

**ANNUAL COMPREHENSIVE
FINANCIAL REPORT FOR THE
FISCAL YEAR ENDED
SEPTEMBER 30, 2022**



Annual Comprehensive Financial Report
List of Elected and Appointed Officials
For the Fiscal Year Ended September 30, 2022

City Council

Tray Payne	Mayor
Shelia Patterson Harris	Mayor Pro Tem – District 2
Christy Martinez-Garcia	Council Member – District 1
Mark W. McBrayer	Council Member – District 3
Steve Massengale	Council Member – District 4
Dr. Jennifer Wilson	Council Member – District 5
Latrelle Joy	Council Member – District 6

Appointed Officials

W. Jarrett Atkinson	City Manager
Chad Weaver	City Attorney
Rebecca Garza	City Secretary

Finance Staff

D. Blu Kostelich	Chief Financial Officer
Linda Cuellar, CPA	Director of Accounting
Cheryl Brock	Director, Financial Planning & Analysis
Brack Bullock, CPA	Accounting Manager
Veronica Valderaz	Accounting Manager
Deborah Hansard	Senior Accountant
Amber Aguilar	Senior Accountant
Amber Magar, CPA	Senior Accountant
Meg Beverly	Senior Accountant
Ollie Cortez	Senior Accountant
Harvey Hall	Chief Financial Officer, LP&L
Kacey Ortiz	Director of Finance, LP&L
Joe Jimenez	Director, Financial Planning & Analysis, LP&L

**City of Lubbock, Texas
 Comprehensive Annual Financial Report
 Year Ended September 30, 2022**

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(806) 775-2000 | Fax (806) 775-0001**

February 27, 2023

Honorable Mayor, City Council, and Citizens of Lubbock, Texas:

We are pleased to submit the Annual Comprehensive Financial Report (ACFR) of the City of Lubbock, Texas (City) for the fiscal year ended September 30, 2022. The purpose of the ACFR is to provide accurate and meaningful information concerning the City's financial condition and performance. In addition, independent auditors have verified that the City has fairly presented its financial position, in all material respects, in accordance with accounting principles generally accepted in the United States of America.

The ACFR satisfies Section 103.001 of the Texas Local Government Code requiring annual audits of all municipalities. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City. We believe the data is accurate in all material respects and is presented in a manner that fairly sets forth the financial position and results of the City. We also believe all disclosures necessary to enable the reader to gain an understanding of the City's financial affairs are included. To provide a reasonable basis for making these representations, City management has an established comprehensive internal control framework that is designed: 1) to protect the City's assets from loss, theft, or misuse; and 2) to compile sufficient, reliable information for the preparation of the City's financial statements, in conformity 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 is designed to provide reasonable, rather than absolute, assurance that the financial statements are free from material misstatement.

The City's financial statements were audited by Weaver and Tidwell, LLP, a licensed certified public accountants' firm. The goal of the independent audit is to provide reasonable assurance that the financial statements are free of material misstatement. The independent audit involves:

- examining evidence on a test basis that supports 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 accountants concluded that the City's financial statements are in conformity with GAAP, are fairly presented, and there is a reasonable basis for providing an unmodified opinion. The independent

auditor's report is presented as the first component of the financial section of this report.

The independent accountants' audit of the City's financial statements is part of a broader, federally mandated "Single Audit," which is designed to meet the special needs of federal granting agencies. These reports are available in the City's ACFR. The standards governing Single Audit engagements require the independent auditor to report on several facets of the City's financial processes and controls:

- fair presentation of the financial statements,
- internal controls over financial reporting and the administration of federal awards, and
- compliance with legal and grant requirements.

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

CITY OVERVIEW

Description of the City

The City is a political subdivision and municipal corporation of the State, duly organized and existing under the laws of the State, including the City's Home Rule Charter. The City was incorporated in 1909 and first adopted its Home Rule Charter in 1917. The City operates under a Council/Manager form of government with a City Council comprised of the Mayor and six Council members. The Mayor is elected at-large for a two-year term ending in an even-numbered year. Each of the six members of the City Council is elected from a single-member district for a four-year term of office. City Council elections are held every two years, with elections for Council members in Districts 1, 3, and 5 being staggered with elections for Council members in Districts 2, 4, and 6. The City Manager is the chief administrative officer of the City.

The City is empowered to levy a property tax on both real and personal properties located within its boundaries. It is also empowered by state statute to extend its corporate limits by voluntary annexation, which occurs periodically as the City Council deems appropriate. The 2010 Census population for the City was 229,573; the estimated 2022 population is 265,002. The City covers approximately 143.18 square miles.¹ The organizational chart of the City is shown following the transmittal letter.

In accordance with generally accepted accounting principles and Codification of Governmental Accounting Standards, Section 2100, "*Defining the Financial Reporting Entity*," these financial statements present the City (the primary government) and its component units. The component units discussed below are included in the City's financial reporting entity because of the significance of their operational or financial relationship with the City. The criteria established by the GASB for determining the reporting entity includes financial accountability and whether the financial statements would be misleading if data were not included. The Lubbock Metropolitan Planning Organization is a blended component units. Discretely presented component units include Urban Renewal Agency (URA), Civic Lubbock, Inc., Market Lubbock Economic Development Corporation, dba Market Lubbock, Inc., Lubbock Economic Development Alliance, and the Vintage Township Public Facilities Corporation. Additional information on the component units is found in the footnotes.

¹ City of Lubbock GIS Department.

City Services

The City provides a full range of services including public safety (police and fire services), electric, water, wastewater, storm water, solid waste, public transportation (airport and transit), public health and social services, cultural and recreation, highways and streets, planning and zoning, and general administrative services.

Public Safety: The Police Department serves and protects the public by responding to calls for service, conducting criminal investigations, and enforcing laws governing public safety and order. The Public Safety Improvement Project kicked off in FY 2019 and continued into FY 2022. Construction continued on a Police Headquarters facility that is scheduled to complete in early 2023. In addition, the design for a Property and Evidence Warehouse is underway. As part of an effort to fill its officer vacancies, increase patrol effectiveness and reduce call response times, the Police Department Training Academy plans to hold three recruit classes in 2023. As of September 30, 2022, the Police Department is staffed with 423 officers including 36 police trainees currently in the training pipeline. In FY 2022, the Police Department provided 322,162 responses to primary and backup dispatched calls for service, with an average response time to Priority 1 calls of 6 minutes, 5 seconds.

Lubbock Fire Rescue is dedicated to providing unparalleled emergency response and life safety services for the City. As of September 30, 2022, the Fire Department operated 19 fire stations, the Emergency Operations Center, and the Lubbock Fire Marshal Office. These facilities were staffed with 410 sworn firefighters and 36 civilians. Four sworn and one additional civilian positions are authorized for FY 2022-23, bringing our total employee count to 446. Fire Station 20 Capital Improvement Project has been funded for FY 2022-23. In FY 2022, the Fire Department responded to 29,398 calls, an average of 80 calls per day.

Electric Utility: The City's municipally owned electric utility system, known as Lubbock Power & Light (LP&L), was established in 1916, and is at present the largest municipal electric system in the West Texas region and the third largest municipal system in the State of Texas. LP&L, South Plains Electric Cooperative, and Southwestern Public Service Company (SPS) provide electric service in the City of Lubbock. As of September 30, 2022, LP&L owns and maintains 110,208 meters, 41 substations, 4,485 total miles of primary and secondary distribution lines, and approximately 174 miles of transmission lines. The average daily electric consumption is roughly 7,112 MWh.

On November 2, 2004, Lubbock voters elected to amend the City Charter to provide for an Electric Utility Board (EUB), which governs, manages, and operates LP&L today. The City Council retains authority for appointment of board members, approval of the operating and capital budget, approval of rates for electric service, eminent domain, and approval of debt financing.

LP&L's current capacity and energy supply requirements are met through a series of power supply resources. These resources include: Blocks of Firm Liquidated Damages (LD) power to cover a majority of our load along with day-ahead or real-time energy purchases for any unhedged position; a 170MW partial requirements contract with SPS; and 106 MW of dependable natural gas fired generation. In addition, there is also a 90.1MW power purchase agreement between LP&L and Elk City II Wind, LLC which does not serve our load but is sold in the market at a daily given node price.

On September 24, 2015, LP&L announced its intent to join the Electric Reliability Council of Texas (ERCOT). Shortly after that announcement, on October 20, 2015, the EUB and the City Council both took formal action to authorize LP&L to seek interconnection of 470 MW of LP&L's load (Affected Load) with ERCOT. At that time, LP&L did not seek to connect the remaining, approximately 170 MW of electric load to ERCOT (Unaffected Load). The formal process related to LP&L's integration of the Affected Load

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into ERCOT included integration studies, a PUC project to identify issues pertaining to LP&L's proposal to become part of ERCOT, cost-benefit studies, and a public interest determination. ERCOT's integration study determined that a configuration of transmission projects with three connection points between the ERCOT grid and the LP&L system—designated as Option 4ow—would present the lowest overall costs once capital costs and production cost effects were considered.

In September 2017, LP&L filed its application in PUC Docket No. 47576, Application of the City of Lubbock through Lubbock Power and Light for Authority to Connect a Portion of its System with the Electric Reliability Council of Texas (Application). Through the Application, LP&L sought Commission authority to disconnect the Affected Load from SPP and to connect to ERCOT, along with related findings that would facilitate LP&L's integration into the ERCOT system, consistent with the public interest.

In March 2018, the PUC approved the integration of the Affected Load to the ERCOT system through an Order in PUC Docket No. 47576. LP&L then moved into the next phase of the ERCOT integration project, which was comprised of four CCN cases necessary to identify transmission line routes and substation locations necessary for the ERCOT integration. The last of the four CCN cases were approved by the PUC on March 12, 2020 which allowed for the completion of construction to integrate the Affected Load.

On May 30, 2021, LP&L completed the integration with ERCOT. Prior to that date, LP&L became owner and operator of three 345 kilovolt (kV) transmission lines, totaling 69 miles in length. Additionally, the assets associated with the integration include 81 miles of 115kV transmission lines; 20 miles of 69kV transmission lines; two 345/115kV switching stations (Dunbar and Posey); one 345/115kV substation (Yellow House Canyon); one 115/69kV switching station (Holly); three 115/69kV substations (McKenzie, Vicksburg, and Co-op); nine 115kV substations (Thompson, Chalker, Oliver, Southeast, Slaton, Wadsworth, Northeast, Northwest, and McDonald); and four 69kV substations (Erskine, Brandon, Red Raider, and McCullough).

LP&L's cost to fund the needed additional infrastructure were initially funded through short-term financing during the construction phase and were converted to Electric Light and Power System (EL&PS) Revenue Bonds, Series 2021, on August 10, 2021, as construction was complete. Additionally, capital projects currently included in LP&L's existing long-term capital improvement plan are related to reliability and will cover a portion of system improvements necessary prior to a final transition.

Debt service requirements for the transmission capital projects are being paid from a new transmission cost of service (TCOS) revenue stream that began upon entry into ERCOT. LP&L filed Docket No. 51100 on August 18, 2020 at the PUC to earn a rate of return on its transmission assets. These revenues (to be collected from all load serving entities in ERCOT) are set to recover transmission-related operating and maintenance expenses, depreciation and amortization expenses, and other expenses related to utility operations and the transmission functions.

On May 27, 2021, in anticipation of the full integration to ERCOT, LP&L and SPS approved a Settlement Agreement to terminate the Partial Requirements (PR) Agreement, which provides capacity for the remaining customers in SPP. LP&L and SPS identified May 31, 2023 as the estimate of the full ERCOT integration and resulting early termination of the PR Agreement. The impact of the early termination is the elimination of capacity charges in SPP beginning in June 2023. On an annualized basis, this represents an over \$17 million yearly savings to the utility, largely because ERCOT is an energy-only market and there is no capacity requirement, and therefore no capacity costs after full integration into ERCOT, after all lagging transmission charges are paid in SPP.

On June 1, 2021, LP&L made a one-time payment totaling \$24.0 million to SPS to indemnify SPS and its customers for LP&L's integration into ERCOT, which was required by PUC Docket No. 47576 upon integration to ERCOT. LP&L utilized the energy and capacity savings afforded by very low natural gas

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prices and the SPS Capacity Agreement and reserved \$24.0 million from this savings prior to the end of FY 2018-19. In addition to the SPS Hold Harmless Payment, the PUC ordered LP&L to pay \$22 million per year for five years as a Wholesale Transmission Credit Rider. The credit rider mitigates the expected net impacts of LP&L's transition to ERCOT for customers in the ERCOT region. This amount will be netted against the TCOS revenues received from ERCOT.

On February 22, 2022, Lubbock's City Council, with the Electric Utility Board's recommendation, approved an irrevocable resolution opting into competition for retail electric service in Lubbock Power & Light's certificated area, as provided by the Texas Utilities Code Chapter 40, subject to the occurrence of certain conditions precedent outlined therein. Activities are currently underway to construct necessary infrastructure, perform engineering studies, and achieve regulatory approval to move the remaining LP&L load into ERCOT. It is anticipated that LP&L will opt-in to the ERCOT competitive retail electric market (Opt-In) by the fourth quarter of 2023, and will not operate as a Retail Electric Provider (REP) or a Provider of Last Resort (POLR)

In anticipation of moving the remaining load into ERCOT, City Council approved an ordinance, on June 28, 2022, providing for the issuance of Electric Light and Power System Revenue Bonds in the amount of \$160 million. The total amount to be issued was divided into two parts: \$70,000,000 for the remaining integration capital work and the second part of \$90,000,000 to fund the Partial Requirements Settlement Payment. The issuance of Revenue Bonds allowed LP&L to terminate the Electric Light and Power System Revenue Revolving Note Program which was executed on August 30, 2022.

Water Utility: The City provides water supply, treatment, and distribution services within the city limits to residential, commercial, and industrial customers. The City also provides treated wholesale water to Shallowater, Ransom Canyon, Buffalo Springs Lake, Reese Redevelopment Authority, TDCJ's Montford Prison Unit, Lubbock Cooper ISD Main Campus, and Texas Tech's East Campus – Petroleum Engineering Classroom. As of September 30, 2022, the water system consisted of 97,709 meters and 2,128 miles of distribution lines.

The City's most current Strategic Water Supply Plan was adopted by City Council in February 2019. The Plan includes an emphasis on water conservation strategies and includes strategies for supplying Lubbock with water for the next 100-years. The City will be updating the current strategic water supply plan in 2023. The City also works closely with the Region O Water Planning Group in contributing to the preparation of a portion of the State Water Plan, which includes the City's estimated water supply needs, current supplies, and potential water management strategies over the next 50 years.

The City used a total of 13.33 billion gallons of water in FY 2021-22. The City's 5-year average per capita consumption for FY 2022 was 135 gallons per capita per day (gpcd). The peak capacity of the City's water supply and treatment was 74 million gallons per day, with an average utilization of 37 million gallons per day. The City's aggressive water conservation initiatives are instrumental in helping push back the need for additional water supplies even with a growing population.

The City currently receives its water from four different sources: Roberts County Well Field, Lake Meredith, Bailey County Well Field, and Lake Alan Henry. The Roberts County Well Field and Lake Meredith are owned by the Canadian River Municipal Water Authority (CRMWA). Lubbock is one of CRMWA's eleven member cities. The Bailey County Well Field and Lake Alan Henry are owned by the City.

The City obtained 8.00 billion gallons of its annual water supply from CRMWA in FY 2021-22. Currently, CRMWA is blending groundwater from the Ogallala Aquifer in Roberts County with surface water from Lake Meredith to help meet the needs of member cities. CRMWA owns 407,566 acres of ground water rights with an estimated 22 million acre-feet of water within those rights. CRMWA can deliver up to 65,000

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acre-feet of water to its member cities each year from the Roberts County Well Field. They supply additional water from Lake Meredith, which is now greater than 30 percent capacity, throughout the year to increase peak capacity by 25 million gallons per day.

The Bailey County Well Field contains 175 active water wells with 83,305 acres of water rights, providing 2.56 billion gallons of the City's annual water supply in FY 2022. The City will add additional wells to the Bailey County Well Field as needed to restore some of the well field production capacity.

The City finished construction on Lake Alan Henry in 1993. In 2012, Phase I of the Lake Alan Henry infrastructure project was completed. This project consisted of constructing: two new pump stations, a 51-mile raw water pipeline from the Lake to the City, a new South Water Treatment Plant with membrane technology, and 19 miles of treated water transmission lines. Phase I is capable of providing 11 million gallons of water per day to the City. Lake Alan Henry supplied 2.97 billion gallons of the City's annual water supply in FY 2022. The lake is currently at greater than 75 percent capacity. The South Water Treatment Plant includes a 225 million gallon terminal storage reservoir and a high service pump station to transfer the treated water into the City's distribution system.

Wastewater Utility: The City provides wastewater collection and treatment within the city limits to residential, commercial, and industrial customers. The City also provides wholesale wastewater services to Reese Redevelopment Authority, TDCJ's Montford Prison Unit, Lubbock Cooper ISD Main Campus, and Texas Tech's East Campus – Petroleum Engineering Classroom. As of September 30, 2022, the collection system consisted of approximately 1,301 miles of sanitary sewer lines and 37 lift stations.

The Southeast Water Reclamation Plant (SEWRP) has a permitted capacity of 31.5 million gallons per day and an average utilization of approximately 19.6 million gallons per day. The peak utilization of the SEWRP is 25 million gallons per day. The treated wastewater is disposed of or reused in various ways. In FY 2021-2022, approximately 44 percent of the SEWRP wastewater was used to irrigate crops at the Lubbock Land Application Site and at the Hancock Land Application Site. In addition, Xcel Energy used approximately 7 percent of the treated wastewater and 49 percent was discharged into the North Fork of the Double Mountain Fork (North Fork) of the Brazos River. Currently, dewatered solids generated during the wastewater treatment process are disposed of at the City's regional solid waste landfill in Abernathy, Texas. In April 2018, the new Northwest Water Reclamation Plant (NWWRP) became operational. This new plant was constructed to handle the growing sewer demand in the northwest part of Lubbock. The NWWRP had an average utilization of 0.8 million gallons per day. The permitted capacity of the NWWRP is 3 million gallons per day. Stream quality effluent from this plant is discharged into the North Fork of the Brazos River. All solids generated at the NWWRP are sent to the SEWRP for processing.

As part of the City's strategic water supply planning, projects are underway to improve the quality of the treated wastewater so it can be reused in more beneficial ways. The City completed Phase I, Phase II, and the Digester Upgrade of Phase III of a four-phase project to upgrade the Southeast Water Reclamation Plant. Phase I included upgrades and improvements to the influent lift station. Phase II included upgrades to Plant 3 for filtration and ultraviolet disinfection, and Plant 4 for biological nutrient removal, filtration, and ultraviolet disinfection. Phase III included design and construction improvements to anaerobic digesters and the solids handling facility. The upgrades included new covers, new mixing system, new heating system, and gas piping to Digester 8 and 9. Upgrades to the solids handling facility included new sludge thickening and dewatering equipment, sludge holding tank upgrades, odor control for the solids handling facility, and new sludge loading facilities. Phase IV will include upgrades to Plant 3 for biological nutrient removal. Construction for rehabilitation of Plant 3 clarifiers and improved aeration capabilities is currently under construction. These efforts will improve the quality of the City's effluent discharge and prepare it for future reuse opportunities.

The 2008 Wastewater Master Plan recommended several improvements to the collection system in order

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to meet population growth as well as aging infrastructure replacement needs. The South Lubbock Sanitary Sewer System Expansion Phase I, II and III are complete. Phase IV of this project is in progress. This project consists of construction of large diameter sanitary sewer interceptors for the expansion of the existing sanitary sewer system. In addition, the Canyon Lakes Interceptor Rehabilitation project is under construction and will replace deteriorated lines and manholes to improve aging infrastructure. A new Wastewater Master Plan was finalized in early 2020. This plan evaluates the existing collection system and provide a new master plan for meeting the City's expected development and growth. From the recommendation in the 2020 Wastewater Master Plan, the Downtown Sanitary Improvements Phase I and II design has been completed and will be bid out for construction in 2023. This will add capacity and improvement to the sewer system in the downtown area.

Storm Water Utility: The City's storm water run-off is primarily conveyed through the City's street system that discharges into 162 playa lakes. The subsurface drainage, via storm sewer pipes with curb inlets and intake structures, conveys water to two small intermittent streams (Blackwater Draw and Yellowhouse Draw) which both converge at the upper reaches of the North Fork of the Double Mountain Fork of the Brazos River.

The City's Municipal Separate Storm Sewer System (MS4) is made up of approximately 1,282 miles of paved and unpaved streets, 643 linear miles of paved and unpaved alleys, 1,353 storm sewer inlets, 126 miles of subsurface storm sewer pipe, four detention basins, 162 playa lakes, and one pump station. Maintenance of all of the storm sewers, including street cleaning, is funded through storm water fees.

During FY 21-22, the focus was on two major projects: Storm Water Master Plan and Northwest Lubbock Drainage Project. The Storm Water Master Plan is a multi-year year project that is providing a comprehensive, holistic approach, to storm water management. This project is updating the Drainage Criteria Manual (1997) and the Master Drainage Plan (2010), which are the primary documents that regulate development, guide drainage design and identify improvement projects. When completed with all phases, the Northwest Lubbock Drainage Project will connect six playa lakes to a new drainage system to help reduce the risk of flooding in the northwest region of Lubbock.

Solid Waste Utility: The City provides garbage collection and disposal services to 82,402 residential customers and 2,839 commercial customers. One of the City's two landfill sites is designated as the Caliche Canyon Landfill and includes a citizen transfer station. The second site is the West Texas Regional Disposal Facility located in Abernathy, Texas, which opened in 1999, one of the largest permitted areas for a landfill in the State of Texas. With 1,260 acres, the expected useful life of this landfill exceeds 150 years.

Public Transportation: A key component of Lubbock's transportation system is the Lubbock Preston Smith International Airport, located seven miles north of the City's central business district on 3,000 acres of land adjacent to Interstate 27. The Airport is operated as a department of the City, with the guidance of an advisory board, and includes a 200,000 square foot passenger terminal building. The Airport has two commercial service runways, 11,500 and 8,000 feet in length. Air traffic control services include a 24-hour Federal Aviation Administration control tower and a full range of instrument approaches. The Airport is served by three major passenger airlines and two major cargo airlines. It facilitates approximately 36 commercial flights per day.

Citibus provides public transportation for the City of Lubbock and is managed by RATP Dev USA. Transit services provided by Citibus include Fixed-Route, Access (complementary paratransit), On-demand (micro transit), Charters and other additional special services. There are nine fixed-routes that traverse the City. Access is an Americans with Disabilities Act (ADA) curb-to-curb service for passengers in the community who are unable to utilize the regular fixed route service due to a disability. The On-demand service is designed to supplement the fixed-routes to meet the needs of the citizens of Lubbock who need access to

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places outside of the fixed-route service area and hours. In addition to the above transportation services, Citibus provides fixed-route service to Texas Tech University and surrounding apartment complexes with 2 on-campus and 7 off-campus routes. Citibus is also the contracted agent for passenger sales and freight shipping/receiving for Greyhound Lines, Inc., which operates from the Citibus Downtown Transfer Plaza.

Public Health and Social Services: In FY 2021-22, the focus of the City of Lubbock Health Department continued to focus on the response to the COVID-19 pandemic. Throughout the year, the department dedicated resources to vaccinate individuals in hard to reach groups through community pop up clinics and a citywide vaccination campaign, #ItStartsWithUs. To support the cost of the vaccination efforts, the Health Department utilized grants obtained in FY 2021-22 from the Texas Department of State Health Services including \$2,761,375 from the Department of State Health Services (DSHS) COVID –Cares Act fund, \$1,500,000 from the DSHS Public Health Workforce Supplemental Fund and \$500,000 from DSHS from the COVID-19 Health Disparity grant. The remaining funds are being used to build and sustain the local public health workforce by funding new staff positions and providing training opportunities to existing staff through 2023.

The City of Lubbock Community Development provides programs implemented and administered through funding provided from the U.S. Department of Housing and Urban Development (HUD). The City received the following HUD grants: Community Development Block Grant (CDBG); HOME Investment Partnership Program (HOME); and the Emergency Solutions Grant (ESG). The City also received funding from the Texas Department of Housing and Community Affairs (TDHCA) for the Comprehensive Energy Assistance Program (CEAP).

Program Accomplishments for FY 2022 include:

- Rehabilitation of twenty (20) owner-occupied homes with CDBG funds and North-East Lubbock Neighborhood Infrastructure Fund (NELNIF) for the Homeowner Minor Rehabilitation Program.
- ESG funding supported operations of two local homeless shelters and provided 1,038 homeless individuals with essential services and 318 individuals with services for rapid re-housing.
- CEAP provided utility assistance and emergency heating/cooling repairs to 1,433 households, which included funding from the 2022 program year grant and the 2021 CEAP-ARP grant fund.

In-House Coronavirus Relief Services: The City continued running emergency programs in response to the Coronavirus pandemic with assistance for persons/ families who were financially impacted by COVID. Under the Coronavirus Aid, Relief and Economic Security Act (CARES), the City received a second round of funding from the U.S. Department of Treasury as well as reallocated funds to continue the Emergency Rent Assistance program serving 1,006 households with rent and/or utility assistance. Additional emergency response programs included providing childcare assistance for 324 children of working parents and mortgage assistance to 94 homeowners facing foreclosure.

Cultural and Recreation Activities: The City provides cultural and recreation services through 4 libraries and 82 parks with 56 playgrounds. Other recreational facilities include swimming pool, 49 tennis courts, 50 baseball and softball fields, 53 soccer fields, 44 basketball courts, 15 multi-sport courts, 3 disc golf courses, a cultural arts center, 5 community centers, and 4 adult activity centers. To further enhance quality of life and to provide support to tourism, the City operates the Memorial Civic Center, the Buddy Holly Center, the Wells Fargo Amphitheatre, and the Silent Wings Museum.

The City is financially accountable for a legally separate civic services corporation (Civic Lubbock, Inc.), which is reported separately within the City's financial statements as a discretely presented component unit. Additional information on this legally separate entity is found in the notes to the financial statements.

Honorable Mayor, City Council,
And Citizens of the City of Lubbock, Texas
February 27, 2023

Highways and Streets: The City is responsible for the construction and maintenance of 1,253.5 miles of paved streets, 56.9 miles of unpaved streets, and 652.1 miles of paved and unpaved alleys.

In 2004, the City Council established the Gateway Streets Program. The program, funded with 40 percent of franchise fees collected by the City, opens areas of the City for development through thoroughfare construction. Additionally, the program seeks to increase capacity to reduce congestion and accommodate anticipated growth, rebuild existing roadways to current design standards, and construct new roadways through Arterial and Collector Roadway projects. The Gateway Streets Program consists of the Northwest Passage, City thoroughfare streets, and Texas Department of Transportation (TxDOT) improvements in northwest Lubbock, as well as other thoroughfare and collector improvements located in Lubbock.

Street improvement projects under design or construction include the following:

- The Upland Ave thoroughfare project has completed the roadway schematic for 66th to 114th St. along with the Environmental Assessment of the project. Currently the project is in the final design phase from 66th St. to 98th St., with land acquisitions for additional Right of Way for the project underway. Construction from 66th Street to 82nd Street is anticipated to begin in Q4 2023.
- Indiana Avenue from 130th St. to 146th St. construction was completed in July 2022.
- 114th St. from Quaker Avenue to Indiana Avenue construction began in November 2022.

Annual Budget Process

The annual operating budget serves as the foundation of the City's financial planning and control. All City departments submit requests for appropriation to the City Manager each year. The City Manager uses these requests as the starting point for developing the proposed Operating Budget and Capital Program. The City Manager then presents the proposed Operating Budget and Capital Program to the City Council for review, as required by City Charter. The City Council is required to hold a public hearing on the proposed Operating Budget and Capital Program and to adopt it no later than September 30, the close of the City's fiscal year. For FY 2021, the adopted Operating Budget and Capital Program appropriates funding at the fund level for all funds and at the project level in the Capital Program.

The General Fund Operating Budget is adopted on a basis other than GAAP, with the main difference being that related capital outlays are not budgeted. Budgetary control is maintained at the fund level. The City Manager may make administrative transfers and increases or decreases between accounts below the fund level without City Council approval. However, any transfer of funds between Funds, the legal level of control, or higher level shall be presented to City Council for approval by ordinance before such funds can be transferred between Funds or expended. All annual operating appropriations lapse at the end of the fiscal year. Capital Project and grant appropriations do not lapse at fiscal year-end, but remain in effect until the project or grant is completed and closed.

ECONOMIC CONDITION AND OUTLOOK

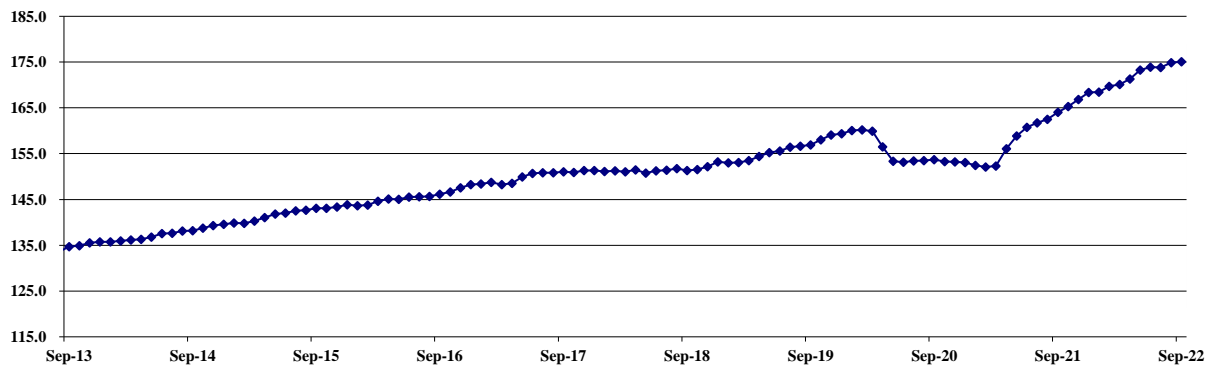
The information presented in the financial statements is best understood when it is considered within the context of the City's economy. The following information is provided to highlight a broad range of economic forces that support the City's operations.

Local Economy

The City of Lubbock has a stable economy with historically consistent and steady growth. Over the past forty years, Lubbock’s agriculturally-based economy has diversified. This diversification minimizes the effects of business cycles experienced by individual sectors. The City has strong manufacturing, wholesale and retail trade, healthcare, education, and government sectors. Manufacturing includes a diverse group of employers who support approximately 5,000 workers. Our central location and access to transportation contributes to Lubbock’s development as a regional warehousing and distribution center. Also due to its location, Lubbock serves as the major retail trade center for a 26-county retail trade area of more than half a million people.

The Lubbock economic index (LEI) improved to a record 160.2 in February 2020, up from 153.1 in February 2019. The LEI began to decline in March 2020 dropping to 159.9 and bottoming out in March 2021 at 152.3. Starting in April 2021 the index started a rapid period of growth producing consecutive record-breaking months leading to a record 175.1 in September 2022.² Much like most municipalities nation-wide, COVID-19 played a major role in the decline of the Lubbock economy due to its effects on tourism and employment. However, Lubbock serving as the major retail trade center for a 26-county retail trade area helped to counter the negative effects of COVID-19 in terms of sales tax collections. These factors are evident in the substantial recovery Lubbock has made since the COVID-19 pandemic.

Lubbock Economic Index

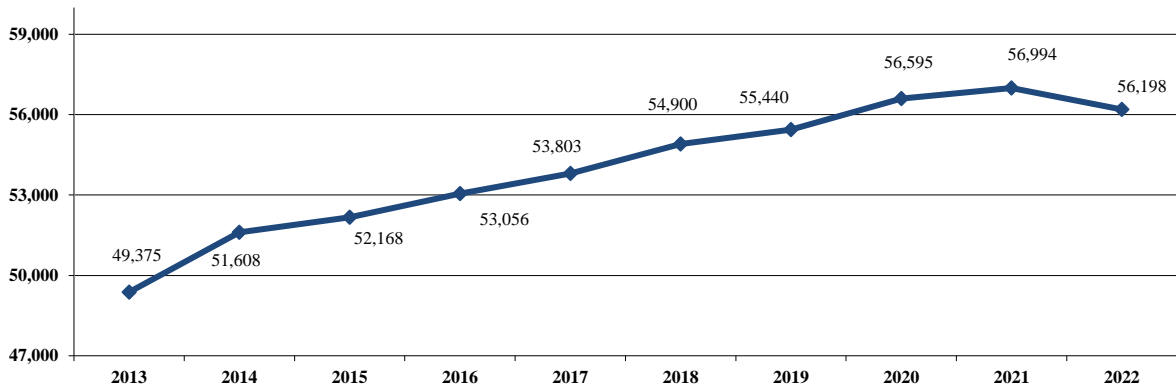


² Ingham Economic Reporting, September 2022, Lubbock Economic Index and Consumer Price Index, Amarillo, Texas: Karr Ingham

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Lubbock is home to three universities and one community college: Texas Tech University; Lubbock Christian University; Wayland Baptist University – Lubbock Center; and South Plains College. Fall 2022 enrollment for all higher education institutions in Lubbock was 56,194, a decrease of 1.4 percent from fall 2021 enrollment of 56,994. The decrease was due to enrollment decreases at Texas Tech University, Texas Tech University Health Science Center, South Plains College, Lubbock Christian University and Wayland Baptist University – Lubbock Center. The availability of graduates in the City is an added advantage to local industries as the universities and colleges continue to produce a ready source of qualified labor.

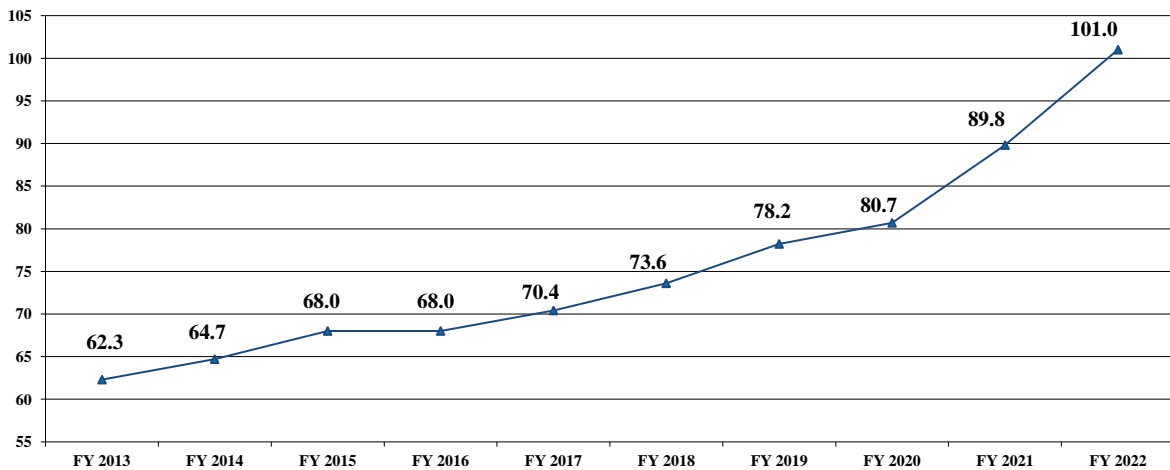
Higher Education Fall Enrollments 2013 - 2022



The health care and social assistance sector is also a vital component of the Lubbock economy, with 26,053 employees and payroll exceeding \$1.4 billion.³ Lubbock is home to several medical facilities including University Medical Center, Covenant Medical Center, The Lubbock Heart Hospital, and Grace Medical Center. The Texas Tech University Health Sciences Center also provides health care, as well as training and research opportunities for health care professionals.

Sales Tax Collections: Sales tax collections in FY 2022 totaled \$101 million, 12.4 percent higher than collections through the same period in FY 2021.

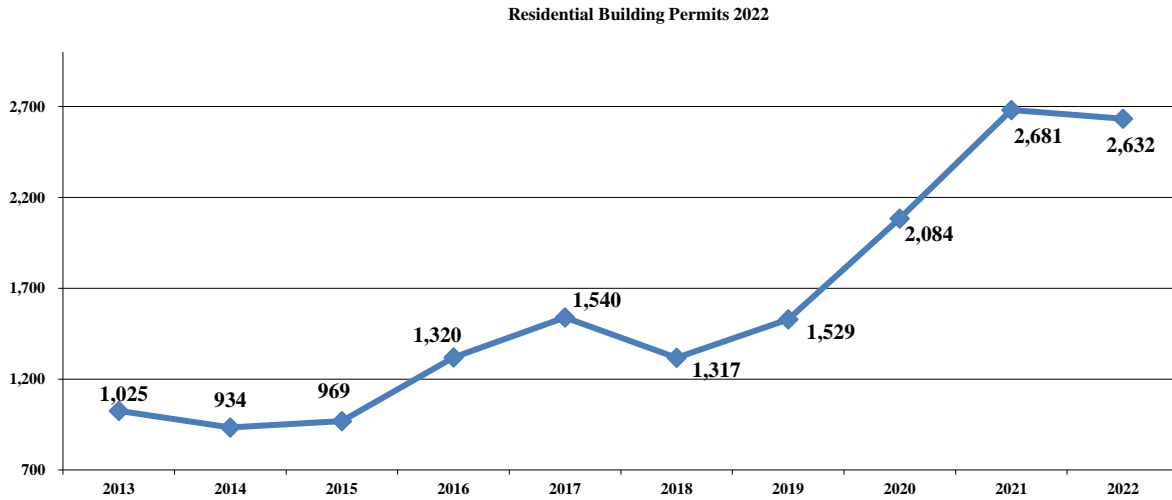
Annual Sales Tax Collections



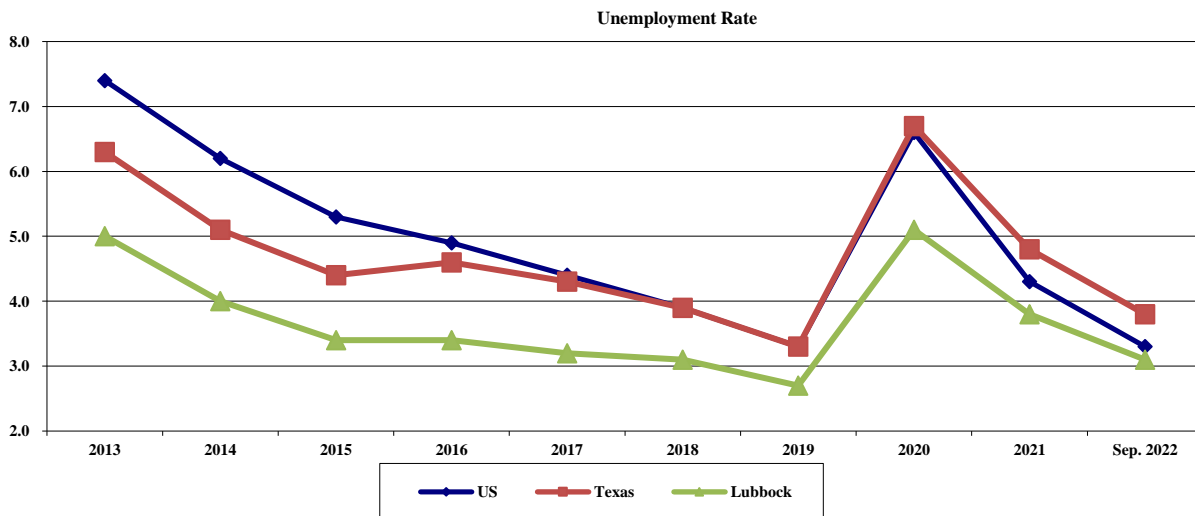
³ Texas Labor Market Information, *Quarterly Census of Employment and Wages (QCEW) Report*, retrieved from texaslmi.com/LMIbyCategory/QCEW.

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Building Permits: Construction activity has expanded significantly in recent years, setting records for new residential permits in 2017, 2019, 2020, and 2021. However, new construction permits issued slightly decreased 1.83 percent through 2022. Similarly, new residential permits decreased 6.25 percent in 2022 compared to the prior year.⁴ The preliminary average home sales price in September 2022 was \$280,940, an increase of 8.7 percent over September 2021.⁵



Employment: The total non-agricultural employment estimate for September 2022 was 157,000, an increase of 4.7 percent over the revised September 2021 estimate. The unemployment rate for the Lubbock Metropolitan Statistical Area (MSA) in September 2022 was 3.1 percent, a decrease of 0.8 percent, as the labor market continues towards pre-pandemic levels. Historically, Lubbock has had a low rate of unemployment that is well below the national and state unemployment rates.⁶



⁴ City of Lubbock Building Inspection Department, September 2021 to September 2022 *Building Inspection Statistical Report*.

⁵ Texas A&M University Real Estate Center, *Lubbock MLS Housing Activity Report (September 2022)*, retrieved from <http://recenter.tamu.edu/data/datahs.html> (Figures are preliminary and will be updated as information becomes available.)

⁶ Texas Workforce Commission, *MSA Employment and Unemployment Data*, September 2022. (Current year numbers are the average through October 2020 and are updated as data becomes available.)

ECONOMIC DEVELOPMENT

In 1995, the City Council created Market Lubbock, Inc. (MLI), a non-profit corporation to oversee economic development for the City. MLI is funded with 1.9629 cents of the property tax allocation less the City of Lubbock economic development expenses. In October 2004, the Lubbock Economic Development Alliance (LEDA), an economic development sales tax corporation, assumed responsibility for economic development. LEDA program strategies include business retention, business recruitment, workforce development, foreign trade zone, and the bioscience initiative. LEDA is funded by a 1/8 cent economic development sales tax. Total allocated tax revenues for MLI and LEDA for FY 2022 were \$12 million.

The City's Finance Department is responsible for tracking and maintaining economic and demographic information for the City, assisting with city-related business issues, the enterprise zone and tax abatement programs, three Tax Increment Financing Reinvestment Zones, and all Public Improvement Districts.

Lubbock Business Park: The Lubbock Business Park (Park) is a 586-acre tract of land located off of Interstate 27, approximately one mile south of Lubbock Preston Smith International Airport. The Park is being developed by LEDA as a recruitment tool to assist in the recruitment of new businesses to the area. The Park has shovel-ready lots available for businesses who would like to relocate to Lubbock or expand an existing business.

The City of Lubbock, Lubbock County, Lubbock Hospital District, and High Plains Underground Water District are participating in this public/private project with the creation of a Tax Increment Financing Reinvestment Zone that will assist in funding the public infrastructure necessary to develop the Park. According to the latest Project and Finance Plan for the Lubbock Business Park Tax Increment Financing Reinvestment Zone (LBP Zone), there are planned expenditures of approximately \$45.2 million for public infrastructure improvements, which will result in an increase in taxable value of approximately \$208.2 million over the LBP Zone's 30-year life. The 2022 appraised value of the LBP Zone is \$97.7 million with a net taxable value of \$97.7 million, which is a \$97.3 million increase over the 2009 base year value.

Overton Park: Overton Park, a former blighted area called North Overton, is a 300-acre revitalization project adjacent to the downtown area of Lubbock. Projects that have been constructed in Overton Park since the beginning of the redevelopment include eleven student-oriented apartment complexes, The Centre, an apartment complex built over upscale retail, City Bank, Wal-Mart, The Overton Hotel and Conference Center, Racer Car Wash, condominiums, and many small specialty restaurants and retail establishments.

The City of Lubbock, Lubbock County, Lubbock Hospital District, and High Plains Underground Water District are participating in this public/private project with the creation of a Tax Increment Financing Reinvestment Zone that has funded the replacement of the 80-year old infrastructure. According to the Project and Finance Plan for the North Overton Tax Increment Financing Reinvestment Zone (Overton Zone), there were planned expenditures of \$62.3 million for Phase 1 and 2, not including interest on debt for the replacement and upgrade of public improvements including roads, water, sewer, relocation underground of the electric infrastructure, lighting, and landscaping in the parkway. Based on current estimates, these improvements will result in an increase of taxable value of approximately \$520 million over the Overton Zone's 30-year life. The 2022 appraised value of the Overton Zone is \$596.5 million, which is a \$569.6 million increase over the 2002 base year value.

Honorable Mayor, City Council,
And Citizens of the City of Lubbock, Texas
February 27, 2023

North and East Lubbock Neighborhood and Infrastructure Fund: Lubbock City Council passed a resolution on May 9, 2013, to create the North and East Lubbock Neighborhood and Infrastructure Fund (NELNIF) to provide a source of funding for downtown redevelopment, neighborhood and infrastructure projects, and other community development projects. The revenue for the fund is 90 percent of the oil and gas revenues that historically went to the General Fund.

The Lubbock community, at-large, has experienced growth. However, the North and East Lubbock communities have experienced population destabilization, economic instability, and housing deterioration.

The past several years have brought a slight increase of single-family residential development and affordable rental units in this area by nonprofit organizations and private developers in addition to rehabilitation of existing homes to provide a safe and sanitary living environment. The funding in the North and East Lubbock Neighborhood and Infrastructure Fund in FY 2022 was used for rehabilitation of owner occupied homes in North and East Lubbock. In FY 2022, nineteen owner occupied homes had minor rehabilitations with the funding available.

Downtown Redevelopment: The City of Lubbock Central Business District (CBD) has developed over the years with traditional office, retail, and governmental agency uses. As with many cities in the last ten to twenty years, retail has moved to shopping areas and other areas outside the CBD, and office development has stagnated. In an effort to reverse the trend, the City of Lubbock, with participation from Lubbock County, Lubbock Hospital District, and High Plains Underground Water District, created a Tax Increment Financing Reinvestment Zone to assist in the redevelopment of downtown in December 2001, with a termination date of December 31, 2020. On September 24, 2009, the City Council approved an extension of the termination date to December 31, 2040 in order to provide additional funding to implement the project and finance plan. According to the latest Project and Finance Plan for the Central Business District Tax Increment Financing Reinvestment Zone (CBD Zone), planned expenditures amount to \$40.8 million for public infrastructure improvements, which will result in an increase in taxable value of approximately \$255.7 million over the CBD Zone's 40-year life. The 2022 appraised value of the CBD Zone is \$277.1 million, a \$171.2 million increase over the 2001 base year value.

FINANCIAL INFORMATION

Long-term financial planning

The City uses ten-year rate models for long-range planning in all major enterprise funds as a basis for budget discussion and policy decision-making. These models are based on current projects and policies and are continually monitored and updated throughout the year. The rates in the models are calculated to provide financially sound net position reserves, as established by City Council Policy.

The City Council has approved goals for the General Fund unrestricted fund balance, which is set at a minimum of an amount equal to 20 percent of operating revenues to meet unanticipated contingencies and fluctuations in revenue. Enterprise funds also have excess reserve policies, ranging from 10 to 25 percent of operating revenue. LP&L must maintain three months gross retail electric revenue, as determined by taking the average monthly gross retail electric revenue from the previous fiscal year. Water/Wastewater and Airport funds maintain excess reserves in an amount equal to 25 percent of operating revenues. The Storm Water fund maintains excess reserves of 20 percent of operating revenues. Excess reserves have a slightly different definition than GAAP unrestricted net position. Excesses and deficits are addressed in the subsequent year budget process.

Utility funds make payments in lieu of property taxes and franchise fees to the General Fund. The amount LP&L pays in lieu of property tax is based on one percent of gross revenues. The payment in lieu of

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February 27, 2023

property taxes for other utility funds is calculated by applying the property tax rate to the fixed assets of the fund.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its annual comprehensive financial report for the fiscal year ended September 30, 2021. In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized annual comprehensive financial report in which contents conform to program standards. Such reports must satisfy both GAAP and applicable legal requirements. The City of Lubbock has received this award for seventeen consecutive years.

A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement Program requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report would not be possible without the efficient and dedicated services of the entire staff of the Finance Department. We would particularly like to thank the Accounting Managers, Senior Accountants, Director of Financial Planning and Analysis, Assistant Director of Financial Planning and Analysis and Senior Financial Analysts for their countless hours of work on this financial report. We express our appreciation to all members of City departments who assisted with and contributed to the preparation of this report. Credit is also given to the City Council and the Audit Committee for their interest and support in planning and conducting the operations of the City in a responsible manner.

Respectfully submitted,



W. Jarrett Atkinson
City Manager



D. Blu Kostelich
Chief Financial Officer



Linda Cuellar, CPA
Director of Accounting



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Lubbock
Texas**

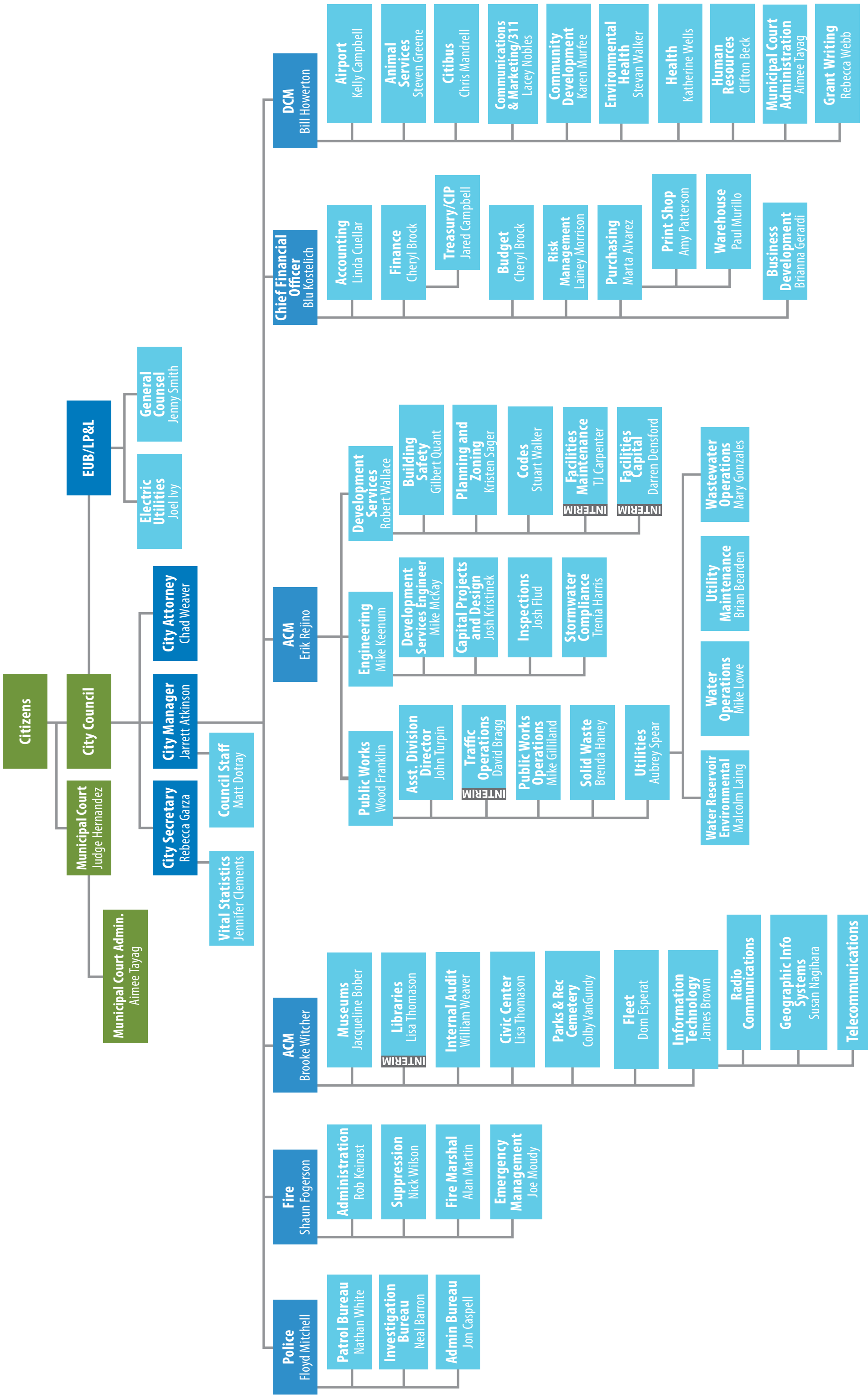
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2021

Christopher P. Morill

Executive Director/CEO

Organizational Chart







Independent Auditor's Report

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

Report on the Audit of the Financial Statements

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 City of Lubbock, Texas (the City), as of and for the year ended September 30, 2022, 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, based on our audit and the report of the other auditors, the accompanying financial statements 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, 2022, and the respective changes in financial position and, where applicable, cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of Civic Lubbock, Inc., Market Lubbock Economic Development Corporation d/b/a Market Lubbock, Inc. or Lubbock Economic Development Alliance, which represent 95 percent, 103 percent, and 99 percent, respectively, of the assets, net position (deficit), and revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for such entities, is based solely on the report of the other auditors.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audit contained in *Government Auditing Standards*, issued by the Comptroller general of the United States. 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.

Emphasis of Matter

As discussed in Note I.J. to the basic financial statements, during the year ended September 30, 2022, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 87, Leases. Beginning net position has been restated as a result of the implementation of this statement. Also discussed in Note I.K. to the financial statements, the City made a prior period adjustment for developer contributions as of September 30, 2022 to correct an error. Our opinions are not modified with respect to this matter.

Weaver and Tidwell, L.L.P.
2300 North Field Street, Suite 1000 / Dallas, Texas 75201
Main: 972.490.1970

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

Responsibilities of Management for the Financial Statements

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

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

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.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information, such as management's discussion and analysis, budgetary comparison information, pension and other post-employment benefits information, as listed in the table of contents 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 accompanying supplementary information, such as the combining and individual fund statements and schedules and schedule of expenditures of federal and state awards, *as required by Title 2 U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and Texas Grant Management Standards are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Information Annual Comprehensive Financial Report (ACFR)

Management is responsible for the other information ACFR. The other information comprises the introductory section and statistical section but does not include the financial statements and our auditor's report thereon. Our opinions on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 27, 2023 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Dallas, Texas
February 27, 2023

City of Lubbock, Texas
Management's Discussion and Analysis
For the Year Ended September 30, 2022

The Management's Discussion and Analysis (MD&A) provides a narrative overview and analysis of the financial activities of the City of Lubbock for the fiscal year ended September 30, 2022.

Readers of the financial statements are encouraged to consider the information included in the transmittal letter and in the other sections of the Annual Comprehensive Financial Report (ACFR) such as the combining statements and the statistical section in conjunction with the MD&A.

Financial Highlights

The following financial highlights summarize the City's financial position and operations as presented in more detail in the Basic Financial Statements (BFS).

- The City's total government-wide assets and deferred outflows exceeded its liabilities and deferred inflows at September 30, 2022 by \$1.4 billion (net position).
- The City's total net position increased by \$162.6 million which includes the prior period adjustment resulting from operations during the fiscal year.
- The ending unassigned fund balance for the General Fund was \$89.2 million, or 34.9 percent of total General Fund revenues, an increase of \$1.4 million from the prior year.
- The City's governmental funds reported combined ending fund balances of \$212.5 million, of which \$89.2 million is available for spending at the City's discretion.
- The City's enterprise funds reported combined ending net position of \$1.2 billion, of which \$88.9 million is available for spending at the City's discretion.
- During FY 2022, the City issued \$83.2 million in bonded debt.

Overview of the Financial Statements

Basic Financial Statements: The MD&A is intended to serve as an introduction to the City's BFS. The BFS are comprised of three components: 1) Government-Wide Financial Statements (GWFS), 2) Fund Financial Statements (FFS), and 3) Notes to Basic Financial Statements (Notes). The ACFR contains other supplementary information in addition to the BFS.

Government-Wide Financial Statements: The GWFS, shown on pages 41-43 of the ACFR, contain the *Statement of Net Position* and the *Statement of Activities*, described below:

The *Statement of Net Position* presents information on the City's assets, liabilities (including capital assets and short- and long-term liabilities), and deferred inflows/outflows of resources with the difference reported as *net position* using the accrual basis of accounting. Over time, increases or decreases in net position serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *Statement of Activities* presents a comparison between direct expenses and program revenues for each of the City's functions or programs. Direct expenses are specifically associated with an activity and are therefore clearly identifiable with that activity. Program revenues include charges paid by the recipient of the goods or services offered by the program. Program revenues also include grants and contributions

City of Lubbock, Texas
Management's Discussion and Analysis
For the Year Ended September 30, 2022

restricted to meeting the operational or capital requirements of a particular activity. Revenues not directly related to a specific activity are presented as general revenues. The comparison of direct expenses with revenues from activities identifies the extent to which each activity is self-financing, or alternatively, draws from any City generated general revenues.

Governmental activities (activities principally supported by taxes and intergovernmental revenues) of the City include administrative services as well as general government, community services, cultural and recreation, economic and business development, fire, health, police, other public safety, streets and traffic and solid waste. Business-type activities (activities intended to recover all of their costs through user fees and charges) of the City include Electric, Water, Wastewater, Storm Water, Transit, Airport, Civic Centers, Cemetery, and Lake Alan Henry Recreation. All changes in net position are reported as soon as the underlying event occurs (accrual basis), regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods, such as uncollected taxes and earned, but unused vacation leave.

Component Units: The GWFS include the City (the “primary government”), and six legally separate entities (the “component units”) for which the City is financially accountable. The discretely presented component units consist of: Urban Renewal Agency (URA); Market Lubbock Economic Development Corporation, d/b/a Market Lubbock, Inc.; Lubbock Economic Development Alliance; Civic Lubbock, Inc.; Vintage Township Public Facilities Corporation; and the Lubbock Metropolitan Planning Organization are blended component units. The component units provide community services, economic development services, arts and cultural activities, and public improvement financing for the City. Financial information for the discretely presented component units is reported separately in the GWFS to differentiate them from the City’s financial information.

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. The principal role of funds in the financial reporting model is to demonstrate fiscal accountability. The City, as with other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The focus of the FFS is on major funds. Major funds are those that meet minimum criteria (a percentage of assets, liabilities, revenue, or expenditures/expenses of fund category and of the governmental and enterprise funds combined), or those that the City chooses to report as major funds given their qualitative significance. Non-major funds are aggregated and shown in a single column in the appropriate financial statements. Combining schedules of nonmajor funds are included in the ACFR following the Required Supplementary Information (RSI) and Other Supplementary Information (OSI). All funds of the City can be divided into two categories: *governmental funds* and *proprietary funds*.

Governmental FFS: Governmental funds are used to account for essentially the same functions reported as governmental activities in the GWFS. However, unlike the GWFS, governmental FFS focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the City’s fiscal year. Such information is useful in evaluating the City’s near-term financing requirements.

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Because the focus of governmental funds is narrower than that of the GWFS (modified accrual versus accrual basis of accounting, and current financial resources versus economic resources), it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the GWFS. By doing so, the reader may better understand the long-term impact of near-term financing decisions. Reconciliations are provided for both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances to facilitate the comparison between governmental funds and governmental activities.

The City maintains 32 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Governmental Capital Projects Fund, and Debt Service Fund which are considered to be major funds. The governmental FFS can be found on pages 44-47 of the ACFR. Data for the other 29 governmental funds are combined into a single, aggregated presentation.

The City adopts a budget annually for the General Fund and most other funds. In the RSI section, budgetary comparison schedules for the General Fund and Debt Service Fund have been provided to demonstrate compliance with the budget.

Proprietary FFS: The City maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as business-type activities in the GWFS. Enterprise FFS provide the same type of information as the GWFS, only in more detail. The City uses enterprise funds to account for LP&L, water/wastewater, storm water, transit, airport, civic centers, cemetery, and Lake Alan Henry Recreation activities, of which the first three activities are considered to be major funds by the City and are presented separately. The latter five activities are considered non-major funds and are combined into a single aggregated presentation.

Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for vehicle service operations and fueling, central warehouse and printing services, information technology services, risk management, health benefits, and investment pool funds. The services provided by the internal service funds benefit both governmental and business-type activities, and accordingly, they have been included within governmental activities and business-type activities, as appropriate, in the GWFS. All internal service funds are combined into a single aggregated presentation in the proprietary FFS. Reconciliations are provided for the proprietary fund statement of net position and the proprietary fund statement of revenues, expenses, and changes in fund net position for comparison between enterprise funds and business-type activities. The proprietary FFS can be found on pages 48-59 of the ACFR.

Fiduciary Funds: Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The City has funds held on behalf of others as a result of law enforcement activities reported as custodial funds. The fiduciary FFS can be found on pages 60-61 of the ACFR.

Notes to Basic Financial Statements: The notes provide additional information that is essential to a full understanding of the data provided in the GWFS and FFS. The notes can be found on pages 62-115 of the ACFR.

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Other Information: In addition to the basic financial statements and accompanying notes, this report also presents certain RSI including the Schedule of Changes in Net Pension Liability and Related Ratios, the Schedule of Contributions for the City’s pension plans, and the Schedule of Changes in Total OPEB Liability and Related Ratios. The General Fund and Debt Service budgetary comparisons demonstrating the legal level of budgetary control can also be found as part of the RSI. The RSI can be found on pages 117-126 of the ACFR.

Combining Fund Statements and Schedules are included after the RSI. This includes Nonmajor Funds and Nonmajor Discretely Presented Component Units. Certain special revenue funds are presented in this section, demonstrating compliance at the legal level of budgetary control.

Government-Wide Financial Analysis

As noted earlier, net position serves as a useful indicator of the City’s financial position. Assets and deferred outflows exceeded liabilities and deferred inflows by \$1.4 billion (*net position*) at the close of the fiscal year, compared to assets and deferred outflows exceeding liabilities and deferred inflows by \$1.2 billion (*net position*) at the end of the prior fiscal year. As a result of operations, total net position increased by \$162.6 million during the period.

City of Lubbock Net Position
September 30
(in thousands)

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Current and other assets	\$ 327,015	\$ 325,163	\$ 450,182	\$ 422,929	\$ 777,197	\$ 748,092
Capital assets	582,893	540,191	1,991,842	1,936,622	2,574,735	2,476,813
Total assets	909,908	865,354	2,442,024	2,359,551	3,351,932	3,224,905
Total deferred outflows of resources	51,848	49,681	18,543	17,561	70,391	67,242
Current liabilities	131,788	115,531	141,552	145,906	273,340	261,437
Noncurrent liabilities	528,792	619,487	1,119,599	1,137,804	1,648,391	1,757,291
Total liabilities	660,580	735,018	1,261,151	1,283,710	1,921,731	2,018,728
Total deferred inflows of resources	84,948	36,840	28,437	11,978	113,385	48,818
Net position*:						
Net investment in capital assets	310,186	253,191	996,595	931,616	1,306,781	1,184,807
Restricted	30,605	27,909	81,978	74,355	112,583	102,264
Unrestricted	(124,563)	(137,923)	92,406	75,453	(32,157)	(62,470)
Total net position	\$ 216,227	\$ 143,177	\$ 1,170,979	\$ 1,081,424	\$ 1,387,207	\$ 1,224,601

*The cumulative effect of applying GASB Statement No. 87, “Leases”, the Risk Internal Service Fund changing from a governmental activity to a business-type activity, and a prior period adjustment to correct an error in FY 22 for developer contributions resulted in the beginning net position being restated. FY 2021 was not restated.

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Approximately 94.2 percent of the City's net position reflects its investment in capital assets, e.g., land, buildings, infrastructure, machinery and equipment, less accumulated depreciation and any related outstanding debt used to acquire those assets. The City uses capital assets to provide services to citizens; consequently, those assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, the resources needed to repay this debt must be provided from other sources since the capital assets cannot be used to liquidate the liabilities.

The City has restricted net position totaling \$112.6 million, which represent resources subject to external restrictions on how they may be used. Such resources include bond funds restricted for spending on specified capital projects, debt service reserves restricted by bond covenants, passenger facility charges restricted for airport improvements, and special revenue funds restricted for specific purposes.

The unrestricted net position is the amount that may be used to meet the government's ongoing obligation to citizens and creditors. The adoption of GASB Statement No. 68 in FY 2015 and No. 75 in FY 2018 resulted in the City's reporting of net pension liabilities and deferred inflows of resources and deferred outflows of resources for the pension plan and the recognition of pension expense. Both statements had a significant negative effect on the City's net position and consequently unrestricted net position.

At the end of the current fiscal year, the City is able to report positive balances in all three categories of net position for business type activities. The government-wide unrestricted net position increased by \$30.3 million from FY 2021.

City of Lubbock, Texas
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City of Lubbock Changes in Net Position
For the Years Ended September 30
(in thousands)

	Governmental		Business-		Totals	
	Activities		type Activities			
	2022	2021	2022	2021	2022	2021
Revenues:						
Program Revenues:						
Charges for services	\$ 43,134	\$ 39,608	\$ 524,738	\$ 447,055	\$ 567,872	\$ 486,663
Operating grants and contributions	29,415	22,250	14,798	12,773	44,213	35,023
Capital grants and contributions	30,472	13,601	21,110	33,073	51,582	46,674
General Revenues:						
Property taxes	109,140	105,517	-	-	109,140	105,517
Sales taxes	100,991	90,000	-	-	100,991	90,000
Other taxes	11,209	9,256	-	-	11,209	9,256
Franchise fees	33,393	29,733	-	-	33,393	29,733
Investment earnings	803	1,080	-	3,239	803	4,319
Other	21,883	19,782	2,710	1,312	24,593	21,094
Total revenues	<u>380,440</u>	<u>330,827</u>	<u>563,356</u>	<u>497,452</u>	<u>943,796</u>	<u>828,279</u>
Expenses:						
Administrative services/general govt.	20,347	21,533	-	-	20,347	21,533
Community services	13,916	9,316	-	-	13,916	9,316
Cultural and recreation	19,372	17,904	-	-	19,372	17,904
Economic and business development	24,177	20,025	-	-	24,177	20,025
Fire	56,783	60,501	-	-	56,783	60,501
Health	10,918	10,625	-	-	10,918	10,625
Police	77,532	69,070	-	-	77,532	69,070
Other public safety	15,245	16,239	-	-	15,245	16,239
Streets and traffic	32,105	31,273	-	-	32,105	31,273
Solid Waste	22,147	18,801	-	-	22,147	18,801
Interest on long-term debt	12,712	8,476	-	-	12,712	8,476
Electric	-	-	312,502	266,510	312,502	266,510
Water/Wastewater	-	-	110,360	113,325	110,360	113,325
Storm Water	-	-	13,537	13,771	13,537	13,771
Transit	-	-	15,585	13,530	15,585	13,530
Airport	-	-	21,434	24,394	21,434	24,394
Civic Centers	-	-	3,409	3,073	3,409	3,073
Cemetery	-	-	507	550	507	550
Lake Alan Henry	-	-	540	537	540	537
Total expenses	<u>305,254</u>	<u>283,763</u>	<u>477,874</u>	<u>435,690</u>	<u>783,128</u>	<u>719,453</u>
Change in net position before transfers	75,185	47,064	85,481	61,762	160,666	108,826
Transfers	6,726	7,085	(6,726)	(7,085)	-	-
Change in net position	<u>81,911</u>	<u>54,149</u>	<u>78,755</u>	<u>54,677</u>	<u>160,666</u>	<u>108,826</u>
Net position - beginning of year, restated*	134,316	89,028	1,092,223	1,026,747	1,226,539	1,115,775
Net position - end of year	<u>\$ 216,227</u>	<u>\$ 143,177</u>	<u>\$ 1,170,978</u>	<u>\$ 1,081,424</u>	<u>\$ 1,387,205</u>	<u>\$ 1,224,601</u>

*The cumulative effect of applying GASB Statement No. 87, "Leases", the Risk Internal Service Fund changing from a governmental activity to business-type, and a prior period adjustment to correct an error in FY 22 for developer contributions resulted in the beginning net position being restated. FY 2021 was not restated.

City of Lubbock, Texas
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Changes in Net Position: Details of the above summarized information can be found on pages 42-43 of the ACFR.

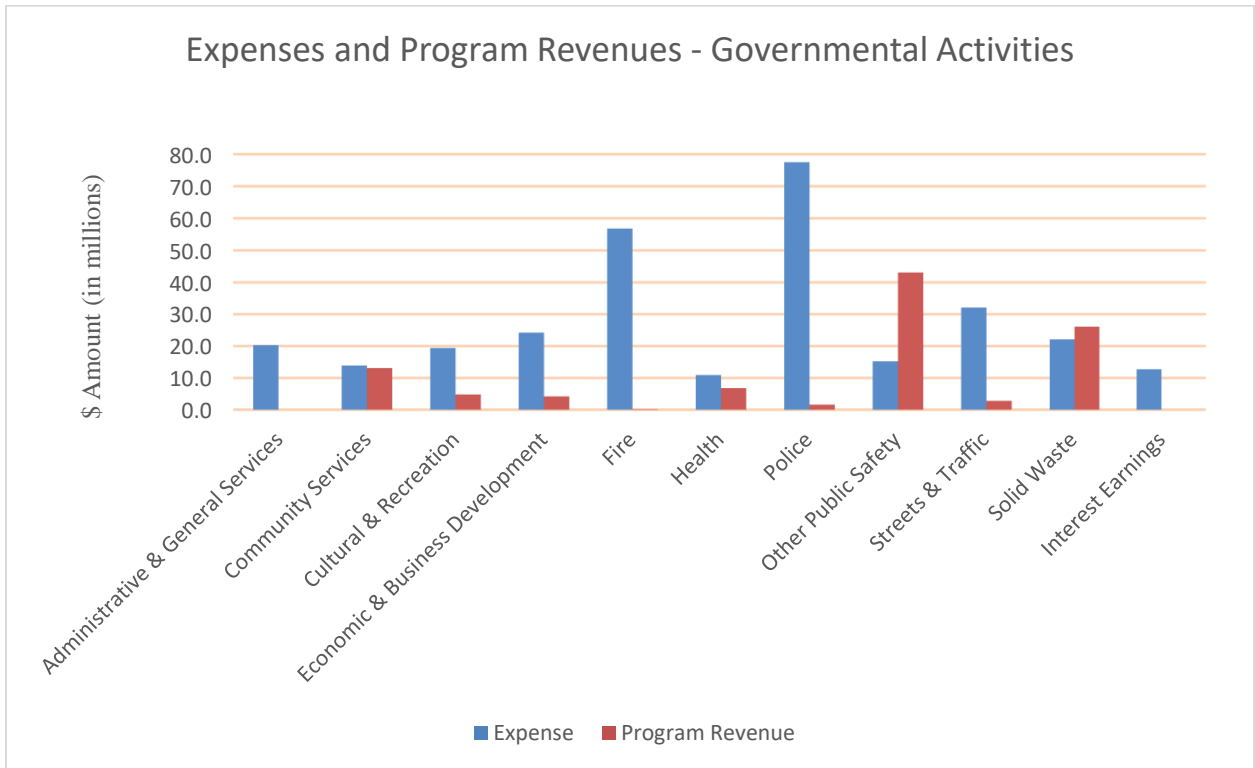
Governmental activities: The City's governmental activities experienced an increase in net position of \$73.1 million, compared to an increase of \$54.1 million during the prior fiscal year. Key elements of the operational increase compared to prior year include:

- Revenues increased \$49.6 million, from \$330.8 million in FY 2021 to \$380.4 million in FY 2022.
 - The City experienced a \$27.6 million increase in total program revenues from FY 2021 to FY 2022. Charges for services increased \$3.5 million from FY 2021 to FY 2022 and operating grants and contributions increased \$7.2 million. The City received an American Rescue Plan Act (ARPA) grant in the amount of \$56.0 million: \$1.2 million was allocated for Public Safety (vehicles, computer systems, etc.); \$0.3 million for IT infrastructure; \$1.2 million for micro grants; \$0.6 million for Public Safety capital improvements; \$0.7 million for job training; \$3.5 million for the upcoming Diversion Center; and \$0.8 million for the new public health facility. The remaining funds were deferred. Capital grants and contributions increased \$16.9 million from FY 2021 to FY 2022. The Lubbock Tornado Memorial donation increased capital contribution by \$3.4 million and street capital contributions increased by \$12.2 million from the previous year while Police capital grants increased by \$0.9 million. Other capital grants and contributions increased slightly. Charges for services increased due to Streets and Traffic fees increasing by \$1.6 million, Municipal Court fines and Building Safety permits increased by \$1.4 million in FY 2022, Economic and Business Development fees increased \$0.4 million and cultural and recreation revenues increased by \$0.1 million.
 - Property tax revenue increased from \$105.5 million in FY 2021 to \$109.1 million in FY 2022. The property tax rate decreased from \$0.52323 per \$100 of assessed value in 2021 to \$0.47676 per 100 of assessed value in 2022. Taxable assessed values increased from \$19.6 billion in 2021 to \$20.9 billion in 2022, as real property valuations continued to climb.
 - Sales tax revenue increased from \$90.0 million in FY 2021 to \$101.0 million in FY 2022. Since FY 2013, Lubbock had experienced a steady increase in sales tax revenue averaging an annual increase of 5.6 percent. In FY 2022, Lubbock experienced a 12.2 percent increase in sales tax.
 - Investment earnings decreased from \$1.1 million in FY 2021 to \$803 thousand in FY 2022. The decrease is due to a lower rate environment in FY 2022.
- Total expenses increased \$21.5 million, from \$283.8 million to \$305.3 million in FY 2022.
 - Police department expenses increased \$8.4 million from \$69.1 million in FY 2021 to \$77.5 million in FY 2022. Employee compensation and benefit expenses increased by \$8.6 million due to pay increases. In addition, the GASB 68 pension expense of the police department decreased by \$0.2 million in FY 2022.
 - Economic and business development expenses increased from \$20.0 million in FY 2021 to \$24.2 million in FY 2022 for a total of \$4.2 million. Hotel occupancy tax allocation increased \$0.9 million while the remaining combined non-major governmental fund expenses increased \$1.0 million. ARPA funded projects increased expenses by \$1.9 million while the compensated absence expenses increased by \$0.3 million in FY 2022.
 - Cultural and recreation expenses were \$17.9 million in FY 2021 and \$19.4 million in FY 2022 for an increase of \$1.5 million. Employee compensation and benefit expenses and maintenance and other charges each increased by \$0.6 million while supplies increased by \$0.3 million.

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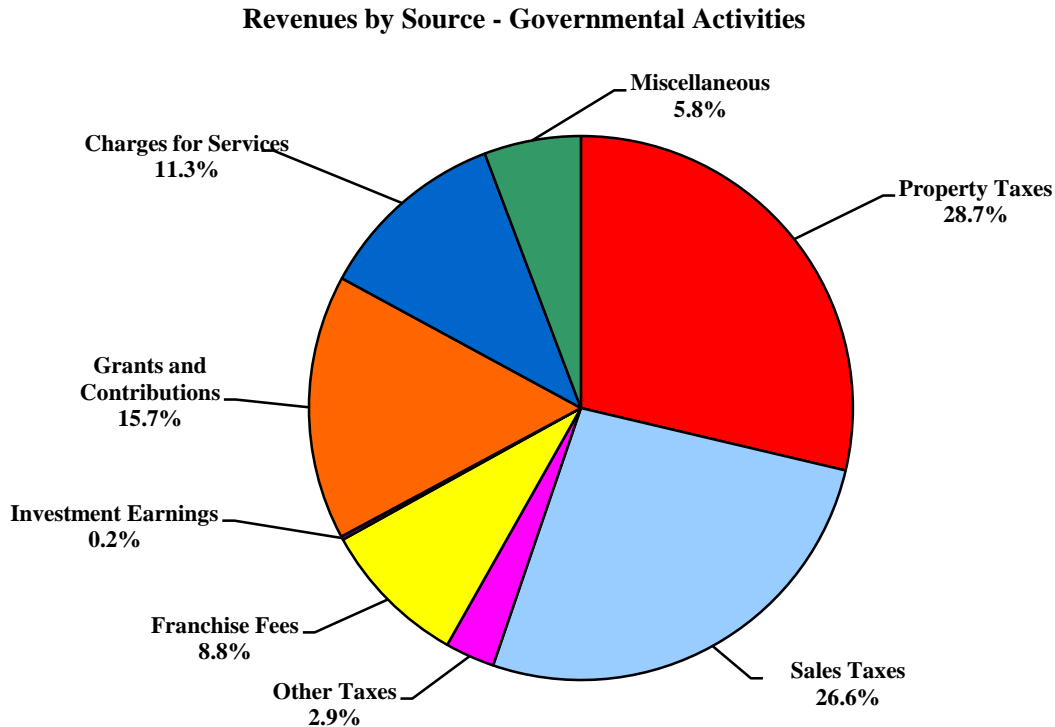
- Solid Waste department expenses increased \$3.3 million to \$22.1 million in FY 2022. Employee compensation and benefits expense increased by \$1.2 million while maintenance and other charges increased by \$1.6 million. Solid Waste supplies also increased by \$1.0 million whereas depreciation decreased by \$0.5 million.
- Interest on long-term debt increased \$4.2 million to \$12.7 million in FY 2022. Due to an unfavorable rate environment, interest earnings were non-existent and expenses were incurred.
- Transfers from business-type activities during FY 2022 increased governmental activities’ net position by \$6.7 million. During the prior fiscal year, the transfers increased governmental activities’ net position by \$7.1 million. Transfers from Electric to the General Fund increased by \$0.2 million in FY 2022 and transfers from Water/Wastewater also increased by \$0.2 million. Transfers from Storm Water to the General Fund increased slightly in FY 2022.
- Net transfers from business-type activities included indirect cost payments of operations for centralized services such as payroll and purchasing to governmental activities.

The following graph depicts the expenses and program revenues generated through the City’s various governmental activities.



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The following graph reflects the source of revenues and the percentage each source represents of the total.



Business-type activities: Revenues from the City's business-type activities totaled \$563.4 million, compared to \$497.5 million in FY 2021, an increase of \$65.9 million. Key elements of the revenue increase from operations include:

- Charges for services for business-type activities totaled \$524.7 million in FY 2022, an increase of \$77.7 million from the prior year.
 - Electric operations, which is Lubbock Power & Light (LP&L), totaled \$339.0 million in FY 2022, an increase of \$65.1 million. The increase in general consumers' metered revenue of \$52.1 million was related to higher energy prices and usage in FY 2022. Additionally, TCOS revenues increased \$28.3 million in FY 2022 due to only 4 months of revenue was recognized in FY 2021. These increases are slightly offset by a new revenue line item for the ERCOT Hold Harmless payment of \$14.6 million and a lower level of recoveries in the allowance for uncollectable accounts that led to an increase in bad debt expense for FY 2022 of \$0.2 million.
 - Water/Wastewater operations totaled \$143.9 million in FY 2022, an increase of \$9.1 million. Average daily water usage was 37.1 million gallons for FY 2022, up from 34.5 million gallons in FY 2021. Water charges for services increased from \$86.9 million in FY 2021 to \$93.4 million in FY 2022 in part due to a drier year. Wastewater charges for services increased slightly from \$48.8 million in FY 2021 to \$51.0 million in FY 2022.
 - Storm Water operations totaled \$23.7 million, an increase of \$1.2 million.

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- Operating grants, capital grants and contributions produced \$35.9 million in revenue for business-type activities during FY 2022, a decrease of \$9.9 million from the prior year. The decrease is related to Airport capital grants and contributions, which decreased from \$11.8 million in FY 2021 to \$1.4 million in FY 2022. Airport operating grants and contributions were down \$0.7 million to \$6.0 million in FY 2022. Transit operating grants and contributions increased \$2.7 million in FY 2022 to \$8.8 million while Water/Wastewater capital grants and contributions increased \$2.1 million and Storm Water capital grants and contributions decreased by \$3.0 million. Electric capital grants and contributions also increased from \$1.3 million in FY 2021 to \$1.8 million in FY 2022.

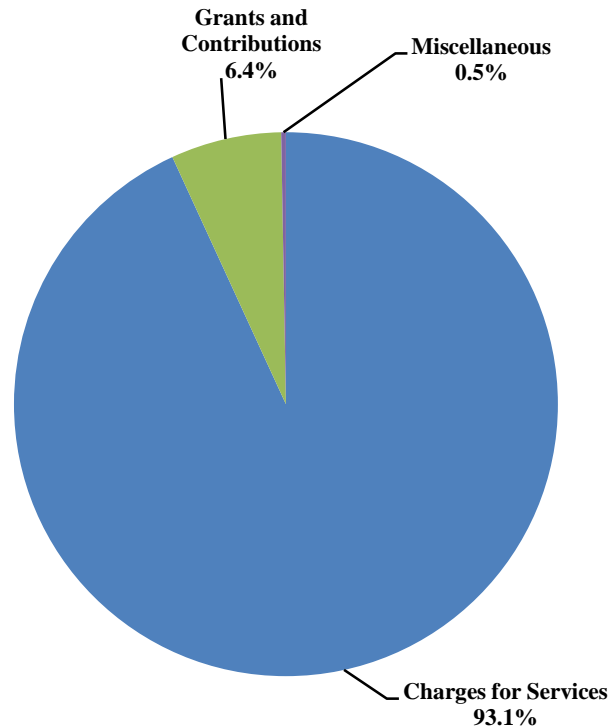
Expenses for business-type activities were \$477.9 million in FY 2022, an increase of \$42.2 million.

- Electric expenses were \$312.5 million, an increase of \$46.0 million from the prior year. The primary expenses contributing to the increase is the cost of purchased fuel and power, which increased \$28.7 million from FY 2021. Personal services increased \$3.2 million in FY 2022 due to payroll and benefits costs increasing \$5.1 million offset by decreased pension expense. Interest expense on bonds increased \$9.8 million due to an adjustment to the market value of our securities. Additionally, depreciation and amortization expense increased \$2.3 million in FY 2022 as a result of new assets being added.
- Expenses in the Water/Wastewater Fund were \$110.4 million in FY 2022, down \$3.0 million from FY 2021. Water other services and charges decreased by \$3.1 million in FY 2022 while Water personnel expense also decreased \$1.2 million from the prior year. Water depreciation was \$21.0 million in FY 2022 and \$19.9 in FY 2021 for an increase of \$1.1 million. Wastewater depreciation and amortization decreased by \$0.7 million in FY 2022 while Wastewater supplies expense increased from \$1.3 million in FY 2021 to \$1.8 million in FY 2022.
- Expenses in the Storm Water Fund were \$13.5 million in FY 2022, a decrease of \$0.2 million from the prior year. Billing office expense increased by \$0.1 million in FY 2022 to \$1.2 million. Personal services decreased \$0.4 million in FY 2022 to \$1.1 million from FY 2021 while Storm Water maintenance expense and supplies had a slight increase in FY 2022.
- Expenses for Transit, Airport, Civic Centers, Cemetery, and Lake Alan Henry were \$41.5 million, a \$0.6 million decrease from FY 2021. Transit Fund expenses increased by \$2.1 million in FY 2022 to \$15.6 million. Transit personnel services increased by \$0.8 million in FY 2022, supplies increased by \$0.9 million, and maintenance increased by \$0.4 million as well. Transit depreciation expense decreased by \$0.3 million while other services and charges increased by \$0.2 million in FY 2022. Miscellaneous Transit expense also increased slightly in FY 2022. Airport expenses decreased by \$2.9 million in FY 2022 to \$21.4 million. Airport other services and charges decreased by \$3.8 million and depreciation expense increased by \$0.8 million in FY 2022. Airport maintenance expense decreased by \$0.3 million in FY 2022 while supplies and interest expense increased slightly. Civic Centers expenses increased by \$0.3 million in FY 2022 while Cemetery expenses decreased slightly and Lake Alan Henry expenses decreased marginally in FY 2022. Civic Center other services and charges and maintenance expenses increased by \$0.3 million and depreciation and amortization expenses decreased slightly. Cemetery personnel services decreased a bit while Lake Alan Henry maintenance expenses increased slightly.

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The following graph reflects the revenue sources generated by the business-type activities. As noted earlier, the activities include LP&L (Electric), Water, Wastewater, Storm Water, Transit, Airport, Civic Centers, Cemetery, and Lake Alan Henry.

Revenues by Source – Business-type Activities



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. The General Fund is the chief operating fund of the City.

The GASB has defined five types of fund balances, which, are more fully described in the notes to the financials. The City uses four of the five types of fund balances defined: nonspendable, restricted, committed, and unassigned. At the end of the year, the City’s governmental funds reported combined ending fund balances of \$212.5 million, compared to \$229.6 million at the end of the prior fiscal year.

The unassigned fund balance serves as a useful measure of the City’s resources available for spending at the end of the fiscal year. In FY 2022, the General Fund had \$89.2 million unassigned fund balance compared to \$87.8 million unassigned fund balance in FY 2021. This is 42.0 percent of the ending governmental fund balance, compared to 38.3 percent of the ending governmental fund balance, at the end of the prior fiscal year. As a measure of the General Fund’s liquidity, it is useful to compare both the unassigned fund balance and total fund balance to total fund revenues. Unassigned fund balance represented 34.9 percent of total General Fund revenues compared to 37.0 percent of total General Fund

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revenue in the prior year. Total fund balance represented 35.0 percent of total General Fund revenues compared to 37.1 percent of total General Fund revenue in the prior year.

Tax revenues for the year increased primarily due to increased property tax revenues, which grew as a result of a 6.6% increase in taxable assessed values. Sales tax revenue also increased significantly from \$82.5 million to \$90.6 million.

The Governmental Capital Project Fund had a decrease in fund balance of \$15.8 million in FY 2022. The decrease was caused by \$43.5 million in capital outlay expenditures with the majority of this financed by previous years debt.

Proprietary funds: The City’s proprietary fund statements provide essentially the same type of information found in the GWFS, but in more detail. Unrestricted net position of the major proprietary funds at the end of September 30, 2022 and 2021 are as follows with amounts presented in thousands:

	<u>2022</u>	<u>2021</u>
LP&L	\$ 41,575	\$ 30,060
Water/Wastewater	19,926	25,172
Storm Water	<u>10,010</u>	<u>8,552</u>
	<u>\$ 71,511</u>	<u>\$ 63,784</u>

The LP&L Fund unrestricted net position increased by \$11.5 million, compared to a decrease of \$9.0 million in the prior year. FY 2022 net position before contributions and transfers of \$26.7 million was \$19.0 million higher than in FY 2021. FY 2022 income before transfers, totaling \$27.4 million, was \$19.4 million higher than FY 2021 income due to the \$0.7 million increase in other expenses, mainly related to decreased losses related to disposition of assets. The \$0.5 million decrease in interest earnings, and the \$65.2 million increase in program revenues was offset by the \$41.8 million increase in program expenses. FY 2022 net transfers-out, totaling \$1.3 million, was \$1.2 million higher than the FY 2021 net transfers out due to the elimination of a transfer-in from the Water fund.

The Water/Wastewater Fund unrestricted net position decreased by \$5.2 million compared to a decrease of \$6.1 million in the prior year. Revenues increased by \$9.1 million in FY 2022 due to an increase in average daily water consumption from 34.5 million gallons in FY 2021 to 37.1 million gallons in FY 2022. A decrease in other services and charges was mainly due to completed capital projects in FY 2021. As a result, other services and charges decreased from \$37.6 million in FY 2021 to \$35.3 million in FY 2022. Water/Wastewater interest earnings decreased \$2.5 million from \$2.5 million in FY 2021 to \$0 in FY 2022. Interest expense was \$14.7 million in FY 21 and \$13.7 million in FY 2022.

The Storm Water Fund unrestricted net position increased by \$1.5 million compared to a \$2.5 million increase in the prior fiscal year. FY 2022 net position before contributions and transfers of \$10.2 million was \$1.4 million higher than in FY 2021. Transfer out decreased by \$1.1 million to \$2.3 million in FY 2022. Capital contributions decreased in FY 2022 to \$2.7 million in FY 2022 from \$8.8 million in FY 2021.

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General Fund Budgetary Highlights

The adopted operating revenue budget for the General Fund, including transfers, totaled \$245.2 million.

No revenue adjustments were needed, so the final adopted budget revenue for FY 2022, including transfers in, totaled \$245.2 million. Actual revenue was \$263.1 million. Revenue and transfers into the General Fund exceeded budget by \$17.9 million. The City's sales tax was \$11.7 million over budget and franchise taxes were \$2.8 million over budget. Licenses and permits revenue was \$1.1 million over budget mainly due to construction related permits while recoveries of expenditures was \$1.1 million over due to tower water damage recoveries. Other revenue and fines and forfeitures revenue were \$0.8 million and \$0.5 million over budget respectively. Municipal Court fines and forfeitures and a land sale were primarily the reason for the overage, while cultural/recreational revenue decreased by \$0.1 million.

The original operating expenditure budget for the General Fund, including transfers out, totaled \$250.2 million. An amendment was passed to carry forward balances not used in FY 2021 in the amount of \$1,541,454 for City elections under contract with Lubbock County, the purchase of laptops for the Planning Department that could not be received before year end, and work under contract due to tower and LP&L billing water damage for Facilities Management including furniture that could not be received before September 30, 2021. Two budget amendments were made throughout the year to increase the transfer to General Fund Capital by \$3.6 million. The General Fund operating budget increased funding to CIP by \$1.8 million as well as increasing the transfer to Fleet by \$2.8 million. In addition, the General Fund operating budget increased funding for electric utilities and fuel costs by \$1.4 million and Solid Waste increased its budget by \$88,000 for fence construction. The final General Fund expenditure budget totaled \$261.4 million.

The City ended the fiscal year with expenditures and transfers out totaling \$264.5 million, \$3.1 million more than budgeted. The City incurred interest expenses of \$2.5 million for FY 22 rather than having interest revenue as budgeted. Fire expenditures were over budget by \$1.2 million primarily because of annual raises, certification and longevity in compensation. Cultural and Recreation was \$0.9 million below budget. High turnover rates and extended vacancies were the main reasons for the shortage along with Parks and Recreation capital purchases not made in the fiscal year. Police was \$0.5 million under budget as compensation was budgeted for a full staff and many vacancies occurred over the last year. The transfer to the Gateway fund was \$0.6 million over budget due to LP&L franchise fees and PILOT coming in above projections, while the transfer to North and East Lubbock Neighborhood was \$0.2 million over budget as well.

The City budgets on a basis other than Generally Accepted Accounting Principles (GAAP), with the main difference being that debt proceeds and related capital outlay are not budgeted.

Capital Assets and Debt Administration

Capital assets: The City's investment in capital assets, net of accumulated depreciation, for its governmental and business-type activities at September 30, 2022 totaled \$2.57 billion, a \$100.0 million increase over the prior fiscal year's balance of \$2.48 billion. The investment in capital assets includes land, buildings and improvements, equipment, construction in progress, and infrastructure.

City of Lubbock, Texas
Management's Discussion and Analysis
For the Year Ended September 30, 2022

(in thousands)

	Governmental Activities		Business- type Activities		Totals	
	2022	2021	2022	2021	2022	2021
Land	\$ 44,006	\$ 40,118	\$ 80,775	\$ 76,739	\$ 124,781	\$ 116,857
Electric non-depreciable	-	-	49,348	46,808	49,348	46,808
Buildings	110,100	100,092	135,971	141,365	246,071	241,457
Improvements other than buildings	343,539	310,497	1,023,425	999,679	1,366,964	1,310,176
Machinery and equipment	53,268	56,202	93,072	85,517	146,340	141,719
Electric depreciable	-	-	527,207	516,138	527,207	516,138
Construction in progress	31,979	33,282	82,043	70,376	114,022	103,658
Total	\$ 582,892	\$ 540,191	\$ 1,991,841	\$ 1,936,622	\$ 2,574,733	\$ 2,476,813

Major capital asset projects and purchases during the fiscal year included the following:

- New substation power transformers at the LP&L Co-op Substation totaling \$5.2 million
- Construction of a treated water booster pump station located at pump station 14 and 4 miles of treated water line totaling \$8.7 million
- Construction work on two 4 million gallon ground storage tanks for the North Water Treatment Plant totaling \$6.3 million
- Work on the new police headquarters and municipal court totaling \$14.4 million

At the end of the fiscal year, the City had construction commitments of \$271.4 million. Water has a remaining appropriation of \$10.8 million to complete the construction of two new 2 million gallon elevated storage tanks within the next 20 years to meet the Texas Commission on Environmental Quality (TCEQ) elevated storage requirements for the projected population. LP&L has a remaining appropriation of \$7.8 million to install new substation power transformers for the Vicksburg Substation.

Additional information about the City's capital assets can be found on pages 80-84 of the ACFR.

City of Lubbock, Texas
Management’s Discussion and Analysis
For the Year Ended September 30, 2022

Long-term debt: A summary of the City’s total outstanding debt follows:

	Governmental		Business-type		Totals	
	Activities		Activities			
	2022	2021	2022	2021	2022	2021
General obligation bonds	\$ 306,973	\$ 339,016	\$ 347,967	\$ 387,599	\$ 654,940	\$ 726,615
Revenue and contract bonds	-	-	681,411	640,595	681,411	640,595
State infrastructure bank loan	6,011	6,474	-	-	6,011	6,474
Lease	2,945	-	601	-	3,546	-
Total	<u>\$ 315,929</u>	<u>\$ 345,490</u>	<u>\$ 1,029,979</u>	<u>\$ 1,028,194</u>	<u>\$ 1,345,908</u>	<u>\$ 1,373,684</u>

There is no direct debt limitation in the City Charter or under state law. The City operates under a Home Rule Charter that limits the maximum tax rate for all city purposes to \$2.50 per \$100 of assessed valuation. The Attorney General of the State of Texas permits an allocation of \$1.50 of the \$2.50 maximum tax rate for general obligation bonded debt service. The FY 2022 interest and sinking fund tax rate per \$100 of assessed valuation was \$0.12027, which is significantly below the maximum allowable tax rate.

As of September 30, 2022, the City’s total outstanding debt has decreased by \$27.8 million, or 2.0 percent from the prior fiscal year. General obligation bond and revenue and contract bond debt decreased by \$30.9 million or 2.3 percent. Total bond additions were \$83.2 million, offset by the payment of scheduled principal payments totaling \$110.7 million and refunded debt of \$9.8 million.

During the fiscal year, the City issued the following bonds and certificates:

- \$7.4 million Water and Wastewater System Revenue Bonds, Series 2022 (Bonds), with interest rates ranging from 4.0 percent to 5.0 percent. The Bonds were issued at a premium of \$890,605 and incurred issuance cost of \$125,605. The \$8,325,605 proceeds from the sale of the Bonds will be used for the purpose of paying contractual obligations to be incurred for various public improvements and renovations including: (i) paying the costs of acquiring, purchasing, constructing, improving, renovating, enlarging, and/or equipping property, buildings, structures, facilities, and/or related infrastructure for the Water and Wastewater System; (ii) funding capitalized interest; (iii) funding the reserve fund requirement for the Bonds; and (iv) paying the costs of issuing the Bonds. The proceeds of the debt are recorded in the various Capital Projects Funds.
- \$5.1 million Tax Note, Series 2022 - The proceeds were used for the purpose of providing funds to pay contractual obligations incurred or to be incurred (i) for the purchase of the Property, including materials, supplies, equipment and machinery for solid waste purposes and public safety dispatch purposes; and (ii) pay the costs incurred in connection with the execution and delivery of the Note.
- \$56.5 million Electric Light and Power System Revenue Bonds, Series 2022 (Bonds), with interest rates ranging from 4.0 percent to 5.0 percent. The Bonds were issued at a premium of \$7,136,977 and incurred issuance cost of \$247,526. The \$63,369,452 proceeds from the sale of the Bonds will be used for (i) funding acquisition, purchasing, construction, improvement, renovation, enlarging and/or equipping of property, buildings, structures, facilities, and/or related infrastructure for the System, (ii)

City of Lubbock, Texas
Management's Discussion and Analysis
For the Year Ended September 30, 2022

funding the reserve fund requirement for the Bonds, if necessary, and (iii) paying the costs of issuing the Bonds.

In June 2022, Fitch Ratings, Inc. and Standard and Poor's each reaffirmed the City's bond rating of AA+ and characterized the City's rating outlook as stable.

In October 2022, Fitch Ratings, Inc. improved its outlook from AA- (Positive) to AA (Stable).

Additional information about the City's long-term debt can be found on pages 99-104 of the ACFR.

Economic Factors and the Next Fiscal Year's Budget and Rates

- In September 2022, the average unemployment rate for the Lubbock area was 3.1 percent, down from 4.0 percent in September of the previous year. The State's unemployment rate of 3.8 percent and the national rate of 3.3 percent for September 2022 is down from 5.1 percent and 4.6 percent respectively from the previous year.
- Taxable retail sales tax were \$92.6 million in FY 2022 compared to \$90.0 million in FY 2021.
- The total number of new residential permits through September 2022 decreased slightly by 6.2 percent from 2021 levels, and valuation amounts were \$505.2 million, which is 5.6 percent higher than the same period in 2021.
- Hotel occupancy tax receipts increased to \$9.2 million in FY 2022 compared to \$7.5 million in FY 2021.

The following factors were considered in preparing the City's budget for FY 2023.

- The City adopted a decreased tax rate of \$0.476762 per \$100 valuation for FY 2023. This is a \$0.04647 decrease from FY 2022. The tax rate for debt service decreased from \$0.120266 to \$0.108317 per \$100 valuation. The Maintenance and Operations rate decreased from \$0.381257 to \$0.348816 per \$100 valuation. The property tax rate per \$100 valuation is broken down as follows: General Fund \$0.348816; Debt Service Fund \$0.108317; and Economic Development Fund \$0.019629 cents. Property tax revenues are expected to increase by \$3.4 million for FY 2023 of which \$2.9 million is new property on the roll.
- Sales tax revenues in FY 2023 are expected to increase 12.1 percent compared to the FY 2022 forecasted amount.
- Payments in lieu of franchise fees are expected to increase by \$2.7 million or 8.9 percent. The franchise fees for the City of Lubbock utilities were reclassified to this section in FY 2020 and are no longer transfers.
- Fees for services are expected to increase by \$1.5 million in FY 2023. This is due to an increase in Solid Waste landfill tipping fees for both regular trash and special waste. A portion of the increase is due to additional accounts associated with growth in the City.

City of Lubbock, Texas
Management's Discussion and Analysis
For the Year Ended September 30, 2022

- License and permit revenue increased \$745.1 thousand or 16.4 percent for FY 2023. These payments are for building permit related fees, food establishments, food truck permit, peddler permit, and mixed beverage permits, charitable solicitations, animal licensing, oil and gas permit and other licenses and permits required by the City. Construction related permits are projected to increase \$670.5 thousand or 19.9 percent compared to FY 2022.
- Compensation costs are expected to increase to \$126.1 million or 9.3 percent in FY 2023 due to a variable cost of living increase. Police and Fire compensation is \$8.9 million. In addition, eleven new positions are approved in the General Fund and are offset by a decrease of eleven positions for a net of zero.
- Health insurance is projected to increase by 10.2 percent as a result of the increase to the insurance plan costs. Both the City and employee side of the health plan increased for FY 2023.
- Unleaded fuel costs increased 19.9 percent, or \$451.9 thousand while diesel costs increased 16.2 percent or \$438.4 thousand when compared to FY 2022. Fuel was budgeted using prior year actuals and incorporating the increase in current fuel prices.
- The transfer to the capital program totals \$16.2 million in FY 2023 with twenty-three capital projects totally funded with cash and one with Certificates of Obligation. The only debt funded project is the Transfer Station project at an expected \$17.2 million and is to be financed on a 20-year Certificate of Obligation.
- The Water/Wastewater revenue is expected to increase \$7.1 million or 4.9 percent in FY 2023 primarily due to water and wastewater metered sales associated with increase in customer accounts and projected usage.

Requests for Information

The financial report is designed to provide a general overview of the City of Lubbock's finances. Questions concerning any of the information provided in the report or requests for additional financial information should be addressed to the Director of Accounting, City of Lubbock, P.O. Box 2000, Lubbock, Texas, 79457.



City of Lubbock, Texas
Statement of Net Position
September 30, 2022

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Cash and cash equivalents	\$ 2,000,578	\$ 1,354,523	\$ 3,355,101	\$ 18,733,637
Investments	203,724,451	137,934,639	341,659,090	3,307,604
Receivables (net of allowance for uncollectibles)	25,245,918	89,293,087	114,539,005	3,342,311
Internal balances	10,124,594	(10,124,594)	-	-
Due from other governments	5,308,834	8,794,430	14,103,264	1,726,282
Due from others	3,169,213	84,725	3,253,938	-
Inventories	535,787	4,124,439	4,660,226	81,364
Prepaid expenses	-	1,113,059	1,113,059	68,539
Restricted assets:				
Cash and cash equivalents	-	-	-	1,119,867
Investments	73,609,668	214,188,890	287,798,558	-
Leases receivable	426,813	2,824,808	3,251,621	-
Investment in property	-	-	-	115,158
Mortgage receivables	-	-	-	1,947,673
Land Inventory	-	-	-	7,382,940
Right of Use Asset-Leases	2,869,140	594,165	3,463,305	-
Capital assets (net of accumulated depreciation):				
Non-depreciable	75,985,018	212,166,386	288,151,404	366,332
Depreciable	506,907,728	1,779,675,159	2,286,582,887	3,428,435
Total assets	<u>909,907,742</u>	<u>2,442,023,716</u>	<u>3,351,931,458</u>	<u>41,620,142</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows from pensions	33,547,216	7,808,936	41,356,152	-
Deferred outflow from OPEB	14,223,455	5,455,684	19,679,139	-
Deferred charge on refunding	4,076,910	5,279,106	9,356,016	-
Total deferred outflows of resources	<u>51,847,581</u>	<u>18,543,726</u>	<u>70,391,307</u>	<u>-</u>
LIABILITIES				
Accounts payable	18,728,740	43,500,394	62,229,134	1,145,144
Accrued liabilities	4,223,612	2,351,537	6,575,149	142,800
Accrued interest payable	1,449,060	10,228,195	11,677,255	71,464
Customer deposits	-	6,597,518	6,597,518	-
Unearned revenue	55,359,898	45,450	55,405,348	5,535,896
Noncurrent liabilities due within one year:				
Compensated absences	12,671,641	4,054,437	16,726,078	-
Accrued insurance claims	1,878,605	1,290,637	3,169,242	-
Leases payable	-	-	-	4,170,712
Bonds and notes payable	37,476,874	73,484,637	110,961,511	42,000
Noncurrent liabilities due in more than one year:				
Compensated absences	22,445,620	2,474,311	24,919,931	-
Post-employment benefits	108,980,755	45,965,651	154,946,406	-
Net pension liability	88,676,573	10,797,402	99,473,975	-
Accrued insurance claims	204,609	2,252,720	2,457,329	-
Landfill closure and postclosure care	6,977,510	-	6,977,510	-
Rebatable Arbitrage	-	168,559	168,559	-
Leases payable	2,944,937	600,876	3,545,813	30,667,499
Bonds and notes payable	298,561,894	1,057,339,095	1,355,900,989	1,896,000
Total liabilities	<u>660,580,328</u>	<u>1,261,151,419</u>	<u>1,921,731,747</u>	<u>43,671,515</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows from pensions	60,561,094	16,859,096	77,420,190	-
Deferred inflows from OPEB	23,958,068	8,753,364	32,711,432	-
Deferred inflows from refunding	1,595	-	1,595	-
Deferred inflows from Leases	426,813	2,824,808	3,251,621	-
Total deferred inflows of resources	<u>84,947,570</u>	<u>28,437,268</u>	<u>113,384,838</u>	<u>-</u>
NET POSITION				
Net investment in capital assets	310,185,894	996,594,982	1,306,780,876	3,794,767
Restricted for:				
Passenger facility charges	-	6,303,437	6,303,437	-
Debt service	9,363,794	75,674,147	85,037,941	-
Special revenue	21,241,087	-	21,241,087	2,062,831
Primary government agreement	-	-	-	100,000
Unrestricted	(124,563,350)	92,406,189	(32,157,161)	(8,008,971)
Total net position (deficit)	<u>\$ 216,227,425</u>	<u>\$ 1,170,978,755</u>	<u>\$ 1,387,206,180</u>	<u>\$ (2,051,373)</u>

See accompanying Notes to Basic Financial Statements

City of Lubbock, Texas
Statement of Activities
For the Year Ended September 30, 2022

		<u>Program Revenues</u>	
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>
Primary government:			
Governmental activities:			
Administrative services and general government	\$ 20,346,789	\$ 27,359	\$ -
Community services	13,916,400	-	13,136,100
Cultural and recreation	19,372,136	1,119,788	257,820
Economic and business development	24,176,858	2,277,095	1,929,735
Fire	56,783,166	163,701	-
Health	10,918,444	836,338	5,959,423
Police	77,531,673	172,849	70,256
Other public safety	15,244,449	9,648,262	8,061,216
Streets and traffic	32,104,649	2,770,683	-
Solid Waste	22,147,098	26,117,694	-
Interest on long-term debt	12,712,394	-	-
Total governmental activities	<u>305,254,056</u>	<u>43,133,769</u>	<u>29,414,550</u>
Business-type activities:			
Electric	312,502,376	339,021,968	-
Water/Wastewater	110,359,956	143,881,122	-
Storm Water	13,536,713	23,653,255	-
Transit	15,585,043	4,932,365	8,821,366
Airport	21,433,761	11,499,558	5,976,611
Civic Centers	3,408,833	463,525	-
Cemetery	507,682	575,814	-
Lake Alan Henry	539,989	710,736	-
Total business-type activities	<u>477,874,353</u>	<u>524,738,343</u>	<u>14,797,977</u>
Total primary government	<u>\$ 783,128,409</u>	<u>\$ 567,872,112</u>	<u>\$ 44,212,527</u>
Component units:			
Urban Renewal Agency (URA)	\$ 449,822	\$ -	\$ -
Civic Lubbock, Inc.	1,569,712	1,555,458	313,153
Market Lubbock, Inc.	7,019,754	68,505	156,309
Lubbock Economic Development Alliance	46,636,205	-	1,289,143
Vintage Township Public Facilities Corporation	142,928	-	-
Total component units	<u>\$ 55,818,421</u>	<u>\$ 1,623,963</u>	<u>\$ 1,758,605</u>
General revenues:			
Property taxes			
Sales taxes			
Occupancy taxes			
Other taxes			
Franchise taxes			
Investment earnings			
Miscellaneous			
Transfers, net			
Total general revenues and transfers			
Change in net position			
Net position - beginning restated			
Net position - ending			

**Net (Expenses) Revenues and
Changes in Net Position**

Capital Grants and Contributions	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
\$ 331,010	\$ (19,988,420)	\$ -	\$ (19,988,420)	\$ -
-	(780,300)	-	(780,300)	-
3,402,631	(14,591,897)	-	(14,591,897)	-
-	(19,970,028)	-	(19,970,028)	-
-	(56,619,465)	-	(56,619,465)	-
-	(4,122,683)	-	(4,122,683)	-
1,326,393	(75,962,175)	-	(75,962,175)	-
-	2,465,029	-	2,465,029	-
25,412,188	(3,921,778)	-	(3,921,778)	-
-	3,970,596	-	3,970,596	-
-	(12,712,394)	-	(12,712,394)	-
<u>30,472,222</u>	<u>(202,233,515)</u>	<u>-</u>	<u>(202,233,515)</u>	<u>-</u>
662,600	-	27,182,192	27,182,192	-
16,308,455	-	49,829,621	49,829,621	-
2,733,118	-	12,849,660	12,849,660	-
-	-	(1,831,312)	(1,831,312)	-
1,405,248	-	(2,552,344)	(2,552,344)	-
-	-	(2,945,308)	(2,945,308)	-
-	-	68,132	68,132	-
-	-	170,747	170,747	-
<u>21,109,421</u>	<u>-</u>	<u>82,771,388</u>	<u>82,771,388</u>	<u>-</u>
<u>\$ 51,581,643</u>	<u>(202,233,515)</u>	<u>82,771,388</u>	<u>(119,462,127)</u>	<u>-</u>
\$ -	-	-	-	(449,822)
-	-	-	-	298,899
-	-	-	-	(6,794,940)
-	-	-	-	(45,347,062)
181,292	-	-	-	38,364
<u>\$ 181,292</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(52,254,561)</u>
	109,140,028	-	109,140,028	3,613,722
	100,990,723	-	100,990,723	8,416,181
	9,191,083	-	9,191,083	5,165,333
	2,017,783	-	2,017,783	-
	33,393,106	-	33,393,106	-
	803,476	-	803,476	178,822
	21,883,156	2,710,099	24,593,255	485,716
	6,725,541	(6,725,541)	-	-
	<u>284,144,896</u>	<u>(4,015,442)</u>	<u>280,129,454</u>	<u>17,859,774</u>
	81,911,381	78,755,946	160,667,327	(34,394,787)
	134,316,044	1,092,222,809	1,226,538,853	32,343,414
	<u>\$ 216,227,425</u>	<u>\$ 1,170,978,755</u>	<u>\$ 1,387,206,180</u>	<u>\$ (2,051,373)</u>

City of Lubbock, Texas
Balance Sheet
Governmental Funds
September 30, 2022

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Governmental Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and cash equivalents	\$ 665,321	\$ -	\$ 261,303	\$ 850,996	\$ 1,777,620
Investments	67,751,440	-	26,609,215	86,659,402	181,020,057
Taxes receivable (net)	18,131,302	459,989	-	1,568,196	20,159,487
Accounts receivable (net)	4,757,453	-	25,989	-	4,783,442
Interest receivable	160,470	7,987	-	51,139	219,596
Due from other funds	7,223,621	-	-	-	7,223,621
Due from other governments	-	-	-	5,308,834	5,308,834
Due from others	1,768,305	-	-	1,400,908	3,169,213
Inventory	137,510	-	-	-	137,510
Restricted investments	206,205	3,819,341	53,031,444	11,926,998	68,983,988
Leases receivable	-	-	-	421,165	421,165
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$100,801,627</u>	<u>\$ 4,287,317</u>	<u>\$ 79,927,951</u>	<u>\$ 108,187,638</u>	<u>\$ 293,204,533</u>
LIABILITIES					
Accounts payable	\$ 5,103,087	\$ -	\$ 6,310,290	\$ 4,541,905	\$ 15,955,282
Accrued liabilities	4,015,446	-	3,957	83,273	4,102,676
Due to other funds	-	-	-	2,256,860	2,256,860
Unearned revenue	50,943	-	3,783,972	51,524,983	55,359,898
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>9,169,476</u>	<u>-</u>	<u>10,098,219</u>	<u>58,407,021</u>	<u>77,674,716</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows from leases	-	-	-	421,165	421,165
Unavailable revenue	2,105,105	415,818	-	75,052	2,595,975
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total deferred inflows of resources	<u>2,105,105</u>	<u>415,818</u>	<u>-</u>	<u>496,217</u>	<u>3,017,140</u>
FUND BALANCES					
Nonspendable	137,510	-	-	-	137,510
Restricted	206,205	3,871,499	49,219,628	33,012,385	86,309,717
Committed	-	-	20,610,104	16,272,015	36,882,119
Unassigned	89,183,331	-	-	-	89,183,331
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total fund balances	<u>89,527,046</u>	<u>3,871,499</u>	<u>69,829,732</u>	<u>49,284,400</u>	<u>212,512,677</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$100,801,627</u>	<u>\$ 4,287,317</u>	<u>\$ 79,927,951</u>	<u>\$ 108,187,638</u>	<u>\$ 293,204,533</u>

See accompanying Notes to Basic Financial Statements

City of Lubbock, Texas
Reconciliation of the Balance Sheet of Governmental Funds
To the Statement of Net Position
September 30, 2022

Total fund balance - governmental funds \$ 212,512,677

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

Capital assets and right of use assets used in governmental activities are not financial resources and therefore are not reported in the funds. 585,761,886

Internal service funds (ISF's) are used by management to charge the costs of certain activities, such as insurance and telecommunications, to individual funds. The portion of the assets and liabilities of the ISF's primarily serving governmental funds are included in governmental activities in the Statement of Net Position as follows:

Net Position	25,257,825
General obligation bonds	16,146,379
Net book value of capital assets	(26,769,461)
Compensated absences	727,242
Post employment benefits	4,619,445
Net pension Liability	1,096,060
Lease	483,138
Deferred Inflows of Pensions	1,794,611
Deferred Outflows of Pensions	(794,509)
Deferred Inflows of OPEB	1,002,713
Deferred Outflows from OPEB	(595,182)
Deferred Inflow on Refunding	1,595
Amounts due from business-type ISF's for amounts undercharged	5,157,834

Certain liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities are as follows:

General obligation bonds	(306,972,634)
SIB Loan	(6,011,234)
Leases	(2,944,937)
Closure/Post Closure	(6,977,510)
Compensated absences	(35,117,260)
Post employment benefits	(108,980,755)
Net pension liability	(88,676,573)
Accrued interest on general obligation bonds	(1,361,824)

Bond premiums and deferred charges on refunding are recognized as an other financing source in the fund statements. In the government wide statements premiums and deferred charges on refunding are amortized over the life of the bonds. Unamortized balances as of fiscal year end equal premiums \$23,054,900 and deferred charges on refunding \$4,075,315. (18,979,585)

Deferred Inflows of Pensions	(60,561,094)
Deferred Outflows of Pensions	33,547,216
Deferred Inflows from OPEB	(23,958,068)
Deferred Outflow from OPEB	14,223,455

Revenue earned but unavailable in the funds is deferred. 2,595,975

Net Position of governmental activities \$ 216,227,425

See accompanying Notes to Basic Financial Statements.

City of Lubbock, Texas
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended September 30, 2022

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Governmental Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES					
Taxes	\$168,606,781	\$ 23,349,826	\$ -	\$ 29,228,286	\$ 221,184,893
Franchise taxes	32,931,587	-	-	461,519	33,393,106
Special assessments	-	-	-	1,842,755	1,842,755
Fees and fines	2,690,310	-	2,178,239	488,644	5,357,193
Licenses and permits	5,694,576	-	-	-	5,694,576
Intergovernmental	728,711	-	6,501,472	22,669,276	29,899,459
Charges for services	29,964,926	-	-	274,549	30,239,475
Interest	-	-	-	596,451	596,451
Miscellaneous	15,086,548	-	1,629,846	4,463,396	21,179,790
Total revenues	<u>255,703,439</u>	<u>23,349,826</u>	<u>10,309,557</u>	<u>60,024,876</u>	<u>349,387,698</u>
EXPENDITURES					
Current:					
Administrative services and general government	18,432,608	-	392,711	154,596	18,979,915
Community services	-	-	3,500,000	10,560,720	14,060,720
Cultural and recreation	15,665,999	-	272,799	150,831	16,089,629
Economic and business development	1,008,367	-	1,929,735	20,345,245	23,283,347
Health	5,716,333	-	-	5,293,499	11,009,832
Fire	57,780,266	-	-	-	57,780,266
Police	77,368,516	-	-	1,426,660	78,795,176
Other public safety	7,765,234	-	-	7,830,846	15,596,080
Streets and traffic	6,749,340	-	142,490	-	6,891,830
Solid waste	19,031,949	-	9,081	-	19,041,030
Intergovernmental	-	-	-	101,979	101,979
Debt service:					
Principal	5,236,816	30,227,334	-	3,669	35,467,819
Interest and other charges	2,753,544	12,395,873	93,584	519,382	15,762,383
Capital outlay	3,379,596	-	43,516,985	7,575,564	54,472,145
Total expenditures	<u>220,888,568</u>	<u>42,623,207</u>	<u>49,857,385</u>	<u>53,962,991</u>	<u>367,332,151</u>
Revenues under expenditures	<u>34,814,871</u>	<u>(19,273,381)</u>	<u>(39,547,828)</u>	<u>6,061,885</u>	<u>(17,944,453)</u>
OTHER FINANCING SOURCES (USES)					
Right-to-use lease proceeds	2,785,552	-	-	-	2,785,552
Transfers in	7,354,424	17,290,505	23,706,594	12,245,932	60,597,455
Transfers out	(43,644,915)	(441,681)	-	(18,413,031)	(62,499,627)
Net other financing sources	<u>(33,504,939)</u>	<u>16,848,824</u>	<u>23,706,594</u>	<u>(6,167,099)</u>	<u>883,380</u>
Net change in fund balances	1,309,932	(2,424,557)	(15,841,234)	(105,214)	(17,061,073)
Fund balances - beginning of year	88,217,114	6,296,056	85,670,966	49,389,614	229,573,750
Fund balances - end of year	<u>\$ 89,527,046</u>	<u>\$ 3,871,499</u>	<u>\$ 69,829,732</u>	<u>\$ 49,284,400</u>	<u>\$ 212,512,677</u>

See accompanying Notes to Basic Financial Statements

City of Lubbock, 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, 2022

Net change in fund balances - total governmental funds	\$ (17,061,073)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays of \$54,472,145 exceeded depreciation of \$39,666,559 and Right to Use Assets amortization \$392,241 in the current period.	14,413,345
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. This is the amount by which proceeds of \$0 was less than debt repayments of \$35,144,066 and debt defeasance of \$0.	35,144,066
Lease transactions provide current financial resources to governmental funds and repayment of principal is an expenditure. The proceed amount of \$2,785,552 exceeded the amount of repayment \$323,752.	(2,461,800)
Bond premiums are recognized as an other financing source in the governmental funds, but are considered bonds and notes payable on the Statement of Net Position. Premiums are amortized over the life of the bonds. This is the amount by which bond premium issued of \$0 was less than deferred refunding charges of \$0 and amortization of \$3,417,801.	3,417,801
Estimated long-term liabilities, excluding internal service funds, are recognized as expenses in the Statement of Activities as incurred, but are recognized when current financial resources are used in the governmental funds.	
Compensated absences	(2,960,606)
Post retirement benefits	(4,764,233)
Net pension liability	17,016,430
Property taxes levied and court fines and fees earned, but not available, are deferred in the governmental funds, but are recognized when earned (net of estimated uncollectibles) in the Statement of Activities. This amount is the net change in deferred property taxes and court fines and fees for the year.	154,495
Internal service funds are used by management to charge the costs of certain activities, such as insurance and telecommunications, to individual funds. The net revenue (expense) of certain internal service funds is reported with governmental activities.	9,997,830
Current Amount overcharged by Internal Service Fund Business Type Activities-Lookback	(506,762)
Accrued interest is recognized as expenses in the Statement of Activities as incurred, but is recognized when current financial resources are used in the governmental funds. This amount is the net change in the accrued interest this year.	298,681
Capital assets transactions include \$28,502,170 donated assets plus \$1,142,139 capital asset transfers in from business-type activities and less \$46,519 disposition of assets and use of property.	29,597,790
Landfill closure and postclosure adjustment in FY 22	<u>(374,583)</u>
Change in net position of governmental activities	<u>\$ 81,911,381</u>

City of Lubbock, Texas
Statement of Net Position
Proprietary Funds
September 30, 2022

Enterprise Funds

	<u>LP&L</u>	<u>Water/Waste Water</u>	<u>Storm Water</u>
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 568,011	335,894	\$ 105,303
Investments	57,842,139	34,205,005	10,723,242
Accounts receivable, net	65,440,486	17,424,131	2,896,973
Interest receivable	568,478	616,527	62,780
Due from others	-	3,138	-
Due from other funds	-	-	-
Due from other governments	-	50,694	-
Prepaid expenses	25,000	-	-
Inventories	2,204,632	435,925	-
Total current assets	<u>126,648,746</u>	<u>53,071,314</u>	<u>13,788,298</u>
Noncurrent assets:			
Restricted investments	136,993,891	59,681,463	6,907,514
Prepaid expenses	944,442	-	-
Lease Receivable	-	-	-
	<u>137,938,333</u>	<u>59,681,463</u>	<u>6,907,514</u>
Capital assets:			
Land	-	43,395,899	32,563,910
Electric non-depreciable	49,348,480	-	-
Construction in progress	23,809,349	55,983,347	1,554,947
Buildings	-	164,648,417	-
Improvements other than buildings	-	1,139,630,716	202,959,419
Machinery and equipment	-	136,230,422	5,215,679
Lease right-of-use assets, net	488,714	-	-
Electric depreciable	816,962,916	-	-
Less accumulated depreciation	(289,756,309)	(501,255,754)	(54,379,225)
Total capital assets	<u>600,853,150</u>	<u>1,038,633,047</u>	<u>187,914,730</u>
Total noncurrent assets	<u>738,791,483</u>	<u>1,098,314,510</u>	<u>194,822,244</u>
Total assets	<u>\$ 865,440,229</u>	<u>\$1,151,385,824</u>	<u>\$ 208,610,542</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge on refunding	220,225	3,283,996	1,626,245
Deferred outflows from pensions	4,634,730	2,161,000	195,723
Deferred outflows from OPEB	2,635,979	1,808,268	257,574
Total deferred outflows of resources	<u>7,490,934</u>	<u>7,253,264</u>	<u>2,079,542</u>

See accompanying Notes to Basic Financial Statements

Enterprise Funds

Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Funds
\$ 216,618	\$ 1,225,826	\$ 351,655
22,058,774	124,829,160	35,809,873
2,114,592	87,876,182	94,657
73,794	1,321,579	84,062
77,249	80,387	4,338
6,258	6,258	-
8,743,736	8,794,430	-
143,617	168,617	-
902,824	3,543,381	979,335
<u>34,337,462</u>	<u>227,845,820</u>	<u>37,323,920</u>
10,606,022	214,188,890	4,625,680
-	944,442	-
2,824,808	2,824,808	-
<u>13,430,830</u>	<u>217,958,140</u>	<u>4,625,680</u>
4,815,267	80,775,076	-
-	49,348,480	-
695,187	82,042,830	1,262,580
65,554,541	230,202,958	1,691,882
242,424,313	1,585,014,448	7,557,615
66,197,289	207,643,390	47,498,919
-	488,714	581,280
-	816,962,916	-
<u>(214,820,255)</u>	<u>(1,060,211,543)</u>	<u>(31,654,374)</u>
<u>164,866,342</u>	<u>1,992,267,269</u>	<u>26,937,902</u>
<u>178,297,172</u>	<u>2,210,225,409</u>	<u>31,563,582</u>
<u>\$ 212,634,634</u>	<u>\$ 2,438,071,229</u>	<u>\$ 68,887,502</u>
148,640	5,279,106	-
684,271	7,675,724	927,721
<u>643,080</u>	<u>5,344,901</u>	<u>705,965</u>
<u>1,475,991</u>	<u>18,299,731</u>	<u>1,633,686</u>

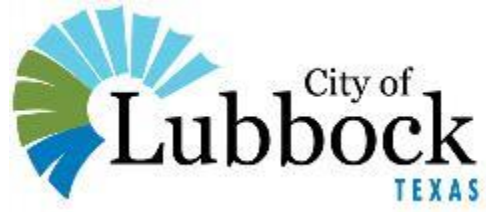
City of Lubbock, Texas
Statement of Net Position
Proprietary Funds
September 30, 2022

	Enterprise Funds		
	LP&L	Water/Waste Water	Storm Water
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 32,625,486	7,403,677	\$ 181,558
Accrued liabilities	1,713,398	293,689	29,108
Accrued interest payable	7,769,742	1,976,398	266,155
Due to other funds	-	-	-
Customer deposits	5,596,444	814,034	-
Unearned revenue - other	-	-	-
Compensated absences	2,075,521	1,093,387	46,335
Accrued insurance claims	-	-	-
Bonds payable	19,455,000	42,477,469	8,648,782
Total current liabilities	<u>69,235,591</u>	<u>54,058,654</u>	<u>9,171,938</u>
Noncurrent liabilities:			
Accrued insurance claims	-	-	-
Compensated absences	1,426,929	751,709	31,855
Post employment benefits	21,160,511	16,272,024	2,454,046
Net pension liability	6,437,317	2,938,614	276,064
Rebatable arbitrage	-	-	168,559
Leases payable	494,400	-	-
Bonds payable	495,896,847	429,723,414	88,463,480
Total noncurrent liabilities	<u>525,416,004</u>	<u>449,685,761</u>	<u>91,394,004</u>
Total liabilities	<u>594,651,595</u>	<u>503,744,415</u>	<u>100,565,942</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred charge on refunding	-	-	-
Deferred inflows from pensions	10,053,768	4,644,098	491,394
Deferred inflows from OPEB	4,430,182	2,727,059	358,556
Deferred inflows from leases	-	-	-
Total deferred inflows of resources	<u>14,483,950</u>	<u>7,371,157</u>	<u>849,950</u>
NET POSITION (DEFICIT)			
Net investment in capital assets	195,484,672	584,118,417	95,231,836
Restricted for:			
Passenger facility charges	-	-	-
Debt service	26,736,347	43,479,143	4,032,381
Unrestricted	41,574,599	19,925,956	10,009,975
Total net position (deficit)	<u>\$ 263,795,618</u>	<u>\$ 647,523,516</u>	<u>\$ 109,274,192</u>

See accompanying Notes to Basic Financial Statements

Enterprise Funds

<u>Nonmajor Enterprise Funds</u>	<u>Total Enterprise Funds</u>	<u>Internal Service Funds</u>
\$ 3,047,162	\$ 43,257,883	\$ 3,015,969
294,179	2,330,374	142,099
215,886	10,228,181	87,252
4,973,018	4,973,018	-
187,040	6,597,518	-
45,450	45,450	-
781,021	3,996,264	320,589
-	-	3,169,242
<u>2,900,485</u>	<u>73,481,736</u>	<u>3,227,003</u>
<u>12,444,241</u>	<u>144,910,424</u>	<u>9,962,154</u>
-	-	2,457,329
223,824	2,434,317	504,820
5,094,626	44,981,207	5,603,889
955,743	10,607,738	1,285,724
-	168,559	-
-	494,400	589,614
<u>43,246,433</u>	<u>1,057,330,174</u>	<u>12,931,198</u>
<u>49,520,626</u>	<u>1,116,016,395</u>	<u>23,372,574</u>
<u>61,964,867</u>	<u>1,260,926,819</u>	<u>33,334,728</u>
-	-	1,595
1,402,982	16,592,242	2,061,465
1,058,578	8,574,375	1,181,702
<u>2,824,808</u>	<u>2,824,808</u>	<u>-</u>
<u>5,286,368</u>	<u>27,991,425</u>	<u>3,244,762</u>
121,709,914	996,544,839	14,528,020
6,303,437	6,303,437	-
1,426,276	75,674,147	286,151
<u>17,419,763</u>	<u>88,930,293</u>	<u>19,127,527</u>
<u>\$ 146,859,390</u>	<u>\$ 1,167,452,716</u>	<u>\$ 33,941,698</u>



City of Lubbock, Texas
Reconciliation of the Statement of Net Position - Proprietary Funds
To the Statement of Net Position
September 30, 2022

Total net position - proprietary funds	\$ 1,167,452,716
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Amounts reported for business-type activities in the Statement of Net Position are different because:

Internal service funds (ISF's) are used by management to charge the costs of certain activities, such as insurance and telecommunications, to individual funds. The portion of assets and liabilities of the ISF's primarily serving enterprise funds are included in business-type activities in the Statement of Net Position as follows:

Net position of business-type ISF's	8,683,873
Amounts due to governmental ISF's for amounts overcharged	<u>(5,157,834)</u>
Net position of business-type activities	<u><u>\$ 1,170,978,755</u></u>

City of Lubbock, Texas
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For The Year Ended September 30, 2022

	Enterprise Funds		
	LP&L	Water/Waste Water	Storm Water
OPERATING REVENUES			
Charges for services (net)	\$ 339,021,968	\$ 143,881,122	\$ 23,653,255
Total operating revenues	<u>339,021,968</u>	<u>143,881,122</u>	<u>23,653,255</u>
OPERATING EXPENSES			
Personnel services	22,355,409	11,637,849	1,090,717
Insurance and claims	-	-	-
Supplies	1,527,156	5,146,402	153,811
Materials	-	-	-
Maintenance	3,888,777	5,268,279	478,394
Purchase of fuel and power	213,421,581	-	-
Billing office expense	-	3,806,448	1,170,876
Other services and charges	13,460,719	35,283,262	3,659,396
Depreciation and amortization	20,384,551	35,246,808	4,612,703
Total operating expenses	<u>275,038,193</u>	<u>96,389,048</u>	<u>11,165,897</u>
Operating income (loss)	<u>63,983,775</u>	<u>47,492,074</u>	<u>12,487,358</u>
NONOPERATING REVENUES (EXPENSES)			
Interest earnings	-	-	-
Passenger facility charges/Federal grants	-	-	-
Disposition of assets	(407,035)	(193,689)	(35,103)
Miscellaneous	(19,717,440)	1,257,544	14,925
Interest expense	(17,123,355)	(13,674,877)	(2,307,066)
Net nonoperating revenues (expenses)	<u>(37,247,830)</u>	<u>(12,611,022)</u>	<u>(2,327,244)</u>
Income (loss) before contributions and transfers	26,735,945	34,881,052	10,160,114
Capital contributions/grants	662,600	16,308,455	2,733,118
Transfers in	1,713,786	107,916	-
Transfers out	(3,036,734)	(5,511,104)	(2,277,309)
Change in net position (deficit)	26,075,597	45,786,319	10,615,923
Total net position - beginning of year, as restated	<u>237,720,021</u>	<u>601,737,197</u>	<u>98,658,269</u>
Total net position (deficit) - end of year	<u>\$ 263,795,618</u>	<u>\$ 647,523,516</u>	<u>\$ 109,274,192</u>

See accompanying Notes to Basic Financial Statements.

Enterprise Funds

Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Funds
\$ 18,181,998	\$ 524,738,343	\$ 85,376,135
<u>18,181,998</u>	<u>524,738,343</u>	<u>85,376,135</u>
13,217,721	48,301,696	5,901,231
-	-	46,717,537
2,234,265	9,061,634	286,702
-	-	11,451,495
2,554,555	12,190,005	11,803,966
-	213,421,581	-
-	4,977,324	-
7,943,925	60,347,302	4,354,399
13,394,391	73,638,453	4,969,727
<u>39,344,857</u>	<u>421,937,995</u>	<u>85,485,057</u>
<u>(21,162,859)</u>	<u>102,800,348</u>	<u>(108,922)</u>
-	-	207,025
14,797,977	14,797,977	1,485,142
10,816	(625,011)	266,161
217,177	(18,227,794)	724,038
<u>(2,042,565)</u>	<u>(35,147,863)</u>	<u>(935,680)</u>
<u>12,983,405</u>	<u>(39,202,691)</u>	<u>1,746,686</u>
(8,179,454)	63,597,657	1,637,764
1,405,248	21,109,421	-
5,954,642	7,776,344	7,593,181
<u>(2,356,200)</u>	<u>(13,181,347)</u>	<u>(286,007)</u>
<u>(3,175,764)</u>	<u>79,302,075</u>	<u>8,944,938</u>
<u>150,035,154</u>	<u>1,088,150,641</u>	<u>24,996,760</u>
<u>\$ 146,859,390</u>	<u>\$ 1,167,452,716</u>	<u>\$ 33,941,698</u>



City of Lubbock, Texas
Reconciliation of the Statement of Revenues, Expenses and Changes in
Fund Net Position - Proprietary Funds
To the Statement of Activities
For the Year Ended September 30, 2022

Net change in fund net position - total enterprise funds \$ 79,302,075

Amounts reported for business-type activities in the statement of activities are different because:

Internal service funds (ISF's) are used by management to charge the costs of certain activities such as fleet services, central warehousing activities, management information activities, etc. to individual funds. The net revenue (expense) of certain ISF's is reported with business-type activities.

(546,129)

Change in net position of business-type activities

\$ 78,755,946

City Of Lubbock, Texas
Statement of Cash Flows
Proprietary Funds
For the Year Ended September 30, 2022

	Enterprise Funds		
	LP&L	Water/ Wastewater	Storm Water
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 321,744,740	\$ 145,980,400	\$ 23,674,592
Receipts from interfund services	-	-	-
Payments to suppliers	(238,859,714)	(56,611,679)	(6,463,941)
Payments to employees	(22,355,409)	(11,931,538)	(1,119,825)
Other receipts (payments)	(19,717,440)	1,257,544	14,925
Net cash provided (used) by operating activities	<u>40,812,177</u>	<u>78,694,727</u>	<u>16,105,751</u>
CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES			
Transfers in from other funds	1,713,786	107,916	-
Transfers out to other funds	(3,036,734)	(5,511,104)	(2,277,309)
Short-term interfund borrowings	-	-	-
Federal grants	-	-	-
Operating grants	-	-	-
Net cash provided (used) by noncapital and related financing activities	<u>(1,322,948)</u>	<u>(5,403,188)</u>	<u>(2,277,309)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchases of capital assets	(49,272,402)	(53,139,369)	(1,637,135)
Sale of capital assets	-	23,319	-
Principal paid on capital leases	-	-	-
Principal paid on bonds	(20,275,000)	(41,216,475)	(8,777,118)
Issuance of capital leases	494,400	-	-
Issuance of bonds	63,616,977	18,914,075	-
Bond issuance costs	-	-	-
Interest paid on bonds and capital leases	(14,115,778)	(21,658,496)	(2,412,259)
Payment of rebatable arbitrage	-	-	(735,057)
Capital grants and contributions	-	2,003,078	50,000
Net cash provided (used) by capital and related financing activities	<u>(19,551,803)</u>	<u>(95,073,868)</u>	<u>(13,511,569)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sales and maturities of investments	31,767,582	42,992,954	4,223,213
Purchase of investments	(48,554,853)	(23,397,334)	(4,393,740)
Interest earnings (expenses) on cash and investments	(3,116,406)	2,180,325	(59,491)
Net cash provided (used) by investing activities	<u>(19,903,677)</u>	<u>21,775,945</u>	<u>(230,018)</u>
Net increase (decrease) in cash and cash equivalents	33,749	(6,384)	86,855
Cash and cash equivalents - beginning of year	534,262	342,278	18,448
Cash and cash equivalents - end of year	<u>\$ 568,011</u>	<u>\$ 335,894</u>	<u>\$ 105,303</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ 63,983,775	\$ 47,492,074	\$ 12,487,358
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation and amortization	20,384,551	35,246,808	4,612,703
Other income (expense)	(19,717,440)	1,257,544	14,925
Change in current assets and liabilities:			
Accounts receivable	(17,277,228)	2,099,278	21,337
Inventory	(45,041)	(294,273)	-
Prepaid expenses	-	-	-
Due from other governments	-	(3,138)	-
Accounts payable	(709,884)	(4,230,278)	(521,916)
Deferred revenues	-	-	-
Due to/from other funds	-	67,019	-
Other accrued expenses	(954,739)	(460,086)	(41,445)
Customer deposits	(2,374,769)	467,231	-
Change in compensated absences and retirement benefits	(2,477,048)	(2,947,452)	(467,211)
Net cash provided (used) by operating activities	<u>\$ 40,812,177</u>	<u>\$ 78,694,727</u>	<u>\$ 16,105,751</u>
Supplemental cash flow information:			
Noncash capital contributions and other charges	\$ 662,600	\$ 14,624,037	\$ 2,683,117

Enterprise Funds			Internal Service Funds
Nonmajor Enterprise Funds	Totals		Funds
\$ 15,213,168	\$ 506,612,900	\$	82,891,732
-	-		2,536,982
(16,560,841)	(318,496,175)		(74,595,277)
(13,315,485)	(48,722,257)		(5,654,969)
324,365	(18,120,606)		724,038
<u>(14,338,793)</u>	<u>121,273,862</u>		<u>5,902,506</u>
5,954,642	7,776,344		7,593,181
(2,356,200)	(13,181,347)		(286,007)
4,216,872	4,216,872		-
-	-		1,485,142
<u>14,797,977</u>	<u>14,797,977</u>		<u>-</u>
22,613,291	13,609,846		8,792,316
(5,939,318)	(109,988,224)		(5,681,764)
10,816	34,135		266,078
-	-		(386,376)
(2,799,405)	(73,067,998)		(2,515,364)
-	494,400		-
-	82,531,052		5,150,000
-	-		-
(1,998,169)	(40,184,702)		(723,688)
-	(735,057)		-
<u>1,405,248</u>	<u>3,458,326</u>		<u>-</u>
(9,320,828)	(137,458,068)		(3,891,114)
10,336,560	89,320,309		4,353,675
(8,832,224)	(85,178,151)		(14,847,510)
(413,371)	(1,408,943)		(195,417)
<u>1,090,965</u>	<u>2,733,215</u>		<u>(10,689,252)</u>
44,635	158,855		114,456
171,983	1,066,971		237,201
<u>\$ 216,618</u>	<u>\$ 1,225,826</u>		<u>\$ 351,657</u>
\$ (21,162,859)	\$ 102,800,348	\$	(108,922)
13,394,391	73,638,453		4,969,727
217,177	(18,227,794)		724,038
(2,968,832)	(18,125,445)		(47,281)
(49,782)	(389,096)		(198,456)
5,600	5,600		-
(3,777,850)	(3,780,988)		-
(1,716,277)	(7,178,355)		1,263,673
-	-		-
63,096	130,115		(12,073)
(267,694)	(1,723,964)		173,563
25,927	(1,881,611)		-
1,898,310	(3,993,401)		(861,763)
<u>\$ (14,338,793)</u>	<u>\$ 121,273,862</u>		<u>\$ 5,902,506</u>
\$ -	\$ 17,969,754	\$	-

City of Lubbock, Texas
Statement of Fiduciary Net Position
Fiduciary Funds
September 30, 2022

	<u>Police Custodial Fund</u>
ASSETS	
Cash and cash equivalents	\$ 433,277
Receivables:	
Contribution	<u>-</u>
Total assets	<u>\$ 433,277</u>
LIABILITIES	
Accounts payable	<u>\$ -</u>
Total liabilities	<u>-</u>
NET POSITION (DEFICIT)	
Restricted for Police Evidence and Found Property	<u>433,277</u>
Total Net Position	<u>\$ 433,277</u>

See accompanying Notes to Basic Financial Statements

City of Lubbock, Texas
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended September 30, 2022

	<u>Police Custodial Fund</u>
ADDITIONS	
Police funds received into custody	<u>\$ 162,865</u>
Total additions	<u>162,865</u>
DEDUCTIONS	
Police funds released from custody	<u>325,608</u>
Total deductions	<u>325,608</u>
Change in net position	(162,743)
Total net position - beginning of year	<u>596,020</u>
Total net position (deficit) - end of year	<u><u>\$ 433,277</u></u>

See accompanying Notes to Basic Financial Statements

City of Lubbock, Texas
Notes to Basic Financial Statements
September 30, 2022

NOTE I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Basic Financial Statements (BFS) of the City of Lubbock, Texas (City) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units, including specialized industry practices as specified in the American Institute of Certified Public Accountants audit and accounting guide titled *State and Local Governments*. The Governmental Accounting Standards Board (GASB) is the acknowledged standard-setting body for establishing governmental accounting and financial reporting principles. With respect to proprietary activities related to business-type activities and enterprise funds, including component units, the City applies all applicable GASB pronouncements.

The more significant accounting policies are described below.

A. REPORTING ENTITY

The City is a municipal corporation governed by a Council-Manager form of government. The City, incorporated in 1909, is located in the northwestern part of the state. The City currently occupies a land area of 143.2 square miles and serves a population approximating 265,002. The City is empowered to levy a property tax on both real and personal properties located within its boundaries. It is also empowered by state statute to extend its corporate limits by annexation, which occurs periodically when deemed appropriate by the City Council.

The City provides a full range of services including public safety (police and fire protection), electric, water and wastewater, storm water, solid waste, public transportation, health and social services, cultural-recreation, highways and streets, airport, planning and zoning, and general administrative services.

The BFS present the City and its component units and include all activities, organizations, and functions for which the City is considered financially accountable. The criteria considered in determining activities to be reported within the City's BFS are based upon and consistent with those set forth in the Codification of Governmental Accounting Standards, Section 2100, "*Defining the Financial Reporting Entity*." The criteria include the following:

- The organization is legally separate (can sue and be sued in its own name);
- The City holds the corporate powers of the organization;
- The City appoints a voting majority of the organization's board;
- The City is able to impose its will on the organization;
- The organization has the potential to impose a financial benefit or burden on the City; or
- There is fiscal dependency by the organization on the City.

As required by GAAP, the BFS present the reporting entity, which consists of the City (the primary government), organizations for which the City is financially accountable, and other organizations for which the nature and significance of their relationship with the City are such that exclusion could cause the City's BFS to be misleading or incomplete.

DISCRETELY PRESENTED COMPONENT UNITS

The financial data for the Component Units are shown in the Government-Wide Financial Statements. Component Units are reported in a separate column to emphasize that they are legally separate from the City. The following Component Units are included in the reporting entity because the primary government is financially accountable, is able to impose its will on the organization, or can significantly influence operations and/or activities of the organization.

City of Lubbock, Texas
Notes to Basic Financial Statements
September 30, 2022

The **Urban Renewal Agency (URA)** is a legally separate entity that serves as an arm of the City. The URA is governed by state law and was formed to help eliminate slum and blight within the City. The URA board oversees loans made to businesses and citizens of Lubbock using funds accumulated by the City of Lubbock community development program. The URA also oversees the acquisition and disposition of real property. The URA manages the City of Lubbock Community Development loans and property program. The URA Board is composed of nine members appointed by the City Council. There are no separate financial statements available for the URA.

Civic Lubbock, Inc. is a legally separate entity that was organized to foster and promote the presentation of wholesome educational, cultural, and entertainment programs for the general moral, intellectual and physical improvement, and welfare of the citizens of Lubbock and the surrounding area. The eleven-member board is appointed by the City Council. The City Council reviews and accepts the annual budget. Separate audited financial statements for Civic Lubbock may be obtained from Civic Lubbock, Inc. at 1501 Mac Davis Ln, Lubbock, Texas.

Market Lubbock Economic Development Corporation, dba Market Lubbock, Inc. is a legally separate entity that was formed on October 10, 1995 by the City Council to create, manage, operate, and supervise programs and activities to promote, assist, and enhance economic development within and around the City. The City Council appoints the seven-member board, and its operations are funded primarily through budgeted allocations of the City's property and hotel occupancy taxes. Separate audited financial statements may be obtained from Market Lubbock, Inc. at 1500 Broadway, Sixth Floor, Lubbock, Texas.

Lubbock Economic Development Alliance, Inc. is a legally separate entity that was formed on June 1, 2004 by the City of Lubbock to create, manage, and supervise programs and activities to promote, assist, and enhance economic development within and around the City. The City Council appoints the seven-member board, and its operations are funded primarily through budgeted allocations of the City's sales and use taxes. Separate audited financial statements may be obtained from Lubbock Economic Development Alliance, Inc. at 1500 Broadway, Sixth Floor, Lubbock, Texas.

The Vintage Township Public Facilities Corporation is a legally separate entity that was formed in 2007 with the sole purpose to assist the City in financing, refinancing, providing, or otherwise assisting in the acquisition, construction, and maintenance of certain public facilities benefiting the Vintage Township Public Improvement District. The three-member board is appointed by the City Council. The City Council reviews and accepts the annual budget. Separate audited financial statements are not available.

RELATED ORGANIZATIONS

The City Council is responsible for appointing the board members of some other organizations, but the City's accountability for these organizations do not extend beyond the board appointments. The City Council is not able to impose its will on these entities and there is no financial benefit or burden relationship. Bonds issued by these organizations do not constitute indebtedness of the City. The following related organizations are not included in the reporting entity:

The **Lubbock Fire Pension Fund (LFPF)** operates under provisions of the Texas Local Fire Fighters' Retirement Act for purposes of providing retirement benefits for the City's firefighters and eligible fire civilian employees. The Mayor's designee, the Chief Financial Officer or his designee, three firefighters elected by active firefighters, and two at-large members elected by the LFPF Board govern its affairs. The Pension Fund is funded by contributions from the firefighters and City matching contributions. As provided by enabling legislation, the City's responsibility to the LFPF is limited to matching bi-weekly contributions made by the members. Title to assets is vested in the LFPF and not the City. The Texas State Pension Review Board is mandated to oversee all Texas public retirement systems concerning their actuarial soundness and compliance with state law. The City cannot significantly influence the Pension Fund's operations. Separate audited financial statements may be obtained from the LFPF or from the City.

City of Lubbock, Texas
Notes to Basic Financial Statements
September 30, 2022

The **Housing Authority of the City of Lubbock** is a legally separate entity. The Mayor appoints the five-member board.

The **Lubbock Health Facilities Development Corporation** promotes health facilities development. The City Council appoints the seven-member board.

The **Lubbock Education Facilities Authority, Inc.** is a non-profit corporation and instrumentality of the City and was created pursuant to the Higher Education Authority Act, Chapter 53 Texas Education Code, to aid institutions of higher education, secondary schools, and primary schools in providing educational facilities and housing facilities. The seven-member board is appointed by the City Council.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The Government-Wide Financial Statements (GWFS) (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the activities of the City and its blended component unit as a whole. The discretely presented component units are also aggregately presented within these statements. The effect of interfund activity has been removed from these statements by allocation of the activities of the various internal service funds to the governmental and business-type activities based on the predominant users of the services. Interfund services are not eliminated in the process of consolidation. Governmental activities, which are primarily 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. All activities, both governmental and business-type, are reported in the GWFS using the economic resources measurement focus and the accrual basis of accounting, which includes long-term assets and receivables as well as long-term debt and obligations. The GWFS focus more on the sustainability of the City as an entity and the change in aggregate financial position resulting from the activities of the fiscal period.

The Government-Wide Statement of Net Position reports all financial and capital resources of the City. It is displayed in the format of assets plus deferred outflows of resources equal liabilities plus deferred inflows of resources, plus net position, with the assets and liabilities shown in order of their relative liquidity. Net position represents the difference between all other elements in a statement of financial position and should be displayed in three components: 1) net investment in capital assets; 2) restricted; and 3) unrestricted. Net investment in capital assets equals capital assets net of accumulated depreciation and is reduced by outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also should be included in this component of net position. If there are significant unspent related debt proceeds or deferred inflows of resources at the end of the reporting period, the portion of the debt or deferred inflows of resources attributable to the unspent amount should not be included in the calculation of net investment in capital assets. Instead, that portion of the debt or deferred inflows of resources should be included in the same net position component (restricted or unrestricted) as the unspent amount. Restricted net position are those with constraints placed on their use as: 1) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or 2) imposed by law through constitutional provisions or enabling legislation. All net position not otherwise classified as net investment in capital assets or restricted, is shown as unrestricted. Reservations or designations of net position imposed by the City, whether by administrative policy or legislative actions of the City Council that do not otherwise meet the definition of restricted net position, are considered unrestricted in the GWFS.

The Government-Wide Statement of Activities demonstrates the degree to which the direct expenses for a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are

City of Lubbock, Texas
Notes to Basic Financial Statements
September 30, 2022

reported instead as general revenues. The general revenues support the net costs of the functions and segments not covered by program revenues.

Fund Financial Statements (FFS) for governmental and proprietary funds are also part of the BFS. The focus of the FFS is on major funds, as defined by GASB Statement No. 34. GASB Statement No. 34 sets forth minimum criteria for the determination of major funds, i.e., a percentage of assets, liabilities, revenue, or expenditures/expenses of fund category and of the governmental and enterprise funds combined. However, it also gives governments the option of displaying other funds as major funds. The City can elect to add some funds as major funds because of outstanding debt or community focus. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the FFS. Other non-major funds are combined in a single column in the appropriate FFS.

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

The GWFS are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary FFS. 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 have been met.

Because the enterprise funds are combined into a single business-type activities column on the GWFS, certain interfund activities between these funds are eliminated in the consolidation for the GWFS, but are included in the fund columns in the proprietary FFS. The effect of interfund activity has been eliminated from the GWFS. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the City's electric, water, and wastewater functions and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Fund Financial Statements

Governmental FFS are reported using the current financial resources measurement focus and the modified accrual basis of accounting. This is the traditional basis of accounting for governmental funds. This presentation is necessary: 1) to demonstrate legal and covenant compliance; 2) to demonstrate the sources and uses of liquid resources; and 3) to demonstrate how the City's actual revenues and expenditures conform to the annual budget. Revenues are recognized as soon as they are both measurable and available. Revenues are considered 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, generally, if they are collected within 45 days of the end of the current fiscal period. The City considers the grant availability period to be one year for revenue recognition. 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 the liability has matured. Because the governmental FFS are presented on a different basis of accounting than the GWFS, reconciliations are provided immediately following each fund statement. These reconciliations explain the adjustments necessary to convert the FFS into the governmental activities column of the GWFS.

Property taxes, sales taxes, franchise taxes, occupancy taxes, grants, licenses, court fines, and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered susceptible to accrual as revenue of the current period. All other revenue items are considered measurable and available only when the City receives cash.

City of Lubbock, Texas
Notes to Basic Financial Statements
September 30, 2022

Fund Accounting

The City uses funds to report its financial position and the results of its operations. Fund accounting segregates funds according to their intended purpose and is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts, which includes assets, deferred outflows, deferred inflows, liabilities, fund balance/net position, revenues, and expenditures/expenses.

Governmental Funds are those through which most of the governmental functions of the City are financed. The City reports three major governmental funds:

The **General Fund**, as the City's primary operating fund, accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The **Governmental Capital Projects Fund** accounts for financing and construction of government capital projects, except for North Overton, Central Business District, and Lubbock Business Park Tax Increment Financing Reinvestment Zone (TIF) capital projects and Gateway Streets Fund capital projects. Projects include public safety improvements, park improvements, street improvements, purchase of and construction of municipal buildings, and major maintenance, repair, and replacement of public buildings and facilities.

The **Debt Service Fund** is used to account for and report financial resources that are restricted to expenditures for principal and interest (other than debt service payments made by proprietary funds).

Enterprise Funds are used to account for operations: 1) that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered through user charges; or 2) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The City reports the following major enterprise funds:

LP&L Fund accounts for the activities of the city-owned electric production and distribution system.

The **Water/Wastewater Fund** accounts for the activities of the City's water system and sanitary wastewater system.

The **Storm Water Fund** accounts for the activities of the storm water utility.

The City also reports the following non-major funds:

Governmental Funds

Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects.

Capital Projects Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlays (other than those recorded in the proprietary funds).

Proprietary Funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services or producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the

City of Lubbock, Texas
Notes to Basic Financial Statements
September 30, 2022

City's enterprise funds and of the City's internal service funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Enterprise Funds are used to account for services to outside users where the full cost of providing services, including capital, is to be recovered through fees and charges, e.g., Lubbock Preston Smith International Airport (Airport Fund), Citibus (Transit Fund), Cemetery, Civic Centers and Lake Alan Henry Recreational Funds.

Internal Service Funds are used to account for services provided to other departments, agencies of the departments, or to other governments on a cost reimbursement basis (i.e., fleet maintenance, print shop and warehouse, information technology, risk management, health benefits, and investment pool).

Fiduciary Funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

D. BUDGETARY ACCOUNTING

The City Manager submits a proposed operating budget and capital program to the City Council annually for the upcoming fiscal year. Annual budgets are adopted for the General Fund, Debt Service Fund, Enterprise Funds, Internal Service Funds, and certain Special Revenue Funds. Public hearings are conducted to obtain citizen comments, and the budget is legally enacted through passage of an ordinance by the Council. City Council action is also required for the approval of any supplemental appropriations.

All budget amounts presented in the General Fund Budgetary Comparison Schedule in the Required Supplementary Information (RSI) section reflect the original budget and the amended budget, which have been adjusted for legally authorized supplemental appropriations to the annual budget during the fiscal year. The operating budget is adopted on a basis other than GAAP for the General Fund, with the main difference being that tax note proceeds and related capital outlay are not budgeted. Budgetary control is maintained at the fund level. The City Manager may make administrative transfers and increases or decreases between accounts below the fund level without City Council approval. However, any transfer of funds between Funds, the legal level of control, or higher level shall be presented to City Council for approval by ordinance before such funds can be transferred between Funds or expended. All annual operating appropriations lapse at the end of the fiscal year. Capital Project and grant appropriations do not lapse at fiscal yearend, but remain in effect until the project or grant is completed and closed.

All budget amounts presented in the Special Revenue Funds and Debt Service Fund Budgetary Comparison Schedule in the Combining and Individual Fund Statements and Schedules section reflect the final budget amounts, which have been adjusted for legally authorized supplemental appropriations to the annual budget during the fiscal year. Budgetary control is maintained at the fund level, the legal level of control for Special Revenue Funds and Debt Service Funds. The following Special Revenue Funds have legally adopted budgets: Abandoned Motor Vehicle, Animal Assistance, Cable Services, Central Business District TIF, Community Development Grant, Criminal Investigation, Department of Justice Asset Sharing, Economic Development Incentive, Gateway Streets, Hotel Motel Tax, Lubbock Business Park TIF, Lubbock Economic Development Alliance, Municipal Court, North and East Lubbock Neighborhood and Infrastructure, North Overton PID, North Overton District TIF, North Point PID, Quincy Park PID, Valencia PID, Vintage Township PID, Bell Farms PID, and Upland Crossing PID.

Capital budgets and grant budgets do not lapse at fiscal yearend, but remain in effect until the project is completed and closed. The following funds have project length budgets: Donations, Community Services,

City of Lubbock, Texas
Notes to Basic Financial Statements
September 30, 2022

Health, Library, Police, and Other Grants Special Revenue Funds; and the Governmental, TIF, and Gateway Streets Capital Projects Funds.

In addition to the tax levy for general operations, in accordance with state law, the City Council sets an ad valorem tax levy for a sinking fund (General Obligation, Certificate of Obligation, and Tax Note Debt Service) which, with cash and investments in the fund, is sufficient to pay all debt service due during the fiscal year.

E. ENCUMBRANCES

At the end of the fiscal year, encumbrances for goods and services that have not been received are canceled except in the Capital Projects Fund. Management has authority, by ordinance, to re-appropriate any encumbrances that were open at the prior fiscal year end. At the beginning of the next fiscal year, management reviews all open encumbrances and approves needed encumbrances. In FY 2022, management approved reappropriation of \$615,154 in funds as follows: General Fund - \$543,711, Water Fund - \$39,900, North Overton PID - \$10,984, North Point PID - \$7,280 and Valencia PID - \$13,279. There are no other significant encumbrances at year-end that have not been restricted, committed, or assigned.

F. ASSETS, LIABILITIES, AND FUND BALANCE/NET POSITION

Equity in Cash and Investments - The City pools the resources of the various funds in order to facilitate the management of cash and enhance investment earnings. Records are maintained which reflect each fund's equity in the pooled account. Government agency bonds, municipal bonds, and commercial paper are stated at fair value; State Pools (TexStar, LOGIC, Texas CLASS) are stated at net asset value; and money market funds and TexPool are stated at amortized cost.

Cash and Cash Equivalents - Cash and cash equivalents include cash on hand and demand deposits.

Investments- - Investments include securities in the Federal Home Loan Bank, Federal Home Loan Mortgage Corporation, Federal National Mortgage Association, Federal Farm Credit Bank, Federal Agricultural Mortgage Corporation, Municipal Bonds, Commercial Paper, Certificates of Deposit, and Money Markets. Investments also include state investment pools. Restricted investments include investments that have been restricted for bond financed capital projects, funds that have been restricted by bond covenants for debt service requirements, and funds accumulated for passenger facility charges and customer facility charges.

Property Tax Receivable - The value of all real and business property located in the City is assessed annually on January 1 in conformity with Subtitle E of the Texas Property Code. Property taxes are levied on October 1 on those assessed values and the taxes are due on receipt of the tax bill. On the following January 1, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. The taxes are considered delinquent if not paid before February 1. Therefore, at fiscal year-end, all property taxes receivable are delinquent but are secured by a tax lien.

At the GWFS level, property tax revenue is recognized upon levy. In governmental funds, the City records property taxes receivable upon levy and defers tax revenue until the taxes are collected or available. For each fiscal year, the City recognizes revenue in the amount of taxes collected during the year plus an estimate of taxes to be collected in the subsequent 45 days. The City allocates property tax revenue between the General, certain Special Revenue, and Debt Service Funds based on tax rates adopted for the year of levy. The Lubbock Central Appraisal District assesses property values, bills, collects, and remits the property taxes to the City. The City adjusts the allowance for uncollectible taxes and deferred inflows of tax revenue at fiscal year-end based upon historical collection experience. To write off property taxes receivable, the City eliminates the receivable and reduces the allowance for uncollectible accounts.

Enterprise Funds Receivables - Within the LP&L, Water/Wastewater, and Storm Water Enterprise Funds, services rendered but not billed as of the close of the fiscal year are accrued. This amount is reflected in the

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accounts receivable balances of each fund. Amounts billed are reflected as accounts receivable net of an allowance for uncollectible accounts.

Leases Receivable –Lessor- The City is a lessor for noncancelable leases of property and equipment. The City recognizes a lease receivable and a deferred inflow of resources in the government-wide, governmental and proprietary fund financial statements.

At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently the deferred inflow of resources is recognized as revenue over the lease term. The City has \$3,251,622 remaining in lease receivables and \$3,251,622 remaining in deferred inflows as of September 30, 2022. The City recorded lease revenue including interest of \$64,166 in the fiscal year. The City uses key estimates and judgements related to leases including 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 is for the noncancelable period of the lease. Lease payments that are included in the measurement of the lease receivable are composed of fixed payments from the lessee that are fixed in substance or that depend on an index or a rate.

The City monitors changes in circumstances that would require a re-measurement of its leases and will re-measure the lease receivable and deferred inflow of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

Inventories - Inventories consist of expendable supplies held for consumption. Inventories are valued using the average cost method of valuation, and are accounted for using the consumption method of accounting, i.e., inventory is expensed when used rather than when purchased.

Prepaid Items - Prepaid items are accounted for under the consumption method.

Capital Assets and Depreciation - Capital assets, including public domain infrastructure (streets, bridges, sidewalks, and other assets that are immovable and of value only to the City), are defined as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. These capital assets are reported in the GWFS and the proprietary funds. Capital assets are recorded at cost or estimated historical cost if purchased or constructed. Donated assets are recorded at the estimated acquisition value on the date of donation.

Major outlays for capital assets and improvements are capitalized as the projects are constructed. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset life are not capitalized. Major improvements are capitalized and depreciated over the remaining useful lives of the related capital assets.

Depreciation is computed using the straight-line method over the estimated useful lives as follows:

Improvements Other Than Buildings	10-60 years
Buildings	15-50 years
Machinery and Equipment	3-15 years
Water Rights	85 years

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Interest Capitalization – In FY 2020, the City early implemented GASB Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period ("GASB 89"), which requires that interest cost incurred before the end of a construction period be recognized as interest expense in the period incurred. GASB 89 does not change the applicability of capitalization of qualifying interest cost as a regulatory asset for business type activities that have regulatory operations as set forth in GASB Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements. Therefore, the City capitalized \$666,729 related to LP&L, a regulated operation in FY 2022.

Leases Payable-Lessee – The City is a lessee for non-cancelable leases of property and equipment. The City recognizes a lease liability, reported with long-term debt, and a right-to-use lease asset, reported with other capital assets, in the government-wide and proprietary fund financial statements.

At the commencement of a lease, the City measures the lease liability at the present value of payments expected to be made during the lease term. The lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. The lease asset is amortized on a straight-line basis over the shorter of the lease term or its useful life.

The City uses its estimated incremental borrowing rate as the discount rate for leases. The lease term includes the non-cancelable period of the lease. Lease payments included in the measurement of the liability are composed of fixed payments, variable payments fixed in substance or that depend on an index or a rate.

The City monitors changes in circumstances that would require a re-measurement of its leases and will re-measure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Deferred Outflows/Inflows of Resources – Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. The City has a deferred charge on a bond refunding, which is the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred or amortized over the shorter of the life of the refunded and new debt. The City also has deferred outflows for pensions related to contributions, changes in actuarial assumptions and investment experience, and for other post-employment benefits related to benefit payments and changes in actuarial assumptions.

Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until then. The City's deferred inflows include property taxes and municipal court fines in the governmental funds, pension actuarial differences in expected and actual experience and investment experience in the proprietary and internal service funds, for other post-employment benefits related to difference in expected and actual experience, and changes in actuarial assumptions, and for leases.

For additional information on deferred outflows/inflows related to pensions, reference note III. F. Retirement Plans and note III. G. Other Post-Employment Benefits (OPEB).

Classification of Fund Equity - Fund balances are classified as nonspendable, restricted, committed, assigned, or unassigned in governmental funds. Nonspendable fund balance cannot be spent, either because it is not in spendable form or because of legal or contractual requirements. Restricted fund balances have constraints for specific purposes that 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, which is the highest action level by City Council. 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 have not been classified

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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 designates restricted amounts to be spent first if both restricted and unrestricted fund balances are available unless there are legal documents/contracts that prohibit doing this, such as in grant agreements requiring dollar for dollar spending. Additionally, the City would first use committed, followed by assigned, and lastly unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

The proprietary funds and GWFS have three classifications of net position: 1) net investment in capital assets; 2) restricted net position; and 3) unrestricted net position. In the first category, capital assets are netted with bonded and capital lease debt. Restricted net position includes debt service, grantor, and other government restrictions for proprietary funds and the same categories as restricted fund balance for governmental activities.

The City Council has approved goals for the General Fund unrestricted fund balance, which is set at a minimum of an amount equal to twenty percent of operating revenues in order to meet unanticipated contingencies and fluctuations in revenue. Enterprise funds also have appropriable net position reserve policies, ranging from 10 to 25 percent of operating revenue. The LP&L Fund maintains general reserves equal to three months gross revenue from all retail electric sales as determined by taking the average monthly retail electric sales from the previous fiscal year.

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

G. REVENUES, EXPENSES AND EXPENDITURES

Interest Income on pooled cash and investments is allocated monthly based on the percentage of a fund's pooled cash and investments monthly balance compared to the total city-wide monthly balance in pooled cash and investments. Bond funds and other separate non-pooled cash are distributed to the fund where the cash and investment is recorded.

Sales Tax Revenue for the City results from an allocation of 1.5 percent of the total sales tax levy of 8.25 percent, which is collected by the State of Texas and remitted to the City monthly. The tax is collected by the vendor and is required to be remitted to the State by the 20th of the month following collection. The tax is then paid to the City by the Friday following the second Wednesday of the subsequent month. The City then allocates 0.125 cents to the Lubbock Economic Development Alliance, a discretely presented component unit.

Grant Revenue from federal and state grants is recognized as revenue as soon as all eligibility requirements have been met. The availability period for grants is considered to be one year.

Interfund Transactions are accounted for as revenues, expenditures, expenses, or other financing sources or uses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from that fund that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. In addition, transfers are made between funds to shift resources from a fund legally authorized to receive revenue to a fund authorized to expend the revenue.

Compensated Absences consists of vacation leave, sick leave, and compensatory leave. Vacation leave of 10-20 days is granted to all regular employees dependent upon the date employed, years of service, and civil

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service status. Currently, up to 40 hours of vacation leave may be carried over to the next calendar year. The City is obligated to make payment upon retirement or termination for employees in good standing for any available, unused vacation leave.

Sick leave for employees is accrued at 1 1/4 days per month with a maximum accrual status of 200 days. After 15 years of continuous full-time service for non-civil service personnel, vested sick leave is paid on retirement or termination at the current hourly rate for up to 90 days. Upon retirement or termination, Police Civil Service Personnel are paid for up to 90 days accrued sick leave regardless of reason for leaving or time with the City. Firefighter Civil Service Personnel are paid for up to 90 days of accrued sick leave upon retirement or termination. The Texas Civil Service laws dictate certain benefits and personnel policies above and beyond the policies of the City.

In accordance with the Fair Labor Standards Act and City policy, non-exempt employees may accrue compensatory time off instead of receiving payment for overtime hours worked. Compensatory time may be accrued up to 45 hours (30 overtime hours at time and one-half) and must be used within 26 pay periods. In order to be eligible for compensatory time, each employee is required to sign an agreement with the City.

The liability for the accumulated vacation, sick, and compensatory time off is recorded in the GWFS and in the FFS for proprietary fund employees when earned. The liability is recorded in the governmental FFS to the extent it is due and payable.

Post-Employment Benefits for retirees of the City include the option to purchase health and life insurance with health insurance benefits at a subsidized premium. However, employees that retire with 15 or more years of service or Civil Service employees that retire who have a sick-leave balance in excess of 90 days will be able to elect to continue receiving medical coverage in full 30-day periods for the term of the balance of their sick leave. Retirees are required to pay a prorated premium for the days of coverage that are not funded by their excess sick leave. Amounts to cover premiums and administrative costs, with an incremental charge for reserve funding, are determined by the City's health care administrator. Employer contributions are funded on a pay-as-you-go basis and approximated at \$3.7 million during the measurement period.

H. PENSIONS

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 fiduciary net position of the City's pension plans (Texas Municipal Retirement System [TMRS] and the Lubbock Fire Pension Fund [LFPF]) and additions to/deductions from the pension plans' fiduciary net position have been determined on the same basis as they are reported by each plan. 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.

I. NEW PRONOUNCEMENTS

In May 2019, GASB issued GASB Statement No. 91, Conduit Debt Obligations ("GASB 91"). GASB 91 requires issuers disclose general information about their conduit debt obligations. Issuers that recognize liabilities related to supporting debt service of conduit debt obligations should disclose information about the amount recognized and how the liability changed during the reporting period. This statement is effective for fiscal years beginning after June 15, 2022 and reporting periods thereafter. The City has determined that GASB 91 will not have any impact on their financial statements.

In March 2020, GASB issued GASB Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements. This statement requires governments to report assets and liabilities related to PPP's consistently and disclose important information about PPP transactions. This statement is

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effective for fiscal years beginning after June 15, 2022 and all reporting periods thereafter. The City is currently evaluating the effect of this statement on their financial statements.

In May 2020, GASB issued GASB Statement No. 96, Subscription-Based Information Technology Arrangements (SBITA's). This statement requires a government to disclose descriptive information about its SBITA's other than short-term, such as the amount of the subscription asset, accumulated amortization, other payments not included in the measurement of the liability and other essential information. This statement is effective for fiscal years beginning after June 15, 2022 and reporting periods thereafter. The City is currently evaluating the effect of this statement on their financial statements.

J. IMPLEMENTATION OF NEW PRONOUNCEMENT

In FY 2022 the City implemented GASB Statement No. 87, ("GASB 87"), Leases. GASB 87 requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. See Notes III. E and III. K for more information.

The City previously recorded a capital lease for a conference center that is joined to the Overton Hotel and Conference Center. The implementation of GASB 87, Leases resulted in a restatement of net position in the GWFS in the amount of \$273,341 for a cumulative change in accounting principle.

K. RESTATEMENT OF NET POSITION

In FY 22, the City had a prior period error. The City is responsible for recording the fair value of non-cash contributions in the form of developer contributions in the year the contribution is made by the developer. The Engineering department did not notify the Finance department of developer contributions in the amount of \$2.2 million in the fiscal year accepted. This resulted in the restatement of net position in the Water/Wastewater fund as follows:

Water/Wastewater	
Net Position - beginning of year, as previously stated	\$ 599,526,574
Restatement due to correction of error	<u>2,210,623</u>
Net Position - beginning of year, as restated	<u>\$ 601,737,197</u>

NOTE II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. RESTRICTED NET POSITION

Restricted net position is only used for its intended purpose. For the majority of projects funded by tax exempt debt proceeds, the debt proceeds are used first, followed by unrestricted resources.

B. GENERAL FUND BUDGET COMPARISON

The General Fund FY 2022 amended budgeted expenditures and transfers out were \$261,433,223, while actual budgetary basis expenditures and transfers out were \$262,050,962; a difference of \$617,739.

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NOTE III. DETAIL NOTES ON ALL ACTIVITIES AND FUNDS

A. DEPOSITS AND INVESTMENTS

On September 30, 2022, the bank balance of the City's deposits was \$5,207,158. All of the bank balances are covered by federal depository insurance or are fully collateralized. Custodial credit risk is the risk that in the event of a bank failure, a government's deposits may not be returned. The City's deposit policy for custodial credit risk requires compliance with the provisions of Texas Public Funds Investment Act.

State law requires federal depository insurance or collateralization with the value of eligible securities having an aggregate value at least equal to the amount of the deposits. The City's Investment Policy requires the minimum collateral level to be 102.0 percent of the fair value of principal and accrued interest.

On September 30, 2022, bank balances were not exposed to custodial credit risk as follows:

Insured	\$ 500,000
Uninsured and collateral held by a third party financial institution in the City's name	4,707,158
	\$ 5,207,158

On September 30, 2022, the City had the following investments and maturities:

<u>Type</u>	September 30, 2022		
	Fair Value	Maturities in Years	
		Less Than 1	1-5
Federal Farm Credit Bank (FFCB)	\$21,569,404	\$9,976,299	\$11,593,105
Farmer Mac (FAMCA)	2,910,060	-	2,910,060
Federal Home Loan Bank (FHLB)	84,203,938	-	84,203,938
Federal Home Loan Mortgage Corporation (FHLMC)	22,524,590	-	22,524,590
Federal National Mortgage Association (FNMA)	499,960	499,960	-
Municipal Bonds	148,950,015	73,175,602	75,774,413
Commercial Paper	15,036,890	15,036,890	-
Money Market	293,873	293,873	-
State Investment Pools *	333,468,918	333,468,918	-
	\$629,457,648	\$432,451,542	\$197,006,106

*State Investment Pools are considered investments for financial reporting purposes.

Investment in State Investment Pools

The State Comptroller of Public Accounts exercises oversight responsibility over TexPool. Oversight includes the significant ability to 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. TexPool is not registered with the

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Securities and Exchange Commission (SEC) as an investment company. TexPool is rated AAAM by Standard & Poor's. The pool offers same day access to investment funds.

TexPool does not have any limitations or restrictions on participants' withdrawals that would have to be disclosed in the notes to the financial statements. All TexPool securities are reported within the highest category of credit ratings and are denominated in U.S. dollars. Per GASB Statement No. 40, Deposit and Investment Risk Exposure, TexPool is not exposed to custodial credit risk. Additionally, TexPool utilizes shadow pricing, which is consistently within 0.5% of amortized cost value per unit.

TexSTAR's governing body is a five-member board of directors (the "Board"). Three directors are officers or employees of Participants; one director is an officer or employee of J.P. Morgan Investment Management Inc. (JPMIM); and the final director is an officer or employee of Hilltop Securities Inc. (HTS), or an affiliate. TexSTAR's bylaws require the Board to appoint an advisory board. The Advisory Board currently consists of six members, each of whom is either (1) a representative of a participant or (2) a person who has no business relationship with TexSTAR. The primary investment objectives of TexSTAR, in order of priority, are (1) the preservation of capital and protection of principal, (2) the maintenance of sufficient liquidity, and (3) yield. TexSTAR is rated AAAM by Standard & Poor's. The pool offers same day access to investment funds.

LOGIC was established pursuant to an Interlocal Agreement, which was subsequently amended and is now entitled Participation Agreement and Trust Instrument (the "Agreement") between participating Government Entities. Participation in the Pool is limited to those eligible Government Entities that 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 are 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. Hilltop Securities and JPMIM serve as co-administrators to LOGIC. JPMIM or its affiliates provide investment management, custody, and fund accounting services. The investment objectives of the pool is to seek preservation of principal, liquidity in accordance with the operating requirements of the Participants, and a competitive rate of return. LOGIC is rated AAAM by Standard & Poor's. The pool offers same day access to investment funds.

Texas Cooperative Liquid Assets Securities System (Texas CLASS) was created specifically for use by 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. Public Trust Advisors, LLC also performs all marketing and operation functions of the portfolio. The pool is subject to the general supervision of a 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. Texas CLASS is rated AAAM by Standard and Poor's. The pool offers same day access to investment funds.

Interest Rate Risk - As a means of limiting its exposure to fair value losses due to rising interest rates, the City's investment policy limits investments to those that are held to maturity and by limiting final stated maturity to no more than five (5) years. The City uses the specific identification method for positions in fixed-rate securities. The investment pools have laddered out maturities within their funds but are redeemable in full within one day to the governments investing in the pooled funds. The City only invests in government pools and funds that maintain a stable \$1 NAV (net asset value). While the interest income derived from these particular types of investments fluctuates based on market movements and the characteristics of the pools and funds, the value of the principal is not affected.

Credit Risk - Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. The City's policy allows investment in direct obligations of and other obligations guaranteed as

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to principal of the U.S. Treasury and U.S. agencies and instrumentalities and collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States. The City's policy also allows investment in obligations of the State of Texas or its agencies and obligations of states, agencies, counties, cities, and other political subdivisions rated not less than A or its equivalent. The City may also invest in collateralized certificates of deposit, banker's acceptances with stated maturities of 270 days or fewer, commercial paper rated at a minimum of A-1 or P-1 with stated maturities 270 days or fewer, no-load money market funds registered with the Securities and Exchange Commission, and constant dollar investment pools authorized by the City Council. On September 30, 2022, Standard & Poor's rated the investment pools AAAM. The senior unsecured debt for investments in FHLB, FAMCA, FFCB, FHLMC, and FNMA are rated AA+ by Standard & Poor's and Aaa by Moody's. The municipal bond investments are rated between an AAA and A- by S&P and between an Aaa and A1 by Moody's.

Custodial Credit Risk - State statutes require that all City deposits in financial institutions be fully insured by the Federal Deposit Insurance Corporation (FDIC), collateralized by U. S. Government obligations or obligations of Texas and its agencies that have a market value of not less than the principal amount of the deposits, or by a Letter of Credit from a Federal Agency.

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The City requires that deposits and repurchase agreements be held in an institution that has a minimum collateral level of 102.0 percent of the market value. FNMA, FAMCA, FFCB, FHLMC, FHLB and Municipal Bond investments are held in the City's name in third party safekeeping by a Federal Reserve member financial institution designated as a city depository. The City shall maintain a list of authorized broker/dealers and financial institutions, which are approved by the Audit and Investment Committee for investment purposes.

Concentration of Credit Risk - The City places limits on the amount that may be invested in any one issuer with the exception of United States Treasury obligations and State Investment Pools. As of September 30, 2022, the City's investments constituted the following percentages of total investments:

<u>Investment</u>	<u>Percentage</u>	<u>WAM (Days)</u>	<u>Rating</u>	<u>Rating Agency</u>
State Investment Pools	53.0%	1	AAAm	S&P
Municipal Bonds	23.7%	665	AA/Aa2	S&P/Moody's
Money Market	0.0%	1	AAAm/Aaa-mf	S&P/Moody's
FFCB	3.4%	462	AA+/Aaa	S&P/Moody's
FHLB	13.4%	1017	AA+/Aaa	S&P/Moody's
FNMA	0.1%	34	AA+/Aaa	S&P/Moody's
FHLMC	3.6%	997	AA+/Aaa	S&P/Moody's
Commercial Paper	2.4%	156	A-1+/P-1	S&P/Moody's
FAMCA	0.4%	709	AA+/Aaa	S&P/Moody's

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The City’s investment policy places the following limits on the amount the City can invest in any type of authorized investment. All securities are rated A-, or equivalent, or better.

<u>Authorized Investment</u>	<u>Policy Limitation</u>
U.S. Treasury Obligations	100%
Agency Bonds	80%
Municipal Bonds	50%
Investment Pools	100%
Certificates of Deposit	30%
No Load Mutual Fund	30%
Commercial Paper	10%
Banker Acceptance	10%

Foreign Currency Risk - This risk relates to adverse effects on the fair value of an investment from changes in exchange rates. The City has no foreign currency risk.

Disclosures about Fair Value of Assets and Liabilities

The City categorizes its fair value measurement within the fair value hierarchy established by generally accepted accounting principles. 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. The following hierarchy of three levels of inputs is used to measure fair value:

- Level 1** Quoted prices in active markets for identical assets or liabilities
- Level 2** Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities
- Level 3** Unobservable inputs supported by little or no market activity and are significant to the fair value of the assets or liabilities

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Recurring Measurements

The City has the following recurring fair value measurements based on the hierarchy above as of September 30, 2022:

September 30, 2022	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level				
Federal Farm Credit Bank (FFCB)	\$ 21,569,404	\$ -	\$ 21,569,404	\$ -
Farmer Mac (FAMCA)	2,910,060	-	2,910,060	-
Federal Home Loan Bank (FHLB)	84,203,938	-	84,203,938	-
Federal Home Loan Mortgage Corporation (FHLMC)	22,524,590	-	22,524,590	-
Federal National Mortgage Association (FNMA)	499,960	-	499,960	-
Municipal Bonds	148,950,015	-	148,950,015	-
Commercial Paper	15,036,890	-	15,036,890	-
Total investments by fair value level	<u>\$295,694,857</u>	\$ -	<u>\$295,694,857</u>	\$ -

Investments measured at the net asset value

TexStar	64,819,337
LOGIC	2,863,226
Texas Class	265,409,447
Total investments measured at the NAV	<u>\$333,092,010</u>

Investments measured at amortized cost

TexPool	376,908
Money Markets	293,873
Investments measured at amortized cost	670,781

Total Investments \$629,457,648

The City's investments in debt securities are valued using Level 2 by FTI using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. Matrix prices are verified against investment reports from the City's Safekeeping Institution, Bank of New York Mellon.

B. INTERFUND TRANSACTIONS

Interfund balances, specifically, the due to and due from other funds, are short-term loans to cover temporary cash deficits in various funds. This occasionally occurs prior to bond sales or grant reimbursements.

Interfund balances are loans to cover Council directed internal financing of certain projects. On September 30, 2022, the City had \$7,229,879 of internal financing. These balances are assessed an interest charge and are repaid over time through operations and transfers.

The following amounts due to other funds or due from other funds are included in the fund financial statements (all amounts in thousands):

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Interfund Receivables: (in Thousands)				
Interfund Payables: (in Thousands)	Governmental Funds		Proprietary Funds	
	General	Governmental Capital Projects	Nonmajor Enterprise	Totals
Governmental Funds:				
Nonmajor Governmental	\$ 2,251	\$ -	\$ 6	\$ 2,257
Proprietary Funds:				
Nonmajor Enterprise	4,973	-	-	4,973
Totals	<u>\$ 7,224</u>	<u>\$ -</u>	<u>\$ 6</u>	<u>\$ 7,230</u>

Transfers include: 1) debt service payments made from the debt service fund, but funded from an operating fund; 2) subsidy transfers from unrestricted funds; and 3) transfers to move indirect cost allocations.

The following interfund transfers are reflected in the fund financial statements (all amounts in thousands):

Interfund Transfers In: (in Thousands)									
Interfund Transfers Out: (in Thousands)	Governmental Funds				Proprietary Funds				Totals
	General	Debt Service	Govt. Capital	Nonmajor Govt.	Water/Waste-		Nonmajor Enterprise	Internal Service	
					Electric	water			
Governmental Funds:									
General Fund	\$ -	\$ 2,025	\$23,652	\$ 10,062	\$ 278	\$ -	\$ 1,955	\$5,673	\$ 43,645
Debt Service	-	-	-	-	-	-	442	-	442
Govt. Capital Projects	-	-	-	-	-	-	-	-	-
Nonmajor Govt.	-	12,925	-	2,183	-	-	3,305	-	18,413
Proprietary Funds:									
LP&L	1,895	1,141	-	-	-	-	-	-	3,036
Water/Wastewater	2,692	146	-	-	1,157	-	-	1,516	5,511
Stormwater	605	1,052	-	-	278	-	-	341	2,276
Nonmajor Enterprise	1,984	-	-	-	-	108	253	11	2,356
Internal Service	178	-	55	-	-	-	-	53	286
Totals	<u>\$ 7,354</u>	<u>\$17,289</u>	<u>\$23,707</u>	<u>\$ 12,245</u>	<u>\$1,713</u>	<u>\$ 108</u>	<u>\$ 5,955</u>	<u>\$7,594</u>	<u>\$ 75,965</u>

Net transfers on the GWFS amounted to \$6,725,541 from business activities to governmental-type activities.

C. PREPAID EXPENSES

The total prepaid expenses (noncurrent assets) of \$944,442 in the LP&L Enterprise Fund represents an advertising contract with the United Supermarket Arena. The advertising (and amortization) began with the opening of the sports arena in FY 2000 and will continue for 30 years.

City of Lubbock, Texas
Notes to Basic Financial Statements
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D. CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2022, was as follows:

Primary Government:

Governmental Activities

	Beginning Balances	Increases	Decreases	Ending Balances
Capital Assets Not Depreciated:				
Land	\$ 40,118,275	\$ 3,887,705	\$ -	\$ 44,005,980
Construction in Progress	33,281,689	56,026,170	57,328,821	31,979,038
Total Capital Assets Not Depreciated	<u>73,399,964</u>	<u>59,913,875</u>	<u>57,328,821</u>	<u>75,985,018</u>
Capital Assets Depreciated:				
Buildings	134,879,005	13,403,114	1,335,115	146,947,004
Improvements Other than Buildings	728,764,212	64,138,857	924,890	791,978,179
Machinery and Equipment	173,151,485	7,193,121	3,898,198	176,446,408
Total Capital Assets Depreciated	<u>1,036,794,702</u>	<u>84,735,092</u>	<u>6,158,203</u>	<u>1,115,371,591</u>
Less Accumulated Depreciation:				
Buildings	34,786,929	3,395,381	1,335,115	36,847,195
Improvements Other than Buildings	418,267,493	31,096,314	924,889	448,438,918
Machinery and Equipment	116,973,742	10,055,770	3,851,762	123,177,750
Total Accumulated Depreciation	<u>570,028,164</u>	<u>44,547,465</u>	<u>6,111,766</u>	<u>608,463,863</u>
Total Capital Assets Depreciated, Net	<u>466,766,538</u>	<u>40,187,627</u>	<u>46,437</u>	<u>506,907,728</u>
Governmental Activities Capital Assets, Net	<u>\$ 540,166,502</u>	<u>\$ 100,101,502</u>	<u>\$ 57,375,258</u>	<u>\$ 582,892,746</u>

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Depreciation expense was charged to functions/programs of the governmental activities as follows:

Governmental activities:	
Administrative Services and General Government	\$ 1,977,158
Community Services	186,404
Cultural and Recreation Services	3,646,897
Economic and Business Development	1,557,281
Fire	2,481,595
Health	303,994
Other Public Safety	202,070
Police	1,381,707
Streets and Traffic	25,425,194
Solid Waste	2,504,259
Internal Service Funds	<u>4,561,046</u>
Total Depreciation Expense - Governmental Activities	44,227,605
Transfer in of Accumulated Depreciation - Business-Type Activities	<u>319,860</u>
Increase in Accumulated Depreciation - Governmental Activities	<u><u>\$ 44,547,465</u></u>

City of Lubbock, Texas
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Business Type Activities

	Beginning Balances	Increases	Decreases	Ending Balances
Capital Assets Not Depreciated:				
Land	\$ 76,739,434	\$ 4,035,642	\$ -	\$ 80,775,076
Construction in Progress	70,376,141	107,699,618	96,032,929	82,042,830
Electric Production Plant	75,410	-	-	75,410
Electric Transmission Plant	28,814,818	2,043,586	-	30,858,404
Electric Distribution Plant	17,599,523	497,190	-	18,096,713
Electric General Plant	317,953	-	-	317,953
Total Capital Assets Not Depreciated	193,923,279	114,276,036	96,032,929	212,166,386
Capital Assets Depreciated:				
Buildings	230,720,831	-	355,756	230,365,075
Improvements Other than Buildings	1,524,087,586	62,281,491	1,354,629	1,585,014,448
Machinery and Equipment	191,685,250	17,122,181	921,708	207,885,723
Electric Production Plant	87,067,681	7,806,800	5,705,326	89,169,155
Electric Transmission Plant	294,852,330	3,211,920	-	298,064,250
Electric Distribution Plant	355,175,705	15,107,458	354,979	369,928,184
Electric Regional Trans Mkt Oper Plant	2,767,781	-	-	2,767,781
Electric General Plant	54,911,234	7,124,777	5,002,465	57,033,546
Total Capital Assets Depreciated	2,741,268,398	112,654,627	13,694,863	2,840,228,162
Less Accumulated Depreciation:				
Buildings	89,356,123	5,038,187	-	94,394,310
Improvements Other than Buildings	524,408,926	38,499,438	1,319,528	561,588,836
Machinery and Equipment	106,143,759	9,730,248	1,060,458	114,813,549
Electric Production Plant	62,866,213	2,843,580	5,354,261	60,355,532
Electric Transmission Plant	13,276,189	5,241,207	-	18,517,396
Electric Distribution Plant	174,550,086	7,921,220	354,978	182,116,328
Electric Regional Trans Mkt Oper Plant	1,909,561	407,583	-	2,317,144
Electric General Plant	26,034,645	3,816,929	3,401,666	26,449,908
Total Accumulated Depreciation	998,545,502	73,498,392	11,490,891	1,060,553,003
Total Capital Assets Depreciated, Net	1,742,722,896	39,156,235	2,203,972	1,779,675,159
Business Type Activities Capital Assets, Net	\$ 1,936,646,175	\$ 153,432,271	\$ 98,236,901	\$ 1,991,841,545

City of Lubbock, Texas
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Depreciation expense was charged to functions/programs of the business-type activities as follows:

Business-Type Activities:	
LP&L	\$ 20,214,267
Water/Wastewater	35,246,808
Storm Water	4,612,703
Airport	10,848,041
Transit	1,563,579
Civic Centers	932,806
Cemetery	46,373
Lake Alan Henry	3,592
Internal Service	13,969
Total Depreciation Expense - Business-Type Activities	<u>73,482,138</u>
Transfer in of Accumulated Depreciation - Governmental Activities	16,254
Increase in Accumulated Depreciation - Business-Type Activities	<u><u>\$ 73,498,392</u></u>

Construction Commitments

The City has active construction projects at fiscal year end.

<u>Projects</u>	<u>Original Commitments</u>	<u>Spent-to-Date</u>	<u>Remaining Commitments</u>
Governmental Capital Projects	\$ 278,919,464	\$ 191,385,179	\$ 87,534,285
TIF Capital Projects	18,400,685	9,764,660	8,636,025
Gateway Street Projects	18,667,011	15,018,235	3,648,776
LP&L	459,271,423	380,986,278	78,285,145
Water/Wastewater	256,657,392	207,918,336	48,739,056
Storm Water	89,075,848	80,294,711	8,781,137
Airport	57,942,399	43,311,439	14,630,960
Civic Center	1,381,755	498,128	883,627
Cemetery	80,000	40,000	40,000
Internal Service Fund	36,038,809	15,824,011	20,214,798
Total	<u>\$ 1,216,434,786</u>	<u>\$ 945,040,977</u>	<u>\$ 271,393,809</u>

LP&L has numerous capital projects that are nearing completion. One of their newer projects is an \$11.4 million project to upgrade, improve and expand the LP&L distribution system in preparation for, and after, the transition to the Electric Reliability Council of Texas (ERCOT). A second newer project with an \$8.7 million appropriation involves purchasing and installing new substation power transformers for the Vicksburgh Substation. This will increase the capacity of the substation and provide greater operational reliability moving forward.

Water has an \$18.2 million appropriation to complete the construction of two new 2 million gallon elevated storage tanks within the next 20 years to meet the Texas Commission on Environmental Quality (TCEQ) elevated storage requirements for the projected population.

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One of the many ongoing Governmental Capital Projects is a \$7.6 million appropriation to construct a multi-company fire station that will serve South Lubbock area residents. The fire station #20 will be located east of the Lubbock Police Department substation at 141st and Indiana. Another new Governmental Capital Project is a street project with an \$11.3 appropriation to pave and improve existing local residential and collector gravel roads in existing subdivisions where the roads were never improved by the developer.

E. LEASES

The City has entered into multiple lease agreements as lessor. The leases allow the right-to-use of land, buildings, and infrastructure to other organizations over the terms of the lease. The City receives monthly payments at the interest rate stated or implied within the leases. The interest rate for these leases is the City's incremental borrowing rate of 1.97%. The City has \$3,251,621 remaining in lease receivables and \$3,251,621 remaining in deferred inflows as of September 30, 2022.

Fiscal Year	Leases			
	Governmental Activities		Business- Type Activities	
	Principal	Interest	Principal	Interest
2023	\$ 62,352	\$ 8,517	\$ 181,557	\$ 55,649
2024	57,820	7,180	185,634	52,072
2025	58,959	6,041	189,791	48,415
2026	60,121	4,879	194,030	44,678
2027	61,305	3,695	186,584	40,854
2028-2032	126,256	3,743	980,330	148,019
2033-2037	-	-	768,052	57,552
2038-2042	-	-	138,830	2,735
Totals	\$ 426,813	\$ 34,055	\$ 2,824,808	\$ 449,974

City of Lubbock, Texas
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F. RETIREMENT PLANS

Each qualified employee is included in one of two retirement plans in which the City participates. These are the Texas Municipal Retirement System (TMRS) and the Lubbock Fire Pension Fund (LFPF). The City does not maintain the accounting records, hold the investments, or administer either retirement plan.

The total (aggregate for the TMRS and LFPF plans) of the City’s net pension liabilities, deferred outflows of resources and deferred inflows of resources related to pensions as of September 30, 2022 and the pension expense for the year ended is as follows:

	TMRS	LFPF	Total
Net pension liability	\$ 33,592,602	\$65,881,373	\$ 99,473,975
Deferred outflows of resources	24,319,389	17,036,763	41,356,152
Deferred inflows of resources	52,456,991	24,963,199	77,420,190
Pension expense (income)	(1,488,952)	3,652,964	2,164,012

Summary of significant data for each retirement plan follows:

TEXAS MUNICIPAL RETIREMENT SYSTEM (TMRS)

Plan Description

The City participates as one of 901 plans in the defined benefit cash-balance plan administered by the Texas Municipal Retirement System (TMRS). TMRS is statewide public retirement plan created by the State of Texas and administered in accordance with the Texas Government Code, Title 8, Subtitle G (TMRS Act) as an agent multiple-employer retirement system for employees of Texas participating cities. The TMRS Act places the general administration and management of TMRS with a six-member, Governor-appointed Board of Trustees; however, TMRS does not receive any funding from the State of Texas. TMRS issues a publicly available annual comprehensive financial report (Annual Report) that can be obtained at tmrs.com.

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

Benefits Provided

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

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

City of Lubbock, Texas
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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:

	Plan Year 2022
Employee Deposit Rate	7.0%
Matching Ratio (City to Employee)	2 to 1
Years Required for Vesting	5
Service Retirement Eligibility (Expressed as Age/Years of Service)	60/5, 0/20

At the December 31, 2021 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	1,509
Inactive employees entitled to but not yet receiving benefits	1,023
Active employees	1,808
Total	4,340

Contributions

Member contribution rates in TMRS are either 5%, 6%, or 7% of Member’s total compensation, and the city matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the city. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The city’s contribution rate is based on the liabilities created from the benefit plan options selected by the city and any changes in benefits or actual experience over time.

Employees for the City were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City were 17.47% and 16.66% in calendar years 2021 and 2022, respectively. The City’s contributions to TMRS for the year ended September 30, 2022, were \$20,802,453, and were equal to the required contributions.

Net Pension Liability

The City’s net pension liability (NPL) was measured as of December 31, 2021, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial assumptions

The total pension liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions:

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

Salary increases are based on a service-related table. Mortality rates for active members are based on the PUB (10) mortality tables with the Public Safety table used for males and the General Employee table used for females. Mortality rates for healthy retirees and beneficiaries are based on the gender-distinct 2019 Municipal

City of Lubbock, Texas
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Retiree of Texas mortality tables. The rates for actives, healthy retirees and beneficiaries are projected on a fully generational basis by Scale UMP to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees is used with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3% minimum mortality rate is applied, for males and females respectively, to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by scale UMP to account for future mortality improvements subject to the floor.

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target allocation and best estimates of real rates of return for each major asset class in fiscal year 2022 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Global Equity	35.0%	7.55%
Core Fixed Income	6.0%	2.00%
Non-Core Fixed Income	20.0%	5.68%
Other Public and Private Markets	12.0%	7.22%
Real Estate	12.0%	6.85%
Hedge Funds	5.0%	5.35%
Private Equity	10.0%	10.00%
Total	100.0%	

Discount rate

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

City of Lubbock, Texas
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Changes in Net Pension Liability

	Plan		
	Total Pension	Fiduciary	Net Pension
	Liability	Net Position	Liability
	(a)	(b)	(a)-(b)
Balance at September 30, 2021	\$ 777,726,734	\$ 707,224,140	\$ 70,502,594
Changes for the year			
Service Cost	18,751,672	-	18,751,672
Interest	51,719,509	-	51,719,509
Difference between expected and actual experience	11,312,485	-	11,312,485
Contributions - employer	-	19,270,118	(19,270,118)
Contributions - employee	-	7,721,277	(7,721,277)
Changes in assumptions	-	-	-
Net investment income	-	92,125,932	(92,125,932)
Benefit payments, including refunds of employee contributions	(41,775,241)	(41,775,241)	-
Administrative expenses	-	(426,591)	426,591
Other Charges	-	2,922	(2,922)
Net changes	<u>\$ 40,008,425</u>	<u>\$ 76,918,417</u>	<u>\$ (36,909,992)</u>
Balance at September 30, 2022	<u>\$ 817,735,159</u>	<u>\$ 784,142,557</u>	<u>\$ 33,592,602</u>

Sensitivity of the net pension liability to changes in the discount rate

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

	1% Decrease in Discount Rate (5.75%)	Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
City's net pension liability	\$142,548,322	\$33,592,602	(\$56,166,162)

Pension Plan Fiduciary Net Position

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

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

For the year ended September 30, 2022 the City recognized pension income of \$1,488,952.

City of Lubbock, Texas
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At September 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference in expected and actual experience	\$ -	\$ 5,145,381
Difference in expected and actual experience	8,505,416	-
Difference in assumption changes	478,822	-
Difference between projected and actual investment earnings	-	47,311,610
Contributions subsequent to the measurement date	15,335,151	-
Total	<u>\$ 24,319,389</u>	<u>\$ 52,456,991</u>

\$15,335,151 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability as of September 30, 2023. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending September 30:	
2023	\$ (8,014,834)
2024	(19,298,028)
2025	(7,366,441)
2026	(8,793,450)
Total	<u>\$ (43,472,753)</u>

City of Lubbock, Texas
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LUBBOCK FIRE PENSION FUND (LFPF)

Plan Description

The city contributes to the retirement plan for firefighters and eligible civilian employees in the Lubbock Fire Department known as the Lubbock Fire Pension Fund (the Fund). The Fund is a single employer, contributory, defined benefit plan. The benefit provisions of the Fund are authorized by the Texas Local Fire Fighters' Retirement Act (TLFFRA). TLFFRA provides the authority and procedure to amend benefit provisions. The plan is administered by the Board of Trustees of the Lubbock Fire Pension Fund. The city does not have access to nor can it utilize assets within the retirement plan trust. The Fund issues a stand-alone report pursuant to GASB Statement No. 67, which may be obtained by writing the Lubbock Fire Pension Fund at 4223 85th Street, Lubbock, Texas 79423. See that report for all information about the plan fiduciary net position.

Benefits Provided

Firefighters and eligible civilian employees in the Lubbock Fire Department are covered by the Lubbock Fire Pension Fund, which provides service retirement, death, disability, and withdrawal benefits. The retirement benefits fully vest after 20 years of credited service. Plan members become eligible for normal service retirement at age 50 with 20 years of service. A partially vested benefit is provided for members who terminate employment with at least 10 but less than 20 years of service. If a terminated member has a fully vested benefit (with at least 20 years) but is not eligible for normal retirement, the member may elect an actuarially equivalent early retirement benefit or wait to retire starting on the date he or she would have first satisfied both age and service requirements for normal retirement if he or she had remained an eligible plan member. The present plan provides a monthly normal service retirement benefit, payable in a Joint and Two-Thirds to Spouse form of annuity, equal to 68.92% of Final 48-Month Average Salary plus \$335.05 for each year of service in excess of 20. Effective April 11, 2020, the plan was amended to change the definition of compensation used to determine the Final 48-Month Average Salary to exclude overtime compensation designated as "Call-Back Overtime Pay" that is overtime in excess of "regular normal scheduled hours."

A retiring plan member eligible for normal service retirement with certain minimum combinations of years of service and age has the option to elect the Retroactive Deferred Retirement Option Plan (RETRO DROP) which will provide a lump sum benefit and a reduced monthly benefit. The reduced monthly benefit is based on the service and Final 48-Month Average Salary as if the member had terminated employment on the selected RETRO DROP benefit calculation date, which is no earlier than the later of the date the member meets the RETRO DROP eligibility requirements and the date preceding the date of actual retirement by the maximum lump sum accumulation period (24 months). Upon retirement, the member will receive, in addition to the monthly retirement benefit, a lump sum equal to the sum of (1) the amount of monthly contributions the member has made to the Fund after the RETRO DROP benefit calculation date plus (2) the total of the monthly retirement benefits the member would have received between the RETRO DROP benefit calculation date and the date of retirement under the plan. There are no account balances. The lump sum is calculated at the time of retirement and distributed as soon as administratively possible.

There is no provision for automatic postretirement benefit increases. The Fund has the authority to provide, and has periodically in the past provided, ad hoc postretirement benefit increases.

In the December 31, 2020 actuarial valuation, the following numbers of members were covered by the Fund:

Retirees and beneficiaries currently receiving benefits	329
Inactive employees entitled to but not yet receiving benefits	3
Active employees	425
Total	757

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Funding Policy

The contribution provisions of the Fund are authorized by TLFFRA. TLFFRA provides the authority and procedure to change the amount of contributions determined as a percentage of pay by each member and a percentage of payroll by the city.

The funding policy of the Lubbock Fire Pension Fund requires contributions equal to 14.98% of pay by the members, the rate elected by the members according to TLFFRA effective September 29, 2018. Before that their contribution rate was 12.43% for many years. The City currently contributes according to a long-standing formula. For many years, the city's contribution rate to the Fund has been related to the percentage of payroll that the city contributes to the Texas Municipal Retirement System (TMRS) for other employees each calendar year. The actual city contribution rate was 21.40% in 2020 and averaged 22.18% in 2021.

Beginning October 1, 2022, the city has decided to discontinue the formula tied to TMRS and agreed to contribute 150% of the firefighter contribution rate, but not to exceed 21.75%. Since the firefighter contribution rate is currently 14.98% with no plan to reduce it, the expected city contribution rate beginning October 1, 2022 is 21.75%. The December 31, 2020 actuarial valuation includes the assumption that the new city contribution policy will continue with the city contribution rate of 21.75% at least as long as the unfunded liability amortization period. The costs of administering the plan are paid from the Fund assets.

Ultimately, the contribution policy also depends upon the total return of the Fund's assets, which varies from year to year. Investment policy decisions are established and maintained by the board of trustees. For the year ending December 31, 2021, the money-weighted rate of return on pension plan investments was 17.55%. This measurement of the investment performance is net of investment-related expenses, reflecting the effect of the timing of the contributions received and the benefits paid during the year.

While the contribution requirements are not actuarially determined, state law requires that each change in plan benefits adopted by the Fund must first be approved by an eligible actuary, certifying that the contribution commitment by the members and the assumed City contribution rate together provide an adequate contribution arrangement. Using the entry age actuarial cost method, the plan's normal cost contribution rate is determined as a percentage of payroll. The excess of the total contribution rate over the normal cost contribution rate is used to amortize the plan's unfunded actuarial accrued liability (UAAL). The number of years needed to amortize the plan's UAAL is actuarially determined using an open, level percentage of payroll method.

The City's contributions to LFPF for the year ended September 30, 2022 were \$8,221,494 and were equal to the statutorily required contributions.

Net Pension Liability

The City of Lubbock's net pension liability was measured as of December 31, 2021, and the total pension liability used to calculate the net pension liability was determined based on the actuarial valuation as of December 31, 2020 and rolled forward to December 31, 2021.

Total pension liability	\$	322,930,134
Plan fiduciary net position		<u>257,048,761</u>
City's net pension liability	\$	65,881,373
Plan fiduciary net position as a percentage of the total pension liability		79.6%

City of Lubbock, Texas
Notes to Basic Financial Statements
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Actuarial assumptions

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

Inflation	2.5%
Overall payroll growth	2.75%, plus promotion, step and longevity increases that vary by service
Investment Rate of Return	7.5%, net of pension plan investment experience, including inflation

Mortality rates were based on the PubS-2010 (public safety) total dataset mortality tables for employees and for retirees (sex distinct), projected for mortality improvement generationally using the projection scale MP-2018.

The long-term expected rate of return on pension plan investments is reviewed for each biennial actuarial valuation and was determined using a building-block method in which expected future net real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These components are combined to produce the long-term expected rate of return by weighting the expected future net real rates of return by the target asset allocation percentage (currently resulting in 5.13%) and by adding expected inflation (2.5%). In addition, the final 7.5% assumption was selected by rounding down. The target allocation and expected arithmetic net real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Equities		
Domestic total market	25.0%	6.51%
World large cap	30.00%	6.07%
Alternatives		
Real estate	15.00%	4.00%
Private equity	10.00%	6.49%
Fixed income		
Domestic core plus	10.00%	2.08%
Floating rate	10.00%	2.20%
Cash	0.00%	0.30%
Total	100%	
Weighted Average		5.13%

Discount rate

The discount rate used to measure the total pension liability was 7.5%. No projection of cash flows was used to determine the discount rate because the special study based on the December 31, 2020 actuarial valuation showed that expected contributions would pay the normal cost and amortize the unfunded actuarial accrued liability (UAAL) in 34 years. Because of the 34-year amortization period of the UAAL, the pension plan's fiduciary net position is expected to be available to make all projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments of 7.5% was applied to all periods of projected benefit payments as the discount rate to determine the total pension liability.

City of Lubbock, Texas
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Changes in the Net Pension Liability	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balance at September 30, 2021	\$311,770,198	\$224,469,634	\$ 87,300,564
Changes for the year:			
Service cost	7,347,896	-	7,347,896
Interest	23,206,562	-	23,206,562
Changes of benefit provisions	-	-	-
Difference between expected and actual experience	-	-	-
Contributions – employer	-	8,063,879	(8,063,879)
Contributions – employee	-	5,445,830	(5,445,830)
Net investment income	-	38,837,083	(38,837,083)
Benefit payments, including refunds of employee contributions	(19,394,522)	(19,394,522)	-
Administrative expense	-	(375,072)	375,072
Assumption changes	-	-	-
Other changes	-	1,929	(1,929)
Net changes	<u>\$ 11,159,936</u>	<u>\$ 32,579,127</u>	<u>\$(21,419,191)</u>
Balance at September 30, 2022	<u>\$322,930,134</u>	<u>\$257,048,761</u>	<u>\$ 65,881,373</u>

Sensitivity of the net pension liability to changes in the discount rate

The following represents the net pension liability of the City, calculated using the discount rate of 7.5%, 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 (6.5%) or 1-percentage-point higher (8.5%) than the current rate:

	1% Decrease in Discount Rate (6.5%)	Discount Rate (7.5%)	1% Increase in Discount Rate (8.5%)
City's net pension liability	\$106,098,757	\$65,881,373	\$32,352,068

Pension Plan Fiduciary Net Position

The plan fiduciary net position reported above is the same as reported by the Fund. Detailed information about the plan fiduciary net position is available in the Fund’s separately issued audited financial statements, which are reported using the economic resources measurement focus and the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. Revenue are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Investments are reported at fair value, the price that would be recognized to sell an asset in an orderly transaction between market participants at the measurement date. That report can be obtained by contacting the Board of Trustees, LFPF, 4223 85th Street, Lubbock, TX 79423 or at www.lubbockfirepensionfund.com.

Pension Expense and Deferred Outflow of Resources and Deferred Inflows of Resources Related to Pension

For the year ended September 30, 2022, the City recognized pension expense of \$3,652,964. Amounts recognized in the fiscal year represent changes between the current and prior measurement dates.

City of Lubbock, Texas
Notes to Basic Financial Statements
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At September 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between projected and actual economic experience	\$ 1,336,115	\$ 513,822
Changes in actuarial assumptions	9,380,211	1,537,334
Difference between projected and actual investment earnings	-	22,912,043
Contributions subsequent to the measurement date	6,320,437	-
Total	\$ 17,036,763	\$ 24,963,199

\$6,320,437 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability as of September 30, 2023. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending September 30:	
2023	(\$3,303,443)
2024	(6,728,520)
2025	(3,690,768)
2026	(3,419,479)
2027	769,344
Thereafter	2,125,993
Total	<u>\$(14,246,873)</u>

G. OTHER POST-EMPLOYMENT BENEFITS (OPEB)

Plan Description

The City sponsors and administers an informal single-employer health/dental plan. Texas statute provides that retirees from a municipality with a population of 25,000 or more and that receive retirement benefits from a municipal retirement plan are entitled to purchase continued health benefits coverage for the person and the person's dependents unless the person is eligible for group health benefits coverage through another employer. The State of Texas has the authority to establish and amend the requirements of this statute. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75. The City does not issue stand-alone financial statements for the health/dental plan. However, all required information is presented in this report.

Benefits Provided

Permanent full-time employees of the City are eligible to participate in the retiree health/dental care plan provided they meet the criteria for retirement. To be recognized as a "service retiree" and be eligible for group medical/dental coverage, an employee must have worked for the City for five consecutive years immediately preceding the date of retirement and satisfy the retirement eligibility criteria listed below. Employees who retire or are eligible to retire when they leave employment must make an irrevocable decision to accept or deny retiree insurance at the time they terminate their employment with the City.

City of Lubbock, Texas
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Normal Retirement Benefits

Texas Municipal Retirement System (TMRS)

- Completion of 20 years of service, regardless of age; or
- Upon attaining age 60 provided the employee has at least five (5) years of service.

Lubbock Fire Pension Fund (LFPF)

- Upon attaining age 50 provided the employee has at least twenty (20) years of service.

Retiree medical/dental coverage levels for retirees is the same as coverage provided to active City employees in accordance with the terms and conditions of the current City Benefit Plan.

Employees who retire with 15 or more years of service or Civil Service employees that retire who have a balance in excess of 90 days sick leave shall be eligible to elect to continue receiving medical coverage in full 30 day periods for the term of their sick leave balance. Retirees are required to pay a prorated premium for the days of coverage not funded by their excess sick leave.

Retirees may purchase retiree health/dental care coverage for eligible spouses and dependents at their own expense. Insured dependents of a deceased insured retiree shall remain eligible for insurance or the Medicare stipend.

The City will provide a \$150 per month Health Retirement Account (HRA) contribution or stipend for Medicare eligible retiree/spouses. Medicare eligible retirees/dependents may not continue coverage on the City's plan.

The following table provides a summary of the number of participants in the plan as of December 31, 2021:

Inactive plan members or beneficiaries currently receiving benefits	854
Inactive plan members entitled to but not yet receiving benefits	-
Active plan members	2,226
Total	3,080

Contributions

The City is not required to contribute to the plan on behalf of the retirees and funds the plan on a projected pay-as-you-go financing method. Plan members pay monthly premiums of \$425/\$23 (medical/dental) for single coverage and \$970/\$51 (medical/dental) for family coverage, pre-65.

Total OPEB Liability

The City's OPEB liability was measured as of December 31, 2021 and was determined by an actuarial valuation as of that date and a measurement date of December 31, 2021.

City of Lubbock, Texas
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Actuarial assumptions

The total OPEB liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions:

Actuarial Cost Method	Individual Entry-Age
Inflation	2.5% per year
Healthcare cost trend rate	Initial rate of 7.0% declining to an ultimate rate of 4.15% after 13 years
Discount rate	1.84% as of December 31, 2021
Salary increases	<u>TMRS</u> : 3.5% to 11.5%, including inflation <u>LFPE</u> : 2.75% to 7.89%

Demographic assumptions were updated to reflect the 2019 TMRS Experience Study and assumptions utilized by the Lubbock Fire Pension Fund valuation.

Mortality rates for TMRS: for healthy retirees, the gender-distinct 2019 Municipal Retirees of Texas mortality tables are used. The rates are projected on a fully generational basis using the ultimate mortality improvement rates in the MP tables to account for future mortality improvements.

Mortality rates for LFPE: based on the PubS-2010 (public safety) total dataset mortality tables for employees and for retirees (sex distinct), projected for mortality improvement generationally using the projection scale MP-2018.

Discount rate

For plans that do not have a formal trust that meets GASB’s requirements, the discount rate should equal 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 purposes of this valuation, the municipal bond rate is 1.84% (based on the daily rate closest to but not later than the measurement date of the Fidelity “20-Year Municipal GO AA Index”).

Changes in the Total OPEB Liability	Total OPEB Liability
Balance at September 30, 2021	\$172,402,112
Changes for the year:	
Service cost	10,509,230
Interest	3,516,052
Difference between expected and actual experience	(19,857,298)
Changes of assumptions	(7,915,478)
Benefit Payments	(3,708,212)
Net Changes	\$(17,455,706)
Balance at September 30, 2022	\$154,946,406

City of Lubbock, Texas
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Sensitivity of the total OPEB liability to changes in the discount rate

The following represents the total OPEB liability of the City, calculated using the discount rate of 1.84%, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is one percent lower or one percent higher:

	1% Decrease in Discount Rate (.84%)	Discount Rate (1.84%)	1% Increase in Discount Rate (2.84%)
City's Total OPEB Liability	\$173,200,401	\$154,946,406	\$139,199,102

Sensitivity of the Total OPEB Liability to changes in the healthcare cost trend rate

Regarding the sensitivity of the total OPEB liability to changes in the healthcare cost trend rates, the following represents the total OPEB liability of the City, calculated using the assumed healthcare cost trend rate as well as what the City's total OPEB liability would be if it were calculated using a trend rate that is one percent lower or one percent higher:

	1% Decrease in Healthcare Cost Trend Rate	Current Healthcare Cost Trend Rate Assumption	1% Increase in Healthcare Cost Trend Rate
City's Total OPEB Liability	\$141,728,856	\$154,946,406	\$170,880,964

OPEB Expense and Deferred Outflow of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended September 30, 2022, the City recognized total OPEB expense of \$11,701,561.

At September 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference in expected and actual experience	\$ -	\$ 23,062,127
Changes in assumptions	16,020,857	9,649,305
Contributions subsequent to the measurement date	3,658,282	-
Total	\$ 19,679,139	\$ 32,711,432

City of Lubbock, Texas
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\$3,658,282 reported as deferred outflows of resources related to OPEB resulting from benefit payments subsequent to the measurement date will be recognized as a reduction of the total OPEB liability as of September 30, 2023. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ending September 30:	
2023	(\$2,323,721)
2024	(2,323,721)
2025	(2,854,993)
2026	(2,735,373)
2027	(2,509,051)
Thereafter	(3,943,716)
Total	<u><u>\$(16,690,575)</u></u>

H. DEFERRED COMPENSATION

The City offers its employees three deferred compensation plans in accordance with Internal Revenue Code (“IRC”) Section 457. The plans, available to all city employees, permit them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. The plans’ assets are held in trust for the exclusive benefit of the participants and their beneficiaries. The City does not provide administrative services or have any fiduciary responsibilities for these plans; therefore, they are not presented in the BFS.

I. SURFACE WATER SUPPLY

Canadian River Municipal Water Authority

The Canadian River Municipal Water Authority (CRMWA) is a Conservation and Reclamation Authority established by the Texas Legislature to construct a dam, water reservoir, and aqueduct system for the purpose of supplying water to surrounding cities. The Authority was created in 1953 and is comprised of eleven cities, including Lubbock. The budget, financing, and operations of the Authority are governed by a Board of Directors selected by the governing bodies of each of the member cities, each city being entitled to one or two members dependent upon population. At September 30, 2022, the Board was comprised of 17 members, two of which represented the City. The City contracted with the CRMWA to reimburse CRMWA for a portion of the cost of the Canadian River Dam and aqueduct system in exchange for surface water. The City's pro-rata share of annual fixed and variable operating and reserve assessments are recorded as an expense of obtaining surface water. The City has four contract revenue bonds to pay for the water rights. These assets and liabilities are recorded in the Water and Wastewater Enterprise Fund.

J. COMMITMENTS

In anticipation of the full integration to ERCOT, LP&L and SPS approved a Settlement Agreement on May 27, 2021 to terminate the PR Agreement, and identified May 31, 2023 as the estimate of the full ERCOT integration resulting in an early termination of the PR Agreement. Under the terms of the Settlement Agreement, LP&L agreed to pay either a lump sum, totaling \$77.5 million, or an alternative annual payment options, that make up the Termination Payment associated with the termination of the Power Supply Agreement, to SPS as compensation for power- and transmission- related shifted costs under the PR

City of Lubbock, Texas
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Agreement. The negotiated lump sum termination payment of \$77.5 million will be funded with long-term bonds, which will trade an estimated annual capacity charge of \$17.0 million per year in SPP with a much lower annual debt service payment, with expected savings exceeding \$12 million per year.

LP&L also agreed to continue paying SPP charges that are assessed to SPS under the LP&L Network Integration Transmission Service (“NITS”) Agreement, for up to 24 months, that are attributable to service to LP&L’s load after LP&L departs the SPP system (because SPP uses lagging billing determinants for certain charges). Additionally, LP&L agreed that the Settlement Agreement will not become effective unless and until it is approved or accepted by the Federal Energy Regulatory Commission (FERC) and the PUC. Following the termination date, the contractual relationship between LP&L and SPS will be limited to the Settlement Agreement and certain easements and crossing agreements necessary for the operation of each respective system. For clarity, the existing water use agreement and the existing franchise agreement pertaining to SPS’ retail service territory in Lubbock will continue under the existing terms of each respective agreement.

K. LONG-TERM DEBT

GENERAL OBLIGATION BONDS AND CERTIFICATES OF OBLIGATION:

<u>Interest Rate%</u>	<u>Dated</u>	<u>Maturity Date</u>	<u>Amount Issued</u>	<u>Outstanding 09/30/22</u>
2.05	05/21/13	02/15/33	42,075,000	3,830,000
2.80	05/21/13	02/15/33	49,440,000	3,300,000
2.64	05/01/14	02/15/26	44,920,000	25,975,000
3.25	05/01/14	02/15/34	62,900,000	9,845,000
3.11	04/15/15	02/15/35	102,490,000	73,965,000
2.42	04/15/15	02/15/28	129,665,000	67,005,000
3.21	05/01/15	02/15/31	28,305,000	21,450,000
2.41	04/15/16	02/15/34	26,660,000	20,785,000
2.72	04/15/16	02/15/36	101,305,000	74,500,000
2.47	11/01/16	02/15/34	36,780,000	19,070,000
0.00	02/16/17	02/15/37	35,000,000	26,250,000
3.20	04/15/17	02/15/37	23,290,000	17,445,000
2.92	04/04/18	02/15/38	18,535,000	13,110,000
3.86	04/04/18	02/15/38	14,675,000	12,590,000
2.76	04/04/18	02/15/30	96,160,000	69,215,000
3.07	04/04/19	02/15/39	64,550,000	59,080,000
2.13	04/04/19	02/15/30	12,270,000	8,545,000
2.31	10/08/19	02/15/32	44,875,000	40,315,000
2.51	05/13/20	02/15/40	7,045,000	6,650,000
1.57	12/17/20	02/15/34	32,690,000	31,150,000
0.83	02/18/21	02/15/31	6,010,000	5,665,000
1.97	07/28/21	02/15/41	24,420,000	23,645,000
			\$ 1,004,060	\$ 633,385,000

(A) Excludes net bond premiums and discounts – (\$26,341,046) business-type and (\$23,054,900) governmental. Additionally, this amount includes \$345,995,000 of bonds used to finance enterprise fund activities.

At September 30, 2022, management of the City believes the City complied with all financial bond covenants on outstanding general obligation bonded debt, certificates of obligation, tax notes, electric revenue bonded debt, and water contract bonded debt.

City of Lubbock, Texas
Notes to Basic Financial Statements
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Amounts classified as restricted investment in other governmental funds represent amounts restricted by bond ordinances to cover next year's debt service payments for certain general obligations that will be transferred to the debt service fund next year.

LP&L REVENUE BONDS

Interest Rate (%)	Issue Date	Final Maturity Date	Amount Issued	Balance Outstanding 09/30/2022
1.90	04/15/2013	04/15/2024	16,570,000	2,175,000
3.09	05/01/2014	04/15/2034	16,245,000	8,415,000
3.41	04/15/2015	04/15/2035	11,865,000	8,720,000
3.04	04/15/2016	04/15/2046	7,535,000	5,505,000
3.60	08/15/2017	02/15/2047	17,760,000	16,045,000
3.64	07/12/2018	04/15/2048	93,925,000	80,050,000
2.73	09/09/2021	04/15/2051	266,870,000	257,875,000 *
3.61	09/07/2022	04/15/2042	56,480,000	56,480,000
Total			\$487,250,000	\$435,265,000

* Balance outstanding excludes (\$63,392,005) of net bond premiums and discounts.

Debt is secured by a first lien on and pledge of the net revenues of the City's Electric Light and Power System. Remaining interest required to amortize all outstanding debt equals \$273.6 million.

The general purpose for the debt is for acquiring, purchasing, constructing, improving, renovating, enlarging, and/or equipping property, buildings, structures, facilities and/or related infrastructure for the Electric Light and Power System. Net revenue available for debt service is 2.8 times the debt service requirements in FY22.

WATER/WASTEWATER REVENUE BONDS

Interest Rate (%)	Issue Date	Final Maturity Date	Amount Issued	Balance Outstanding 09/30/2022
0.92	04/04/2019	02/15/2039	19,635,000	16,680,000
2.47	04/04/2109	02/15/2039	16,725,000	13,285,000
2.45	10/08/2019	02/15/2034	88,405,000	79,790,000
2.51	05/14/2020	02/15/2040	42,085,000	39,705,000
0.74	12/17/2020	02/15/2030	27,220,000	24,000,000 *
1.71	12/17/2020	02/15/2033	22,135,000	21,135,000
0.86	02/18/2021	02/15/2031	9,630,000	8,985,000
1.00	10/14/2021	02/15/2041	11,445,000	9,920,000
2.64	05/12/2022	02/15/2032	7,435,000	7,435,000
Total			\$244,715,000	\$220,935,000

* Balance outstanding excludes (\$8,388,286) of bond premiums.

The general purpose for the debt is for acquiring, purchasing, constructing, improving, renovating, enlarging, and/or equipping property, buildings, structures, facilities and/or related infrastructure for the Water and Wastewater Systems. Net revenue available for debt service is 3.0 times the debt service requirements in FY22.

City of Lubbock, Texas
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CONTRACT BONDS

<u>Interest Rate (%)</u>	<u>Issue Date</u>	<u>Final Maturity Date</u>	<u>Amount Issued</u>	<u>Balance Outstanding 09/30/2022</u>
2.00 to 5.00	12/02/2014	02/15/2027	11,078,489	5,159,554
2.00 to 5.00	10/01/2017	02/15/2029	4,723,042	2,784,909
2.00 to 5.00	11/19/2020	02/15/2031	16,526,365	14,285,746
2.00 to 5.00	11/18/2021	02/15/2025	3,660,000	2,980,417
Total			<u>\$35,987,896</u>	<u>\$25,210,625 *</u>

*Balance outstanding excludes (\$3,324,407) of bond premiums.

<u>Interest Rate (%)</u>	<u>Issue Date</u>	<u>Final Maturity Date</u>	<u>Amount Issued</u>	<u>Balance Outstanding 09/30/2022</u>
1.78	07/11/2017	02/15/2024	18,220,000	3,475,000
2.50	08/01/2018	02/15/2025	13,290,000	2,390,000
1.99	08/01/2019	02/15/2026	7,130,000	2,760,000
1.11	07/27/2020	02/15/2027	8,705,000	5,290,000
1.11	08/24/2021	02/15/2028	3,000,000	2,490,000
2.80	06/14/2022	02/15/2029	5,150,000	5,150,000
Total			<u>\$55,495,000</u>	<u>\$21,555,000</u>

The City of Lubbock has entered into multiple lease agreements as lessee. The leases allow the right to use assets over the term of the lease. The City of Lubbock is required to make monthly payments at its incremental borrowing rate or the interest rate stated or implied within the leases. The lease rate, term and ending lease liability are as follows:

Leases			Balance Outstanding
<u>Interest Rate (%)</u>	<u>Final Maturity Date</u>	<u>Initial Liability</u>	<u>09/30/2022</u>
1.97	09/01/2024	158,176	106,476
1.97	09/01/2023	360,183	72,316
1.97	03/01/2030	572,038	513,528
1.97	09/01/2029	1,161,599	1,060,884
1.97	03/01/2030	740,795	664,994
1.97	12/01/2026	768,750	633,217
1.97	09/01/2026	143,182	117,102
1.97	09/01/2068	382,483	377,296
Total		<u>\$4,287,206</u>	<u>\$3,545,813</u>

City of Lubbock, Texas
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The annual requirements to amortize all outstanding debt of the City as of September 30, 2022 are as follows:

Fiscal Year	Governmental Activities					
	General Obligation Bonds		Tax Notes		SIB Loan	
	Principal	Interest	Principal	Interest	Principal	Interest
2023	\$ 31,280,000	\$ 10,907,727	\$ 5,721,149	\$ 380,638	\$ 475,725	\$ 155,881
2024	30,240,000	9,633,741	4,912,080	239,446	488,745	142,860
2025	28,825,000	8,405,813	3,215,446	162,980	502,122	129,484
2026	26,160,000	7,203,908	2,338,959	109,583	515,864	115,742
2027	23,105,000	6,128,270	1,595,000	69,973	529,983	101,623
2028-2032	84,940,000	18,811,976	1,800,000	52,520	2,875,602	282,425
2033-2037	48,075,000	6,674,123	-	-	623,193	8,413
2038-2042	14,765,000	752,900	-	-	-	-
Totals	\$ 287,390,000	\$ 68,518,458	\$ 19,582,634	\$ 1,015,140	\$ 6,011,234	\$ 936,428

Fiscal Year	Business-Type Activities					
	General Obligation Bonds		Tax Notes		Revenue/Contract Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2023	\$ 37,080,000	\$ 12,972,521	\$ 978,851	\$ 26,494	\$ 35,425,786	\$ 25,874,162
2024	35,140,000	11,417,653	667,918	11,573	37,358,135	25,420,598
2025	37,345,000	9,842,517	259,554	3,121	34,950,677	24,002,933
2026	35,355,000	8,264,188	66,041	367	37,839,259	22,612,616
2027	32,460,000	6,832,012	-	-	38,354,851	21,107,825
2028-2032	113,605,000	17,812,037	-	-	166,911,917	83,804,833
2033-2037	51,050,000	3,961,653	-	-	108,745,000	57,352,947
2038-2042	3,960,000	139,309	-	-	99,095,000	37,046,774
2043-2048	-	-	-	-	85,000,000	21,876,275
2049-2053	-	-	-	-	37,730,000	3,058,000
Totals	\$ 345,995,000	\$ 71,241,890	\$ 1,972,363	\$ 41,555	\$ 681,410,625	\$ 322,156,963

Fiscal Year	Leases			
	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2023	\$ 481,063	\$ 59,999	\$ 85,319	\$ 11,837
2024	416,800	48,538	87,740	10,156
2025	445,400	40,327	35,412	8,428
2026	462,205	31,553	36,890	7,730
2027	366,038	22,448	5,716	7,004
2028-2032	773,431	25,595	30,316	33,284
2033-2037	-	-	33,422	30,178
2038-2042	-	-	36,846	26,754
2043-2047	-	-	40,622	22,978
2048-2052	-	-	44,784	18,816
2053-2057	-	-	49,372	14,228
2058-2062	-	-	54,431	9,169
2063-2067	-	-	60,006	3,593
Totals	\$ 2,944,937	\$ 228,460	\$ 600,876	\$ 204,155

The value of right-to-use assets at the end of the current fiscal year was \$4,287,206 and had accumulated amortization of \$823,901.

City of Lubbock, Texas
Notes to Basic Financial Statements
September 30, 2022

Long-term obligations for governmental and business-type activities for the year ended September 30, 2022 are as follows:

	Debt Payable 9/30/2021*	Additions	Deletions	Debt Payable 09/30/22	Due in one year
Governmental activities:					
Tax-Supported -					
Obligation Bonds	\$ 339,016,155	\$ 5,150,000	\$ 37,193,521	\$ 306,972,634	\$ 37,001,149
Bond Premiums	27,660,726	-	4,605,826	23,054,900	-
SIB Loan	6,474,285	-	463,051	6,011,234	475,725
Leases	-	3,603,365	658,428	2,944,937	-
Closure/Post Closure	6,602,927	374,583	-	6,977,510	-
Compensated Absences	32,057,094	14,964,436	11,904,269	35,117,261	12,671,641
Total OPEB Liability	121,776,742	4,478,821	17,274,808	108,980,755	-
Net Pension Liability	133,793,209	88,896,492	134,013,128	88,676,573	-
Insurance Claims Payable	2,246,811	34,804,924	34,968,521	2,083,214	1,878,605
Total Governmental activities	\$ 669,627,949	\$ 152,272,621	\$ 241,081,552	\$ 580,819,018	\$ 52,027,120
Business-type activities:					
Self-Supported -					
Obligation Bonds	\$ 387,598,843	\$ -	\$ 39,631,480	\$ 347,967,363	\$ 38,058,851
Revenue and Contract Bonds	640,594,857	78,020,000	37,204,232	681,410,625	35,425,786
Bond Premiums	104,836,271	8,276,052	11,666,579	101,445,744	-
Leases	-	683,841	82,965	600,876	-
Compensated Absences	6,376,009	4,010,956	3,858,217	6,528,748	4,054,437
Total OPEB Liability	50,625,370	1,630,983	6,290,702	45,965,651	-
Net Pension Liability	24,009,949	27,376,977	40,589,524	10,797,402	-
Insurance Claims Payable	3,011,058	11,962,543	11,430,244	3,543,357	1,290,637
Total Business-type activities	\$ 1,217,052,357	\$ 131,961,352	\$ 150,753,943	\$ 1,198,259,766	\$ 78,829,711

*Beginning balances have been adjusted due to the Risk Internal Service Fund changing from a governmental activity to a business-type activity for FY 2022.

Payments on bonds payable for governmental activities are made in the Debt Service Fund. Bonded debt is subject to the applicability of federal arbitrage regulations. In FY 2022, the City had \$168,559 outstanding federal arbitrage. Accrued compensated absences that pertain to governmental activities will be liquidated by the General Fund and Special Revenue Funds. The Risk Management Internal Service Fund will liquidate insurance claims payable that pertain to governmental activities. Payments for the capital leases that pertain to the governmental activities will be liquidated by the General Fund and Special Revenue Funds.

The General Fund will liquidate the other postemployment benefit liability that pertains to governmental activities. The net pension liability that pertains to the governmental activities will be liquidated mainly by the General Fund.

City of Lubbock, Texas
Notes to Basic Financial Statements
September 30, 2022

The total long-term debt is reconciled to the total annual requirements to amortize long-term debt as follows:

Long-Term Debt - Governmental Activities	\$ 580,819,018	
Long-Term Debt - Business-Type Activities	1,198,259,766	
Interest	464,343,049	
Total Amount of Debt		\$ 2,243,421,833
Less: Bond Discounts/Premiums	(124,500,644)	
Less: Closure/Post Closure	(6,977,510)	
Less: Compensated Absences	(41,646,009)	
Less: Post Employment Benefits	(154,946,406)	
Less: Net Pension Liability	(99,473,975)	
Less: Insurance Claims Payable	(5,626,571)	
Total Other Debt		(433,171,115)
Total Future Bonded Debt Requirements		\$ 1,810,250,718

New Bond Issuance

In May 2022, the City issued \$7,435,000 Water and Wastewater System Revenue Bonds, Series 2022 (Bonds), with interest rates ranging from 4.0 percent to 5.0 percent. The Bonds were issued at a premium of \$890,605 and incurred issuance cost of \$125,605. The \$8,325,605 proceeds from the sale of the Bonds will be used for the (i) paying the costs of acquiring, purchasing, constructing, improving, renovating, enlarging and equipping property, buildings, structures, facilities and related infrastructure for the System and (ii) paying the costs associated with the issuance of the Bonds.

In June 2022, the City issued \$5,100,000 Tax Note, Series 2022, with a 1.10 percent interest rate. The Tax Notes incurred issuance cost of \$50,000. The \$5,100,000 proceeds from the sale of Tax Notes will be used for the purpose of paying contractual obligations to be incurred for various public improvements and renovations including: (a) finance contractual obligations incurred or to be incurred for the purchase of the Property, including materials, supplies, equipment and machinery for solid waste purposes and public safety dispatch purposes; and (b) pay the costs incurred in connection with the execution and delivery of the Note.

In September 2022, the City issued \$56,480,000 Electric Light and Power System Revenue Bonds, Series 2022 (Bonds), with interest rates ranging from 4.0 percent to 5.0 percent. The Bonds were issued at a premium of \$7,136,977 and incurred issuance cost of \$247,526. The \$63,369,452 proceeds from the sale of the Bonds will be used for (i) funding acquisition, purchasing, construction, improvement, renovation, enlarging and/or equipping of property, buildings, structures, facilities, and/or related infrastructure for the System, (ii) funding the reserve fund requirement for the Bonds, if necessary, and (iii) paying the costs of issuing the Bonds.

Refunding

No refunding of Certificate of Obligation or Bonds were issued in FY 2021-22.

Prior year defeasance of debt. In prior years, the City defeased bonds by placing the proceeds of the new bonds in an irrevocable trust account to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the government's financial statements. At September 30, 2022, \$58,620,000 of defeased bonds remain outstanding.

City of Lubbock, Texas
Notes to Basic Financial Statements
September 30, 2022

L. CONDUIT DEBT

In the past, the City has approved the issuance of Health Facilities Development Corporation Bonds and Education Facilities Authority Bonds to provide financial assistance to private sector entities for the acquisition and construction of public facilities. The bonds are secured by the property financed. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. The City, nor the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of September 30, 2022, there was one series of Lubbock Health Facilities Development Corporation Bonds outstanding with an aggregate principal amount payable of \$26,385,000. The bonds were issued in 2008. Also as of September 30, 2022, there was one series of Lubbock Education Facilities Authority Inc. Bonds outstanding with an aggregate principal amount payable of \$17,270,000. The bonds were issued in 2007 and refunded in FY 2016.

M. SPECIAL ASSESSMENT DEBT

In FY 2008, the Vintage Township Public Facilities Corporation (PFC), a discretely presented component unit of the City, issued special assessment debt for the acquisition and construction of certain public facilities benefiting Vintage Township. The PFC had \$1,938,000 outstanding special assessment debt as of September 30, 2022. The City collects assessments and forwards the collections to the bondholders. The City is not obligated in any manner for special assessment debt and is not liable for repayment of the debt. As the PFC completes construction of certain public facilities, the assets are donated to the City. As of September 30, 2022, \$4,677,257 in completed construction costs was contributed to the City. The PFC has a deficit in unrestricted net position, which is a result of the debt held in the PFC name while the assets are donated to the City and held in the City's name.

City of Lubbock, Texas
Notes to Basic Financial Statements
September 30, 2022

N. FUND BALANCE

The City classified governmental fund balances as follows:

Fund Balances	General Fund	Debt Service Fund	Governmental Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:					
Inventory	\$ 137,510	\$ -	\$ -	\$ -	\$ 137,510
Restricted:					
Debt service	-	3,871,499	-	6,152,149	10,023,648
Tax note purchases	206,205	-	-	-	206,205
Economic and business development	-	-	-	540,407	540,407
Tourism, convention centers, arts	-	-	-	461,802	461,802
Animal assistance	-	-	-	343,050	343,050
Tax improvement financing areas	-	-	-	7,879,741	7,879,741
Public improvement districts	-	-	-	3,599,268	3,599,268
Cable services to community public buildings	-	-	-	4,025,168	4,025,168
Community services grants	-	-	-	160,768	160,768
Health grants	-	-	-	5,308	5,308
Police grants	-	-	-	23,994	23,994
Law enforcement purposes	-	-	-	2,207,370	2,207,370
Court technology	-	-	-	1,354,548	1,354,548
Donations for community services	-	-	-	56,844	56,844
Donations for animal services	-	-	-	158,002	158,002
Donations for museums	-	-	-	234,966	234,966
Donations for parks and recreational	-	-	-	135,901	135,901
Donations for fire services	-	-	-	10,893	10,893
Donations for police services	-	-	-	9,609	9,609
Donations for cultural	-	-	-	19,978	19,978
Donations for other programs	-	-	-	13,425	13,425
Street capital projects	-	-	21,072,927	2,421,863	23,494,790
General facility capital projects	-	-	9,205,353	-	9,205,353
Public safety capital projects	-	-	18,941,284	-	18,941,284
Parks capital projects	-	-	64	-	64
TIF capital projects	-	-	-	3,197,331	3,197,331
Committed:					
Gateway street capital projects	-	-	-	8,598,375	8,598,375
TIF capital projects	-	-	-	6,723,154	6,723,154
Infrastructure and neighborhood dev	-	-	-	950,486	950,486
Street capital projects	-	-	10,606,313	-	10,606,313
General facility capital projects	-	-	5,344,618	-	5,344,618
Public safety capital projects	-	-	1,392,911	-	1,392,911
Parks capital projects	-	-	3,266,262	-	3,266,262
Unassigned	89,183,331	-	-	-	89,183,331
Total Fund Balances	\$ 89,527,046	\$ 3,871,499	\$ 69,829,732	\$ 49,284,400	\$ 212,512,677

The restricted special revenue fund balances are also restricted for GWFS net position.

City of Lubbock, Texas
Notes to Basic Financial Statements
September 30, 2022

O. RISK MANAGEMENT

The Risk Management Fund was established to account for liability claims, workers' compensation claims, and premiums for property/casualty insurance coverage. The Risk Management Fund generates its revenue through charges to other departments, which are based on costs.

In April 1999, the City purchased workers' compensation coverage, with no deductible, from Texas Municipal League Intergovernmental Risk Pool (TML-IRP) with continuous coverage through September 30, 2009. Effective October 1, 2009 through September 30, 2018 the City purchased workers' compensation coverage from Texas Political Subdivisions Joint Self-Insurance Fund (TPS). TPS operates as a self-insurance pool offering coverage to municipalities and other political subdivisions in accordance with the local government code and the terms of interlocal agreements among members. The City obtains workers' compensation coverage through a guaranteed-cost plan. Guaranteed-cost members combine their contributions to cover pooled losses and expenses. As required by interlocal agreement, TPS obtains specific excess of loss coverage over and above the self-insured retention stated in the agreement so that members will not have joint and several liabilities beyond their required contribution. Effective October 1, 2018 the City purchased workers' compensation insurance with no deductible from Texas Mutual Insurance Company. The City entered into an interlocal agreement with Texas Municipal League Intergovernmental Risk Pool effective October 1, 2019 in which the City pays a premium and there is a \$25,000 deductible per claim. Prior to April 1999, the City was self-insured for workers' compensation claims. Any claims outstanding prior to April 1999 continue to be the City's responsibility.

The City's self-insurance liability program was funded on a cash flow basis, which means that the servicing contractor processes, adjusts, and pays claims from a deposit account provided by the City until October 1, 2017. After October 1, 2017 all self-insurance liability claims are being adjusted and paid through the use of an in-house claims adjuster who, with the assistance of the Risk Manager, sets reserves. The City accounts for the liability program by charging premiums to replenish funds based upon losses, administrative fees, premiums, and reserve requirements. In order to control the risks associated with liability claims, the City purchases excess liability coverage with a \$14 million annual aggregate limit and is subject to a \$500,000 self-insured retention per claim.

For self-insured coverage, the Risk Management Fund establishes claim liabilities based on estimates of the ultimate cost of claims (including future claim adjustment expenses) that have been reported but not settled, and of claims that have been incurred but not reported (IBNR). The length of time for which such costs must be estimated varies depending on the coverage involved. Because actual claim costs depend on complex factors such as inflation, changes in doctrines of legal liability, and damage awards, the process used in computing claim liabilities does not necessarily result in an exact amount, particularly for liability coverage. Claim liabilities are recomputed periodically using a variety of actuarial and statistical techniques to produce current estimates that reflect recent settlements, claim frequency, and other economic and social factors. Adjustments to claim liabilities are charged or credited to an expense account in the period in which they are incurred.

Additionally, property and boiler coverage is accounted for in the Risk Management Fund. In FY 2018, the City of Lubbock separated Lubbock Power and Light's (LP&L) property and boiler and machinery as a cost savings measure. The City's property insurance policy, excluding LP&L, was purchased from an outside insurance carrier. The policy has a 3% of total values wind/hail deductible per occurrence and a \$250,000 deductible for all other forms of loss. The City's boiler and machinery insurance policy, excluding LP&L, was purchased from an outside insurance carrier. The policy has a \$25,000 deductible. Lubbock Power and Light purchases package property and boiler and machinery coverage from an outside carrier. The policy has various deductibles for both property and boiler and machinery ranging from \$250,000 to 2.5% of location values. Premiums are charged to funds based upon estimated premiums for the upcoming year. Departments that sustain property damage in excess of \$1,000 are eligible to request assistance from the Risk Management Fund for payment of those damages up to the policy deductible.

City of Lubbock, Texas
Notes to Basic Financial Statements
September 30, 2022

Other small insurance policies, such as surety bond coverage and miscellaneous floaters, are also accounted for in the Risk Management Fund. Funds are charged based on premium amounts and administrative charges. The City accounts for all insurance activity in the Internal Service Funds.

P. HEALTH INSURANCE

The City provides medical and dental insurance for all full-time employees and accounts for these activities in the Health Benefits Fund. Revenue for the health insurance program is generated from each cost center, based upon the number of active full-time employees. The City's plan is self-insured under an Administrative Services Only (ASO) Agreement. The City purchases excess coverage of \$700,000 per covered individual annually. Beginning on January 1, 2012, the City discontinued coverage that included an aggregate cap. The insurance vendor, based on medical trend, claims history, and utilization assists in the determination of the individual deductible. The actuarially determined IBNR calculations of Active/COBRA employees, Pre-65 Retirees, Disabled Retirees, as well as HRA claims for Pre-65 Retirees for the claim reserve liability estimate was \$2.05 million at September 30, 2022 for all health coverages including medical, prescription drugs, dental and HRA claims.

The City also provides full-time employees basic term life insurance. The life insurance policy has a face value of \$10,000 per employee.

Full-time employees may elect to purchase medical insurance for eligible dependents at a reduced rate. The Health Fund paid for employee only dental coverage from January 1, 2013 through October 15, 2015. After October 15, 2015 employee only coverage was charged to departments. Employees may elect to purchase dental insurance for eligible dependents. Employees may also elect, at their cost, to participate in several voluntary insurance programs such as vision insurance, voluntary life, and accident insurance.

The Risk Management and Health Benefits Funds established a liability for self-insurance for both reported and unreported insured events, which included estimates of future payments of losses and related claim adjustment expenses.

City of Lubbock, Texas
Notes to Basic Financial Statements
September 30, 2022

The following represents changes in those aggregate liabilities for these funds during the past two years ended September 30:

	<u>FY 2022</u>	<u>FY 2021</u>
Workers' Compensation and Liability Reserves at Beginning of Fiscal Year	\$ 3,011,058	\$ 4,101,905
Claims Expenses	11,962,543	6,382,159
Claims Payments	<u>(11,430,244)</u>	<u>(7,473,006)</u>
Workers' Compensation and Liability Reserves at End of Fiscal Year	<u>3,543,357</u>	<u>3,011,058</u>
Medical and Dental Claims Liability at Beginning of Fiscal Year	2,246,811	1,872,898
Claims Expenses	34,804,924	35,212,399
Claims Payments	<u>(34,968,521)</u>	<u>(34,838,486)</u>
Medical and Dental Claims Liability at End of Fiscal Year	<u>2,083,214</u>	<u>2,246,811</u>
Total Self-Insurance Liability at End of Fiscal Year	<u>\$ 5,626,571</u>	<u>\$ 5,257,869</u>
Total Assets to Pay Claims at End of Fiscal Year	<u>\$ 19,621,857</u>	<u>\$ 18,289,233</u>
Accrued Insurance Claims Payable - Current	\$ 3,169,242	\$ 3,133,768
Accrued Insurance Claims Payable - Noncurrent	<u>2,457,329</u>	<u>2,124,101</u>
Total Accrued Insurance Claims	<u>\$ 5,626,571</u>	<u>\$ 5,257,869</u>

Q. LANDFILL CLOSURE AND POSTCLOSURE CARE COST

State and federal laws and regulations require the City to place final covers on its landfill sites at closure and to perform certain maintenance and monitoring functions for 30 years thereafter. Although closure and post closure care costs will be paid only near or after the date that the landfills stop accepting waste, the City reports a portion of these closure and post closure costs as operating expenses (and recognizes a corresponding liability) in each period based on landfill capacity used as of each statement of net position date.

The \$6,977,510 included in landfill closure and post closure care liability at September 30, 2022, represents the cumulative amount expensed by the City to date for its two landfills, that are registered under TCEQ permit numbers 69 (Landfill 69) and 2252 (Landfill 2252), less amounts that have been paid. Approximately 98.6 percent of the estimated capacity of Landfill 69 has been used, with \$560,862 remaining to be recognized over the remaining closure period. Approximately 9.2 percent of the estimated capacity of Landfill 2252 has been used to date, with \$20,947,047 remaining to be recognized over the remaining closure period. Post closure care costs are based on prior estimates and have been adjusted for inflation. Actual costs may differ due to inflation, deflation, changes in technology, or other regulatory changes.

The City is required by state and federal laws and regulations to provide assurance that financial resources will be available for landfill closure, post closure care, and remediation or containment of environmental hazards. The City is in compliance with these requirements and has chosen the Local Government Financial Test mechanism for providing assurance. The City expects to finance costs through normal operations.

City of Lubbock, Texas
Notes to Basic Financial Statements
September 30, 2022

R. DISAGGREGATION OF ACCOUNTS – FUND FINANCIAL STATEMENTS

	Accounts Receivable Summary					Balance at 09/30/22
	Court Fines	Consumer Metered	Property Damage	Paving	Misc.	
Governmental Funds:						
General Fund	\$ 8,081,674	\$ 4,811,223	\$ 475,532	\$ 221,417	\$ 134,501	\$ 13,724,347
Capital Projects	-	-	-	-	25,989	25,989
Total	\$ 8,081,674	\$ 4,811,223	\$ 475,532	\$ 221,417	\$ 160,490	\$ 13,750,336

	Accounts Receivable Summary		Balance at 09/30/22
	General Consumer	Misc.	
Proprietary Funds:			
LP&L	\$ 67,640,244	\$ 1,349,344	\$ 68,989,588
Water/Wastewater	19,827,937	440,286	20,268,223
Storm Water	3,237,175	-	3,237,175
Nonmajor	1,975,292	152,978	2,128,270
Total	\$ 92,680,648	\$ 1,942,608	\$ 94,623,256

Allowance for Doubtful Accounts Summary

	Balance at 09/30/22
Governmental Funds:	
General Fund	\$ 8,966,894
Proprietary Funds:	
LP&L	3,549,102
Water/Wastewater	2,844,092
Storm Water	340,202
Nonmajor	13,678
Total	\$ 15,713,968

City of Lubbock, Texas
Notes to Basic Financial Statements
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Accounts Payable Summary				
	Vouchers	Accounts	Miscellaneous	Balance at 09/30/22
Governmental Funds:				
General Fund	\$ 957,342	\$ 4,145,745	\$ -	\$ 5,103,087
Govt. Capital Projects	5,100,218	157,752	1,052,320	6,310,290
Nonmajor	2,711,688	1,338,277	491,940	4,541,905
Proprietary Funds:				
LP&L	27,608,555	82,656	4,934,275	32,625,486
Water/Wastewater	4,092,729	1,810,255	1,500,693	7,403,677
Storm Water	50,630	130,928	-	181,558
Nonmajor	784,664	822,346	1,440,152	3,047,162
Internal Service	1,404,028	635,427	976,514	3,015,969
Total	\$ 42,709,854	\$ 9,123,386	\$ 10,395,894	\$ 62,229,134

S. DISAGGREGATION OF ACCOUNTS - GOVERNMENT-WIDE

Net Receivables					
	Accounts Receivable	Interest Receivable	Taxes Receivable	Internal Service Receivables	Balance at 09/30/22
Governmental Activities	\$ 4,783,442	\$ 219,596	\$ 20,159,487	\$ 83,393	\$ 25,245,918
Business-Type Activities	87,876,182	1,321,579	-	95,326	89,293,087
Total	\$ 92,659,624	\$ 1,541,175	\$ 20,159,487	\$ 178,719	\$ 114,539,005

Accounts Payable			
	Accounts Payable	Internal Service Payables	Balance at 09/30/22
Governmental Activities	\$ 15,955,282	\$ 2,773,458	\$ 18,728,740
Business-Type Activities	43,257,883	242,511	43,500,394
Total	\$ 59,213,165	\$ 3,015,969	\$ 62,229,134

NOTE IV. CONTINGENT LIABILITIES

A. FEDERAL GRANTS

In the normal course of operations, the City receives grant funds from state and federal agencies. The grant programs are subject to audits by agents of the granting authority to ensure compliance with conditions

City of Lubbock, Texas
Notes to Basic Financial Statements
September 30, 2022

precedent to the granting of funds. Any liability for reimbursement which may arise as the result of audits of grants is not believed to be significant.

B. LITIGATION

The City is involved in various legal proceedings related to alleged personal and property damages, breach of contract and civil rights cases, some of which involve claims against the City that exceed \$500,000. State law limits municipal liability for personal injury to \$250,000 per person/\$500,000 per occurrence and property damage to \$100,000 per claim for activities arising out of its governmental functions. This limit is not applicable to claims pertaining to the City's electric utility.

The City's insurance coverage, if available, contains a \$500,000 self-insured retention. As of September 30, 2022, the City has \$1,862,670 reserved on general liability claims, as determined by an actuarial calculation.

The following represents the significant litigation against the City at this time.

Claim of Mark and Evelyn Gibbs

City of Lubbock employees are responsible for cutting a gas line that caused the claimants house to be destroyed via an explosion. Suit has not been filed but the City's adjusters are working with the claimants to establish the amount of damages.

Chelsea Schumacher v. City of Lubbock

This matter received an Order of Dismissal with prejudice on June 8, 2022 and has been resolved.

Claims Related to Winter Storm Uri

LP&L has received multiple alleged claim letters purportedly related to Winter Storm Uri and the Electric Reliability Council of Texas ("ERCOT") which occurred in February 2021. At this time, no litigation has been filed related to these allegations against LP&L. LP&L denies any liability or damages related to these claims and will defend any such claims.

NOTE V. TAX ABATEMENTS

GASB Statement No. 77, *Tax Abatement Disclosures*, defines a tax abatement as a reduction in tax revenues that results from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forego tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the government or citizens of those governments.

The City utilizes the industrial tax abatement program to provide powerful new resources and incentives to grow the economy in the region, revitalize targeted areas of the City and promote strong, balanced growth throughout the community.

The City has not entered into agreements with other governments that would reduce the reporting government's tax revenues. Other entities are not authorized to enter tax abatement agreements that reduce the City tax revenue without the City's consent.

Industrial Tax Abatement Program

The purpose of the program is promotion of high quality development in all parts of the City of Lubbock, Texas and to an ongoing improvement in the quality of life for the citizens residing within the City. The specific

City of Lubbock, Texas
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September 30, 2022

taxes abated are real/personal property tax, and the authority under which abatement agreements are entered into is V.T.C.A., Tax Code, Chapter 312. To qualify for tax abatement, the company must meet both of the following criteria:

- The modernization or expansion of the existing facility of any type as herein defined or construction of a new facility of any type as herein defined.
- Producer, manufacturer or distributor of goods and services of which 50 percent or more are distributed outside of Lubbock County.

In addition to the aforementioned, the City will consider abatement only if the company meets one of the following criteria:

- One of the following target industries:
 - Advanced Technologies and Manufacturing
 - Value-added Agricultural Production including Food Processing and Machinery
 - Research and Development
 - Medical Services (as defined in Section II Definitions)
 - Warehouse/Distribution
 - Corporate Headquarters of a Region/National Service Center
 - Information and Data Centers
- The project is not included as a target industry, but has the potential of generating additional, significant economic development opportunities to Lubbock.

The company must meet one of the following criteria:

- The project will add at least \$1 million in Real Property improvements, or \$2 million in new Personal Property, or 25 new permanent jobs if the facility is a new company to Lubbock.
- The project will add at least \$500,000 in Real Property improvements, or \$1 million in new Personal Property, or 15 new permanent jobs if the facility is an existing company.

New or existing facilities of any type herein defined, located in a designated Enterprise Zone, Reinvestment Zone, or upon Real Property eligible for such status will be eligible for consideration for tax abatement status provided that all other criteria and guidelines are satisfied.

Improvements to Real Property are eligible for tax abatement status. The types of property contained in Section IV 5. shall be ineligible for tax abatement status and shall be fully taxed. In order for a Facility to qualify for abatement, the following conditions must apply:

- The owner or leaseholder of Real Property must make eligible improvements to the real property; and,
- In the case of lessees, the leaseholder must have a lease commitment of at least five (5) years.

Taxes are reduced through a reduction of the property's assessed value. Taxable value is calculated and then the tax abatement eligible value is determined by the Central Appraisal District. The amount of abatement is determined by multiplying the percentage of abatement in the contract times the abatement eligible value.

The provisions for recapturing abated taxes are as follows:

- In the event that any type of facility, is completed and begins producing goods or services, but subsequently discontinues producing goods or services for any reason, excepting fire, explosion or other casually or accident or natural disaster or other event beyond the reasonable control of applicant

City of Lubbock, Texas
Notes to Basic Financial Statements
September 30, 2022

or owner for a period of 180 days during the term of a Tax Abatement Agreement, then in such event the Tax Abatement Agreement shall terminate and all abatement of taxes shall likewise terminate.

- In the event that the applicant or owner has entered into a Tax Abatement Agreement to make improvements to a facility of any type described in Section 1 above, but fails to undertake or complete such improvements or fails to create all or a portion of the number of new jobs provided by the Tax Abatement Agreement, then in such event the City shall give the applicant or owner sixty (60) days notice of such failure. The applicant or owner shall demonstrate to the satisfaction of the City, above mentioned, that the applicant or owner has commenced to cure such failure within the sixty (60) days above mentioned. In the event that the applicant or owner fails to demonstrate that he is taking affirmative action to cure his failure, then in such event the Tax Abatement Agreement shall terminate and all abatement of taxes shall likewise terminate.
- In the event that the City determines that the applicant or owner is in default of any of the terms or conditions contained in the Tax Abatement Agreement, then in such event the City shall give the applicant or owner sixty (60) days written notice to cure such default. In the event such default is not cured to the satisfaction of the City within the sixty (60) days notice period, then the Tax Abatement Agreement shall terminate and all abatement of taxes shall likewise terminate.
- In the event that the applicant or owner allows ad valorem taxes on property ineligible for tax abatement owed to the City, to become delinquent and fails to timely and properly follow the legal procedures for their protest or contest, then in such event the Tax Abatement Agreement shall terminate and all abatement of taxes shall likewise terminate.
- In the event that the applicant or owner, who has executed a Tax Abatement Agreement with the City, relocates the business, for which tax abatement has been granted, to a location outside of the designated Reinvestment Zone, then in such event, the Tax Abatement Agreement shall terminate after sixty (60) days written notice by the City to the applicant or owner. Taxes abated during the calendar year in which termination, under this section takes place shall be payable to the City by no later than January 31st of the following year. Taxes abated in years prior to the year of termination shall be payable to the City within sixty (60) days of the date of termination.
- The date of termination as the term is used in this Section IX shall, in every instance, be the 60th day after the day the City sends notice of default, in the mail to the address shown in the Tax Abatement Agreement to the applicant or owner. Should the default be cured by the applicant or owner within the sixty (60) day notice period, the applicant or owner shall be responsible for so advising in the City and obtaining a release from the notice of default from the City, failing in which, the abatement remains terminated and the abated taxes must be paid.
- In event case of termination set forth in Paragraphs 1, 2, 3, 4, and 5 above, the City shall determine whether default has occurred by applicant or owner in the terms and conditions of the Tax Abatement Agreement and shall so notify all other affected jurisdictions.
- In the event that a Tax Abatement Agreement is terminated for any reason whatsoever, and taxes are not paid within the time period herein specified, then in such event, the provisions of V.T.C.A., Tax Code, Section 33.01 will apply.

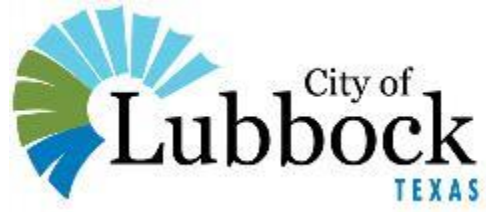
No other commitments are included in tax abatement agreements. The gross dollar amount by which the City's tax revenues were reduced, was \$612,317.

City of Lubbock, Texas
Notes to Basic Financial Statements
September 30, 2022

Industrial Tax Abatement Program	Amount of Taxes Abated During the Fiscal Year
Monsanto	\$ 554,452
United/Safeway	53,689
X-Fab Texas, Inc.	4,176
	\$ 612,317

NOTE VI. SUBSEQUENT EVENTS

On February 15, 2023, the City of Lubbock priced Water & Wastewater System Revenue Bonds in the amount of \$14,365,000, General Obligation Bonds in the amount of \$43,230,000, and Combination Tax and Revenue Certificates of Obligation in the amount of \$15,295,000. Expected closing and transfer of funds is March 15, 2023.



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

	2022	2021	2020	2019	2018	2017	2016	2015
Total pension liability								
Service Cost	\$ 18,751,672	\$ 18,540,809	\$ 17,744,764	\$ 16,842,100	\$ 16,420,981	\$ 15,823,941	\$ 15,646,134	\$ 13,880,535
Interest (on the total pension liability)	51,719,509	50,306,547	48,499,961	47,036,685	45,317,091	43,569,660	43,381,064	41,941,717
Difference between expected and actual experience	11,312,485	(7,266,289)	(3,365,549)	(6,213,444)	(709,626)	(116,124)	(2,308,849)	(5,561,662)
Change of assumptions	-	-	1,696,165	-	-	-	1,083,512	-
Benefit payments, including refunds of employee contributions	(41,775,241)	(39,732,225)	(36,686,001)	(36,191,022)	(35,336,067)	(32,040,199)	(32,247,421)	(28,915,142)
Net Change in Total Pension Liability	40,008,425	21,848,842	27,889,340	21,474,319	25,692,379	27,237,278	25,554,440	21,345,448
Total Pension Liability - Beginning	777,726,734	755,877,892	727,988,552	706,514,233	680,821,854	653,584,576	628,030,136	606,684,688
Total Pension Liability - Ending (a)	\$ 817,735,159	\$ 777,726,734	\$ 755,877,892	\$ 727,988,552	\$ 706,514,233	\$ 680,821,854	\$ 653,584,576	\$ 628,030,136
Plan Fiduciary Net Position								
Contributions - Employer	\$ 19,270,118	\$ 19,151,231	\$ 18,573,283	\$ 17,977,519	\$ 17,388,324	\$ 16,727,368	\$ 17,455,926	\$ 16,809,722
Contributions - Employee	7,721,277	7,630,862	7,341,830	6,972,627	6,781,947	6,519,575	6,580,584	6,187,966
Net Investment Income	92,125,932	50,799,016	91,140,108	(18,566,799)	76,875,125	35,696,237	791,199	29,351,843
Benefit payments, including refunds of employee contributions	(41,775,241)	(39,732,225)	(36,686,001)	(36,191,022)	(35,336,067)	(32,040,199)	(32,247,421)	(28,915,142)
Administrative Expense	(426,591)	(328,945)	(515,289)	(358,970)	(398,475)	(403,223)	(481,936)	(306,464)
Other	2,922	(12,833)	(15,479)	(18,755)	(20,194)	(21,725)	(23,803)	(25,196)
Net Change in Plan Fiduciary Net Position	76,918,417	37,507,106	79,838,452	(30,185,400)	65,290,660	26,478,033	(7,925,451)	23,102,729
Plan Fiduciary Net Position - Beginning	707,224,140	669,717,034	589,878,582	620,063,982	554,773,322	528,295,289	536,220,740	513,118,011
Plan Fiduciary Net Position - Ending (b)	\$ 784,142,557	\$ 707,224,140	\$ 669,717,034	\$ 589,878,582	\$ 620,063,982	\$ 554,773,322	\$ 528,295,289	\$ 536,220,740
City's Net Pension Liability - Ending (a) - (b)	\$ 33,592,602	\$ 70,502,594	\$ 86,160,858	\$ 138,109,970	\$ 86,450,251	\$ 126,048,532	\$ 125,289,287	\$ 91,809,396
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	95.89%	90.93%	88.60%	81.03%	87.76%	81.49%	80.83%	85.38%
Covered Payroll	110,303,954	108,999,463	104,874,493	99,598,464	96,821,824	93,136,791	93,914,371	88,287,852
City's Net Pension Liability as a Percentage of Covered Payroll	30.45%	64.68%	82.16%	138.67%	89.29%	135.34%	133.41%	103.99%

NOTE: The City implemented GASB Statement No. 68 in FY 2015. Information in this table has been determined as of the measurement date (December 31) of the net pension liability. This table is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

Changes in assumptions: In 2020, the payroll growth assumption was lowered from 3.0% to 2.75%. In 2016, the discount rate was lowered from 7.0% to 6.75%; the inflation rate was lowered from 3% to 2.5%; the experience study for retirement age was updated.

City of Lubbock, Texas
 Required Supplementary Information
 Schedule of Contributions
 Texas Municipal Retirement System

	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially Determined Contribution	\$ 20,802,453	\$ 18,970,523	\$ 19,163,541	\$ 18,379,276	\$ 17,788,537	\$ 17,128,597	\$ 16,819,070	\$ 16,822,154
Contributions in relation to the actuarially determined contribution	20,802,453	18,970,523	19,163,541	18,379,276	17,788,537	17,128,597	16,819,070	16,822,154
Covered payroll	123,343,099	108,423,015	108,835,832	103,246,935	98,700,040	95,409,809	92,797,625	90,076,485
Contributions as a percentage of covered payroll	16.87%	17.50%	17.61%	17.80%	18.02%	17.95%	18.12%	18.68%

Notes to Schedule of Contributions

Valuation Date: December 31, 2021
 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: 24 years
 Asset Valuation Method: 10 Year smoothed market, 12% soft corridor
 Inflation: 2.5%
 Salary Increases: 3.5% to 11.5% including inflation
 Investment Rate of Return: 6.75%
 Retirement Age: Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2019 valuation pursuant to an experience study of the period 2014 - 2018
 Mortality: Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP.
 Pre-retirement: PUB (10) mortality tables, with the Public Safety table used for males and the General Employee table used for females. The rates are projected on a fully generational basis with scale UMP.

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

NOTE: The City implemented GASB Statement No. 68 in FY 2015. Information in this table has been determined as of the City's most recent fiscal year-end (September 30). This table is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

City of Lubbock, Texas
 Required Supplementary Information
 Schedule of Changes in Net Pension Liability and Related Ratios
 Lubbock Fire Pension Fund

	2022	2021	2020	2019	2018	2017	2016	2015
Total pension liability								
Service Cost	\$ 7,347,896	6,968,616	6,732,962	6,633,905	6,378,755	6,133,418	5,897,517	5,670,689
Interest (on the total pension liability)	23,206,562	22,472,953	21,681,080	21,482,849	20,651,840	19,752,539	18,983,849	18,188,061
Changes of benefit provisions	-	-	(5,954,023)	-	-	-	-	-
Difference between expected and actual experience	-	996,773	-	35,696	-	1,284,558	-	(1,634,184)
Change of assumptions	-	8,341,782	-	(2,680,334)	-	-	-	9,070,157
Benefit payments, including refunds of employee contributions	(19,394,522)	(20,029,797)	(16,834,155)	(17,284,513)	(15,841,569)	(15,782,381)	(14,614,970)	(13,429,152)
Net Change in Total Pension Liability	11,159,936	18,750,327	5,625,864	8,187,603	11,189,026	11,388,134	10,266,396	17,865,571
Total Pension Liability - Beginning	311,770,198	293,019,871	287,394,007	279,206,404	268,017,378	256,629,244	246,362,848	228,497,277
Total Pension Liability - Ending (a)	\$ 322,930,134	\$ 311,770,198	\$ 293,019,871	\$ 287,394,007	\$ 279,206,404	\$ 268,017,378	\$ 256,629,244	\$ 246,362,848
Plan Fiduciary Net Position								
Contributions - Employer	\$ 8,063,879	7,661,634	7,555,031	7,214,819	6,897,164	6,598,900	6,652,094	6,234,058
Contributions - Employee	5,445,830	5,363,142	5,189,023	4,312,808	3,947,134	3,774,706	3,716,202	3,424,188
Net Investment Income	38,837,083	19,792,987	29,245,480	(2,831,237)	23,109,838	7,668,252	(5,133,050)	991,921
Benefit payments, including refunds of employee contributions	(19,394,522)	(20,029,797)	(16,834,155)	(17,284,513)	(15,841,569)	(15,782,381)	(14,614,970)	(13,429,152)
Administrative Expense	(375,072)	(303,578)	(316,533)	(351,995)	(290,549)	(322,882)	(244,762)	(205,266)
Other	1,929	436,792	225,073	570,341	1,015,473	1,244,040	136,500	53,411
Net Change in Plan Fiduciary Net Position	32,579,127	12,921,180	25,063,919	(8,369,777)	18,837,491	3,180,635	(9,487,986)	(2,930,840)
Plan Fiduciary Net Position - Beginning	224,469,634	211,548,454	186,484,535	194,854,312	176,016,821	172,836,186	182,324,172	185,255,012
Plan Fiduciary Net Position - Ending (b)	\$ 257,048,761	\$ 224,469,634	\$ 211,548,454	\$ 186,484,535	\$ 194,854,312	\$ 176,016,821	\$ 172,836,186	\$ 182,324,172
City's Net Pension Liability - Ending (a) - (b)	\$ 65,881,373	\$ 87,300,564	\$ 81,471,417	\$ 100,909,472	\$ 84,352,092	\$ 92,000,557	\$ 83,793,058	\$ 64,038,676
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	79.60%	72.00%	72.20%	64.89%	69.79%	65.67%	67.35%	74.01%
Covered Payroll	36,354,005	35,802,016	34,639,673	33,080,326	31,754,899	30,367,707	29,897,052	27,547,772
City's Net Pension Liability as a Percentage of Covered Payroll	181.22%	243.84%	235.20%	305.04%	265.63%	302.96%	280.27%	232.46%

NOTE: The City implemented GASB Statement No. 68 in FY 2015. Information in this table has been determined as of the measurement date (December 31) of the net pension liability. This table is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

Changes in benefit provisions: Effective April 11, 2020, the plan was amended to change the definition of compensation used to determine the Final 48-Month Average Salary to exclude "Call-Back Overtime Pay" that is overtime in excess of "regular normal scheduled hours."

Changes in assumptions: In 2020, the discount rate was lowered from 7.75% to 7.5%.

City of Lubbock, Texas
 Required Supplementary Information
 Schedule of Contributions
 Lubbock Fire Pension Fund (LFPF)

	2022	2021	2020	2019	2018	2017	2016	2015
Statutorily Determined Contribution	\$ 8,221,494	\$ 8,021,424	\$ 7,551,705	\$ 7,525,133	\$ 7,111,376	\$ 7,071,721	\$ 6,591,298	\$ 6,316,139
Contributions in relation to the contractually determined contribution	8,221,494	8,021,424	7,551,705	7,525,133	7,111,376	7,071,721	6,591,298	6,316,139
Covered payroll	37,756,575	36,308,606	35,134,173	34,502,908	32,636,722	32,554,784	30,141,037	28,277,981
Contributions as a percentage of covered payroll	21.77%	22.09%	21.49%	21.81%	21.79%	21.72%	21.87%	22.34%

Notes to Schedule of Contributions

Valuation Date: December 31, 2021
 Notes: Contribution rates were based on the budgeted contribution rates.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method: Entry Age Normal
 Amortization Method: Level Percentage of Payroll, Open
 Remaining Amortization Period: 34 years
 Inflation: 2.5%
 Salary Increases: 2.75%, plus promotion, step and longevity increases that vary by service
 Investment Rate of Return: 7.5%
 Mortality: PubS-2010 total dataset mortality tables, projected for mortality improvement generationally using the projection scale MP-2018.

Other Information

Notes: There were no benefit changes during the year.

NOTE: The City implemented GASB Statement No. 68 in FY 2015. Information in this table has been determined as of the City's most recent fiscal year-end (September 30). This table is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

City of Lubbock, Texas
Required Supplementary Information
Schedule of Changes in Total OPEB Liability and Related Ratios

	2022	2021	2020	2019	2018
Total OPEB liability					
Service Cost	\$ 10,509,230	\$ 8,633,091	\$ 8,904,939	\$ 7,851,201	\$ 6,889,393
Interest (on the total OPEB liability)	3,516,052	4,212,162	5,372,294	4,731,705	4,871,975
Changes of benefit terms	-	-	-	-	-
Difference between expected and actual experience	(19,857,298)	(761,751)	(8,855,483)	(1,162,564)	
Change of assumptions	(7,915,478)	13,543,540	7,232,469	(6,179,217)	7,332,144
Benefit payments	(3,708,212)	(4,155,820)	(4,153,211)	(3,674,958)	(5,316,929)
Net Change in Total OPEB Liability	(17,455,706)	21,471,222	8,501,008	1,566,167	13,776,583
Total OPEB Liability - Beginning	172,402,112	150,930,890	142,429,882	140,863,715	127,087,132
Total OPEB Liability - Ending (a)	154,946,406	172,402,112	150,930,890	142,429,882	140,863,715
Covered-Employee Payroll	134,640,357	126,617,473	125,767,169	123,461,642	120,830,434
City's Total OPEB Liability as a Percentage of Covered-Employee Payroll	115.08%	136.16%	120.01%	115.36%	116.58%

NOTE: The City implemented GASB Statement No. 75 in FY 2018. Information in this table has been determined as of the measurement date (December 31) of the total OPEB liability. This table is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

Changes in assumptions: reflects a change in the discount rate from 2.00% as of December 31, 2021 to 1.84% as of December 31, 2022. Additionally, the methodology for determining service cost was changed such that the attribution period for the accumulation of service costs is now based only on employment with the City of Lubbock.

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

City of Lubbock, Texas
Required Supplementary Information
Mandatory Budgetary Comparison Schedule
General Fund
For the Year Ended September 30, 2022

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts Budgetary Basis</u>	<u>Variance with Final Budget - Positive (Negative)</u>
REVENUES				
Taxes				
Property Tax	\$ 73,560,749	\$ 73,560,749	\$ 72,987,251	\$ (573,498)
Delinquent Taxes	727,111	727,111	1,026,917	299,806
Sales Tax	80,864,363	80,864,363	92,574,829	11,710,466
Mixed Beverage Tax	1,463,100	1,463,100	1,832,373	369,273
Bingo Tax	270,578	270,578	185,409	(85,169)
Suddenlink	1,722,891	1,722,891	1,426,264	(296,627)
Xcel	245,000	245,000	283,729	38,729
South Plains Electric Cooperative	1,668,725	1,668,725	2,510,516	841,791
Atmos	3,502,188	3,502,188	3,838,085	335,897
West Texas Gas Company	17,896	17,896	65,947	48,051
Franchise Fee	21,505,773	21,505,773	23,359,193	1,853,420
Telecom Right of Way	1,690,000	1,690,000	1,447,854	(242,146)
Development Services	268,060	268,060	458,387	190,327
General Government	174,940	174,940	302,167	127,227
City Secretary	344,100	344,100	475,096	130,996
Public Safety	690,839	684,058	844,349	160,291
Public Works	26,586,532	26,593,713	26,792,147	198,434
Health	71,645	71,645	35,418	(36,227)
Animal Shelter	84,600	84,600	81,874	(2,726)
Cultural/Recreational Museum	908,854	908,854	762,304	(146,550)
	306,725	306,725	297,214	(9,511)
Licenses and Permits	4,554,942	4,554,942	5,699,126	1,144,184
Intergovernmental	496,037	496,037	527,731	31,694
Fines and Forfeitures	2,133,188	2,133,188	2,657,830	524,642
Interest Earnings	1,273,900	1,273,900	-	(1,273,900)
In Lieu of Property Tax	11,228,011	11,228,011	11,598,692	370,681
Rental	18,441	18,441	19,232	791
Recoveries of Expenditures	822,426	822,026	1,918,917	1,096,891
Oil and Gas Royalties	327,775	327,775	575,996	248,221
Other	289,049	289,049	1,118,591	829,542
Transfers from Electric Fund	1,896,328	1,896,328	1,895,328	(1,000)
Transfers from Water/Wastewater Fund	2,691,625	2,691,625	2,691,624	(1)
Transfers from Airport Fund	1,983,662	1,983,662	1,983,660	(2)
Transfer from Risk Fund	178,400	178,400	178,400	-
Transfers from Stormwater	605,412	605,412	605,412	-
Total Revenue	<u>\$ 245,173,865</u>	<u>\$ 245,173,865</u>	<u>\$ 263,057,863</u>	<u>\$ 17,883,998</u>
EXPENDITURES				
<u>Administrative Services</u>				
City Attorney	\$ 2,254,314	\$ 2,311,801	\$ 2,227,136	\$ 84,665
City Council	647,597	659,268	639,457	19,811
City Manager	1,780,485	1,829,171	1,811,072	18,099
City Secretary	1,954,373	2,068,531	1,683,243	385,288
Facilities Management	3,941,527	5,490,152	5,444,727	45,425
Finance	3,079,694	3,181,538	3,040,147	141,391
Human Resources	980,067	1,003,260	943,982	59,278
Internal Audit	383,626	395,703	312,179	83,524
Non-departmental	1,814,864	1,814,864	1,676,604	138,260
Communications and Marketing and Call Center	813,822	840,665	700,380	140,285
Total Administrative Services	<u>17,650,369</u>	<u>19,594,953</u>	<u>18,478,927</u>	<u>1,116,026</u>

City of Lubbock, Texas
Required Supplementary Information
Mandatory Budgetary Comparison Schedule (Continued)
General Fund
For the Year Ended September 30, 2022

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts Budgetary Basis</u>	<u>Variance with Final Budget - Positive (Negative)</u>
EXPENDITURES (Continued)				
<u>Development Services*</u>				
Building Safety	\$ 2,579,433	\$ 2,682,799	\$ 2,635,563	\$ 47,236
Codes and Environmental Health	3,892,327	4,009,546	3,520,108	489,438
Planning	992,530	1,027,131	1,008,367	18,764
Total Development Services	<u>7,464,290</u>	<u>7,719,476</u>	<u>7,164,038</u>	<u>555,438</u>
<u>Cultural and Recreation Services</u>				
Library	3,863,731	3,981,358	3,877,653	103,705
Cultural Arts	1,246,833	1,283,936	1,199,204	84,732
Parks and Recreation	11,891,848	12,217,326	11,514,549	702,777
Total Cultural and Recreation Services	<u>17,002,412</u>	<u>17,482,620</u>	<u>16,591,406</u>	<u>891,214</u>
<u>Public Works</u>				
Solid Waste	23,568,187	19,064,010	19,283,077	(219,067)
Engineering	694,269	1,016,864	923,234	93,630
Streets	5,167,152	5,152,891	4,148,519	1,004,372
Traffic	3,921,826	4,048,246	3,865,765	182,481
Total Public Works	<u>33,351,434</u>	<u>29,282,011</u>	<u>28,220,595</u>	<u>1,061,416</u>
<u>Public Safety and Health Services</u>				
Animal Services	2,556,606	2,650,648	2,657,234	(6,586)
Fire	57,853,916	59,738,459	60,936,369	(1,197,910)
Municipal Court	1,900,770	1,958,215	1,789,352	168,863
Police	77,305,055	78,194,399	77,694,360	500,039
Public Health	1,959,593	2,018,198	2,088,212	(70,014)
Total Public Safety and Health Services	<u>141,575,940</u>	<u>144,559,919</u>	<u>145,165,527</u>	<u>(605,608)</u>
Transfers	29,193,389	42,794,244	43,644,915	(850,671)
Interest Expense	-	-	2,482,522	(2,482,522)
Payroll Accrual/Other Adjustments	3,976,575	-	2,785,552	(2,785,552)
Total Expenditures	<u>\$ 250,214,409</u>	<u>\$ 261,433,223</u>	<u>\$ 264,533,483</u>	<u>\$ (3,100,260)</u>
Revenues less expenditures	<u>\$ (5,040,544)</u>	<u>\$ (16,259,358)</u>	<u>\$ (1,475,620)</u>	<u>\$ 14,783,738</u>

*Building Inspection and Codes & Environmental Health are included in "Other public safety" and Planning is included in "Economic and business development" on the General Fund Statement of Revenues, Expenditures and Changes in Fund Balance.

City of Lubbock, Texas
Required Supplementary Information
Mandatory Budget Comparison Schedule (Continued)
General Fund
For the Year Ended September 30, 2022

Explanation of Differences between Budgetary Revenues and Expenditures to the General Fund Statement of Revenues, Expenditures and Changes in Fund Balances - Revenues, Expenditures, and Other Financing Sources (Uses)

Revenues and Other Financing Sources

Actual amounts (budgetary basis) "Total Revenue" from the Budget Comparison Schedule \$263,057,863

Adjustments:

Right to Use Lease Proceeds are classified as other financing sources for GAAP reporting, but are not included in total revenue on the budget basis 2,785,552

Total general fund revenues and other financing sources as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds \$265,843,415

Expenditures and Other Financing Uses

Actual amounts (budgetary basis) "Total Expenditures" from the Budget Comparison Schedule \$264,533,483

Adjustments:

-

Total general fund expenditures and other financing uses as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds \$264,533,483

City of Lubbock, Texas
Budgetary Comparison Schedule
Debt Service Fund
For the Year Ended September 30, 2022

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts Budgetary Basis</u>	<u>Variance with Final Budget - Positive (Negative)</u>
REVENUES				
Property Tax	\$ 23,320,012	\$ 23,320,012	\$ 23,349,825	\$ 29,813
Interest Earnings	86,660	86,660	-	(86,660)
Transfers from Solid Waste	2,025,175	2,025,175	2,025,175	-
Transfers from North Overton TIF	3,107,871	3,107,871	3,107,871	-
Transfers from CBD TIF	941,828	941,828	941,828	-
Transfers from Hotel Tax Fund	91,500	91,500	91,500	-
Transfers from Gateway	8,783,613	8,783,613	8,783,613	-
Transfers from LP&L	1,141,406	1,141,406	1,141,406	-
Transfers from Water	146,733	146,733	146,736	3
Transfers from Storm Water	1,052,379	1,052,379	1,052,376	(3)
Total Revenue	<u>40,697,177</u>	<u>40,697,177</u>	<u>40,640,331</u>	<u>(56,846)</u>
EXPENDITURES				
Principal	25,837,710	30,227,334	30,227,334	-
Interest and other charges	16,847,972	12,408,347	12,395,872	12,475
Transfer to Civic Center	441,681	441,681	441,681	-
Total Expenditures	<u>43,127,363</u>	<u>43,077,362</u>	<u>43,064,888</u>	<u>12,474</u>
Revenues less expenditures	<u>\$ (2,430,186)</u>	<u>\$ (2,380,185)</u>	<u>\$ (2,424,557)</u>	<u>\$ (69,320)</u>

City of Lubbock, Texas
Budget Comparison Schedule (Continued)
Debt Service Fund
For the Year Ended September 30, 2022

Explanation of Differences between Budgetary Revenues and Expenditures to the Debt Service Fund
Statement of Revenues, Expenditures and Changes in Fund Balances - Revenues, Expenditures, and Other
Financing Sources (Uses)

Revenues and Other Financing Sources

Actual amounts (budgetary basis) "Total Revenue" from the Budget Comparison Schedule	\$40,640,331
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Adjustments:	_____ -
--------------	---------

Total debt service fund revenues and other financing sources as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	<u>\$40,640,331</u>
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Expenditures and Other Financing Uses

Actual amounts (budgetary basis) "Total Expenditures" from the Budget Comparison Schedule	\$43,064,888
--	--------------

Adjustments:	_____ -
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Total debt service fund expenditures and other financing uses as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	<u>\$43,064,888</u>
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CITY OF LUBBOCK, TEXAS

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts, or major capital projects) that are legally restricted or committed by City Council to expenditures for specified purposes.

Criminal Investigation Fund – Accounts for the allocation of revenues derived from court ordered forfeitures of monies from criminal investigations and related activities.

Municipal Court Fund – Accounts for certain revenues from municipal court fees collected to be used on court technology and juvenile case managers.

Abandoned Motor Vehicle Fund – Accounts for the proceeds from the sale of abandoned vehicles and payments to wrecker services.

Economic Development Incentive Fund – Accounts for a portion of tax revenues to promote industrial and economic development.

Donations Fund – Accounts for various special interest donations and the distribution of those funds.

Hotel/Motel Tax Fund – Accounts for total hotel/motel occupancy tax receipts and distributions.

Animal Assistance Program – Accounts for registration/identification fees collected to be used to promote the sterilization program for dogs and cats.

Lubbock Economic Development Alliance Fund – Accounts for sales tax received and distribution to Lubbock Economic Development Alliance.

North Overton District Tax Increment Finance (TIF) Reinvestment Zone Fund – Accounts for incremental property tax funds dedicated to the development of the North Overton District.

Central Business District (CBD) Tax Increment Finance (TIF) Reinvestment Zone Fund – Accounts for incremental property tax funds dedicated to the development of the Central Business District.

Lubbock Business Park Tax Increment Finance (TIF) Fund – Accounts for incremental property tax funds dedicated to the development of the Lubbock Business Park.

North Overton Public Improvement District (PID) Fund – Accounts for dedicated assessments, which are used in the payment of professional services and special security charges.

North Point Public Improvement District (PID) Fund – Accounts for dedicated assessments, which are used to maintain the North Point area. This includes maintaining common areas and landscaping at the entry stations, and constructing a hike and bike trail.

Vintage Township Public Improvement District (PID) Fund – Accounts for dedicated assessments, which are used to construct public improvements in the PID.

CITY OF LUBBOCK, TEXAS

Special Revenue Funds (Continued)

Quincy Park Public Improvement District (PID) Fund – Accounts for dedicated assessments, which are used to maintain the Quincy Park area. This includes maintaining common areas, landscaping on the boulevard and entrances, and the park at 91st and Quitman.

Valencia Park Public Improvement District (PID) Fund – Accounts for dedicated assessments, which are used to maintain the amenities in the 87th Street right-of-way (ROW), median, and park.

Bell Farms Public Improvement District (PID) Fund – Accounts for dedicated assessments, which are used to maintain five parks, repair and replace amenities including lighting, and enhance and maintain amenities at the entry stations.

Upland Crossing Public Improvement District (PID) Fund – Accounts for dedicated assessments, which are used to design, construct, install and maintain parks, amenities, walkways, and landscaping in the PID.

Gateway Streets Fund – Accounts for collection of franchise fees from various utility companies. Amounts are distributed to a Capital Projects Gateway Streets fund for street improvements.

Cable Services – Accounts for franchise fees received on cable/video services to be used by the City as allowed by federal law.

North and East Lubbock Neighborhood & Infrastructure Fund – Accounts for a percentage of mineral interest revenue to be used for downtown redevelopment, neighborhood infrastructure projects, and community development in the north and east portions of the City.

Community Development Fund – Accounts for the receipt and disbursement of Community Development Block Grant funds from the United States Department of Housing and Urban Development.

Community Services Fund – Accounts for the receipt and disbursement of funds received from the Texas Department of Housing and Community Affairs, United States Department of Energy, and United States Department of Health and Human Services.

Health Fund – Accounts for the receipt and disbursement of funds received from the Texas Department of State Health Services and the United States Department of Health and Human Services.

Library Fund – Accounts for the receipt and disbursement of funds received from the Texas State Library and Archives Commission and United States Department of Education.

Police Fund – Accounts for the receipt and disbursement of funds received from the United States Department of Transportation, United States Department of Treasury, Texas Department of Highways and Public Transportation, Office of the Governor, Office of Justice Program, Criminal Justice Division, and United States Department of Justice.

Other Grants Fund – Accounts for the receipt and disbursement of funds received from the United States Department of Commerce, Texas Department of Transportation, Texas Forest

Service, United States Department of Energy, Texas Department of Aging and Disability Services, Lubbock Emergency Communication District and the Governor's Emergency Management Grant.

CITY OF LUBBOCK, TEXAS

Capital Project Funds

The Capital Projects Funds account for all capital improvements, except for those accounted for in proprietary funds, which are financed by the City's general obligation bond issues, certain sales taxes, certain Federal capital grants, and other specific receipts.

Tax Increment Finance (TIF) Capital Projects Fund – Accounts for the financing and expenditures related to the Central Business, North Overton and Lubbock Business Park Districts.

Gateway Streets Project Fund – Accounts for the financing and expenditures related to major street improvements.

City of Lubbock, Texas
Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2022

	Special Revenue Funds			
	Criminal Investigation	Municipal Court	Abandoned Motor Vehicle	Economic Development Incentive
ASSETS				
Cash and cash equivalents	\$ 4,593	\$ 13,552	\$ 17,224	\$ 5,530
Investments	467,690	1,380,085	1,753,948	563,144
Taxes receivable (net)	-	-	-	83,025
Interest receivable	-	2,911	3,700	-
Due from other governments	-	-	-	-
Due from others	-	-	-	-
Restricted investments	-	-	-	-
Leases receivable	-	-	-	-
Total assets	<u>\$ 472,283</u>	<u>\$ 1,396,548</u>	<u>\$ 1,774,872</u>	<u>\$ 651,699</u>
LIABILITIES				
Accounts payable	\$ 45	\$ 42,000	\$ -	\$ 30,428
Accrued liabilities	-	-	-	5,812
Due to other funds	-	-	-	-
Unearned revenue - other	-	-	39,740	-
Total liabilities	<u>45</u>	<u>42,000</u>	<u>39,740</u>	<u>36,240</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred Inflows from Leases	-	-	-	-
Unavailable revenue	-	-	-	75,052
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>75,052</u>
FUND BALANCES (DEFICIT)				
Restricted	472,238	1,354,548	1,735,132	540,407
Committed	-	-	-	-
Unassigned	-	-	-	-
Total fund balances (deficit)	<u>472,238</u>	<u>1,354,548</u>	<u>1,735,132</u>	<u>540,407</u>
Total liabilities, deferred inflows of resources, and fund balances (deficit)	<u>\$ 472,283</u>	<u>\$ 1,396,548</u>	<u>\$ 1,774,872</u>	<u>\$ 651,699</u>

Special Revenue Funds

Donations	Hotel/Motel Tax	Animal Assistance Program	Lubbock Economic Development Alliance	North Overton TIF	Central Business District TIF	Lubbock Business Park TIF
\$ 6,210	\$ 7,006	\$ 3,521	\$ 344	\$ 59,669	\$ 1,373	\$ 15,579
632,408	713,436	358,593	34,997	6,076,227	139,860	1,586,502
-	-	-	1,485,171	-	-	-
1,333	-	757	74	-	1,167	3,364
-	-	-	-	-	-	-
-	1,085,134	-	-	-	-	-
-	-	-	-	1,609,901	383,444	-
-	-	-	-	421,165	-	-
<u>\$ 639,951</u>	<u>\$ 1,805,576</u>	<u>\$ 362,871</u>	<u>\$ 1,520,586</u>	<u>\$ 8,166,962</u>	<u>\$ 525,844</u>	<u>\$ 1,605,445</u>
\$ 333	\$ 1,343,774	\$ 19,821	\$ 1,520,586	\$ -	\$ 4,000	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>333</u>	<u>1,343,774</u>	<u>19,821</u>	<u>1,520,586</u>	<u>-</u>	<u>4,000</u>	<u>-</u>
-	-	-	-	421,165	-	-
-	-	-	-	-	-	-
-	-	-	-	421,165	-	-
639,618	461,802	343,050	-	7,745,797	521,844	1,605,445
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>639,618</u>	<u>461,802</u>	<u>343,050</u>	<u>-</u>	<u>7,745,797</u>	<u>521,844</u>	<u>1,605,445</u>
<u>\$ 639,951</u>	<u>\$ 1,805,576</u>	<u>\$ 362,871</u>	<u>\$ 1,520,586</u>	<u>\$ 8,166,962</u>	<u>\$ 525,844</u>	<u>\$ 1,605,445</u>

City of Lubbock, Texas
Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2022

Special Revenue Funds

	North Overton PID	North Point PID	Vintage Township PID	Quincy Park PID	Valencia PID
ASSETS					
Cash and cash equivalents	\$ 19,662	\$ 8,671	\$ 109	\$ 2,838	\$ 1,054
Investments	2,002,276	883,020	11,093	289,002	107,335
Taxes receivable (net)	-	-	-	-	-
Interest receivable	4,265	1,897	-	647	241
Due from other governments	-	-	-	-	-
Due from others	-	277	8,679	1	1
Restricted investments	-	-	128,463	-	-
Leases receivable	-	-	-	-	-
Total assets	<u>\$ 2,026,203</u>	<u>\$ 893,865</u>	<u>\$ 148,344</u>	<u>\$ 292,488</u>	<u>\$ 108,631</u>
LIABILITIES					
Accounts payable	\$ 50,410	\$ 15,652	\$ -	\$ -	\$ 2,164
Accrued liabilities	-	-	-	-	-
Due to other funds	-	-	-	-	-
Unearned revenue - other	-	-	-	-	-
Total liabilities	<u>50,410</u>	<u>15,652</u>	<u>-</u>	<u>-</u>	<u>2,164</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred Inflows from Leases	-	-	-	-	-
Unavailable revenue	-	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICIT)					
Restricted	1,975,793	878,213	148,344	292,488	106,467
Committed	-	-	-	-	-
Unassigned	-	-	-	-	-
Total fund balances (deficit)	<u>1,975,793</u>	<u>878,213</u>	<u>148,344</u>	<u>292,488</u>	<u>106,467</u>
Total liabilities, deferred inflows of resources, and fund balances (deficit)	<u>\$ 2,026,203</u>	<u>\$ 893,865</u>	<u>\$ 148,344</u>	<u>\$ 292,488</u>	<u>\$ 108,631</u>

Special Revenue Funds

Bell Farms PID	Upland Crossing PID	Gateway Streets	Cable Services	North and East Lubbock Neighborhood and Infrastructure	Community Development	Community Services	Health
\$ 2,921	\$ 451	\$ 63,064	\$ 38,344	\$ 9,342	\$ 13,389	\$ -	\$ -
297,463	45,969	6,422,023	3,904,675	951,301	1,363,451	-	-
-	-	-	-	-	-	-	-
-	-	20,535	8,235	2,013	-	-	-
-	-	-	-	-	1,425,465	42,969	2,397,562
199	-	-	81,832	-	-	-	-
-	-	4,030,341	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 300,583</u>	<u>\$ 46,420</u>	<u>\$ 10,535,963</u>	<u>\$ 4,033,086</u>	<u>\$ 962,656</u>	<u>\$ 2,802,305</u>	<u>\$ 42,969</u>	<u>\$2,397,562</u>
\$ 20,577	\$ -	\$ -	\$ 7,918	\$ 12,170	\$ 304,339	\$ 36,587	\$ 132,017
-	-	-	-	-	9,203	124	51,284
-	-	-	-	-	-	6,258	2,190,542
-	-	-	-	-	2,436,667	-	18,411
<u>20,577</u>	<u>-</u>	<u>-</u>	<u>7,918</u>	<u>12,170</u>	<u>2,750,209</u>	<u>42,969</u>	<u>2,392,254</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
280,006	46,420	4,030,341	4,025,168	-	52,096	-	5,308
-	-	6,505,622	-	950,486	-	-	-
-	-	-	-	-	-	-	-
<u>280,006</u>	<u>46,420</u>	<u>10,535,963</u>	<u>4,025,168</u>	<u>950,486</u>	<u>52,096</u>	<u>-</u>	<u>5,308</u>
<u>\$ 300,583</u>	<u>\$ 46,420</u>	<u>\$ 10,535,963</u>	<u>\$ 4,033,086</u>	<u>\$ 962,656</u>	<u>\$ 2,802,305</u>	<u>\$ 42,969</u>	<u>\$2,397,562</u>

City of Lubbock, Texas
Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2022

	Special Revenue Funds			
	Library	Police	Other Grants	Total Special Revenue Funds
ASSETS				
Cash and cash equivalents	\$ -	\$ 722	\$ 468,186	\$ 763,354
Investments	-	73,477	47,676,631	77,734,606
Taxes receivable (net)	-	-	-	1,568,196
Interest receivable	-	-	-	51,139
Due from other governments	60,060	66,183	1,316,595	5,308,834
Due from others	-	-	-	1,176,123
Restricted investments	-	-	-	6,152,149
Leases receivable	-	-	-	421,165
	<u>-</u>	<u>-</u>	<u>-</u>	<u>421,165</u>
Total assets	<u>\$ 60,060</u>	<u>\$ 140,382</u>	<u>\$ 49,461,412</u>	<u>\$ 93,175,566</u>
LIABILITIES				
Accounts payable	\$ -	\$ 581	\$ 421,778	\$ 3,965,180
Accrued liabilities	-	-	16,604	83,027
Due to other funds	60,060	-	-	2,256,860
Unearned revenue - other	-	115,807	48,914,358	51,524,983
	<u>-</u>	<u>115,807</u>	<u>48,914,358</u>	<u>51,524,983</u>
Total liabilities	<u>60,060</u>	<u>116,388</u>	<u>49,352,740</u>	<u>57,830,050</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred Inflows from Leases	-	-	-	421,165
Unavailable revenue	-	-	-	75,052
	<u>-</u>	<u>-</u>	<u>-</u>	<u>75,052</u>
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>496,217</u>
FUND BALANCES (DEFICIT)				
Restricted	-	23,994	108,672	27,393,191
Committed	-	-	-	7,456,108
Unassigned	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances (deficit)	<u>-</u>	<u>23,994</u>	<u>108,672</u>	<u>34,849,299</u>
Total liabilities, deferred inflows of resources, and fund balances (deficit)	<u>\$ 60,060</u>	<u>\$ 140,382</u>	<u>\$ 49,461,412</u>	<u>\$ 93,175,566</u>

Capital Projects Funds

TIF Capital Projects	Gateway Streets Projects	Total Capital Projects Funds	Total Nonmajor Governmental Funds
\$ 67,603	\$ 20,039	\$ 87,642	\$ 850,996
6,884,148	2,040,648	8,924,796	86,659,402
-	-	-	1,568,196
-	-	-	51,139
-	-	-	5,308,834
-	224,785	224,785	1,400,908
3,315,512	2,459,337	5,774,849	11,926,998
-	-	-	421,165
<u>\$ 10,267,263</u>	<u>\$ 4,744,809</u>	<u>\$ 15,012,072</u>	<u>\$ 108,187,638</u>
\$ 346,778	\$ 229,947	\$ 576,725	\$ 4,541,905
-	246	246	83,273
-	-	-	2,256,860
-	-	-	51,524,983
<u>346,778</u>	<u>230,193</u>	<u>576,971</u>	<u>58,407,021</u>
-	-	-	421,165
-	-	-	75,052
-	-	-	496,217
3,197,331	2,421,863	5,619,194	33,012,385
6,723,154	2,092,753	8,815,907	16,272,015
-	-	-	-
<u>9,920,485</u>	<u>4,514,616</u>	<u>14,435,101</u>	<u>49,284,400</u>
<u>\$ 10,267,263</u>	<u>\$ 4,744,809</u>	<u>\$ 15,012,072</u>	<u>\$ 108,187,638</u>

City of Lubbock, Texas
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended September 30, 2022

	<u>Special Revenue Funds</u>			
	<u>Criminal Investigation</u>	<u>Municipal Court</u>	<u>Abandoned Motor Vehicle</u>	<u>Economic Development Incentive</u>
REVENUES				
Property taxes	\$ -	\$ -	\$ -	\$ 4,214,124
Sales taxes	-	-	-	-
Occupancy taxes	-	-	-	-
Franchise taxes	-	-	-	-
Special assessments	-	-	-	-
Fees and fines	-	488,644	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Interest	-	-	-	-
Miscellaneous	228,021	-	1,974,901	-
Total revenues	<u>228,021</u>	<u>488,644</u>	<u>1,974,901</u>	<u>4,214,124</u>
EXPENDITURES				
Current:				
Administrative services and general government	-	-	-	-
Community services	-	-	-	-
Cultural and recreation	-	-	-	-
Economic and business development	-	-	-	3,763,085
Health	-	-	-	-
Police	142,974	-	1,175,261	-
Other public safety	-	259,163	-	-
Streets and traffic	-	-	-	-
Intergovernmental	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest and other charges	452	31,414	33,740	-
Capital outlay	-	44,270	-	-
Total expenditures	<u>143,426</u>	<u>334,847</u>	<u>1,209,001</u>	<u>3,763,085</u>
Excess (deficiency) of revenues over (under) expenditures	<u>84,595</u>	<u>153,797</u>	<u>765,900</u>	<u>451,039</u>
OTHER FINANCING SOURCES (USES)				
Long-term debt issued	-	-	-	-
Bond premium	-	-	-	-
Transfers in	-	-	-	79,550
Transfers out	-	-	-	(400,000)
Net other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(320,450)</u>
Net change in fund balances (deficit)	84,595	153,797	765,900	130,589
Fund balances (deficit) - beginning of year	387,643	1,200,751	969,232	409,818
Fund balances (deficit) - end of year	<u>\$ 472,238</u>	<u>\$ 1,354,548</u>	<u>\$ 1,735,132</u>	<u>\$ 540,407</u>

Special Revenue Funds

Donations	Hotel/Motel Tax	Animal Assistance Program	Lubbock Economic Development Alliance	North Overton TIF	Central Business District TIF	Lubbock Business Park TIF
\$ -	\$ -	\$ -	\$ -	\$ 4,920,242	\$ 1,510,130	\$ 976,813
-	-	-	8,415,894	-	-	-
-	9,191,083	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	274,549	-	-	-	-
9,015	-	-	-	124,769	-	-
208,670	-	-	-	148,866	-	-
<u>217,685</u>	<u>9,191,083</u>	<u>274,549</u>	<u>8,415,894</u>	<u>5,193,877</u>	<u>1,510,130</u>	<u>976,813</u>
17,456	-	-	-	-	-	-
-	-	-	-	-	-	-
68,632	-	-	-	-	-	-
-	5,715,197	-	8,415,894	17,767	385,714	17,599
8,085	-	301,808	-	-	-	-
1,209	-	-	-	-	-	-
164	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	7,852	9,242	-	-	15,143	25,659
-	-	-	-	-	-	-
<u>95,546</u>	<u>5,723,049</u>	<u>311,050</u>	<u>8,415,894</u>	<u>17,767</u>	<u>400,857</u>	<u>43,258</u>
<u>122,139</u>	<u>3,468,034</u>	<u>(36,501)</u>	<u>-</u>	<u>5,176,110</u>	<u>1,109,273</u>	<u>933,555</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	453,170	-	-
-	(3,449,353)	-	-	(4,107,871)	(1,016,748)	-
-	(3,449,353)	-	-	(3,654,701)	(1,016,748)	-
122,139	18,681	(36,501)	-	1,521,409	92,525	933,555
517,479	443,121	379,551	-	6,224,388	429,319	671,890
<u>\$ 639,618</u>	<u>\$ 461,802</u>	<u>\$ 343,050</u>	<u>\$ -</u>	<u>\$ 7,745,797</u>	<u>\$ 521,844</u>	<u>\$ 1,605,445</u>

City of Lubbock, Texas
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended September 30, 2022

	Special Revenue Funds				
	North Overton PID	North Point PID	Vintage Township PID	Quincy Park PID	Valencia PID
REVENUES					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Sales taxes	-	-	-	-	-
Occupancy taxes	-	-	-	-	-
Franchise taxes	-	-	-	-	-
Special assessments	837,245	268,690	203,459	210,222	58,574
Fees and fines	-	-	-	-	-
Intergovernmental	-	-	-	-	-
Charges for services	-	-	-	-	-
Interest	-	-	436	-	1,904
Miscellaneous	-	-	-	-	-
Total revenues	<u>837,245</u>	<u>268,690</u>	<u>203,895</u>	<u>210,222</u>	<u>60,478</u>
EXPENDITURES					
Current:					
Administrative services and general government	-	-	-	-	-
Community services	-	-	-	-	-
Cultural and recreation	-	-	-	-	-
Economic and business development	515,807	121,331	195,093	187,123	50,253
Health	-	-	-	-	-
Police	-	-	-	-	-
Other public safety	-	-	-	-	-
Streets and traffic	-	-	-	-	-
Intergovernmental	-	-	-	-	-
Debt Service:					
Principal	-	-	-	-	-
Interest and other charges	49,753	23,434	-	9,713	-
Capital outlay	-	64,703	-	-	-
Total expenditures	<u>565,560</u>	<u>209,468</u>	<u>195,093</u>	<u>196,836</u>	<u>50,253</u>
Excess (deficiency) of revenues over (under) expenditures	<u>271,685</u>	<u>59,222</u>	<u>8,802</u>	<u>13,386</u>	<u>10,225</u>
OTHER FINANCING SOURCES (USES)					
Long-term debt issued	-	-	-	-	-
Bond premium	-	-	-	-	-
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Net other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances (deficit)	271,685	59,222	8,802	13,386	10,225
Fund balances (deficit) - beginning of year	1,704,108	818,991	139,542	279,102	96,242
Fund balances (deficit) - end of year	<u>\$ 1,975,793</u>	<u>\$ 878,213</u>	<u>\$ 148,344</u>	<u>\$ 292,488</u>	<u>\$ 106,467</u>

Special Revenue Funds

Bell Farms PID	Upland Crossing PID	Gateway Streets	Cable Services	North and East Lubbock Neighborhood and Infrastructure	Community Development	Community Services	Health
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	461,519	-	-	-	-
210,660	53,905	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	5,273,960	4,362,140	4,818,213
-	-	-	-	-	-	-	-
-	483	-	-	-	-	-	-
-	-	-	-	-	324,411	-	42,690
<u>210,660</u>	<u>54,388</u>	<u>-</u>	<u>461,519</u>	<u>-</u>	<u>5,598,371</u>	<u>4,362,140</u>	<u>4,860,903</u>
-	-	-	137,140	-	-	-	-
-	-	-	-	-	5,566,966	4,362,140	-
-	-	-	-	-	-	-	-
94,588	7,435	-	-	82,417	-	-	-
-	-	-	-	-	-	-	4,708,954
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	3,669	-	-
7,387	-	212,271	92,924	-	58	-	-
-	-	-	24,140	-	-	-	178,980
<u>101,975</u>	<u>7,435</u>	<u>212,271</u>	<u>254,204</u>	<u>82,417</u>	<u>5,570,693</u>	<u>4,362,140</u>	<u>4,887,934</u>
<u>108,685</u>	<u>46,953</u>	<u>(212,271)</u>	<u>207,315</u>	<u>(82,417)</u>	<u>27,678</u>	<u>-</u>	<u>(27,031)</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	9,463,952	-	518,396	-	-	-
-	-	(9,397,295)	-	-	-	-	-
-	-	66,657	-	518,396	-	-	-
108,685	46,953	(145,614)	207,315	435,979	27,678	-	(27,031)
171,321	(533)	10,681,577	3,817,853	514,507	24,418	-	32,339
<u>\$ 280,006</u>	<u>\$ 46,420</u>	<u>\$ 10,535,963</u>	<u>\$ 4,025,168</u>	<u>\$ 950,486</u>	<u>\$ 52,096</u>	<u>\$ -</u>	<u>\$ 5,308</u>

City of Lubbock, Texas
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended September 30, 2022

	<u>Special Revenue Funds</u>			
	<u>Library</u>	<u>Police</u>	<u>Other Grants</u>	<u>Total Special Revenue Funds</u>
REVENUES				
Property taxes	\$ -	\$ -	\$ -	\$ 11,621,309
Sales taxes	-	-	-	8,415,894
Occupancy taxes	-	-	-	9,191,083
Franchise taxes	-	-	-	461,519
Special assessments	-	-	-	1,842,755
Fees and fines	-	-	-	488,644
Intergovernmental	60,060	172,261	7,982,642	22,669,276
Charges for services	-	-	-	274,549
Interest	-	2,226	415,852	554,685
Miscellaneous	-	-	35,837	2,963,396
Total revenues	<u>60,060</u>	<u>174,487</u>	<u>8,434,331</u>	<u>58,483,110</u>
EXPENDITURES				
Current:				
Administrative services and general government	-	-	-	154,596
Community services	-	-	631,614	10,560,720
Cultural and recreation	60,060	-	22,139	150,831
Economic and business development	-	-	-	19,569,303
Health	-	-	274,652	5,293,499
Police	-	107,216	-	1,426,660
Other public safety	-	-	7,571,519	7,830,846
Streets and traffic	-	-	-	-
Intergovernmental	-	101,979	-	101,979
Debt Service:				
Principal	-	-	-	3,669
Interest and other charges	-	-	-	519,042
Capital outlay	-	-	-	312,093
Total expenditures	<u>60,060</u>	<u>209,195</u>	<u>8,499,924</u>	<u>45,923,238</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>(34,708)</u>	<u>(65,593)</u>	<u>12,559,872</u>
OTHER FINANCING SOURCES (USES)				
Long-term debt issued	-	-	-	-
Bond premium	-	-	-	-
Transfers in	-	-	498	10,515,566
Transfers out	-	-	-	(18,371,267)
Net other financing sources (uses)	<u>-</u>	<u>-</u>	<u>498</u>	<u>(7,855,701)</u>
Net change in fund balances (deficit)	-	(34,708)	(65,095)	4,704,171
Fund balances (deficit) - beginning of year	-	58,702	173,767	30,145,128
Fund balances (deficit) - end of year	<u>\$ -</u>	<u>\$ 23,994</u>	<u>\$ 108,672</u>	<u>\$ 34,849,299</u>

Capital Projects Funds

TIF Capital Projects	Gateway Streets Projects	Total Capital Projects Funds	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ 11,621,309
-	-	-	8,415,894
-	-	-	9,191,083
-	-	-	461,519
-	-	-	1,842,755
-	-	-	488,644
-	-	-	22,669,276
-	-	-	274,549
25,080	16,686	41,766	596,451
<u>1,500,000</u>	<u>-</u>	<u>1,500,000</u>	<u>4,463,396</u>
<u>1,525,080</u>	<u>16,686</u>	<u>1,541,766</u>	<u>60,024,876</u>
-	-	-	154,596
-	-	-	10,560,720
-	-	-	150,831
775,942	-	775,942	20,345,245
-	-	-	5,293,499
-	-	-	1,426,660
-	-	-	7,830,846
-	-	-	-
-	-	-	101,979
-	-	-	3,669
-	340	340	519,382
<u>1,813,706</u>	<u>5,449,765</u>	<u>7,263,471</u>	<u>7,575,564</u>
<u>2,589,648</u>	<u>5,450,105</u>	<u>8,039,753</u>	<u>53,962,991</u>
<u>(1,064,568)</u>	<u>(5,433,419)</u>	<u>(6,497,987)</u>	<u>6,061,885</u>
-	-	-	-
-	-	-	-
1,100,000	630,366	1,730,366	12,245,932
(25,080)	(16,684)	(41,764)	(18,413,031)
<u>1,074,920</u>	<u>613,682</u>	<u>1,688,602</u>	<u>(6,167,099)</u>
10,352	(4,819,737)	(4,809,385)	(105,214)
<u>9,910,133</u>	<u>9,334,353</u>	<u>19,244,486</u>	<u>49,389,614</u>
<u>\$ 9,920,485</u>	<u>\$ 4,514,616</u>	<u>\$ 14,435,101</u>	<u>\$ 49,284,400</u>

City of Lubbock, Texas
Budgetary Comparison Schedule
Special Revenue Funds
For the Year Ended September 30, 2022

	<u>Final Budget</u>	<u>Actual Amounts Budgetary Basis</u>
Abandoned Motor Vehicle		
Revenues and transfers in	1,004,310	1,974,901
Utilization of fund balance	371,790	-
Expenditures and transfers out	(1,376,100)	(1,209,001)
Animal Assistance		
Revenues and transfers in	263,490	274,549
Utilization of fund balance	20,510	36,500
Expenditures and transfers out	(284,400)	(311,051)
Bell Farms PID		
Revenues and transfers in	192,281	210,660
Expenditures and transfers out	(81,385)	(101,975)
Cable Services		
Revenues and transfers in	524,181	461,519
Expenditures and transfers out	(167,033)	(254,204)
Central Business District TIF		
Revenues and transfers in	1,534,680	1,510,130
Expenditures and transfers out	(1,448,354)	(1,417,605)
Community Development Grant		
Revenues and transfers in	9,913,812	5,598,371
Expenditures and transfers out	(9,913,812)	(5,570,693)
Criminal Investigation		
Revenues and transfers in	136,550	228,021
Utilization of fund balance	128,450	-
Expenditures and transfers out	(265,000)	(143,426)
Department of Justice Asset Sharing		
Revenues and transfers in	440	2,217
Utilization of fund balance	36,560	34,717
Expenditures and transfers out	(37,000)	(36,934)
Economic Development Incentive		
Revenues and transfers in	4,308,884	4,293,674
Expenditures and transfers out	(4,309,471)	(4,163,085)

City of Lubbock, Texas
Budgetary Comparison Schedule (Continued)
Special Revenue Funds
For the Year Ended September 30, 2022

	<u>Final Budget</u>	<u>Actual Amounts Budgetary Basis</u>
Gateway Streets		
Revenues and transfers in	9,016,201	9,463,952
Expenditures and transfers out	(9,413,979)	(9,609,566)
Hotel Motel Tax		
Revenues and transfers in	6,800,000	9,191,083
Expenditures and transfers out	(6,800,003)	(9,172,402)
Lubbock Business Park TIF		
Revenues and transfers in	642,760	976,813
Expenditures and transfers out	(22,962)	(43,258)
Lubbock Economic Development Alliance		
Revenues and transfers in	7,344,980	8,415,894
Expenditures and transfers out	(7,344,980)	(8,415,894)
Municipal Court		
Revenues and transfers in	205,637	488,644
Utilization of fund balance	19,338	-
Expenditures and transfers out	(224,975)	(334,847)
North and East Lubbock Neighborhood and Infrastructure Fund		
Revenues and transfers in	294,998	518,396
Expenditures and transfers out	(294,998)	(82,417)
North Overton PID		
Revenues and transfers in	832,346	837,245
Utilization of fund balance	(24,062)	-
Expenditures and transfers out	(808,284)	(565,560)
North Overton District TIF		
Revenues and transfers in	5,275,824	5,647,047
Utilization of fund balance	(1,141,886)	-
Expenditures and transfers out	(4,133,938)	(4,125,638)

City of Lubbock, Texas
Budgetary Comparison Schedule (Continued)
Special Revenue Funds
For the Year Ended September 30, 2022

	<u>Final Budget</u>	<u>Actual Amounts Budgetary Basis</u>
North Point PID		
Revenues and transfers in	263,928	268,690
Utilization of fund balance	(16,911)	-
Expenditures and transfers out	(247,017)	(209,468)
Quincy Park PID		
Revenues and transfers in	209,913	210,222
Utilization of fund balance	(12,067)	-
Expenditures and transfers out	(197,846)	(196,836)
Upland Crossing PID		
Revenues and transfers in	48,500	54,388
Utilization of fund balance	(39,042)	-
Expenditures and transfers out	(9,458)	(7,435)
Valencia PID		
Revenues and transfers in	56,734	60,478
Utilization of fund balance	17,331	-
Expenditures and transfers out	(74,065)	(50,253)
Vintage Township PID		
Revenues and transfers in	199,900	203,895
Expenditures and transfers out	(199,900)	(195,093)

The following Governmental Funds have been intentionally excluded from this schedule due to the fact that they do not have legally adopted budgets or they are budgeted on a project or grant cumulative basis, crossing fiscal years: Donations, Community Services, Health, Police, Library, Other Grants, and the two Capital Project Funds.

CITY OF LUBBOCK, TEXAS

Nonmajor Enterprise Funds

The Proprietary Funds are used to account for the operations of the City financed and operated in a manner similar to private business enterprises, where the intent is that the cost of providing goods or services to the general public on a continuing basis be financed or recovered in whole or part through user charges.

Airport Fund – Accounts for the operations of Lubbock Preston Smith International Airport.

Transit Fund – Accounts for the City-owned transportation system.

Cemetery Fund – Accounts for the operations of the City's cemetery.

Civic Centers Fund – Accounts for the utilization of the Civic Center, Municipal Auditorium and Amphitheater.

Lake Alan Henry Fund – Accounts for fees and charges collected at the Lake site and the costs of operations of that facility.

City of Lubbock, Texas
Combining Statement of Net Position
Nonmajor Enterprise Funds
September 30, 2022

	<u>Airport</u>	<u>Transit</u>	<u>Cemetery</u>
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 161,034	\$ 3,035	\$ 11,017
Investments	16,398,544	309,023	1,121,859
Accounts receivable, net	674,771	1,252,392	71,400
Interest receivable	53,639	-	2,361
Due from others	77,249	-	-
Due from other funds	6,258	-	-
Due from other governments	2,881,768	5,861,968	-
Prepaid expenses	-	143,617	-
Inventories	-	902,824	-
	<u>20,253,263</u>	<u>8,472,859</u>	<u>1,206,637</u>
Noncurrent assets:			
Restricted investments	10,518,529	64,014	23,479
Lease receivable	2,791,513	-	-
	<u>13,310,042</u>	<u>64,014</u>	<u>23,479</u>
Capital assets:			
Land	3,608,781	318,539	14,097
Construction in progress	690,292	-	-
Buildings	44,384,544	4,389,056	846,652
Improvements other than buildings	231,702,474	3,972,142	125,686
Machinery and equipment	32,611,884	27,113,184	552,220
Less accumulated depreciation	<u>(170,293,490)</u>	<u>(23,730,593)</u>	<u>(688,494)</u>
	<u>142,704,485</u>	<u>12,062,328</u>	<u>850,161</u>
	<u>156,014,527</u>	<u>12,126,342</u>	<u>873,640</u>
	<u>\$176,267,790</u>	<u>\$ 20,599,201</u>	<u>\$ 2,080,277</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge on refunding	99,042	-	6,225
Deferred outflows from pensions	459,211	-	42,528
Deferred outflows from OPEB	409,381	-	47,561
	<u>967,634</u>	<u>-</u>	<u>96,314</u>

<u>Civic Centers</u>	<u>Lake Alan Henry</u>	<u>Total Nonmajor Enterprise Funds</u>
\$ 36,596	\$ 4,936	\$ 216,618
3,726,718	502,630	22,058,774
108,452	7,577	2,114,592
16,734	1,060	73,794
-	-	77,249
-	-	6,258
-	-	8,743,736
-	-	143,617
-	-	902,824
<u>3,888,500</u>	<u>516,203</u>	<u>34,337,462</u>
-	-	10,606,022
33,295	-	2,824,808
<u>33,295</u>	<u>-</u>	<u>13,430,830</u>
873,850	-	4,815,267
4,895	-	695,187
15,934,289	-	65,554,541
6,624,011	-	242,424,313
5,760,183	159,818	66,197,289
<u>(19,975,498)</u>	<u>(132,180)</u>	<u>(214,820,255)</u>
<u>9,221,730</u>	<u>27,638</u>	<u>164,866,342</u>
<u>9,255,025</u>	<u>27,638</u>	<u>178,297,172</u>
<u>\$ 13,143,525</u>	<u>\$ 543,841</u>	<u>\$ 212,634,634</u>
43,373	-	148,640
157,511	25,021	684,271
<u>170,875</u>	<u>15,263</u>	<u>643,080</u>
<u>371,759</u>	<u>40,284</u>	<u>1,475,991</u>

City of Lubbock, Texas
Combining Statement of Net Position
Nonmajor Enterprise Funds
September 30, 2022

	<u>Airport</u>	<u>Transit</u>	<u>Cemetery</u>
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 800,904	\$ 2,182,267	\$ 837
Accrued liabilities	92,330	165,605	4,668
Accrued interest payable	196,180	1,925	1,108
Due to other funds	-	4,973,018	-
Customer deposits	-	-	-
Unearned revenue - other	42,230	-	3,220
Compensated absences	154,372	455,459	20,629
Bonds payable	<u>2,142,223</u>	<u>389,635</u>	<u>55,320</u>
Total current liabilities	<u>3,428,239</u>	<u>8,167,909</u>	<u>85,782</u>
Noncurrent liabilities:			
Compensated absences	106,132	-	14,182
Post employment benefits	3,258,807	-	412,308
Net pension liability	655,224	-	61,407
Bonds payable	<u>39,661,700</u>	<u>534,911</u>	<u>165,711</u>
Total noncurrent liabilities	<u>43,681,863</u>	<u>534,911</u>	<u>653,608</u>
Total liabilities	<u>47,110,102</u>	<u>8,702,820</u>	<u>739,390</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows from pensions	971,004	-	72,125
Deferred inflows from OPEB	630,327	-	59,014
Deferred inflows from leases	<u>2,791,513</u>	<u>-</u>	<u>-</u>
Total deferred inflows of resources	<u>4,392,844</u>	<u>-</u>	<u>131,139</u>
NET POSITION (DEFICIT)			
Net investment in capital assets	103,777,441	11,201,796	635,354
Restricted for passenger facility charges	6,303,437	-	-
Restricted for debt service	1,402,797	-	23,479
Unrestricted	<u>14,248,803</u>	<u>694,585</u>	<u>647,229</u>
Total net position (deficit)	<u>\$125,732,478</u>	<u>\$ 11,896,381</u>	<u>\$ 1,306,062</u>

<u>Civic Centers</u>	<u>Lake Alan Henry</u>	<u>Total Nonmajor Enterprise Funds</u>
\$ 47,054	\$ 16,100	\$ 3,047,162
29,382	2,194	294,179
16,673	-	215,886
-	-	4,973,018
187,040	-	187,040
-	-	45,450
125,532	25,029	781,021
<u>313,307</u>	<u>-</u>	<u>2,900,485</u>
<u>718,988</u>	<u>43,323</u>	<u>12,444,241</u>
86,303	17,207	223,824
1,349,749	73,762	5,094,626
205,587	33,525	955,743
<u>2,884,111</u>	<u>-</u>	<u>43,246,433</u>
<u>4,525,750</u>	<u>124,494</u>	<u>49,520,626</u>
<u>5,244,738</u>	<u>167,817</u>	<u>61,964,867</u>
298,747	61,106	1,402,982
338,868	30,369	1,058,578
<u>33,295</u>	<u>-</u>	<u>2,824,808</u>
<u>670,910</u>	<u>91,475</u>	<u>5,286,368</u>
6,067,685	27,638	121,709,914
-	-	6,303,437
-	-	1,426,276
<u>1,531,951</u>	<u>297,195</u>	<u>17,419,763</u>
<u>\$ 7,599,636</u>	<u>\$ 324,833</u>	<u>\$ 146,859,390</u>

City of Lubbock, Texas
Combining Statement of Revenues, Expenses and
Changes in Fund Net Position
Nonmajor Enterprise Funds
For Fiscal Year Ended September 30, 2022

	<u>Airport</u>	<u>Transit</u>	<u>Cemetery</u>
OPERATING REVENUES			
Charges for services (net)	<u>\$ 11,499,558</u>	<u>\$ 4,932,365</u>	<u>\$ 575,814</u>
Total operating revenues	<u>11,499,558</u>	<u>4,932,365</u>	<u>575,814</u>
OPERATING EXPENSES			
Personnel services	3,076,730	8,785,392	213,743
Supplies	250,410	1,896,501	24,706
Maintenance	838,029	1,263,607	68,451
Other services and charges	4,637,061	1,948,396	113,058
Depreciation and amortization	<u>10,848,041</u>	<u>1,563,579</u>	<u>46,373</u>
Total operating expenses	<u>19,650,271</u>	<u>15,457,475</u>	<u>466,331</u>
Operating income (loss)	<u>(8,150,713)</u>	<u>(10,525,110)</u>	<u>109,483</u>
NONOPERATING REVENUES (EXPENSES)			
Interest earnings	-	-	-
Passenger facility charges/Federal grants	5,976,611	8,821,366	-
Disposition of assets	9,508	1,308	-
Miscellaneous	303,528	(107,188)	-
Interest expense	<u>(1,799,127)</u>	<u>(21,688)</u>	<u>(31,946)</u>
Net nonoperating revenues (expenses)	<u>4,490,520</u>	<u>8,693,798</u>	<u>(31,946)</u>
Income (loss) before contributions and transfers	(3,660,193)	(1,831,312)	77,537
Capital contributions/grants	1,405,248	-	-
Transfers in	-	2,029,237	325,433
Transfers out	<u>(1,983,660)</u>	<u>-</u>	<u>(8,004)</u>
Change in net position (deficit)	(4,238,605)	197,925	394,966
Total net position - beginning of year, as restated	<u>129,971,083</u>	<u>11,698,456</u>	<u>911,096</u>
Total net position (deficit) - ending	<u><u>\$ 125,732,478</u></u>	<u><u>\$ 11,896,381</u></u>	<u><u>\$1,306,062</u></u>

<u>Civic Centers</u>	<u>Lake Alan Henry</u>	<u>Total Nonmajor Enterprise Funds</u>
\$ 463,525	\$ 710,736	\$ 18,181,998
<u>463,525</u>	<u>710,736</u>	<u>18,181,998</u>
902,194	239,662	13,217,721
57,507	5,141	2,234,265
332,240	52,228	2,554,555
1,019,153	226,257	7,943,925
932,806	3,592	13,394,391
<u>3,243,900</u>	<u>526,880</u>	<u>39,344,857</u>
<u>(2,780,375)</u>	<u>183,856</u>	<u>(21,162,859)</u>
-	-	-
-	-	14,797,977
-	-	10,816
20,837	-	217,177
<u>(178,843)</u>	<u>(10,961)</u>	<u>(2,042,565)</u>
<u>(158,006)</u>	<u>(10,961)</u>	<u>12,983,405</u>
(2,938,381)	172,895	(8,179,454)
-	-	1,405,248
3,599,972	-	5,954,642
<u>(256,620)</u>	<u>(107,916)</u>	<u>(2,356,200)</u>
404,971	64,979	(3,175,764)
<u>7,194,665</u>	<u>259,854</u>	<u>150,035,154</u>
<u>\$ 7,599,636</u>	<u>\$ 324,833</u>	<u>\$ 146,859,390</u>

City Of Lubbock, Texas
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Year Ended September 30, 2022

	<u>Airport</u>	<u>Transit</u>	<u>Cemetery</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 8,690,706	\$ 4,886,417	\$ 582,400
Payments to suppliers	(5,209,900)	(9,110,902)	(335,355)
Payments to employees	(3,145,124)	(8,785,392)	(213,743)
Other receipts (payments)	303,528	-	-
Net cash provided (used) by operating activities	<u>639,210</u>	<u>(13,009,877)</u>	<u>33,302</u>
CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES			
Transfers in from other funds	-	2,029,237	325,433
Transfers out to other funds	(1,983,660)	-	(8,004)
Short-term interfund borrowings	-	4,216,872	-
Operating grants	5,976,611	8,821,366	-
Net cash provided (used) by noncapital and related financing activities	<u>3,992,951</u>	<u>15,067,475</u>	<u>317,429</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchases of capital assets	(3,967,024)	(1,630,616)	-
Sale of capital assets	9,508	1,308	-
Principal paid on bonds	(2,049,974)	(381,772)	(64,532)
Issuance of bonds	-	-	-
Bond issuance costs	-	-	-
Interest paid on bonds and capital leases	(1,773,683)	(22,208)	(34,094)
Capital grants and contributions	1,405,248	-	-
Net cash provided (used) by capital and related financing activities	<u>(6,375,925)</u>	<u>(2,033,288)</u>	<u>(98,626)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sales and maturities of investments	8,808,757	52,850	38,030
Purchase of investments	(6,707,971)	(77,011)	(285,429)
Interest earnings (expenses) on cash and investments	(325,918)	520	(949)
Net cash provided (used) by investing activities	<u>1,774,868</u>	<u>(23,641)</u>	<u>(248,348)</u>
Net increase (decrease) in cash and cash equivalents	31,104	669	3,757
Cash and cash equivalents - beginning of year	129,930	2,366	7,260
Cash and cash equivalents - end of year	<u>\$ 161,034</u>	<u>\$ 3,035</u>	<u>\$ 11,017</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ (8,150,713)	\$ (10,525,110)	\$ 109,483
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation and amortization	10,848,041	1,563,579	46,373
Other income (expense)	303,528	(107,188)	-
Change in current assets and liabilities:			
Accounts receivable	(2,808,852)	(45,950)	6,586
Inventory	-	(49,782)	-
Prepaid expenses	-	5,600	-
Due from other governments	1,242,562	(5,020,412)	-
Accounts payable	(3,034,157)	1,268,932	(321)
Other accrued expenses	(82,011)	(133,536)	(12,066)
Due to/from other funds	63,096	-	-
Customer deposits	-	-	-
Change in compensated absences and retirement benefits	2,257,716	33,990	(116,753)
Net cash provided (used) by operating activities	<u>\$ 639,210</u>	<u>\$ (13,009,877)</u>	<u>\$ 33,302</u>
Supplemental cash flow information:			
Noncash capital contributions and other charges	\$ -	\$ -	\$ -

<u>Civic Centers</u>	<u>Lake Alan Henry</u>	<u>Total Nonmajor Enterprise Funds</u>
\$ 345,432	\$ 708,213	\$ 15,213,168
(1,629,594)	(275,090)	(16,560,841)
(931,564)	(239,662)	(13,315,485)
20,837	-	324,365
<u>(2,194,889)</u>	<u>193,461</u>	<u>(14,338,793)</u>
3,599,972	-	5,954,642
(256,620)	(107,916)	(2,356,200)
-	-	4,216,872
-	-	14,797,977
<u>3,343,352</u>	<u>(107,916)</u>	<u>22,613,291</u>
(317,656)	(24,022)	(5,939,318)
-	-	10,816
(303,127)	-	(2,799,405)
-	-	-
-	-	-
(157,223)	(10,961)	(1,998,169)
-	-	1,405,248
<u>(778,006)</u>	<u>(34,983)</u>	<u>(9,320,828)</u>
1,360,757	76,166	10,336,560
(1,636,553)	(125,260)	(8,832,224)
(86,725)	(299)	(413,371)
<u>(362,521)</u>	<u>(49,393)</u>	<u>1,090,965</u>
7,936	1,169	44,635
28,660	3,767	171,983
<u>\$ 36,596</u>	<u>\$ 4,936</u>	<u>\$ 216,618</u>
\$ (2,780,375)	\$ 183,856	\$ (21,162,859)
932,806	3,592	13,394,391
20,837	-	217,177
(118,093)	(2,523)	(2,968,832)
-	-	(49,782)
-	-	5,600
-	-	(3,777,850)
40,523	8,746	(1,716,277)
(31,910)	(8,171)	(267,694)
-	-	63,096
25,927	-	25,927
(284,604)	7,961	1,898,310
<u>\$ (2,194,889)</u>	<u>\$ 193,461</u>	<u>\$ (14,338,793)</u>
\$ -	\$ -	\$ -



CITY OF LUBBOCK, TEXAS

Internal Service Funds

The Internal Service Funds are used to account for the financing of goods and services provided by one department or agency to other departments or agencies of the City, or to other governments, on a user charge basis.

Print Shop and Warehouse Fund – Accounts for central warehouse operations, printing services and central office supplies provided to City departments.

Risk Management Fund – Accounts for activities related to general liability, auto liability, public officials liability, and workers' compensation liability.

Fleet Maintenance Fund – Accounts for vehicle service operations.

Information Technology Fund – Accounts for the information processing services provided to City departments and other governmental agencies and for the telephone and radio shop operations.

Health Benefits Fund – Accounts for the health, dental, and other employee benefits activities.

Investment Pool Fund – Accounts for the operations of centralizing the activities relative to the City's investment portfolio.

City of Lubbock, Texas
Combining Statement of Net Position
Internal Service Funds
September 30, 2022

	<u>Business-type Activities</u>			
	<u>Print Shop and Warehouse</u>	<u>Risk Management</u>	<u>Total Business-type Activities</u>	<u>Fleet Maintenance</u>
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 11,818	\$ 116,879	\$ 128,697	\$ 61,258
Investments	1,203,421	11,902,058	13,105,479	6,238,109
Accounts receivable (net)	-	70,123	70,123	-
Interest receivable	70	25,133	25,203	7,950
Due from others	4,338	-	4,338	-
Inventories	581,058	-	581,058	377,496
Total current assets	<u>1,800,705</u>	<u>12,114,193</u>	<u>13,914,898</u>	<u>6,684,813</u>
Noncurrent assets:				
Restricted investments	-	-	-	430,768
Capital assets:				
Construction in Progress	-	-	-	949,366
Buildings	162,117	-	162,117	1,469,765
Improvements other than buildings	-	-	-	1,399,986
Machinery and equipment	184,858	57,472	242,330	26,724,254
Lease right-of-use assets, net	105,451	-	105,451	-
Less accumulated depreciation	(301,448)	(40,009)	(341,457)	(9,931,978)
Total capital assets	<u>150,978</u>	<u>17,463</u>	<u>168,441</u>	<u>20,611,393</u>
Total noncurrent assets	<u>150,978</u>	<u>17,463</u>	<u>168,441</u>	<u>21,042,161</u>
Total assets	<u>\$ 1,951,683</u>	<u>\$ 12,131,656</u>	<u>\$ 14,083,339</u>	<u>\$ 27,726,974</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows from pensions	42,260	90,952	133,212	196,061
Deferred outflows from OPEB	58,750	52,033	110,783	184,731
Total deferred outflows of resources	<u>101,010</u>	<u>142,985</u>	<u>243,995</u>	<u>380,792</u>

Governmental Activities

Information Technology	Health Benefits	Investment Pool	Total Governmental Activities	Total Internal Service Funds
\$ 88,509	\$ 72,897	\$ 294	\$ 222,958	\$ 351,655
9,013,059	7,423,254	29,972	22,704,394	35,809,873
19,318	-	5,216	24,534	94,657
39,396	11,513	-	58,859	84,062
-	-	-	-	4,338
20,781	-	-	398,277	979,335
<u>9,181,063</u>	<u>7,507,664</u>	<u>35,482</u>	<u>23,409,022</u>	<u>37,323,920</u>
<u>4,194,912</u>	<u>-</u>	<u>-</u>	<u>4,625,680</u>	<u>4,625,680</u>
313,214	-	-	1,262,580	1,262,580
60,000	-	-	1,529,765	1,691,882
6,157,629	-	-	7,557,615	7,557,615
20,532,335	-	-	47,256,589	47,498,919
475,829	-	-	475,829	581,280
(21,380,939)	-	-	(31,312,917)	(31,654,374)
<u>6,158,068</u>	<u>-</u>	<u>-</u>	<u>26,769,461</u>	<u>26,937,902</u>
<u>10,352,980</u>	<u>-</u>	<u>-</u>	<u>31,395,141</u>	<u>31,563,582</u>
<u>\$ 19,534,043</u>	<u>\$ 7,507,664</u>	<u>\$ 35,482</u>	<u>\$ 54,804,163</u>	<u>\$ 68,887,502</u>
533,788	55,739	8,921	794,509	927,721
<u>374,493</u>	<u>35,958</u>	<u>-</u>	<u>595,182</u>	<u>705,965</u>
<u>908,281</u>	<u>91,697</u>	<u>8,921</u>	<u>1,389,691</u>	<u>1,633,686</u>

City of Lubbock, Texas
Combining Statement of Net Position
Internal Service Funds
September 30, 2022

	Business-type Activities			
	Print Shop and Warehouse	Risk Management	Total Business- type Activities	Fleet Maintenance
LIABILITIES				
Current liabilities:				
Accounts payable	\$ 154,043	\$ 88,468	\$ 242,511	\$ 510,507
Accrued liabilities	7,412	13,751	21,163	33,613
Accrued interest payable	14	-	14	18,557
Compensated absences	7,433	50,740	58,173	27,262
Accrued insurance claims	-	1,290,637	1,290,637	-
Bonds payable	2,901	-	2,901	888,543
Total current liabilities	<u>171,803</u>	<u>1,443,596</u>	<u>1,615,399</u>	<u>1,478,482</u>
Noncurrent liabilities:				
Accrued insurance claims	-	2,252,720	2,252,720	-
Compensated absences	5,110	34,884	39,994	48,291
Post employment benefits	409,992	574,452	984,444	1,284,646
Net pension liability	55,092	134,572	189,664	268,674
Leases payable	106,476	-	106,476	-
Bonds payable	8,921	-	8,921	4,124,099
Total noncurrent liabilities	<u>585,591</u>	<u>2,996,628</u>	<u>3,582,219</u>	<u>5,725,710</u>
Total liabilities	<u>757,394</u>	<u>4,440,224</u>	<u>5,197,618</u>	<u>7,204,192</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred charge on refunding	-	-	-	1,595
Deferred inflows from pensions	76,740	190,114	266,854	431,409
Deferred inflows from OPEB	97,202	81,787	178,989	309,957
Total deferred inflows of resources	<u>\$ 173,942</u>	<u>271,901</u>	<u>445,843</u>	<u>\$ 742,961</u>
NET POSITION (DEFICIT)				
Net investment in capital assets	32,680	17,463	50,143	16,027,924
Restricted for debt service	-	-	-	-
Unrestricted	<u>1,088,677</u>	<u>7,545,053</u>	<u>8,633,730</u>	<u>4,132,689</u>
Total net position (deficit)	<u>\$ 1,121,357</u>	<u>\$ 7,562,516</u>	<u>\$ 8,683,873</u>	<u>\$ 20,160,613</u>

Governmental Activities

Information Technology	Health Benefits	Investment Pool	Total Governmental Activities	Total Internal Service Funds
\$ 1,283,615	\$ 979,336	\$ -	\$ 2,773,458	\$ 3,015,969
79,374	7,949	-	120,936	142,099
68,681	-	-	87,238	87,252
215,508	19,646	-	262,416	320,589
-	1,878,605	-	1,878,605	3,169,242
2,335,559	-	-	3,224,102	3,227,003
<u>3,982,737</u>	<u>2,885,536</u>	<u>-</u>	<u>8,346,755</u>	<u>9,962,154</u>
-	204,609	-	204,609	2,457,329
381,735	34,800	-	464,826	504,820
3,066,724	268,075	-	4,619,445	5,603,889
736,417	77,599	13,370	1,096,060	1,285,724
483,138	-	-	483,138	589,614
8,798,178	-	-	12,922,277	12,931,198
<u>13,466,192</u>	<u>585,083</u>	<u>13,370</u>	<u>19,790,355</u>	<u>23,372,574</u>
<u>17,448,929</u>	<u>3,470,619</u>	<u>13,370</u>	<u>28,137,110</u>	<u>33,334,728</u>
-	-	-	1,595	1,595
1,202,301	139,868	21,033	1,794,611	2,061,465
632,017	60,739	-	1,002,713	1,181,702
<u>1,834,318</u>	<u>200,607</u>	<u>21,033</u>	<u>2,798,919</u>	<u>3,244,762</u>
(1,550,047)	-	-	14,477,877	14,528,020
286,151	-	-	286,151	286,151
2,422,973	3,928,135	10,000	10,493,797	19,127,527
<u>\$ 1,159,077</u>	<u>\$ 3,928,135</u>	<u>\$ 10,000</u>	<u>\$ 25,257,825</u>	<u>\$ 33,941,698</u>

City of Lubbock, Texas
Combining Statement of Revenues, Expenses
And Changes in Net Position
Internal Service Funds
For The Year Ended September 30, 2022

	<u>Business-type Activities</u>			
	<u>Print Shop and Warehouse</u>	<u>Risk Management</u>	<u>Total Business-type Activities</u>	<u>Fleet Maintenance</u>
OPERATING REVENUES				
Charges for services (net)	\$ 5,623,126	\$ 12,116,358	\$ 17,739,484	\$ 15,136,236
Total operating revenues	<u>5,623,126</u>	<u>12,116,358</u>	<u>17,739,484</u>	<u>15,136,236</u>
OPERATING EXPENSES				
Personnel services	250,462	521,202	771,664	1,464,637
Insurance and claims	-	11,962,543	11,962,543	-
Supplies	151,675	8,094	159,769	80,310
Materials	5,073,408	-	5,073,408	6,277,716
Maintenance	16,419	9,213	25,632	6,950,398
Other services and charges	66,018	459,373	525,391	272,759
Depreciation and amortization	60,129	6,566	66,695	2,886,480
Total operating expenses	<u>5,618,111</u>	<u>12,966,991</u>	<u>18,585,102</u>	<u>17,932,300</u>
Operating income (loss)	<u>5,015</u>	<u>(850,633)</u>	<u>(845,618)</u>	<u>(2,796,064)</u>
NONOPERATING REVENUES (EXPENSES)				
Interest earnings	-	-	-	-
Federal grants	-	-	-	1,154,132
Disposition of assets	-	-	-	266,161
Miscellaneous	-	240,314	240,314	453,914
Interest expense	<u>(32,324)</u>	<u>(236,864)</u>	<u>(269,188)</u>	<u>(116,799)</u>
Net nonoperating revenues (expenses)	<u>(32,324)</u>	<u>3,450</u>	<u>(28,874)</u>	<u>1,757,408</u>
Income (loss) before contributions and transfers	(27,309)	(847,183)	(874,492)	(1,038,656)
Transfers in	-	-	-	7,593,181
Transfers out	<u>-</u>	<u>(178,400)</u>	<u>(178,400)</u>	<u>(22,607)</u>
Change in net position (deficit)	(27,309)	(1,025,583)	(1,052,892)	6,531,918
Total net position (deficit) - beginning of year,	<u>1,148,666</u>	<u>8,588,099</u>	<u>9,736,765</u>	<u>13,628,695</u>
Total net position (deficit) - end of year	<u>\$ 1,121,357</u>	<u>\$ 7,562,516</u>	<u>\$ 8,683,873</u>	<u>\$ 20,160,613</u>

Governmental Activities

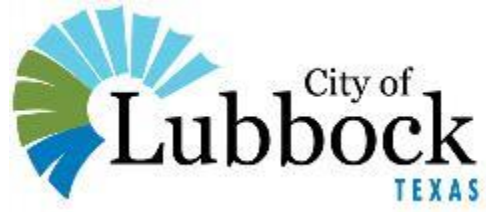
Information Technology	Health Benefits	Investment Pool	Total Governmental Activities	Total Internal Service Funds
\$15,318,531	\$ 37,181,884	\$ -	\$ 67,636,651	\$ 85,376,135
15,318,531	37,181,884	-	67,636,651	85,376,135
3,156,074	452,790	56,066	5,129,567	5,901,231
-	34,754,994	-	34,754,994	46,717,537
32,953	12,902	768	126,933	286,702
100,371	-	-	6,378,087	11,451,495
4,827,936	-	-	11,778,334	11,803,966
3,093,742	312,316	150,191	3,829,008	4,354,399
2,016,552	-	-	4,903,032	4,969,727
13,227,628	35,533,002	207,025	66,899,955	85,485,057
2,090,903	1,648,882	(207,025)	736,696	(108,922)
-	-	207,025	207,025	207,025
331,010	-	-	1,485,142	1,485,142
-	-	-	266,161	266,161
-	29,810	-	483,724	724,038
(403,065)	(146,628)	-	(666,492)	(935,680)
(72,055)	(116,818)	207,025	1,775,560	1,746,686
2,018,848	1,532,064	-	2,512,256	1,637,764
-	-	-	7,593,181	7,593,181
(85,000)	-	-	(107,607)	(286,007)
1,933,848	1,532,064	-	9,997,830	8,944,938
(774,771)	2,396,071	10,000	15,259,995	24,996,760
\$ 1,159,077	\$ 3,928,135	\$ 10,000	\$ 25,257,825	\$ 33,941,698

City of Lubbock, Texas
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended September 30, 2022

	Business-type Activities			
	Print Shop and Warehouse	Risk Management	Total Business-type Activities	Fleet Maintenance
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 5,375,385	\$ 12,074,293	\$ 17,449,678	\$ 15,136,236
Receipts from interfund services	247,741	-	247,741	-
Payments to suppliers	(5,371,514)	(12,028,610)	(17,400,124)	(13,644,378)
Payments to employees	(231,405)	(505,321)	(736,726)	(1,397,938)
Other receipts	-	240,314	240,314	453,914
Net cash provided (used) by operating activities	<u>20,207</u>	<u>(219,324)</u>	<u>(199,117)</u>	<u>547,834</u>
CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES				
Transfers in from other funds	-	-	-	7,593,181
Transfers out to other funds	-	(178,400)	(178,400)	(22,607)
Federal grants	-	-	-	1,154,132
Net cash provided (used) by noncapital and related financing activities	<u>-</u>	<u>(178,400)</u>	<u>(178,400)</u>	<u>8,724,706</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchases of capital assets	(12,381)	-	(12,381)	(5,289,894)
Sale of capital assets	-	-	-	266,078
Principal paid on capital leases	(51,700)	-	(51,700)	-
Principal paid on bonds	(2,858)	(3,670)	(6,528)	(743,664)
Issuance of bonds	-	-	-	1,110,784
Interest paid on bonds and capital leases	(32,325)	(4)	(32,329)	(121,440)
Net cash provided (used) by capital and related financing activities	<u>(99,264)</u>	<u>(3,674)</u>	<u>(102,938)</u>	<u>(4,778,136)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from sales and maturities of investments	380,001	3,621,005	4,001,006	-
Purchase of investments	(299,904)	(2,966,098)	(3,266,002)	(4,441,880)
Interest earnings (loss) on cash and investments	118	(240,917)	(240,799)	(629)
Net cash provided (used) by investing activities	<u>80,215</u>	<u>413,990</u>	<u>494,205</u>	<u>(4,442,509)</u>
Net increase (decrease) in cash and cash equivalents	1,158	12,592	13,750	51,895
Cash and cash equivalents - beginning of year	10,660	104,287	114,947	9,363
Cash and cash equivalents - end of year	<u>\$ 11,818</u>	<u>\$ 116,879</u>	<u>\$ 128,697</u>	<u>\$ 61,258</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	\$ 5,015	\$ (850,633)	\$ (845,618)	\$ (2,796,064)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation and amortization	60,129	6,566	66,695	2,886,480
Other income	-	240,314	240,314	453,914
Change in current assets and liabilities:				
Accounts receivable	-	(42,065)	(42,065)	-
Inventory	(88,780)	-	(88,780)	(101,630)
Accounts payable	118,878	59,110	177,988	125,295
Due from other funds	(1,298)	-	(1,298)	-
Other accrued expenses	(9,870)	509,328	499,458	(40,139)
Change in compensated absences and retirement benefits	(63,867)	(141,944)	(205,811)	19,978
Net cash provided (used) by operating activities	<u>\$ 20,207</u>	<u>\$ (219,324)</u>	<u>\$ (199,117)</u>	<u>\$ 547,834</u>

Governmental Activities

<u>Information Technology</u>	<u>Health Benefits</u>	<u>Investment Pool</u>	<u>Total Governmental Activities</u>	<u>Total Internal Service Funds</u>
\$ 13,029,290	\$ 37,281,744	\$ (5,216)	\$ 65,442,054	\$ 82,891,732
2,289,241	-	-	2,289,241	2,536,982
(8,549,235)	(34,796,021)	(205,519)	(57,195,153)	(74,595,277)
(3,024,155)	(440,084)	(56,066)	(4,918,243)	(5,654,969)
-	29,810	-	483,724	724,038
<u>3,745,141</u>	<u>2,075,449</u>	<u>(266,801)</u>	<u>6,101,623</u>	<u>5,902,506</u>
-	-	-	7,593,181	7,593,181
(85,000)	-	-	(107,607)	(286,007)
<u>331,010</u>	-	-	<u>1,485,142</u>	<u>1,485,142</u>
<u>246,010</u>	-	-	<u>8,970,716</u>	<u>8,792,316</u>
(379,489)	-	-	(5,669,383)	(5,681,764)
-	-	-	266,078	266,078
(334,676)	-	-	(334,676)	(386,376)
(1,765,172)	-	-	(2,508,836)	(2,515,364)
4,039,216	-	-	5,150,000	5,150,000
<u>(569,919)</u>	-	-	<u>(691,359)</u>	<u>(723,688)</u>
<u>989,960</u>	-	-	<u>(3,788,176)</u>	<u>(3,891,114)</u>
285,872	-	66,797	352,669	4,353,675
(5,235,523)	(1,896,638)	(7,469)	(11,581,510)	(14,847,512)
(9,201)	(151,813)	207,025	45,382	(195,417)
<u>(4,958,852)</u>	<u>(2,048,451)</u>	<u>266,353</u>	<u>(11,183,459)</u>	<u>(10,689,254)</u>
22,259	26,998	(448)	100,704	114,454
66,250	45,899	742	122,254	237,201
<u>\$ 88,509</u>	<u>\$ 72,897</u>	<u>\$ 294</u>	<u>\$ 222,958</u>	<u>\$ 351,655</u>
\$ 2,090,903	\$ 1,648,882	\$ (207,025)	\$ 736,696	\$ (108,922)
2,016,552	-	-	4,903,032	4,969,727
-	29,810	-	483,724	724,038
-	-	(5,216)	(5,216)	(47,281)
(8,046)	-	-	(109,676)	(198,456)
461,732	514,245	(15,587)	1,085,685	1,263,673
(10,775)	-	-	(10,775)	(12,073)
(105,135)	(175,581)	(5,040)	(325,895)	173,563
(700,090)	58,093	(33,933)	(655,952)	(861,763)
<u>\$ 3,745,141</u>	<u>\$ 2,075,449</u>	<u>\$ (266,801)</u>	<u>\$ 6,101,623</u>	<u>\$ 5,902,506</u>



CITY OF LUBBOCK, TEXAS

Nonmajor Component Units

The following Component Units, which are legally separate entities, are included in the reporting entity because the City is financially accountable and is able to impose its will.

Urban Renewal Agency (URA) – Accounts for housing rehabilitation, housing acquisition, and land disposition. The URA is governed by a board appointed by the City Council.

Civic Lubbock, Inc. was organized to foster and promote the presentation of wholesome educational and cultural programs, attractions and entertainment for the general moral, intellectual, physical improvement, and welfare of the people of the City of Lubbock and surrounding area.

Market Lubbock Economic Development Corporation, dba Market Lubbock, Inc. was formed to create, manage, operate, and supervise programs and activities that assist and enhance economic development within and around the City.

Lubbock Economic Development Alliance was formed to create, manage and supervise programs and activities to promote, assist, and enhance economic development within and around the City.

Vintage Township Public Facilities Corporation was formed to assist the City in financing, refinancing, providing or otherwise assisting in the acquisition, construction and maintenance of certain public facilities benefiting the Vintage Township.

City of Lubbock, Texas
Combining Statement of Net Position
Nonmajor Component Units
September 30, 2022

	Urban Renewal Agency (URA)	Civic Lubbock, Inc.	Market Lubbock, Inc.
ASSETS			
Current assets:			
Cash and cash equivalents	\$ -	\$ 700,006	\$ 6,766,048
Investments	-	-	1,747,419
Accounts receivable, net	-	121,345	611,800
Interest receivable	-	-	-
Due from other governments	-	-	1,726,282
Inventories	-	21,320	60,044
Prepaid expenses	-	68,539	-
Restricted assets:			
Cash and cash equivalents	-	1,119,867	-
Investment in property	115,158	-	-
Mortgage receivables	1,947,673	-	-
Land inventory	-	-	-
Capital assets (net of accumulated depreciation):			
Non-depreciable	-	366,332	-
Depreciable	-	2,429	138,627
Total assets	<u>2,062,831</u>	<u>2,399,838</u>	<u>11,050,220</u>
LIABILITIES			
Current liabilities:			
Accounts payable	-	385,744	63,622
Accrued liabilities	-	9,470	45,128
Accrued interest payable	-	-	-
Unearned revenues	-	825,039	-
Noncurrent liabilities due within one year:			
Contracts and leases payable	-	-	903,020
Bonds	-	-	-
Noncurrent liabilities due in more than one year:			
Contracts and leases payable	-	-	74,127
Bonds payable	-	-	-
Total liabilities	<u>-</u>	<u>1,220,253</u>	<u>1,085,897</u>
NET POSITION (DEFICIT)			
Net investment in capital assets	-	368,761	138,627
Restricted for:			
Primary government agreement	-	100,000	-
Special revenue	2,062,831	-	-
Unrestricted	-	710,824	9,825,696
Total net position (deficit)	<u>\$ 2,062,831</u>	<u>\$ 1,179,585</u>	<u>\$ 9,964,323</u>

Lubbock Economic Development Alliance	Vintage Township Public Facilities Corporation	Total Nonmajor Component Units
\$ 11,267,583	\$ -	\$ 18,733,637
1,560,185	-	3,307,604
1,521,364	-	2,254,509
1,087,802	-	1,087,802
-	-	1,726,282
-	-	81,364
-	-	68,539
-	-	1,119,867
-	-	115,158
-	-	1,947,673
7,382,940	-	7,382,940
-	-	366,332
<u>3,287,379</u>	<u>-</u>	<u>3,428,435</u>
<u>26,107,253</u>	<u>-</u>	<u>41,620,142</u>
695,778	-	1,145,144
88,202	-	142,800
-	71,464	71,464
4,710,857	-	5,535,896
3,267,692	-	4,170,712
-	42,000	42,000
30,593,372	-	30,667,499
-	1,896,000	1,896,000
<u>39,355,901</u>	<u>2,009,464</u>	<u>43,671,515</u>
3,287,379	-	3,794,767
-	-	100,000
-	-	2,062,831
<u>(16,536,027)</u>	<u>(2,009,464)</u>	<u>(8,008,971)</u>
<u>\$ (13,248,648)</u>	<u>\$ (2,009,464)</u>	<u>\$ (2,051,373)</u>

City of Lubbock, Texas
Combining Statement of Activities
Nonmajor Component Units
For the Year Ended September 30, 2022

	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Urban Renewal Agency (URA)				
Community services	\$ 449,822	\$ -	\$ -	\$ -
Civic Lubbock, Inc.				
Cultural and recreation	1,569,712	1,555,458	313,153	-
Market Lubbock, Inc.				
Economic and business development	7,019,754	68,505	156,309	-
Lubbock Economic Development Alliance				
Economic and business development	46,636,205	-	1,289,143	-
Vintage Township Public Facilities Corporation				
Interest on long-term debt	142,928	-	-	181,292
Total component units	<u>\$ 55,818,421</u>	<u>\$ 1,623,963</u>	<u>\$ 1,758,605</u>	<u>\$ 181,292</u>

General revenues:
Property taxes
Sales taxes
Occupancy taxes
Investment earnings
Miscellaneous
Total general revenues
Change in net position (deficit)
Net position (deficit) - beginning of year
Net position (deficit) - end of year

**Net (Expense) Revenue and
Changes in Net Position**

Urban Renewal Agency (URA)	Civic Lubbock, Inc.	Market Lubbock, Inc.	Lubbock Economic Development Alliance	Vintage Township Public Facilities Corporation	Total
\$ (449,822)	\$ -	\$ -	\$ -	\$ -	\$ (449,822)
-	298,899	-	-	-	298,899
-	-	(6,794,940)	-	-	(6,794,940)
-	-	-	(45,347,062)	-	(45,347,062)
-	-	-	-	38,364	38,364
<u>(449,822)</u>	<u>298,899</u>	<u>(6,794,940)</u>	<u>(45,347,062)</u>	<u>38,364</u>	<u>(52,254,561)</u>
-	-	3,613,722	-	-	3,613,722
-	-	-	8,416,181	-	8,416,181
-	-	5,165,333	-	-	5,165,333
56,346	2,545	9,900	110,031	-	178,822
2,020	-	58,969	424,727	-	485,716
<u>58,366</u>	<u>2,545</u>	<u>8,847,924</u>	<u>8,950,939</u>	<u>-</u>	<u>17,859,774</u>
(391,456)	301,444	2,052,984	(36,396,123)	38,364	(34,394,787)
<u>2,454,287</u>	<u>878,141</u>	<u>7,911,339</u>	<u>23,147,475</u>	<u>(2,047,828)</u>	<u>32,343,414</u>
<u>\$ 2,062,831</u>	<u>\$ 1,179,585</u>	<u>\$ 9,964,323</u>	<u>\$ (13,248,648)</u>	<u>\$ (2,009,464)</u>	<u>\$ (2,051,373)</u>

City of Lubbock, Texas
Statement of Net Position
Discretely Presented Component Unit
Urban Renewal Agency (URA)
September 30, 2022

ASSETS	
Restricted assets:	
Investment in Property	\$ 115,158
Mortgage receivables	<u>1,947,673</u>
Total assets	<u><u>\$ 2,062,831</u></u>
LIABILITIES	
Total liabilities	<u>\$ -</u>
NET POSITION	
Restricted for:	
Special revenue	<u>2,062,831</u>
Total net position	<u><u>\$ 2,062,831</u></u>

City of Lubbock, Texas
Statement of Revenues, Expenses and
and Changes in Fund Net Position
Discretely Presented Component Unit
Urban Renewal Agency (URA)
For Fiscal Year Ended September 30, 2022

OPERATING REVENUES	
Other services and charges	\$ 2,020
Interest income	<u>56,346</u>
Total operating revenues	<u>58,366</u>
OPERATING EXPENSES	
Other services and charges	<u>377,952</u>
Total operating expenses	<u>377,952</u>
Operating loss	<u>(319,586)</u>
NONOPERATING EXPENSES	
Dispositon of property	<u>(71,870)</u>
Change in net position	(391,456)
Total net position - beginning	<u>2,454,287</u>
Total net position - ending	<u><u>\$ 2,062,831</u></u>

City Of Lubbock, Texas
Statement of Cash Flows
Urban Renewal Agency
For the Year Ended September 30, 2022

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from customers	\$ 321,606
Payments to suppliers	(377,952)
Payments to employees	-
Other receipts (payments)	-
Net cash provided (used) by operating activities	<u>(56,346)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Proceeds from sales and maturities of investments	-
Purchase of investments	-
Interest earnings on cash and investments	56,346
Net cash provided by (used for) investing activities	<u>56,346</u>
Net increase (decrease) in cash and cash equivalents	-
Cash and cash equivalents - beginning of year	-
Cash and cash equivalents - end of year	<u><u>-</u></u>

**Reconciliation of operating income (loss) to net cash provided
(used) by operating activities:**

Operating income (loss)	(375,932)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Other income (expense)	-
Change in current assets and liabilities:	
Mortgage receivable	319,586
Net cash provided (used) by operating activities	<u>(56,346)</u>

Supplemental cash flow information:

Noncash capital improvements and other changes	\$ <u><u>-</u></u>
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City of Lubbock, Texas
Statement of Net Position
Discretely Presented Component Unit
Vintage Township Public Facilities Corporation
September 30, 2022

ASSETS	
Total assets	<u><u>\$ -</u></u>
LIABILITIES	
Current liabilities:	
Accrued interest payable	\$ 71,464
Bonds payable	<u>42,000</u>
Total current liabilities	<u>113,464</u>
Noncurrent liabilities:	
Bonds payable	<u>1,896,000</u>
Total noncurrent liabilities	<u>1,896,000</u>
Total liabilities	<u>2,009,464</u>
NET POSITION (DEFICIT)	
Unrestricted	<u>(2,009,464)</u>
Total net position (deficit)	<u><u>\$ (2,009,464)</u></u>

City of Lubbock, Texas
Statement of Revenues, Expenses and
and Changes in Fund Net Position
Discretely Presented Component Unit
Vintage Township Public Facilities Corporation
For Fiscal Year Ended September 30, 2022

NONOPERATING REVENUES (EXPENSES)	
Grants	\$ 181,292
Interest expense	<u>(142,928)</u>
Net nonoperating revenues (expenses)	<u>38,364</u>
Change in net position	38,364
Total net position (deficit) - beginning	<u>(2,047,828)</u>
Total net position (deficit) - ending	<u><u>\$ (2,009,464)</u></u>

City Of Lubbock, Texas
Statement of Cash Flows
Vintage Township Public Facilities Corporation
For the Year Ended September 30, 2022

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from customers	\$	-
Payments to suppliers		-
Payments to employees		-
Net cash provided (used) by operating activities		<u>-</u>

CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES

Operating grants		<u>181,292</u>
Net cash provided (used) by noncapital and related financing activities		<u>181,292</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Principal paid on bonds		(37,000)
Interest paid on bonds		<u>(144,292)</u>
Net cash provided (used) for capital and related financing activities		<u>(181,292)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Proceeds from sales and maturities of investments		-
Purchase of investments		-
Interest earnings on cash and investments		<u>-</u>
Net cash provided by (used for) investing activities		<u>-</u>
Net increase (decrease) in cash and cash equivalents		-
Cash and cash equivalents - beginning of year		<u>-</u>
Cash and cash equivalents - end of year		<u><u>-</u></u>

Reconciliation of operating income (loss) to net cash provided (used) by operating activities:

Operating income (loss)		-
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Accounts receivable		<u>-</u>
Net cash provided (used) by operating activities		<u>-</u>

Supplemental cash flow information:

Noncash capital improvements and other changes	\$	<u><u>-</u></u>
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City of Lubbock, Texas
Statistical Section
(Unaudited – for Analytical Purposes Only)
September 30, 2022

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

TABLE **CONTENTS**

Financial Trends - *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 balance, last ten fiscal years
 - D Changes in fund balances, 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 Tax revenues by source, last ten fiscal years
- F Assessed and estimated actual value of taxable property, last ten fiscal years
- G Principal taxpayers, current year and nine years ago
- H Property tax levies and collections, last ten fiscal years
- I Property tax rates - direct and overlapping governments, 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.*

- J Ratio of outstanding debt by type, last ten fiscal years
- K Ratio of net general bonded debt to assessed value and net bonded debt per capita, last ten fiscal years
- L Computation of legal debt margin, last ten fiscal years
- M Revenue bond coverage – LP&L and Water Bonds, last ten fiscal years
- N Ratio of annual debt service expenditures for general obligation bonded debt to total general governmental expenditures
- O Computation of direct and overlapping bonded debt - general obligation bonds in governmental activities

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.*

- P Demographic statistics, last ten years
- Q Principal employers, current year and nine years ago

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.*

- R Full-time equivalents city government employees by function, last ten fiscal years
- S Operating indicators by function/program, last ten fiscal years
- T Capital assets 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 LUBBOCK, TEXAS
Table A - Net Position by Component

Last Ten Fiscal Years
 (accrual basis of accounting)
 (amounts expressed in thousands)

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Governmental activities										
Net investment in capital assets	\$ 310,186	\$ 253,191	\$ 221,288	\$ 186,559	\$ 152,999	\$ 126,549	\$ 107,639	\$ 94,271	\$ 89,047	\$ 77,399
Restricted	30,605	27,909	27,866	26,958	22,597	20,190	17,194	15,158	26,791	11,035
Unrestricted	(124,563)	(137,923)	(160,126)	(166,772)	(160,028)	(120,441)	(97,536)	(76,919)	(14,099)	(1,718)
Total governmental activities net position	216,228	143,177	89,028	46,745	15,568	26,298	27,297	32,510	101,739	86,716
Business-type activities										
Net investment in capital assets	996,595	931,616	870,350	810,898	764,280	730,908	676,613	614,404	574,512	561,354
Restricted	81,977	74,355	63,638	50,997	32,147	39,889	38,728	40,576	39,069	35,740
Unrestricted	92,406	75,453	92,759	99,196	121,879	99,534	100,079	97,774	121,430	115,333
Total business-type activities net position	1,170,978	1,081,424	1,026,747	961,091	918,306	870,331	815,420	752,754	735,011	712,427
Primary Government										
Net investment in capital assets	1,306,781	1,184,807	1,091,638	997,457	917,279	857,457	784,252	708,675	663,559	638,753
Restricted	112,582	102,264	91,504	77,955	54,744	60,079	55,922	55,734	65,860	46,775
Unrestricted	(32,157)	(62,470)	(67,367)	(67,576)	(38,149)	(20,907)	2,543	20,855	107,331	113,615
Total Primary government net position	\$ 1,387,206	\$ 1,224,601	\$ 1,115,775	\$ 1,007,836	\$ 933,874	\$ 896,629	\$ 842,717	\$ 785,264	\$ 836,750	\$ 799,143

Beginning FY 2013 net position restated due to implementation of GASB Statement No. 65, "Items Previously Reported as Assets and Liabilities."
 Beginning FY 2015 net position restated due to implementation of GASB Statement No. 68, "Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27."
 Beginning FY 2018 net position restated due to implementation of GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB)."

CITY OF LUBBOCK, TEXAS
Table B - Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
EXPENSES										
Governmental activities:										
Administrative services and general government	\$ 20,346,789	\$ 21,532,871	\$ 18,499,321	\$ 16,151,468	\$ 14,854,781	\$ 14,598,216	\$ 14,944,792	\$ 12,678,745	\$ 13,842,443	\$ 13,287,438
Community services	13,916,400	9,315,841	7,099,445	6,257,498	5,064,842	6,219,680	5,254,214	5,518,501	5,904,999	6,983,062
Cultural and recreation	19,372,136	17,903,647	18,630,068	19,543,417	18,894,418	20,145,662	19,132,813	17,538,405	17,548,024	17,581,835
Economic and business development	24,176,858	20,025,126	18,534,771	20,174,850	18,938,568	17,207,379	16,833,858	16,349,405	15,737,748	16,238,386
Fire	56,783,166	60,500,949	47,665,316	67,973,842	61,089,454	61,435,103	56,337,294	50,954,425	45,293,942	42,646,239
Health	10,918,444	10,625,328	7,120,460	6,717,959	5,790,308	5,905,200	5,702,354	5,222,280	4,918,230	4,409,889
Police	77,531,673	69,069,600	76,433,464	73,600,529	67,835,367	69,597,467	69,246,130	62,607,334	61,580,048	59,261,383
Other public safety	15,244,449	16,238,744	21,922,781	8,136,634	8,014,293	7,991,003	9,573,985	7,052,342	6,484,824	6,803,117
Streets and traffic	32,104,649	31,273,463	32,943,125	35,768,130	30,656,165	28,674,025	28,459,651	28,143,677	25,346,304	22,366,616
Solid Waste	22,147,098	18,801,094	19,575,283	19,604,313	16,820,311	-	-	-	-	-
Interest on long-term debt	12,712,394	8,475,848	10,569,582	11,326,682	11,857,748	12,348,553	12,566,751	11,887,688	12,006,271	13,058,063
Total governmental activities	305,254,056	283,762,511	278,993,616	285,255,322	259,816,255	244,122,288	238,051,842	217,952,802	208,662,833	202,656,028
Business-type activities:										
Electric	312,502,376	266,509,594	199,682,842	193,325,242	217,957,566	224,783,283	206,965,251	213,356,425	216,615,556	202,250,921
Water/Wastewater	110,359,956	113,325,126	111,443,296	101,952,908	94,690,532	84,788,838	87,463,378	82,860,997	83,791,332	81,561,871
Solid Waste	-	-	-	-	-	19,276,982	18,085,516	17,810,415	18,590,913	18,066,734
Storm Water	13,536,713	13,771,425	14,367,473	12,676,579	11,658,461	11,900,754	11,482,663	11,195,526	11,155,160	11,251,520
Transit	15,585,043	13,529,584	13,636,366	14,184,242	13,613,841	13,293,179	12,721,209	13,494,416	13,379,227	12,904,611
Airport	21,433,761	24,394,222	17,823,376	18,544,972	17,864,799	16,719,986	15,882,259	15,188,492	13,671,449	14,111,055
Civic Centers	3,408,833	3,073,298	3,885,956	4,364,240	4,147,240	4,344,371	4,865,583	5,053,790	4,448,109	3,961,490
Cemetery	507,682	549,490	622,854	604,329	606,304	760,032	752,734	718,990	650,849	667,863
Lake Alan Henry	539,989	537,206	535,390	462,046	390,539	382,614	359,639	367,216	420,804	514,491
Total business-type activities	477,874,353	435,689,945	361,997,553	346,114,558	360,929,282	376,250,039	338,578,232	360,046,267	362,727,499	345,290,556
Total primary government expenses	\$ 783,128,409	\$ 719,452,456	\$ 640,991,169	\$ 631,369,880	\$ 620,745,537	\$ 620,372,327	\$ 596,630,074	\$ 577,999,069	\$ 571,390,332	\$ 547,946,584
PROGRAM REVENUES										
Governmental activities:										
Charges for services:										
Cultural and recreation	\$ 1,119,788	\$ 986,458	\$ 611,111	\$ 1,324,648	\$ 1,344,698	\$ 1,358,711	\$ 1,394,377	\$ 1,400,867	\$ 1,310,187	\$ 1,283,204
Other public safety	9,648,262	8,239,418	7,413,943	8,236,256	7,111,784	7,193,605	7,369,011	7,381,112	6,936,464	7,358,641
Other activities	6,248,025	4,331,198	3,310,544	2,902,347	2,377,728	2,354,065	2,240,458	2,087,636	2,015,819	1,893,433
Solid Waste	26,117,694	26,051,133	24,018,777	24,084,828	22,656,887	-	-	-	-	-
Operating grants and contributions	29,414,550	22,249,601	22,554,192	7,410,775	6,447,093	7,240,734	6,362,542	6,212,820	6,862,991	7,220,886
Capital grants and contributions	30,472,222	13,600,561	17,387,769	20,668,740	15,152,177	10,831,852	12,889,721	12,841,939	12,024,981	21,259,390
Total governmental activities program revenues	103,020,541	75,458,369	75,296,336	64,627,594	55,090,367	28,978,967	30,256,109	29,924,374	29,150,442	39,015,554
Business-type activities:										
Charges for services:										
Electric	339,021,968	273,843,064	213,061,262	215,456,633	246,862,911	252,069,677	230,349,802	228,310,467	234,136,509	220,111,810
Water/Wastewater	143,881,122	134,824,670	136,392,723	124,756,503	134,393,703	122,897,934	118,514,604	111,728,950	111,477,673	114,477,673
Solid Waste	-	-	-	-	-	20,738,031	20,483,239	20,662,231	19,716,606	19,538,679
Storm Water	23,653,255	22,423,463	22,226,051	25,797,905	26,401,167	25,538,337	24,970,570	23,119,087	19,606,904	19,285,819
Transit	4,932,365	4,438,573	3,988,367	5,901,555	5,872,405	5,732,262	5,638,145	5,926,672	5,763,642	5,921,604
Airport	11,499,558	9,802,801	9,940,756	12,498,983	11,640,261	9,419,404	9,335,596	9,082,072	8,471,833	7,780,680
Civic Centers	463,525	396,032	308,267	534,064	819,382	834,156	728,652	698,421	691,871	701,855
Cemetery	575,814	609,490	450,789	310,796	370,852	363,327	402,480	476,144	450,267	434,993
Lake Alan Henry	710,736	716,640	975,011	609,164	615,979	571,513	600,320	506,207	466,343	476,437
Operating grants and contributions	14,797,977	12,772,714	10,844,975	8,691,337	8,297,344	7,902,035	8,054,492	7,724,257	8,407,207	8,242,942
Capital grants and contributions	21,109,421	33,072,973	26,341,054	17,576,344	16,465,762	15,325,835	31,914,754	29,158,083	13,287,745	16,324,187
Total business-type activities program revenues	560,645,741	492,900,420	424,529,255	412,133,284	451,739,771	461,392,511	450,992,654	437,392,591	422,729,987	413,296,678

CITY OF LUBBOCK, TEXAS
Table B - Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Total primary government program revenues	\$ 663,666,282	\$ 568,358,789	\$ 499,825,591	\$ 476,760,878	\$ 506,830,138	\$ 490,371,478	\$ 481,248,763	\$ 467,316,965	\$ 451,880,429	\$ 452,312,232
NET (EXPENSES) AND PROGRAM REVENUES										
Governmental activities	\$ (202,233,515)	\$ (208,304,142)	\$ (203,697,280)	\$ (220,627,728)	\$ (204,725,888)	\$ (215,143,321)	\$ (207,795,733)	\$ (188,028,428)	\$ (179,512,391)	\$ (163,640,474)
Business-type activities	82,771,388	57,210,475	62,531,702	66,018,726	90,810,489	85,142,472	92,414,422	77,346,324	60,002,488	68,006,122
Total net (expenses) and program revenues	\$ (119,462,127)	\$ (151,093,667)	\$ (141,165,578)	\$ (154,609,002)	\$ (113,915,399)	\$ (130,000,849)	\$ (115,381,311)	\$ (110,682,104)	\$ (119,509,903)	\$ (95,634,352)
GENERAL REVENUE, SPECIAL ITEMS, AND TRANSFERS										
Governmental activities:										
Property taxes	109,140,028	105,517,120	103,521,290	97,439,994	89,644,354	86,301,543	80,613,271	74,227,519	69,083,591	65,361,484
Sales taxes	100,990,723	89,999,993	80,703,622	78,160,193	73,571,504	70,417,997	67,978,112	68,037,340	64,650,937	62,250,140
Occupancy taxes	9,191,083	7,483,912	5,931,465	7,855,293	7,355,293	7,025,004	6,852,082	6,769,286	6,252,188	6,147,539
Other taxes	2,017,783	1,771,582	1,471,037	1,743,275	1,662,833	1,603,945	1,562,933	1,562,665	1,494,361	1,266,378
Franchise taxes	33,393,106	29,733,044	26,325,804	9,617,200	9,332,330	9,073,332	9,279,073	10,841,411	9,270,352	9,126,818
Investment earnings	803,476	1,080,449	4,817,702	6,923,972	2,674,797	1,371,387	1,068,978	754,439	346,953	204,991
Miscellaneous	21,883,156	19,781,846	16,874,646	7,753,533	4,255,168	3,362,347	3,413,969	2,760,695	3,745,458	5,843,077
Transfers, net	6,725,541	7,085,290	6,334,943	42,311,185	38,479,748	34,989,088	31,814,641	36,189,998	39,692,321	36,973,388
Total governmental activities	\$ 284,144,896	\$ 262,453,236	\$ 245,980,509	\$ 251,804,468	\$ 226,976,027	\$ 214,144,643	\$ 202,583,059	\$ 201,143,353	\$ 194,536,161	\$ 187,173,815
Business-type activities:										
Investment earnings	-	3,238,746	9,952,776	16,333,948	8,241,483	2,841,137	1,873,424	1,412,364	720,378	229,354
Miscellaneous	2,710,099	1,313,002	575,131	2,742,846	1,302,592	1,916,621	192,436	1,744,209	1,552,742	1,774,039
Transfers, net	(6,725,541)	(7,085,290)	(6,334,943)	(42,311,185)	(38,479,748)	(34,989,088)	(31,814,641)	(36,189,998)	(39,692,321)	(36,973,388)
Total business-type activities	\$ (4,015,442)	\$ (2,533,542)	\$ 4,192,964	\$ (23,234,391)	\$ (28,935,673)	\$ (30,231,330)	\$ (29,748,781)	\$ (33,033,425)	\$ (37,419,201)	\$ (34,969,995)
Total primary government	\$ 280,129,454	\$ 259,919,694	\$ 250,173,473	\$ 228,570,077	\$ 198,040,354	\$ 183,913,313	\$ 172,834,278	\$ 168,109,928	\$ 157,116,960	\$ 152,203,820
CHANGES IN NET POSITION										
Governmental activities	\$ 81,911,381	\$ 54,149,094	\$ 42,283,229	\$ 31,176,740	\$ 22,250,139	\$ (998,678)	\$ (5,212,674)	\$ 13,114,925	\$ 15,023,770	\$ 23,533,341
Business-type activities	78,755,946	54,676,933	66,724,666	42,784,335	61,874,816	54,911,142	62,665,641	44,312,899	22,583,287	33,036,127
Total primary government	\$ 160,667,327	\$ 108,826,027	\$ 109,007,895	\$ 73,961,075	\$ 84,124,955	\$ 53,912,464	\$ 57,452,967	\$ 57,427,824	\$ 37,607,057	\$ 56,569,468

CITY OF LUBBOCK, TEXAS
Table C - Fund Balance of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
General Fund										
Nonspendable	\$ 137,510	\$ 141,304	\$ 158,566	\$ 154,233	\$ 121,578	\$ 119,300	\$ 107,770	\$ 118,303	\$ 127,283	\$ 115,585
Restricted	206,205	246,718	3,235,247	206,655	5,007,610	1,966,885	-	-	-	-
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	1,232,042	-
Unassigned	89,183,331	87,829,092	71,555,145	55,265,460	47,963,825	37,543,346	35,565,756	39,072,190	29,251,491	33,721,048
Total general fund	\$ 89,527,046	\$ 88,217,114	\$ 74,948,958	\$ 55,626,348	\$ 53,093,013	\$ 39,629,531	\$ 35,673,526	\$ 39,190,493	\$ 30,610,816	\$ 33,836,633
All other governmental funds										
Nonspendable	-	-	-	-	-	-	-	-	-	-
Restricted	86,259,167	108,785,632	105,250,786	118,168,350	88,910,538	94,749,432	105,010,204	64,688,760	47,613,171	52,018,973
Committed	36,726,464	32,571,537	26,491,812	26,916,895	22,680,630	18,313,066	20,737,501	18,127,157	17,820,561	11,923,822
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	-	(533)	(122)	-	-	(621,125)	(2,469,447)	(1,988,475)	(2,759,378)	(3,405,424)
Total all other governmental funds	\$ 122,985,631	\$ 141,356,636	\$ 131,742,476	\$ 145,085,245	\$ 111,591,168	\$ 112,441,373	\$ 123,278,258	\$ 80,827,442	\$ 62,674,354	\$ 60,537,371

CITY OF LUBBOCK, TEXAS
Table D - Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
REVENUES										
Taxes	\$ 221,184,893	\$ 205,060,544	\$ 191,327,688	\$ 185,073,679	\$ 172,268,079	\$ 165,214,167	\$ 156,881,965	\$ 150,651,856	\$ 141,477,923	\$ 135,096,438
Franchise taxes	33,393,106	29,733,044	26,325,804	9,617,200	9,332,330	9,073,332	9,279,072	10,841,411	9,270,352	9,126,818
Spectral assessments	1,542,755	1,576,264	1,542,553	1,427,669	1,186,366	1,196,693	972,073	932,227	885,509	834,233
Fees and fines	5,357,193	2,676,436	2,438,784	3,206,853	3,385,807	2,970,915	3,154,394	3,657,410	3,355,397	4,000,374
Licenses and permits	5,694,576	4,740,527	4,549,345	4,176,891	2,746,803	3,274,043	3,568,885	3,004,539	2,821,135	2,625,478
Intergovernmental	29,899,459	22,959,634	23,365,257	9,533,067	7,056,331	7,630,355	6,879,827	6,982,323	7,498,343	7,982,061
Charges for services	30,239,475	30,373,725	26,936,207	27,693,602	25,945,159	32,610,922	3,369,472	3,283,699	3,185,206	3,237,358
Interest	596,451	758,436	3,918,903	5,813,270	2,249,228	1,121,782	837,193	471,663	201,945	59,537
IRS Build America Bond subsidy	-	-	-	-	306,422	427,246	427,694	425,399	425,858	439,395
Miscellaneous	21,179,790	19,255,564	18,442,818	7,589,653	3,991,826	3,105,525	3,111,861	3,982,473	3,600,811	6,472,860
Total revenues	349,387,698	317,134,174	298,847,359	254,131,884	228,468,151	197,275,150	188,482,436	184,233,000	172,722,479	169,874,552
EXPENDITURES										
Current:										
Administrative services and general government	18,979,915	19,782,344	16,147,334	14,630,983	13,938,352	13,068,496	12,567,136	11,602,733	12,605,166	12,041,031
Community services	14,060,720	9,300,036	6,680,349	5,736,399	4,828,621	5,674,147	4,529,775	5,157,325	5,449,045	6,473,828
Cultural and recreation	16,089,629	14,342,422	13,965,338	14,755,806	14,699,119	15,153,618	13,740,289	13,781,678	13,560,730	13,624,228
Economic and business development	23,283,347	18,799,850	16,198,335	17,176,903	16,499,599	15,123,557	14,847,901	14,486,273	13,918,302	14,448,168
Fire	11,009,832	54,317,718	43,053,910	51,843,242	49,141,306	48,371,296	46,749,381	44,678,736	42,577,899	40,155,876
Health	57,780,266	10,409,362	6,424,095	5,947,787	5,286,487	5,160,284	4,792,986	4,708,040	4,424,436	3,953,392
Police	78,795,176	68,895,672	71,047,654	67,028,966	64,186,346	62,152,361	59,349,562	58,715,559	56,433,835	54,990,627
Other public safety	15,596,080	16,344,921	21,351,751	7,520,203	7,415,365	7,389,499	8,595,231	6,676,285	6,031,998	6,422,086
Streets and traffic	6,891,830	7,306,204	8,838,268	11,561,871	7,590,003	7,165,545	7,301,215	7,602,508	7,230,024	7,339,900
Solid Waste	19,041,030	15,241,865	14,610,714	14,227,434	13,132,441	-	-	-	-	-
Intergovernmental	101,979	88,429	107,386	194,959	28,067	90,482	69,671	85,493	80,292	84,547
Debt services:										
Principal	35,467,819	36,473,607	37,769,203	39,007,406	43,248,742	31,871,125	26,293,733	25,150,914	24,498,506	21,866,286
Interest and other charges	15,762,383	13,131,400	15,088,704	14,524,848	14,869,630	15,203,216	13,661,955	12,964,382	13,107,141	13,882,409
Capital outlay	54,472,145	47,212,309	41,847,523	42,057,859	38,712,531	33,945,200	45,440,546	24,805,107	28,179,762	37,012,362
Total expenditures	367,332,151	331,646,139	313,130,564	306,214,666	293,576,609	260,368,826	257,939,381	230,415,033	228,097,136	232,294,740
Deficiency of revenues under expenditures	(17,944,453)	(14,511,965)	(14,283,205)	(52,082,782)	(65,108,458)	(63,093,676)	(69,456,945)	(46,182,033)	(55,374,657)	(62,420,188)
OTHER FINANCING SOURCES (USES)										
Long-term debt issued	-	59,075,538	38,026,000	59,243,627	41,718,979	33,336,596	75,465,000	69,145,000	32,715,000	43,695,000
Payment of refunded debt to escrow agent	-	(26,983,904)	(20,600,990)	(7,856,803)	(20,510,547)	(14,745,470)	(17,872,864)	(45,972,814)	(20,768,374)	(30,465,061)
Bond premium (discount)	-	5,309,885	1,194,216	7,240,311	4,084,766	2,560,230	10,646,353	9,344,831	5,319,643	5,990,123
Capital leases issued	-	-	-	-	-	-	6,591,692	4,555,298	5,842,667	5,778,891
Right-to-use lease proceeds	2,785,552	-	-	-	-	-	-	-	-	-
Transfers in	60,597,455	53,829,456	51,520,962	78,989,966	96,370,476	60,402,576	63,706,307	58,318,909	56,926,661	53,679,599
Transfers out	(62,499,627)	(53,836,694)	(49,877,142)	(49,506,907)	(43,941,939)	(25,341,136)	(30,145,694)	(22,476,426)	(25,749,774)	(19,859,452)
Net other financing sources (uses)	883,380	37,394,281	20,263,046	88,110,194	77,721,735	56,212,796	108,390,794	72,914,798	54,285,823	58,819,100
Net change in fund balances	\$ (17,061,073)	\$ 22,882,316	\$ 5,979,841	\$ 36,027,412	\$ 12,613,277	\$ (6,880,880)	\$ 38,933,849	\$ 26,732,765	\$ (1,088,834)	\$ (3,601,088)
Debt service as a percentage of noncapital expenditures	16.37%	17.44%	19.48%	20.27%	22.80%	20.79%	18.80%	18.54%	18.81%	18.31%

CITY OF LUBBOCK, TEXAS
Table E - Tax Revenues by Source
Last Ten Fiscal Years

Fiscal Year	Property Tax		Sales Tax		Hotel and Motel Tax		Other Tax		Total Tax	
	Revenues ⁽¹⁾	Revenues ⁽¹⁾	Revenues	Revenues	Revenues	Revenues	Revenues ⁽²⁾	Revenues ⁽²⁾	Revenues ⁽³⁾	Revenues ⁽³⁾
2013	65,432,381		62,250,140		6,147,539		1,266,378		135,096,438	
2014	69,080,437		64,650,937		6,252,188		1,494,361		141,477,923	
2015	74,282,565		68,037,340		6,769,286		1,562,665		150,651,856	
2016	80,488,838		67,978,112		6,852,082		1,562,933		156,881,965	
2017	86,167,221		70,417,997		7,025,004		1,603,945		165,214,167	
2018	89,678,449		73,571,504		7,355,293		1,662,833		172,268,079	
2019	97,315,095		78,160,193		7,855,116		1,743,275		185,073,679	
2020	103,221,564		80,703,622		5,931,465		1,471,037		191,327,688	
2021	105,805,057		89,999,993		7,483,912		1,771,582		205,060,544	
2022	108,985,304		100,990,723		9,191,083		2,017,783		221,184,893	

Notes:

(1) Includes General, Special Revenue, and Debt Service Funds.

(2) Includes bingo tax and mixed beverage tax.

(3) Excludes Franchise Fees

CITY OF LUBBOCK, TEXAS
Table F - Assessed and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year Ending	Real Property		Personal Property		Exemptions		Total		Ratio of total assessed value to total estimated actual value	Total Direct Rate
	Assessed value	Estimated actual value	Assessed value	Estimated actual value	All Property	Assessed value	Estimated actual value			
2013	11,377,170,895	11,815,025,106	1,723,036,203	1,770,854,435	485,672,443	13,100,207,098	13,585,879,541	96.4%	0.492110	
2014	11,802,709,058	12,238,826,319	1,732,964,199	1,797,878,859	501,031,921	13,535,673,257	14,036,705,178	96.4%	0.504410	
2015	12,215,957,184	12,666,291,180	1,885,618,746	1,949,879,589	514,594,839	14,101,575,930	14,616,170,769	96.5%	0.522400	
2016	12,882,158,966	13,361,592,620	1,984,707,241	2,010,300,306	505,026,719	14,866,866,207	15,371,892,926	96.7%	0.538020	
2017	13,970,641,963	14,479,415,338	1,977,345,557	2,014,425,875	545,853,693	15,947,987,520	16,493,841,213	96.7%	0.538020	
2018	14,842,866,044	15,402,907,644	1,998,744,101	2,006,854,629	568,152,128	16,841,610,145	17,409,762,273	96.7%	0.538020	
2019	15,677,748,201	16,239,589,207	1,960,118,288	2,024,751,187	626,473,905	17,637,866,489	18,264,340,394	96.6%	0.548020	
2020	16,524,212,137	17,185,462,873	2,131,725,105	2,269,378,591	798,904,222	18,655,937,242	19,454,841,464	95.9%	0.558020	
2021	17,318,410,371	17,976,302,600	2,234,289,406	2,401,955,595	825,558,418	19,552,699,777	20,378,258,195	95.9%	0.541573	
2022	18,473,664,661	19,158,511,489	2,398,027,654	2,491,673,622	778,492,796	20,871,692,315	21,650,185,111	96.4%	0.052323	

Source: Lubbock Central Appraisal District

Note: FY 2021 has been restated to correct an error.

CITY OF LUBBOCK, TEXAS
Table G - Principal Taxpayers
Current Year and Nine Years Ago

	Name of Taxpayer	Type of Business	FYE 2022			FYE 2013		
			Taxable Assessed Valuation	Rank	% of Total Taxable Assessed Valuation	Taxable Assessed Valuation	Rank	% of Total Taxable Assessed Valuation
	Macerich Lubbock LTD Prrshp	Regional Shopping Mall	\$ 135,244,553	1	0.65%	\$ 120,571,839	1	0.98%
	United Supermarket LLC	Food Wholesale	125,006,484	2	0.60%	57,270,781	2	0.47%
	Energas/Atmos Corp	Natural Gas Utility	110,066,179	3	0.53%	38,853,520	8	0.32%
	Wal Mart Stores Inc	Discount Retail Store	83,917,043	4	0.40%	39,429,338	7	0.32%
	CBC Centre Suites LLC	Student Housing	58,411,209	5	0.28%			
	ACC OP LLC	Student Housing	54,245,726	6	0.26%			
	Southwestern Public Service	Electric Utility	50,565,255	7	0.24%			
	Westwind Realty LP	Student Housing	44,534,079	8	0.21%			
	CCC-Lubbock LLC	Apartments	42,632,425	9	0.20%			
	Suddenlink Communications	Cable Utility	39,417,750	10	0.19%	44,873,388	5	0.37%
	Southwestern Public Service	Electric Utility				50,680,387	3	0.41%
	Southwestern Bell Telephone LP	Telephone Utility				48,275,640	4	0.39%
	Plains Co-op Oil Mill, Inc.	Agricultural Processing				41,413,068	6	0.34%
	1859 Management PTRS LP	Hotel				30,780,090	9	0.25%
	Tyco Fire Products LP	Fire Suppression Manufacturer				30,105,912	10	0.24%
			<u>\$ 744,040,703</u>		<u>3.54%</u>	<u>\$ 502,253,963</u>		<u>4.10%</u>

Source: Lubbock Central Appraisal District

CITY OF LUBBOCK, TEXAS
Table H - Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year Ending	Taxes Levied for the Fiscal Year	Total Adjustments as of 9/30/19	Total Adjusted Levy	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
				Amount	Percentage of Original Levy		Amount	Percentage of Adjusted Levy
2013	63,279,229	(168,804)	63,110,425	62,375,516	98.6%	614,763	62,990,279	99.8%
2014	66,684,667	(142,586)	66,542,081	65,871,343	98.8%	582,110	66,453,453	99.9%
2015	71,916,404	(109,254)	71,807,150	71,106,766	98.9%	498,082	71,604,848	99.7%
2016	78,237,757	(331,295)	77,906,462	77,183,471	98.7%	603,568	77,787,039	99.8%
2017	83,561,044	(1,092,696)	82,468,348	82,225,855	98.4%	20,042	82,245,897	99.7%
2018	88,363,187	(1,283,824)	87,079,363	86,398,109	97.8%	419,431	86,817,540	99.7%
2019	94,688,617	(370,450)	94,318,167	93,229,002	98.5%	370,088	93,599,090	99.2%
2020	100,736,320	(296,236)	100,440,084	99,230,875	98.5%	375,627	99,230,875	98.8%
2021	101,459,830	810,862	102,270,692	101,255,741	99.8%	157,059	100,255,741	99.0%
2022	104,625,208	608,665	105,233,873	104,079,511	99.5%	-	104,079,511	98.9%

Source: Lubbock Central Appraisal District

CITY OF LUBBOCK, TEXAS
TABLE I - Property Tax Rates - Direct and Overlapping Governments
(per \$100 of Assessed Value)
Last Ten Fiscal Years

Fiscal Year Ending	City Direct Rates				Overlapping Rates				
	General Fund	Economic Development	Interest & Sinking Fund	Total Direct	Lubbock Independent School District (LISD)	Lubbock County (County)	High Plains Underground Water District (High Plains)	Lubbock County Hospital District (Hospital)	
2013	0.35683	0.02937	0.10591	0.49211	1.23500	0.34648	0.00754	0.11919	
2014	0.36080	0.02705	0.11656	0.50441	1.23500	0.34531	0.00810	0.11844	
2015	0.38500	0.02315	0.11425	0.52240	1.23500	0.34136	0.00803	0.11680	
2016	0.39220	0.02315	0.12267	0.53802	1.23500	0.35816	0.00803	0.11501	
2017	0.37825	0.02315	0.13662	0.53802	1.23500	0.35816	0.00750	0.11206	
2018	0.38825	0.02315	0.12662	0.53802	1.23500	0.35816	0.00690	0.10978	
2019	0.38825	0.02315	0.13662	0.54802	1.23500	0.34809	0.00670	0.10714	
2020	0.40309	0.02315	0.13178	0.55802	1.16500	0.33998	0.00630	0.10519	
2021	0.39867	0.02247	0.12043	0.54157	1.15140	0.33998	0.00550	0.10316	
2022	0.38126	0.02171	0.12027	0.52323	1.13550	0.35999	0.00510	0.10316	

Source: Lubbock Central Appraisal District

CITY OF LUBBOCK, TEXAS
Table J - Ratio of Outstanding Debt By Type
Last Ten Fiscal Years

Governmental									
Fiscal Year	General Obligation Bonds ⁽¹⁾	Tax Note	Leases	SIB Loan	Total	Percentage of Estimated Actual Taxable Value of Property	Per Capita		
2013	301,188,957	-	21,698,987	-	322,887,944	3.14%	1,366		
2014	301,142,375	-	23,327,397	-	324,469,772	2.93%	1,359		
2015	317,369,524	-	23,073,398	-	340,442,922	3.08%	1,411		
2016	365,513,797	-	25,549,907	-	391,063,704	3.39%	1,604		
2017	348,248,886	10,791,284	15,614,548	-	374,654,718	3.19%	1,484		
2018	355,747,110	20,249,968	12,077,164	-	388,074,242	3.07%	1,529		
2019	372,335,270	19,752,852	6,310,604	5,000,000	403,398,726	3.08%	1,582		
2020	345,815,260	23,004,918	1,608,225	6,925,000	377,353,403	2.74%	1,465		
2021	346,596,290	20,080,591	-	6,474,285	373,151,166	2.55%	1,426		
2022	310,444,900	19,582,634	2,944,937	6,011,234	338,983,705	2.12%	1,279		

Business-type									
Fiscal Year	General Obligation Bonds ⁽²⁾	Tax Note	Revenue Bonds ⁽³⁾	Leases	Notes Payable	Total	Percentage of Personal Income	Per Capita	
2013	723,897,798	-	142,207,974	21,461,977	-	887,567,749	8.63%	3,755	
2014	732,210,640	-	147,699,694	20,139,670	-	900,050,004	8.12%	3,771	
2015	771,109,866	-	147,305,321	19,700,974	3,750,000	941,866,161	8.51%	3,904	
2016	767,552,642	-	140,885,848	23,449,316	2,500,000	934,387,806	8.09%	3,834	
2017	761,858,677	7,428,716	144,117,529	14,321,325	1,250,000	928,976,247	7.91%	3,679	
2018	704,228,328	5,545,032	233,205,483	2,798,295	-	945,777,138	7.48%	3,727	
2019	657,941,592	4,867,145	249,516,120	1,412,717	-	913,737,574	6.98%	3,582	
2020	518,175,998	4,275,080	358,620,066	380,731	-	881,451,876	6.41%	3,422	
2021	421,298,232	3,214,407	708,517,332	-	-	1,133,029,971	7.74%	4,330	
2022	374,828,130	1,972,363	754,023,239	600,876	-	1,131,424,608	7.07%	4,269	

* Includes HUD 108 Debt

CITY OF LUBBOCK, TEXAS
Table K - Ratio of Net General Bonded Debt to Assessed Value and
Net Bonded Debt per Capita
Last Ten Fiscal Years

Fiscal year	Population*	Assessed Value (in thousands)	Gross Bonded Debt⁽¹⁾	Debt Service Monies Available⁽²⁾	Debt Payable from Other Government Revenues⁽³⁾	Debt Payable from Enterprise Revenues⁽⁴⁾	Net Bonded Debt⁽⁵⁾	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt Per Capita
2013	236,362	13,100,207	1,025,086,755	5,716,130	94,061,709	689,773,914	235,535,002	1.80%	997
2014	238,706	13,535,673	1,033,353,015	6,223,988	91,933,011	691,330,969	243,865,047	1.80%	1,022
2015	241,233	14,101,576	1,088,479,390	7,024,873	89,353,562	713,358,056	278,742,899	1.98%	1,155
2016	243,736	15,947,988	1,133,066,439	8,020,696	84,137,838	707,242,657	333,665,248	2.09%	1,369
2017	252,506	16,841,610	1,128,327,563	8,912,516	74,179,187	706,181,391	339,054,469	2.01%	1,343
2018	253,783 ⁽⁶⁾	17,793,732	1,085,770,438	10,427,738	55,526,409	656,626,491	363,189,800	2.04%	1,431
2019	255,067 ⁽⁶⁾	18,655,937	1,054,896,859	13,845,408	56,061,646	614,021,089	372,904,272	2.00%	1,462
2020	257,615 ⁽⁶⁾	19,233,335	891,271,256	14,176,331	53,138,620	487,712,615	336,243,690	1.75%	1,305
2021	261,675 ⁽⁶⁾	20,656,948	791,189,520	12,297,686	44,707,903	387,598,843	346,585,088	1.68%	1,324
2022	265,050 ⁽⁶⁾	23,336,227	706,828,027	10,309,799	-	347,967,363	348,550,865	1.49%	1,315

*Sources: City of Lubbock GIS estimates, 2010 Census, 2020 Census

Note: (1) Includes all long-term general obligation debt. (2) Includes restricted investments in the Debt Service Fund and Special Revenue TIF funds. (3) Includes debt paid for from HUD loans, franchise fees, and hotel taxes.(4) Excludes Civic Center debt which is paid from governmental funds (5) Includes TIF debt; prior years have been corrected. (6) Prior years restated.

CITY OF LUBBOCK, TEXAS
Table L - Computation of Legal Debt Margin
Last Ten Fiscal Years

	2022	2021	2020	2019	2018
Total Taxable Property Value	23,336,226,987	20,656,947,725	19,233,335,385	18,655,937,242	17,793,732,000
Total Debt Margin Available (\$1.50 per \$100 Assessed Valuation)*	350,043,405	309,854,216	288,500,031	279,839,059	266,905,980
General Obligation & Certificate Obligation principal payments	(69,935,000)	(78,040,000)	(77,765,000)	(78,165,000)	(78,365,000)
Capital lease principal payments	-	(317,136)	(1,378,148)	(2,458,087)	(6,550,200)
Margin of Indebtedness Available	\$ 280,108,405	\$ 231,497,080	\$ 209,356,883	\$ 199,215,972	\$ 181,990,780

	2017	2016	2015	2014	2013
Total Taxable Property Value	16,841,610,145	15,947,987,520	\$ 14,183,510,930	\$ 13,535,673,257	\$ 13,100,207,098
Total Debt Margin Available (\$1.50 per \$100 Assessed Valuation)*	252,624,152	239,219,813	212,752,664	203,035,099	196,503,106
General Obligation & Certificate Obligation principal payments	(72,370,000)	(66,210,000)	(64,864,113)	(61,700,000)	(39,665,000)
Capital lease principal payments	(12,374,232)	(10,341,126)	(10,640,995)	(10,571,409)	(9,908,108)
Margin of Indebtedness Available	\$ 167,879,920	\$ 162,668,687	\$ 137,247,556	\$ 130,763,690	\$ 146,929,998

*There is no statutory debt limitation in the City Charter or under State Law. The City operates under a Home Rule Charter that limits the maximum tax rate, for all City Purposes, to \$2.50 per \$100 assessed Valuation. Administratively, the Attorney General of the State of Texas will permit allocation of \$1.50 of the \$2.50 maximum tax rate for general obligation debt service.

** Capital Lease Principal Payments corrected for FY 18 and FY 17 In FY 19

CITY OF LUBBOCK, TEXAS
Table M - Revenue Bond Coverage - LP&L and Water Bonds
Last Ten Fiscal Years

ELECTRIC BONDS:				Debt Service Requirements			
Fiscal Year	Net Revenue⁽¹⁾	Direct Operating Expenses⁽²⁾	Net Revenue Available for Debt Service	Principal	Interest	Total	Coverage
2013	212,656,108	169,615,904	43,040,204	6,845,000	2,804,445	9,649,445	4.46
2014	227,244,632	186,020,860	41,223,772	8,250,000	2,890,312	11,140,312	3.70
2015	221,215,135	176,975,146	44,239,989	9,400,000	3,247,888	12,647,888	3.50
2016	222,951,614	176,380,524	46,571,090	10,060,000	3,476,834	13,536,834	3.44
2017	243,928,151	195,200,312	48,727,839	10,780,000	3,363,294	14,143,294	3.45
2018	239,178,553	188,265,586	50,912,967	11,515,000	2,999,119	14,514,119	3.51
2019	211,188,949	163,927,596	47,261,353	15,540,000	6,244,851	21,784,851	2.17
2020	213,061,262	162,559,076	50,502,186	15,425,000	7,152,944	22,577,944	2.24
2021	273,843,064	221,991,649	51,851,415	7,045,000	6,422,644	13,467,644	3.85
2022	339,021,968	254,653,642	84,368,326	17,165,000	12,864,064	30,029,064	2.81

WATER BONDS:				Debt Service Requirements			
Fiscal Year⁽¹⁾	Net Revenue⁽²⁾	Direct Operating Expenses⁽³⁾	Net Revenue Available for Debt Service	Principal	Interest	Total	Coverage
2013	80,899,076	27,824,918	53,074,158	14,579,520	2,807,990	17,387,510	3.05
2014	78,027,115	27,116,338	50,910,777	3,017,055	2,926,363	5,943,418	8.57
2015	76,767,339	27,439,885	49,327,454	3,147,287	2,744,582	5,891,869	8.37
2016	80,239,689	32,755,854	47,483,835	3,236,807	2,558,769	5,795,576	8.19
2017	80,819,568	30,840,543	49,979,025	3,346,948	2,433,670	5,780,618	8.65
2018	134,393,703	44,079,446	90,314,257	3,555,180	2,185,941	5,741,121	15.73
2019	124,756,503	46,671,712	78,084,791	3,651,991	2,065,642	5,717,632	13.66
2020	136,392,723	57,815,047	78,577,676	8,197,002	4,609,613	12,806,614	6.14
2021	134,824,670	63,146,278	71,678,392	9,410,878	7,430,041	16,840,919	4.26
2022	143,881,122	61,142,240	82,738,882	20,039,233	7,942,431	27,981,664	2.96

(1) The Water and Wastewater Systems are reported as a combined system beginning in 2018.

(2) Net Revenue is gross revenue less refunds and allowances.

(3) Direct Operating expenses exclude depreciation. For Water, it includes CRMWA debt payment in years 2006-2007, 2007-2008, 2008-2009 AND 2009-2010.

CITY OF LUBBOCK, TEXAS
Table N - Ratio of Annual Debt Service Expenditures for
General Obligation Bonded Debt to Total General
Governmental Expenditures

Fiscal Year	Last Ten Fiscal Years			Percentage of Debt Service to Total General Expenditures
	Principal	Interest	Total Debt Service ⁽¹⁾	
2013	8,368,806	5,885,847	14,254,653	7.1%
2014	13,435,702	6,435,703	19,871,405	9.7%
2015	13,665,060	6,375,646	20,040,706	9.6%
2016	14,912,306	7,118,493	22,030,799	10.1%
2017	15,941,391	9,327,776	25,269,167	11.0%
2018	17,941,952	9,138,451	27,080,403	10.5%
2019	18,216,211	8,001,825	26,218,036	9.9%
2020	18,564,111	9,414,837	27,978,948	10.2%
2021	18,565,981	7,619,617	26,185,598	9.3%
2022	17,895,000	7,250,151	25,145,151	7.9%
			Total General Expenditures ⁽²⁾	
			200,012,330	
			205,386,853	
			208,586,280	
			219,106,422	
			229,677,979	
			258,698,453	
			264,483,190	
			273,258,641	
			280,176,897	
			317,474,766	

⁽¹⁾ Includes debt service requirements on General Obligation and Certificate of Obligation bonds. Excludes bonds issued in TIF, Gateway, Hotel Tax Supported, and HUD funds.

⁽²⁾ Includes General, Special Revenue, and Debt Service Funds.

CITY OF LUBBOCK, TEXAS
Table O - Computation of Direct and Overlapping Bonded Debt
General Obligation Bonds in Governmental Activities

	Funded Debt Outstanding at 09/30/2022	Percentage Applicable to City of Lubbock	Amount Applicable to City of Lubbock
City of Lubbock	\$ 315,928,805 ⁽¹⁾	100.00%	\$ 315,928,805
Subtotal Directs	<u>315,928,805</u>		<u>315,928,805</u>
Lubbock County	⁽²⁾ 50,570,000	82.68%	41,811,276
Lubbock Independent School District	⁽²⁾ 296,715,943	98.61%	292,591,591
Lubbock- Cooper Independent School District	440,741,573	72.67%	320,286,901
Frenship Independent School District	⁽²⁾ 466,872,576	78.74%	367,615,466
Idalou Independent School District	⁽²⁾ 10,250,000	10.29%	1,054,725
New Deal Independent School District	⁽²⁾ 33,920,000	48.56%	16,471,552
Roosevelt Independent School District	⁽²⁾ 6,905,000	3.46%	238,913
Subtotal Overlapping	<u>1,305,975,092</u>		<u>1,040,070,425</u>
Total	<u>\$ 1,621,903,897</u>		<u>\$ 1,355,999,230</u>

⁽¹⁾ General purpose funded debt payable from ad valorem taxes in governmental activities. Also, includes all self-supporting debt and capital lease balances - governmental activities.

⁽²⁾ "Texas Municipal Reports" published by the Municipal Advisory Council of Texas.

CITY OF LUBBOCK, TEXAS
Table P - Demographic Statistics
Last Ten Years

Year	Population ⁽¹⁾	Personal Income ⁽¹⁾ (in thousands)	Per Capita Income* ⁽³⁾	Median Age ⁽¹⁾	Education Level in Years of Formal Schooling			Unemployment Rate ⁽¹⁾
					Completed ⁽¹⁾	School Enrollment ⁽⁶⁾	Rate ⁽¹⁾	
2013	236,362	10,290,498	36,422	29.7	13.0	29,287	5.20%	(3)
2014	238,706	11,084,148	37,399	29.9	13.4	29,253	4.00%	(3)
2015	241,233	11,066,436	38,467	30.0	13.4	29,265	3.40%	(3)
2016	243,736	11,546,015	39,404	31.0	14.7	28,921	3.50%	(3)
2017	252,506	11,748,703	39,579	30.6	14.9	28,519	3.40%	(3)
2018	253,783 ⁽³⁾	12,646,303	40,813	30.9	14.7	28,026	3.10%	(3)
2019	255,067 ⁽³⁾	13,086,192	42,854 ⁽⁵⁾	31.3	14.4	27,759 ⁽⁵⁾	2.70%	(3)
2020	257,615 ⁽³⁾	13,761,558	44,169 ⁽⁵⁾	31.4	14.5	27,348 ⁽⁵⁾	6.00%	(7)
2021	261,675 ⁽³⁾	14,637,393	46,502 ⁽⁵⁾	31.7	14.4	26,454 ⁽⁵⁾	3.90%	(7)
2022	265,050 ⁽³⁾	15,999,431	50,881 ⁽⁵⁾	32.1	14.7	25,263 ⁽⁵⁾	3.10%	(7)

Sources:

- (1) City of Lubbock GIS & Data Services Department
- (2) www.bea.gov
- (3) City of Lubbock Finance Department (Based on Calendar Year Average)
- (4) Texas Workforce Commission Labor Market Information
- (5) Census Bureau
- (6) Lubbock Independent School District
- (7) U.S. Bureau of Labor Statistics

*Prior year data has been updated

CITY OF LUBBOCK, TEXAS
Table Q - Principal Employers
Current Year and Nine Years Ago

Employer	2022			2013		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Texas Tech University	5,137	1	3.31%	11,376	1	8.10%
Covenant Health System	5,046	2	3.25%	5,000	2	3.56%
United Supermarkets (Corporate)	4,874	3	3.14%	3,622	3	2.58%
Lubbock Independent School District	4,266	4	2.75%	3,456	4	2.46%
University Medical Center	3,626	5	2.34%	3,327	5	2.37%
TTU Health Sciences Center	3,452	6	2.22%	3,280	6	2.34%
City of Lubbock	2,392	7	1.54%	2,256	7	1.61%
Frenship ISD	1,304	8	0.84%	971	10	0.69%
Lubbock County	1,197	9	0.77%	1,271	8	0.91%
Lubbock State Supported Living Center	866	10	0.56%			
Interim Healthcare of West Texas				1,200	9	0.85%
Total	32,160		20.71%	35,759		25.46%

Source: Survey performed by City of Lubbock economic analyst based on Lubbock MSA.

CITY OF LUBBOCK, TEXAS
Table R - Full-time Equivalents City Government Employees by Function
Last Ten Fiscal Years

Function	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Governmental activities:										
Administrative services and general government	110	109	108	103	102	99	97	97	83	80
Community development	14	12	12	12	13	13	14	14	16	16
Cultural and recreation	127	127	126	124	124	125	125	125	124	124
Economic and business development	11	11	10	8	7	7	7	7	5	7
Fire	441	439	438	435	434	429	429	429	414	398
Health	77	67	65	49	48	47	47	44	43	43
Police	573	578	577	565	555	544	545	545	545	540
Other public safety	99	91	91	90	87	83	80	83	83	81
Streets and traffic	126	131	131	131	101	89	90	90	89	89
Solid Waste*	99	96	96	96	94	-	-	-	-	-
Internal service	87	86	85	83	72	52	48	48	56	56
Total governmental activities	1,764	1,747	1,739	1,696	1,637	1,488	1,482	1,482	1,458	1,434
Business-type activities:										
Electric	346	336	335	329	324	303	303	303	303	289
Water/Wastewater**	228	224	224	219	249	171	170	170	168	167
Sewer**	-	-	-	-	-	79	76	76	74	74
Solid waste	-	-	-	-	-	113	113	112	112	111
Storm water	31	33	33	33	38	38	38	38	37	36
Transit	176	169	178	177	171	170	169	168	165	166
Airport	50	50	50	50	49	48	48	48	48	48
Cemetery	6	6	6	6	6	7	7	7	7	7
Civic Centers	18	16	16	16	21	27	27	27	27	27
Lake Alan Henry	2	2	2	2	1	1	1	1	1	1
Internal service	6	6	6	6	15	31	29	30	28	28
Total business-type activities	863	842	850	838	874	988	981	980	970	954
Total	2,627	2,589	2,589	2,534	2,511	2,476	2,463	2,462	2,428	2,388

Source: City of Lubbock Budget Department
 **Solid Waste was incorporated into the General Fund in FY 2017-18
 ***Water/Wastewater were combined for FY 2017-18

CITY OF LUBBOCK, TEXAS
Table S - Operating Indicators by Function/Program
Last Ten Fiscal Years

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013	2013
Cultural and Recreation Services											
Civic Center number of events with greater than 500 attendees	98	44	67	149	220	226	195	195	185	132	132
Library Visits	279,194	223,473	278,057	466,094	453,736	466,606	467,939	447,593	475,372	513,555	513,555
Softball Team Registrations	192	132	114	155	254	254	314	332	320	379	379
Community Center Attendance	45,261	47,749	79,510	157,018	180,490	166,153	169,401	214,652	153,526	133,312	133,312
Senior Center Attendance	56,074	46,432	82,272	132,805	133,527	138,245	142,061	112,028	108,843	111,794	111,794
Garden and Arts Attendance	13,250	11,820	7,713	21,334	27,008	37,726	28,916	31,519	53,761	50,433	50,433
Other Public Safety											
Construction Permits	5,427	6,399	8,719	8,273	7,784	3,714	3,522	3,493	2,611	3,893	3,893
Building Department Inspections	73,540	65,548	59,822	46,724	49,050	65,056	60,334	45,607	23,039	40,232	40,232
Police											
Police Reports Processed	89,042	92,545	89,390	90,007	85,139	91,524	82,472	82,075	65,306	77,106	77,106
Police Crime/Incident Reports	41,852	44,457	44,381	47,223	44,930	36,479	49,693	49,950	39,813	36,535	36,535
Police Calls	729,523	704,151	696,728	586,776	565,324	563,881	382,746	412,962	389,669	363,293	363,293
Fire											
Public Fire Safety Education Presentations	1,546	415	0	950	923	940	1,042	177	215	194	194
Fire/Arson Investigations Conducted	259	234	246	220	179	173	156	136	189	178	178
Inspection Activities Performed	3,561	4,129	6,733	2,640	1,749	2,464	2,145	2,358	1,961	1,976	1,976
LP&L											
Average daily consumption (kwh)	7,111,600	7,049,552	7,095,924	7,105,898	7,175,924	7,309,335	7,331,135	7,532,819	7,056,681	7,503,996	7,503,996
Water											
Average daily consumption (gal)	37,110,000	34,457,140	35,264,249	31,621,312	34,559,677	32,353,126	33,178,203	31,667,400	35,214,103	37,130,000	37,130,000
Airport											
Number of airline passengers enplaned (annual projection)	491,092	366,837	333,981*	537,394*	493,997*	471,565	463,621	462,257	467,236	470,570	470,570
Daily average of airplane departures and landings	256	230*	226*	251*	234*	208	199	201	230	217	217
Number of major airlines	3	3	3	3	3	3	3	3	3	3	3
Number of scheduled daily flights	20	19	14	21	20	18	18	18	18	19	19

Source: City of Lubbock Departments *Note: FY 2018-21 updated to reflect actuals.

CITY OF LUBBOCK, TEXAS
Table T - Capital Assets Statistics by Function/Program
Last Ten Fiscal Years

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Streets and Traffic Engineering										
Miles of Streets Paved	1,254	1,219	1,208	1,195	1,192	1,178	1,127	1,095	1,095	1,095
Miles of Streets Unpaved	57	58	59	61	63	57	62	57	57	57
Fire										
Number of stations	19	19	19	19	19	19	19	19	18	18
Number of fire fighters and officers (civil service)	410	406	406	404	404	404	404	404	389	389
Police										
Number of stations	4	4	1	1	1	1	1	1	1	1
Number of authorized police officers	445	440	465	465	443	433	433	477	477	433
Culture and Recreation Services										
Number of parks and playgrounds	138	138	138	137	137	141	141	140	140	140
Number of dog parks	3	2	2	2	2	-	-	-	-	-
Number of recreation centers	9	9	9	9	9	9	9	9	9	9
Number of golf courses	1	1	1	2	2	2	2	2	2	2
Number of swimming pools	4	4	4	4	4	4	4	4	4	4
Number of auditoriums/coliseums	0	0	0	1	2	2	2	2	2	2
Number of amphitheaters	1	1	1	1	1	1	1	1	1	1
Number of civic centers	1	1	1	1	1	1	1	1	1	1
Number of libraries (excl. education)	4	4	4	4	4	4	4	4	4	4
LP&L										
Number of meters	110,208	108,557	107,899	107,240	106,555	105,788	104,103	103,475	102,079	101,637
Number of sub-stations	41	41	38	38	37	37	37	37	37	36
Number of steam turbines	6	6	6	6	6	6	6	6	6	6
Number of diesel engines	-	-	-	-	-	-	-	-	-	-
Number of gas turbine engines	4	4	4	4	4	4	4	4	4	4
Miles of distribution lines	4,485	4,526	4,393	4,324	4,312	4,322	4,831	4,879	4,879	2,202
Miles of transmission lines	174	174	89	112	105	105	105	105	105	105
Water										
Number of meters	97,709	95,701	92,291	90,046	88,834	87,370	85,761	84,332	83,260	82,231
Miles of distribution lines	2,128	2,011	1,901	1,859	1,780	1,747	1,727	1,777	1,732	1,625
Number of fire hydrants	7,590	7,403	7,133	6,874	6,670	6,491	6,359	6,134	5,885	5,710
Number of water wells (active)	175	175	175	175	175	175	175	175	175	175
Aeres of water rights	246,547	246,547	246,547	246,547	246,547	246,547	246,547	246,547	246,547	246,547
Number of gallons allocated annually by Canadian River Municipal Water Authority (in millions of gallons)	10,747	10,747	10,747	10,747	10,747	10,747*	9,057	7,849**	7,849**	9,056**
Sewer										
Miles of sanitary sewer lines	1,301	1,275	1,242	1,212	1,203	1,181	1,152	1,167	1,145	1,119

*Note: FY 2017 Canadian River Municipal Water Authority made a mid-year adjustment to the number of gallons allocated annually.

**Note: FY 2013-2015 corrections were made for the number of gallons allocated annually by Canadian River Municipal Water Authority.

Source: City of Lubbock Departments

City of Lubbock, Texas
Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2022

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE	FEDERAL ASSISTANCE LISTING NUMBER	Grant/ Contract Number	Passed Through to Sub-recipients	Federal Awards Expended
<u>U. S. DEPARTMENT OF HOUSING & URBAN DEVELOPMENT</u>				
Direct Programs:				
Community Development Block Grant 21-22	14.218	B-21-MC-48-0022	\$ 161,855	\$ 1,021,418
COVID-19 Community Development Block Grant - CARES Act 2020	14.218	B-20-MW-48-0022	276,295	293,104
Community Development Block Grant 20-21	14.218	B-20-MC-48-0022	925,048	1,070,072
Community Development Block Grant 19-20	14.218	B-19-MC-48-0022	-	934,014
Community Development Block Grant 18-19	14.218	B-18-MC-48-0022	-	818,710
Total CDBG Entitlement Grants Cluster			<u>1,363,198</u>	<u>4,137,318</u>
COVID-19 Emergency Solutions Grant - CARES Act 2020	14.231	E-20-MW-48-0022	937,417	1,020,306
Emergency Solutions Grant 20-21	14.231	E-20-MC-48-0022	-	3,761
Total Assistance Listing Number 14.231			<u>937,417</u>	<u>1,024,067</u>
COVID-19 ARPA HOME Program 21-22	14.239	M-21-MP-48-0205	-	389
HOME Program 21-22	14.239	M-21-MC-48-0205	35,847	51,888
HOME Program 20-21	14.239	M-20-MC-48-0205	58,623	58,623
HOME Program 18-19	14.239	M-18-MC-48-0205	-	4,101
Total Assistance Listing Number 14.239			<u>94,470</u>	<u>115,001</u>
Total U. S. Department of Housing & Urban Development			<u>2,395,085</u>	<u>5,276,386</u>
<u>U. S. DEPARTMENT OF JUSTICE</u>				
Passed through Texas Office of Justice Programs:				
COVID-19 Coronavirus Emergency Supplemental Funding Program	16.034	2020-VD-BX-0173	-	430
Total Assistance Listing Number 16.034			<u>-</u>	<u>430</u>
COPS Office Law Enforcement Mental Health and Wellness Act	16.710	2020MHWXK017	-	43,094
Total Assistance Listing Number 16.710			<u>-</u>	<u>43,094</u>
Byrne Memorial (JAG 21)	16.738	15PBJA-21-GG-01885-JAGX	101,979	101,979
Total Assistance Listing Number 16.738			<u>101,979</u>	<u>101,979</u>
Internet Crimes Against Children Task Force 21-22	16.800	2019-MC-FX-K056	-	26,759
Total Assistance Listing Number 16.800			<u>-</u>	<u>26,759</u>
Direct Programs:				
Federal Equitable Sharing - Justice 21-22	16.922	N/A	-	36,934
Total CFDA 16.922			<u>-</u>	<u>36,934</u>
Total U. S. Department of Justice			<u>101,979</u>	<u>209,196</u>
<u>U. S. DEPARTMENT OF TRANSPORTATION</u>				
Direct Programs:				
Federal Aviation Administration:				
Acquire Snow Removal Equipment 2019	20.106	3-48-0138-044-2019	-	515,700
Terminal Apron Rehabilitation 2021	20.106	3-48-0138-047-2021	-	604,419
Seal Runway Pavement Surface/Pavement Joints 2020	20.106	3-48-0138-046-2020	-	67,120
COVID-19 ARPA - Airport Rescue Grant 2021	20.106	3-48-0138-052-2021	-	1,756,374
COVID-19 CRRSA - Airport Coronavirus Relief Grant Program 2021	20.106	3-48-0138-050-2021	-	839,942
COVID-19 FAA CARES Act Funding	20.106	3-48-0138-045-2020	-	847,667
Terminal Building Modification Construction 2019	20.106	3-48-0138-043-2019	-	261,284
Terminal Building Modification Construction 2018	20.106	3-48-0138-042-2018	-	208,192
Total Assistance Listing Number 20.106			<u>-</u>	<u>5,100,698</u>
Federal Transit Administration:				
5339 Funds Buses & Bus Facilities 20-21	20.526	N/A	-	749,558
5339 Funds Buses & Bus Facilities 19-20	20.526	TX-2020-160-00	-	705,085
COVID-19 5307 Funds - CARES Act Operating and Equipment 2020	20.507	TX-2020-165-00	-	2,426,258
5307 Funds - Capital, Operating and Planning 21-22	20.507	N/A	-	2,872,532
5307 Funds - Capital, Operating and Planning 20-21	20.507	N/A	-	604,349
5307 Funds - Capital, Operating and Planning 18-19	20.507	TX-2019-096-00	-	174,326
5307 Funds - Capital, Operating and Planning 17-18	20.507	TX-2018-062-00	-	160,695
5307 Funds - Capital, Operating and Planning 15-16	20.507	TX-2016-075-00	-	7,435
Total Federal Transit Cluster			<u>\$ -</u>	<u>\$ 7,700,238</u>

City of Lubbock, Texas
Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2022

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE	FEDERAL ASSISTANCE LISTING NUMBER	Grant/ Contract Number	Passed Through to Sub-recipients	Federal Awards Expended
Federal Highway Administration:				
Passed through Texas Department of Transportation:				
Under the Unified Planning Work Program:				
Lubbock Metropolitan Planning Organization 21-22	20.205	50-20XF0005	\$ -	\$ 631,614
Total Highway Planning and Construction Cluster			-	631,614
Passed through Texas Department of Transportation:				
5304 Federal Planning 20-21	20.505	PLN-2020-LUBBOCK-00027	-	107,188
Total Assistance Listing Number 20.505			-	107,188
Passed through Texas Department of Transportation:				
COVID-19 5310 Funds - CRRSA Enhanced Mobility of Seniors & Individuals with Disabilities	20.513	TX-2021-106-00	-	4,194
5310 Funds - FED CAP & NF 21-22	20.521	N/A	-	120,240
5310 Funds - FED CAP & NF 20-21	20.521	N/A	-	119,715
Transit Services Program Cluster			-	244,149
Passed through Texas Department of Transportation:				
Safety City Providing Education Today for a Safer Tomorrow 21-22	20.600	2022-LubbockP-G-1YG-0145	-	22,139
Total Highway Safety Cluster			-	22,139
Total U. S. Department of Transportation			-	13,806,026
U.S Department of the Treasury				
Direct Programs:				
COVID-19 U.S. Department of Treasury Emergency Rental Assistance 2	21.023	ERAE0009	-	5,922,129
COVID-19 U.S. Department of Treasury Emergency Rental Assistance	21.023	ERA-2101080940	-	1,176,489
Total Assistance Listing Number 21.023			-	7,098,618
COVID-19 Coronavirus State & Local Fiscal Recovery Funds	21.027	SLFRP2653	708,965	8,346,137
Total Assistance Listing Number 21.027			708,965	8,346,137
Total U.S. Department of the Treasury			708,965	15,444,755
U.S INSTITUTE OF MUSEUM AND LIBRARY SERVICES				
Passed through Texas State Library and Archives Commission:				
Interlibrary Loan Lending Reimbursement Program 21-22	45.310	N/A	-	12,963
TSLAC Texas Digital Navigators Grant Program 21-22	45.310	TDN-22007	-	47,098
Total Assistance Listing Number 45.310			-	60,061
Total U.S. Institute of Museum and Library Services			-	60,061
U.S. ENVIRONMENTAL PROTECTION AGENCY				
Passed through Texas Water Development Board:				
Principle Forgiveness Agreement - CWSRF	66.458	LF1000940	-	33,902
Clean Water State Revolving Fund	66.458	L1000549	-	424,318
Total Clean Water State Revolving Fund Cluster			-	458,220
Total U.S. Environmental Protection Agency			-	458,220
U.S. FOOD AND DRUG ADMINISTRATION				
Passed through National Environmental Health Association:				
Environmental Health Staff Development - Retail Flexible Funding Model Grant Program	93.103	G-OATR-202111-01946	-	1,510
Total Assistance Listing Number 93.103			-	1,510
Total U.S. Food and Drug Administration			-	1,510
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Passed through South Plains Association of Governments:				
Special Program for the Aging Title III B 21-22	93.044	83124-17-A100	-	67,853
Special Program for the Aging Title III C 21-22	93.045	83124-17-A100	-	182,888
Special Program for the Aging Title III C - COVID 21-22	93.045	83124-17-A100	-	22,052
Total Aging Cluster			\$ -	\$ 272,793

City of Lubbock, Texas
Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2022

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE	FEDERAL ASSISTANCE LISTING NUMBER	Grant/ Contract Number	Passed Through to Sub-recipients	Federal Awards Expended
Passed through Texas Department of State Health Services:				
Public Health Emergency Preparedness 22-23	93.069	537-18-0127-00001	\$ -	\$ 77,505
Public Health Emergency Preparedness 21-22	93.069	537-18-0127-00001	-	205,712
Total Assistance Listing Number 93.069			-	283,217
Immunization / Locals 22-23	93.268	HHS000109800001	-	27,384
COVID-19 Immunizations Vaccine Capacity	93.268	HHS001019500024	-	664,828
Immunization / Locals 21-22	93.268	HHS000109800001	-	164,599
Total Assistance Listing Number 93.268			-	856,811
COVID-19 IDCU - COVID Cares/Expansion Grant	93.323	HHS000812700012	-	87,507
Total Assistance Listing Number 93.323			-	87,507
COVID-19 Public Health Workforce Development 2021	93.354	HHS001083000001	-	425,301
COVID-19 Public Health Emergency Response - COVID-19 Crisis 2020	93.354	HHS000771000001	-	3,866
Total Assistance Listing Number 93.354			-	429,167
COVID-19 Health Disparities Grant	93.391	HHS001057600030	-	35,482
Total Assistance Listing Number 93.391			-	35,482
STD/HIV Disease Intervention Specialists 2022	93.977	HHS001120300005	-	155,639
Total Assistance Listing Number 93.977			-	155,639
Preventive Health & Health Services Block Grant (RLSS/LPHS) 21-23	93.991	HHS001027600001	-	59,034
Total Assistance Listing Number 93.991			-	59,034
Passed through Texas Health and Human Services Commission:				
Medicaid Administrative Claims 20-21	93.778	HHS000437900286	-	72,800
Total Assistance Listing Number 93.778			-	72,800
Prevention Resource Centers Program 21-22	93.959	HHS001081400001	-	623,023
Substance Use Disorder Treatment - Co-Occurring Psychiatric & Substance Use Disorder	93.959	HHS000779500006	-	5,442
Substance Use Disorder Treatment - Treatment Adult - Specialize Female 21-23	93.959	HHS000779500004	-	266,996
Substance Use Disorder Treatment - Treatment Adult Services 21-23	93.959	HHS000779500002	-	990,701
Administrative Substance Use Disorder Services 21-23	93.959	HHS000779500001	-	178,844
Community Health Workers Grant Program 21-23	93.959	HHS000780500002	-	359,617
Total Assistance Listing Number 93.959			-	2,424,623
Passed through Texas Department of Housing & Comm. Affairs:				
Comprehensive Energy Assistance Program (CEAP) 2022	93.568	58220003573	1,384,821	1,397,957
COVID-19 Comprehensive Energy Assistance Program (CEAP) ARP Act 2021	93.568	25210003533	1,515,774	1,525,972
Comprehensive Energy Assistance Program (CEAP) 2021	93.568	58210003379	1,096,122	1,151,200
COVID-19 Comprehensive Energy Assistance Program (CEAP) CARES Act 2020	93.568	58990003291	-	747
Total Assistance Listing Number 93.568			3,996,717	4,075,876
Community Services Block Grant 2021	93.569	61210003438	121,400	182,828
COVID-19 Community Services Block Grant CARES Act 2020	93.569	61200003328	-	103,436
Total 477 Cluster			121,400	286,264
Total U. S. Department of Health & Human Services			4,118,117	9,039,213
Total U. S. Department of Homeland Security			-	-
TOTAL FEDERAL FINANCIAL ASSISTANCE			\$ 7,324,146	\$ 44,295,367

CITY OF LUBBOCK, TEXAS
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2022

(1) General

The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the federal award activity of the City under programs of the federal government for the year ended September 30, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City.

(2) Basis of Accounting

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized, as applicable, either under the cost principles in OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments*, or the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. The City has elected not to use the 10% de minimis indirect cost rate allowed under Uniform Guidance.

(3) Outstanding Loans

The federal loan programs listed subsequently are administered directly by the City, and balances and transactions relating to these programs are included in the City’s basic financial statements. Loans outstanding at the beginning of the year and loans made during the year are included in the federal expenditures presented in the Schedule. There are no continuing compliance requirements at September 30, 2022. The balance of loans outstanding at September 30, 2022 consist of:

Federal Assistance Listing		Outstanding Balance at
Number	Program Name	September 30, 2022
14.218	Community Development Block Grant	\$ 85,589
14.239	HOME Program	1,900,792
14.240	HOPE 3 Program	622,639
66.458	Texas Water Development Board	<u>52,850,000</u>
	Total	<u>\$ 55,459,020</u>

City of Lubbock, Texas
Schedule of Expenditures of State Awards
For the Year Ended September 30, 2022

STATE GRANTOR/ PROGRAM TITLE	FEDERAL ASSISTANCE LISTING NUMBER	Grant/ Contract Number	Passed Through to Sub-recipients	State Awards Expended
Texas Department of State Health Services				
HIV Prevention Services Grant 2023	N/A	HHS000077800035	-	11,867
HIV Prevention Services Grant 2022	N/A	HHS000077800035	-	177,023
Immunization / Locals 21-22	N/A	HHS000109800001	-	128,839
Epidemiology Capacity Expansion Grant (IDCU/SUR) 21-23	N/A	HHS000436300019	-	58,954
Preventive Health & Health Services Block Grant (RLSS/LPHS) 21-23	N/A	HHS001027600001	-	30,216
Total Texas Department of State Health Services			-	406,899
Texas Department of Transportation				
5307 Funds - FY 21 State Operation	N/A	N/A	-	716,091
Total Texas Department of Transportation			-	716,091
TOTAL STATE FINANCIAL ASSISTANCE			\$ -	\$ 1,122,990

CITY OF LUBBOCK, TEXAS
Notes to Schedule of Expenditures of State Awards
For the Year Ended September 30, 2022

(1) ***General***

The accompanying schedule of expenditures of state awards presents the activity of all applicable state awards of the City. The City's reporting entity is defined in Note 1 to the City's basic financial statements. State awards received directly from the state agencies, not passed through the State by the Federal Government, as well as state awards passed through other government agencies are included on the schedule.

(2) ***Basis of Accounting***

The accompanying schedule of state awards is presented using the modified accrual basis of accounting, which is described in Note 1 to the City's basic financial statements.

(3) ***Relationship to State Financial Reports***

Grant expenditure reports as of September 30, 2022, which have been submitted to grantor agencies will, in some cases, differ slightly from amounts disclosed herein. The reports prepared for grantor agencies are typically prepared at a later date and often reflect refined estimates of the year-end accruals. The reports will agree at termination of the grant as the discrepancies noted are timing differences.



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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, 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 City of Lubbock, Texas (the City) as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated February 27, 2023. Our report includes a reference to other auditors who audited the financial statements of Civic Lubbock, Inc., Market Lubbock Economic Development Corporation d/b/a Market Lubbock, Inc. or Lubbock Economic Development Alliance, as described in our report on the City's financial statements. This report includes our consideration of the results of the other auditor's testing of internal control over financial reporting and compliance and other matters that are reported on separately by those other auditors. However, this report, insofar as it relates to the results of the other auditors, is based solely on the reports of the other auditors.

Internal Control over Financial Reporting

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we and the other auditors did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain a deficiency in internal control, described in the accompanying *or schedule of findings and questioned costs* as item 2023-001 that we consider to be a significant deficiency.

Weaver and Tidwell, L.L.P.
2300 North Field Street, Suite 1000 / Dallas, Texas 75201
Main: 972.490.1970

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

Compliance and Other Matters

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

The City's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the findings identified in our audit and described in the accompanying correction action plan. The City's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

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

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Dallas, Texas
February 27, 2023



**Independent Auditor's Report on Compliance for Each
Major Program and on Internal Control over Compliance in
Accordance with Uniform Guidance and the Texas
Grant Management Standards**

To the Honorable Mayor and
Members of the City Council
City of Lubbock, Texas

Report on Compliance for Each Major Federal and State Program

Opinion on Each Major Federal and State Program

We have audited the City of Lubbock, Texas' (the City) compliance with the types of compliance requirements¹ identified as subject to audit in the OMB Compliance Supplement and Texas Grant Management Standards (TxGMS) issued by the Texas Comptroller of Public Accounts Statewide Procurement Division that could have a direct and material effect on each of the City's major federal and state programs for the year ended September 30, 2022. The City's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended September 30, 2022.

Basis for Opinion on Each Major Federal State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States (Government Auditing Standards); and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and Texas Grant Management Standards (TxGMS) issued by the Texas Comptroller of Public Accounts Statewide Procurement Division. Our responsibilities under those standards and the Uniform Guidance and TxGMS are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal and state program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the City's federal and state programs.

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. 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, *Government Auditing Standards*, the Uniform Guidance, and TxGMS will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal and state program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance, and TxGMS we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and TxGMS, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Dallas, Texas
February 27, 2023

City of Lubbock, Texas
 Schedule of Findings and Questioned Costs
 For the Fiscal Year Ended September 30, 2022

Section 1. Summary of Auditor's Results

Financial Statements

An unmodified opinion was issued on the financial statements.

Internal control over financial reporting:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? Yes None reported

Noncompliance material to the financial statements noted? Yes No

Federal and State Awards

An unmodified opinion was issued on compliance for each major program.

Internal control over major program:

- Material weakness(es) identified? Yes No
- Significant deficiencies identified that are not considered to be material weakness(es)? Yes None reported

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a) or the Texas Grant Management Standards? Yes No

Identification of major programs:

<u>Identification Number</u>	<u>Name of Program or Cluster</u>
20.106	Airport Improvement Program
20.507 & 20.526	Federal Transit Cluster
21.023	Emergency Rental Assistance
21.027	Coronavirus State and Local Fiscal Recovery Funds
93.959	Block Grants for Prevention and Treatment of Substance Abuse
STATE	5307 Funds – FY 20 State Operations

Dollar threshold used to distinguish between Type A and Type B federal programs: \$1,328,861

Dollar threshold used to distinguish between Type A and Type B state programs: \$750,000

Auditee qualified as low-risk auditee for federal single audit? Yes No

City of Lubbock, Texas
Schedule of Findings and Questioned Costs – Continued
For the Fiscal Year Ended September 30, 2022

Section 2. Financial Statement Findings

Finding 2023-001- Recognition of Non-Cash Contributions

Significant Deficiency in Internal Controls over Financial Reporting

Criteria

The City is responsible for recording the fair value of non-cash contributions in the form of developer contributions in the year the contribution is accepted by the City.

Condition

During the fiscal year, the City's Engineering Department submitted six internal documents to the City's Finance Department that certify the acceptance of water and sewer lines contributed by developers in which the date of acceptance took place in the previous fiscal year.

Cause

The City's Engineering Department has a process to notify the City's Finance Department of developer contributions. However, there was a delay in providing the necessary documentation to the City's Finance Department to record the revenue and capital assets related to these developer contributions in the correct fiscal year.

Effect

Capital assets, contributions, and net position in the Water/Wastewater fund were understated by \$2,210,623.

Recommendation

The City's Engineering Department should review the current policies and procedures to ensure going forward that non-cash contributions such as developer contributions are reported to the City's Finance Department in a timely manner.

Management's Response

See the City's Corrective Action Plan

Section 3. Federal and State Award Findings and Questioned Costs

None

Section 4. Schedule of Prior Year Findings and Questioned Costs

None



Correction Action Plan (Prepared by the City)

Finding 2023-001-Recognition of Non-Cash Contributions Significant Deficiency in Internal Controls over Financial Reporting

Management Response

The Engineering Department is in the process of formalizing the acceptance process that includes timely notification to the Accounting Department. The Engineering Staff is reviewing all acceptance documentation at a minimum of monthly to ensure proper reporting of any infrastructure acceptances. In addition, a process is being established within the City's software package (Cartegraph) to automate the acceptance process moving forward and alleviate lags in the reporting information. Finally, the City of Lubbock is in the process of adopting a new Unified Development Code (UDC) that will further delineate the acceptance process and create a hard stop between infrastructure acceptance and building permits.

Responsible Party

Michael Keenum, P.E., Division Director of Engineering/City Engineer

Implementation Date

The Engineering review became effective January 2023. The Cartegraph implementation is planned for March 2023. The UDC acceptance is planned for April 2023 by City Council with an intended 90-day lag before the effective date. The effective date for the UDC is planned to be July 2023.

