,420	-	-	781,420	781,420
Accumulated depreciation	<u>(102,372,598)</u>	<u>(98,046,266)</u>	<u>(54,944,533)</u>	<u>(53,019,130)</u>	<u>(157,317,131)</u>	<u>(151,065,396)</u>
Total	<u>\$ 111,167,306</u>	<u>\$ 105,112,684</u>	<u>\$ 47,889,415</u>	<u>\$ 47,388,801</u>	<u>\$ 159,056,721</u>	<u>\$ 152,501,485</u>

**Long-term Debt**

At the end of the current fiscal year, the City had total bonds outstanding of \$83,175,000 all being tax supported. The City also has \$951,207 of debt through financed purchases. The City also has \$86,276 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	
	2024	2023	2024	2023	2024	2023
General obligation bonds	\$ 46,510,017	\$ 50,555,017	\$ 3,889,983	\$ 4,489,983	\$ 50,400,000	\$ 55,045,000
Certificates of obligation	32,775,000	3,440,000	-	-	32,775,000	3,440,000
Tax notes	-	1,225,000	-	-	-	1,225,000
Subscription liability	86,276	378,657	-	-	86,276	378,657
Financed purchases	<u>951,207</u>	<u>1,373,718</u>	<u>-</u>	<u>-</u>	<u>951,207</u>	<u>1,373,718</u>
Total	<u>\$ 80,322,500</u>	<u>\$ 56,972,392</u>	<u>\$ 3,889,983</u>	<u>\$ 4,489,983</u>	<u>\$ 84,212,483</u>	<u>\$ 61,462,375</u>

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

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

In the fiscal year 2025 budget, General Fund revenues are budgeted to increase by 9.8% from the 2024 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 23% 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](mailto:creed@lancaster-tx.com).

## **Basic Financial Statements**

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**City of Lancaster, Texas**  
**Statement of Net Position**  
**September 30, 2024**

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Lancaster Economic Development Corporation	Lancaster Recreational Development Corporation
<b>Assets and Deferred Outflows of Resources</b>					
Cash and cash equivalents	\$ 110,245,396	\$ 62,021,986	\$ 172,267,382	\$ 11,388,937	\$ 8,540,465
Receivables (net of allowances)					
Notes	1,385,000	-	1,385,000	-	-
Delinquent taxes	1,457,095	-	1,457,095	-	-
Accounts	1,852,066	3,848,342	5,700,408	-	43,910
Sales tax	2,361,727	-	2,361,727	472,325	933,233
Fines	494,610	-	494,610	-	-
Due from component unit	1,631,436	-	1,631,436	-	-
Prepaid items	50,037	-	50,037	-	15,707
Inventory	150,712	77,888	228,600	-	-
Internal balances	2,803,501	(2,803,501)	-	615,988	-
Restricted cash	-	1,339,112	1,339,112	-	-
Capital assets					
Nondepreciable	14,739,011	7,633,631	22,372,642	100,378	989,118
Depreciable (net of accumulated depreciation)	96,428,295	40,255,784	136,684,079	284,252	6,975,621
Total assets	233,598,886	112,373,242	345,972,128	12,861,880	17,498,054
<b>Deferred Outflows of Resources</b>					
Deferred charge on refunding	650,989	127,242	778,231	-	-
Deferred outflows from pensions	6,047,525	601,867	6,649,392	62,950	310,800
Deferred outflows from OPEB	223,342	19,682	243,024	2,528	12,659
Total deferred outflows of resources	6,921,856	748,791	7,670,647	65,478	323,459
Total assets and deferred outflows of resources	\$ 240,520,742	\$ 113,122,033	\$ 353,642,775	\$ 12,927,358	\$ 17,821,513
<b>Liabilities, Deferred Inflows of Resources and Net Position</b>					
Accounts payable	\$ 3,347,522	\$ 2,102,978	\$ 5,450,500	\$ 268,201	\$ 96,815
Accrued liabilities	703,890	404,295	1,108,185	-	69,336
Accrued interest	207,901	8,886	216,787	4,065	1,310
Due to primary government	-	-	-	-	1,631,436
Due to component unit	-	615,988	615,988	-	-
Unearned revenue	4,531,172	-	4,531,172	-	-
Deposits	1,003,497	1,339,112	2,342,609	-	-
Noncurrent liabilities					
Due within one year					
General obligation bonds	3,210,000	570,000	3,780,000	-	-
Certificates of obligation	1,070,000	-	1,070,000	-	-
Notes payable	-	-	-	190,000	680,000
Subscription liability	78,326	-	78,326	-	-
Compensated absences	438,391	10,908	449,299	-	-
Financed purchases	335,493	-	335,493	-	-
Due in more than one year					
General obligation bonds	48,616,217	3,367,094	51,983,311	-	-
Certificates of obligation	31,705,000	-	31,705,000	-	-
Subscription liability	7,950	-	7,950	-	-
Notes payable	-	-	-	515,000	-
Compensated absences	3,945,516	98,174	4,043,690	-	-
Financed purchases	615,714	-	615,714	-	-
Net pension liability	15,353,695	1,557,399	16,911,094	165,973	797,264
Total OPEB liability	1,507,251	140,209	1,647,460	17,526	87,631
Total liabilities	116,677,535	10,215,043	126,892,578	1,160,765	3,363,792
<b>Deferred Inflows of Resources</b>					
Deferred inflows from pensions	385,184	37,737	422,921	4,023	20,165
Deferred inflows from other post employment benefits	757,283	69,343	826,626	8,739	43,696
Total deferred inflows of resources	1,142,467	107,080	1,249,547	12,762	63,861
<b>Net Position</b>					
Net invested in capital assets	59,214,187	44,079,563	103,293,750	384,630	7,284,739
Restricted for					
Court security	10,524	-	10,524	-	-
Court Technology	10,279	-	10,279	-	-
Capital Projects	2,878,992	-	2,878,992	-	-
Debt service	12,899,603	-	12,899,603	-	-
Public works	6,596,770	-	6,596,770	-	-
Public improvement districts	3,280,362	-	3,280,362	-	-
Police grants	303,356	-	303,356	-	-
Tourism, convention centers, arts	2,274,810	-	2,274,810	-	-
Law enforcement purposes	1,477,830	-	1,477,830	-	-
Parkland dedication	553,178	-	553,178	-	-
Unrestricted	33,200,849	58,720,347	91,921,196	11,369,201	7,109,121
Total net position	122,700,740	102,799,910	225,500,650	11,753,831	14,393,860
Total liabilities, deferred inflows of resources and net position	\$ 240,520,742	\$ 113,122,033	\$ 353,642,775	\$ 12,927,358	\$ 17,821,513

See Notes to Financial Statements

**City of Lancaster, Texas**  
**Statement of Activities**  
**For the Year Ended September 30, 2024**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government</b>				
Governmental activities				
General government	\$ 13,460,900	\$ 2,223,681	\$ 477,733	\$ 99,051
Public safety	28,665,700	1,821,506	-	-
Public works	6,296,008	3,735,396	-	-
Community development and recreation	3,248,748	5,545	1,072,000	-
Interest	2,712,975	-	-	-
Total governmental activities	<u>54,384,331</u>	<u>7,786,128</u>	<u>1,549,733</u>	<u>99,051</u>
Business-type activities				
Water and sewer	20,244,327	26,787,016	-	-
Refuse	2,506,501	2,954,781	-	-
Airport	1,049,400	908,086	22,993	-
Golf course	1,425,985	1,359,033	-	-
Total business-type activities	<u>25,226,213</u>	<u>32,008,916</u>	<u>22,993</u>	<u>-</u>
Total primary government	<u>\$ 79,610,544</u>	<u>\$ 39,795,044</u>	<u>\$ 1,572,726</u>	<u>\$ 99,051</u>
<b>Component Units</b>				
Lancaster Economic Development Corporation	1,549,532	-	-	-
Lancaster Recreational Development Corporation	3,199,234	441,434	-	-
Total component units	<u>\$ 4,748,766</u>	<u>\$ 441,434</u>	<u>\$ -</u>	<u>\$ -</u>
<b>General Revenues</b>				
Taxes				
Property taxes				
Sales taxes				
Franchise taxes				
Other taxes				
Grants not restricted to specific programs				
Interest on investments				
Miscellaneous				
Transfers				
Total general revenues and transfers				
Change in net position				
Net position, beginning of year				
Net position, end of year				

<b>Net (Expense) Revenue and Changes in Net Position</b>				
<b>Primary Government</b>			<b>Component Units</b>	
<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>	<b>Lancaster Economic Development Corporation</b>	<b>Lancaster Recreational Development Corporation</b>
\$ (10,660,435)	\$ -	\$ (10,660,435)	\$ -	\$ -
(26,844,194)	-	(26,844,194)	-	-
(2,560,612)	-	(2,560,612)	-	-
(2,171,203)	-	(2,171,203)	-	-
(2,712,975)	-	(2,712,975)	-	-
<u>(44,949,419)</u>	<u>-</u>	<u>(44,949,419)</u>	<u>-</u>	<u>-</u>
-	6,542,689	6,542,689	-	-
-	448,280	448,280	-	-
-	(118,321)	(118,321)	-	-
-	(66,952)	(66,952)	-	-
<u>-</u>	<u>6,805,696</u>	<u>6,805,696</u>	<u>-</u>	<u>-</u>
<u>\$ (44,949,419)</u>	<u>\$ 6,805,696</u>	<u>\$ (38,143,723)</u>	<u>\$ -</u>	<u>\$ -</u>
			(1,549,532)	-
			<u>-</u>	<u>(2,757,800)</u>
			<u>\$ (1,549,532)</u>	<u>\$ (2,757,800)</u>
34,020,989	-	34,020,989	-	-
14,491,661	-	14,491,661	2,898,332	5,796,665
2,210,640	-	2,210,640	-	-
419,503	-	419,503	-	-
1,650,325	-	1,650,325	-	-
5,355,400	2,494,695	7,850,095	470,467	319,241
679,945	1,715,140	2,395,085	882	28,764
892,501	(892,501)	-	-	-
<u>59,720,964</u>	<u>3,317,334</u>	<u>63,038,298</u>	<u>3,369,681</u>	<u>6,144,670</u>
14,771,545	10,123,030	24,894,575	1,820,149	3,386,870
107,929,195	92,676,880	200,606,075	9,933,682	11,006,990
<u>\$ 122,700,740</u>	<u>\$ 102,799,910</u>	<u>\$ 225,500,650</u>	<u>\$ 11,753,831</u>	<u>\$ 14,393,860</u>

**City of Lancaster, Texas**  
**Balance Sheet**  
**Governmental Funds**  
**September 30, 2024**

	General	Capital Projects Fund	General Obligation Debt Service Fund	ARPA Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>						
Cash and cash equivalents	\$ 39,240,335	\$ 38,657,278	\$ 12,907,417	\$ 4,531,172	\$ 14,909,194	\$ 110,245,396
Receivables (net of allowance for uncollectibles)						
Notes	-	-	1,385,000	-	-	1,385,000
Delinquent taxes	1,079,351	-	342,872	-	34,872	1,457,095
Accounts	1,217,201	-	-	-	634,865	1,852,066
Sales tax	2,361,727	-	-	-	-	2,361,727
Fines	494,610	-	-	-	-	494,610
Due from						
Component unit	470,514	1,160,922	-	-	-	1,631,436
Other funds	3,037,693	18,468	-	-	-	3,056,161
Inventory, at cost	150,712	-	-	-	-	150,712
Prepaid items	50,037	-	-	-	-	50,037
<b>Total assets</b>	<b>\$ 48,102,180</b>	<b>\$ 39,836,668</b>	<b>\$ 14,635,289</b>	<b>\$ 4,531,172</b>	<b>\$ 15,578,931</b>	<b>\$ 122,684,240</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances (Deficit)</b>						
<b>Liabilities</b>						
Accounts and contracts payable	\$ 1,067,795	\$ 2,077,622	\$ -	\$ 555	\$ 201,550	\$ 3,347,522
Accrued liabilities	547,635	-	-	-	156,255	703,890
Deposits	1,003,497	-	-	-	-	1,003,497
Unearned revenue	-	-	-	4,531,172	-	4,531,172
Due to other funds	-	-	-	-	252,660	252,660
<b>Total liabilities</b>	<b>2,618,927</b>	<b>2,077,622</b>	<b>-</b>	<b>4,531,727</b>	<b>610,465</b>	<b>9,838,741</b>
<b>Deferred Inflows of Resources</b>						
Unavailable revenue	2,001,227	-	1,735,686	-	250,000	3,986,913
<b>Total deferred inflows of resources</b>	<b>2,001,227</b>	<b>-</b>	<b>1,735,686</b>	<b>-</b>	<b>250,000</b>	<b>3,986,913</b>
<b>Fund Balances (Deficit)</b>						
Nonspendable for inventory and prepaid items	200,749	-	-	-	-	200,749
Restricted for						
Court security	10,524	-	-	-	-	10,524
Court technology	10,279	-	-	-	-	10,279
Capital projects	-	37,759,046	-	-	232,160	37,991,206
Debt service	-	-	12,899,603	-	-	12,899,603
Public works	-	-	-	-	6,596,770	6,596,770
Public improvement districts	-	-	-	-	3,280,362	3,280,362
Police grants	-	-	-	-	303,356	303,356
Tourism, convention centers, arts	-	-	-	-	2,274,810	2,274,810
Law enforcement purposes	-	-	-	-	1,477,830	1,477,830
Parkland dedication	-	-	-	-	553,178	553,178
Committed	18,004,281	-	-	-	-	18,004,281
Assigned	16,934,993	-	-	-	-	16,934,993
Unassigned	8,321,200	-	-	(555)	-	8,320,645
<b>Total fund balances (deficit)</b>	<b>43,482,026</b>	<b>37,759,046</b>	<b>12,899,603</b>	<b>(555)</b>	<b>14,718,466</b>	<b>108,858,586</b>
<b>Total liabilities, deferred inflows of resources and fund balances (deficit)</b>	<b>\$ 48,102,180</b>	<b>\$ 39,836,668</b>	<b>\$ 14,635,289</b>	<b>\$ 4,531,172</b>	<b>\$ 15,578,931</b>	<b>\$ 122,684,240</b>

**City of Lancaster, Texas**  
**Reconciliation of the Balance Sheet of**  
**Governmental Funds to the Statement of Net Position**  
**September 30, 2024**

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Total fund balances – governmental funds \$ 108,858,586

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. 111,167,306

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. (207,901)

Revenues earned but not available within 60 days of the year-end are not recognized as revenue on the fund financial statements. 3,986,913

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	\$ 650,989	
Deferred outflows of resources – pension	6,047,525	
Deferred outflows of resources – OPEB	223,342	
Deferred inflows of resources – pension	(385,184)	
Deferred inflows of resources – OPEB	<u>(757,283)</u>	5,779,389

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	\$ (46,510,017)	
Certificates of obligation	(32,775,000)	
Premiums on bond debt	(5,316,200)	
Subscription liability	(86,276)	
Net pension liability	(15,353,695)	
Compensated absences	(4,383,907)	
Total OPEB liability	(1,507,251)	
Financed purchases	<u>(951,207)</u>	<u>(106,883,553)</u>

Total net position of governmental activities \$ 122,700,740

**City of Lancaster, Texas**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended September 30, 2024**

	General	Capital Projects Fund	General Obligation Debt Service Fund	ARPA Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>						
Taxes and fees	\$ 41,319,549	\$ 177,220	\$ 8,325,551	\$ -	\$ 5,248,661	\$ 55,070,981
Licenses and permits	1,748,310	-	-	-	375,706	2,124,016
Intergovernmental	530,147	-	1,070,000	1,599,911	-	3,200,058
Charges for services	1,677,972	-	-	-	-	1,677,972
Fines and forfeits	1,438,500	-	-	-	146,341	1,584,841
Interest	2,262,101	1,861,721	632,330	-	599,248	5,355,400
Miscellaneous	679,540	-	-	-	105,051	784,591
<b>Total revenues</b>	<b>49,656,119</b>	<b>2,038,941</b>	<b>10,027,881</b>	<b>1,599,911</b>	<b>6,475,007</b>	<b>69,797,859</b>
<b>Expenditures</b>						
Current						
General government	11,643,907	-	-	-	-	11,643,907
Public safety	24,737,727	-	-	366,199	403,047	25,506,973
Public works	3,941,948	26,250	-	-	1,937,192	5,905,390
Community development and recreation	2,483,988	-	-	-	513,037	2,997,025
Capital outlay	3,423,588	5,817,553	-	1,233,712	123,976	10,598,829
Debt service						
Principal retirement	-	-	6,029,892	-	35,000	6,064,892
Interest and fiscal charges	-	-	2,788,999	-	7,013	2,796,012
Cost of issuance of bonds	-	162,614	-	-	-	162,614
<b>Total expenditures</b>	<b>46,231,158</b>	<b>6,006,417</b>	<b>8,818,891</b>	<b>1,599,911</b>	<b>3,019,265</b>	<b>65,675,642</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>3,424,961</b>	<b>(3,967,476)</b>	<b>1,208,990</b>	<b>-</b>	<b>3,455,742</b>	<b>4,122,217</b>
<b>Other Financing Sources (Uses)</b>						
Transfers in	2,111,582	-	-	-	-	2,111,582
Transfers out	(325,378)	(828,781)	-	-	(64,922)	(1,219,081)
Issuance of debt	-	29,415,000	-	-	-	29,415,000
Premium on debt issued	-	1,706,457	-	-	-	1,706,457
<b>Total other financing sources (uses)</b>	<b>1,786,204</b>	<b>30,292,676</b>	<b>-</b>	<b>-</b>	<b>(64,922)</b>	<b>32,013,958</b>
<b>Net Change in Fund Balances</b>	<b>5,211,165</b>	<b>26,325,200</b>	<b>1,208,990</b>	<b>-</b>	<b>3,390,820</b>	<b>36,136,175</b>
<b>Fund Balances (Deficit), Beginning of Year</b>	<b>38,270,861</b>	<b>11,433,846</b>	<b>11,690,613</b>	<b>(555)</b>	<b>11,327,646</b>	<b>72,722,411</b>
<b>Fund Balances (Deficit), End of Year</b>	<b>\$ 43,482,026</b>	<b>\$ 37,759,046</b>	<b>\$ 12,899,603</b>	<b>\$ (555)</b>	<b>\$ 14,718,466</b>	<b>\$ 108,858,586</b>

**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, 2024**

Net change in fund balances – total governmental funds	\$	36,136,175
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.		10,598,829
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.		(4,544,207)
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	\$	4,125,000
Issuance of tax notes		1,225,000
Subscription liability		292,381
Financed purchases		422,511
		6,064,892
The issuance of long-term debt (e.g. bonds, leases, subscription liabilities) provides current financial resources to governmental funds, but shown as additions in long-term liabilities in the government-wide financial statements.		(29,415,000)
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.		
Premium on issuance of debt	(1,706,457)	
Amortization of premium		439,128
		(1,267,329)
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.		(663,205)
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.		(410,649)
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.		(79,064)
Certain revenues in the government-wide statement of activities that do not provide current financial resources are not reported as revenue in the governmental funds. This is the net change in these revenues for the year.		(1,534,484)
Change in net position of governmental activities	\$	14,771,545

**City of Lancaster, Texas**  
**Statement of Net Position**  
**Proprietary Funds**  
**September 30, 2024**

	Water and Sewer Fund	Airport Fund	Golf Fund	Non-major Enterprise Funds	Total
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents	\$ 55,569,167	\$ 32,491	\$ 500	\$ 6,419,828	\$ 62,021,986
Receivables (net of allowance for uncollectibles)					
Accounts	1,999,632	13,688	4,795	278,619	2,296,734
Unbilled	1,419,248	-	-	132,360	1,551,608
Inventory	-	77,888	-	-	77,888
Restricted cash	1,339,112	-	-	-	1,339,112
	<u>60,327,159</u>	<u>124,067</u>	<u>5,295</u>	<u>6,830,807</u>	<u>67,287,328</u>
<b>Capital assets</b>					
Nondepreciable	2,839,411	4,444,666	349,554	-	7,633,631
Depreciable (net of accumulated depreciation)	32,553,409	6,231,030	1,280,721	190,624	40,255,784
	<u>35,392,820</u>	<u>10,675,696</u>	<u>1,630,275</u>	<u>190,624</u>	<u>47,889,415</u>
Total noncurrent assets	<u>35,392,820</u>	<u>10,675,696</u>	<u>1,630,275</u>	<u>190,624</u>	<u>47,889,415</u>
Total assets	<u>95,719,979</u>	<u>10,799,763</u>	<u>1,635,570</u>	<u>7,021,431</u>	<u>115,176,743</u>
<b>Deferred Outflows of Resources</b>					
Deferred charges on refunding	127,242	-	-	-	127,242
Deferred outflows of resources - Pension	530,340	71,527	-	-	601,867
Deferred outflows of resources - OPEB	17,223	2,459	-	-	19,682
	<u>674,805</u>	<u>73,986</u>	<u>-</u>	<u>-</u>	<u>748,791</u>
Total deferred outflows of resources	<u>674,805</u>	<u>73,986</u>	<u>-</u>	<u>-</u>	<u>748,791</u>
<b>Liabilities</b>					
<b>Current liabilities</b>					
Accounts payable	\$ 1,307,413	\$ 100,518	\$ 77,762	\$ 617,285	\$ 2,102,978
Accrued liabilities	253,622	4,274	69,795	76,604	404,295
Accrued interest	8,370	516	-	-	8,886
Deposits	1,339,112	-	-	-	1,339,112
Due to					
Other funds	674,036	775,874	1,353,591	-	2,803,501
Component units	-	615,988	-	-	615,988
General obligation bonds	570,000	-	-	-	570,000
Compensated absences	8,793	2,028	-	87	10,908
	<u>4,161,346</u>	<u>1,499,198</u>	<u>1,501,148</u>	<u>693,976</u>	<u>7,855,668</u>
Total current liabilities	<u>4,161,346</u>	<u>1,499,198</u>	<u>1,501,148</u>	<u>693,976</u>	<u>7,855,668</u>
<b>Noncurrent liabilities</b>					
General obligation bonds	3,367,094	-	-	-	3,367,094
Compensated absences	79,133	18,256	-	785	98,174
Net pension liability	1,370,385	187,014	-	-	1,557,399
Total OPEB liability	122,683	17,526	-	-	140,209
	<u>4,939,295</u>	<u>222,796</u>	<u>-</u>	<u>785</u>	<u>5,162,876</u>
Total noncurrent liabilities	<u>4,939,295</u>	<u>222,796</u>	<u>-</u>	<u>785</u>	<u>5,162,876</u>
Total liabilities	<u>9,100,641</u>	<u>1,721,994</u>	<u>1,501,148</u>	<u>694,761</u>	<u>13,018,544</u>
<b>Deferred Inflows of Resources</b>					
Deferred inflows of resources - Pension	33,221	4,516	-	-	37,737
Deferred inflows of resources - OPEB	60,675	8,668	-	-	69,343
	<u>93,896</u>	<u>13,184</u>	<u>-</u>	<u>-</u>	<u>107,080</u>
Total deferred inflows of resources	<u>93,896</u>	<u>13,184</u>	<u>-</u>	<u>-</u>	<u>107,080</u>
<b>Net Position</b>					
Net investment in capital assets	31,582,968	10,675,696	1,630,275	190,624	44,079,563
Unrestricted	55,617,279	(1,537,125)	(1,495,853)	6,136,046	58,720,347
	<u>\$ 87,200,247</u>	<u>\$ 9,138,571</u>	<u>\$ 134,422</u>	<u>\$ 6,326,670</u>	<u>\$ 102,799,910</u>
Total net position	<u>\$ 87,200,247</u>	<u>\$ 9,138,571</u>	<u>\$ 134,422</u>	<u>\$ 6,326,670</u>	<u>\$ 102,799,910</u>

**City of Lancaster, Texas**  
**Statement of Revenues, Expenses and Changes in Net Position**  
**Proprietary Funds**  
**For the Year Ended September 30, 2024**

	Water and Sewer Fund	Airport Fund	Golf Fund	Non-major Enterprise Funds	Total
<b>Operating Revenues</b>					
Charges for services	\$ 26,160,208	\$ 908,086	\$ 1,359,033	\$ 2,954,781	\$ 31,382,108
Intergovernmental	-	22,993	-	-	22,993
Other revenue	1,645,573	26,946	42,621	-	1,715,140
Impact fee revenue	626,808	-	-	-	626,808
Total operating revenues	<u>28,432,589</u>	<u>958,025</u>	<u>1,401,654</u>	<u>2,954,781</u>	<u>33,747,049</u>
<b>Operating Expenses</b>					
Personnel services and benefits	2,385,751	333,046	-	-	2,718,797
Maintenance	831,124	24,608	72,524	-	928,256
Purchase of water	6,069,716	-	-	-	6,069,716
Materials and supplies	68,231	422,501	-	-	490,732
Heat, light and power	307,873	99,528	50,402	-	457,803
Sewage treatment	7,565,784	-	-	-	7,565,784
Special services	668,578	13,948	1,244,458	2,491,112	4,418,096
Other	567,008	-	-	-	567,008
Equipment rental	7,271	13,197	13,773	9,766	44,007
Depreciation	1,757,940	142,455	44,828	5,623	1,950,846
Total operating expenses	<u>20,229,276</u>	<u>1,049,283</u>	<u>1,425,985</u>	<u>2,506,501</u>	<u>25,211,045</u>
<b>Operating Income (Loss)</b>	<u>8,203,313</u>	<u>(91,258)</u>	<u>(24,331)</u>	<u>448,280</u>	<u>8,536,004</u>
<b>Nonoperating Revenues (Expenses)</b>					
Interest revenue	2,278,952	-	-	215,743	2,494,695
Interest and fiscal charges	(15,051)	(117)	-	-	(15,168)
Total nonoperating revenues (expenses)	<u>2,263,901</u>	<u>(117)</u>	<u>-</u>	<u>215,743</u>	<u>2,479,527</u>
<b>Income (Loss) Before Transfers</b>	10,467,214	(91,375)	(24,331)	664,023	11,015,531
Transfers in	1,154,159	-	-	-	1,154,159
Transfers out	(1,780,431)	-	(76,753)	(189,476)	(2,046,660)
<b>Change in Net Position</b>	9,840,942	(91,375)	(101,084)	474,547	10,123,030
<b>Net Position, Beginning of Year</b>	77,359,305	9,229,946	235,506	5,852,123	92,676,880
<b>Net Position, End of Year</b>	<u>\$ 87,200,247</u>	<u>\$ 9,138,571</u>	<u>\$ 134,422</u>	<u>\$ 6,326,670</u>	<u>\$ 102,799,910</u>

**City of Lancaster, Texas**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended September 30, 2024**

	Water and Sewer Fund	Airport Fund	Golf Fund	Non-major Enterprise Funds	Total
<b>Operating Activities</b>					
Receipts from customers and users	\$ 27,168,713	\$ 944,756	\$ 1,438,184	\$ 2,889,376	\$ 32,441,029
Utility deposits distributed	(2,854)	-	-	-	(2,854)
Payments to employees	(2,340,963)	(325,679)	-	-	(2,666,642)
Payments to suppliers	(14,786,720)	(620,332)	(1,352,053)	(2,473,655)	(19,232,760)
Net cash provided by (used in) operating activities	<u>10,038,176</u>	<u>(1,255)</u>	<u>86,131</u>	<u>415,721</u>	<u>10,538,773</u>
<b>Noncapital and Related Financing Activities</b>					
Transfers out	(1,780,431)	-	(85,731)	(189,476)	(2,055,638)
Payment to Component Unit	-	(18,750)	-	-	(18,750)
Transfers in	1,154,159	-	-	-	1,154,159
Net cash used in noncapital financing activities	<u>(626,272)</u>	<u>(18,750)</u>	<u>(85,731)</u>	<u>(189,476)</u>	<u>(920,229)</u>
<b>Capital and Related Financing Activities</b>					
Acquisition and construction of capital assets	(2,419,780)	(6,238)	-	-	(2,426,018)
Principal payments on debt	(600,000)	(10,000)	-	-	(610,000)
Interest payments on debt	(128)	(117)	-	-	(245)
Net cash used in capital and financing activities	<u>(3,019,908)</u>	<u>(16,355)</u>	<u>-</u>	<u>-</u>	<u>(3,036,263)</u>
<b>Investing Activities</b>					
Interest on investments	2,278,952	-	-	215,743	2,494,695
Net cash provided by investing activities	<u>2,278,952</u>	<u>-</u>	<u>-</u>	<u>215,743</u>	<u>2,494,695</u>
<b>Increase (Decrease) in Cash and Cash Equivalents</b>	8,670,948	(36,360)	400	441,988	9,076,976
<b>Cash and Cash Equivalents, Beginning of Year</b>	48,237,331	68,851	-	5,977,840	54,284,022
<b>Cash and Cash Equivalents, End of Year</b>	<u>\$ 56,908,279</u>	<u>\$ 32,491</u>	<u>\$ 400</u>	<u>\$ 6,419,828</u>	<u>\$ 63,360,998</u>
<b>Reconciliation of Net Operating Income (Loss) to Net Cash Provided by Operating Activities</b>					
Operating income (loss)	\$ 8,203,313	\$ (91,258)	\$ (24,331)	\$ 448,280	\$ 8,536,004
Item not requiring cash					
Depreciation	1,757,940	142,455	44,828	5,623	1,950,846
Changes in					
Accounts receivable	(696,868)	(13,509)	(703)	(90,816)	(801,896)
Inventories	-	(69,233)	-	-	(69,233)
Deferred outflows of resources	213,553	29,054	-	-	242,607
Accounts payable	635,396	47,272	37,203	38,592	758,463
Accrued expenses	93,607	(24,776)	29,134	14,042	112,007
Net pension liability	(180,275)	(24,506)	-	-	(204,781)
Total OPEB Liability	7,081	1,012	-	-	8,093
Deferred inflows of resources	16,990	2,234	-	-	19,224
Compensated absences	(12,561)	-	-	-	(12,561)
Net cash provided by (used) in operating activities	<u>\$ 10,038,176</u>	<u>\$ (1,255)</u>	<u>\$ 86,131</u>	<u>\$ 415,721</u>	<u>\$ 10,538,773</u>

## **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.

### ***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.

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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.

**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.

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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.

***Classification of Fund Balance***

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, 2024, the City was in compliance with this policy as unassigned fund balance in the General Fund was equal to 18% of budgeted 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.

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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.

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, 2024, were \$813,029 for uncollectible taxes, \$4,409,414 for water, sewer, and stormwater billings, \$266,329 for court fees and fines and \$943,446 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."

***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.

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 1<sup>st</sup> – September 30<sup>th</sup>) resulting in a cash outlay not yet recognized in GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27* (GASB 68) and GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (GASB 75). This amount is deferred and recognized in the following fiscal year.
- Experience difference – Pensions and OPEB – These amounts represent the difference in expected and actual pension and OPEB experience. These differences are deferred and recognized over the estimated average remaining lives of all members determined as of the measurement date.
- Investment difference – Pensions – These amounts represent the difference in projected and actual earnings on pension plan assets. These differences are deferred and amortized over a closed five-year period.
- Assumption changes – OPEB – These amounts represent the difference resulting from a change in assumptions used to measure the underlying total OPEB liability. These differences are deferred and recognized over the estimated average remaining lives of all members determined as of the beginning of the measurement period.

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 – Pensions and 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.

***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.

The liability for unused vested vacation leave as of September 30, 2024, 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.

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***Unearned Revenue***

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

***Adoption of New Accounting Standards***

The City has adopted and implemented the following statement during fiscal year ended September 30, 2024.

GASB Statement No. 100, *Accounting Changes and Error Corrections*—and amendment of GASB Statement No. 62 – This statement improves the clarity and requirements for accounting changes and error corrections. The adoption had no effect on the City.

***New Pronouncements***

The GASB has issued the following potentially significant statements which the City has not yet adopted, and which require adoption subsequent to September 30, 2024. The City will evaluate the potential impact on the City's net position.

<b>Statement No.</b>	<b>Title</b>	<b>Adoption Required</b>
101	<i>Compensated Absences</i>	September 30, 2025
102	<i>Certain Risk Disclosures</i>	September 30, 2025
103	<i>Financial Reporting Model Improvements</i>	September 30, 2026
104	<i>Disclosure of Certain Capital Assets</i>	September 30, 2026

**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, 2024, the City invested in Texas CLASS, TexPool, and LOGIC, which are investment pools authorized by the Texas Legislature.

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

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

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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.

As of September 30, 2024, the City had cash and cash equivalents as classified below:

<b>Primary Government</b>	
Cash	\$ 22,319,334
Cash equivalents	<u>151,287,160</u>
	<u>173,606,494</u>
 <b>Component Units</b>	
Cash	21,273
Cash equivalents	<u>19,908,129</u>
	<u>19,929,402</u>
 Total cash and cash equivalents	 <u><u>\$ 193,535,896</u></u>

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As of September 30, 2024, the City held the following investments:

	<b>Carrying Value</b>	<b>Weighted- Average Maturity (Days)</b>
<b>Primary Government</b>		
TexPool	\$ 16,208,404	36
LOGIC	85,732,630	35
Texas CLASS	<u>49,346,126</u>	24
Total primary government	<u>151,287,160</u>	
<b>Component Units</b>		
TexPool	2,132,891	36
LOGIC	11,281,699	35
Texas CLASS	<u>6,493,539</u>	24
Total component units	<u>19,908,129</u>	
Total investments	<u><u>\$ 171,195,289</u></u>	

***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

***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, 2024:

	<u>Fair Value</u>
<b>Investments Measured at Net Asset Value</b>	
LOGIC	\$ 97,014,329
Texas CLASS	<u>55,839,665</u>
Subtotal	152,853,994
<b>Investments Measured at Amortized Cost</b>	
TexPool	<u>18,341,295</u>
Total investments	<u>\$ 171,195,289</u>

**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, 2024, were 97.52% 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.

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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, 2024, 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, 2024, due to and due from transactions, excluding discretely presented component units were as follows:

	<b>Due to Other Funds</b>	<b>Due from Other Funds</b>
General Fund	\$ -	\$ 3,037,693
Capital Projects Fund	-	18,468
Non-major Governmental Funds	252,660	-
Water and Sewer Fund	674,036	-
Golf Fund	1,353,591	-
Airport Fund	775,874	-
	<hr/>	<hr/>
Total due to/due from	<u>\$ 3,056,161</u>	<u>\$ 3,056,161</u>

**City of Lancaster, Texas**  
**Notes to Basic Financial Statements**  
**September 30, 2024**

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***Interfund Transfers***

For the year ended September 30, 2024, interfund transactions, excluding discretely presented component units were as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 2,111,582	\$ 325,378
Capital Projects Fund	-	828,781
Non-major Governmental Funds	-	64,922
Water and Sewer Fund	1,154,159	1,780,431
Golf Fund	-	76,753
Non-major Enterprise Funds	-	189,476
	<u>\$ 3,265,741</u>	<u>\$ 3,265,741</u>
Total interfund transfers	<u>\$ 3,265,741</u>	<u>\$ 3,265,741</u>

The interfund transfers to the General Fund from the Water and Sewer Fund, Golf Fund, Non-major Governmental, and Non-major Enterprise Funds represent those revenues that are transferred from one fund to another to recover administrative costs of the General Fund. The interfund transfers to the Water and Sewer Fund from the General Fund and Capital Projects Fund represent revenues that are transferred from one fund to another to cover capital expenditures of the Water and Sewer 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 expired 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 \$2,035 in lease revenue and \$3 in lease interest during the current fiscal year related to these leases. As of September 30, 2024, the City receivable for lease payments was \$0. 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, 2024, the balance of the deferred inflow of resources was \$0.

**City of Lancaster, Texas**  
**Notes to Basic Financial Statements**  
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***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 \$6,380 in lease revenue and \$448 in lease interest during the current fiscal year related to these leases.

Future minimum lease payments for regulated leases are as follows:

<b>Fiscal Year</b>	<b>Principal</b>
2025	\$ 5,857
2026	5,857
2027	5,857
2028	5,857
2029	5,857
2030-2034	3,860
2035-2039	3,860
2040-2042	<u>516</u>
 Total	 <u>\$ 37,521</u>

**City of Lancaster, Texas**  
**Notes to Basic Financial Statements**  
**September 30, 2024**

**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
<b>Governmental Activities</b>					
Capital assets not being depreciated					
Land	\$ 13,262,490	\$ 807,505	\$ -	\$ -	\$ 14,069,995
Construction in progress	2,147,097	148,800	-	(1,626,881)	669,016
Total capital assets not being depreciated	<u>15,409,587</u>	<u>956,305</u>	<u>-</u>	<u>(1,626,881)</u>	<u>14,739,011</u>
Capital and subscription assets being depreciated					
Buildings	37,482,501	-	-	-	37,482,501
Infrastructure, improvements, equipment, and furniture	149,485,442	9,642,524	(217,875)	1,626,881	160,536,972
Subscription asset	781,420	-	-	-	781,420
Total capital assets being depreciated/amortized	<u>187,749,363</u>	<u>9,642,524</u>	<u>(217,875)</u>	<u>1,626,881</u>	<u>198,800,893</u>
Less accumulated depreciation/amortization for:					
Buildings	12,997,941	861,042	-	-	13,858,983
Infrastructure, improvements, equipment, and furniture	84,760,953	3,390,529	(217,875)	-	87,933,607
Subscription asset	287,372	292,636	-	-	580,008
Total accumulated depreciation/amortization	<u>98,046,266</u>	<u>4,544,207</u>	<u>(217,875)</u>	<u>-</u>	<u>102,372,598</u>
Total capital assets being depreciated/amortized, net	<u>89,703,097</u>	<u>5,098,317</u>	<u>-</u>	<u>1,626,881</u>	<u>96,428,295</u>
Governmental activities capital assets, net	<u>\$ 105,112,684</u>	<u>\$ 6,054,622</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 111,167,306</u>

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

General and administrative	\$ 743,139
Public safety	3,158,727
Public works	390,618
Community development and recreation	251,723
Total depreciation/amortization expense – governmental activities	<u>\$ 4,544,207</u>

**City of Lancaster, Texas**  
**Notes to Basic Financial Statements**  
**September 30, 2024**

**Business-type Activities**

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

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
<b>Business-type Activities</b>					
Capital assets not being depreciated					
Land	\$ 5,966,737	\$ 1,666,894	\$ -	\$ -	\$ 7,633,631
Construction in progress	1,213,505	-	-	(1,213,505)	-
Total capital assets not being depreciated	<u>7,180,242</u>	<u>1,666,894</u>	<u>-</u>	<u>(1,213,505)</u>	<u>7,633,631</u>
Capital assets being depreciated					
Plants and buildings	4,399,312	-	-	-	4,399,312
Other improvements	83,393,764	516,477	-	1,213,505	85,123,746
Vehicles	935,496	242,646	-	-	1,178,142
Machinery and equipment	4,499,117	-	-	-	4,499,117
Total capital assets being depreciated	<u>93,227,689</u>	<u>759,123</u>	<u>-</u>	<u>1,213,505</u>	<u>95,200,317</u>
Less accumulated depreciation for:					
Plants and buildings	2,525,419	34,470	-	-	2,559,889
Other improvements	46,306,071	1,618,119	-	-	47,924,190
Vehicles	171,936	232,060	(25,443)	-	378,553
Machinery and equipment	4,015,704	66,197	-	-	4,081,901
Total accumulated depreciation	<u>53,019,130</u>	<u>1,950,846</u>	<u>(25,443)</u>	<u>-</u>	<u>54,944,533</u>
Total capital assets being depreciated, net	<u>40,208,559</u>	<u>(1,191,723)</u>	<u>25,443</u>	<u>1,213,505</u>	<u>40,255,784</u>
Business-type activities capital assets, net	<u>\$ 47,388,801</u>	<u>\$ 475,171</u>	<u>\$ 25,443</u>	<u>\$ -</u>	<u>\$ 47,889,415</u>

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

Water and Sewer	\$ 1,757,940
Airport	142,455
Golf	44,828
Non-major	<u>5,623</u>
Total depreciation expense – business-type activities	<u>\$ 1,950,846</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	-	14,960
Total accumulated depreciation	7,480	7,480	-	14,960
Total capital assets being depreciated, net	291,732	(7,480)	-	284,252
Lancaster Economic Development Corporation capital assets, net	<u>\$ 392,110</u>	<u>\$ (7,480)</u>	<u>\$ -</u>	<u>\$ 384,630</u>

**City of Lancaster, Texas**  
**Notes to Basic Financial Statements**  
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Capital assets of the Lancaster Recreational Development Corporation are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Lancaster Recreational Development Coporation				
Capital assets not being depreciated				
Land	\$ 989,118	\$ -	\$ -	\$ 989,118
Total capital assets not being depreciated	989,118	-	-	989,118
Capital assets being depreciated				
Buildings	15,797,360	-	-	15,797,360
Other improvements	3,965,809	-	-	3,965,809
Machinery and equipment	2,326,657	23,953	-	2,350,610
Total capital assets being depreciated	22,089,826	23,953	-	22,113,779
Less accumulated depreciation for:				
Buildings	9,392,854	396,015	-	9,788,869
Other improvements	3,965,809	141,756	-	4,107,565
Machinery and equipment	1,209,614	32,110	-	1,241,724
Total accumulated depreciation	14,568,277	569,881	-	15,138,158
Total capital assets being depreciated, net	7,521,549	(545,928)	-	6,975,621
Lancaster Recreational Development Corporation capital assets, net	<u>\$ 8,510,667</u>	<u>\$ (545,928)</u>	<u>\$ -</u>	<u>\$ 7,964,739</u>

**City of Lancaster, Texas**  
**Notes to Basic Financial Statements**  
**September 30, 2024**

**Note 8. Long-term Liabilities and Subscription Liabilities**

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

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Retirements</b>	<b>Ending Balance</b>	<b>Due Within One Year</b>
<b>Governmental Activities</b>					
General obligation bonds	\$ 50,555,017	\$ -	\$ (4,045,000)	\$ 46,510,017	\$ 3,210,000
Certificates of obligation	3,440,000	29,415,000	(80,000)	32,775,000	1,070,000
Tax notes	1,225,000	-	(1,225,000)	-	-
Premium on bond debt	4,048,871	1,706,457	(439,128)	5,316,200	-
Compensated absences	3,966,581	604,271	(186,945)	4,383,907	438,391
Subscription liability	378,657	-	(292,381)	86,276	78,326
Financed purchases	1,373,718	-	(422,511)	951,207	335,493
	<u>\$ 64,987,844</u>	<u>\$ 31,725,728</u>	<u>\$ (6,690,965)</u>	<u>\$ 90,022,607</u>	<u>\$ 5,132,210</u>
<b>Business-type Activities</b>					
General obligation bonds	\$ 4,489,983	\$ -	\$ (600,000)	\$ 3,889,983	\$ 570,000
Premiums on bond debt	58,919	-	(11,808)	47,111	-
Compensated absences	120,771	54,563	(66,252)	109,082	10,908
	<u>\$ 4,669,673</u>	<u>\$ 54,563</u>	<u>\$ (678,060)</u>	<u>\$ 4,046,176</u>	<u>\$ 580,908</u>
<b>Discretely Presented Component Units</b>					
Notes payable to primary government	\$ 2,455,000	\$ -	\$ (1,070,000)	\$ 1,385,000	\$ 870,000
	<u>\$ 2,455,000</u>	<u>\$ -</u>	<u>\$ (1,070,000)</u>	<u>\$ 1,385,000</u>	<u>\$ 870,000</u>

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.

In September 2024, the City issued Combination Tax and Revenue Certificates of Obligation, Series 2024 in the amount of \$15,740,000 for the purpose of: (i) construction of a fire station; (ii) purchase of land for a fire station; (iii) repair and improvement of the public safety administrative building and fire stations throughout the City; (iv) design and construction of roadway improvements to various streets and roads throughout the City; and (v) professional services rendered in connection with the above listed projects. Interest will be payable semiannually on February 15 and August 15 of each year, commencing February, 15 2025. The bonds were issued with a premium of \$1,511,808 and an interest rate of 4.0 - 5.0%.

**City of Lancaster, Texas**  
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General obligation bonds, certificates of obligation, notes payable and financed purchases outstanding at September 30, 2024, consist of the following:

	<b>Governmental Activities</b>	<b>Water and Sewer</b>	<b>Airport</b>	<b>Total Primary Government</b>
<b><u>General Obligation Bonds</u></b>				
\$22,530,000, 2015 General Obligation Refunding Bonds, due in annual installments through February 15, 2035; 2.00% – 3.75%	\$ 16,070,017	\$ 539,983	\$ -	\$ 16,610,000
\$6,575,000, 2016 General Obligation Refunding Bonds, due in annual installments through February 15, 2032; 2.00% – 4.00%	2,245,000	80,000	-	2,325,000
\$9,050,000, 2018 General Obligation Bonds, due in annual installments through February 15, 2038; 3.00% - 3.50%	7,240,000	-	-	7,240,000
\$24,530,000 2020 General Obligation Refunding Bonds, due in annual installments through February 15, 2040; 3.00% - 4.00%	20,955,000	-	-	20,955,000
\$7,315,000 2021 General Obligation Refunding Bonds, due in annual installments through August 15, 2031; 1.17%	-	3,270,000	-	3,270,000
Total general obligation bonds	<u>\$ 46,510,017</u>	<u>\$ 3,889,983</u>	<u>\$ -</u>	<u>\$ 50,400,000</u>

	<b>Governmental Activities</b>	<b>Water and Sewer</b>	<b>Airport</b>	<b>Total Primary Government</b>
<b><u>Certificates of Obligation</u></b>				
\$4,080,000, 2015 Certificate of Obligation Bonds, due in annual installments through February 15, 2035; 2.00% – 3.75%	\$ 3,360,000	\$ -	\$ -	\$ 3,360,000
\$29,415,000, 2023 Certificate of Obligation Bonds, due in annual installments through February 15, 2044; 4.5% – 5%	29,415,000	-	-	29,415,000
Total certificates of obligation	<u>\$ 32,775,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 32,775,000</u>

**City of Lancaster, Texas**  
**Notes to Basic Financial Statements**  
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	Governmental Activities	Golf	Total Primary Government	Discretely Presented Component Units
<b><u>Note Payable - Direct Borrowings</u></b>				
\$11,650,000 note payable, due in annual installments through February 15, 2024; 2.00% – 4.00%	\$ -	\$ -	\$ -	\$ 680,000
\$1,125,000 note payable, due in annual installments through February 15, 2027; 2.00% – 3.75%	-	-	-	705,000
Total notes payable	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,385,000</u>

**Financed Purchases**

\$1,250,000 Lease Purchase Agreement due in monthly installments through January 15, 2024 due in monthly installments through January 15, 2024; 2.08%	\$ 856,382	\$ -	\$ 856,382	\$ -
\$599,858 Lease Purchase Agreement due in bi-annual installments through May 25, 2025; 1.85%	94,825	-	94,825	-
Total financed purchases	<u>\$ 951,207</u>	<u>\$ -</u>	<u>\$ 951,207</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, 2024, property and equipment under financed purchase agreements is carried at \$2,262,510, with \$1,068,541 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**  
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The annual requirements to amortize the long-term debt as of September 30, 2024, are as follows:

Fiscal Year	General Obligation Bonds					
	Governmental Activities			Business-type Activities		
	Principal	Interest	Total	Principal	Interest	Total
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	3,500,000	1,227,200	4,727,200	480,000	17,258	497,258
2030-2033	14,080,000	3,505,206	17,585,206	995,000	17,551	1,012,551
2033-2037	10,105,000	1,612,306	11,717,306	194,983	-	194,983
2038-2041	5,450,017	316,913	5,766,930	-	-	-
Total	<u>\$ 46,510,017</u>	<u>\$ 12,945,350</u>	<u>\$ 59,455,367</u>	<u>\$ 3,889,983</u>	<u>\$ 188,208</u>	<u>\$ 4,078,191</u>

Fiscal Year	Certificates of Obligation		
	Governmental Activities		
	Principal	Interest	Total
2025	\$ 1,070,000	\$ 1,537,855	\$ 2,607,855
2026	1,120,000	1,486,955	2,606,955
2027	1,175,000	1,433,530	2,608,530
2028	1,230,000	1,377,327	2,607,327
2029	1,285,000	1,318,159	2,603,159
2030-2033	6,085,000	4,609,309	10,694,309
2033-2037	7,135,000	2,595,125	9,730,125
2038-2041	7,250,000	1,968,888	9,218,888
2042-2044	6,425,000	492,625	6,917,625
Total	<u>\$ 32,775,000</u>	<u>\$ 16,819,773</u>	<u>\$ 49,594,773</u>

Fiscal Year	Note Payable – Direct Borrowing		
	Discretely Presented Component Units		
	Principal	Interest	Total
2025	\$ 870,000	\$ 50,625	\$ 920,625
2026	400,000	24,100	424,100
2027	115,000	14,900	129,900
Total	<u>\$ 1,385,000</u>	<u>\$ 89,625</u>	<u>\$ 1,474,625</u>

**City of Lancaster, Texas**  
**Notes to Basic Financial Statements**  
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Fiscal Year	Financed Purchases		
	Governmental Activities		
	Principal	Interest	Total
2025	\$ 335,493	\$ 6,847	\$ 342,340
2026	243,856	2,168	246,024
2027	247,086	2,168	249,254
2028	<u>124,772</u>	<u>823</u>	<u>125,595</u>
Total	<u>\$ 951,207</u>	<u>\$ 12,006</u>	<u>\$ 963,213</u>

***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.

Incremental borrowing rates of 3.50% to 5.0% were used to measure the subscription liabilities.

The following schedule details minimum subscription payments to maturity for the City's subscription liability at September 30, 2024:

Fiscal Year	Subscription Liability		
	Governmental Activities		
	Principal	Interest	Total
2025	\$ 78,326	\$ 2,804	\$ 81,130
2026	<u>7,950</u>	<u>263</u>	<u>8,213</u>
Total	<u>\$ 86,276</u>	<u>\$ 3,067</u>	<u>\$ 89,343</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 0.90% and 4.51%, respectively. There were no significant changes in the component unit's proportion to the plan during fiscal year 2024.

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

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

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

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

Inactive employees or beneficiaries currently receiving benefits	245
Inactive employees entitled to but not yet receiving benefits	313
Active employees	<u>267</u>
Total employees	<u><u>825</u></u>

***Contributions***

Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the entry age normal actuarial cost method. 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, 2024, were \$3,447,080 and were equal to the required contributions.

**City of Lancaster, Texas**  
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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, 2023, valuation is effective for the rates beginning January 1, 2025).

**Net Pension Liability**

**Actuarial Assumptions**

The total pension liability in the December 31, 2023, actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50% per year
Overall payroll growth	2.75% per year
Investment rate of return	6.75% net of pension plan investment expense, including inflation

Salary increases were based on a service-related table. Mortality rates for active members are based on the PUB (10) mortality tables with 110% of the Public Safety table used for males and 100% of the General Employee table used for females. Mortality rates for healthy retirees and beneficiaries were based on the gender-distinct 2019 Municipal Retirees of Texas mortality tables. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates for actives, healthy retirees, and beneficiaries are projected on a fully generational basis by the most recent Scale MP-2021 to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees are used with a 4-year set forward for males and a 3-year set forward for females. In addition, a 3.5% and 3.0% minimum mortality rate is applied, for males and females respectively, to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by the most recent Scale MP-2021 to account for future mortality improvements subject to the 3% floor.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2018 to December 31, 2022. The assumptions were adopted in 2023 and first used in the December 31, 2023 actuarial valuation. The post-retirement mortality assumption for Annuity Purchase Rates (APRs) is based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income to satisfy short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined by best estimate ranges of expected returns for each major asset class. The long-term expected rate of return is determined by weighting the expected return for each major asset class by the respective target asset allocation percentage. The target allocation and best estimates of the expected return for each major class in fiscal year 2024 are summarized in the following table:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-term Expected Real Rate of Return</b>
Global Equity	35%	6.7%
Core Fixed Income	6%	4.7%
Non-Core Fixed Income	20%	8.0%
Other Public and Private Markets	12%	8.0%
Real Estate	12%	7.6%
Hedge Funds	5%	6.4%
Private Equity	10%	11.6%
Total	<u>100%</u>	

**City of Lancaster, Texas**  
**Notes to Basic Financial Statements**  
**September 30, 2024**

**Discount Rate**

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

**Changes in the Net Pension Liability**

	<b>Total Pension Liability (a)</b>	<b>Net Position (b)</b>	<b>Liability (a) - (b)</b>
<b>Balances as of October 1, 2023</b>	109,042,723	88,742,074	\$ 20,300,649
Changes for the year			
Service cost	3,640,217	-	3,640,217
Interest on total pension liability	7,311,535	-	7,311,535
Effect of plan changes	-	-	-
Effect of economic/ demographic gains or losses	-	-	-
Effect of difference in expected and actual experience	2,227,916	-	2,227,916
Effect of assumptions changes or inputs	(669,553)	-	(669,553)
Refund of contributions	-	-	-
Benefit payments	(5,087,581)	(5,087,581)	-
Administrative expenses	-	(65,341)	65,341
Member contributions	-	1,602,611	(1,602,611)
Net investment income	-	10,269,950	(10,269,950)
Employer contributions	-	3,129,670	(3,129,670)
Other	-	(457)	457
<b>Balances as of September 30, 2024</b>	<u>116,465,257</u>	<u>98,590,926</u>	<u>17,874,331</u>
Proportionate share and net pension liability reported in:			
Primary Government	94.59%	\$ 16,911,094	
Lancaster Economic Development Corporation	0.90%	165,973	
Lancaster Recreational Development Corporation	4.51%	797,264	
<b>Total</b>	<u>100.00%</u>	<u>\$ 17,874,331</u>	

**City of Lancaster, Texas**  
**Notes to Basic Financial Statements**  
**September 30, 2024**

***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:

	<b>1% Decrease (5.75)%</b>	<b>Current Single Rate Assumption (6.75)%</b>	<b>1% Increase (7.75)%</b>
Primary government	\$ 33,410,596	\$ 16,911,094	\$ 3,525,457
Lancaster Economic Development Corporation	317,893	165,973	33,544
Lancaster Recreational Development Corporation	<u>1,593,000</u>	<u>797,264</u>	<u>168,092</u>
	<u>\$ 35,321,489</u>	<u>\$ 17,874,331</u>	<u>\$ 3,727,093</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](http://www.tmr.com).

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

For the year ended September 30, 2024, the primary government recognized pension expense, as measured in accordance with GASB 68, of \$3,939,239.

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

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference in expected and actual experience	\$ 1,888,310	\$ -
Changes of assumptions	-	422,921
Difference in projected and actual earnings on pension plan investments	2,253,109	-
Contributions made subsequent to measurement date	<u>2,507,973</u>	<u>-</u>
	<u>\$ 6,649,392</u>	<u>\$ 422,921</u>

For the year ended September 30, 2024, the primary government reported \$2,507,973 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, 2025.

For the year ended September 30, 2024, Lancaster Economic Development Corporation recognized pension expense, as measured in accordance with GASB 68, of \$37,481.

**City of Lancaster, Texas**  
**Notes to Basic Financial Statements**  
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At September 30, 2024, Lancaster Economic Development Corporation reported deferred outflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference in expected and actual experience	\$ 17,961	\$ -
Changes of assumptions	-	4,023
Difference in projected and actual earnings on pension plan investments	21,404	-
Contributions made subsequent to measurement date	23,585	-
	<u>\$ 62,950</u>	<u>\$ 4,023</u>

For the year ended September 30, 2024, Lancaster Economic Development Corporation reported \$23,585 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, 2025.

For the year ended September 30, 2024, Lancaster Recreational Development Corporation recognized pension expense, as measured in accordance with GASB 68, of \$187,821.

At September 30, 2024, Lancaster Recreational Development Corporation reported deferred outflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference in expected and actual experience	\$ 89,935	\$ -
Changes of assumptions	-	20,165
Difference in projected and actual earnings on pension plan investments	105,722	-
Contributions made subsequent to measurement date	115,143	-
	<u>\$ 310,800</u>	<u>\$ 20,165</u>

For the year ended September 30, 2024, Lancaster Recreational Development Corporation reported \$115,143 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, 2025.

**City of Lancaster, Texas**  
**Notes to Basic Financial Statements**  
**September 30, 2024**

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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:

<u>Year Ending September 30,</u>	
2025	\$ 1,546,278
2026	1,240,140
2027	1,739,993
2028	<u>(807,913)</u>
Total	<u>\$ 3,718,498</u>

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:

<u>Year Ending September 30,</u>	
2025	\$ 14,712
2026	11,800
2027	16,556
2028	<u>(7,726)</u>
Total	<u>\$ 35,342</u>

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:

<u>Year Ending September 30,</u>	
2025	\$ 73,726
2026	59,129
2027	82,962
2028	<u>(40,325)</u>
Total	<u>\$ 175,492</u>

**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.

***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, 2023, (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	<u>259</u>
Total employees	<u><u>264</u></u>

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

The City and its component units’ total OPEB liability of \$946,169 was measured as of December 31, 2023.

**City of Lancaster, Texas**  
**Notes to Basic Financial Statements**  
**September 30, 2024**

**Actuarial Assumptions**

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

Measurement Date	December 31, 2023, based on an actuarial valuation as of December 31, 2022
Actuarial Cost Method	Individual Entry-Age Normal
Discount Rate	3.77% as of December 31, 2023 (4.05% as of December 31, 2022)
Inflation	2.50%
Salary Increase	3.60% to 11.85%, including inflation
Demographic Assumptions	Based on the 2023 experience study for the Texas Municipal Retirement System (TMRS).
Mortality	For healthy retirees, the gender-distinct 2019 Municipal Retirees of Texas mortality tables were used, with male rates multiplied by 103% and female rates multiplied by 105%. The rates are projected on a fully generational basis using the ultimate mortality improvement rates in the MP-2021 table to account for future mortality improvements.
Health Care Trend Rates	Initial rate of 7.00% declining to an ultimate rate of 4.25% after 14 years
Participation Rates	20% for pre-65 retirees who are at least 50 years old at retirement; 0% for employees retiring before the age of 50.

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. For the purpose of this valuation, the municipal bond rate is 3.77% (based on the daily rate closest to but not later than the measurement date of the Fidelity “20-Year Municipal GO AA Index”). The discount rate was 4.05% as of the prior measurement date.

**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, 2024:

	<u>Total OPEB Liability</u>
<b>Balances as of October 1, 2023</b>	\$ 910,347
Changes for the year:	
Service cost	74,213
Interest on total OPEB liability	37,412
Difference between expected and actual experience	7,365
Effect of assumption changes (discount rate change)	(35,777)
Benefit payments, age adjusted premiums, net of retiree contributions	<u>(47,391)</u>
<b>Balances as of September 30, 2024</b>	<u>\$ 946,169</u>
<b>City</b>	<u>\$ 889,399</u>
<b>Lancaster Economic Development Corporation</b>	<u>\$ 9,462</u>
<b>Lancaster Recreational Development Corporation</b>	<u>\$ 47,308</u>

**City of Lancaster, Texas**  
**Notes to Basic Financial Statements**  
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***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 3.77%. The following presents the total OPEB liability using a discount rate one percent higher and one percent lower than the current discount rate.

	<b>1% Decrease 2.77%</b>	<b>Current Discount Rate Assumption 3.77%</b>	<b>1% Increase 4.77%</b>
Total OPEB Liability	\$ 1,039,325	\$ 946,169	\$ 862,996

***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.

	<b>1% Decrease</b>	<b>Current Healthcare Cost Trend Rate Assumption</b>	<b>1% Increase</b>
Total OPEB Liability	\$ 830,151	\$ 946,169	\$ 1,086,040

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

For the year ended September 30, 2024, the City and its component units recognized OPEB expense of \$46,450. At September 30, 2024, the City and its component units reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference between expected and actual experience	\$ 12,159	\$ 233,949
Changes of assumptions	112,785	369,313
Contributions subsequent to the measurement date	40,254	-
<b>Total</b>	<b>\$ 165,198</b>	<b>\$ 603,262</b>

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, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<b>Year Ending September 30</b>	<b>Amortization of Deferred Outflows/(Inflows) of Resources</b>
2025	\$ (65,175)
2026	(65,408)
2027	(70,363)
2028	(79,016)
2029	(83,267)
Thereafter	(115,089)
Total	<u>\$ (478,318)</u>

**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.

**Employees Covered by Benefit Terms**

The following employees were covered by the benefit terms at December 31, 2023, (measurement date), is as follows:

Inactive employees or beneficiaries currently receiving benefits	141
Inactive employees entitled to but not yet receiving benefits	36
Active employees	267
Total employees	444

**Total OPEB Liability for Supplemental Death Benefits**

The City and its component units total OPEB liability of \$806,448 was measured as of December 31, 2023, and was determined by an actuarial valuation as of that date.

**Actuarial Assumptions**

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

Actuarial Cost Method	Individual Entry-Age Normal
Discount Rate	3.77% as of December 31, 2023 (4.05% as of December 31, 2022)
Inflation	2.50%
Salary Increase	3.60% to 11.85%, including inflation
Administrative expenses	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements of GASB Statement No. 68.
Mortality rates – service retirees	2019 Municipal Retirees of Texas Mortality Tables. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence).
Mortality rates – disabled retirees	2019Municipal Retirees of TexasMortality Tables with a 4 year setforward 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 the most recent Scale MP-2021 (with immediate convergence) to account for future mortality improvements subject to the floor.

**City of Lancaster, Texas**  
**Notes to Basic Financial Statements**  
**September 30, 2024**

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 3.77% based on the 20-Year Municipal GO AA Index published by bondbuyer.com is used as of the measurement date of December 31, 2023. 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.

***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, 2024:

	<u>Total OPEB Liability</u>
<b>Balances as of October 1, 2023</b>	\$ 741,078
Changes for the year:	
Service cost	29,763
Interest on total OPEB liability	30,153
Difference between expected and actual experience	(9,586)
Effect of assumption changes (discount rate change)	37,934
Benefit payments, age adjusted premiums, net of retiree contributions	<u>(22,894)</u>
<b>Balances as of September 30, 2024</b>	<u>\$ 806,448</u>
<b>City</b>	<u>\$ 758,061</u>
<b>Lancaster Economic Development Corporation</b>	<u>\$ 8,064</u>
<b>Lancaster Recreational Development Corporation</b>	<u>\$ 40,323</u>

***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 3.77%. The following presents the total OPEB liability using a discount rate one percent higher and one percent lower than the current discount rate.

	<b>1% Decrease 2.77%</b>	<b>Current Discount Rate Assumption 3.77%</b>	<b>1% Increase 4.77%</b>
Total OPEB Liability	\$ 958,461	\$ 806,448	\$ 686,447

**City of Lancaster, Texas**  
**Notes to Basic Financial Statements**  
**September 30, 2024**

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

For the year ended September 30, 2024, the City and its component units recognized OPEB expense of \$26,199. At September 30, 2024, the City and its component units reported deferred outflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference between expected and actual experience	\$ -	\$ 40,626
Changes of assumptions	<u>93,013</u>	<u>235,173</u>
<b>Total</b>	<b><u>\$ 93,013</u></b>	<b><u>\$ 275,799</u></b>

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

<b>Year Ending September 30</b>	<b>Amortization of Deferred Outflows/(Inflows) of Resources</b>
2025	\$ (37,547)
2026	(56,449)
2027	(66,232)
2028	(24,461)
2029	<u>1,903</u>
Total	<b><u>\$ (182,786)</u></b>

**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.

## **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, 2024, was \$7,374,532 for the Ten Mile Creek Regional Wastewater System and \$157,372, 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, 2024.

### ***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, 2024, 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.

**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, 2024, is \$3,160,865

The City also uses Sales Tax Incentive Programs to spur additional economic development. For the year ended September 30, 2024, sales tax rebates paid out of LEDC was \$742,145.

**Note 15. Subsequent Events**

On October 24, 2024, the City of Lancaster issued Combination Tax and Revenue Certificates of Obligation, Series 2024 worth \$15,740,000. Proceeds from the sale of the Certificates will be used to finance: (i) the construction of a fire station; (ii) purchase of a fire station (iii) repair and improvement of the public safety administrative building and fire stations throughout the City; (iv) design and construction of roadway improvements to various streets and roads throughout the City; and (v) professional services rendered in connection with the above listed projects. The Certificates were issued at an interest rate of 5.00%.

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## **Required Supplementary Information**

**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
<b>Total Pension Liability</b>				
Service cost	\$ 1,754,296	\$ 2,193,202	\$ 2,335,235	\$ 2,469,383
Interest (on the Total Pension Liability)	4,600,938	4,801,518	4,963,011	5,149,906
Change in benefit terms	-	-	-	-
Difference between expected and actual experience	(470,634)	190,955	(1,104,406)	312,809
Change in assumptions	-	961,057	-	-
Benefit payments, including refunds of employee contributions	(3,082,997)	(3,394,263)	(3,175,270)	(3,808,922)
<b>Net Change in Total OPEB Liability</b>	2,801,603	4,752,469	3,018,570	4,123,176
<b>Total Pension Liability (Beginning)</b>	66,392,037	69,193,640	73,946,109	76,964,679
<b>Total Pension Liability (Ending)</b>	<u>\$ 69,193,640</u>	<u>\$ 73,946,109</u>	<u>\$ 76,964,679</u>	<u>\$ 81,087,855</u>
<b>Plan Fiduciary Net Position</b>				
Contributions – employer	\$ 1,950,250	\$ 2,038,833	\$ 1,994,083	\$ 2,199,587
Contributions – employee	943,452	1,019,417	1,049,207	1,110,905
Net investment income	3,212,784	87,279	3,975,648	8,679,960
Benefit payments, including refunds of employee contributions	(3,082,997)	(3,394,263)	(3,175,270)	(3,808,922)
Administrative expense	(33,545)	(53,164)	(44,915)	(44,995)
Other	(2,758)	(2,625)	(2,420)	(2,281)
<b>Net Change in Plan Fiduciary Net Position</b>	2,987,186	(304,523)	3,796,333	8,134,254
<b>Plan Fiduciary Net Position (Beginning)</b>	56,164,588	59,151,774	58,847,251	62,643,584
<b>Plan Fiduciary Net Position (Ending) (b)</b>	<u>\$ 59,151,774</u>	<u>\$ 58,847,251</u>	<u>\$ 62,643,584</u>	<u>\$ 70,777,838</u>
<b>City and component units net pension liability - Ending (a) - (b)</b>	<u>\$ 10,041,866</u>	<u>\$ 15,098,858</u>	<u>\$ 14,321,095</u>	<u>\$ 10,310,017</u>
Plan fiduciary net position as a percentage of the total pension liability	85.49%	79.58%	81.39%	87.29%
Covered payroll	\$ 13,477,886	\$ 14,563,096	\$ 14,988,669	\$ 15,870,071
City and component units net pension liability as a percentage of covered payroll	74.51%	103.68%	95.55%	64.97%

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.

		Measurement Year					
	2018	2019	2020	2021	2022	2023	
\$	2,640,859	\$ 2,815,735	\$ 2,870,095	\$ 2,976,346	\$ 3,357,167	\$ 3,640,217	
	5,442,872	5,772,620	6,130,458	6,394,896	6,842,974	7,311,535	
	-	-	-	-	-	-	
	311,293	184,748	(1,122,347)	1,307,190	1,322,682	2,227,916	
	-	287,170	-	-	-	(669,553)	
	<u>(3,546,289)</u>	<u>(3,648,333)</u>	<u>(3,923,955)</u>	<u>(4,103,495)</u>	<u>(4,357,818)</u>	<u>(5,087,581)</u>	
	4,848,735	5,411,940	3,954,251	6,574,937	7,165,005	7,422,534	
	<u>81,087,855</u>	<u>85,936,590</u>	<u>91,348,530</u>	<u>95,302,781</u>	<u>101,877,718</u>	<u>109,042,723</u>	
\$	<u>85,936,590</u>	<u>\$ 91,348,530</u>	<u>\$ 95,302,781</u>	<u>\$ 101,877,718</u>	<u>\$ 109,042,723</u>	<u>\$ 116,465,257</u>	
\$	2,288,860	\$ 2,416,349	\$ 2,441,668	\$ 2,643,238	\$ 2,831,143	\$ 3,129,670	
	1,190,342	1,263,214	1,270,757	1,331,273	1,496,826	1,602,611	
	(2,119,471)	10,594,869	6,004,800	11,063,066	(6,988,491)	10,269,950	
	(3,546,289)	(3,648,333)	(3,923,955)	(4,103,495)	(4,357,818)	(5,087,581)	
	(40,975)	(59,880)	(38,858)	(51,190)	(60,481)	(65,341)	
	<u>(2,140)</u>	<u>(1,799)</u>	<u>(1,516)</u>	<u>351</u>	<u>72,172</u>	<u>(457)</u>	
	<u>(2,229,673)</u>	<u>10,564,420</u>	<u>5,752,896</u>	<u>10,883,243</u>	<u>(7,006,649)</u>	<u>9,848,852</u>	
	<u>70,777,838</u>	<u>68,548,165</u>	<u>79,112,585</u>	<u>84,865,481</u>	<u>95,748,723</u>	<u>88,742,074</u>	
\$	<u>68,548,165</u>	<u>\$ 79,112,585</u>	<u>\$ 84,865,481</u>	<u>\$ 95,748,724</u>	<u>\$ 88,742,074</u>	<u>\$ 98,590,926</u>	
\$	<u>17,388,425</u>	<u>\$ 12,235,945</u>	<u>\$ 10,437,300</u>	<u>\$ 6,128,994</u>	<u>\$ 20,300,649</u>	<u>\$ 17,874,331</u>	
	79.77%	86.61%	89.05%	93.98%	81.38%	84.65%	
\$	17,004,884	\$ 18,038,022	\$ 18,153,669	\$ 19,018,182	\$ 21,383,231	\$ 22,894,444	
	102.26%	67.83%	57.49%	32.23%	94.94%	78.07%	

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

	Fiscal Year			
	2015	2016	2017	2018
Actuarially Determined Contribution	\$ 2,012,259	\$ 2,002,110	\$ 2,134,819	\$ 2,285,017
Contributions in relation to the actuarially determined contribution	<u>2,012,259</u>	<u>2,002,110</u>	<u>2,134,819</u>	<u>2,285,017</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 14,156,179	\$ 14,839,693	\$ 15,572,564	\$ 16,678,121
Contributions as a percentage of covered payroll	14.21%	13.49%	13.71%	13.70%

**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	22 years
Asset Valuation Method	10 Year smoothed market; 12% soft corridor
Inflation	2.50%
Salary Increases	3.60% to 11.85%, including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that vary by age. Last updated for the 2023 valuation pursuant to an experience study of the period ending 2022.
Mortality	Post retirement: 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with Scale MP-2021. Pre-retirement: PUB(10) mortality rates, with the 110% of the Public Safety table used for males and the General Employee table used for females. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence).

**Other Information:**

Notes There were no benefit changes during the year

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<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>
\$ 2,441,322	\$ 2,451,002	\$ 2,467,021	\$ 2,675,859	\$ 2,869,775	\$ 3,447,080
<u>2,441,322</u>	<u>2,451,002</u>	<u>2,467,021</u>	<u>2,675,859</u>	<u>2,869,775</u>	<u>3,447,080</u>
<u>\$ -</u>					
\$ 18,031,676	\$ 18,060,708	\$ 18,490,118	\$ 21,593,406	\$ 22,484,075	\$ 24,190,035
13.54%	13.57%	13.34%	12.39%	12.76%	14.25%

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

	<b>Primary Government</b>			
	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
Proportionate share of net pension liability	94.63%	94.61%	94.62%	94.63%
Net pension liability	\$ 9,502,407	\$ 14,285,030	\$ 13,550,087	\$ 9,756,009
Actuarially determined contribution	\$ 1,904,158	\$ 1,894,295	\$ 1,894,396	\$ 2,162,232
Covered payroll	\$ 13,395,694	\$ 14,040,821	\$ 14,041,573	\$ 15,781,923
Proportionate share of net pension liability as a percentage of covered payroll	70.94%	101.74%	96.50%	61.82%
	<b>Lancaster Economic Development Corporation</b>			
	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
Proportionate share of net pension liability	0.95%	0.93%	0.93%	0.95%
Net pension liability	\$ 95,378	\$ 140,419	\$ 133,994	\$ 97,894
Actuarially determined contribution	\$ 19,113	\$ 18,696	\$ 18,620	\$ 21,696
Covered payroll	\$ 134,456	\$ 138,576	\$ 138,012	\$ 158,359
Proportionate share of net pension liability as a percentage of covered payroll	70.94%	101.33%	97.09%	61.82%
	<b>Lancaster Recreational Development Corporation</b>			
	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
Proportionate share of net pension liability	4.42%	4.45%	4.45%	4.42%
Net pension liability	\$ 444,082	\$ 671,899	\$ 637,014	\$ 456,114
Actuarially determined contribution	\$ 88,988	\$ 89,119	\$ 89,094	\$ 101,089
Covered payroll	\$ 626,029	\$ 660,566	\$ 660,378	\$ 737,838
Proportionate share of net pension liability as a percentage of covered payroll	70.94%	101.72%	96.46%	61.82%

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2019	2020	2021	2022	2023	2024
94.61%	94.62%	94.62%	94.59%	94.61%	94.59%
\$ 16,451,475	\$ 11,577,744	\$ 9,876,406	\$ 5,801,180	\$ 19,206,148	\$ 16,911,094
\$ 2,309,775	\$ 2,319,138	\$ 2,334,295	\$ 2,531,095	\$ 2,715,094	\$ 3,260,593
\$ 17,060,067	\$ 17,067,576	\$ 17,177,002	\$ 17,989,298	\$ 20,230,675	\$ 21,655,855
96.43%	67.83%	57.50%	32.25%	94.94%	78.09%

2019	2020	2021	2022	2023	2024
0.93%	0.94%	0.95%	0.90%	0.93%	0.90%
\$ 161,599	\$ 115,227	\$ 99,040	\$ 60,265	\$ 187,810	\$ 165,973
\$ 22,688	\$ 23,039	\$ 23,410	\$ 24,083	\$ 26,550	\$ 31,024
\$ 167,577	\$ 169,557	\$ 172,261	\$ 171,164	\$ 197,825	\$ 206,050
96.43%	67.96%	57.49%	35.21%	94.94%	80.55%

2019	2020	2021	2022	2023	2024
4.46%	4.44%	4.43%	4.51%	4.47%	4.51%
\$ 775,350	\$ 542,973	\$ 461,854	\$ 267,549	\$ 906,691	\$ 797,264
\$ 108,859	\$ 108,824	\$ 109,167	\$ 120,681	\$ 128,173	\$ 155,463
\$ 804,033	\$ 800,888	\$ 803,306	\$ 857,720	\$ 955,043	\$ 1,032,539
96.43%	67.80%	57.49%	31.19%	94.94%	77.21%

**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)**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
<b>Total OPEB Liability</b>							
Service cost	\$ 74,213	\$ 125,204	\$ 89,062	\$ 78,688	\$ 64,079	\$ 65,663	\$ 51,667
Interest on the total OPEB liability	37,412	26,075	28,451	37,706	44,457	39,252	41,389
Changes of benefit terms	-	-	-	-	-	-	-
Difference between expected and actual experience	7,365	(212,982)	1,021	(124,895)	12,409	(16,374)	1,641
Changes of assumptions	(35,777)	(359,346)	(97,296)	102,810	112,094	2,136	57,658
Benefit payments	<u>(47,391)</u>	<u>(46,241)</u>	<u>(43,215)</u>	<u>(52,976)</u>	<u>(82,029)</u>	<u>(72,858)</u>	<u>40,219</u>
<b>Net Change in Total OPEB Liability</b>	35,822	(467,290)	(21,977)	41,333	151,010	17,819	192,574
<b>Total OPEB liability - beginning</b>	<u>910,347</u>	<u>1,377,637</u>	<u>1,399,614</u>	<u>1,358,281</u>	<u>1,207,271</u>	<u>1,189,452</u>	<u>1,080,598</u>
<b>Total OPEB liability - ending</b>	<u><u>946,169</u></u>	<u><u>910,347</u></u>	<u><u>1,377,637</u></u>	<u><u>1,399,614</u></u>	<u><u>1,358,281</u></u>	<u><u>1,207,271</u></u>	<u><u>1,273,172</u></u>
<b>Covered-employee payroll</b>	\$ 22,894,634	\$ 21,281,494	\$ 19,018,182	\$ 18,150,111	\$ 17,580,142	\$ 17,005,491	\$ 15,871,627
<b>Total OPEB liability as a percentage of covered-employee payroll</b>	4.13%	4.28%	7.24%	7.71%	7.73%	7.10%	7.49%

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%, 2023 - 3.77%. Additionally, the demographic and salary increase assumptions were updated to reflect the 2023 TMRS Experience Study.

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).

No assets are accumulated in a trust that meets the criteria of paragraph four of GASB 75, therefore the plan is not accounted for as a trust fund.

**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)**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
<b>Total OPEB Liability</b>							
Service cost	\$ 29,763	\$ 57,735	\$ 51,349	\$ 39,938	\$ 27,057	\$ 27,208	\$ 22,218
Interest on the total OPEB liability	30,153	20,155	20,494	23,779	26,296	24,222	23,780
Difference between expected and actual experience	(9,586)	(19,533)	(19,014)	(33,785)	(39,707)	(16,454)	-
Changes of assumptions	37,934	(373,107)	33,936	135,647	141,242	(52,661)	59,920
Benefit payments	<u>(22,894)</u>	<u>(21,383)</u>	<u>(17,116)</u>	<u>(5,446)</u>	<u>(5,411)</u>	<u>(5,101)</u>	<u>(6,348)</u>
<b>Net Change in Total OPEB Liability</b>	65,370	(336,133)	69,649	160,133	149,477	(22,786)	99,570
<b>Total OPEB liability - beginning</b>	<u>741,078</u>	<u>1,077,211</u>	<u>1,007,562</u>	<u>847,429</u>	<u>697,952</u>	<u>720,738</u>	<u>621,168</u>
<b>Total OPEB liability - ending</b>	<u><u>806,448</u></u>	<u><u>741,078</u></u>	<u><u>1,077,211</u></u>	<u><u>1,007,562</u></u>	<u><u>847,429</u></u>	<u><u>697,952</u></u>	<u><u>720,738</u></u>
<b>Covered-employee payroll</b>	\$ 22,894,444	\$ 21,383,231	\$ 19,018,182	\$ 18,153,669	\$ 18,038,022	\$ 17,005,491	\$ 15,870,071
<b>Total OPEB liability as a percentage of covered-employee payroll</b>	3.52%	3.47%	5.66%	5.55%	4.70%	4.10%	4.54%

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%, 2023 - 3.77%

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).

No assets are accumulated in a trust that meets the criteria of paragraph four of GASB 75, therefore the plan is not accounted for as a trust fund.

**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, 2024**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>GAAP</u>	<u>Final Budget</u>
			<u>Amounts</u>	<u>Positive</u>
				<u>(Negative)</u>
<b>Revenues</b>				
Taxes and fees	\$ 35,670,856	\$ 35,670,856	\$ 41,319,549	\$ 5,648,693
Licenses and permits	1,143,850	1,143,850	1,748,310	604,460
Intergovernmental	-	-	530,147	530,147
Charges for services	1,447,500	1,447,500	1,677,972	230,472
Fines and forfeits	647,150	647,150	1,438,500	791,350
Interest	234,808	234,808	2,262,101	2,027,293
Miscellaneous	54,000	54,000	679,540	625,540
Total revenues	<u>39,198,164</u>	<u>39,198,164</u>	<u>49,656,119</u>	<u>10,457,955</u>
<b>Expenditures</b>				
Current				
General government	8,026,784	8,026,784	11,643,907	(3,617,123)
Public safety	23,902,963	23,902,963	24,737,727	(834,764)
Public works	1,701,352	1,701,352	3,941,948	(2,240,596)
Community development and recreation	3,487,815	3,487,815	2,483,988	1,003,827
Capital outlay	4,529,588	4,529,588	3,423,588	1,106,000
Debt service				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	<u>41,648,502</u>	<u>41,648,502</u>	<u>46,231,158</u>	<u>(4,582,656)</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>(2,450,338)</u>	<u>(2,450,338)</u>	<u>3,424,961</u>	<u>5,875,299</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	2,803,302	2,803,302	2,111,582	691,720
Transfers out	-	-	(325,378)	(325,378)
Total other financing sources (uses)	<u>2,803,302</u>	<u>2,803,302</u>	<u>1,786,204</u>	<u>691,720</u>
<b>Net Change in Fund Balances</b>	<u>352,964</u>	<u>352,964</u>	<u>5,211,165</u>	<u>6,567,019</u>
<b>Fund Balances, Beginning of Year</b>	<u>38,270,861</u>	<u>38,270,861</u>	<u>38,270,861</u>	<u>-</u>
<b>Fund Balances, End of Year</b>	<u>\$ 38,623,825</u>	<u>\$ 38,623,825</u>	<u>\$ 43,482,026</u>	<u>\$ 6,567,019</u>

### ***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.

### ***Excess of Expenditures Over Appropriations***

For the year ended September 30, 2024, expenditures exceeded appropriations in the General Fund by \$4,582,656. The overage was covered by excess revenue or available fund balance.

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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, 2024**

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***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.

**New Equipment Fund** – to account for the revenues received from property tax that are intended to be used to prepare the City for long-term needs equipment replacement.

**City of Lancaster, Texas**  
**Combining Balance Sheet**  
**Governmental Funds - Nonmajor**  
**September 30, 2024**

	<b>Special Revenue Funds</b>			
	<b>Stormwater Drainage Fund</b>	<b>Public Improvement Districts Fund</b>	<b>Police State Seized Fund</b>	<b>Police Federal Seized Fund</b>
<b>Assets</b>				
Cash and cash equivalents	\$ 5,309,800	\$ 3,285,656	\$ 38,625	\$ 284,017
Receivables (net of allowance for uncollectibles)				
Delinquent taxes	-	9,490	-	-
Accounts receivable	307,672	-	-	-
Total assets	<u>\$ 5,617,472</u>	<u>\$ 3,295,146</u>	<u>\$ 38,625</u>	<u>\$ 284,017</u>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>				
<b>Liabilities</b>				
Accounts and contracts payable	\$ 184,082	\$ 14,784	\$ -	\$ 46
Accrued liabilities	135,999	-	19,240	-
Due to other funds	-	-	-	-
Total liabilities	<u>320,081</u>	<u>14,784</u>	<u>19,240</u>	<u>46</u>
<b>Deferred Inflows of Resources</b>				
Unavailable revenue	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund Balances</b>				
Restricted for				
Capital projects	-	-	-	-
Public works	5,297,391	-	-	-
Public improvement districts	-	3,280,362	-	-
Police grants	-	-	19,385	283,971
Tourism, convention centers, arts	-	-	-	-
Law enforcement purposes	-	-	-	-
Parkland dedication	-	-	-	-
Total fund balances	<u>5,297,391</u>	<u>3,280,362</u>	<u>19,385</u>	<u>283,971</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 5,617,472</u>	<u>\$ 3,295,146</u>	<u>\$ 38,625</u>	<u>\$ 284,017</u>

Special Revenue Funds			Capital Projects			Total Nonmajor Governmental Fund
Hotel/Motel Fund	Emergency 911 Fund	Parkland Dedication Fund	Street Maintenance Fund	New Equipment Fund		
\$ 2,247,658	\$ 1,431,443	\$ 553,178	\$ 1,526,657	\$ 232,160	\$ 14,909,194	
-	-	-	25,382	-	34,872	
278,413	48,780	-	-	-	634,865	
<u>\$ 2,526,071</u>	<u>\$ 1,480,223</u>	<u>\$ 553,178</u>	<u>\$ 1,552,039</u>	<u>\$ 232,160</u>	<u>\$ 15,578,931</u>	
\$ 1,050	\$ 1,588	\$ -	\$ -	\$ -	\$ 201,550	
211	805	-	-	-	156,255	
-	-	-	252,660	-	252,660	
1,261	2,393	-	252,660	-	610,465	
250,000	-	-	-	-	250,000	
250,000	-	-	-	-	250,000	
-	-	-	-	232,160	232,160	
-	-	-	1,299,379	-	6,596,770	
-	-	-	-	-	3,280,362	
-	-	-	-	-	303,356	
2,274,810	-	-	-	-	2,274,810	
-	1,477,830	-	-	-	1,477,830	
-	-	553,178	-	-	553,178	
2,274,810	1,477,830	553,178	1,299,379	232,160	14,718,466	
<u>\$ 2,526,071</u>	<u>\$ 1,480,223</u>	<u>\$ 553,178</u>	<u>\$ 1,552,039</u>	<u>\$ 232,160</u>	<u>\$ 15,578,931</u>	

**City of Lancaster, Texas**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds - Nonmajor**  
**For the Year Ended September 30, 2024**

	<b>Special Revenue Funds</b>			
	<b>Stormwater Drainage Fund</b>	<b>Public Improvement Districts Fund</b>	<b>Police State Seized Fund</b>	<b>Police Federal Seized Fund</b>
<b>Revenues</b>				
Taxes and fees	\$ 2,193,564	\$ 1,196,576	\$ -	\$ -
Licenses and permits	-	-	-	-
Fines and forfeits	-	-	15,161	131,180
Interest	229,714	146,332	2,871	9,296
Miscellaneous	-	-	-	-
Total revenues	<u>2,423,278</u>	<u>1,342,908</u>	<u>18,032</u>	<u>140,476</u>
<b>Expenditures</b>				
Current				
Public safety	-	-	6,411	70,915
Public works	1,937,192	-	-	-
Community development and recreation	-	432,495	-	-
Capital outlay	91,769	16,207	-	-
Debt service				
Principal retirement	35,000	-	-	-
Interest and fiscal charges	7,013	-	-	-
Total expenditures	<u>2,070,974</u>	<u>448,702</u>	<u>6,411</u>	<u>70,915</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>352,304</u>	<u>894,206</u>	<u>11,621</u>	<u>69,561</u>
<b>Other Financing Sources (Uses)</b>				
Transfers out	<u>(63,438)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>(63,438)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net Change in Fund Balances</b>	288,866	894,206	11,621	69,561
<b>Fund Balances (Deficit), Beginning of Year</b>	<u>5,008,525</u>	<u>2,386,156</u>	<u>7,764</u>	<u>214,410</u>
<b>Fund Balances, End of Year</b>	<u>\$ 5,297,391</u>	<u>\$ 3,280,362</u>	<u>\$ 19,385</u>	<u>\$ 283,971</u>

Special Revenue Funds			Capital Projects Funds		Total Nonmajor Governmental Fund
Hotel/Motel Fund	Emergency 911 Fund	Parkland Dedication Fund	Street Maintenance Fund	New Equipment Fund	
\$ 370,823	\$ -	\$ -	\$ 1,354,589	\$ 133,109	\$ 5,248,661
-	375,706	-	-	-	375,706
-	-	-	-	-	146,341
92,163	60,999	-	57,873	-	599,248
6,000	-	-	-	99,051	105,051
468,986	436,705	-	1,412,462	232,160	6,475,007
-	325,721	-	-	-	403,047
-	-	-	-	-	1,937,192
80,542	-	-	-	-	513,037
-	16,000	-	-	-	123,976
-	-	-	-	-	35,000
-	-	-	-	-	7,013
80,542	341,721	-	-	-	3,019,265
388,444	94,984	-	1,412,462	232,160	3,455,742
(1,484)	-	-	-	-	(64,922)
(1,484)	-	-	-	-	(64,922)
386,960	94,984	-	1,412,462	232,160	3,390,820
1,887,850	1,382,846	553,178	(113,083)	-	11,327,646
<u>\$ 2,274,810</u>	<u>\$ 1,477,830</u>	<u>\$ 553,178</u>	<u>\$ 1,299,379</u>	<u>\$ 232,160</u>	<u>\$ 14,718,466</u>

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**City of Lancaster, Texas**  
**Non-major Enterprise Funds**  
**September 30, 2024**

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***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**  
**Nonmajor Enterprise Funds**  
**September 30, 2024**

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	<b>Refuse Fund</b>	<b>Total Non-major Enterprise Funds</b>
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 6,419,828	\$ 6,419,828
Receivables (net of allowance for uncollectibles)		
Accounts	278,619	278,619
Unbilled	132,360	132,360
	<u>6,830,807</u>	<u>6,830,807</u>
Total current assets		
	<u>6,830,807</u>	<u>6,830,807</u>
<b>Noncurrent assets</b>		
Capital assets		
Depreciable (net of accumulated depreciation)	190,624	190,624
	<u>190,624</u>	<u>190,624</u>
Total noncurrent assets		
	<u>190,624</u>	<u>190,624</u>
Total assets	<u>7,021,431</u>	<u>7,021,431</u>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable	617,285	617,285
Accrued liabilities	76,604	76,604
Compensated absences	87	87
	<u>693,976</u>	<u>693,976</u>
Total current liabilities		
	<u>693,976</u>	<u>693,976</u>
<b>Noncurrent liabilities</b>		
Compensated absences	785	785
	<u>785</u>	<u>785</u>
Total noncurrent liabilities		
	<u>785</u>	<u>785</u>
Total liabilities	<u>694,761</u>	<u>694,761</u>
<b>Net Position</b>		
Net investment in capital assets	190,624	190,624
Unrestricted	6,136,046	6,136,046
	<u>6,326,670</u>	<u>6,326,670</u>
Total net position	<u>\$ 6,326,670</u>	<u>\$ 6,326,670</u>

**City of Lancaster, Texas**  
**Combining Statement of Revenues, Expenses and Changes in Net Position**  
**Nonmajor Enterprise Funds**  
**For the Year Ended September 30, 2024**

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	<u>Refuse Fund</u>	<u>Total Non-major Enterprise Funds</u>
<b>Operating Revenues</b>		
Charges for services	\$ 2,954,781	\$ 2,954,781
Total operating revenues	<u>2,954,781</u>	<u>2,954,781</u>
<b>Operating Expenses</b>		
Special services	2,491,112	2,491,112
Equipment rental	9,766	9,766
Depreciation	<u>5,623</u>	<u>5,623</u>
Total operating expenses	<u>2,506,501</u>	<u>2,506,501</u>
<b>Operating Income</b>	<u>448,280</u>	<u>448,280</u>
<b>Nonoperating Revenues (Expenses)</b>		
Interest revenue	<u>215,743</u>	<u>215,743</u>
Total nonoperating revenues (expenses)	<u>215,743</u>	<u>215,743</u>
<b>Income Before Transfers</b>	<u>664,023</u>	<u>664,023</u>
Transfers out	(189,476)	(189,476)
<b>Change in Net Position</b>	474,547	474,547
<b>Net Position, Beginning of Year</b>	<u>5,852,123</u>	<u>5,852,123</u>
<b>Net Position, End of Year</b>	<u>\$ 6,326,670</u>	<u>\$ 6,326,670</u>

**City of Lancaster, Texas**  
**Combining Statement of Cash Flows**  
**Non-major Enterprise Funds**  
**For the Year Ended September 30, 2024**

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	<b>Refuse Fund</b>	<b>Total Non-major Enterprise Fund</b>
<b>Operating Activities</b>		
Receipts from customers and users	\$ 2,889,376	\$ 2,889,376
Payments to suppliers	<u>(2,473,655)</u>	<u>(2,473,655)</u>
Net cash provided by operating activities	<u>415,721</u>	<u>415,721</u>
<b>Noncapital and Related Financing Activities</b>		
Transfers out	<u>(189,476)</u>	<u>(189,476)</u>
Net cash used in noncapital financing activities	<u>(189,476)</u>	<u>(189,476)</u>
<b>Investing Activities</b>		
Interest on investments	<u>215,743</u>	<u>215,743</u>
Net cash provided by investing activities	<u>215,743</u>	<u>215,743</u>
<b>Increase in Cash and Cash Equivalents</b>	441,988	441,988
<b>Cash and Cash Equivalents, Beginning of Year</b>	<u>5,977,840</u>	<u>5,977,840</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u><u>\$ 6,419,828</u></u>	<u><u>\$ 6,419,828</u></u>
<b>Reconciliation of Net Operating Income to Net Cash Provided by Operating Activities</b>		
Operating income	\$ 448,280	\$ 448,280
Item not requiring cash		
Depreciation	5,623	5,623
Changes in		
Accounts receivable	(90,816)	(90,816)
Accounts payable	38,592	38,592
Accrued expenses	<u>14,042</u>	<u>14,042</u>
Net cash provided by operating activities	<u><u>\$ 415,721</u></u>	<u><u>\$ 415,721</u></u>

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**City of Lancaster, Texas**  
**Discretely Presented Component Units**  
**September 30, 2024**

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**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, 2024**

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**Assets**

Cash and cash equivalents	\$ 11,388,937
Sales tax receivable	472,325
Due from primary government	<u>615,988</u>

Total assets 12,477,250

**Liabilities**

Accounts payable	<u>268,201</u>
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Total liabilities 268,201

**Fund Balances**

Unassigned	<u>12,209,049</u>
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Total fund balances 12,209,049

Total Liabilities and Fund Balance \$ 12,477,250

**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, 2024**

---

<b>Total Fund Balance</b>	\$ 12,209,049
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.	384,630
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.	(888,499)
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	62,950
Deferred outflows of resources – OPEB	2,528
Deferred inflows of resources – Pension	(4,023)
Deferred inflows of resources – OPEB	<u>(8,739)</u>
<b>Total Net Position</b>	<u><u>\$ 11,753,831</u></u>

**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, 2024**

---

<b>Revenues</b>	
Sales taxes	\$ 2,898,332
Interest	470,467
Miscellaneous	<u>882</u>
Total revenues	<u>3,369,681</u>
<b>Expenditures</b>	
Cultural and recreation	1,505,571
Debt service	
Repayment of note payable to primary government	175,000
Repayment of interest to primary government	<u>31,792</u>
Total expenditures	<u>1,712,363</u>
<b>Net Change in Fund Balance</b>	1,657,318
<b>Fund Balance, Beginning of Year</b>	<u>10,551,731</u>
<b>Fund Balance, End of Year</b>	<u><u>\$ 12,209,049</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, 2024**

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**Net Change in Fund Balance** \$ 1,657,318

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. (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. (4,689)

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. 175,000

**Change in Net Position** \$ 1,820,149

**City of Lancaster, Texas**  
**Balance Sheet**  
**Recreational Development Corporation**  
**Discretely Presented Component Units**  
**September 30, 2024**

---

**Assets**

Cash and cash equivalents	\$ 8,540,465
Sales tax receivable	933,233
Accounts receivable	43,910
Prepaid expenses	<u>15,707</u>
Total assets	<u>9,533,315</u>

**Liabilities**

Accounts payable	96,815
Accrued liabilities	69,336
Due to primary government	<u>1,631,436</u>
Total liabilities	<u>1,797,587</u>

**Fund Balance**

Nonspendable for prepaid items	15,707
Unassigned	<u>7,720,021</u>
Total fund balances	<u>7,735,728</u>
Total liabilities and fund balance	<u><u>\$ 9,533,315</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, 2024**

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Total fund balance	\$ 7,735,728
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.	7,964,739
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.	(1,564,895)
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	310,800
Deferred outflows of resources – OPEB	12,659
Deferred inflows of resources – Pension	(20,165)
Deferred inflows of resources – OPEB	<u>(43,696)</u>
Total net position	<u>\$ 14,393,860</u>

**City of Lancaster, Texas**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Recreational Development Corporation**  
**Discretely Presented Component Units**  
**For the Year Ended September 30, 2024**

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<b>Revenues</b>	
Sales taxes	\$ 5,796,665
Charges for services	441,434
Other revenues	28,764
Interest	<u>319,241</u>
Total revenues	<u>6,586,104</u>
<b>Expenditures</b>	
Cultural and recreation	2,573,834
Capital outlay	23,953
Debt service	
Repayment of note payable to primary government	895,000
Repayment of interest to primary government	<u>10,471</u>
Total expenditures	<u>3,503,258</u>
<b>Net Change in Fund Balance</b>	3,082,846
<b>Fund Balance, Beginning of Year</b>	<u>4,652,882</u>
<b>Fund Balance, End of Year</b>	<u><u>\$ 7,735,728</u></u>

**City of Lancaster, Texas**  
**Reconciliation of the Statement of Revenues, Expenditures, and Changes in**  
**Fund Balances of Governmental Funds to the Statement of Activities**  
**For the Year Ended September 30, 2024**

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<b>Net Change in Fund Balance</b>	\$	3,082,846
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.		23,953
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.		(569,881)
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.		(45,048)
Current year principal payments of long-term liabilities are shown as expenditures in the fund financial statements, but shown as reductions in long-term liabilities in the government-wide financial statements.		<u>895,000</u>
<b>Change in Net Position</b>	<b>\$</b>	<b><u>3,386,870</u></b>

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

Entity-wide information:

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

Governmental funds information:

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

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

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

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

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

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

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

**Table****Contents**

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

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

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

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

	Fiscal Year			
	2015	2016	2017	2018
<b>Governmental Activities</b>				
Net investment in capital assets	\$ 43,186,713	\$ 41,406,070	\$ 47,966,710	\$ 37,985,322
Restricted for				
Court security	25,509	29,106	38,013	45,457
Court technology	77,596	82,633	97,869	109,564
Capital projects	-	-	-	-
Debt service	602,627	808,824	1,749,893	1,949,459
Public works	-	-	-	-
Public improvement districts	443,707	613,074	829,346	839,635
Police grants	-	-	-	-
Tourism, convention centers, and arts	535,168	621,137	717,922	826,544
Law enforcement purposes	619,198	834,271	1,009,536	1,138,971
Parkland dedication	-	-	-	-
Unrestricted	1,745,271	2,596,403	(5,878,003)	7,779,240
Total governmental activities net position	<u>\$ 47,235,789</u>	<u>\$ 46,991,518</u>	<u>\$ 46,531,286</u>	<u>\$ 50,674,192</u>
<b>Business-type Activities</b>				
Net investment in capital assets	\$ 33,117,792	\$ 42,684,653	\$ 43,805,254	\$ 40,005,241
Unrestricted	24,342,877	23,659,170	26,965,817	32,720,848
Total business-type activities net position	<u>\$ 57,460,669</u>	<u>\$ 66,343,823</u>	<u>\$ 70,771,071</u>	<u>\$ 72,726,089</u>
<b>Primary Government</b>				
Net investment in capital assets	\$ 76,304,505	\$ 84,090,723	\$ 91,771,964	\$ 77,990,563
Restricted for				
Court security	25,509	29,106	38,013	45,457
Court technology	77,596	82,633	97,869	109,564
Capital projects	-	-	-	-
Public works	-	-	-	-
Public improvement districts	443,707	613,074	829,346	839,635
Police grants	-	-	-	-
Tourism, convention centers, and arts	535,168	621,137	717,922	826,544
Law enforcement purposes	619,198	834,271	1,009,536	1,138,971
Debt service	602,627	808,824	1,749,893	1,949,459
Parkland dedication	-	-	-	-
Unrestricted	26,088,148	26,255,573	21,087,814	40,500,088
Total primary governmental net position	<u>\$ 104,696,458</u>	<u>\$ 113,335,341</u>	<u>\$ 117,302,357</u>	<u>\$ 123,400,281</u>

**Source:** Annual Comprehensive Financial Report

Fiscal Year						
2019	2020	2021	2022	2023	2024	
\$ 33,701,881	\$ 37,281,365	\$ 40,362,558	\$ 37,622,318	\$ 46,233,030	\$ 59,214,187	
55,458	70,498	84,640	78,707	84,318	10,524	
108,981	131,656	118,312	118,358	115,016	10,279	
-	-	-	9,901,782	9,945,624	2,878,992	
3,245,575	5,297,018	7,178,670	8,406,453	11,690,613	12,899,603	
-	-	-	4,788,022	5,008,525	6,596,770	
1,095,705	1,379,979	1,681,744	1,801,880	2,386,156	3,280,362	
-	-	-	136,877	222,174	303,356	
981,652	1,216,936	1,457,365	1,772,053	1,887,850	2,274,810	
1,176,713	1,383,977	1,279,573	1,445,199	1,382,846	1,477,830	
-	-	-	553,178	553,178	553,178	
14,184,301	14,630,657	22,555,399	22,655,727	28,419,865	33,200,849	
<u>\$ 54,550,266</u>	<u>\$ 61,392,086</u>	<u>\$ 74,718,261</u>	<u>\$ 89,280,554</u>	<u>\$ 107,929,195</u>	<u>\$ 122,700,740</u>	
\$ 41,354,370	\$ 42,523,889	\$ 42,577,357	\$ 42,158,125	\$ 42,983,872	\$ 44,079,563	
34,682,576	36,379,569	38,755,582	43,226,929	49,693,008	58,720,347	
<u>\$ 76,036,946</u>	<u>\$ 78,903,458</u>	<u>\$ 81,332,939</u>	<u>\$ 85,385,054</u>	<u>\$ 92,676,880</u>	<u>\$ 102,799,910</u>	
\$ 75,056,251	\$ 79,805,254	\$ 82,939,915	\$ 79,780,443	\$ 89,216,902	\$ 103,293,750	
55,458	70,498	84,640	78,707	84,318	10,524	
108,981	131,656	118,312	118,358	115,016	10,279	
-	-	-	9,901,782	9,945,624	2,878,992	
-	-	-	4,788,022	5,008,525	12,899,603	
1,095,705	1,379,979	1,681,744	1,801,880	2,386,156	6,596,770	
-	-	-	136,877	222,174	3,280,362	
981,652	1,216,936	1,457,365	1,772,053	1,887,850	303,356	
1,176,713	1,383,977	1,279,573	1,445,199	1,382,846	2,274,810	
3,245,575	5,297,018	7,178,670	8,406,453	11,690,613	1,477,830	
-	-	-	553,178	553,178	553,178	
48,866,877	51,010,226	61,310,981	65,882,656	78,112,873	91,921,196	
<u>\$ 130,587,212</u>	<u>\$ 140,295,544</u>	<u>\$ 156,051,200</u>	<u>\$ 174,665,608</u>	<u>\$ 200,606,075</u>	<u>\$ 225,500,650</u>	

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

	Fiscal Year			
	2015	2016	2017	2018
<b>Expenses</b>				
Governmental Activities				
General Government	\$ 3,891,404	\$ 7,337,257	\$ 7,327,188	\$ 6,540,944
Public safety	16,540,660	18,522,908	18,869,618	20,671,196
Public works	5,987,362	3,651,258	3,869,238	3,441,079
Community development and recreation	1,225,730	1,366,830	1,829,003	2,214,694
Interest and fiscal charges	3,379,380	3,200,431	2,935,851	4,304,629
Total governmental activities expenses	<u>31,024,536</u>	<u>34,078,684</u>	<u>34,830,898</u>	<u>37,172,542</u>
Business-type Activities				
Water and sewer	12,185,162	12,960,201	12,635,280	14,113,248
Refuse	2,134,898	1,470,074	1,531,088	1,505,851
Airport	909,428	724,101	842,480	747,317
Golf Course	82,234	79,667	116,867	1,038,286
Total business-type activities expenses	<u>15,311,722</u>	<u>15,234,043</u>	<u>15,125,715</u>	<u>17,404,702</u>
Total primary government expenses	<u>\$ 46,336,258</u>	<u>\$ 49,312,727</u>	<u>\$ 49,956,613</u>	<u>\$ 54,577,244</u>
<b>Program Revenues</b>				
Governmental activities				
Charges for services				
General government	\$ -	\$ -	\$ -	\$ -
Public safety	1,436,765	2,303,526	1,563,791	1,910,595
Public works	1,838,598	3,346,266	2,931,542	2,892,010
Community development and recreation	1,351,379	-	-	-
Operating grants and contributions	-	894,947	748,338	2,184,968
Capital grants and contributions	-	-	-	-
Total governmental activities program revenues	<u>\$ 4,626,742</u>	<u>\$ 6,544,739</u>	<u>\$ 5,243,671</u>	<u>\$ 6,987,573</u>

Fiscal Year					
2019	2020	2021	2022	2023	2024
\$ 7,542,414	\$ 8,618,415	\$ 6,205,691	\$ 10,674,597	\$ 9,485,015	\$ 13,460,900
22,445,886	21,474,236	22,602,069	23,875,475	27,130,065	28,665,700
3,512,367	3,735,538	5,034,667	4,580,441	5,507,307	6,296,008
2,461,161	2,795,968	2,625,974	2,579,686	3,225,052	3,248,748
2,928,389	2,794,842	2,331,002	1,969,847	1,746,748	2,712,975
<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>	<u>54,384,331</u>
14,151,252	14,573,772	15,673,559	17,309,616	17,956,938	20,244,327
1,570,873	1,891,782	1,702,400	1,632,505	2,752,590	2,506,501
760,573	780,611	891,042	1,135,709	999,604	1,049,400
1,093,145	951,759	1,033,880	1,272,822	1,296,562	1,425,985
<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>	<u>25,226,213</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>	<u>\$ 79,610,544</u>
\$ 1,783,188	\$ 1,919,690	\$ 1,902,060	\$ 1,944,669	\$ 2,029,171	\$ 2,223,681
1,322,261	1,473,204	2,781,229	1,964,050	1,797,442	1,821,506
3,508,030	1,753,034	5,060,021	6,143,274	4,680,968	3,735,396
-	-	-	-	-	5,545
1,273,543	4,496,757	2,546,121	2,272,438	1,604,960	1,549,733
236,500	-	-	-	-	99,051
<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>	<u>\$ 9,434,912</u>

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

	Fiscal Year			
	2015	2016	2017	2018
<b>Business-type Activities</b>				
Charges for services				
Water and sewer	\$ 15,807,876	\$ 15,708,146	\$ 16,072,343	\$ 16,544,138
Refuse	2,281,175	2,374,754	2,695,335	2,549,198
Airport	748,077	775,416	681,037	685,256
Golf course	72,021	69,582	113,629	152,823
Operating grants and contributions	-	3,612,835	-	-
Total business-type activities program revenues	<u>18,909,149</u>	<u>22,540,733</u>	<u>19,562,344</u>	<u>19,931,415</u>
Total primary government program revenues	<u>\$ 23,535,891</u>	<u>\$ 29,085,472</u>	<u>\$ 24,806,015</u>	<u>\$ 26,918,988</u>
<b>Net (Expenses) Revenues</b>				
Governmental activities	\$ (26,397,794)	\$ (27,533,945)	\$ (29,587,227)	\$ (30,184,969)
Business-type activities	<u>3,597,427</u>	<u>7,306,690</u>	<u>4,436,629</u>	<u>2,526,713</u>
Total primary government net expenses	<u>\$ (22,800,367)</u>	<u>\$ (20,227,255)</u>	<u>\$ (25,150,598)</u>	<u>\$ (27,658,256)</u>
<b>General Revenues and Other Changes in Net Position</b>				
Governmental activities				
Taxes				
Property taxes	\$ 14,047,562	\$ 15,696,270	\$ 18,172,866	\$ 20,117,067
Sales taxes	5,545,413	5,633,760	6,168,242	7,160,171
Franchise taxes	2,127,730	2,041,390	2,138,384	2,272,208
Other local taxes	2,494,897	2,019,179	1,761,893	1,164,457
Grants not restricted to specific programs	-	-	-	-
Interest on investments	15,923	111,569	270,073	501,786
Miscellaneous	489,467	292,911	581,435	788,192
Transfers	<u>1,635,572</u>	<u>(193,511)</u>	<u>1,722,208</u>	<u>2,099,973</u>
Total governmental activities	<u>26,356,564</u>	<u>25,601,568</u>	<u>30,815,101</u>	<u>34,103,854</u>
Business-type activities				
Interest on investments	14,728	89,948	219,076	489,104
Miscellaneous	787,542	1,293,005	1,493,751	1,173,073
Transfers	<u>(1,635,572)</u>	<u>193,511</u>	<u>(1,722,208)</u>	<u>(2,099,973)</u>
Total business-type activities	<u>(833,302)</u>	<u>1,576,464</u>	<u>(9,381)</u>	<u>(437,796)</u>
Total primary government	<u>25,523,262</u>	<u>27,178,032</u>	<u>30,805,720</u>	<u>33,666,058</u>
<b>Change in Net Position</b>				
Governmental activities	(41,230)	(1,932,377)	1,227,874	3,918,885
Business-type activities	<u>2,764,125</u>	<u>8,883,154</u>	<u>4,427,248</u>	<u>2,088,917</u>
Total primary government	<u>\$ 2,722,895</u>	<u>\$ 6,950,777</u>	<u>\$ 5,655,122</u>	<u>\$ 6,007,802</u>

Fiscal Year					
2019	2020	2021	2022	2023	2024
\$ 16,466,683	\$ 17,413,522	\$ 17,668,813	\$ 20,040,970	\$ 23,632,512	\$ 26,787,016
2,681,079	2,720,555	2,749,275	2,803,273	2,754,046	2,954,781
688,845	675,621	711,252	994,533	939,147	908,086
191,012	188,457	290,251	982,227	1,225,317	1,359,033
-	-	-	-	-	22,993
20,027,619	20,998,155	21,419,591	24,821,003	28,551,022	32,031,909
\$ 28,151,141	\$ 30,640,840	\$ 33,709,022	\$ 37,145,434	\$ 38,663,563	\$ 41,466,821
\$ (30,766,695)	\$ (29,776,314)	\$ (26,509,972)	\$ (31,355,615)	\$ (36,981,646)	\$ (44,949,419)
2,451,776	2,800,231	2,118,710	3,470,351	5,545,328	6,805,696
\$ (28,314,919)	\$ (26,976,083)	\$ (24,391,262)	\$ (27,885,264)	\$ (31,436,318)	\$ (38,143,723)
\$ 22,325,257	\$ 25,428,022	\$ 27,233,924	\$ 28,220,448	\$ 32,012,126	\$ 34,020,989
6,869,083	6,557,347	7,817,596	11,394,534	12,872,185	14,491,661
2,305,492	2,057,524	2,310,260	2,384,293	2,484,796	2,210,640
34,537	16,208	22,745	38,888	52,457	419,503
-	-	-	-	2,149,369	1,650,325
1,031,549	388,113	32,465	466,456	3,042,035	5,355,400
416,070	346,153	620,488	565,093	469,392	679,945
1,660,781	1,824,767	1,798,669	1,926,941	1,888,477	892,501
34,642,769	36,618,134	39,836,147	44,996,653	54,970,837	59,720,964
830,598	368,113	26,682	323,409	2,057,169	2,494,695
1,689,264	1,522,935	2,082,758	1,026,325	1,577,806	1,715,140
(1,660,781)	(1,824,767)	(1,798,669)	(1,926,941)	(1,888,477)	(892,501)
859,081	66,281	310,771	(577,207)	1,746,498	3,317,334
35,501,850	36,684,415	40,146,918	44,419,446	56,717,335	63,038,298
3,876,074	6,841,820	13,326,175	13,641,038	17,989,191	14,771,545
3,310,857	2,866,512	2,429,481	2,893,144	7,291,826	10,123,030
\$ 7,186,931	\$ 9,708,332	\$ 15,755,656	\$ 16,534,182	\$ 25,281,017	\$ 24,894,575

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

	Fiscal Year			
	2015	2016	2017	2018
<b>General Fund</b>				
Nonspendable	\$ 181,224	\$ 16,290	\$ 116,498	\$ 110,373
Court security	25,509	29,106	38,013	45,457
Court technology	77,596	82,633	97,869	109,564
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	6,383,964	6,846,881	8,815,560	12,029,708
Total general fund	<u>\$ 6,668,293</u>	<u>\$ 6,974,910</u>	<u>\$ 9,067,940</u>	<u>\$ 12,295,102</u>
<b>All Other Governmental Funds</b>				
Nonspendable	\$ 7,553	\$ -	\$ -	\$ -
Restricted for				
Capital projects	12,782,493	15,924,564	7,134,763	6,127,269
Debt service	602,627	808,824	1,749,893	1,949,459
Public works	1,704,102	2,067,582	2,497,565	3,085,202
Public improvement districts	443,707	613,074	829,346	839,635
Police grants	34,805	57,184	64,360	87,929
Tourism, convention centers, and arts	535,168	621,137	717,922	826,544
Law enforcement purposes	584,393	777,087	945,176	1,051,042
Parkland dedication	-	-	-	-
Street maintenance	-	-	-	-
Unassigned	-	-	-	-
Total all other governmental funds	<u>\$ 16,694,848</u>	<u>\$ 20,869,452</u>	<u>\$ 13,939,025</u>	<u>\$ 13,967,080</u>

**Source:** Annual Comprehensive Financial Report

Fiscal Year					
2019	2020	2021	2022	2023	2024
\$ 125,850	\$ 111,681	\$ 120,924	\$ 159,024	\$ 213,300	\$ 200,749
55,458	70,498	84,640	78,707	84,318	10,524
108,981	131,656	118,312	118,312	115,016	10,279
-	-	-	20,075,173	22,776,671	18,004,281
-	-	-	4,231,873	7,584,825	16,934,993
14,025,595	15,592,738	23,036,747	6,898,290	7,496,731	8,321,200
<u>\$ 14,315,884</u>	<u>\$ 15,906,573</u>	<u>\$ 23,360,623</u>	<u>\$ 31,561,379</u>	<u>\$ 38,270,861</u>	<u>\$ 43,482,026</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
10,598,227	8,594,068	9,991,544	11,320,875	11,433,846	37,991,206
3,245,575	5,297,018	7,178,670	8,406,753	11,690,613	12,899,603
3,659,232	4,317,402	4,340,081	4,788,022	5,008,525	6,596,770
1,095,705	1,379,979	1,681,744	1,801,880	2,386,156	3,280,362
49,468	92,970	39,343	136,877	222,174	303,356
981,652	1,216,936	1,457,365	1,772,053	1,887,850	2,274,810
1,127,245	1,291,007	1,240,230	1,308,322	1,382,846	1,477,830
431,378	431,378	431,378	553,178	553,178	553,178
-	-	-	659,450	-	-
200,000	659,406	(252,660)	(555)	(113,638)	(555)
<u>\$ 21,388,482</u>	<u>\$ 23,280,164</u>	<u>\$ 26,107,695</u>	<u>\$ 30,746,855</u>	<u>\$ 34,451,550</u>	<u>\$ 65,376,560</u>

**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			
	2015	2016	2017	2018
<b>Revenues</b>				
Taxes and fees	\$ 23,577,637	\$ 25,270,016	\$ 28,571,938	\$ 31,820,128
Licenses and permits	951,760	1,830,079	1,484,252	1,695,322
Intergovernmental	1,946,379	1,504,947	1,280,288	2,801,908
Charges for services	886,838	1,516,187	1,447,290	1,196,688
Fines and forfeitures	1,436,765	2,303,526	1,563,791	1,910,595
Interest	15,923	111,569	270,073	501,786
Miscellaneous	489,467	292,911	581,435	356,692
<b>Total revenues</b>	<u>29,304,769</u>	<u>32,829,235</u>	<u>35,199,067</u>	<u>40,283,119</u>
<b>Expenditures</b>				
<b>Current</b>				
General government	3,800,206	4,171,215	4,801,896	5,045,895
Public safety	14,978,932	16,114,990	16,252,899	16,150,528
Public works	2,740,264	2,243,874	3,018,500	2,903,095
Social and welfare	1,044,526	1,134,586	1,576,620	1,865,836
Community development and recreation	-	-	-	-
<b>Capital outlay</b>	2,090,865	1,769,198	9,531,567	5,291,763
<b>Debt Service</b>				
Principal retirement	3,168,011	3,345,838	3,432,256	3,791,760
Interest and fiscal charges	3,248,164	3,454,802	3,144,934	4,510,498
Cost of issuance of bonds	294,059	-	95,206	-
<b>Total expenditures</b>	<u>31,365,027</u>	<u>32,234,503</u>	<u>41,853,878</u>	<u>39,559,375</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (2,060,258)</u>	<u>\$ 594,732</u>	<u>\$ (6,654,811)</u>	<u>\$ 723,744</u>
<b>Other Financing Sources (Uses)</b>				
Bonds issued	\$ 4,580,316	\$ 4,080,000	\$ -	\$ -
Capital leases issued	1,250,000	-	-	431,500
Payment to refunding escrow agent	(18,399,389)	-	(5,632,042)	-
Premium on issuance of bonds	2,167,688	-	397,248	-
Proceeds from refunding bonds issued	16,934,701	-	5,330,000	-
Proceeds from tax notes issued	-	-	-	-
Capital contributions	-	-	-	-
Transfers from other funds	1,992,109	1,729,308	1,786,755	2,164,520
Transfers to other funds	(356,537)	(1,922,819)	(64,547)	(64,547)
<b>Total other financing sources (uses)</b>	<u>8,168,888</u>	<u>3,886,489</u>	<u>1,817,414</u>	<u>2,531,473</u>
<b>Net Change in Fund Balances</b>	<u>\$ 6,108,630</u>	<u>\$ 4,481,221</u>	<u>\$ (4,837,397)</u>	<u>\$ 3,255,217</u>
Debt service as a percentage of noncapital expenditures	21.9%	22.3%	20.3%	24.2%

Fiscal Year					
2019	2020	2021	2022	2023	2024
\$ 34,074,520	\$ 36,784,104	\$ 40,946,412	\$ 46,037,378	\$ 50,080,816	\$ 55,070,981
1,370,116	1,299,206	3,199,188	3,342,571	2,434,257	2,124,016
1,273,543	4,496,757	2,546,121	3,731,343	3,754,329	3,200,058
2,137,914	453,828	1,860,833	1,568,509	1,571,030	1,677,972
1,322,261	1,473,204	2,781,229	1,964,050	1,797,442	1,584,841
1,031,549	388,113	32,465	466,456	3,042,035	5,355,400
391,411	346,153	620,488	565,093	469,392	784,591
<u>41,601,314</u>	<u>45,241,365</u>	<u>51,986,736</u>	<u>57,675,400</u>	<u>63,149,301</u>	<u>69,797,859</u>
5,334,851	7,373,944	6,194,854	10,716,203	7,366,860	11,643,907
18,193,109	17,055,566	18,566,151	21,016,777	23,814,871	25,506,973
2,963,218	3,165,128	4,518,287	4,230,705	5,093,469	5,905,390
2,090,158	2,410,715	2,280,474	-	-	-
-	-	-	2,357,091	2,955,513	2,997,025
7,564,307	6,321,116	5,107,781	1,854,424	9,603,060	10,598,829
4,426,571	4,465,820	5,852,193	4,346,908	4,873,802	6,064,892
3,038,551	2,789,973	2,658,310	2,240,571	2,119,181	2,796,012
100,791	298,874	-	22,900	21,591	162,614
<u>43,711,556</u>	<u>43,881,136</u>	<u>45,178,050</u>	<u>46,785,579</u>	<u>55,848,347</u>	<u>65,675,642</u>
<u>\$ (2,110,242)</u>	<u>\$ 1,360,229</u>	<u>\$ 6,808,686</u>	<u>\$ 10,889,821</u>	<u>\$ 7,300,954</u>	<u>\$ 4,122,217</u>
\$ 9,550,000	\$ -	\$ -	\$ -	\$ -	\$ 29,415,000
24,659	-	1,674,226	-	-	-
-	(27,907,758)	-	(2,657,100)	-	-
80,486	3,675,133	-	-	-	1,706,457
-	24,530,000	-	2,680,000	-	-
-	-	-	-	1,225,000	-
236,500	-	-	-	-	-
2,059,634	1,886,227	1,876,633	1,990,448	1,950,484	2,111,582
(398,853)	(61,460)	(77,964)	(63,507)	(62,007)	(1,219,081)
<u>11,552,426</u>	<u>2,122,142</u>	<u>3,472,895</u>	<u>1,949,841</u>	<u>3,113,477</u>	<u>32,013,958</u>
<u>\$ 9,442,184</u>	<u>\$ 3,482,371</u>	<u>\$ 10,281,581</u>	<u>\$ 12,839,662</u>	<u>\$ 10,414,431</u>	<u>\$ 36,136,175</u>
20.7%	19.3%	21.2%	14.7%	15.1%	19.6%

**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 (1)	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value (2) as a Percentage of Actual Value
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%
2024	3,315,081,280	3,078,944,240	1,622,906,660	1,460,064,502	6,556,867,678	0.60461	6,556,867,678	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.

- (1) Includes adjustments to certified rolls.
- (2) 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			Dallas County Hospital (Parkland)
	Operating/ General Rate	General Obligation Debt Service	Total Direct	Lancaster Independent School District	Lancaster MUD#1	Dallas County	
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
2024	0.449674	0.154932	0.604606	1.224400	0.920000	0.215500	0.212000

**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	\$ 509,993,030	1	7.8%			
CSHV 20 35 LLC	309,795,480	2	4.7%			
White Tract LLC	160,799,280	3	2.5%			
Wayfair LLC	92,781,820	4	1.4%			
PR I35 Logistics Crossing Bldg	81,931,840	5	1.2%			
Hilltop Bottling Works LLC	80,349,450	6	1.2%			
AT&T Mobility LLC	71,129,935	7	1.1%			
United Natural Foods Inc.	70,915,200	8	1.1%			
Midpoint Owner LLC	68,907,840	9	1.1%			
Ollies Bargain Outlet Inc	49,083,470	10	0.7%			
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	\$ 1,495,687,345		22.8%	\$ 476,256,835		29.4%

**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
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%
2024	\$ 35,534,789	\$ 34,082,876	95.91%	\$ 765,212	\$ 34,362,031	96.70%

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

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

<b>Governmental Activities</b>					
<b>Fiscal Year</b>	<b>General Obligation Bonds</b>	<b>Certificates of Obligation</b>	<b>Tax Notes</b>	<b>Subscription Liability</b>	<b>Other Obligations</b>
2015	60,129,226	14,037,329	-	-	5,877,687
2016	57,913,267	17,325,229	-	-	5,091,849
2017	57,739,077	14,340,000	-	-	4,488,159
2018	54,684,104	13,975,000	-	-	3,751,399
2019	60,800,425	13,600,000	-	-	3,306,328
2020	67,232,474	3,680,000	-	-	2,699,632
2021	53,670,000	3,600,000	-	-	2,038,457
2022	59,590,000	3,520,000	-	-	1,789,757
2023	54,603,888	3,440,000	1,225,000	378,657	1,373,718
2024	51,826,217	32,775,000	-	86,276	951,207

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

(a) See Table N for personal income and population data.

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**Business-type Activities**

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Water and Sewer General Obligation Bonds & Certificates of Obligation	Airport Bonds	Other Obligations	Total Primary Government	Percentage of Personal Income <sup>a</sup>	Per Capita(a)
14,782,527	92,060	-	94,918,829	12.24%	2,481
9,529,799	76,282	-	89,936,426	11.29%	2,284
8,427,451	68,254	-	85,062,941	6.92%	2,217
7,156,505	55,000	-	79,622,008	9.20%	2,022
6,659,435	51,566	-	84,417,754	9.44%	2,138
6,054,983	40,000	-	79,707,089	8.46%	2,042
5,365,000	30,000	-	64,703,457	6.49%	1,568
-	20,000	95,097	65,014,854	6.42%	1,564
4,538,902	10,000	-	65,570,165	5.48%	1,573
3,937,094	-	-	89,575,794	6.81%	1,954

**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				
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	
2024	\$ 46,510,017	\$ 32,775,000	\$ 12,899,603	\$ 66,385,414	1.01%	1,574	

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

**(a)** See Table E for property value data.

**(b)** See Table N for population data.

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

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	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Tax rate limit	\$ 2.5000	\$ 2.5000	\$ 2.5000	\$ 2.5000	\$ 2.5000	\$ 2.5000	\$ 2.5000	\$ 2.5000	\$ 2.5000	\$ 2.5000
Current tax rate	<u>0.8675</u>	<u>0.8675</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>	<u>0.6046</u>
Available tax rate	<u>\$ 1.6325</u>	<u>\$ 1.6325</u>	<u>\$ 1.6325</u>	<u>\$ 1.6325</u>	<u>\$ 1.6591</u>	<u>\$ 1.6803</u>	<u>\$ 1.7307</u>	<u>\$ 1.8082</u>	<u>\$ 1.8610</u>	<u>\$ 1.8954</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, 2024 (Unaudited)**

<b>Governmental Unit</b>	<b>Gross Bonded Debt</b>	<b>Estimated Percentage Applicable</b>	<b>City Share of Overlapping Debt</b>
Lancaster I.S.D.	\$ 162,602,531	87.54%	\$ 142,342,256
Dallas County	198,645,000	1.48%	2,939,946
Dallas County Hospital District	527,660,000	1.48%	7,809,368
Dallas County Community College District	318,675,000	1.48%	4,716,390
Dallas I.S.D.	4,064,130,000	0.25%	10,160,325
Ferris I.S.D.	22,687,629	11.00%	2,495,639
<b>City of Lancaster (Direct Debt)</b>	<u>85,638,700</u>	100.00%	<u>85,638,700</u>
<b>Total Direct and Overlapping Debt</b>	<u><u>\$ 5,380,038,860</u></u>		<u><u>\$ 256,102,624</u></u>

Source: Municipal Advisory Council of Texas

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

<b>Fiscal Year</b>	<b>Total Revenues (a)</b>	<b>Less: Operating Expenses (b)</b>	<b>Net Available Revenue</b>	<b>Annual Requirement (c)</b>	<b>Times Coverage</b>
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
2024	\$ 30,711,541	\$ 18,471,336	\$ 12,240,205	\$ 625,334	19.57

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)**

<b>Year</b>	<b>Estimated Population (a)</b>	<b>Personal Income</b>	<b>Per Capita Personal Income (b)</b>	<b>Median Age (b)</b>	<b>Median Household Income (b)</b>	<b>School Enrollment (c)</b>	<b>Unemployment Rate (d)</b>
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%
2024	42,183	\$ 1,210,947,381	\$ 28,707	31.7	\$ 65,323	7,032	5.3%

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

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

Employer	2024			2016		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Walmart (Fullfillment, Cold Storage & Retail)	2125	1	9.93%	0	-	0.00%
Lancaster ISD	915	2	4.28%	689	1	3.45%
DSV	450	3	2.10%	0	-	0.00%
Wayfair	401	4	1.87%	0	-	0.00%
ThredUp	400	5	1.87%	0	-	0.00%
Crescent Medical Center	362	6	1.69%	0	-	0.00%
Niagara Bottling	350	7	1.64%	0	-	0.00%
City of Lancaster	299	8	1.40%	0	-	0.00%
Oak Creek Homes American Homestar	295	9	1.38%	280	6	1.40%
Cedar Valley College	280	10	1.31%	220	7	1.10%
Total	<u>5,877</u>		<u>27.47%</u>	<u>1,189</u>		<u>5.95%</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	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
General Government Division	44	36	45	61	60	77	86	72	76	72
Public Safety Division	141	139	130	131	147	126	140	139	138	136
Public Works Division	4	4	4	3	2	4	4	5	5	4
Community Development Division	17	17	17	10	7	6	7	6	6	6
Nondepartmental Division	-	-	-	-	-	-	-	-	-	-
Water and Sewer	22	23	20	17	17	20	29	24	29	21
Airport	5	6	5	5	5	4	4	4	5	5
4A LEDC Fund	1	1	2	2	2	2	2	2	2	2
4B LRDC Fund – Library	8	13	13	13	11	10	8	6	7	8
Parks and Recreation Fund	25	34	33	42	34	22	24	24	24	34
Housing	-	-	-	-	-	-	-	-	-	1
Stormwater Fund	13	8	10	10	9	12	13	6	13	10
Total	<u>280</u>	<u>281</u>	<u>279</u>	<u>294</u>	<u>294</u>	<u>283</u>	<u>317</u>	<u>288</u>	<u>305</u>	<u>299</u>

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	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<b>Police</b>										
Number of police officers	54	52	44	54	55	57	54	52	66	55
Number of violations (citations)	5,808	6,698	8,110	13,014	17,726	10,422	8,748	8,182	11,417	9,859
<b>Municipal Court</b>										
Number of traffic cases	5,101	8,678	6,542	7,326	8,364	6,272	7,603	6,306	6,508	4,618
Number of city ordinance cases	1,098	1,085	330	426	438	776	775	814	465	1,278
<b>Fire</b>										
Number of fire fighters	62	62	63	68	66	66	66	64	67	68
Number of emergency fire responses	1,913	1,773	1,864	2,135	2,566	1,961	2,761	3,701	5,066	3,163
Number of medical emergencies	4,632	4,668	4,662	4,456	4,998	4,132	5,271	4,984	3,163	5,159
<b>Parks and Recreation</b>										
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	6,175	12,852	16,448	20,425	24,970	2,205	2,152	3,344	6,678	7,302
<b>Library</b>										
Volumes in collection	86,411	83,827	86,558	87,716	97,018	79,252	75,158	76,086	70,521	76,591
Number of library cardholders	35,892	10,364	35,305	36,906	12,961	13,363	20,374	21,001	21,586	22,717
<b>Water and Wastewater</b>										
Number of water accounts	12,845	14,242	15,119	15,312	15,587	15,361	16,108	16,905	15,573	16,001
Average daily water consumption (millions of gallons)	4	4	5	6	6	6	7	8	8	8
Average daily effluent (millions of gallons)	5	5	5	5	5	5	5	6	4	4

Sources: City Departments

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

Function/Program	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<b>Public Safety</b>										
Fire stations	3	3	3	3	3	3	3	3	3	3
Police stations	1	1	1	1	1	1	1	1	1	1
<b>Culture and Recreation</b>										
Parks and Recreation										
Number of parks	25	25	25	25	25	25	25	26	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	1	1	1	1	1
Library	1	1	1	1	1	1	1	1	1	1
<b>Water and Wastewater</b>										
Water mains (miles)	190	208	208	209	210	213	213	215	217	220
Sanitary sewer mains (miles)	163	174	205	210	211	212	214	217	217	192
Fire hydrants	1,598	1,638	1,793	1,804	1,845	1,862	1,883	1,921	1,856	1,856

Sources: City Departments

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