

ANNUAL COMPREHENSIVE FINANCIAL REPORT

**FOR FISCAL YEAR ENDED
SEPTEMBER 30, 2025**



Prepared by:
Finance Department

CITY OF MARBLE FALLS, TEXAS

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INTRODUCTORY SECTION



March 26, 2026

Honorable Mayor, Members of the City Council, and the Citizens of Marble Falls:

The Annual Comprehensive Financial Report (ACFR) of the City of Marble Falls (the "City") for the fiscal year ended September 30, 2025, is hereby submitted. Responsibility for both the accuracy of the data, and completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the various funds of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

As required by the City's charter, the financial statements have been audited by the firm of Pattillo, Brown & Hill, L.L.P., Certified Public Accountants. The goal of the independent audit was to provide reasonable assurances that the financial statements of the City of Marble Falls for the fiscal year ended September 30, 2025, are free of material misstatements. The independent audit involved examining on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City of Marble Falls' financial statements for fiscal year ended September 30, 2025, are presented in conformity with Generally Accepted Accounting Principles.

In developing and evaluating the City's accounting system, consideration is given to the adequacy of internal accounting controls. These controls are designed to provide reasonable assurance regarding the safeguarding of assets against loss from unauthorized use or disposition, and the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived, and the evaluation of costs and benefits requires estimates and judgments by management. We believe that the City's current system of internal controls adequately safeguards assets and provides reasonable assurance of proper recording of financial transactions.

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

The City of Marble Falls' financial policy is to maintain a minimum fund balance of 25% of the current operations and maintenance budget for the City departments within the General Fund. The Proprietary Fund's (Water and Sewer) emphasis is to provide sufficient funds to meet operating expenses, debt payments, and capital improvements. We closely monitor trends on our major sources of funding, such as sales taxes and property taxes, so that we can make adjustments as needed.

PROFILE OF THE CITY

Founded in 1887 by General Adam R. Johnson, Marble Falls is located in the heart of the Texas Hill Country on the Colorado River. The falls, for which the town was named, were used as a landmark by travelers and referred to as the "great falls" or the "marble falls" of the Colorado River as early as 1817. Population estimates for the City of Marble Falls reached 1,800 by 1896 and the first City officials were elected in 1907, when a mayoralderman form of government was instituted.

Policy-making and legislative authority are vested in a governing council consisting of the mayor and six (6) Council Members. The Mayor and Council are responsible, among other things, for passing

ordinances, adopting the budget, appointing board and committee members and hiring the City Manager, City Attorney, and Municipal Judge. The City Manager is responsible for carrying out the policies and ordinances of the City Council, overseeing the day-to-day operations of the City government, and for appointing heads of various departments. The Mayor and Council Members are elected on an at-large, non-partisan basis and serve for a two-year term.

The city provides a full range of municipal services including public safety (police and fire) maintenance of streets and infrastructure, water services, sanitation services, maintenance of the treated waste distribution system, and leisure services (parks and recreation).

FACTORS AFFECTING FINANCIAL CONDITION

The City of Marble Falls is centrally located 47 miles northwest of Austin and 85 miles north of San Antonio, at the intersection of State Highway 281 and Farm Road 1431, in the middle of the Highland Lakes area, the largest chain of lakes in Texas. Currently, the city contains approximately 17.21 square miles.

Steady population growth has been experienced in the last decade with a present population estimated to be 9,930. Current and future subdivisions are designed on oversized lots, as well as smaller garden home areas, which result in spacious residential areas that complement the coveted rural setting. The city serves as a retail and tourist hub to the county and its surrounding area.

The Marble Falls Economic Development Corporation (MFEDC) was formed in 1991 to spearhead the anticipated growth of the city. The MFEDC is funded by a voter approved, half cent sales tax, which is used to offer grants and other economic incentives to existing and new businesses. The MFEDC has successfully upgraded and improved the infrastructure of the city in preparation for commercial and retail businesses locating in Marble Falls. The MFEDC was voted favorably as a 4B corporation in 2007.

Budgetary Controls. The City Charter of the City of Marble Falls establishes the fiscal year as October 1 through September 30. The Charter requires the City Manager to submit a proposed budget and accompanying budget message to the City Council each year. The proposed budget is presented to the City Council by the City Manager and Department Directors at a series of budget work sessions. Copies of the proposed budget are made available to the public and the press and the public hearing schedule is confirmed. Before the public hearings are held, notices of the public hearings on the proposed budget are posted and published in the newspaper. After public hearings at two consecutive regular City Council meetings, the Council may adopt the proposed budget, with or without an amendment. The budget ordinance is to be adopted no later than the 30th day of September and requires an affirmation vote of a majority of the Council. The City maintains budgetary control by adopting an annual operating budget for the General Fund, Debt Service Fund, Special Revenue Funds, Proprietary Fund and Capital Projects Fund. Revisions that increase the total expenditures of any fund must be approved by Council.

In August of 2023, the City Council approved its Vision and Strategic Priorities for 2023 through 2026. The Strategic Priorities are the following:

1. Professional, efficient Municipal Services with an emphasis on quality customer service.
2. A professional, top-notch City Staff, guiding the culture through the Five Levels of Leadership.
3. Fiscal Responsibility through short-term goals to meet immediate needs, balanced with long-term goals.
4. Supporting economic recovery.
5. Economic Stability by solidifying Marble Falls as a tourism destination as well as a commercial and retail center.
6. A Safe Community where people desire to live, work, and play.
7. A vibrant, welcoming Park System, highlighting our lake within the landscape of the Texas Hill Country.
8. A lively Recreation Program for all ages.
9. A unique, thriving Downtown District that is the heart of the community.
10. Connectivity through local streets, sidewalks and trails.
11. On-going Communication with the citizens.

During fiscal year 2024-2025, the General and Proprietary funds' programs reflect managing the effects of inflation, economic and demographic growth, and improvements to critical infrastructure.

The Proprietary Fund's Water and Wastewater budgets also include funding improvements to existing infrastructure and Water Reclamation Facility design and construction.

AWARDS AND ACKNOWLEDGEMENTS

Awards. The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Marble Falls for its annual comprehensive financial report for the fiscal year ended September 30, 2024. In order to be awarded a Certificate of Achievement, the City must publish an easily readable and efficiently organized Annual Comprehensive Financial Report. This report must satisfy both Generally Accepted Accounting Principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current Annual Comprehensive Financial Report continues to meet the Certificate of Achievement program's requirements, and we are submitting it to GFOA to determine its eligibility for another certificate.

Acknowledgements. The preparation of this report could not be accomplished on a timely basis without the efficient and dedicated endeavors of the entire staff of the City's Finance Department and our independent auditors. We would like to express our sincere appreciation to all contributing employees. We also wish to thank the mayor and the members of the City Council for their support in planning and conducting the financial operations of the City in a responsible and progressive manner.

Respectfully submitted,



Caleb Kraenzel
City Manager

CITY OF MARBLE FALLS, TEXAS

PRINCIPAL OFFICIALS

SEPTEMBER 30, 2025

MAYOR

John Packer

MAYOR PRO TEM

Craig Magerkurth

COUNCILMEMBERS

Lauren Haltom
Karlee Hubble
Griff Morris
William D. Haddock
Richard Westerman

CITY MANAGER

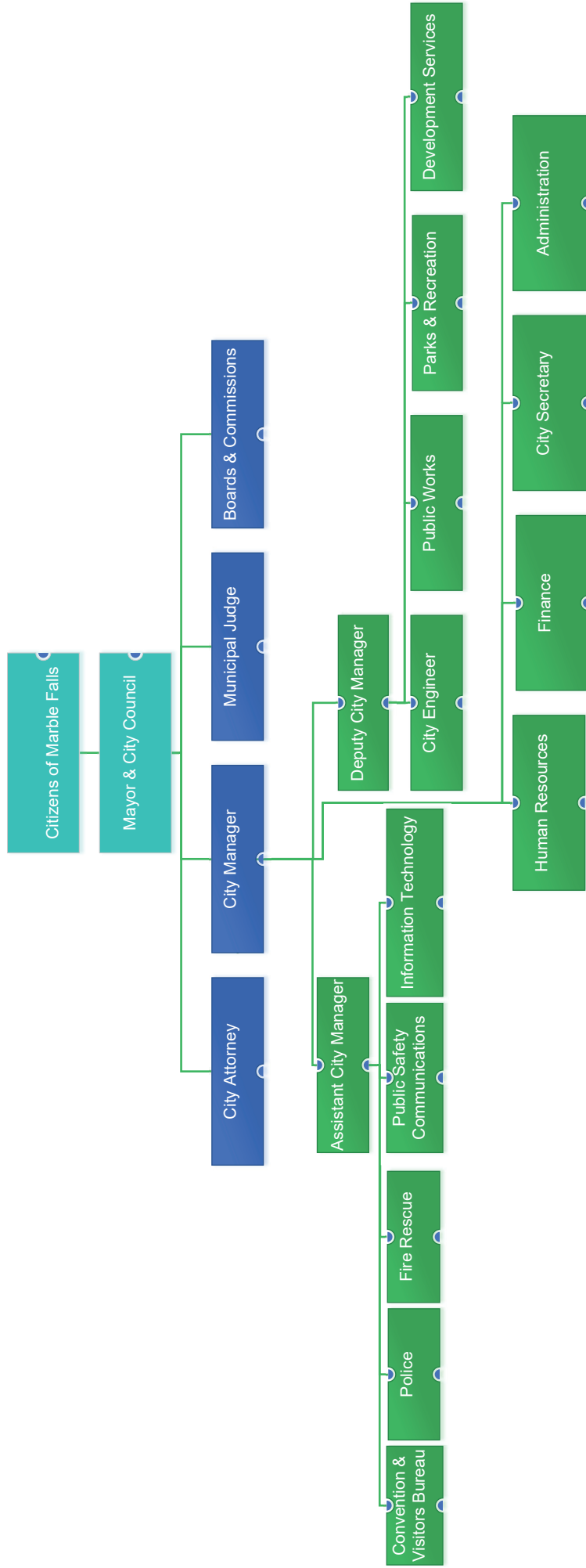
Caleb Kraenzel

CITY ATTORNEY

Josh Brockman-Weber
Messer Fort Law Firm

PREPARED BY:

Finance Department
Interim Finance Director – Angel Alvarado





Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Marble Falls
Texas**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2024

Christopher P. Morill

Executive Director/CEO

FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor
and Members of City Council
City of Marble Falls, Texas

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Marble Falls, Texas, as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the City of Marble Falls, Texas' basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Marble Falls, Texas, as of September 30, 2025, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits 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 of Marble Falls, Texas 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 – Change in Accounting Principle

As discussed in Note I to the basic financial statements, during the year ended September 30, 2025, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Marble Falls, Texas' 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.

OFFICE LOCATIONS

TEXAS | Waco | Temple | Hillsboro | Houston
NEW MEXICO | Albuquerque

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 and *Government Auditing Standards* 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 aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, 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 of Marble Falls, Texas' 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 of Marble Falls, Texas' ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and pension and OPEB 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 of Marble Falls, Texas' basic financial statements. The combining and individual fund financial statements and schedules and the Schedule of Expenditures of Federal Awards, as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules and the Schedule of Expenditures of Federal Awards, are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information included in the Annual Comprehensive Financial Report

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 26, 2026 on our consideration of the City of Marble Falls, Texas' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Marble Falls, Texas' 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 of Marble Falls, Texas' internal control over financial reporting and compliance.

Pattillo, Brown & Hill, L.L.P.

Waco, Texas
March 26, 2026

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**MANAGEMENT'S
DISCUSSION AND ANALYSIS**

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MANAGEMENT'S DISCUSSION AND ANALYSIS

As Management of the City of Marble Falls, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2025. This information is not intended to be a complete statement of the City's financial condition. We recommend and encourage readers to consider the information presented here in conjunction with the accompanying transmittal letter and basic financial statements.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the City of Marble Falls exceeded its liabilities and deferred inflows of resources as of September 30, 2025, by \$65,790,168 (net position). Of this amount, \$3,494,499 is unrestricted net position.
- The City's net position increased by \$2,441,527.
- As of the close of the current fiscal year, the City of Marble Falls governmental funds reported combined ending fund balances of \$55,154,205. \$6,806,610 of this amount is unassigned and available for use within the City's fund designation and policy.
- As of September 30, 2025, unassigned fund balance for the General Fund was \$6,806,610 or 27.6% of total General Fund expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide Financial Statements

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

The Statement of Net Position presents information on all of the City's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. This statement combines and consolidates governmental funds current financial resources (short-term spendable resources) with capital assets and long-term obligations. Other non-financial factors should also be taken into consideration, such as changes in the City's property tax base and the condition of the City's infrastructure (i.e. roads, drainage improvements, storm sewer and water lines, etc.), to assess the overall financial condition of the City.

The Statement of Activities presents information showing how the City's net position changed during the fiscal year. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but not used compensated absences). Both the statement of net position and the statement of activities are prepared utilizing the accrual basis of accounting as opposed to the modified accrual basis used in prior reporting models.

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from functions that are intended to recover all or a significant portion of their costs through user fees (business-type activities).

- Governmental activities include most of the City's basic services (general government, public safety, public works and culture and recreation). Property taxes, sales taxes, and franchise fees primarily finance these activities.
- Business-type activities include the City's water and sewer system. Charges for services cover all or most of the cost for these services.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Fund accounting is used by state and local governments to control and manage money for particular purposes and to ensure finance-related legal requirements. The City uses two fund types – governmental and proprietary.

- **Governmental funds** – Similar to the governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental funds focus on *near-term inflows and outflows of spendable resources* as well as on *balances of spendable resources* available at the end of the fiscal year. The governmental fund statement provides a detailed short-term view of the City's general government operations and helps you determine whether resources are available in the near future to finance City programs. Comparing the information presented for governmental funds with the information presented for governmental activities in the government-wide financial statements will help the reader to better understand the long-term impact of the government's near-term financing decisions. The governmental funds' Balance Sheet, Statement of Revenues, Expenditures and Changes in Fund Balances include a reconciliation to provide such comparison.

The City maintains 13 governmental funds. Information is presented separately in the governmental funds' Balance Sheet and the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund, Economic Development Corporation Fund, Debt Service Fund, Hotel Conference Center Fund, and General Improvements Fund, all of which are considered to be major funds. The other funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements found in this report.

- **Proprietary funds** – The City maintains two proprietary funds. The City uses the Enterprise Fund for water and sewer operations. The Enterprise Fund reports the same functions presented as business-type activities in the government-wide financial statement. The City also maintains an Internal Service Fund, used for equipment replacement.

Reporting the City's Fiduciary Responsibility

The City is the trustee, or fiduciary, for the LaVentana Public Improvement District Trust Fund, Gregg Ranch Public Improvement District Trust Fund, Thunder Rock PID Trust Fund and Thousand Oaks PID Trust Fund. All of the City's fiduciary activities are reported in separate Statements of Fiduciary Net Position and Changes in Fiduciary Net Position. The activities of this fund are excluded from the City's government-wide financial statements because the City cannot use these assets to finance its operations. The City is responsible for ensuring that the assets reported in this fund are used for their intended purpose. The basic fiduciary fund financial statements can be found on pages 25 – 26 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents combining and individual fund statements and schedules that further support the information in the financial statements. These statements are presented immediately following the notes to the financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The City's assets plus deferred outflows exceed liabilities plus deferred inflows by \$65.8 million as of September 30, 2025. The largest portion of the City's net position reflects its investments in capital assets (e.g., land, building, equipment, improvements, construction in progress and infrastructure), less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; therefore, these assets are not available for future spending. It should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

CITY OF MARBLE FALLS' NET POSITION

	Governmental Activities		Business-type Activities		Totals	
	2025	2024	2025	2024	2025	2024
Current and other assets	\$ 64,833,343	\$ 61,436,859	\$ 110,537,110	\$ 50,572,199	\$ 175,370,453	\$ 112,009,058
Capital assets	<u>61,853,527</u>	<u>52,190,316</u>	<u>53,820,012</u>	<u>52,727,260</u>	<u>115,673,539</u>	<u>104,917,576</u>
Total assets	<u>126,686,870</u>	<u>113,627,175</u>	<u>164,357,122</u>	<u>103,299,459</u>	<u>291,043,992</u>	<u>216,926,634</u>
Deferred outflows of resources	<u>2,250,571</u>	<u>2,867,871</u>	<u>484,014</u>	<u>619,138</u>	<u>2,734,585</u>	<u>3,487,009</u>
Current liabilities	12,239,567	9,921,837	36,859,869	17,589,047	49,099,436	27,510,884
Noncurrent liabilities	<u>77,718,758</u>	<u>69,696,768</u>	<u>100,295,256</u>	<u>58,798,053</u>	<u>178,014,014</u>	<u>128,494,821</u>
Total liabilities	<u>89,958,325</u>	<u>79,618,605</u>	<u>137,155,125</u>	<u>76,387,100</u>	<u>227,113,450</u>	<u>156,005,705</u>
Deferred inflows of resources	<u>768,739</u>	<u>534,810</u>	<u>106,220</u>	<u>73,966</u>	<u>874,959</u>	<u>608,776</u>
Net position:						
Net investment,						
in capital assets	18,193,397	12,000,953	27,691,940	24,150,892	45,885,337	36,151,845
Restricted	16,410,332	22,801,052	-	-	16,410,332	22,801,052
Unrestricted	<u>3,606,648</u>	<u>1,539,626</u>	<u>(112,149)</u>	<u>3,306,639</u>	<u>3,494,499</u>	<u>4,846,265</u>
Total net position	<u>\$ 38,210,377</u>	<u>\$ 36,341,631</u>	<u>\$ 27,579,791</u>	<u>\$ 27,457,531</u>	<u>\$ 65,790,168</u>	<u>\$ 63,799,162</u>

The restricted portion of the City's net position (24.9%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position is \$3,494,499.

Analysis of the City's Operations

The following table provides a summary of the City's operations for the year ended September 30, 2025. Governmental activities increased the City of Marble Falls' net position by \$2,269,326, accounting for a 6.2% increase in net position. Primary factors attributing to the increase compared to the prior year include general property tax growth as a result of increased valuations and additions to the tax roll, as well as increased capital grants and contributions. Expenses in governmental activities were higher compared to the prior year in the general government and public safety function, mainly due to personnel services. Results for the current fiscal year in the City's business-type activities increased the City's net position by \$172,201 accounting for a 0.6% increase in net position.

CITY OF MARBLE FALLS' CHANGES IN NET POSITION

	Governmental Activities		Business-type Activities		Totals	
	2025	2024	2025	2024	2025	2024
Revenues:						
Program revenues:						
Charges for services	\$ 3,156,340	\$ 3,581,909	\$ 9,121,475	\$ 7,633,837	\$ 12,277,815	\$ 11,215,746
Operating grants and contributions	511,988	542,284	19,125	2,592,840	531,113	3,135,124
Capital grants and contributions	1,400,476	557,748	250,000	-	1,650,476	557,748
General revenues:						
Property taxes	9,142,904	8,646,016	-	-	9,142,904	8,646,016
Sales taxes	13,985,341	14,570,476	-	-	13,985,341	14,570,476
Franchise taxes	725,105	800,483	-	-	725,105	800,483
Other taxes	781,082	945,613	-	-	781,082	945,613
Investment earnings	1,958,030	2,344,665	2,945,010	2,579,745	4,903,040	4,924,410
Miscellaneous	1,148,989	763,450	-	-	1,148,989	763,450
Total revenues	<u>32,810,255</u>	<u>32,752,644</u>	<u>12,335,610</u>	<u>12,806,422</u>	<u>45,145,865</u>	<u>45,559,066</u>
Expenses:						
General government	10,605,311	7,889,825	-	-	10,605,311	7,889,825
Public safety	11,858,753	11,605,706	-	-	11,858,753	11,605,706
Public works	3,140,740	2,759,427	-	-	3,140,740	2,759,427
Culture and recreation	3,630,746	3,779,510	-	-	3,630,746	3,779,510
Interest on long-term debt	2,542,190	2,507,424	-	-	2,542,190	2,507,424
Water and wastewater	-	-	10,926,598	8,246,104	10,926,598	8,246,104
Total expenses	<u>31,777,740</u>	<u>28,541,892</u>	<u>10,926,598</u>	<u>8,246,104</u>	<u>42,704,338</u>	<u>36,787,996</u>
Increases (decreases) in net position before transfers	1,032,515	4,210,752	1,409,012	4,560,318	2,441,527	8,771,070
Transfers	<u>1,236,811</u>	<u>(751,320)</u>	<u>(1,236,811)</u>	<u>751,320</u>	<u>-</u>	<u>-</u>
Change in net position	2,269,326	3,459,432	172,201	5,311,638	2,441,527	8,771,070
Net position, beginning as previously reported	<u>36,341,631</u>	<u>32,882,199</u>	<u>27,457,531</u>	<u>22,145,893</u>	<u>63,799,162</u>	<u>55,028,092</u>
Restatement - change in accounting principle	<u>(400,580)</u>	<u>-</u>	<u>(49,941)</u>	<u>-</u>	<u>(450,521)</u>	<u>-</u>
Net position, beginning, as restated	<u>35,941,051</u>	<u>-</u>	<u>27,407,590</u>	<u>-</u>	<u>63,348,641</u>	<u>-</u>
Net position, ending	<u>\$ 38,210,377</u>	<u>\$ 36,341,631</u>	<u>\$ 27,579,791</u>	<u>\$ 27,457,531</u>	<u>\$ 65,790,168</u>	<u>\$ 63,799,162</u>

Governmental Funds

In the General Fund, fund balance decreased by \$2,556,268. The decrease was due mainly to an increase in capital and other expenditures that outpaced growth in property and sales taxes during the current fiscal year.

The Economic Development Corporation Fund balance increased by \$353,421 from the prior fiscal year, mainly as a result of capital expenditures paid for with existing fund balance.

The Debt Service Fund balance decreased by \$1,252,635 due to an increase in debt service requirements. Property taxes increased by 5.8% primarily due to an increase in total assessed values.

The Hotel Conference Center Fund decreased by \$5,523,539 due to capital expenditures related to the project.

The General Improvements Fund increased fund balance by \$7,217,276 during the year as a result of proceeds from multiple long-term debt issuances for capital projects.

Proprietary Fund

Unrestricted net position of the proprietary fund (water and sewer) was deficit \$112,149. The net position of the Water and Utility Fund increased by \$172,201. This increase was due to an increase in water and utility charges.

General Fund Budgetary Highlights

The City revised the original appropriations approved by the City Council. These changes resulted in an increase in budgeted expenditures in the amount of \$262,450 from the original budget of \$22,368,869 to the revised budget of \$22,631,319 or a 1.2% increase. This was due to slight increases in budgeted expenditures across several functions.

The variance between the final amended budget and actual expenditures was \$2,062,478, primarily as a result of increased expenditures in capital outlay.

Capital Assets

Additional information regarding capital assets can be found in the notes to the financial statements on page 35.

CITY OF MARBLE FALLS' CAPITAL ASSETS AT YEAR-END

	Governmental Activities		Business-type Activities		Totals	
	2025	2024	2025	2024	2025	2024
Land	\$ 18,263,383	\$ 17,620,082	\$ 1,346,413	\$ 1,116,508	\$ 19,609,796	\$ 18,736,590
Buildings and improvements	88,107,469	79,076,650	88,782,065	84,945,551	176,889,534	164,022,201
Equipment	13,520,698	10,738,052	3,587,534	3,414,553	17,108,232	14,152,605
Right to use - equipment	887,099	887,099	-	-	887,099	887,099
Construction in progress	3,768,667	3,138,941	793,290	793,290	4,561,957	3,932,231
Less: accumulated depreciation	(62,693,789)	(59,270,508)	(40,689,290)	(37,542,642)	(103,383,079)	(96,813,150)
Total capital assets, net	\$ 61,853,527	\$ 52,190,316	\$ 53,820,012	\$ 52,727,260	\$ 115,673,539	\$ 104,917,576

Debt Administration

At the end of the current fiscal year, the City had total bonded debt and notes payable of \$172,166,827. Of this amount, \$69,727,583 represents bonded debt backed by the full faith and credit of the City and \$102,439,244 represents payables secured by water and wastewater revenues.

OUTSTANDING DEBT AT YEAR-END

	Governmental Activities		Business-type Activities		Totals	
	2025	2024	2025	2024	2025	2024
Bonds	\$ 69,727,583	\$ 62,837,060	\$ 102,439,244	\$ 60,155,156	\$ 172,166,827	\$ 122,992,216
Total	\$ 69,727,583	\$ 62,837,060	\$ 102,439,244	\$ 60,155,156	\$ 172,166,827	\$ 122,992,216

The City's General Obligation, Tax and Certificates of Obligation bond ratings are listed below.

	Moody's Investors Service	Standard & Poor's
General Obligation Bonds	A3	AA-

During the year the City issued new debt. Additional information on the City's long term-debt can be found in the notes to financial statements of this report on pages 37 - 40.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The entire area surrounding the City of Marble Falls continues to experience steady growth. The City's population is estimated to be 9,930 in 2026. The City is continuing to focus on Economic Development initiatives and infrastructure improvements. The City's financial management policies set guidelines to maintain the fund balance and net position of the various operating funds at levels sufficient to protect the City's creditworthiness as well as its financial position from unforeseeable emergencies.

The City's largest source of revenue in the General Fund is sales tax. The City realized a decrease of 4% from the prior year revenue of \$10,927,857 to \$10,489,006. The 2026 General Fund estimate is projected at \$11,380,695. The Marble Falls Economic Development Corporation (EDC) is funded by a voter approved, half-cent sales tax, which is used to offer grants and other economic incentives to existing and new businesses. The EDC's sales tax estimate for 2026 is \$3,642,619.

The City's second largest source of revenue in the General Fund is ad valorem or property taxes. The City's fiscal year 2026 tax rate is \$0.5350. This rate consists of a maintenance and operations (M&O) tax rate of \$0.2351 and an Interest and Sinking (debt service) tax rate of \$0.2999. The rate was set based on a net taxable value of \$1,517,264,077.

Water revenues for fiscal year 2026 are budgeted at \$5,622,795 which is an increase of 4% over the prior year. Wastewater revenues are budgeted at \$3,450,225, representing a 4% increase over the prior year.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, customers, investors, and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional information, contact the Finance Department; 800 Third Street; Marble Falls, Texas 78654.

**BASIC
FINANCIAL STATEMENTS**

CITY OF MARBLE FALLS, TEXAS

STATEMENT OF NET POSITION

SEPTEMBER 30, 2025

	Primary Government		Total
	Governmental Activities	Business-type Activities	
ASSETS			
Cash and investments	\$ 56,090,597	\$ 109,011,410	\$ 165,102,007
Receivables, net of allowances for uncollectibles			
Taxes	2,722,888	-	2,722,888
Customer accounts	3,994,269	1,349,716	5,343,985
Other	75	-	75
Due from other governments	1,799,422	-	1,799,422
Internal balances	226,092	(226,092)	-
Inventories	-	402,076	402,076
Capital assets:			
Land	18,263,383	1,346,413	19,609,796
Buildings and improvements	88,107,469	88,782,065	176,889,534
Equipment	13,520,698	3,587,534	17,108,232
Right to use - equipment	887,099	-	887,099
Construction in progress	3,768,667	793,290	4,561,957
Accumulated depreciation	(62,693,789)	(40,689,290)	(103,383,079)
Total capital assets, net of accumulated depreciation	<u>61,853,527</u>	<u>53,820,012</u>	<u>115,673,539</u>
Total assets	<u>126,686,870</u>	<u>164,357,122</u>	<u>291,043,992</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflow related to pensions	2,051,155	283,418	2,334,573
OPEB - TMRS supplemental death benefit	29,264	4,044	33,308
OPEB - Retiree health plan	70,826	9,786	80,612
Deferred loss on bond refunding	99,326	186,766	286,092
Total deferred outflows of resources	<u>2,250,571</u>	<u>484,014</u>	<u>2,734,585</u>
LIABILITIES			
Accounts payable	2,597,320	565,995	3,163,315
Accrued liabilities	538,616	26,757	565,373
Due to others	307,520	120,184	427,704
Unearned revenue	662,208	31,146,500	31,808,708
Developer deposits	1,142,267	-	1,142,267
Customer deposits	59,025	696,439	755,464
Accrued interest	877,097	406,301	1,283,398
Long-term liabilities:			
Due within one year			
General and certificates of obligation	4,185,000	3,739,000	7,924,000
Tax notes	495,000	-	495,000
Financing arrangements	769,910	92,819	862,729
Leases	72,992	-	72,992
Compensated absences	508,260	62,528	570,788
OPEB - TMRS supplemental death benefit	13,835	1,912	15,747
OPEB - Retiree health plan	10,517	1,434	11,951
Due in more than one year			
General and certificates of obligation	64,532,583	98,700,244	163,232,827
Tax notes	515,000	-	515,000
Financing arrangements	2,278,463	259,952	2,538,415
Leases	563,531	-	563,531
Compensated absences	1,524,779	187,585	1,712,364
Net pension liability	7,632,316	1,054,591	8,686,907
OPEB - TMRS supplemental death benefit	341,253	47,152	388,405
OPEB - Retiree health plan	330,833	45,732	376,565
Total liabilities	<u>\$ 89,958,325</u>	<u>\$ 137,155,125</u>	<u>\$ 227,113,450</u>

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

CITY OF MARBLE FALLS, TEXAS

STATEMENT OF NET POSITION

SEPTEMBER 30, 2025

	Primary Government		
	Governmental Activities	Business-type Activities	Total
DEFERRED INFLOWS OF RESOURCES			
Deferred inflow related to pensions	\$ 437,226	\$ 60,413	\$ 497,639
OPEB - TMRS supplemental death benefit	101,796	14,066	115,862
OPEB - Retiree health plan	229,717	31,741	261,458
Total deferred inflows of resources	<u>768,739</u>	<u>106,220</u>	<u>874,959</u>
NET POSITION			
Net investment in capital assets	18,193,397	27,691,940	45,885,337
Restricted for:			
Economic development	14,973,287	-	14,973,287
Debt service	278,231	-	278,231
Public safety	400,458	-	400,458
Culture and recreation	758,356	-	758,356
Unrestricted	<u>3,606,648</u>	<u>(112,149)</u>	<u>3,494,499</u>
Total net position	<u>\$ 38,210,377</u>	<u>\$ 27,579,791</u>	<u>\$ 65,790,168</u>

CITY OF MARBLE FALLS, TEXAS

STATEMENT OF ACTIVITIES

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 10,605,311	\$ 967,268	\$ 9,996	\$ -
Public safety	11,858,753	617,987	453,332	39,373
Public works	3,140,740	1,425,948	-	1,331,103
Culture and recreation	3,630,746	145,137	48,660	30,000
Interest on long-term debt	2,542,190	-	-	-
Total governmental activities	<u>31,777,740</u>	<u>3,156,340</u>	<u>511,988</u>	<u>1,400,476</u>
Business-type activities:				
Water and sewer	<u>10,926,598</u>	<u>9,121,475</u>	<u>19,125</u>	<u>250,000</u>
Total business-type activities	<u>10,926,598</u>	<u>9,121,475</u>	<u>19,125</u>	<u>250,000</u>
Total primary government	<u>\$ 42,704,338</u>	<u>\$ 12,277,815</u>	<u>\$ 531,113</u>	<u>\$ 1,650,476</u>

General revenues:

Taxes:

Property, levied for general purposes

Property, levied for debt service

Sales

Franchise

Hotel motel

Mixed beverage

Investment earnings

Miscellaneous

Transfers

Total general revenues and transfers

Change in net position

Net position, beginning, as previously reported

Restatement - change in accounting principle

Net position, beginning, as restated

Net position, ending

Net (Expense) Revenue and
Changes in Net Position

Primary Government		
Governmental Activities	Business-type Activities	Total
\$ (9,628,047)	\$ -	\$ (9,628,047)
(10,748,061)	-	(10,748,061)
(383,689)	-	(383,689)
(3,406,949)	-	(3,406,949)
(2,542,190)	-	(2,542,190)
<u>(26,708,936)</u>	<u>-</u>	<u>(26,708,936)</u>
<u>-</u>	<u>(1,535,998)</u>	<u>(1,535,998)</u>
<u>-</u>	<u>(1,535,998)</u>	<u>(1,535,998)</u>
<u>(26,708,936)</u>	<u>(1,535,998)</u>	<u>(28,244,934)</u>
4,145,644	-	4,145,644
4,997,260	-	4,997,260
13,985,341	-	13,985,341
725,105	-	725,105
781,082	-	781,082
86,391	-	86,391
1,958,030	2,945,010	4,903,040
1,062,598	-	1,062,598
1,236,811	(1,236,811)	-
<u>28,978,262</u>	<u>1,708,199</u>	<u>30,686,461</u>
2,269,326	172,201	2,441,527
<u>36,341,631</u>	<u>27,457,531</u>	<u>63,799,162</u>
<u>(400,580)</u>	<u>(49,941)</u>	<u>(450,521)</u>
<u>35,941,051</u>	<u>27,407,590</u>	<u>63,348,641</u>
<u>\$ 38,210,377</u>	<u>\$ 27,579,791</u>	<u>\$ 65,790,168</u>

CITY OF MARBLE FALLS, TEXAS

BALANCE SHEET - GOVERNMENTAL FUNDS

SEPTEMBER 30, 2025

	<u>General</u>	<u>Economic Development Corporation</u>	<u>Debt Service</u>
ASSETS			
Cash and investments	\$ 7,915,751	\$ 8,162,455	\$ 122,661
Receivables, net of allowances for uncollectibles:			
Property taxes	25,233	-	155,973
Other taxes	1,790,331	557,412	-
Accounts	284,392	-	-
Other	-	75	-
Due from other governments	113,487	-	-
Due from other funds	<u>25,363</u>	<u>37,330</u>	<u>-</u>
Total assets	<u>10,154,557</u>	<u>8,757,272</u>	<u>278,634</u>
LIABILITIES			
Accounts payable	1,186,539	221,052	-
Accrued liabilities	518,323	14,734	403
Due to other funds	-	-	-
Due to others	307,520	-	-
Unearned revenue	-	-	-
Developer deposits	1,142,267	-	-
Customer deposits	<u>59,025</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>3,213,674</u>	<u>235,786</u>	<u>403</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - property taxes	15,955	-	143,607
Unavailable revenue - court fines and fees	<u>118,318</u>	<u>-</u>	<u>-</u>
Total deferred inflows of resources	<u>134,273</u>	<u>-</u>	<u>143,607</u>
FUND BALANCES			
Restricted	-	8,521,486	134,624
Unassigned	<u>6,806,610</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>6,806,610</u>	<u>8,521,486</u>	<u>134,624</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 10,154,557</u>	<u>\$ 8,757,272</u>	<u>\$ 278,634</u>

Hotel Conference Center	General Improvements	Other Governmental	Total Governmental
\$ 6,903,647	\$ 25,298,199	\$ 7,303,459	\$ 55,706,172
-	-	-	181,206
-	-	193,939	2,541,682
-	-	-	284,392
-	-	-	75
-	787,756	898,179	1,799,422
-	226,092	-	288,785
<u>6,903,647</u>	<u>26,312,047</u>	<u>8,395,577</u>	<u>60,801,734</u>
414,516	436,142	339,071	2,597,320
-	-	5,156	538,616
37,330	-	25,363	62,693
-	-	-	307,520
-	662,208	-	662,208
-	-	-	1,142,267
-	-	-	59,025
<u>451,846</u>	<u>1,098,350</u>	<u>369,590</u>	<u>5,369,649</u>
-	-	-	159,562
-	-	-	118,318
-	-	-	277,880
6,451,801	25,213,697	8,025,987	48,347,595
-	-	-	6,806,610
<u>6,451,801</u>	<u>25,213,697</u>	<u>8,025,987</u>	<u>55,154,205</u>
<u>\$ 6,903,647</u>	<u>\$ 26,312,047</u>	<u>\$ 8,395,577</u>	<u>\$ 60,801,734</u>

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CITY OF MARBLE FALLS, TEXAS

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

SEPTEMBER 30, 2025

Total Fund Balances - Governmental Funds \$ 55,154,205

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

Capital assets used in governmental activities are not current financial resources and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Position. 61,756,526

Internal service funds are used to charge the costs of certain activities, such as insurance and fleet management, to individual funds. The assets and liabilities the internal service funds is reported with governmental activities in the Statement of Net Position. 481,426

Some liabilities are not due and payable in the current period and are not included in the fund financial statements, but are included in the governmental activities of the Statement of Net Position.

Bonds and certificates of obligation payable	(67,035,090)
Leases	(636,523)
Financing arrangements	(3,048,373)
Compensated absences	(2,033,039)
Accrued interest payable	(877,097)
Unamortized premium on bonds	(2,692,493)

Unavailable revenue in the governmental fund statements is recognized as revenue in the government-wide financial statements.

Property taxes	159,562
Court fines	118,318
Notes receivable	3,709,877

Certain other long-term assets and liabilities are not available to pay current period expenditures and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Position.

Deferred loss on refunding	99,326
Net pension liability	(7,632,316)
Total OPEB liability	(696,438)
Deferred outflows of resources related to the net pension liability	2,051,155
Deferred inflows of resources related to the net pension liability	(437,226)
Deferred outflows of resources related to the total OPEB liability	100,090
Deferred inflows of resources related to the total OPEB liability	<u>(331,513)</u>

Net Position of Governmental Activities \$ 38,210,377

CITY OF MARBLE FALLS, TEXAS

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

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

	General	Economic Development Corporation	Debt Service
	<u> </u>	<u> </u>	<u> </u>
REVENUES			
Property taxes	\$ 4,201,486	\$ -	\$ 5,061,711
Sales taxes	10,489,006	3,496,335	-
Hotel/motel taxes	-	-	-
Mixed beverage taxes	86,391	-	-
Franchise fees	725,105	-	-
Fines and forfeitures	454,237	-	-
Permits and fees	875,262	24,297	-
Intergovernmental	1,020,079	-	-
Investment earnings	192,045	371,500	81,846
Other	464,527	988	-
Total revenues	<u>18,508,138</u>	<u>3,893,120</u>	<u>5,143,557</u>
EXPENDITURES			
Current:			
General government	5,726,366	743,920	-
Public safety	9,969,969	-	-
Public works	3,010,711	-	-
Culture and recreation	2,823,815	-	-
Capital outlay	2,174,382	1,811,862	-
Debt service:			
Principal	837,272	755,000	4,000,000
Interest	151,282	457,811	1,793,352
Bond issuance costs	-	-	5,450
Total expenditures	<u>24,693,797</u>	<u>3,768,593</u>	<u>5,798,802</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(6,185,659)</u>	<u>124,527</u>	<u>(655,245)</u>
OTHER FINANCING SOURCES (USES)			
Issuance of debt	-	-	-
Premium on bond issuance	-	-	-
Issuance of financed purchases	1,411,191	-	-
Sale of capital assets	163,218	448,457	-
Insurance recoveries	87,456	-	-
Transfers in	2,063,517	-	252,610
Transfers out	(95,991)	(219,563)	(850,000)
Total other financing sources (uses)	<u>3,629,391</u>	<u>228,894</u>	<u>(597,390)</u>
NET CHANGE IN FUND BALANCES	(2,556,268)	353,421	(1,252,635)
FUND BALANCES, BEGINNING	<u>9,362,878</u>	<u>8,168,065</u>	<u>1,387,259</u>
FUND BALANCES, ENDING	<u>\$ 6,806,610</u>	<u>\$ 8,521,486</u>	<u>\$ 134,624</u>

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

Hotel Conference Center	General Improvements	Other Governmental	Total Governmental
\$ -	\$ -	\$ -	\$ 9,263,197
-	-	-	13,985,341
-	-	781,082	781,082
-	-	-	86,391
-	-	-	725,105
-	-	1,255,846	1,710,083
-	-	-	899,559
-	1,373,358	77,570	2,471,007
322,870	727,072	262,697	1,958,030
-	74,372	512,020	1,051,907
<u>322,870</u>	<u>2,174,802</u>	<u>2,889,215</u>	<u>32,931,702</u>
-	-	-	6,470,286
-	-	22,593	9,992,562
-	-	-	3,010,711
-	-	534,938	3,358,753
5,846,409	7,625,812	2,096,093	19,554,558
-	-	-	5,592,272
-	-	-	2,402,445
-	168,519	-	173,969
<u>5,846,409</u>	<u>7,794,331</u>	<u>2,653,624</u>	<u>50,555,556</u>
<u>(5,523,539)</u>	<u>(5,619,529)</u>	<u>235,591</u>	<u>(17,623,854)</u>
-	11,620,000	-	11,620,000
-	329,664	-	329,664
-	585,041	202,000	2,198,232
-	-	-	611,675
-	-	-	87,456
-	302,100	40,550	2,658,777
-	-	(270,794)	(1,436,348)
-	<u>12,836,805</u>	<u>(28,244)</u>	<u>16,069,456</u>
(5,523,539)	7,217,276	207,347	(1,554,398)
<u>11,975,340</u>	<u>17,996,421</u>	<u>7,818,640</u>	<u>56,708,603</u>
<u>\$ 6,451,801</u>	<u>\$ 25,213,697</u>	<u>\$ 8,025,987</u>	<u>\$ 55,154,205</u>

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CITY OF MARBLE FALLS, TEXAS

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

FOR THE YEAR ENDED SEPTEMBER 30, 2025

Amounts reported for governmental activities in the Statement of Activities (pages 12 - 13) are different because:

Net change in fund balances - total governmental funds (pages 16 - 17) \$ (1,554,398)

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

Capital additions	13,694,502
Depreciation expense	(4,008,594)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	3,242,862
--	-----------

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Issuance of bonds	(11,620,000)
Loss on refunding	(329,664)
Issuance of financing arrangements	(2,198,232)
Payments on bonds	4,835,000
Payments on financing arrangements	683,472
Payments on leases	73,800
Amortization of premium on bond issuance	224,141
Amortization of deferred loss	(39,576)
Compensated absences	(334,525)
Accrued interest	(150,341)

Pension and OPEB expenditures are not expended in the government-wide financial statements and recorded as deferred resource outflows. This item relates to contributions made after the measurement date. Additionally, a portion of the City's unrecognized deferred resource outflows related to the pension liability were amortized.

Net pension liability	(155,663)
Total OPEB liability	(8,378)

Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue (expense) of certain internal service funds is reported with governmental activities.	(8,315)
--	---------

Some revenues and expenditures reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

CorWorth note	<u>(76,765)</u>
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Change in net position of governmental activities (pages 12 - 13)	<u>\$ 2,269,326</u>
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CITY OF MARBLE FALLS, TEXAS

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS

SEPTEMBER 30, 2025

	Business-type Activities <u>Enterprise Fund</u> <u>Water and Utility</u>	Governmental Activities <u>Internal Service Fund</u> <u>Equipment Replacement</u>
ASSETS		
Current assets:		
Cash and investments	\$ 109,011,410	\$ 384,425
Accounts receivable, net of allowance	1,349,716	-
Inventories	<u>402,076</u>	<u>-</u>
Total current assets	<u>110,763,202</u>	<u>384,425</u>
Noncurrent assets:		
Capital assets:		
Land	1,346,413	-
Buildings and improvements	88,782,065	-
Machinery and equipment	3,587,534	242,230
Construction in progress	793,290	-
Accumulated depreciation	<u>(40,689,290)</u>	<u>(145,229)</u>
Total capital assets	<u>53,820,012</u>	<u>97,001</u>
Total noncurrent assets	<u>53,820,012</u>	<u>97,001</u>
Total assets	<u>164,583,214</u>	<u>481,426</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflow related to pensions	283,418	-
OPEB - TMRS supplemental death benefit	4,044	-
OPEB - Retiree health plan	9,786	-
Deferred loss on bond refunding	<u>186,766</u>	<u>-</u>
Total deferred outflows of resources	<u>484,014</u>	<u>-</u>
LIABILITIES		
Current liabilities:		
Accounts payable	565,995	-
Accrued liabilities	26,757	-
Due to other funds	226,092	-
Customer deposits	696,439	-
Unearned revenue	31,146,500	-
Due to others	120,184	-
Accrued interest	406,301	-
Compensated absences	62,528	-
Financing arrangements	92,819	-
Bonds payable	3,739,000	-
OPEB - TMRS supplemental death benefit	1,912	-
OPEB - Retiree health plan	<u>1,434</u>	<u>-</u>
Total current liabilities	<u>\$ 37,085,961</u>	<u>\$ -</u>

CITY OF MARBLE FALLS, TEXAS

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS

SEPTEMBER 30, 2025

	Business-type Activities <u>Enterprise Fund</u> <u>Water and Utility</u>	Governmental Activities <u>Internal Service Fund</u> <u>Equipment Replacement</u>
LIABILITIES		
Noncurrent liabilities:		
Compensated absences	\$ 187,585	\$ -
Financing arrangements	259,952	-
Bonds payable	98,700,244	-
Net pension liability	1,054,591	-
OPEB - TMRS supplemental death benefit	47,152	-
OPEB - Retiree health plan	<u>45,732</u>	<u>-</u>
Total noncurrent liabilities	<u>100,295,256</u>	<u>-</u>
Total liabilities	<u>137,381,217</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred inflow related to pensions	60,413	-
OPEB - TMRS supplemental death benefit	14,066	-
OPEB - Retiree health plan	<u>31,741</u>	<u>-</u>
Total deferred inflows of resources	<u>106,220</u>	<u>-</u>
NET POSITION		
Net investment in capital assets	27,691,940	97,001
Unrestricted	<u>(112,149)</u>	<u>384,425</u>
Total net position	<u>\$ 27,579,791</u>	<u>\$ 481,426</u>

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CITY OF MARBLE FALLS, TEXAS

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

FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Business-type Activities <u>Enterprise Fund</u> <u>Water and Utility</u>	Governmental Activities <u>Internal Service Fund</u> <u>Equipment Replacement</u>
OPERATING REVENUES		
Water and utility charges	\$ 8,982,181	\$ -
Miscellaneous	<u>139,294</u>	<u>-</u>
Total operating revenues	<u>9,121,475</u>	<u>-</u>
OPERATING EXPENSES		
Personnel services	2,206,603	-
Supplies	1,223,821	-
Repairs and maintenance	1,360,374	-
Purchased and contracted services	687,925	-
Depreciation	<u>3,163,806</u>	<u>22,697</u>
Total operating expenses	<u>8,642,529</u>	<u>22,697</u>
OPERATING INCOME (LOSS)	<u>478,946</u>	<u>(22,697)</u>
NONOPERATING REVENUES (EXPENSES)		
Intergovernmental	19,125	-
Investment earnings	2,945,010	-
Interest and fiscal charges	<u>(2,284,069)</u>	<u>-</u>
Total nonoperating revenues (expenses)	<u>680,066</u>	<u>-</u>
CAPITAL CONTRIBUTIONS	250,000	-
INCOME BEFORE TRANSFERS	1,409,012	(22,697)
TRANSFERS OUT	(1,236,811)	-
TRANSFERS IN	<u>-</u>	<u>14,382</u>
CHANGE IN NET POSITION	172,201	(8,315)
NET POSITION, BEGINNING, AS PREVIOUSLY REPORTED	<u>27,457,531</u>	<u>489,741</u>
RESTATEMENT - CHANGE IN ACCOUNTING PRINCIPLE	<u>(49,941)</u>	<u>-</u>
NET POSITION, BEGINNING, AS RESTATED	<u>27,407,590</u>	<u>489,741</u>
NET POSITION, ENDING	<u>\$ 27,579,791</u>	<u>\$ 481,426</u>

CITY OF MARBLE FALLS, TEXAS

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Business-type Activities <u>Enterprise Fund</u> <u>Water and Utility</u>	Governmental Activities <u>Internal Service Fund</u> <u>Equipment Replacement</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers and users	\$ 9,046,493	\$ -
Cash paid to suppliers for goods and services	(3,187,694)	-
Cash paid to employees for services	<u>(2,203,412)</u>	-
Net cash provided by operating activities	<u>3,655,387</u>	-
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfers to other funds	(1,236,811)	-
Transfers from other funds	-	<u>14,382</u>
Net cash provided by noncapital financing activities	<u>(1,236,811)</u>	<u>14,382</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition of capital assets	(4,256,558)	-
Proceeds from issuance of long-term debt	45,292,503	-
Capital contributions	250,000	-
Intergovernmental	18,099,825	-
Principal repayments on long-term debt	(2,767,207)	-
Interest and fiscal charges paid on debt	<u>(2,114,593)</u>	-
Net cash used by capital and related financing activities	<u>54,503,970</u>	-
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest and investment earnings	<u>2,945,010</u>	-
Net cash provided by investing activities	<u>2,945,010</u>	-
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	59,867,556	14,382
CASH AND CASH EQUIVALENTS, BEGINNING	<u>49,143,854</u>	<u>370,043</u>
CASH AND CASH EQUIVALENTS, ENDING	<u>\$ 109,011,410</u>	<u>\$ 384,425</u>

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

CITY OF MARBLE FALLS, TEXAS

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Business-type Activities <u>Enterprise Fund</u> <u>Water and Utility</u>	Governmental Activities <u>Internal Service Fund</u> <u>Equipment Replacement</u>
Reconciliation of operating income (loss) to net cash used by operating activities:		
Operating loss	\$ 478,946	\$ (22,697)
Adjustments to reconcile operating income (loss) to net cash used by operating activities:		
Depreciation and amortization	3,163,806	22,697
Changes in assets and liabilities:		
Decrease (increase) in assets:		
Customer receivable	(97,355)	-
Deferred outflow related to pensions	73,571	-
Increase (decrease) in liabilities:		
Accounts payable	88,788	-
Accrued liabilities	(45,809)	-
Net pension liability	(92,301)	-
OPEB net pension obligation	10,052	-
Customer deposits	22,373	-
Due to others	2,862	-
Deferred inflow related to pensions	39,478	-
Deferred inflow related to OPEB	(7,224)	-
Compensated absences payable	<u>18,200</u>	<u>-</u>
Net cash provided by operating activities	<u>\$ 3,655,387</u>	<u>\$ -</u>

CITY OF MARBLE FALLS, TEXAS
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
SEPTEMBER 30, 2025

	<u>Total Trust Funds</u>
ASSETS	
Cash and cash equivalents	\$ 401,485
Total assets	<u>401,485</u>
LIABILITIES	
Accounts payable	<u>792</u>
Total liabilities	<u>792</u>
NET POSITION	
Held in trust	<u>\$ 400,693</u>

CITY OF MARBLE FALLS, TEXAS

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS**

FOR THE YEAR ENDED SEPTEMBER 30, 2025

	<u>Total Trust Funds</u>
ADDITIONS	
Property tax assessment	\$ 1,966,457
Investment earnings	<u>6,575</u>
Total additions	<u>1,973,032</u>
DEDUCTIONS	
Purchased and contracted services	<u>1,608,073</u>
Total deductions	<u>1,608,073</u>
CHANGE IN NET POSITION	364,959
NET POSITION, BEGINNING	<u>35,734</u>
NET POSITION, ENDING	<u>\$ 400,693</u>

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CITY OF MARBLE FALLS, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2025

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Marble Falls is a home rule municipality operating under its own charter since August 9, 1986. The charter provides that the City operates under the council/manager form of government. The City Manager, appointed by the seven-member elected Council, is the Chief Administrative Officer of the City. The City provides the following services: public safety, street maintenance, refuse collection, recreation programs, municipal court, public health, community development, public improvements, water and sewer services, and general administrative services.

Reporting Entity

As required by Governmental Accounting Standards Board Statement (GASBS) No. 14 and 39, these financial statements have been prepared based on considerations regarding the potential for inclusion of other entities, organizations, or functions as part of the City's financial reporting entity.

Consideration regarding the potential for inclusion of other entities, organizations, or functions in the City's financial reporting entity is based on criteria prescribed by GASBS No. 14 and 39. These same criteria are evaluated in considering whether the City is a part of any other governmental or other type of reporting entity. The overriding elements associated with prescribed criteria considered in determining that the City's financial reporting entity status is that of a primary government are that it has a separately elected governing body; it is legally separate; and it is financially independent of other state and local governments. Additional prescribed criteria under GASB No. 14 and No. 39 include considerations pertaining to organizations for which the primary government is financially accountable; and considerations pertaining to other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

As a result of applying the entity definition criteria of the Governmental Accounting Standards Board, the City has included the Economic Development Corporation as a component unit in these financial statements. The Corporation is presented as a blended component unit. The Economic Development Corporation is managed by a board of directors made up of 7 members appointed by the City Council. The Component unit's governing body is substantially the same as the governing body of the primary government. The City Council requires that the Corporation be responsible for the proper discharge of its duties. The Board shall determine its policies and direction within the limitation of the duties imposed by applicable laws, the Articles of Incorporation, Bylaws, budget and fiduciary responsibilities. The City is entitled to and can otherwise access all of the resources of the Economic Development Corporation. Additionally, as the City is considered a primary government for financial reporting purposes, its activities are not considered a part of any other governmental or other type of reporting entity. Complete financial statements for the Corporation may be obtained at the entity's administrative offices at 801 Fourth Street Marble Falls, Texas 78654.

Government-wide Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenue, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenue. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenue* includes 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 revenue are reported instead as *general revenue*.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual Enterprise Funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

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

Property taxes, franchise taxes, sales taxes, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the City.

The City reports the following major governmental funds:

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

The **Economic Development Corporation Fund** is used to account for the use of 4B sales tax revenues that must be used in compliance with statutory restrictions set forth by the state legislature.

The **Debt Service Fund** is used to account for revenue collected for purposes of paying interest on, and retiring, long-term debt including bonds, long-term tax notes, etc.

The **Hotel Conference Center Fund** is used to account for the bond proceeds and the expenditures for the construction of the Hotel Conference Center.

The **General Improvements Fund** is used to account for the bond proceeds and the expenditures for the construction of various capital projects.

The City reports the following major enterprise fund:

The **Water and Utility Fund** is used to account for the activities of the City's water and wastewater operations.

Additionally, the City reports the following fund types:

Internal Service Funds account equipment replacement services provided to other departments on a cost reimbursement basis.

Private Purpose Trust Funds are used to account for assets held by the City in trust for the Laventana PID, Gregg Ranch PID, Thunder Rock PID, and the Thousand Oaks PID.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the City's water and utility function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenue reported for the various functions concerned.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Water and Utility Enterprise Fund are charges to customers for sales and services. Operating expenses for the enterprise fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as non-operating revenue and expenses.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

Assets, Liabilities, and Net Position or Equity

Cash and Investments

Cash and investments include cash on hand, deposits with financial institutions, certificates of deposit, U.S. Treasuries, and privately managed public funds investment pools (LOGIC & Texas Class).

The City's general policy is to report money market investments and short-term participating interest-earning investment contracts at amortized cost and to report nonparticipating interest-earning investment contracts using a cost-based measure. However, if the fair value of an investment is significantly affected by the impairment of the credit standing of the issuer or by other factors, it is reported at fair value. All other investments are reported at fair value unless a legal contract exists which guarantees a higher value. The term "short-term" refers to investments, which have a remaining term of one year or less at time of purchase. The term "nonparticipating" means that the investment's value does not vary with market interest rate changes.

The City maintains a pooled cash and investments account for all funds of the City. Each fund's positive equity in the pooled cash account is presented as "cash and investments" in the financial statements. Negative cash balances have been reclassified and are reflected as interfund accounts payable. Interest income and interest expense are allocated to each respective individual fund monthly based on their representative fund balances.

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

The City categorized its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quotes prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advance to/from other funds" (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All trade and property tax receivables are shown net of an allowance for uncollectible. Trade accounts receivable in excess of 180 days comprise the trade accounts receivable allowance for uncollectible. The property tax receivable allowance is equal to 10 percent of outstanding property taxes at September 30, 2025.

Ad valorem property taxes attach as enforceable liens as of January 1. The City’s property tax is levied each October 1 on the assessed value listed on the previous January 1 for all real and personal property located in the City. Property taxes are payable on October 1 and are considered delinquent on February 1. The adjusted tax levy for October 2024 was \$9,150,825. The tax assessment of October 1, 2024, sets a tax levy at \$0.5350 per \$100 of assessed valuation at 100% of assumed market value. Of this amount, \$0.2999 was allocated to debt service.

Legislation has been passed by the Texas Legislature that affects the method of property assessment and tax collection in the City. This legislation, with certain exceptions, exempts intangible personal property and household goods. In addition, this legislation creates a “Property Tax Code” and provides, among other things, for the establishment of countywide appraisal districts and for a state property tax board, which commenced operation in January 1980.

The value of property within the appraisal district must be reviewed at least every three years. The City may challenge appraised values established by the appraisal district through various appeals and, if necessary, legal action. Under this legislation, the City continues to set tax rates on City property. However, if the effective tax rate, excluding tax rates for bonds and other contractual obligations and adjusted for new improvements, exceeds the rate for the previous year by more than 8%, qualified voters of the City may petition for an election to determine whether to limit the tax rate to no more than 8% above the tax rate of the previous year.

Inventories and Prepaid Items

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The City defines capital assets as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets’ lives are not capitalized.

Property, plant and equipment are depreciated using the straight-line method over the following useful lives:

Assets	Years
Buildings	20-50
Improvements	5-50
Equipment	5-10
Water and sewer system	40-50
Right to use equipment	5-10

General infrastructure assets acquired prior to October 1, 2004, are not reported in the basic statements. General infrastructure assets include all roads, bridges, and other infrastructure assets acquired subsequent to October 1, 2004.

Compensated Absences

The City’s employees earn vacation and sick leave which may either be taken or accumulated up to certain amounts. Upon termination, an employee is paid 100% of their accrued vacation and for 50% of accrued sick leave pay. All vacation and sick leave pay are accrued in the government-wide and proprietary fund financial statements in the amount more likely than not to be used based on historical data.

Long-term Obligations

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

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

Leases

The City has entered into various lease agreements as a lessee. Key estimates and judgments related to leases include how the City determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The City uses the interest rate charged by the lessor as the discount rate, if available. When the interest rate charged by the lessor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the non-cancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the City is reasonably certain to exercise.

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability or lease asset.

Lessee

The City is a lessee for non-cancellable leases of equipment. The City recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements. At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, 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. Subsequently, the lease asset is amortized on a straight-line basis over its useful life. Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

Pensions

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

Other Post-Employment Benefits

TMRS Supplemental Death Benefits Fund. The City participates in the Texas Municipal Retirement System Supplemental Death Benefit Fund (TMRS SDBF), which is an optional single employer defined benefit life insurance plan that is administered by TMRS. It provides death benefits to active and, if elected, retired employees of participating employers. Contribution rates are determined annually for each participating municipality as a percentage of that City's covered payroll. The death benefit for retirees is considered an other-postemployment benefit (OPEB). The OPEB program is an unfunded trust because the SDBF trust covers both actives and retirees and is not segregated. The Total OPEB Liability of the plan has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the Total OPEB Liability, deferred inflows and outflows of resources, and OPEB expense. Benefit payments are recognized when due and payable in accordance with the benefit terms.

Deferred Outflows / Inflows of Resources

In addition to assets, the statement of net position and/or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets applying to a future period and will not be recognized as an outflow of resources, either expenses or expenditures, until that time. The City reports the following items qualifying for this category:

- Deferred charges on refunding reported in the statements of net position - A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price and is amortized over the shorter of the life of the refunded or refunding debt.
- Difference in expected and actual pension and OPEB experience - This difference is deferred and recognized over the estimated average remaining lives of all members determined as of the measurement date.
- Changes in actuarial assumptions related to the pension and OPEB plan - This difference is deferred and recognized over the estimated average remaining lives of all members determined as of the measurement date.
- Pension and OPEB contributions after measurement date - These contributions are deferred and recognized in the following fiscal year.

In addition to liabilities, the statement of net position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets applying to a future period and will not be recognized as an inflow of resources, or revenues, until that time. The City reports the following items qualifying for reporting in this category:

- Difference in expected and actual pension and OPEB experience - This difference is deferred and recognized over the estimated average remaining lives of all members determined as of the measurement date.
- Changes in actuarial assumptions related to the OPEB plan - This difference is deferred and recognized over the estimated average remaining lives of all members determined as of the measurement date.
- Difference in projected and actual earnings on pension assets - This difference is deferred and amortized over a closed five-year period.
- Deferred unavailable revenues reported on the balance sheet of the governmental funds - A deferred amount is recorded for property taxes, grants and municipal court revenue not yet collected or available. These amounts are deferred and recognized as inflow of resources in the period the amounts become available.

Net Position

Net position represents the difference between assets, deferred outflows/inflows of resources and liabilities. Net position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

Estimates

The preparation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual amounts could differ from those estimates.

Change in Accounting Principle

During fiscal year 2025, the City adopted GASB Statement No. 101, *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning certain previously required disclosures. Accordingly, the cumulative effect of the accounting change has been recognized in a restatement of beginning net position for the year ended September 30, 2025.

II. DETAILED NOTES ON ALL FUNDS

Deposits and Investments

As of September 30, 2025, the City had the following investments:

Investment Type	Carrying Value	Weighted Average Maturity (Days)	Credit Rating
Government money market funds:			
GS Financial Square Treasury Instruments Fund	\$ 51,766,200	54	AAAm
Total government money market funds	<u>51,766,200</u>		
Local government investment pools:			
LOGIC	67,349,317	54	AAAm
Texas CLASS	<u>2,628,850</u>	43	AAAm
Total local government investment pools	<u>69,978,167</u>		
Total	\$ <u>121,744,367</u>		

The Public Funds Investment Act (government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports and establishment of appropriate policies. Among other things, it requires the City to adopt, implement and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, and (9) bid solicitation preferences for certificates of deposit. Statutes authorize the City to invest in (1) obligations of the U. S. Treasury, certain U. S. agencies, and the State of Texas; (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) bankers acceptances, (7) mutual funds, (8) investment pools, (9) guaranteed investment contracts, and (10) common trust funds. The Act also requires the City to have independent auditors perform test procedures related to investment practices as provided by the Act. The City is in substantial compliance with the requirements of the Act and with local policies.

U.S. Treasury Money Market Mutual Fund

At September 30, 2025, the City held \$51,766,200 in shares of the Goldman Sachs Financial Square Treasury Instruments Fund, classified as a fixed income money market mutual fund and reported at fair value using the fund's net asset value. This fund invests exclusively in short-term U.S. Treasury obligations and repurchase agreements collateralized by such securities, maintaining a stable \$1.00 NAV with a weighted average maturity of less than 60 days to minimize interest rate risk while providing daily liquidity. Rated AAAM by Standard & Poor's, it carries minimal credit risk due to its U.S. government-backed holdings, is denominated entirely in U.S. dollars with no foreign currency exposure, and - while representing a single investment vehicle - requires no separate concentration disclosure because of its composition of diversified Treasury securities.

Public Funds Investment Pools

Public funds investment pools in Texas (“Pools”) are established under the authority of the Interlocal Cooperation Act Chapter 79 of the Texas Government Code and are subject to the provisions of the Public Funds Investment Act (the “Act”), Chapter 2256 of the Texas Government Code. In addition to other provisions of the Act designed to promote liquidity and safety of principal, the Act requires Pools to: 1) have an advisory board composed of participants in the pool and other persons who do not have a business relationship with the pool and are qualified to advise the pool; 2) maintain a continuous rating of no lower than AAA or AAAM or an equivalent rating by at least one nationally recognized rating service; and 3) maintain the market value of its underlying investment portfolio within one-half of one percent of the value of its shares.

The City’s investments in Pools are reported at an amount determined by the fair value per share of the Pool’s underlying portfolio, unless the Pool is 2a7-like, in which case they are reported at share value. A 2a7-like pool is one which is not registered with the Securities and Exchange Commission (“SEC”) as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC’s Rule 2a7 of the Investment Company Act of 1940.

Custodial Credit Risk. In the case of deposits, this is the risk that in the event of a bank failure, the City’s deposits may not be returned to it. State and City statutes require that all deposits in financial institutions be fully collateralized by U. S. Government Obligations or its agencies and instrumentalities or direct obligations of Texas or its agencies and instrumentalities that have a fair value of not less than the principal amount of deposits. As of September 30, 2025, the majority of the City’s deposit balance was collateralized with securities held by the pledging financial institution. The remaining balance was covered by FDIC insurance.

Credit Risk. It is the City’s policy to limit its investments to investment types with an investment quality rating not less than A or its equivalent by a nationally recognized statistical rating organization. The City’s investment pool is rated AAAM by Standard & Poor’s Investors Service.

Interest Rate Risk. In accordance with its investment policy, the City manages its exposure to declines in fair market values by limiting the average dollar-weighted maturity of its portfolio to a maximum of 365 days.

Receivables

Receivables as of year-end for the City’s individual major funds and nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	Governmental			Proprietary		Total
	General	Economic Development Corporation	Debt Service	Nonmajor Governmental	Water and Utility	
Receivables:						
Property taxes	\$ 28,037	\$ -	\$ 173,303	\$ -	\$ -	\$ 201,340
Other taxes	1,790,331	557,412	-	193,939	-	2,541,682
Customer accounts	504,479	-	-	-	1,677,787	2,182,266
Other	-	75	-	-	-	75
Gross receivables	<u>2,322,847</u>	<u>557,487</u>	<u>173,303</u>	<u>193,939</u>	<u>1,677,787</u>	<u>4,925,363</u>
Less: allowance for uncollectibles	<u>222,891</u>	<u>-</u>	<u>17,330</u>	<u>-</u>	<u>328,071</u>	<u>568,292</u>
Net total receivables	<u>\$ 2,099,956</u>	<u>\$ 557,487</u>	<u>\$ 155,973</u>	<u>\$ 193,939</u>	<u>\$ 1,349,716</u>	<u>\$ 4,357,071</u>

Capital Assets

Capital asset activity for the year ended September 30, 2025, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Government activities:				
Capital assets, not being depreciated:				
Land	\$ 17,620,082	\$ 643,301	\$ -	\$ 18,263,383
Construction in progress	<u>3,138,941</u>	<u>629,726</u>	<u>-</u>	<u>3,768,667</u>
Total assets not being depreciated	<u>20,759,023</u>	<u>1,273,027</u>	<u>-</u>	<u>22,032,050</u>
Capital assets, being depreciated:				
Buildings and improvements	79,076,650	9,030,819	-	88,107,469
Equipment	10,738,052	3,390,656	(608,010)	13,520,698
Right to use equipment	<u>887,099</u>	<u>-</u>	<u>-</u>	<u>887,099</u>
Total capital assets being depreciated	<u>90,701,801</u>	<u>12,421,475</u>	<u>(608,010)</u>	<u>102,515,266</u>
Less accumulated depreciation:				
Buildings and improvements	(51,340,624)	(2,705,975)	-	(54,046,599)
Equipment	(7,843,352)	(1,276,449)	608,010	(8,511,791)
Right to use equipment	<u>(86,532)</u>	<u>(48,867)</u>	<u>-</u>	<u>(135,399)</u>
Total accumulated depreciation	<u>(59,270,508)</u>	<u>(4,031,291)</u>	<u>608,010</u>	<u>(62,693,789)</u>
Total capital assets being depreciated, net	<u>31,431,293</u>	<u>8,390,184</u>	<u>-</u>	<u>39,821,477</u>
Governmental activities capital assets, net	<u>\$ 52,190,316</u>	<u>\$ 9,663,211</u>	<u>\$ -</u>	<u>\$ 61,853,527</u>
	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 1,116,508	\$ 229,905	\$ -	\$ 1,346,413
Construction in progress	<u>793,290</u>	<u>-</u>	<u>-</u>	<u>793,290</u>
Total assets not being depreciated	<u>1,909,798</u>	<u>229,905</u>	<u>-</u>	<u>2,139,703</u>
Capital assets, being depreciated:				
Buildings and improvements	84,945,551	3,836,514	-	88,782,065
Machinery and equipment	<u>3,414,553</u>	<u>190,139</u>	<u>(17,158)</u>	<u>3,587,534</u>
Total capital assets being depreciated	<u>88,360,104</u>	<u>4,026,653</u>	<u>(17,158)</u>	<u>92,369,599</u>
Less accumulated depreciation:				
Buildings and improvements	(35,613,034)	(2,803,919)	-	(38,416,953)
Machinery and equipment	<u>(1,929,608)</u>	<u>(359,887)</u>	<u>17,158</u>	<u>(2,272,337)</u>
Total accumulated depreciation	<u>(37,542,642)</u>	<u>(3,163,806)</u>	<u>17,158</u>	<u>(40,689,290)</u>
Total capital assets being depreciated, net	<u>50,817,462</u>	<u>862,847</u>	<u>-</u>	<u>51,680,309</u>
Business-type activities capital assets, net	<u>\$ 52,727,260</u>	<u>\$ 1,092,752</u>	<u>\$ -</u>	<u>\$ 53,820,012</u>

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

Governmental activities:	
General government	\$ 2,117,184
Public safety	1,591,014
Public works	97,005
Culture and recreation	<u>226,088</u>
Total depreciation expense - governmental activities	<u>\$ 4,031,291</u>
Business-type activities:	
Water and utility	<u>\$ 3,163,806</u>
Total depreciation expense - business-type activities	<u>\$ 3,163,806</u>

Significant commitments related to construction contracts that were included in construction in progress at year end were as follows:

<u>Project Description</u>	<u>Total In Progress</u>	<u>Remaining Commitment</u>
Thunder Rock Maintenance Facility	\$ 414,987	\$ 264,168
Via Viejo Pump Station Improvements	1,594,496	629,244
Avenue N Bridge	861,607	3,184,645
Lakeside Pavilion HVAC Replacement	161,413	13,720
Total	<u>\$ 3,032,503</u>	<u>\$ 4,091,777</u>

Interfund Receivables, Payables and Transfers

The composition of interfund balances as of September 30, 2025, is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Hotel Conference Center	Economic Development Corporation	\$ 37,330
General	Nonmajor Governmental	25,363
General Improvements	Water and Utility	<u>226,092</u>
Total		<u>\$ 288,785</u>

Balances resulted from the time lag between the dates that 1) interfund goods and services are provided or reimbursable expenditures occur, 2) transactions are recorded in the accounting system, and 3) payments between funds are made.

The following schedule briefly summarizes the City’s transfer activity at the fund level:

<u>Tranfers In</u>	<u>Transfer Out</u>	<u>Amount</u>
General	Enterprise	\$ 925,329
General	Hotel/Motel	164,188
General	Economic Development Corporation	100,000
General	Debt Service	850,000
Debt Service	General	50,441
Debt Service	Hotel/Motel	106,606
General	Economic Development Corporation	24,000
Debt Service	Economic Development Corporation	95,563
Trunked Radio	General	40,550
Equipment Replacement	General	5,000
Equipment Replacement	Enterprise	9,382
General Improvements	Enterprise	<u>302,100</u>
		<u>\$ 2,673,159</u>

Interfund transfers were to record contributions between funds as well as provide the local match for grant funds.

Long-term Debt

The City issues a variety of long-term debt instruments in order to acquire and/or construct major capital facilities and equipment for governmental and business-type activities. These instruments include general obligation and revenue bonds, tax notes and notes payable. These debt obligations are secured by either future tax revenue, water and utility system revenue, or liens on property and equipment. Debt obligations that are intended to be repaid from water and utility system revenue have been recorded as business-type activities. All other long-term obligations of the City are considered to be governmental-type activities.

Bonds Payable and Tax Notes

A summary of the terms of general obligation, revenue, combination tax and revenue bonds, and tax notes outstanding and their corresponding allocations to the governmental and business-type activities at September 30, 2025, follows:

Series and Original Issue Amount	Final Maturity	Interest Rate	Governmental Activities	Business-type Activities	
<u>General Obligation Refunding Bond</u>					
2014 Series	5,750,000	2030	2% - 4%	\$ -	\$ 3,650,000
2015 Series	3,850,000	2027	2%	992,840	1,792,160
2017 Series	6,610,000	2028	3%	2,360,000	-
2020 Series	4,405,000	2026	2.125% - 3%	3,035,000	-
2020A Series - Private Placement	1,650,000	2031	1.19%	745,000	260,000
2021 Series - Private Placement	1,650,000	2026	.3%-1%	<u>330,000</u>	<u>-</u>
				<u>7,462,840</u>	<u>5,702,160</u>
<u>Combination Tax and Revenue Bonds</u>					
2013 Series	3,490,000	2033	2 - 4%	-	1,745,000
2014 Series - Private Placement	4,000,000	2034	2 - 4%	1,610,000	540,000
2016 Series	7,590,000	2036	2 - 4%	-	4,665,000
2017 Series	1,785,000	2032	3%	765,000	-
2018 Series	6,265,000	2038	3% - 4%	2,612,250	1,312,750
2019 Series	2,185,000	2034	2% - 5%	-	1,510,000
2020 Series	5,745,000	2030	2% - 5%	3,920,000	725,000
2021 Series	2,795,000	2030	2% - 5%	1,470,000	945,000
2021 Series TWDB Loan - Private Placement	17,809,000	2036	0%	940,000	14,907,000
2022 Series	7,610,000	2042	4% - 5.5%	3,535,000	3,385,000
2023A Series - Private Placement	995,000	2053	0%	-	925,000
2023B Series - Private Placement	1,650,000	2043	0%	-	1,515,000
2023C Series - Private Placement	1,020,000	2053	0%	-	950,000
2023D Series	22,680,000	2043	4% - 5%	9,900,000	11,710,000
2024 Series	15,525,000	2054	4-5.5%	10,295,000	4,885,000
2025 Series	29,145,000	2045	4-5.5%	11,620,000	17,525,000
2023A Series - TWDB	3,055,000	2055	0%	-	3,055,000
2023B Series - TWDB	5,580,000	2055	1.57-2.74%	-	5,580,000
2023C Series - TWDB	4,295,000	2055	1.7-2.97%	-	4,295,000
2023D Series - TWDB	14,340,000	2055	0%	-	14,340,000
				<u>46,667,250</u>	<u>94,514,750</u>
<u>Sales Tax Revenue Bonds</u>					
2014 Series	4,000,000	2027	4.12%	705,000	-
2017 Series	6,500,000	2036	3-4.75%	4,290,000	-
2021 Series	8,010,000	2036	3-4.75%	<u>6,900,000</u>	<u>-</u>
				<u>11,895,000</u>	<u>-</u>
Total Bonds				<u>66,025,090</u>	<u>100,216,910</u>
<u>Tax Notes</u>					
2022 Series - Private Placement	565,000	2027	3.5% - 3.75%	245,000	-
2023 Series - Private Placement	1,340,000	2027	4.15% - 4.35%	<u>765,000</u>	<u>-</u>
Total Tax Notes				<u>\$ 1,010,000</u>	<u>\$ -</u>

Annual debt service requirements for bonds and tax notes are as follows:

Year Ending September 30,	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2026	\$ 3,515,000	\$ 2,498,682	\$ 2,110,000	\$ 2,168,387
2027	4,177,840	2,355,856	2,917,160	2,085,542
2028	3,775,000	2,184,118	3,330,000	1,966,202
2029	3,260,000	2,032,395	3,470,000	1,823,427
2030	3,410,000	1,886,385	3,625,000	1,677,282
2031-2035	17,077,250	7,253,153	13,632,750	6,709,268
2036-2040	13,920,000	3,763,591	12,035,000	3,930,604
2041-2045	13,265,000	895,851	10,505,000	1,460,250
2046-2050	-	-	1,135,000	343,091
2051-2055	-	-	1,090,000	92,400
Total	\$ 62,400,090	\$ 22,870,031	\$ 53,849,910	\$ 22,256,453

Year Ending September 30,	Private Placement Governmental Activities		Private Placement Business-type Activities	
	Principal	Interest	Principal	Interest
2026	\$ 1,165,000	\$ 101,075	\$ 1,629,000	\$ 285,536
2027	855,000	72,430	1,649,000	278,397
2028	344,000	52,462	1,649,000	270,901
2029	354,000	44,929	1,659,000	263,085
2030	364,000	36,943	1,664,000	254,969
2031-2035	1,202,000	165,244	8,198,000	1,147,445
2036-2040	291,000	-	8,045,000	943,523
2041-2045	60,000	-	8,050,000	702,549
2046-2050	-	-	7,965,000	448,709
2051-2055	-	-	5,859,000	159,876
Total	\$ 4,635,000	\$ 473,083	\$ 46,367,000	\$ 4,754,990

Annual debt service requirements for the financing arrangements are as follows:

September 30,	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2026	\$ 769,910	\$ 136,693	\$ 92,819	\$ 15,674
2027	803,515	103,089	97,041	11,452
2028	665,628	67,962	102,452	7,035
2029	568,036	36,700	60,459	2,412
2030	241,284	10,846	-	-
Total	\$ 3,048,373	\$ 355,290	\$ 352,771	\$ 36,573

The City issues a variety of long-term debt instruments in order to acquire and/or construct major capital facilities and equipment for governmental activities. These instruments include general obligation bonds, certificates of obligation, and tax notes. These debt obligations are secured by primarily future property tax revenues. In some cases, these bonds are also secured by a pledge of net revenues from the utility system.

Additionally, certain obligations that were marketed as private placements have been separately identified; however, the terms of these obligations are not significantly different than other obligations and do not have substantive acceleration clauses. Should the City default on these bonds, a lawsuit would require the City to raise taxes to cover the annual debt payment.

Lease Obligations

A summary of leases payable as of September 30, 2025, are as follows:

Purpose of Lease	Interest Rate	Initial Year of Lease	Amount of Initial Liability	Interest Current Year	Amounts Outstanding 9/30/2025	Amounts Due Within One Year
Right to use:						
Engineering copier	2.18%	2022	\$ 5,597	\$ 16	\$ -	\$ -
Development services copier	2.09%	2022	12,238	74	1,847	1,846
Visitors center copier	0.43%	2022	2,702	1	-	-
City hall pitney bowes mail machine	0.69%	2022	3,542	9	895	716
Fire truck	0.69%	2023	862,870	25,324	633,781	70,430
Total			\$ 886,949	\$ 25,424	\$ 636,523	\$ 72,992

Annual lease payments to maturity are as follows:

Year Ending September 30,	Lease payable		
	Principal	Interest	Totals
2026	\$ 72,992	\$ 22,888	\$ 95,880
2027	73,151	20,330	93,481
2028	75,604	17,696	93,300
2029	78,333	14,968	93,301
2030	81,160	12,141	93,301
2031-2032	255,283	15,390	270,673
Total	\$ 636,523	\$ 103,413	\$ 739,936

Debt Issuance

In March 2025, the City issued \$27,270,000 of Combination Tax and Surplus Revenue Certificates of Obligation, Series 2025 A, B, C, and D. The certificates will be used to construct a new water treatment facility. In August 2025, the City issued \$29,145,000 of Combination Tax and Revenue Certificates of Obligation, Series 2025. The certificates will be used to construct, improve, renovate, and equip public safety facilities.

Federal Arbitrage

General obligation bonds, combination tax and revenue bonds and certificates of obligation are subject to the provisions of the Internal Revenue Code of 1986 related to arbitrage and interest income tax regulations under those provisions.

Changes in Long-term Liabilities

Long-term liability activity for the year ended September 30, 2025, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities					
General obligation and Tax Revenue bonds	\$ 33,947,250	\$ 11,620,000	\$ 1,450,000	\$ 44,117,250	\$ 1,140,000
General obligation and Tax Revenue bonds - Private Placement	2,760,000	-	210,000	2,550,000	215,000
General obligation refunding bond	7,952,840	-	1,565,000	6,387,840	1,595,000
General obligation refunding bond - Private Placement	1,515,000	-	440,000	1,075,000	455,000
Sales tax revenue bond	12,650,000	-	755,000	11,895,000	780,000
Tax notes - Private Placement	1,425,000	-	415,000	1,010,000	495,000
Premium from issuance of bonds	2,586,970	329,664	224,141	2,692,493	-
Financing arrangements	1,533,613	2,198,232	683,472	3,048,373	769,910
Leases	710,323	-	73,800	636,523	72,992
Compensated absences	1,698,514	334,525	-	2,033,039	508,260
Governmental activities long-term liabilities	<u>\$ 66,779,510</u>	<u>\$ 14,482,421</u>	<u>\$ 5,816,413</u>	<u>\$ 75,445,518</u>	<u>\$ 6,031,162</u>
Business-type activities					
Tax and revenue bonds	\$ 38,374,910	\$ 17,525,000	\$ 2,050,000	\$ 53,849,910	\$ 2,110,000
Tax and revenue bonds - Private Placement	19,906,000	27,270,000	809,000	46,367,000	1,629,000
Premium from issuance of bonds	1,874,247	497,503	149,416	2,222,334	-
Financing arrangements	164,718	291,139	103,086	352,771	92,819
Compensated absences	231,912	18,201	-	250,113	62,528
Business-type activities long-term liabilities	<u>\$ 60,551,787</u>	<u>\$ 45,601,843</u>	<u>\$ 3,111,502</u>	<u>\$ 103,042,128</u>	<u>\$ 3,894,347</u>

Accrued Compensated Absences

The additions and reductions of the compensated absences liability are presented as a net change.

Net Pension Liability and Other Post Employment Benefit (OPEB)

When these liabilities are liquidated for governmental activities, the General Fund will be primarily responsible.

Pledged Revenues

Marble Falls Economic Development Corporation

The Board of Directors for the Marble Falls Economic Development Corporation adopted a resolution that authorized the issuance of \$4,000,000 worth of Sales Tax Revenue Bonds to pay for the costs of acquiring real property for the Waterfront Project and the Downtown Project, planning the two projects, parking, landscaping, meeting space, boardwalk, trail improvements, open space or park improvements and street improvements related to such projects, and the payment of costs of issuance related to the issuance of the bonds. This debt will be paid for with a one-half and one percent sales and use tax levied on the receipts at retail of taxable items within the City. It is anticipated that the pledged revenues will fully pay for future principal and interest payments. This debt issue is due to be retired in August 2027.

Fund Balance

As of September 30, 2025, governmental fund balance is composed of the following:

Fund Balance Classification	General	Economic Development Corporation	Debt Service	Hotel Conference Center	General Improvements	Other Governmental	Totals
Restricted:							
Capital acquisition and construction	\$ -	\$ -	\$ -	\$ 6,451,801	\$ 25,213,697	\$ 6,867,173	\$ 38,532,671
Debt	-	-	134,624	-	-	-	134,624
Tourism activities	-	-	-	-	-	758,356	758,356
Public safety	-	-	-	-	-	313,768	313,768
Building security	-	-	-	-	-	33,115	33,115
Economic development	-	8,521,486	-	-	-	-	8,521,486
Police forfeiture	-	-	-	-	-	53,575	53,575
Unassigned	6,806,610	-	-	-	-	-	6,806,610
Total governmental fund balance	\$ 6,806,610	\$ 8,521,486	\$ 134,624	\$ 6,451,801	\$ 25,213,697	\$ 8,025,987	\$ 55,154,205

Defined Benefit Pension Plan

Plan Descriptions. The City of Marble Falls participates as one of 934 plans in the defined benefit cash-balance plan administered by the Texas Municipal Retirement System (TMRS). TMRS is a statewide public retirement plan created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for employees of Texas participating cities. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees; however, TMRS is not fiscally dependent on the State of Texas. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS issues a publicly available annual comprehensive financial report (ACFR) that can be obtained at www.tmrs.org.

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 benefit is calculated as if the sum of the employee’s contributions, with interest, and the City-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in over seven payments options. Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member’s deposits and interest.

The City has approved on an annually repeating (automatic) basis a monetary credit referred to as an updated service credit (USC), which is a theoretical amount which takes into account salary increases or plan improvements. If at any time during their career an employee earns a USC, this amount remains in their account earning interest at 5% until retirement. At retirement, the benefit is calculated as if the sum of the employee's accumulated contributions with interest and the employer match plus employer financed monetary credits, such as USC, with interest were used to purchase an annuity. Additionally, City provides on an annually repeating (automatic) basis cost of living adjustments (COLA) for retirees equal to a percentage of the change in the consumer price index (CPI).

A summary of plan provisions for the City are as follows:

Employee deposit rate	7.0%
Matching ratio (City to employee)	2 to 1
Years required for vesting	5
Retirement eligibility	Vested and age 60 or 20 years and any age
Updated service credit	100% Repeating

Employees covered by benefit terms

At the December 31, 2024, valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	106
Inactive employees entitled to but not yet receiving benefits	106
Active employees	<u>154</u>
Total	<u>366</u>

Contributions. The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the City matching percentages are with 100%, 150%, or 200%, both as adopted by the governing body of the city. Under the state law governing TMRS, the contributions 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 7.0% of their annual gross earnings during the fiscal year. The contribution rates for the City were 14.22% and 17.13% in calendar years 2024 and 2025, respectively. The city’s contributions to TMRS for the year ended September 30, 2025, were \$2,121,795 and exceeded the required contributions by \$85,488.

Net Pension Liability. The City’s Net Pension Liability (NPL) was measured as of December 31, 2024, 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, 2024, actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	3.60 to 11.85% per year including inflation
Investment Rate of Return	6.75%, net of pension plan investment expense, including inflation

Salary increases are assumed to occur once a year on January 1 so that the pay used for the year following the valuation is equal to the reported pay for the prior year. Salaries are assumed to increase on a graduated service-based scale.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS as of December 31, 2022. The assumptions were adopted in 2023 and first used in December 31, 2023, actuarial valuation. The post-retirement mortality assumption for Annuity Purchase Rates (APRs) is based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income 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 by best-estimate ranges of expected returns for each major asset class. The long-term expected rate of return is determined by weighting the expected return for each major asset class by the respective target asset allocation percentage. The target allocation and best estimates of the expected return for each major asset class in fiscal year 2024 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Global Equity	35.0%	6.70%
Core Fixed Income	6.0%	4.70%
Non-Core Fixed Income	20.0%	8.00%
Other Public and Private Markets	12.0%	8.00%
Real Estate	12.0%	7.60%
Hedge Funds	5.0%	6.40%
Private Equity	10.0%	11.60%
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 period of projected benefit payments to determine the Total Pension Liability.

Changes in the Net Pension Liability (Asset)

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balance at 12/31/2023	\$ 41,361,873	\$ 31,922,435	\$ 9,439,438
Changes for the year:			
Service cost	1,949,204	-	1,949,204
Interest on total pension liability	2,806,114	-	2,806,114
Difference between expected and actual experience	464,999	-	464,999
Benefit Payment	(1,528,838)	(1,528,838)	-
Contributions-employer	-	1,891,842	(1,891,842)
Contributions-employee	-	787,330	(787,330)
Net investment income	-	3,315,446	(3,315,446)
Administrative expense	-	(21,272)	21,272
Other	-	(498)	498
Net changes	3,691,479	4,444,010	(752,531)
Balance at 12/31/2024	\$ 45,053,352	\$ 36,366,445	\$ 8,686,907

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

	1% Decrease in Discount Rate (5.75%)	Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
City's net pension liability/ (asset)	\$ 15,250,430	\$ 8,686,907	\$ 3,328,553

Pension Plan Fiduciary Net Position

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

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

For the year ended September 30, 2025, the City recognized pension expense of \$2,273,491. At September 30, 2025, 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
Differences between expected and actual economic experience	\$ 765,821	\$ -
Changes in actuarial assumptions	-	102,545
Net difference between projected and actual investment earnings	-	395,094
Contributions subsequent to the measurement date	<u>1,568,752</u>	<u>-</u>
Total	<u>\$ 2,334,573</u>	<u>\$ 497,639</u>

\$1,568,752 reported as deferred outflows of resources related to pension resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2026. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expenses as follows:

For the year ended September 30,	
2026	\$ 375,033
2027	541,765
2028	(416,479)
2029	(232,137)

Defined Other Post-Employment Benefit Plans

Retiree Health Care Plan

Plan Description. The City provides health care benefits through a single-employer defined benefit OPEB, for all full-time employees in an eligible class. All full-time employees of the City may participate in the retiree health plan upon retirement. Eligible retirees are required to pay 100% of the plan’s blended premium. The City’s GASB 75 liability is entirely attributable to the implicit rate subsidy. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

Benefits Provided

Plan Participants

All full-time employees of the City may participate in the retiree health plan upon retirement. Eligible retirees are required to pay 100% of the plan's blended premium. The City's GASB 75 liability is entirely attributable to the implicit rate subsidy.

At the December 31, 2024, measurement date, the following employees were covered by the benefit terms:

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	2
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	-
Active Plan Members	<u>138</u>
Total	<u>140</u>

Normal Retirement Benefits

Members of the Texas Municipal Retirement System (TMRS) are eligible for normal retirement upon reaching age 60 with 5 years of service, or at any age with 20 years of service. The health care benefits are identical to the coverage offered to active employees.

Deferred Retirement Benefits

Employees who terminate service prior to retirement are not eligible for retiree medical coverage.

Death-in-Service Retirement Benefits

Surviving spouses of active employees who die while employed are allowed continued coverage through COBRA only.

Disability Retirement Benefits

Members who retire through disability retirement are eligible for retiree medical coverage.

Benefits for Spouses of Retired Employees

Spouses of eligible retirees are allowed coverage under the plan. Spouse coverage will end once the member is no longer covered.

Medicare – Eligible Provisions

Qualified retirees and eligible spouses are required to enroll in Medicare once eligible.

Dental and Vision Coverage

The City offers dental and vision coverage for retirees and their dependents. Retirees are 100% responsible for the dental and vision premiums.

Life Insurance Coverage

The City does not offer life insurance coverage for retirees and dependents.

Retiree Opt-out

The City does not provide any financial reward to retirees who opt-out.

Actuarial Assumptions. The Total OPEB Liability in the December 31, 2023, actuarial valuation rolled forward to December 31, 2024, was determined using the following actuarial assumptions:

Measurement year ended December 31,	2024
Actuarial cost method	Individual Entry-Age Normal
Inflation rate	2.50% per annum
Discount rate	4.08% as of December 31, 2024
Salary Increases	3.60% to 11.85% including inflation
Demographic Assumptions	Based on 2023 TMRS experience study conducted for the Texas Municipal Retirement System (TMRS)
Mortality	For healthy retirees, the gender-distinct 2019 Municipal Retirees of Texas mortality tables are used, with male rates multiplied by 103% and female rates multiplied by 105%. The rates are projected on a fully generational basis using the ultimate mortality improvement rates in the MP-2021 table to account for future mortality improvements.
Health Care Trend Rates	Initial rate of 7.20% declining to an ultimate rate of 4.25% after 15 years
Participation Rates	25% for retirees that are at least 50 years old at retirement; 0% for retirees that are less than 50 years old at retirement

Discount Rate. The discount rate changed from 3.77% as of December 31, 2023, to 4.08% as of December 31, 2024.

Sensitivity of Total OPEB Liability to the Discount Rate Assumption. Regarding the sensitivity of the total OPEB liability to changes in the discount rate, the following presents the plan's total OPEB liability, calculated using a discount rate of 4.08%, as well as what the plan's total OPEB liability would be if it were calculated using a discount rate that is one percent lower or one percent higher:

	<u>1% Decrease in Discount Rate (3.08%)</u>	<u>Current Discount Rate Assumption (4.08%)</u>	<u>1% Increase in Discount Rate (5.08%)</u>
Total OPEB Liability	\$ 426,750	\$ 388,516	\$ 354,179

Sensitivity of Total OPEB Liability to the Healthcare Cost Trend Rate Assumption. Regarding the sensitivity of the total OPEB liability to changes in the healthcare cost trend rates, the following presents the plan's total OPEB liability, calculated using the assumed trend rates as well as what the plan's total OPEB liability would be if it were calculated using a trend rate that is one percent lower or one percent higher:

	<u>1% Decrease</u>	<u>Current Healthcare Cost Trend Rate Assumption</u>	<u>1% Increase</u>
Total OPEB Liability	\$ 338,962	\$ 388,516	\$ 448,065

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources Related to OPEB. At September 30, 2025, the City reported a liability of \$388,516 for its Total OPEB Liability. The Total OPEB Liability was determined by an actuarial valuation as of December 31, 2023, that was rolled forward to December 31, 2024. For the year ended September 30, 2025, the City recognized OPEB expense of \$26,120. There were no changes of benefit terms that affected measurement of the Total OPEB Liability during the measurement period.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at 12/31/2023	\$ 354,867
Changes for the year:	
Service cost	44,525
Interest	13,993
Difference between expected and actual experience	(1,547)
Changes of assumptions	(11,371)
Benefit payments	(11,951)
Net changes	<u>33,649</u>
Balance at 12/31/2024	<u>\$ 388,516</u>

At September 30, 2025, the City reported deferred outflows of resources related to other post-employment benefits from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ -	\$ 147,747
Changes in actuarial assumptions	65,568	113,711
Contributions subsequent to the measurement date	<u>15,044</u>	<u>-</u>
Totals	<u>\$ 80,612</u>	<u>\$ 261,458</u>

\$15,044 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the Total OPEB Liability for the year ending September 30, 2026. Other amounts of the reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

For the Year Ended September 30,	
2026	\$ (33,738)
2027	(33,695)
2028	(38,261)
2029	(44,430)
2030	(29,344)
Thereafter	(16,422)

TMRS Supplemental Death Benefits Fund

Plan Description. The City voluntarily participates in the Texas Municipal Retirement System Supplemental Death Benefits Fund (TMRS SDBF). The SDBF is a single-employer defined benefit Other Postemployment Benefit (OPEB) plan as defined by GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75. It is established and administered in accordance with the TMRS Act identically to the City’s pension plan.

Benefits Provided. The SDBF provides group-term life insurance to City employees who are active members in TMRS, including or not including retirees. The City Council opted into this program via an ordinance, and may terminate coverage under, and discontinue participation in, the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1.

Payments from this fund are similar to group-term life insurance benefits and are paid to the designated beneficiaries upon the receipt of an approved application for payment. The death benefit for active employees provides a lump-sum payment approximately equal to the employee’s annual salary (calculated based on the employee’s actual earnings for the 12-month period preceding the month of death). The death benefit for retirees is considered an other employment benefit and is a fixed amount of \$7,500.

The number of employees currently covered by the benefit terms is as follows:

Inactive employees or beneficiaries currently receiving benefits	71
Inactive employees entitled to but not yet receiving benefits	22
Active employees	<u>154</u>
Total	<u>247</u>

Contributions. The City contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation, which was 0.28% for 2025 and 0.31% for 2024, of which 0.14% and 0.14%, respectively, represented the retiree-only portion for each year, as a percentage of annual covered payroll. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year; the intent is not to prefund retiree term life insurance during employees' entire careers. The City's contributions to the SDBF for the years ended September 30, 2025, and 2024 were \$34,436 and \$33,934, respectively, representing contributions for both active and retiree coverage, which equaled the required contributions each year.

Actuarial Assumptions. The Total OPEB Liability in the December 31, 2024, actuarial valuation was determined using the following actuarial assumptions:

Measurement year ended December 31,	2024
Inflation rate	2.50% per annum
Discount rate	4.08%
Actuarial cost method	Entry Age Normal Method
Projected salary increases	3.60% to 11.85% including inflation

Salary increases were based on a service-related table. Mortality rates for service retirees were based on a fully generational basis with scale UMP from the 2019 Municipal Retirees of Texas Mortality Tables. The same mortality tables with a 4-year set-forward for males and a 3-year set-forward for females were used to determine mortality rates for disables retirees. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

Changes in assumptions reflect the annual change in the municipal bond rate. The actuarial assumptions used in the December 31, 2024, valuation were based on the results of an actuarial experience study for the period ending December 31, 2022.

Discount Rate. The SDBF program is treated as an unfunded OPEB plan because the SDBF trust covers both actives and retirees, and the assets are not segregated for these groups. As such, a single discount rate of 4.08% was used to measure the Total OPEB Liability. Because the plan is essentially a "pay-as-you-go" plan, the single discount rate is equal to the prevailing municipal bond rate. The discount rate is based on the Bond Buyer "20-Bond GO Index" as of December 31, 2024.

Discount Rate Sensitivity Analysis. The following schedule shows the impact of the Total OPEB Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (4.08%) in measuring the Total OPEB Liability.

	1% Decrease in <u>Discount Rate (3.08%)</u>	<u>Discount Rate (4.08%)</u>	1% Increase in <u>Discount Rate (5.08%)</u>
Total OPEB Liability	\$ 477,686	\$ 404,152	\$ 346,357

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources Related to OPEBs. At September 30, 2025, the City reported a liability of \$404,152 for its Total OPEB Liability. The Net OPEB Liability was determined by an actuarial valuation as of December 31, 2024. For the year ended September 30, 2025, the City recognized OPEB expense of \$3,846. There were no changes of benefit terms that affected measurement of the Total OPEB Liability during the measurement period.

Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Balance at 12/31/2023	\$ 423,528
Changes for the year:	
Service cost	16,871
Interest	15,988
Difference between expected and actual experience	(15,650)
Changes of assumptions	(20,838)
Benefit payments	<u>(15,747)</u>
Net changes	<u>(19,376)</u>
Balance at 12/31/2024	<u>\$ 404,152</u>

At September 30, 2025, the City reported deferred outflows of resources related to other post-employment benefits from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual economic experience	\$ 5,524	\$ 24,177
Changes of assumptions	15,169	91,685
Contributions subsequent to the measurement date	<u>12,615</u>	<u>-</u>
Totals	<u>\$ 33,308</u>	<u>\$ 115,862</u>

\$12,615 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the Total OPEB Liability for the year ending September 30, 2026. Other amounts of the reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>For the Year Ended September 30,</u>	
2026	\$ (42,722)
2027	(42,431)
2028	(1,022)
2029	(6,800)
2030	<u>(2,194)</u>
Total	<u>\$ (95,169)</u>

Risk Management

A public entity risk pool is a cooperative group of governmental entities joining together to finance an exposure, liability or risk. The City participates in the Texas Municipal League Risk Pool, a risk-sharing pool, for property, liability, and workers' compensation, wherein member cities pool risks and funds and share in the costs of losses. Claims against the City are expected to be paid by that public entity risk pool. Should the City become insolvent, or otherwise unable to pay claims, the City may have to pay the claims. There were no significant reductions in insurance coverage or insurance settlements exceeding insurance coverage during each of the past three years.

Accounting Changes

Change in Accounting Principle

During fiscal year 2025, the City implemented GASB Statement No. 101, *Compensated Absences*. The adoption of this standard resulted in the recognition of additional liabilities for compensated absences. The cumulative effect of the accounting change increased liabilities and lowered beginning net position by \$400,580 in the governmental activities and \$49,941 in the business-type activities.

New Accounting Standards

Significant new accounting standards issued by the Governmental Accounting Standards Board (GASB) not yet implemented by the City include the following:

GASB Statement No. 103, *Financial Reporting Model Improvements* – The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government’s accountability. This Statement also addresses certain application issues. This Statement will become effective for reporting periods beginning after June 15, 2025, and the impact has not yet been determined.

GASB Statement No. 104, *Disclosure of Certain Capital Assets* – The objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets. This Statement requires certain types of capital assets to be presented separately in the note disclosures, including right-to-use assets related to leases, Subscription-Based Information Technology Arrangements, and public-private or public-public partnerships. Other intangible assets are also required to be presented separately by major class. Additional disclosures have also been required for capital assets held for sale. This Statement will become effective for reporting periods beginning after June 15, 2025, and the impact has not yet been determined.

GASB Statement No. 105, *Subsequent Events* – The objective of this Statement is to improve the financial reporting requirements for subsequent events, thereby enhancing consistency in their application and better meeting the information needs of financial statement users. This Statement will become effective for fiscal years beginning after June 15, 2026, and the impact has not yet been determined.

**REQUIRED
SUPPLEMENTARY INFORMATION**

CITY OF MARBLE FALLS, TEXAS

SCHEDULE OF CHANGES IN NET PENSION LIABILITY
AND RELATED RATIOS

FOR THE YEAR ENDED SEPTEMBER 30, 2025

Plan Year	<u>2015</u>	<u>2016</u>	<u>2017</u>
A. Total pension liability			
Service Cost	\$ 691,029	\$ 750,228	\$ 801,181
Interest (on the Total Pension Liability)	1,207,848	1,281,912	1,350,616
Changes of benefit terms	-	-	-
Difference between expected and actual experience	(34,356)	(153,085)	(46,914)
Change of assumptions	570,455	-	-
Benefit payments, including refunds of employee contributions	<u>(591,804)</u>	<u>(864,720)</u>	<u>(908,687)</u>
Net change in total pension liability	<u>1,843,172</u>	<u>1,014,335</u>	<u>1,196,196</u>
Total pension liability - beginning	<u>17,205,366</u>	<u>19,048,538</u>	<u>20,062,873</u>
Total pension liability - ending (a)	<u>19,048,538</u>	<u>20,062,873</u>	<u>21,259,069</u>
B. Plan fiduciary net position			
Contributions - Employer	258,552	261,288	358,624
Contributions - Employee	408,547	420,464	445,101
Net Investment Income	27,179	1,250,675	2,710,663
Benefit payments, including refunds of employee contributions	(591,804)	(864,720)	(908,687)
Administrative Expenses	(16,554)	(14,123)	(14,047)
Other	<u>(817)</u>	<u>(761)</u>	<u>(712)</u>
Net change in plan fiduciary net position	<u>85,103</u>	<u>1,052,823</u>	<u>2,590,942</u>
Plan fiduciary net position - beginning	<u>18,418,560</u>	<u>18,503,663</u>	<u>19,556,486</u>
Plan fiduciary net position - ending (b)	<u>\$ 18,503,663</u>	<u>\$ 19,556,486</u>	<u>\$ 22,147,428</u>
C. Net pension liability/ (asset) - ending (a) - (b)	<u>\$ 544,875</u>	<u>\$ 506,387</u>	<u>\$ (888,359)</u>
D. Plan fiduciary net position as a percentage of total pension liability/ (asset)	97.14%	97.48%	104.18%
E. Covered payroll	\$ 5,836,390	\$ 6,006,626	\$ 6,358,583
F. Net position liability/ (asset) as a percentage of covered payroll	9.34%	8.43%	-13.97%

2018	2019	2020	2021	2022	2023	2024
\$ 966,975	\$ 1,094,985	\$ 1,122,394	\$ 1,240,239	\$ 1,367,485	\$ 1,624,325	\$ 1,949,204
1,565,139	1,725,798	1,812,561	2,089,797	2,235,642	2,573,905	2,806,114
1,941,094	674,344	-	2,477,245	-	2,271,854	-
127,487	(383,270)	99,742	286,310	507,050	825,802	464,999
-	59,245	-	-	-	(242,062)	-
<u>(992,773)</u>	<u>(1,042,897)</u>	<u>(1,407,273)</u>	<u>(1,520,056)</u>	<u>(1,518,560)</u>	<u>(1,479,723)</u>	<u>(1,528,838)</u>
<u>3,607,922</u>	<u>2,128,205</u>	<u>1,627,424</u>	<u>4,573,535</u>	<u>2,591,617</u>	<u>5,574,101</u>	<u>3,691,479</u>
<u>21,259,069</u>	<u>24,866,991</u>	<u>26,995,196</u>	<u>28,622,620</u>	<u>33,196,155</u>	<u>35,787,772</u>	<u>41,361,873</u>
<u>24,866,991</u>	<u>26,995,196</u>	<u>28,622,620</u>	<u>33,196,155</u>	<u>35,787,772</u>	<u>41,361,873</u>	<u>45,053,352</u>
381,858	680,345	822,639	845,349	1,251,286	1,404,275	1,891,842
466,494	508,282	525,888	544,647	634,354	717,563	787,330
(662,832)	3,292,624	1,876,360	3,458,371	(2,177,953)	3,245,111	3,315,446
(992,773)	(1,042,897)	(1,407,273)	(1,520,057)	(1,518,560)	(1,479,723)	(1,528,838)
(12,822)	(18,630)	(12,154)	(16,015)	(18,864)	(20,658)	(21,272)
<u>(670)</u>	<u>(560)</u>	<u>(475)</u>	<u>111</u>	<u>22,510</u>	<u>(144)</u>	<u>(498)</u>
<u>(820,745)</u>	<u>3,419,164</u>	<u>1,804,985</u>	<u>3,312,406</u>	<u>(1,807,227)</u>	<u>3,866,424</u>	<u>4,444,010</u>
<u>22,147,428</u>	<u>21,326,683</u>	<u>24,745,847</u>	<u>26,550,832</u>	<u>29,863,238</u>	<u>28,056,011</u>	<u>31,922,435</u>
<u>\$ 21,326,683</u>	<u>\$ 24,745,847</u>	<u>\$ 26,550,832</u>	<u>\$ 29,863,238</u>	<u>\$ 28,056,011</u>	<u>\$ 31,922,435</u>	<u>\$ 36,366,445</u>
<u>\$ 3,540,308</u>	<u>\$ 2,249,349</u>	<u>\$ 2,071,788</u>	<u>\$ 3,332,917</u>	<u>\$ 7,731,761</u>	<u>\$ 9,439,438</u>	<u>\$ 8,686,907</u>
85.76%	91.67%	92.76%	89.96%	78.40%	77.18%	80.72%
\$ 6,664,300	\$ 7,261,173	\$ 7,512,681	\$ 7,780,671	\$ 8,660,450	\$ 9,940,780	\$ 11,248,796
53.12%	30.98%	27.58%	42.84%	89.28%	94.96%	77.23%

CITY OF MARBLE FALLS, TEXAS

SCHEDULE OF CONTRIBUTIONS TO NET PENSION LIABILITY

FOR THE YEAR ENDED SEPTEMBER 30, 2025

Fiscal Year	2016	2017	2018
Actuarial determined contribution	\$ 270,623	\$ 334,622	\$ 383,566
Contributions in relation to the actuarially determined contribution	<u>270,623</u>	<u>334,622</u>	<u>383,566</u>
Contribution deficiency (excess)	-	-	-
Covered payroll	\$ 6,189,840	\$ 6,278,742	\$ 6,554,197
Contributions as a percentage of covered payroll	4.37%	5.33%	5.85%

NOTES TO SCHEDULE OF CONTRIBUTIONS

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

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	22 years
Asset Valuation Method	10 Year smoothed fair value; 12% soft corridor
Inflation	2.50%
Salary Increases	3.60% to 11.85% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2023 valuation pursuant to an experience study of the period 2022.
Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence). Pre-retirement: PUB(10) mortality tables, with the 110% of the Public Safety table used for males and the 100% of the General Employee table used for females. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with convergence).

2019	2020	2021	2022	2023	2024	2025
\$ 623,026	\$ 780,674	\$ 839,444	\$ 1,117,365	\$ 1,377,316	\$ 1,794,377	\$ 2,036,307
<u>623,026</u>	<u>780,674</u>	<u>839,444</u>	<u>1,117,365</u>	<u>1,377,316</u>	<u>1,794,377</u>	<u>2,121,795</u>
-	-	-	-	-	-	(85,488)
\$ 7,169,326	\$ 7,263,861	\$ 7,567,030	\$ 8,310,591	\$ 9,571,396	\$ 10,947,569	\$ 12,298,648
8.69%	10.75%	11.09%	13.45%	14.39%	16.39%	17.25%

CITY OF MARBLE FALLS, TEXAS

SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY
AND RELATED RATIOS
TEXAS MUNICIPAL RETIREMENT SYSTEM - SUPPLEMENTAL DEATH BENEFITS FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2025

Plan Year ended December 31,	<u>2017</u>	<u>2018</u>	<u>2019</u>
A. Total OPEB liability			
Service Cost	\$ 12,081	\$ 14,661	\$ 15,248
Interest (on the Total OPEB Liability)	11,622	11,880	14,254
Difference between expected and actual experience	-	26,361	(43,322)
Changes of assumptions	29,063	(25,108)	71,978
Benefit payments, including refunds of employee contributions	<u>(2,543)</u>	<u>(2,666)</u>	<u>(2,904)</u>
Net change in Total OPEB liability	50,223	25,128	55,254
Total OPEB liability - beginning	<u>302,684</u>	<u>352,907</u>	<u>378,035</u>
Total OPEB liability - ending (a)	<u>352,907</u>	<u>378,035</u>	<u>433,289</u>
B. Covered - employee payroll	\$ 6,358,583	\$ 6,664,200	\$ 7,261,173
C. Total OPEB liability as a percentage of covered payroll	5.55%	5.67%	5.97%

Note: This schedule is required to have 10 years of information, but the information prior to 2017 is not available.

Note: No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

	2020	2021	2022	2023	2024
\$	20,284	\$ 24,898	\$ 31,178	\$ 13,917	\$ 16,871
	12,153	10,728	10,582	15,366	15,988
	(6,878)	(7,410)	(25,977)	9,195	(15,650)
	73,167	18,064	(189,787)	20,049	(20,838)
	<u>(3,005)</u>	<u>(10,115)</u>	<u>(11,259)</u>	<u>(14,911)</u>	<u>(15,747)</u>
	95,721	36,165	(185,263)	43,616	(19,376)
	<u>433,289</u>	<u>529,010</u>	<u>565,175</u>	<u>379,912</u>	<u>423,528</u>
	<u>529,010</u>	<u>565,175</u>	<u>379,912</u>	<u>423,528</u>	<u>404,152</u>
\$	7,512,681	\$ 7,780,671	\$ 8,660,450	\$ 9,940,780	\$ 11,247,572
	7.04%	7.26%	4.39%	4.26%	3.59%

CITY OF MARBLE FALLS, TEXAS

SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY
AND RELATED RATIOS
RETIREE INSURANCE BENEFITS PLAN

FOR THE YEAR ENDED SEPTEMBER 30, 2025

Plan Year ended December 31,	<u>2017</u>	<u>2018</u>	<u>2019</u>
A. Total OPEB liability			
Service Cost	\$ 14,432	\$ 16,302	\$ 17,770
Interest (on the Total OPEB Liability)	15,102	14,688	16,577
Difference between expected and actual experience	-	(1,378)	(31,400)
Changes of assumptions	20,917	(16,904)	98,195
Benefit payments, including refunds of employee contributions	<u>(2,472)</u>	<u>(5,552)</u>	<u>(15,198)</u>
Net change in Total OPEB liability	47,979	7,156	85,944
Total OPEB liability - beginning	<u>390,395</u>	<u>438,374</u>	<u>445,530</u>
Total OPEB liability - ending (a)	<u>438,374</u>	<u>445,530</u>	<u>531,474</u>
B. Covered employee payroll			
	\$ 6,107,242	\$ 6,670,055	\$ 7,279,852
C. Total OPEB liability as a percentage of covered employee payroll			
	7.18%	6.68%	7.30%

Note: This schedule is required to have 10 years of information, but the information prior to 2017 is not available.

Note: No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB

Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

	2020	2021	2022	2023	2024
\$	29,709	\$ 36,383	\$ 43,683	\$ 37,946	\$ 44,525
	14,847	12,152	7,857	15,043	13,993
	(8,224)	(148,446)	(886)	(72,779)	(1,547)
	37,680	(78,136)	(92,548)	30,079	(11,371)
	<u>(12,844)</u>	<u>(6,489)</u>	<u>(5,848)</u>	<u>(15,786)</u>	<u>(11,951)</u>
	61,168	(184,536)	(47,742)	(5,497)	33,649
	<u>531,474</u>	<u>592,642</u>	<u>408,106</u>	<u>360,364</u>	<u>354,867</u>
	<u>592,642</u>	<u>408,106</u>	<u>360,364</u>	<u>354,867</u>	<u>388,516</u>
\$	7,690,580	\$ 7,952,256	\$ 8,863,556	\$ 10,106,288	\$ 11,484,849
	7.71%	5.13%	4.07%	3.51%	3.38%

CITY OF MARBLE FALLS, TEXAS

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (BUDGETARY BASIS)

FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUE				
Property taxes	\$ 3,807,965	\$ 3,807,965	\$ 4,201,486	\$ 393,521
Sales taxes	11,380,695	11,380,695	10,489,006	(891,689)
Franchise taxes	791,000	791,000	725,105	(65,895)
Mixed beverage taxes	85,000	85,000	86,391	1,391
Fines and forfeitures	357,200	357,200	454,237	97,037
Permits and fees	1,344,500	1,344,500	875,262	(469,238)
Intergovernmental	1,098,556	883,556	1,020,079	136,523
Interest on investments	150,100	150,100	192,045	41,945
Other	623,106	623,106	464,527	(158,579)
Total revenues	<u>19,638,122</u>	<u>19,423,122</u>	<u>18,508,138</u>	<u>(914,984)</u>
EXPENDITURES				
GENERAL GOVERNMENT				
Administration:				
Personnel services	1,243,743	1,243,743	1,289,619	(45,876)
Supplies	142,741	142,741	128,711	14,030
Maintenance	52,148	52,148	45,534	6,614
Purchased and contracted services	673,656	673,656	511,667	161,989
Other services and charges	74,518	74,518	71,520	2,998
Total administration	<u>2,186,806</u>	<u>2,186,806</u>	<u>2,047,051</u>	<u>139,755</u>
Finance:				
Personnel services	622,614	622,614	591,574	31,040
Supplies	31,050	31,050	138,962	(107,912)
Maintenance	95,235	207,735	114,999	92,736
Purchased and contracted services	58,985	58,985	36,458	22,527
Other services and charges	10,700	10,700	6,588	4,112
Total finance	<u>818,584</u>	<u>931,084</u>	<u>888,581</u>	<u>42,503</u>
Human resources:				
Personnel services	268,900	268,900	269,584	(684)
Supplies	8,315	8,315	8,712	(397)
Maintenance	49,628	49,628	25,230	24,398
Purchased and contracted services	30,178	30,178	23,414	6,764
Other services and charges	95,520	108,720	97,815	10,905
Total human resources	<u>452,541</u>	<u>465,741</u>	<u>424,755</u>	<u>40,986</u>

CITY OF MARBLE FALLS, TEXAS

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (BUDGETARY BASIS)

FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
EXPENDITURES (Continued)				
GENERAL GOVERNMENT (Continued)				
Mayor and City Council:				
Personnel services	\$ 12,900	\$ 12,900	\$ 9,189	\$ 3,711
Other services and charges	<u>10,000</u>	<u>10,000</u>	<u>17,373</u>	<u>(7,373)</u>
Total Mayor and City Council	<u>22,900</u>	<u>22,900</u>	<u>26,562</u>	<u>(3,662)</u>
Communication Services:				
Personnel services	1,320,449	1,320,449	1,537,550	(217,101)
Supplies	44,680	44,680	42,069	2,611
Maintenance	191,712	196,712	170,446	26,266
Purchased and contracted services	26,400	32,900	28,155	4,745
Other services and charges	<u>133,739</u>	<u>133,739</u>	<u>136,458</u>	<u>(2,719)</u>
Total communication services	<u>1,716,980</u>	<u>1,728,480</u>	<u>1,914,678</u>	<u>(186,198)</u>
Non-departmental:				
Purchased and contracted services	206,876	206,876	352,165	(145,289)
Other services and charges	<u>110,000</u>	<u>110,000</u>	<u>72,574</u>	<u>37,426</u>
Total non-departmental	<u>316,876</u>	<u>316,876</u>	<u>424,739</u>	<u>(107,863)</u>
Total general government	<u>5,514,687</u>	<u>5,651,887</u>	<u>5,726,366</u>	<u>(74,479)</u>
PUBLIC SAFETY				
Court:				
Personnel services	313,869	313,869	319,655	(5,786)
Supplies	21,300	21,300	23,940	(2,640)
Purchased and contracted services	86,375	86,375	95,100	(8,725)
Other services and charges	<u>38,450</u>	<u>38,950</u>	<u>20,507</u>	<u>18,443</u>
Total court	<u>459,994</u>	<u>460,494</u>	<u>459,202</u>	<u>1,292</u>
Police department:				
Personnel services	3,928,757	3,816,257	3,841,655	(25,398)
Supplies	171,700	171,700	151,668	20,032
Maintenance	190,450	190,450	357,862	(167,412)
Purchased and contracted services	220,690	360,690	391,949	(31,259)
Other operating	<u>59,950</u>	<u>59,950</u>	<u>55,246</u>	<u>4,704</u>
Total police department	<u>4,571,547</u>	<u>4,599,047</u>	<u>4,798,380</u>	<u>(199,333)</u>

CITY OF MARBLE FALLS, TEXAS

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (BUDGETARY BASIS)

FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
EXPENDITURES (Continued)				
PUBLIC SAFETY (Continued)				
Fire department:				
Personnel services	\$ 2,366,105	\$ 2,366,105	\$ 2,556,084	\$ (189,979)
Supplies	224,690	224,690	166,834	57,856
Maintenance	98,000	98,000	90,942	7,058
Purchased and contracted services	97,300	97,300	69,875	27,425
Other operating	60,860	60,860	61,035	(175)
Total fire department	<u>2,846,955</u>	<u>2,846,955</u>	<u>2,944,770</u>	<u>(97,815)</u>
Engineering department:				
Personnel services	395,382	395,382	371,414	23,968
Supplies	13,800	13,800	16,173	(2,373)
Maintenance	-	-	4,420	(4,420)
Purchased and contracted services	147,400	186,900	99,107	87,793
Other operating	5,900	5,900	11,108	(5,208)
Total engineering department	<u>562,482</u>	<u>601,982</u>	<u>502,222</u>	<u>99,760</u>
Code enforcement:				
Personnel services	1,125,050	1,125,050	1,073,084	51,966
Supplies	77,835	77,835	36,676	41,159
Repairs and maintenance	70,256	70,256	42,440	27,816
Purchased and contracted services	65,252	65,252	55,606	9,646
Other services and charges	35,173	48,423	57,589	(9,166)
Total code enforcement	<u>1,373,566</u>	<u>1,386,816</u>	<u>1,265,395</u>	<u>121,421</u>
Total public safety	<u>9,814,544</u>	<u>9,895,294</u>	<u>9,969,969</u>	<u>(74,675)</u>
PUBLIC WORKS				
Streets:				
Personnel services	1,024,957	1,024,957	1,018,223	6,734
Supplies	71,750	71,750	66,181	5,569
Maintenance	877,000	877,000	885,683	(8,683)
Purchased and contracted services	150,517	165,017	128,178	36,839
Other services and charges	12,100	12,100	9,193	2,907
Total streets	<u>2,136,324</u>	<u>2,150,824</u>	<u>2,107,458</u>	<u>43,366</u>
Facilities:				
Personnel services	180,691	180,691	176,083	4,608
Supplies	34,000	34,000	26,737	7,263
Maintenance	106,400	106,400	228,330	(121,930)
Purchased and contracted services	90,000	90,000	66,327	23,673
Total facilities	<u>411,091</u>	<u>411,091</u>	<u>497,477</u>	<u>(86,386)</u>
Wastewater plant improvement:				
Personnel services	175,950	175,950	97,541	78,409
Supplies	26,000	26,000	220	25,780
Purchased and contracted services	231,000	231,000	304,882	(73,882)
Other services and charges	6,250	6,250	3,133	3,117
Total wastewater plant improvement	<u>439,200</u>	<u>439,200</u>	<u>405,776</u>	<u>33,424</u>
Total public works	<u>2,986,615</u>	<u>3,001,115</u>	<u>3,010,711</u>	<u>(9,596)</u>

CITY OF MARBLE FALLS, TEXAS

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (BUDGETARY BASIS)

FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
EXPENDITURES (Continued)				
CULTURE AND RECREATION				
Parks and recreation:				
Personnel services	\$ 1,808,850	\$ 1,808,850	\$ 1,675,112	\$ 133,738
Supplies	112,500	112,500	79,046	33,454
Maintenance	273,400	273,400	368,381	(94,981)
Purchased and contracted services	262,495	262,495	98,826	163,669
Other services and charges	588,590	588,590	571,777	16,813
Total parks and recreation	<u>3,045,835</u>	<u>3,045,835</u>	<u>2,793,142</u>	<u>252,693</u>
Cemetery:				
Maintenance	30,000	30,000	30,230	(230)
Purchased and contracted services	630	630	443	187
Other services and charges	50	50	-	50
Total cemetery	<u>30,680</u>	<u>30,680</u>	<u>30,673</u>	<u>7</u>
Total culture and recreation	<u>3,076,515</u>	<u>3,076,515</u>	<u>2,823,815</u>	<u>252,700</u>
CAPITAL OUTLAY	<u>896,508</u>	<u>926,508</u>	<u>2,174,382</u>	<u>(1,247,874)</u>
DEBT SERVICE				
Principal	65,780	65,780	837,272	(771,492)
Interest and fiscal charges	14,220	14,220	151,282	(137,062)
Total debt service	<u>80,000</u>	<u>80,000</u>	<u>988,554</u>	<u>(908,554)</u>
Total expenditures	<u>22,368,869</u>	<u>22,631,319</u>	<u>24,693,797</u>	<u>(2,062,478)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(2,730,747)</u>	<u>(3,208,197)</u>	<u>(6,185,659)</u>	<u>(2,977,462)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	2,012,829	2,012,829	2,063,517	50,688
Transfers out	(95,991)	(95,991)	(95,991)	-
Issuance of financed purchases	-	-	1,411,191	1,411,191
Proceeds from insurance	-	-	87,456	87,456
Proceeds from sale of capital assets	62,200	62,200	163,218	101,018
Total other financing sources	<u>1,979,038</u>	<u>1,979,038</u>	<u>3,629,391</u>	<u>1,650,353</u>
NET CHANGE IN FUND BALANCE	(751,709)	(1,229,159)	(2,556,268)	(1,327,109)
FUND BALANCE, BEGINNING	<u>9,362,878</u>	<u>9,362,878</u>	<u>9,362,878</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 8,611,169</u>	<u>\$ 8,133,719</u>	<u>\$ 6,806,610</u>	<u>\$ (1,327,109)</u>

CITY OF MARBLE FALLS, TEXAS

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

ECONOMIC DEVELOPMENT CORPORATION FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Sales taxes	\$ 3,558,111	\$ 3,642,619	\$ 3,496,335	\$ (146,284)
Permits and fees	55,000	55,000	24,297	(30,703)
Intergovernmental	-	3,000	-	(3,000)
Interest on investments	201,000	201,000	371,500	170,500
Other	-	-	988	988
Total revenues	<u>3,814,111</u>	<u>3,901,619</u>	<u>3,893,120</u>	<u>(8,499)</u>
EXPENDITURES				
Current:				
Personnel services	352,403	352,403	416,508	(64,105)
Supplies	-	-	319	(319)
Maintenance	34,662	40,662	16,902	23,760
Purchased and contracted services	200,999	200,999	128,626	72,373
Other services and charges	362,572	378,072	181,565	196,507
Capital outlay	3,181,925	3,221,925	1,811,862	1,410,063
Debt service				
Principal	755,000	755,000	755,000	-
Interest	457,811	457,811	457,811	-
Total expenditures	<u>5,345,372</u>	<u>5,406,872</u>	<u>3,768,593</u>	<u>1,638,279</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>(1,531,261)</u>	<u>(1,505,253)</u>	<u>124,527</u>	<u>1,629,780</u>
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	76,765	126,765	448,457	321,692
Transfers out	(195,563)	(195,563)	(219,563)	(24,000)
Total other financing sources (uses)	<u>(118,798)</u>	<u>(68,798)</u>	<u>228,894</u>	<u>297,692</u>
NET CHANGE IN FUND BALANCE	(1,650,059)	(1,574,051)	353,421	1,927,472
FUND BALANCE, BEGINNING	<u>8,168,065</u>	<u>8,168,065</u>	<u>8,168,065</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 6,518,006</u>	<u>\$ 6,594,014</u>	<u>\$ 8,521,486</u>	<u>\$ 1,927,472</u>

CITY OF MARBLE FALLS, TEXAS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

FOR THE YEAR ENDED SEPTEMBER 30, 2025

Budgetary Information

Annual appropriated budgets are legally adopted for the General Fund, Hotel/Motel Tax, Economic Development Corporation, and Debt Service Funds on a basis consistent with generally accepted accounting principles. An annual non-appropriated budget is adopted for the City's Water and Utility Enterprise Fund on a non-GAAP basis for managerial control. Project length budgets are adopted for the Hotel Conference Center Capital Project Fund, the Parks Improvement Capital Project Fund, the General Improvements Capital Projects Fund, the Trunked Radio System Fund, the Impact Fee Fund, the Building Security Fund, the CDBG 2016 Grant Fund, the Police Forfeiture Fund, and the HOME Grant Fund. These funds are amended on an annual basis to reflect the uncompleted portion of the projects. These funds adopt their budget based on individual projects that cross fund years. An annual comparison does not fairly represent the budgetary results for multiple year projects.

The original budget is adopted by the City Council prior to the beginning of the fiscal year. Amendments are made during the year on approval by the City Council. Unused budget appropriations lapse at year-end unless carried forward to the next year by Council action. The final budget is legally adopted by the Council prior to September 30 of each year.

The City Council has the authority to transfer appropriation balances from one expenditure category to another within a department. Although costs are monitored by expenditure category, the legal level of control (level at which expenditures may not exceed budget) is the fund level. The reported budgetary data has been revised for amendments authorized during the year.

Excess of expenditures over appropriations

Expenditures in the General Fund exceeded appropriations by \$2,062,478. This overage was funded with existing fund balance.

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**COMBINING AND
INDIVIDUAL FUND STATEMENTS**

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Hotel/Motel Tax – to account for receipt and allocation of the City’s hotel/motel occupancy tax. Use of this tax is limited by law to the promotion of tourism. The hotel occupancy tax rate for the City’s hotels is 7%.

Police Forfeiture – to account for cash assets seized, or the proceeds from the sale of other assets seized, as a result of drug related law enforcement activities. By law, these funds must be used for future illegal drug enforcement activity.

Trunked Radio System – to account for subscription fees from surrounding communities and the expenditures related to the trunked radio system.

Impact Fee Fund – to account for all funds related to the water and sewer impact fees.

Building Security Fund - to account for collection of the building security fee from each conviction and funds are to be used for the municipal court and the building where the court resides.

CDBG 2016 Grant – to account for the revenues and expenditures related to the Community Development Block Grant.

HOME Grant – to account for the revenues and expenditures related to the HOME Grant.

CAPITAL PROJECTS FUND

Parks Improvement Fund – to account for the funds assigned to park improvement projects.

CITY OF MARBLE FALLS, TEXAS

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

SEPTEMBER 30, 2025

	Special Revenue		
	Hotel/Motel Tax	Police Forfeiture	Trunked Radio System
ASSETS			
Cash and investments	\$ 574,889	\$ 53,575	\$ 312,068
Other taxes receivable	193,939	-	-
Due from other governments	-	-	-
	768,828	53,575	312,068
LIABILITIES			
Accounts payable	5,316	-	-
Accrued liabilities	5,156	-	-
Due to other funds	-	-	-
Total liabilities	10,472	-	-
FUND BALANCES			
Restricted	758,356	53,575	312,068
Total fund balances	758,356	53,575	312,068
Total liabilities, deferred inflows of resources and fund balances	\$ 768,828	\$ 53,575	\$ 312,068

Special Revenue				Capital Projects	Total Nonmajor Governmental Funds
Impact Fee Fund	Building Security Fund	CDBG 2016 Grant	HOME Grant	Parks Improvement	
\$ 1,203,391	\$ 33,115	\$ 1,700	\$ -	\$ 5,124,721	\$ 7,303,459
-	-	-	-	-	193,939
-	-	-	25,363	872,816	898,179
<u>1,203,391</u>	<u>33,115</u>	<u>1,700</u>	<u>25,363</u>	<u>5,997,537</u>	<u>8,395,577</u>
-	-	-	-	333,755	339,071
-	-	-	-	-	5,156
-	-	-	25,363	-	25,363
-	-	-	25,363	333,755	369,590
<u>1,203,391</u>	<u>33,115</u>	<u>1,700</u>	<u>-</u>	<u>5,663,782</u>	<u>8,025,987</u>
<u>1,203,391</u>	<u>33,115</u>	<u>1,700</u>	<u>-</u>	<u>5,663,782</u>	<u>8,025,987</u>
<u>\$ 1,203,391</u>	<u>\$ 33,115</u>	<u>\$ 1,700</u>	<u>\$ 25,363</u>	<u>\$ 5,997,537</u>	<u>\$ 8,395,577</u>

CITY OF MARBLE FALLS, TEXAS

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

FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Special Revenue		
	Hotel/Motel Tax	Police Forfeiture	Trunked Radio System
REVENUES			
Hotel/motel taxes	\$ 781,082	\$ -	\$ -
Fines and fees	-	41,650	-
Intergovernmental	-	-	47,570
Investment earnings	-	956	-
Other	-	12,020	-
Total revenues	<u>781,082</u>	<u>54,626</u>	<u>47,570</u>
EXPENDITURES			
Current:			
Public safety	-	280	21,967
Culture and recreation	534,938	-	-
Capital outlay	-	9,824	-
Total expenditures	<u>534,938</u>	<u>10,104</u>	<u>21,967</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>246,144</u>	<u>44,522</u>	<u>25,603</u>
OTHER FINANCING SOURCES (USES)			
Issuance of financed purchases	-	-	-
Transfers in	-	-	40,550
Transfers out	(270,794)	-	-
Total other financing sources (uses)	<u>(270,794)</u>	<u>-</u>	<u>40,550</u>
NET CHANGE IN FUND BALANCES	(24,650)	44,522	66,153
FUND BALANCES, BEGINNING	<u>783,006</u>	<u>9,053</u>	<u>245,915</u>
FUND BALANCES, ENDING	<u>\$ 758,356</u>	<u>\$ 53,575</u>	<u>\$ 312,068</u>

Impact Fee Fund	Special Revenue			Capital Projects	Nonmajor Governmental Funds
	Building Security Fund	CDBG 2016 Grant	HOME Grant	Parks Improvement	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 781,082
1,203,391	10,805	-	-	-	1,255,846
-	-	-	-	30,000	77,570
-	-	-	-	261,741	262,697
-	-	-	-	500,000	512,020
<u>1,203,391</u>	<u>10,805</u>	<u>-</u>	<u>-</u>	<u>791,741</u>	<u>2,889,215</u>
-	346	-	-	-	22,593
-	-	-	-	-	534,938
-	-	-	-	2,086,269	2,096,093
<u>-</u>	<u>346</u>	<u>-</u>	<u>-</u>	<u>2,086,269</u>	<u>2,653,624</u>
<u>1,203,391</u>	<u>10,459</u>	<u>-</u>	<u>-</u>	<u>(1,294,528)</u>	<u>235,591</u>
-	-	-	-	202,000	202,000
-	-	-	-	-	40,550
-	-	-	-	-	(270,794)
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>202,000</u>	<u>(28,244)</u>
1,203,391	10,459	-	-	(1,092,528)	207,347
<u>-</u>	<u>22,656</u>	<u>1,700</u>	<u>-</u>	<u>6,756,310</u>	<u>7,818,640</u>
<u>\$ 1,203,391</u>	<u>\$ 33,115</u>	<u>\$ 1,700</u>	<u>\$ -</u>	<u>\$ 5,663,782</u>	<u>\$ 8,025,987</u>

CITY OF MARBLE FALLS, TEXAS

COMBINING STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS

SEPTEMBER 30, 2025

	<u>LaVentana PID Trust Fund</u>	<u>Gregg Ranch PID Trust Fund</u>	<u>Thunder Rock PID Trust Fund</u>	<u>Thousand Oaks PID Trust Fund</u>	<u>Total Trust Funds</u>
ASSETS					
Cash and cash equivalents	\$ 58,536	\$ 325,083	\$ 17,866	\$ -	\$ 401,485
Total assets	<u>58,536</u>	<u>325,083</u>	<u>17,866</u>	<u>-</u>	<u>401,485</u>
LIABILITIES					
Accounts payable	<u>276</u>	<u>-</u>	<u>-</u>	<u>516</u>	<u>792</u>
Total liabilities	<u>276</u>	<u>-</u>	<u>-</u>	<u>516</u>	<u>792</u>
NET POSITION					
Held in trust	<u>\$ 58,260</u>	<u>\$ 325,083</u>	<u>\$ 17,866</u>	<u>\$ (516)</u>	<u>\$ 400,693</u>

CITY OF MARBLE FALLS, TEXAS

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2025

	LaVentana PID Trust Fund	Gregg Ranch PID Trust Fund	Thunder Rock PID Trust Fund	Thousand Oaks PID Trust Fund	Total Trust Funds
ADDITIONS					
Property tax assessment	\$ 42,076	\$ 686,212	\$ 1,238,169	\$ -	\$ 1,966,457
Investment earnings	<u>1,979</u>	<u>1,563</u>	<u>2,695</u>	<u>338</u>	<u>6,575</u>
Total additions	<u>44,055</u>	<u>687,775</u>	<u>1,240,864</u>	<u>338</u>	<u>1,973,032</u>
DEDUCTIONS					
Purchased and contracted services	<u>4,973</u>	<u>371,974</u>	<u>1,231,112</u>	<u>14</u>	<u>1,608,073</u>
Total deductions	<u>4,973</u>	<u>371,974</u>	<u>1,231,112</u>	<u>14</u>	<u>1,608,073</u>
CHANGE IN NET POSITION	39,082	315,801	9,752	324	364,959
NET POSITION, BEGINNING	<u>19,178</u>	<u>9,282</u>	<u>8,114</u>	<u>(840)</u>	<u>35,734</u>
NET POSITION, ENDING	<u>\$ 58,260</u>	<u>\$ 325,083</u>	<u>\$ 17,866</u>	<u>\$ (516)</u>	<u>\$ 400,693</u>

CITY OF MARBLE FALLS, TEXAS

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

DEBT SERVICE FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Property taxes	\$ 5,164,920	\$ 5,164,920	\$ 5,061,711	\$ (103,209)
Investment earnings	50,400	50,400	81,846	31,446
Total revenues	<u>5,215,320</u>	<u>5,215,320</u>	<u>5,143,557</u>	<u>(71,763)</u>
EXPENDITURES				
Debt service:				
Principal	3,780,000	3,780,000	4,000,000	(220,000)
Interest and fiscal charges	1,627,627	1,627,627	1,793,352	(165,725)
Bond issuance costs	5,000	5,000	5,450	(450)
Total expenditures	<u>5,412,627</u>	<u>5,412,627</u>	<u>5,798,802</u>	<u>(386,175)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(197,307)</u>	<u>(197,307)</u>	<u>(655,245)</u>	<u>(457,938)</u>
OTHER FINANCING SOURCES				
Transfers in	252,610	252,610	252,610	-
Transfers out	(850,000)	(850,000)	(850,000)	-
Total other financing sources	<u>(597,390)</u>	<u>(597,390)</u>	<u>(597,390)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(794,697)	(794,697)	(1,252,635)	(457,938)
FUND BALANCE, BEGINNING	<u>1,387,259</u>	<u>1,387,259</u>	<u>1,387,259</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 592,562</u>	<u>\$ 592,562</u>	<u>\$ 134,624</u>	<u>\$ (457,938)</u>

CITY OF MARBLE FALLS, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
HOTEL/MOTEL TAX FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Hotel/motel taxes	\$ 870,000	\$ 800,000	\$ 781,082	\$ (18,918)
Other	3,300	3,300	-	(3,300)
Total revenues	<u>873,300</u>	<u>803,300</u>	<u>781,082</u>	<u>(22,218)</u>
EXPENDITURES				
Current:				
Personel Services	19,866	19,866	22,620	(2,754)
Services	320,500	324,068	170,705	153,363
Other	83,750	86,350	86,483	(133)
Local assistance	243,792	243,792	255,130	(11,338)
Capital outlay	10,000	10,000	-	10,000
Total expenditures	<u>677,908</u>	<u>684,076</u>	<u>534,938</u>	<u>149,138</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>195,392</u>	<u>119,224</u>	<u>246,144</u>	<u>126,920</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(244,106)</u>	<u>(244,106)</u>	<u>(270,794)</u>	<u>(26,688)</u>
Total other financing sources (uses)	<u>(244,106)</u>	<u>(244,106)</u>	<u>(270,794)</u>	<u>(26,688)</u>
NET CHANGE IN FUND BALANCE	(48,714)	(124,882)	(24,650)	100,232
FUND BALANCE, BEGINNING	<u>783,006</u>	<u>783,006</u>	<u>783,006</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 734,292</u>	<u>\$ 658,124</u>	<u>\$ 758,356</u>	<u>\$ 100,232</u>

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STATISTICAL SECTION

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**STATISTICAL SECTION
(Unaudited)**

This portion of the City of Marble Falls, Texas' annual comprehensive financial report presents multiple years of data to provide a historical perspective for understanding the information available in the financial statements, note disclosures, and required supplementary information and for assessing the City's overall financial health.

Contents	Page
Financial Trends These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	73
Revenue Capacity These schedules contain trend information to help the reader assess the City's most significant local revenue resource.	85
Debt Capacity These schedules contain trend information to help the reader assess the affordability of the City's current levels of outstanding debt and the County's ability to issue additional debt in the future.	92
Economic and Demographic Indicators These schedules contain economic and demographic information to help the reader understand the environment within which the City's financial activities take place.	99
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services and activities performed by the City.	103

CITY OF MARBLE FALLS, TEXAS

NET POSITION BY COMPONENT

LAST TEN FISCAL YEARS

	Fiscal Year			
	2016	2017	2018	2019
Governmental activities:				
Net investment in capital assets	\$ 3,569,454	\$ 4,356,606	\$ 4,808,202	\$ 4,276,768
Restricted	3,221,732	2,890,400	3,279,017	3,308,230
Unrestricted	<u>1,991,433</u>	<u>1,444,900</u>	<u>2,196,849</u>	<u>1,877,011</u>
Total governmental activities net position	<u>\$ 8,782,619</u>	<u>\$ 8,691,906</u>	<u>\$ 10,284,068</u>	<u>\$ 9,462,009</u>
Business-type activities:				
Net investment in capital assets	\$ 15,476,859	\$ 17,061,917	\$ 16,806,620	\$ 16,530,931
Unrestricted	<u>(120,647)</u>	<u>(2,522,088)</u>	<u>(3,105,947)</u>	<u>(3,871,790)</u>
Total business-type activities net position	<u>\$ 15,356,212</u>	<u>\$ 14,539,829</u>	<u>\$ 13,700,673</u>	<u>\$ 12,659,141</u>
Primary government:				
Net investment in capital assets	\$ 19,046,313	\$ 21,418,523	\$ 21,614,822	\$ 20,807,699
Restricted	3,221,732	2,890,400	3,279,017	3,308,230
Unrestricted	<u>1,870,786</u>	<u>(1,077,188)</u>	<u>(909,098)</u>	<u>(1,994,779)</u>
Total primary government net position	<u>\$ 24,138,831</u>	<u>\$ 23,231,735</u>	<u>\$ 23,984,741</u>	<u>\$ 22,121,150</u>

TABLE 1

Fiscal Year					
2020	2021	2022	2023	2024	2025
\$ 7,402,554	\$ 4,970,235	\$ 5,949,304	\$ 5,737,308	\$ 12,000,953	\$ 18,193,397
3,216,650	4,369,837	18,210,356	24,078,330	22,801,052	16,410,332
<u>291,567</u>	<u>13,779,488</u>	<u>3,466,331</u>	<u>3,066,561</u>	<u>1,539,626</u>	<u>3,606,648</u>
<u>\$ 10,910,771</u>	<u>\$ 23,119,560</u>	<u>\$ 27,625,991</u>	<u>\$ 32,882,199</u>	<u>\$ 36,341,631</u>	<u>\$ 38,210,377</u>
\$ 16,865,358	\$ 16,999,042	\$ 16,928,614	\$ 21,891,218	\$ 24,150,892	\$ 27,691,940
<u>(3,634,558)</u>	<u>(2,347,901)</u>	<u>693,744</u>	<u>254,675</u>	<u>3,306,639</u>	<u>(112,149)</u>
<u>\$ 13,230,800</u>	<u>\$ 14,651,141</u>	<u>\$ 17,622,358</u>	<u>\$ 22,145,893</u>	<u>\$ 27,457,531</u>	<u>\$ 27,579,791</u>
\$ 24,267,912	\$ 21,969,277	\$ 22,877,918	\$ 27,628,526	\$ 36,151,845	\$ 45,885,337
3,216,650	4,369,837	18,210,356	24,078,330	22,801,052	16,410,332
<u>(3,342,991)</u>	<u>11,431,587</u>	<u>4,160,075</u>	<u>3,321,236</u>	<u>4,846,265</u>	<u>3,494,499</u>
<u>\$ 24,141,571</u>	<u>\$ 37,770,701</u>	<u>\$ 45,248,349</u>	<u>\$ 55,028,092</u>	<u>\$ 63,799,162</u>	<u>\$ 65,790,168</u>

CITY OF MARBLE FALLS, TEXAS

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS

	Fiscal Year			
	2016	2017	2018	2019
EXPENSES				
Governmental activities:				
General government	\$ 4,181,958	\$ 4,205,152	\$ 3,990,324	\$ 4,516,426
Public safety	4,866,672	5,385,714	5,587,223	7,825,499
Public works	3,220,604	3,433,441	3,630,999	3,868,741
Culture and recreation	1,282,565	1,434,383	1,592,267	2,366,820
Interest on long-term debt	<u>1,285,496</u>	<u>1,736,608</u>	<u>1,288,511</u>	<u>1,418,977</u>
Total governmental activities expenses	<u>14,837,295</u>	<u>16,195,298</u>	<u>16,089,324</u>	<u>19,996,463</u>
Business-type activities:				
Water and wastewater	<u>5,584,311</u>	<u>5,787,031</u>	<u>5,745,262</u>	<u>6,194,230</u>
Total business-type activities expenses	<u>5,584,311</u>	<u>5,787,031</u>	<u>5,745,262</u>	<u>6,194,230</u>
Total primary government expenses	<u>20,421,606</u>	<u>21,982,329</u>	<u>21,834,586</u>	<u>26,190,693</u>
PROGRAM REVENUES				
Governmental activities:				
Charges for services:				
General government	392,483	420,557	431,239	444,108
Public safety	183,732	212,896	220,210	241,106
Public works	145,689	233,880	167,184	190,251
Culture and recreation	<u>175,899</u>	<u>194,374</u>	<u>167,472</u>	<u>100,447</u>
Total charges for services	<u>897,803</u>	<u>1,061,707</u>	<u>986,105</u>	<u>975,912</u>
Operating grants and contributions	236,577	222,627	665,202	250,167
Capital grants and contributions	<u>155,713</u>	-	-	-
Total governmental activities program revenues	<u>1,290,093</u>	<u>1,284,334</u>	<u>1,651,307</u>	<u>1,226,079</u>
Business-type activities:				
Charges for services	4,340,250	4,966,903	5,162,432	5,158,479
Operating grants and contributions	-	-	-	-
Capital grants and contributions	<u>146,850</u>	<u>155,000</u>	<u>125,260</u>	<u>115,000</u>
Total business-type activities program revenues	<u>4,487,100</u>	<u>5,121,903</u>	<u>5,287,692</u>	<u>5,273,479</u>
Total primary government program revenues	<u>\$ 5,777,193</u>	<u>\$ 6,406,237</u>	<u>\$ 6,938,999</u>	<u>\$ 6,499,558</u>

TABLE 2

Fiscal Year						
2020	2021	2022	2023	2024	2025	
\$ 5,776,274	\$ 5,600,790	\$ 6,676,218	\$ 7,207,565	\$ 7,889,825	\$ 10,605,311	
8,087,970	7,797,505	9,221,922	9,760,595	11,605,706	11,858,753	
1,524,668	1,224,598	1,964,553	1,894,188	2,759,427	3,140,740	
1,781,135	1,902,820	2,640,598	3,311,337	3,779,510	3,630,746	
1,204,850	1,262,322	1,414,123	1,979,562	2,507,424	2,542,190	
<u>18,374,897</u>	<u>17,788,035</u>	<u>21,917,414</u>	<u>24,153,247</u>	<u>28,541,892</u>	<u>31,777,740</u>	
<u>5,622,704</u>	<u>5,670,562</u>	<u>6,471,482</u>	<u>7,486,024</u>	<u>8,246,104</u>	<u>10,926,598</u>	
<u>5,622,704</u>	<u>5,670,562</u>	<u>6,471,482</u>	<u>7,486,024</u>	<u>8,246,104</u>	<u>10,926,598</u>	
<u>23,997,601</u>	<u>23,458,597</u>	<u>28,388,896</u>	<u>31,639,271</u>	<u>36,787,996</u>	<u>42,704,338</u>	
528,768	858,954	687,627	872,491	1,293,119	967,268	
402,037	173,490	332,681	189,224	538,624	617,987	
288,601	765,881	1,242,899	1,601,055	1,588,196	1,425,948	
97,279	307,730	215,210	247,639	161,970	145,137	
<u>1,316,685</u>	<u>2,106,055</u>	<u>2,478,417</u>	<u>2,910,409</u>	<u>3,581,909</u>	<u>3,156,340</u>	
958,026	2,799,884	1,030,867	1,701,870	542,284	511,988	
-	4,747,102	756,411	356,291	557,748	1,400,476	
<u>2,274,711</u>	<u>9,653,041</u>	<u>4,265,695</u>	<u>4,968,570</u>	<u>4,681,941</u>	<u>5,068,804</u>	
6,044,484	6,535,361	7,529,182	8,259,630	7,633,837	9,121,475	
-	38,162	1,109,727	1,423,803	2,592,840	19,125	
-	339,437	-	-	-	250,000	
<u>6,044,484</u>	<u>6,912,960</u>	<u>8,638,909</u>	<u>9,683,433</u>	<u>10,226,677</u>	<u>9,390,600</u>	
\$ <u>8,319,195</u>	\$ <u>16,566,001</u>	\$ <u>12,904,604</u>	\$ <u>14,652,003</u>	\$ <u>14,908,618</u>	\$ <u>14,459,404</u>	

CITY OF MARBLE FALLS, TEXAS

CHANGES IN NET POSITION
(Continued)
LAST TEN FISCAL YEARS

	Fiscal Year			
	2016	2017	2018	2019
NET (EXPENSE) REVENUES				
Governmental activities	\$ (13,547,202)	\$ (14,910,964)	\$ (14,438,017)	\$ (18,770,384)
Business-type activities	<u>(1,097,211)</u>	<u>(665,128)</u>	<u>(457,570)</u>	<u>(920,751)</u>
Total primary government net expense	<u>(14,644,413)</u>	<u>(15,576,092)</u>	<u>(14,895,587)</u>	<u>(19,691,135)</u>
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION				
Governmental activities:				
Taxes				
Property	4,701,079	4,815,932	5,148,352	5,669,378
Sales	7,856,341	8,536,450	8,762,727	9,515,880
Franchise	578,961	539,247	583,840	591,561
Other	691,646	737,042	755,357	822,438
Investment earnings	61,500	137,190	181,545	275,258
Loss/gain on sale of assets	106,824	160,233	485,962	-
Miscellaneous	88,702	125,819	91,585	926,591
Transfers	<u>116,213</u>	<u>200,173</u>	<u>338,950</u>	<u>147,219</u>
Total governmental activities	<u>14,201,266</u>	<u>15,252,086</u>	<u>16,348,318</u>	<u>17,948,325</u>
Business-type activities:				
Investment earnings	21,450	48,918	24,542	26,438
Transfers	<u>(91,213)</u>	<u>(200,173)</u>	<u>(338,950)</u>	<u>(147,219)</u>
Total business-type activities	<u>(69,763)</u>	<u>(151,255)</u>	<u>(314,408)</u>	<u>(120,781)</u>
Total primary government	<u>14,131,503</u>	<u>15,100,831</u>	<u>16,033,910</u>	<u>17,827,544</u>
CHANGE IN NET POSITION				
Governmental activities	654,064	341,122	1,910,301	(822,059)
Business-type activities	<u>(1,166,974)</u>	<u>(816,383)</u>	<u>(771,978)</u>	<u>(1,041,532)</u>
Total primary government	<u>\$ (512,910)</u>	<u>\$ (475,261)</u>	<u>\$ 1,138,323</u>	<u>\$ (1,863,591)</u>

TABLE 2

Fiscal Year					
2020	2021	2022	2023	2024	2025
\$ (16,100,186)	\$ (8,134,994)	\$ (17,651,719)	\$ (19,184,677)	\$ (22,369,915)	\$ (26,708,936)
<u>421,780</u>	<u>1,242,398</u>	<u>2,167,427</u>	<u>2,197,409</u>	<u>2,523,225</u>	<u>(1,535,998)</u>
<u>(15,678,406)</u>	<u>(6,892,596)</u>	<u>(15,484,292)</u>	<u>(16,987,268)</u>	<u>(19,846,690)</u>	<u>(28,244,934)</u>
5,988,377	6,255,127	6,470,559	7,590,955	9,098,460	9,142,904
9,952,643	11,890,740	13,761,183	14,304,544	10,560,072	13,985,341
554,140	563,337	599,968	674,305	444,423	725,105
616,648	886,304	1,137,042	807,240	428,709	867,473
121,181	35,206	266,866	1,873,697	1,402,923	1,958,030
307,813	643,933	2,359,352	-	-	-
151,818	244,926	360,588	12,804	383,174	1,062,598
<u>(143,672)</u>	<u>(175,790)</u>	<u>(694,959)</u>	<u>(822,660)</u>	<u>1,063,680</u>	<u>1,236,811</u>
<u>17,548,948</u>	<u>20,343,783</u>	<u>24,260,599</u>	<u>24,440,885</u>	<u>23,381,441</u>	<u>28,978,262</u>
6,207	2,153	108,831	1,503,466	1,582,430	2,945,010
<u>143,672</u>	<u>175,790</u>	<u>694,959</u>	<u>822,660</u>	<u>(618,406)</u>	<u>(1,236,811)</u>
<u>149,879</u>	<u>177,943</u>	<u>803,790</u>	<u>2,326,126</u>	<u>964,024</u>	<u>1,708,199</u>
<u>17,698,827</u>	<u>20,521,726</u>	<u>25,064,389</u>	<u>26,767,011</u>	<u>24,345,465</u>	<u>30,686,461</u>
1,448,762	12,208,789	6,608,880	5,256,208	1,011,526	2,269,326
<u>571,659</u>	<u>1,420,341</u>	<u>2,971,217</u>	<u>4,523,535</u>	<u>3,487,249</u>	<u>172,201</u>
<u>\$ 2,020,421</u>	<u>\$ 13,629,130</u>	<u>\$ 9,580,097</u>	<u>\$ 9,779,743</u>	<u>\$ 4,498,775</u>	<u>\$ 2,441,527</u>

CITY OF MARBLE FALLS, TEXAS

FUND BALANCES
GOVERNMENTAL FUNDS

	Fiscal Year			
	2016	2017	2018	2019
General fund				
Non-spendable	\$ 1,248	\$ 1,248	\$ 5,792	\$ 1,248
Assigned	-	-	-	25,824
Unassigned	<u>1,696,473</u>	<u>1,843,050</u>	<u>1,983,924</u>	<u>2,165,390</u>
Total general fund	<u>\$ 1,697,721</u>	<u>\$ 1,844,298</u>	<u>\$ 1,989,716</u>	<u>\$ 2,192,462</u>
All other governmental funds				
Restricted	\$ 6,671,902	\$ 9,650,051	\$ 10,389,421	\$ 11,458,080
Unassigned, reported in:				
Special revenue funds	(223,746)	(10,298)	(187,390)	-
Debt service funds	<u>-</u>	<u>-</u>	<u>(80,737)</u>	<u>-</u>
Total all other governmental funds	<u>\$ 6,448,156</u>	<u>\$ 9,639,753</u>	<u>\$ 10,121,294</u>	<u>\$ 11,458,080</u>

TABLE 3

Fiscal Year					
2020	2021	2022	2023	2024	2025
\$ 1,248	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	598,322	-
<u>2,063,369</u>	<u>6,891,283</u>	<u>7,778,951</u>	<u>8,003,660</u>	<u>8,764,556</u>	<u>6,806,610</u>
<u>\$ 2,064,617</u>	<u>\$ 6,891,283</u>	<u>\$ 7,778,951</u>	<u>\$ 8,003,660</u>	<u>\$ 9,362,878</u>	<u>\$ 6,806,610</u>
\$ 10,427,451	\$ 15,210,838	\$ 26,276,965	\$ 42,920,629	\$ 47,345,725	\$ 48,347,595
-	-	-	-	-	-
<u>(19,002)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 10,408,449</u>	<u>\$ 15,210,838</u>	<u>\$ 26,276,965</u>	<u>\$ 50,924,289</u>	<u>\$ 56,708,603</u>	<u>\$ 55,154,205</u>

CITY OF MARBLE FALLS, TEXAS

**CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS**

	Fiscal Year			
	2016	2017	2018	2019
REVENUES				
Taxes	\$ 13,809,199	\$ 14,627,627	\$ 15,242,805	\$ 16,568,141
Intergovernmental	367,320	322,480	851,994	425,787
Charges for services	427,991	484,352	469,572	309,818
Fines	295,414	338,164	232,020	389,316
Investment earnings	61,500	137,190	181,545	275,258
Other revenues	<u>275,432</u>	<u>253,868</u>	<u>161,846</u>	<u>536,343</u>
Total revenues	<u>15,236,856</u>	<u>16,163,681</u>	<u>17,139,782</u>	<u>18,504,663</u>
EXPENDITURES				
General government	3,272,101	3,267,055	3,388,872	3,410,347
Public safety	4,699,878	5,123,752	5,219,200	5,988,404
Public works	1,066,985	1,148,508	1,189,947	1,522,838
Culture and recreation	1,154,898	1,283,656	1,421,830	1,614,047
Capital outlay	1,501,203	6,260,333	2,243,067	5,641,412
Debt service				
Principal	2,769,860	3,128,669	3,322,964	3,421,258
Interest	1,268,136	1,311,244	1,359,716	1,453,451
Bond issuance cost	<u>51,892</u>	<u>387,363</u>	<u>4,600</u>	<u>34,900</u>
Total expenditures	<u>15,784,953</u>	<u>21,910,580</u>	<u>18,150,196</u>	<u>23,086,657</u>

TABLE 4

		Fiscal Year									
		2020	2021	2022	2023	2024	2025				
\$	16,545,284	\$	19,047,763	\$	21,362,034	\$	22,705,026	\$	24,098,336	\$	24,116,011
	883,617		5,722,787		1,738,702		1,965,426		1,842,997		2,471,007
	378,737		544,089		746,653		1,594,017		2,004,598		1,624,664
	449,089		933,290		1,299,082		1,728,820		1,843,752		1,710,083
	121,181		35,206		266,866		1,873,697		2,344,665		1,958,030
	<u>752,569</u>		<u>1,307,944</u>		<u>1,428,747</u>		<u>491,658</u>		<u>483,441</u>		<u>1,051,907</u>
	<u>19,130,477</u>		<u>27,591,079</u>		<u>26,842,084</u>		<u>30,358,644</u>		<u>32,617,789</u>		<u>32,931,702</u>
	3,791,476		3,700,990		4,428,797		5,472,987		5,608,760		6,470,286
	6,460,224		6,147,651		6,966,927		7,854,139		8,859,844		9,992,562
	1,402,653		1,167,813		1,740,767		1,775,659		2,507,175		3,010,711
	1,545,139		1,725,035		2,320,256		3,062,781		3,336,084		3,358,753
	2,845,980		8,729,749		4,159,041		6,134,154		11,657,027		19,554,558
	3,691,410		3,848,094		4,425,194		4,987,902		4,831,323		5,592,272
	1,197,622		1,136,106		1,314,307		1,506,524		2,161,264		2,402,445
	<u>91,253</u>		<u>184,001</u>		<u>238,192</u>		<u>513,869</u>		<u>87,151</u>		<u>173,969</u>
	<u>21,025,757</u>		<u>26,639,439</u>		<u>25,593,481</u>		<u>31,308,015</u>		<u>39,048,628</u>		<u>50,555,556</u>

CITY OF MARBLE FALLS, TEXAS

CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
(Continued)
LAST TEN FISCAL YEARS

	Fiscal Year			
	2016	2017	2018	2019
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ (5,746,899)	\$ (1,010,414)	\$ (4,581,994)	\$ (1,895,280)
OTHER FINANCING SOURCES (USES)				
Issuance of debt	3,762,700	14,895,000	-	5,242,250
Refunding bonds issued	-	-	-	-
Premium on bond issuance	61,571	644,277	-	149,842
Payment to escrow agent	(3,782,686)	(6,919,367)	-	-
Issuance of financed purchases	-	23,615	479,387	-
Issuance of leases	-	-	-	-
Sale of assets	106,824	266,894	839,389	168,612
Proceeds from insurance	11,602	14,481	24,647	478,403
Transfers in	577,043	833,820	491,275	697,516
Transfers out	<u>(490,830)</u>	<u>(673,647)</u>	<u>(197,325)</u>	<u>(615,097)</u>
Total other financing sources (uses)	<u>246,224</u>	<u>9,085,073</u>	<u>1,637,373</u>	<u>6,121,526</u>
NET CHANGE IN FUND BALANCES	\$ <u>(5,500,675)</u>	\$ <u>8,074,659</u>	\$ <u>(2,944,621)</u>	\$ <u>4,226,246</u>
DEBT SERVICE AS A PERCENTAGE OF NONCAPITAL EXPENDITURES	<u>21.75%</u>	<u>39.68%</u>	<u>23.39%</u>	<u>25.47%</u>

TABLE 4

Fiscal Year					
2020	2021	2022	2023	2024	2025
\$ (1,895,280)	\$ 951,640	\$ 1,248,603	\$ (949,371)	\$ (6,430,839)	\$ (17,623,854)
4,405,000	7,740,000	8,010,000	16,270,000	10,640,000	11,620,000
-	1,215,000	1,620,000	-	-	-
525,039	447,828	192,188	757,028	564,425	329,664
(4,934,950)	(1,205,381)	(1,586,563)	-	-	-
532,272	-	807,979	556,300	495,074	2,198,232
-	-	-	862,870	-	-
384,578	720,698	2,436,117	232,851	1,039,686	611,675
36,702	23,730	9,100	26,064	273,797	87,456
1,612,919	2,027,898	4,837,676	1,732,877	5,119,809	2,658,777
(1,843,756)	(2,292,358)	(5,621,305)	(2,620,246)	(5,917,638)	(1,436,348)
717,804	8,677,415	10,705,192	17,817,744	12,215,153	16,069,456
\$ (1,177,476)	\$ 9,629,055	\$ 11,953,795	\$ 16,868,373	\$ 5,784,314	\$ (1,554,398)
23.25%	27.21%	23.66%	26.16%	24.94%	21.69%

CITY OF MARBLE FALLS, TEXAS

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>Residential Property</u>	<u>Commercial Property</u>	<u>Industrial Property</u>	<u>Less: Tax-exempt Property</u>
2016	\$ 669,887,911	\$ 369,579,204	\$ 20,393,671	\$ 149,103,303
2017	716,529,053	374,129,771	19,187,025	164,271,764
2018	818,119,036	400,002,343	28,583,160	194,893,192
2019	920,286,236	451,953,511	29,142,848	211,205,527
2020	866,417,407	475,830,472	32,491,433	339,896,856
2021	948,832,374	479,764,456	32,412,329	360,562,762
2022	1,012,451,304	514,013,739	31,152,349	187,126,195
2023	1,221,797,141	567,660,569	35,105,337	140,259,874
2024	1,339,840,073	695,417,819	40,397,123	305,798,881
2025	1,665,520,983	548,592,191	51,520,307	313,941,133

Source: Burnet County Tax Appraisal

Note: Total Direct Tax Rate includes totals of City, School and County Tax Rates.
See Table 6 for individual rates.

TABLE 5

<u>Total Taxable Assessed Value</u>	<u>Total Direct Tax Rate</u>	<u>Estimated Actual Taxable Value</u>
910,757,483	2.3399	\$ 725,164,073
945,574,085	2.3095	743,445,866
1,051,811,347	2.2736	815,061,904
1,190,177,068	2.2085	933,743,351
1,034,842,456	2.1949	857,346,323
1,100,446,397	2.1135	939,604,117
1,370,491,197	2.0075	1,226,566,751
1,684,303,173	1.7819	1,362,057,015
1,769,856,134	1.8238	1,563,924,616
1,951,692,348	1.7528	1,515,025,345

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CITY OF MARBLE FALLS, TEXAS

TABLE 6

DIRECT AND OVERLAPPING PROPERTY TAX RATES

LAST TEN FISCAL YEARS

Fiscal Year	City Direct Rates			Overlapping Rates	
	Basic Rate	General Obligation Debt Service	Total Direct Rate	Marble Falls School District	Burnet County
2016	0.6483	\$ 34,741,998	2.3399	1.2800	0.3969
2017	0.6340	40,464,984	2.3095	1.2786	0.3969
2018	0.6150	37,193,430	2.2736	1.2686	0.3900
2019	0.6100	40,165,499	2.2085	1.1986	0.3999
2020	0.6100	40,165,499	2.1949	1.1850	0.3999
2021	0.5990	37,865,090	2.1135	1.1148	0.3997
2022	0.5577	41,875,090	2.0075	1.0732	0.3766
2023	0.5400	51,985,090	1.7819	0.8878	0.3541
2024	0.5350	58,825,090	1.8238	0.9122	0.3766
2025	0.5350	66,025,090	1.7528	0.8855	0.3323

Source: Burnet County Appraisal District, City of Marble Falls, Marble Falls Independent School District.

Note: The City's property tax is levied each October 1 on the assessed value listed on the previous January 1.

CITY OF MARBLE FALLS, TEXAS

PRINCIPAL PROPERTY TAXPAYERS

CURRENT AND NINE YEARS AGO

Taxpayer	2025	
	Taxable Assessed Value	Percentage of Total City Taxable Assessed Value
Prose Thunder Rock LP	\$ 46,938,908	2.41%
Z-Modular Marble Falls Flatz 281 LLC	29,158,560	1.49%
BTR Marble Falls LP	23,000,000	1.18%
Panther Hollow Apartments LLC	20,873,193	1.07%
Worldmark The Club	16,033,990	0.82%
HTA-Marble Falls MOB LLC	13,574,010	0.70%
Homestead Mormon Mill LP	13,400,000	0.69%
Huber Carbonates LLC	13,271,344	0.68%
Bray Spaar Partnership	12,500,000	0.64%
Perdernaes Electric Co-Op	<u>12,252,955</u>	<u>0.63%</u>
	<u>\$ 201,002,960</u>	<u>10.30%</u>

Source: Burnet County Appraisal office

TABLE 7

2016		
Taxable Assessed Value	Percentage of Total City Taxable Assessed Value	Taxpayer
\$ 14,837,130	2.21%	Scott & White Healthcare
9,902,205	1.47%	Huber JM Corp
9,620,425	1.43%	Wal-Mart Stores Inc 01-0781
6,100,723	0.91%	Wal-Mart Stores East LP
6,000,000	0.89%	Johnson-Sewell Family Partnership
5,970,943	0.88%	Lowe's Home Centers Inc
5,380,317	0.80%	HD Development Properties LP
5,304,840	0.91%	Johnson Ross H
4,894,483	0.73%	SL Marble Falls LP
<u>4,741,863</u>	<u>0.71%</u>	
<u>\$ 72,752,929</u>	<u>10.92%</u>	

CITY OF MARBLE FALLS, TEXAS

TABLE 8

PROPERTY TAX LEVIES AND COLLECTIONS

LAST TEN FISCAL YEARS

Fiscal Year Ended	Taxes Levied for the Fiscal Year	Collected With the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2016	\$ 4,775,228	\$ 4,657,916	99.66%	\$ 111,012	\$ 4,768,928	99.87%
2017	5,091,541	4,781,916	99.79%	299,101	5,081,017	99.79%
2018	5,628,702	5,079,790	99.23%	530,006	5,609,796	99.66%
2019	5,908,116	5,580,013	98.69%	299,936	5,879,949	99.52%
2020	6,195,894	5,860,090	98.57%	296,053	6,156,143	99.36%
2021	6,222,264	6,163,691	99.06%	107,625	6,222,264	100.00%
2022	6,594,063	6,534,334	99.09%	61,738	6,594,063	100.00%
2023	7,387,305	7,376,193	99.85%	115,292	7,387,305	100.00%
2024	8,583,595	8,337,919	97.14%	60,217	8,414,405	97.14%
2025	10,067,029	9,534,786	94.71%	-	9,534,786	94.71%

Source: Burnet County Tax Assessor Collector Office

CITY OF MARBLE FALLS, TEXAS

TABLE 9

MAJOR SOURCE OF REVENUE
SALES TAX HISTORY

<u>Fiscal Year</u>	<u>Revenue</u>	<u>Tax Rate</u>
2015-16	\$ 7,856,341	8.25%
2016-17	8,536,450	8.25%
2017-18	8,762,727	8.25%
2018-19	9,515,880	8.25%
2019-20	9,952,643	8.25%
2020-21	11,890,740	8.25%
2021-22	13,761,183	8.25%
2022-23	14,304,544	8.25%
2023-24	14,570,476	8.25%
2024-25	13,985,341	8.25%

Source: State of Texas Office of the Comptroller

CITY OF MARBLE FALLS, TEXAS

RATIOS OF OUTSTANDING DEBT BY TYPE

LAST TEN FISCAL YEARS

Fiscal Year	Governmental Activities				
	General Obligation Bonds	Tax Notes	Leases	Financing Arrangements	Premiums / Discounts
2016	\$ 34,177,840	\$ -	\$ -	\$ -	\$ 564,158
2017	39,332,840	-	391,781	-	1,132,144
2018	36,167,840	-	713,204	-	1,025,590
2019	36,970,090	1,170,000	561,946	-	1,071,639
2020	33,235,090	995,000	882,808	-	1,394,617
2021	37,865,090	520,000	649,714	-	1,696,656
2022	41,875,090	350,000	21,407	1,241,092	1,641,449
2023	51,985,090	1,985,000	784,611	1,722,043	2,227,872
2024	58,825,090	1,425,000	710,323	1,533,613	2,586,970
2025	66,025,090	1,010,000	636,523	3,048,373	2,692,493

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

See Table 15 for personal income and population data.

TABLE 10

Business-type Activities			Total Primary Government	Percentage of Personal Income	Per Capita
Water Revenue Bonds	Financing Arrangements	Premiums / Discounts			
\$ 24,757,160	\$ -	\$ 1,121,098	\$ 60,620,256	0.002	9,584
23,712,160	-	1,046,931	65,615,856	0.002	10,257
22,627,160	318,890	972,764	61,825,448	0.002	8,954
23,374,910	266,257	979,280	64,394,122	0.001	9,289
24,179,910	213,439	1,009,669	61,910,533	0.001	8,658
41,153,910	159,056	1,093,370	83,137,796	0.002	11,321
39,383,910	108,734	996,187	85,617,869	0.002	11,294
56,579,910	253,728	1,858,502	117,396,756	0.002	14,780
58,280,910	164,718	1,874,247	125,400,871	0.002	14,938
100,216,910	352,771	2,222,334	176,204,494	0.002	20,570

CITY OF MARBLE FALLS, TEXAS

TABLE 11

RATIOS OF GENERAL BONDED DEBT OUTSTANDING

LAST TEN FISCAL YEARS

Fiscal Year	General Obligation Bonds	Restricted for Debt Service	Net Bonded Debt	Percentage of Actual Taxable Value of Property	Per Capita
2016	\$ 34,741,998	\$ 98,082	\$ 34,643,916	4.67%	5,533
2017	40,464,984	96,911	40,368,073	4.96%	6,398
2018	37,193,430	100,227	37,093,203	3.98%	5,814
2019	38,041,729	117,407	37,924,322	4.07%	5,488
2020	34,629,707	123,628	34,506,079	3.33%	5,495
2021	39,561,746	114,241	39,447,505	3.58%	6,167
2022	41,875,090	350,790	41,524,300	3.03%	5,990
2023	54,212,962	900,828	53,312,134	3.17%	7,259
2024	61,412,060	1,595,317	59,816,743	3.38%	7,531
2025	69,727,583	278,231	69,449,352	3.56%	8,108

Notes:

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

See Table 5 for property value data.

Population data can be found in Table 15.

CITY OF MARBLE FALLS, TEXAS

TABLE 12

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

SEPTEMBER 30, 2025

Government Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Direct and Overlapping Debt
Debt repaid with property taxes			
Marble Falls Independent School District	\$ 83,885,668	22.88%	\$ 19,193,041
Burnet County General Obligation Debt	24,149,927	14.46%	<u>3,492,079</u>
Subtotal overlapping debt			<u>22,685,120</u>
City direct debt	73,412,479	100.00%	<u>73,412,479</u>
Subtotal direct debt			<u>73,412,479</u>
Total direct and overlapping debt			<u>\$ 96,097,599</u>

Sources: Burnet County Auditor (Burnet County Website), Marble Falls ISD

Notes: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Marble Falls. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident - and therefore responsible for repaying the debt - of each overlapping government.

CITY OF MARBLE FALLS, TEXAS

LEGAL DEBT MARGIN INFORMATION

LAST TEN FISCAL YEARS

	2016	2017	2018	2019
Debt limit	\$ 672,759,187	\$ 726,407,494	\$ 837,800,028	\$ 837,800,028
Total net debt applicable to limit	<u>34,741,998</u>	<u>39,332,840</u>	<u>37,193,430</u>	<u>38,041,729</u>
Legal debt margin	<u>\$ 638,017,189</u>	<u>\$ 687,074,654</u>	<u>\$ 800,606,598</u>	<u>\$ 799,758,299</u>
Total net debt applicable to the limit as a percentage of debt limit.	5.16%	5.41%	4.44%	4.54%

Legal Debt Margin Calculation for Fiscal Year 2025

Assessed value	\$ 1,785,667,995
Debt applicable to limit:	
General obligation bonds	66,025,090
Less: Amount set aside for repayment of general obligation debt	278,231
Total net debt applicable to limit	<u>65,746,859</u>
Legal debt margin	<u>\$ 1,719,921,136</u>

Note:

The City Charter of the City of Marble Falls, Texas, does not provide for a debt limit. Under provisions of state law, the maximum tax rate is limited to \$2.50 per \$100 assessed valuation.

TABLE 13

<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
\$ 892,093,318	\$ 857,346,323	\$ 944,456,398	\$ 967,060,481	\$1,110,386,477	\$1,785,667,995
<u>34,629,707</u>	<u>39,561,746</u>	<u>41,875,090</u>	<u>51,985,090</u>	<u>58,825,090</u>	<u>66,025,090</u>
<u>\$ 857,463,611</u>	<u>\$ 817,784,577</u>	<u>\$ 902,581,308</u>	<u>\$ 915,075,391</u>	<u>\$1,051,561,387</u>	<u>\$1,719,642,905</u>
3.88%	4.61%	4.43%	5.38%	5.30%	3.70%

CITY OF MARBLE FALLS, TEXAS

TABLE 14

PLEDGED REVENUE COVERAGE

LAST TEN FISCAL YEARS

Fiscal Year	Water Revenue Bonds						Coverage
	Utility Service Charges	Less: Operating Expenses	Net Available Revenue	Debt Service			
				Principal	Interest		
2016	\$ 4,261,258	\$ 2,855,403	\$ 1,405,855	\$ 450,140	\$ 667,024	1.26	
2017	4,815,277	2,915,508	1,899,769	2,250,000	953,714	0.59	
2018	5,095,938	3,034,187	2,061,751	2,455,000	920,068	0.61	
2019	5,041,932	3,510,616	1,531,316	2,700,000	925,662	0.42	
2020	5,824,424	3,319,391	2,505,033	2,965,000	930,500	0.64	
2021	6,336,365	3,119,194	3,217,171	2,070,000	951,779	1.06	
2022	7,341,539	3,769,650	3,571,889	1,770,000	658,027	1.47	
2023	8,142,354	4,128,521	4,013,833	2,394,000	1,225,107	1.11	
2024	7,442,764	5,360,303	2,082,461	3,184,000	1,319,287	0.46	
2025	8,982,181	5,478,723	3,503,458	2,859,000	1,548,686	0.79	

Notes: Details regarding the City's outstanding debt can be found in the notes to the financial statements. Operating expenses do not include interest, depreciation, or amortization expenses.

CITY OF MARBLE FALLS, TEXAS

TABLE 15

DEMOGRAPHIC AND ECONOMIC STATISTICS

LAST TEN FISCAL YEARS

<u>Calendar Year</u>	<u>Population</u>	<u>Personal Income</u>	<u>Per Capita Personal Income</u>	<u>Unemployment Rate</u>
2016	6,325	\$ 39,713	\$ 22,254	3.6%
2017	6,397	54,170	23,377	3.6%
2018	6,905	59,434	24,994	1.7%
2019	6,932	64,953	26,169	2.2%
2020	7,151	67,076	27,858	1.6%
2021	7,344	72,748	25,576	3.5%
2022	7,581	68,803	28,501	3.4%
2023	7,943	82,136	33,379	3.7%
2024	8,395	91,852	50,362	2.7%
2025	8,566	99,379	41,871	3.1%

Sources: Median Household Income and Per Capita Income provided by Capital Area Council of Governments.

Unemployment rate obtained from Texas Workforce Commission website.

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CITY OF MARBLE FALLS, TEXAS

TABLE 16

PRINCIPAL EMPLOYERS

CURRENT AND NINE YEARS AGO

Employer	2025		2016	
	Employees	Percentage of Total City Employment	Employees	Percentage of Total City Employment
Marble Falls ISD	694	19.83%	629	22.14%
Baylor Scott & White	588	16.80%	320	11.26%
H.E.B. Grocery Company	450	12.86%	240	11.33%
Wal-Mart Corporation	255	7.29%	200	7.04%
City of Marble Falls	152	4.34%	125	4.40%
Lowe's	122	3.49%	115	4.05%
Home Depot Company	121	3.46%	107	3.77%
Johnson Sewell Ford Lincoln	107	3.06%	105	3.70%
Granite Mesa	105	3.00%	86	3.03%
Pedernales Electric Coop	95	2.71%	72	2.53%
Total	<u>2,689</u>		<u>1,999</u>	

Source: Marble Falls Economic Development Corporation and personal telephone interviews

CITY OF MARBLE FALLS, TEXAS

FULLTIME EQUIVALENT CITY GOVERNMENT EMPLOYEES
BY FUNCTION/PROGRAM

Function/Program	2016	2017	2018	2019
General government				
Management services	4	4	4	4
Finance	4	4	4	4
Planning	4	5	4	4
Building	4	5	5	5
Human resources	1	1	1	1
Court	2	3	4	4
Police				
Officers	19	20	21	22
Civilians	12	12	13	13
Fire				
Firefighters and officers	15	15	15	18
Other public works				
Other	11	11	11	11
Parks and recreation	9	9	11	11
Water	11	12	13	12
Wastewater	<u>10</u>	<u>10</u>	<u>10</u>	<u>10</u>
Total	<u>106</u>	<u>111</u>	<u>116</u>	<u>119</u>

Source: City of Marble Falls

TABLE 17

<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
6	6	7	10	10	10
4	4	6	6	6	6
4	4	4	6	6	6
5	5	5	5	5	5
2	2	2	2	2	2
4	4	3	3	3	3
25	25	28	26	27	27
13	13	11	16	17	17
18	18	18	18	21	21
11	11	11	11	11	11
11	11	12	17	19	19
12	12	12	12	13	13
<u>10</u>	<u>10</u>	<u>11</u>	<u>11</u>	<u>12</u>	<u>12</u>
<u>125</u>	<u>125</u>	<u>130</u>	<u>143</u>	<u>152</u>	<u>152</u>

CITY OF MARBLE FALLS, TEXAS

OPERATING INDICATORS BY FUNCTION/PROGRAM

LAST TEN FISCAL YEARS

Function/Program	2016	2017	2018	2019
General government				
Building permits issued	793	726	726	931
Building inspections conducted	2,700	1,479	1,751	1,761
Police				
Physical arrests	739	665	503	712
Parking violations	12	25	7	217
Traffic violations	1,317	1,195	1,278	2,436
Fire				
Emergency responses	1,538	1,746	1,601	1,665
Fires extinguished	7	40	49	50
Inspections	392	309	597	886
Other public works				
Street resurfacing (miles)	2	1	2	5
Tonnage to repair potholes	500	450	475	477
Parks and recreation				
Community center admissions	266	213	191	121
Library				
Volumes in collection	40,594	41,851	40,507	40,614
Total volumes borrowed	136,317	114,200	117,698	116,778
Water				
New connections	497	424	538	26
Water main breaks	150	110	126	75
Average daily consumption (thousands of gallons)	1,352	1,419	1,421	1,211
Peak daily consumption (thousands of gallons)	2,555	2,800	2,458	2,145
Wastewater				
Average daily sewage treatment (thousands of gallons)	981	1,024	1,189	1,021

Source: Various City departments

TABLE 18

2020	2021	2022	2023	2024	2025
754	960	1,222	1,476	1,984	1,550
1,334	2,467	4,139	3,299	9,828	5,718
505	525	583	586	487	391
7	6	2	23	10	4
1,524	2,047	2,776	1,688	2,076	2,209
1,576	1,700	1,841	2,275	2,250	2,721
69	37	83	2	5	61
520	386	386	250	190	264
5	9	26	5	6	8
150	150	250	200	200	2780
605	600	275	160	586	367
41,494	41,750	40,523	42,766	50,000	41,409
79,420	79,010	79,770	97,074	100,000	89,027
30	121	147	270	206	163
70	50	90	100	76	175
1,541	1,330	1,437	1,480	1,600	1,830
2,145	2,797	2,797	3,000	3,500	2,171
839	1,018	867	1,026	1,082	1,015

CITY OF MARBLE FALLS, TEXAS

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM

LAST TEN FISCAL YEARS

Function/Program	2016	2017	2018	2019
Police				
Stations	1	1	1	1
Patrol units	15	15	27	33
Fire				
Stations	1	1	1	1
Public works				
Streets (miles)	64	64	65	66
Highways (miles)	15.2	15.2	15.2	15.2
Streetlights	599	599	606	617
Traffic signals	15	15	15	17
Parks and recreation				
Acreage	130	150	153	158
Playgrounds	4	4	6	6
Baseball/softball diamonds	4	4	4	4
Soccer/football fields	8	8	8	8
Community centers	2	2	2	2
Water				
Water mains (miles)	95	96	98	98
Fire hydrants	589	606	626	634
Storage capacity (thousands of gallons)	3,419	3,419	3,488	3,488
Wastewater				
Sanitary sewers (miles)	68	68	68	68
Storm sewers (miles)	12	12	12	12
Treatment capacity (thousands of gallons)	1,500	1,500	1,500	1,500

Source: Various City departments

TABLE 19

2020	2021	2022	2023	2024	2025
1	1	1	1	1	1
38	32	32	27	32	31
1	1	1	1	1	1
66	66	71	71	71	71
15.2	15.2	15.2	15.2	15.2	15.2
617	617	648	648	648	648
17	17	17	17	17	17
158	158	150	177	209	209
6	6	6	11	11	11
4	4	4	4	4	4
8	8	8	8	8	8
2	2	2	2	2	2
98	98	104	104	108	108
634	634	670	670	670	670
3,488	3,488	3,488	3,500	3,500	3,500
68	68	76	76	77	77
12	12	16	16	16	16
1,500	1,500	1,500	1,500	1,500	1,500

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COMPLIANCE SECTION

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Honorable Mayor
and Members of City Council
City of Marble Falls, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Marble Falls, Texas, as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the City of Marble Falls, Texas' basic financial statements, and have issued our report thereon dated March 26, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Marble Falls, Texas' 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 of Marble Falls, Texas' internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Marble Falls, Texas' internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Marble Falls, Texas' 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 financial statements. 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*.

Purpose of this Report

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

Pattillo, Brown & Hill, L.L.P.

Waco, Texas
March 26, 2026

**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND
REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM
GUIDANCE**

Honorable Mayor
and Members of City Council
City of Marble Falls, Texas

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Marble Falls, Texas’ compliance with the types of compliance requirements identified as subject to audit in the (OMB) *Compliance Supplement* that could have a direct and material effect on each of the City of Marble Falls, Texas’ major federal programs for the year ended September 30, 2025. The City of Marble Falls, Texas’ major federal 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 of Marble Falls, Texas 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 programs for the year ended September 30, 2025.

Basis for Opinion on Each Major Federal 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). Our responsibilities under those standards and the Uniform Guidance 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 of Marble Falls, Texas 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 program. Our audit does not provide a legal determination of the City of Marble Falls, Texas’ 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 of Marble Falls, Texas’ federal programs.

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 of Marble Falls, Texas' 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*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than 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 of Marble Falls, Texas' compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, 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 of Marble Falls, Texas' 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 of Marble Falls, Texas' 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, but not for the purpose of expressing an opinion on the effectiveness of the City of Marble Falls, Texas' 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 program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the 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. Accordingly, this report is not suitable for any other purpose.

Pattillo, Brown & Hill, L.L.P.

Waco, Texas
March 26, 2026

CITY OF MARBLE FALLS, TEXAS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED SEPTEMBER 30, 2025

Federal Grantor/ Pass-through Grantor/ Grantor/Program Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Federal Expenditures
U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
<u>Passed through Texas Department of Agriculture</u>			
Community Development Block Grant	14.228	CDV23-0304	\$ 19,125
Total Passed through Texas Department of Agriculture:			<u>19,125</u>
TOTAL U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			<u>19,125</u>
U. S. DEPARTMENT OF TRANSPORTATION			
<u>Passed through Texas Department of Transportation:</u>			
Highway Planning and Construction	20.205	0914-24-026	540,106
Highway Planning and Construction	20.205	0914-24-027	<u>3,241</u>
Total ALN 20.205			<u>543,347</u>
Total Passed through Texas Department of Transportation:			<u>543,347</u>
TOTAL U. S. DEPARTMENT OF TRANSPORTATION			<u>543,347</u>
U. S. DEPARTMENT OF HOMELAND SECURITY			
<u>Passed through Texas Division of Emergency Management:</u>			
Hazard Mitigation Grant Program	97.039	DR-4416	723,318
Hazard Mitigation Grant Program	97.039	DR-4485	<u>89,500</u>
Total ALN 97.039			<u>812,818</u>
Total Passed through Texas Division of Emergency Management:			<u>812,818</u>
<u>Direct programs:</u>			
Staffing for Adequate Fire and Emergency Response	97.083	EMW-2023-FF-00046	<u>113,487</u>
Total Direct Programs			<u>113,487</u>
TOTAL U. S. DEPARTMENT OF HOMELAND SECURITY			<u>926,305</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 1,488,777</u>

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

CITY OF MARBLE FALLS, TEXAS

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED SEPTEMBER 30, 2025

1. GENERAL

The accompanying schedule of expenditures of federal awards presents the activity of all applicable federal awards of the City of Marble Falls, Texas. The City's reporting entity is defined in Note I to the City's basic financial statements. Federal awards received directly from federal and state agencies as well as federal awards passed through other government agencies are included in the respective schedule.

2. BASIS OF ACCOUNTING

The accompanying schedule of expenditures of federal awards is presented using modified accrual basis of accounting, which is described in Note I to the City's basic financial statements.

3. RELATIONSHIP TO FEDERAL FINANCIAL REPORTS

Grant expenditure reports as of September 30, 2025, 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 year-end accruals. The reports will agree at termination of the grant as the discrepancies noted are timing differences.

4. INDIRECT COSTS

The City has not elected to use a de minimis indirect cost rate as allowed in the Uniform Guidance, Section 414.

5. PASS-THROUGH EXPENDITURES

None of the federal programs expended by the City were passed through to subrecipients.

CITY OF MARBLE FALLS, TEXAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED SEPTEMBER 30, 2025

Summary of Auditor's Results

Financial Statements:

Type of auditors' report issued Unmodified

Internal control over financial reporting:

Material weakness(es) identified? None reported

Significant deficiency(ies) identified? None reported

Noncompliance material to financial statements noted?

None

Federal Awards:

Internal control over major programs:

Material weakness(es) identified? None reported

Significant deficiency(ies) identified? None reported

Type of auditors' report issued on compliance for major programs

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516 (a) of Uniform Guidance

None

Identification of major programs:

Federal Assistance Listing Number

Name of Federal Program or Cluster:

97.039

Hazard Mitigation Grant Program

Dollar threshold used to distinguish between type A and type B programs

\$1,000,000

Auditee qualified as low-risk auditee?

No

Findings Relating to the Financial Statements Which are Required to be Reported in Accordance With Generally Accepted Government Auditing Standards

None reported

Findings and Questioned Costs for Federal Awards

None

CITY OF MARBLE FALLS, TEXAS

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FOR THE YEAR ENDED SEPTEMBER 30, 2025

None.

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