

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR FISCAL YEAR ENDED
SEPTEMBER 30, 2021



Prepared by the
Finance Department

CITY OF MARBLE FALLS, TEXAS

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INTRODUCTORY SECTION

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February 15, 2022

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, 2021, 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, 2021 are free of material misstatement. The independent audit involved examining on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City of Marble Falls' financial statements for fiscal year ended September 30, 2021, 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 will 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 mayor-alderman 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 13.6 square miles.

Steady population growth has been experienced in the last decade with a present population estimated in excess of 7,311. 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 Project Fund. Revisions that increase the total expenditures of any fund must be approved by Council.

The City Council establishes long term financial goals each year as a part of the budgeting process. For FY 2021, the Council continued with the following goals:

1. Maintain fiscal responsibility and economic stability.
2. Invest in the Parks and Recreation Program and facilities.
3. Invest in a vibrant Downtown.
4. Enhance connectivity with improved streets, sidewalks, and trails.
5. Continue to enhance forms of public communication and outreach.

The City continued to maintain financial stability and added to the General Fund and Proprietary Fund cash reserves balances. During fiscal year 2020-2021, the General and Proprietary funds' programs reflect managing the effects of the pandemic, the Winter Storm, and economic and demographic growth. The Proprietary Fund's Water and Wastewater budgets also include funding improvements to existing infrastructure and Wastewater Treatment Plant design and construction.

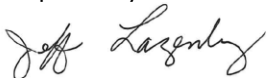
AWARDS AND ACKNOWLEDGEMENTS

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, 2020. 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 would also wish to thank our 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,



Jeff Lazenby
Finance Director

CITY OF MARBLE FALLS, TEXAS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED SEPTEMBER 30, 2021

MAYOR

Richard Westerman

MAYOR PRO TEM

Dave Rhodes

COUNCILMEMBERS

Craig Magerkurth
Rene Rosales
Bryan Walker
William Haddock
Reed Norman

CITY MANAGER

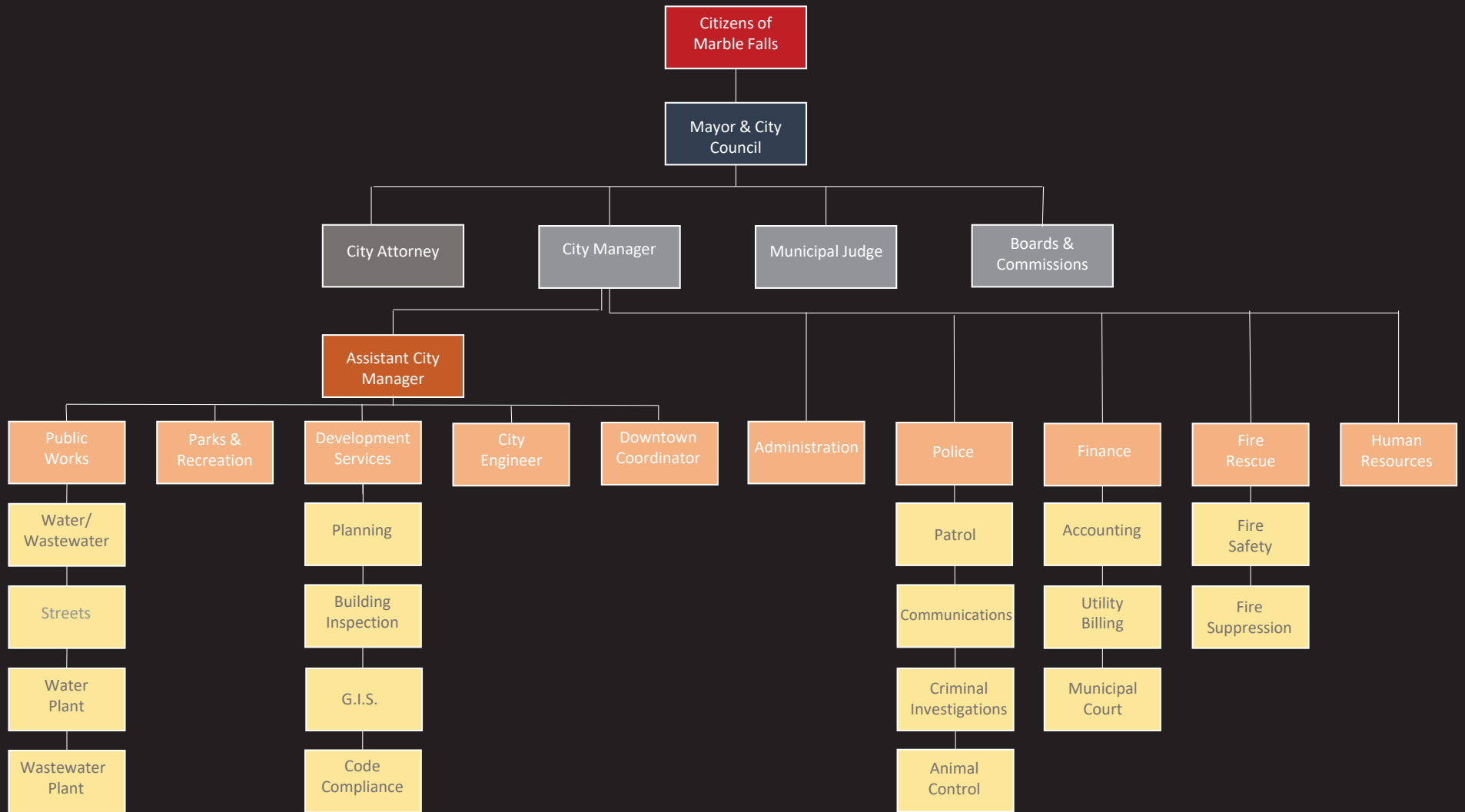
Mike Hodge

CITY ATTORNEY

Patty Akers
Akers and Akers

PREPARED BY:

Finance Department
Jeff Lazenby, Director of Finance





Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Marble Falls
Texas**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

September 30, 2020

Christopher P. Morill

Executive Director/CEO

FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying 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, 2021, 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.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

OFFICE LOCATIONS

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Marble Falls, Texas, as of September 30, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter – Change in Accounting Principle

As described in the notes to the financial statements, in fiscal year 2021 the City adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 84, Fiduciary Activities. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Marble Falls, Texas' basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedules and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor 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.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report February 15, 2022, 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 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 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.

Patillo, Brown & Hill, L.L.P.

Waco, Texas
February 15, 2022

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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, 2021. 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, 2021, by \$37,770,701 (net position). Of this amount, \$11,431,587 is unrestricted net position.
- The City's net position increased by \$13,629,130.
- As of the close of the current fiscal year, the City of Marble Falls governmental funds reported combined ending fund balances of \$22,102,121. \$6,891,283 of this amount is unassigned and available for use within the City's fund designation and policy.
- As of September 30, 2021, unassigned fund balance for the General Fund was \$6,891,283 or 54.85% 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 12 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 Parks Improvement 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 one proprietary fund. 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.

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 the Roper Ranch Public Improvement District 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 24 – 25 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 net position exceed liabilities by \$37.8 million as of September 30, 2021. 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	
	2021	2020	2021	2020	2021	2020
Current and other assets	\$ 27,059,839	\$ 15,521,903	\$ 30,862,120	\$ 411,710	\$ 57,921,959	\$ 15,933,613
Capital assets	41,287,987	36,762,541	40,518,980	39,244,012	81,806,967	76,006,553
Total assets	68,347,826	52,284,444	71,381,100	39,655,722	139,728,926	91,940,166
Deferred outflows of resources	1,135,192	1,125,593	545,646	589,397	1,680,838	1,714,990
Current liabilities	5,747,662	5,585,202	3,047,409	2,645,150	8,795,071	8,230,352
Noncurrent liabilities	39,797,477	35,930,939	41,028,653	24,224,317	80,826,130	60,155,256
Total liabilities	45,545,139	41,516,141	44,076,062	26,869,467	89,621,201	68,385,608
Deferred inflows of resources	818,319	983,125	13,199,543	144,852	14,017,862	1,127,977
Net position:						
Net investment,						
in capital assets	4,970,235	7,402,554	16,999,042	16,865,358	21,969,277	24,267,912
Restricted	4,369,837	3,216,650	-	-	4,369,837	3,216,650
Unrestricted	13,779,488	291,567	(2,347,901)	(3,634,558)	11,431,587	(3,342,991)
Total net position	\$ 23,119,560	\$ 10,910,771	\$ 14,651,141	\$ 13,230,800	\$ 37,770,701	\$ 24,141,571

The restricted portion of the City's net position (11.6%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position is \$11,431,587 .

Analysis of the City's Operations

The following table provides a summary of the City's operations for the year ended September 30, 2021. Governmental activities increased the City of Marble Falls' net position by \$12,208,789, accounting for a 111.9% increase in net position. Business-type activities increased the City's net position by \$1,420,341 accounting for a 10.7% increase in net position. The increase in the business-type activities was due to the increase of charges for services and capital grants.

CITY OF MARBLE FALLS' CHANGES IN NET POSITION

	Governmental Activities		Business-type Activities		Totals	
	2021	2020	2021	2020	2021	2020
Revenues:						
Program revenues:						
Charges for services	\$ 2,106,055	\$ 1,316,685	\$ 6,535,361	\$ 6,044,484	\$ 8,641,416	\$ 7,361,169
Operating grants and contributions	2,799,884	958,026	38,162	-	2,838,046	958,026
Capital grants and contributions	4,747,102	-	339,437	-	5,086,539	-
General revenues:						
Property taxes	6,255,127	5,988,377	-	-	6,255,127	5,988,377
Sales taxes	11,890,740	9,952,643	-	-	11,890,740	9,952,643
Franchise taxes	563,337	554,140	-	-	563,337	554,140
Other taxes	824,442	616,648	-	-	824,442	616,648
Investment earnings	35,206	121,181	2,153	6,207	37,359	127,388
Gain on sale of assets	643,933	307,813	-	-	643,933	307,813
Miscellaneous	306,788	151,818	-	-	306,788	151,818
Total revenues	<u>30,172,614</u>	<u>19,967,331</u>	<u>6,915,113</u>	<u>6,050,691</u>	<u>37,087,727</u>	<u>26,018,022</u>
Expenses:						
General government	5,600,790	5,776,274	-	-	5,600,790	5,776,274
Public safety	7,797,505	8,087,970	-	-	7,797,505	8,087,970
Public works	1,224,598	1,524,668	-	-	1,224,598	1,524,668
Culture and recreation	1,902,820	1,781,135	-	-	1,902,820	1,781,135
Interest on long-term debt	1,262,322	1,204,850	-	-	1,262,322	1,204,850
Water and wastewater	-	-	5,670,562	5,622,704	5,670,562	5,622,704
Total expenses	<u>17,788,035</u>	<u>18,374,897</u>	<u>5,670,562</u>	<u>5,622,704</u>	<u>23,458,597</u>	<u>23,997,601</u>
Increases (decreases) in net position before transfers	12,384,579	1,592,434	1,244,551	427,987	13,629,130	2,020,421
Transfers	(175,790)	(143,672)	175,790	143,672	-	-
Change in net position	12,208,789	1,448,762	1,420,341	571,659	13,629,130	2,020,421
Net position, beginning	<u>10,910,771</u>	<u>9,462,009</u>	<u>13,230,800</u>	<u>12,659,141</u>	<u>24,141,571</u>	<u>22,121,150</u>
Net position, ending	<u>\$ 23,119,560</u>	<u>\$ 10,910,771</u>	<u>\$ 14,651,141</u>	<u>\$ 13,230,800</u>	<u>\$ 37,770,701</u>	<u>\$ 24,141,571</u>

Government Funds

In the General Fund, fund balance increased by \$4,826,666. The increase was due mainly to an increase in property taxes and sales taxes for FY 2021. Property taxes increased primarily due to a 6% increase in total assessed values. Sales taxes increased by 19.8% from the prior fiscal year due to an increase in retail sales activity.

The Economic Development Corporation Fund balance increased by \$1,034,276. The increase is due to an increase in sales taxes for FY 2021. Sales taxes increased by 19.8% from the prior fiscal year due to an increase in retail sales activity.

The Debt Service Fund balance increased by \$137,831 due to an increase in property tax revenue. Property taxes increased primarily due to a 6% increase in total assessed values.

The Hotel Conference Center Fund increased by \$140,063 due to transfers into the fund. The transfers are from the Economic Development Corporation Fund for the Hotel Conference Center capital project.

The Parks Improvement Fund increased by \$1,871,591 due to Intergovernmental revenue increasing. The sources of this revenue were federal grants from the Emergency Watershed Protection Program for the river bank stabilization project.

Proprietary Fund

Unrestricted net position of the proprietary fund (water and utility) was -\$2,347,901. The net position of the Water and Utility Fund increased by \$1,420,341. This increase was due to an increase in water and utility charges.

General Fund Budgetary Highlights

The City made revisions to the original appropriations approved by the City Council. These changes resulted in an increase in budgeted expenditures in the amount of \$40,046 from the original budget of \$12,368,155 to the revised budget of \$12,408,201 or a 0.3% increase. The majority of this increase was due to an increase in budgeted public safety expenditures.

The variance between the final amended budget and actual expenditures was a negative \$154,728. General Government actual expenditures were above budgeted expenditures by \$278,846. Additionally, Public Works expenditures were less than budgeted expenditures by \$256,866. This was mainly due to less than expected maintenance costs.

Capital Assets

Additional information regarding capital assets can be found in the notes to the financial statements on page 33.

CITY OF MARBLE FALLS' CAPITAL ASSETS AT YEAR-END

	Governmental Activities		Business-type Activities		Totals	
	2021	2020	2021	2020	2021	2020
Land	\$ 10,520,042	\$ 10,341,624	\$ 851,508	\$ 738,908	\$ 11,371,550	\$ 11,080,532
Buildings and improvements	72,321,158	65,123,842	69,220,337	67,099,832	141,541,495	132,223,674
Machinery and equipment	7,586,013	6,717,424	2,274,724	1,633,272	9,860,737	8,350,696
Less: accumulated depreciation	(49,139,226)	(45,420,349)	(31,827,589)	(30,228,000)	(80,966,815)	(75,648,349)
Total capital assets, net	\$ 41,287,987	\$ 36,762,541	\$ 40,518,980	\$ 39,244,012	\$ 81,806,967	\$ 76,006,553

Debt Administration

At the end of the current fiscal year, the City had total bonded debt and notes payable of \$79,019,000. Of this amount, \$37,865,090 represents bonded debt backed by the full faith and credit of the City and \$41,153,910 represents payables secured by water and wastewater revenues.

OUTSTANDING DEBT AT YEAR-END

	Governmental Activities		Business-type Activities		Totals	
	2021	2020	2021	2020	2021	2020
Bonds	\$ 37,865,090	\$ 33,235,090	\$ 41,153,910	\$ 24,179,910	\$ 79,019,000	\$ 57,415,000
Total	\$ 37,865,090	\$ 33,235,090	\$ 41,153,910	\$ 24,179,910	\$ 79,019,000	\$ 57,415,000

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 35 – 38.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The entire area surrounding the City of Marble Falls continues to experience unprecedented growth. The City's population is estimated to be in excess of 7,344 in 2022. The City is continuing to focus on Economic Development initiatives.

The City's largest source of revenue in the General Fund is Sales Tax. The City realized an increase of 19.8% from the prior year revenue of \$7,442,366 to \$8,918,055. The 2022 estimate is conservatively projected at \$8,000,000. The Marble Falls Economic Development Corporation 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 City's financial management policies sets the guideline 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 second largest source of revenue in the General Fund is ad valorem taxes. The City's tax rate is \$0.5990. This rate consists of a maintenance and operations (M&O) tax rate of \$0.2477 and an Interest and Sinking (debt service) tax rate of \$0.3513. The rate was set based on a net position value of \$967,494,004. The assessed values increased about 6% for FY 2022.

Water revenues for 2022 are budgeted at \$4,020,000 which is an increase of 2.62% over the prior year. Wastewater revenues are budgeted at \$2,128,000, representing a 12% 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 or call Jeff Lazenby (830) 693-3615 or e-mail jlazenby@marblefallstx.gov.

**BASIC
FINANCIAL STATEMENTS**

CITY OF MARBLE FALLS, TEXAS

STATEMENT OF NET POSITION

SEPTEMBER 30, 2021

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and investments	\$ 22,016,270	\$ 29,735,928	\$ 51,752,198
Receivables, net of allowances for uncollectibles			
Taxes	2,446,621	-	2,446,621
Customer accounts	1,001,696	1,087,295	2,088,991
Other	1,460	-	1,460
Due from other governments	1,367,700	-	1,367,700
Internal balances	226,092	(226,092)	-
Inventories	-	264,989	264,989
Capital assets:			
Land	10,520,042	851,508	11,371,550
Buildings and improvements	72,321,158	69,220,337	141,541,495
Machinery and equipment	7,586,013	2,274,724	9,860,737
Accumulated depreciation	(49,139,226)	(31,827,589)	(80,966,815)
Total capital assets, net of accumulated depreciation	<u>41,287,987</u>	<u>40,518,980</u>	<u>81,806,967</u>
Total assets	<u>68,347,826</u>	<u>71,381,100</u>	<u>139,728,926</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflow related to pensions	632,469	103,388	735,857
OPEB - TMRS supplemental death benefit	108,670	17,765	126,435
OPEB - Retiree health plan	110,245	17,947	128,192
Deferred loss on bond refunding	283,808	406,546	690,354
Total deferred outflows of resources	<u>1,135,192</u>	<u>545,646</u>	<u>1,680,838</u>
LIABILITIES			
Accounts payable	1,109,506	254,028	1,363,534
Accrued liabilities	206,355	36,623	242,978
Due to others	65,501	139,328	204,829
Customer deposits	39,596	576,210	615,806
Accrued interest	196,514	118,472	314,986
Noncurrent liabilities:			
Due within one year			
General and certificates of obligation	3,530,000	1,770,000	5,300,000
Tax notes	170,000	-	170,000
Bond premiums	166,744	78,414	245,158
Capital lease	150,500	50,322	200,822
Compensated absences	112,946	24,012	136,958
Due in more than one year			
General and certificates of obligation	34,335,090	39,383,910	73,719,000
Tax notes	350,000	-	350,000
Bond premiums	1,529,912	1,014,956	2,544,868
Capital lease	499,214	108,734	607,948
Compensated absences	338,838	72,036	410,874
Net pension liability	1,780,702	291,086	2,071,788
OPEB - TMRS supplemental death benefit	454,049	74,961	529,010
OPEB - Retiree health plan	509,672	82,970	592,642
Total liabilities	<u>\$ 45,545,139</u>	<u>\$ 44,076,062</u>	<u>\$ 89,621,201</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, 2021

	Primary Government		
	Governmental Activities	Business-type Activities	Total
DEFERRED INFLOWS OF RESOURCES			
Deferred inflow related to pensions	\$ 745,357	\$ 121,841	\$ 867,198
Deferred inflow related to grants	-	13,065,800	13,065,800
OPEB - TMRS supplemental death benefit	36,124	5,905	42,029
OPEB - Retiree health plan	36,838	5,997	42,835
Total deferred inflows of resources	<u>818,319</u>	<u>13,199,543</u>	<u>14,017,862</u>
NET POSITION			
Net investment in capital assets	4,970,235	16,999,042	21,969,277
Restricted for:			
Economic development	3,449,673	-	3,449,673
Debt service	114,241	-	114,241
Public safety	126,696	-	126,696
Culture and recreation	679,227	-	679,227
Unrestricted	<u>13,779,488</u>	<u>(2,347,901)</u>	<u>11,431,587</u>
Total net position	\$ <u>23,119,560</u>	\$ <u>14,651,141</u>	\$ <u>37,770,701</u>

CITY OF MARBLE FALLS, TEXAS

STATEMENT OF ACTIVITIES

FOR THE FISCAL YEAR ENDED SEPTEMBER, 30 2021

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Primary government:				
Governmental activities:				
General government	\$ 5,600,790	\$ 858,954	\$ 260,246	\$ -
Public safety	7,797,505	173,490	2,187,062	-
Public works	1,224,598	765,881	-	-
Culture and recreation	1,902,820	307,730	352,576	4,747,102
Interest on long-term debt	<u>1,262,322</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total governmental activities	<u>17,788,035</u>	<u>2,106,055</u>	<u>2,799,884</u>	<u>4,747,102</u>
Business-type activities:				
Water and sewer	<u>5,670,562</u>	<u>6,535,361</u>	<u>38,162</u>	<u>339,437</u>
Total business-type activities	<u>5,670,562</u>	<u>6,535,361</u>	<u>38,162</u>	<u>339,437</u>
 Total primary government	 \$ <u>23,458,597</u>	 \$ <u>8,641,416</u>	 \$ <u>2,838,046</u>	 \$ <u>5,086,539</u>

General revenues:

Taxes:

 Property, levied for general purposes

 Property, levied for debt service

 Sales

 Franchise

 Hotel motel

 Mixed bevarage

 Bingo

Investment earnings

Gain (loss) on sale of assets

Miscellaneous

Transfers

Total general revenues and transfers

Change in net position

Net position, beginning

Net position, ending

Net (Expense) Revenue and
Changes in Net Position

Primary Government		
Governmental Activities	Business-type Activities	Total
\$(4,481,590)	\$ -	\$(4,481,590)
(5,436,953)	-	(5,436,953)
(458,717)	-	(458,717)
3,504,588	-	3,504,588
(1,262,322)	-	(1,262,322)
(8,134,994)	-	(8,134,994)
-	1,242,398	1,242,398
-	1,242,398	1,242,398
(8,134,994)	1,242,398	(6,892,596)
2,637,674	-	2,637,674
3,617,453	-	3,617,453
11,890,740	-	11,890,740
563,337	-	563,337
824,442	-	824,442
61,265	-	61,265
597	-	597
35,206	2,153	37,359
643,933	-	643,933
244,926	-	244,926
(175,790)	175,790	-
20,343,783	177,943	20,521,726
12,208,789	1,420,341	13,629,130
10,910,771	13,230,800	24,141,571
\$ 23,119,560	\$ 14,651,141	\$ 37,770,701

CITY OF MARBLE FALLS, TEXAS

BALANCE SHEET - GOVERNMENTAL FUNDS

SEPTEMBER 30, 2021

	<u>General</u>	<u>Economic Development Corporation</u>	<u>Debt Service</u>
ASSETS			
Cash and investments	\$ 6,907,706	2,981,747	\$ 116,312
Receivables, net of allowances for uncollectibles:			
Property taxes	17,007	-	117,161
Other taxes	1,636,007	543,493	-
Accounts	359,759	-	-
Other	1,385	75	-
Due from other governments	103,074	-	-
Due from other funds	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>9,024,938</u>	<u>3,525,315</u>	<u>233,473</u>
LIABILITIES			
Accounts payable	709,611	27,266	-
Accrued liabilities	200,079	5,873	403
Due to other funds	-	42,503	-
Due to others	65,501	-	-
Customer deposits	<u>39,596</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>1,014,787</u>	<u>75,642</u>	<u>403</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - property taxes	14,888	-	114,241
Unavailable revenue - grants	871,959	-	-
Unavailable revenue - court fines and fees	<u>232,021</u>	<u>-</u>	<u>-</u>
Total deferred inflows of resources	<u>1,118,868</u>	<u>-</u>	<u>114,241</u>
FUND BALANCES			
Restricted	-	3,449,673	118,829
Unassigned	<u>6,891,283</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>6,891,283</u>	<u>3,449,673</u>	<u>118,829</u>
Total liabilities, deferred inflows of resources and fund balances	\$ <u>9,024,938</u>	<u>3,525,315</u>	\$ <u>233,473</u>

Amounts reported for governmental activities in the statement of net position are different because: Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Other long-term assets are not available to pay for current-period expenditures and, therefore, are reported as unavailable resources in the governmental funds balance sheet, but are recognized as revenue in the statement of activities.

The assets and liabilities of internal service funds are not included in the fund financial statements, but are included in the governmental activities of the Statement of Net Position.

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. Losses on refunding of bonds and the premium on issuance of bonds payable are not reported in the funds.

Net position of governmental activities

<u>Hotel Conference Center</u>	<u>Parks Improvement</u>	<u>Other Governmental</u>	<u>Total Governmental</u>
\$ 6,526,386	\$ 1,138,915	\$ 4,090,136	\$ 21,761,202
-	-	-	134,168
-	-	132,953	2,312,453
-	-	-	359,759
-	-	-	1,460
-	1,015,564	249,062	1,367,700
<u>42,503</u>	<u>-</u>	<u>226,092</u>	<u>268,595</u>
<u>6,568,889</u>	<u>2,154,479</u>	<u>4,698,243</u>	<u>26,205,337</u>
-	234,072	138,557	1,109,506
-	-	-	206,355
-	-	-	42,503
-	-	-	65,501
<u>-</u>	<u>-</u>	<u>-</u>	<u>39,596</u>
<u>-</u>	<u>234,072</u>	<u>138,557</u>	<u>1,463,461</u>
-	-	-	129,129
-	-	1,406,646	2,278,605
<u>-</u>	<u>-</u>	<u>-</u>	<u>232,021</u>
<u>-</u>	<u>-</u>	<u>1,406,646</u>	<u>2,639,755</u>
6,568,889	1,920,407	3,153,040	15,210,838
-	-	-	6,891,283
<u>6,568,889</u>	<u>1,920,407</u>	<u>3,153,040</u>	<u>22,102,121</u>
\$ <u>6,568,889</u>	\$ <u>2,154,479</u>	\$ <u>4,698,243</u>	
			41,314,160
			3,281,692
			228,895
			(43,807,308)
			\$ <u>23,119,560</u>

CITY OF MARBLE FALLS, TEXAS

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

FOR THE FISCAL YEAR ENDED SEPTEMBER, 30 2021

	<u>General</u>	<u>Economic Development Corporation</u>	<u>Debt Service</u>
REVENUES			
Property taxes	\$ 2,644,476	\$ -	\$ 3,626,840
Sales taxes	8,918,055	2,972,685	-
Hotel/motel taxes	-	-	-
Mixed beverage taxes	61,265	-	-
Franchise fees	563,341	-	-
Fines and forfeitures	271,136	-	-
Permits and fees	516,747	27,342	-
Intergovernmental	686,094	4,434	-
Investment earnings	14,185	2,732	9,510
Other	741,448	3,155	-
Total revenues	<u>14,416,747</u>	<u>3,010,348</u>	<u>3,636,350</u>
EXPENDITURES			
Current:			
General government	3,087,162	613,094	-
Public safety	6,080,382	-	-
Public works	1,167,813	-	-
Culture and recreation	1,220,933	-	-
Capital outlay	662,784	221,717	-
Debt service:			
Principal	288,094	600,000	2,960,000
Interest and fiscal charges	45,408	294,253	796,445
Bond issuance costs	10,353	-	19,201
Total expenditures	<u>12,562,929</u>	<u>1,729,064</u>	<u>3,775,646</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>1,853,818</u>	<u>1,281,284</u>	<u>(139,296)</u>
OTHER FINANCING SOURCES (USES)			
Issuance of debt	1,801,764	-	-
Refunding bonds issued	-	-	505,000
Payment to escrow agent	-	-	(501,002)
Premium on bond issuance	-	-	-
Sale of capital assets	85,602	635,096	-
Proceeds from insurance	23,730	-	-
Transfers in	1,215,869	7,000	273,129
Transfers out	<u>(154,117)</u>	<u>(889,104)</u>	<u>-</u>
Total other financing sources (uses)	<u>2,972,848</u>	<u>(247,008)</u>	<u>277,127</u>
NET CHANGE IN FUND BALANCES	4,826,666	1,034,276	137,831
FUND BALANCES, BEGINNING	<u>2,064,617</u>	<u>2,415,397</u>	<u>(19,002)</u>
FUND BALANCES, ENDING	\$ <u>6,891,283</u>	\$ <u>3,449,673</u>	\$ <u>118,829</u>

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

<u>Hotel Conference Center</u>	<u>Parks Improvement</u>	<u>Other Governmental</u>	<u>Total Governmental</u>
\$ -	\$ -	\$ -	\$ 6,271,316
-	-	-	11,890,740
-	-	824,442	824,442
-	-	-	61,265
-	-	-	563,341
-	-	662,154	933,290
-	-	-	544,089
-	4,742,342	289,917	5,722,787
6,485	1,236	1,058	35,206
-	-	-	744,603
<u>6,485</u>	<u>4,743,578</u>	<u>1,777,571</u>	<u>27,591,079</u>
-	-	734	3,700,990
-	-	67,269	6,147,651
-	-	-	1,167,813
-	-	504,102	1,725,035
366,422	6,919,438	559,388	8,729,749
-	-	-	3,848,094
-	-	-	1,136,106
-	-	154,447	184,001
<u>366,422</u>	<u>6,919,438</u>	<u>1,285,940</u>	<u>26,639,439</u>
(359,937)	(2,175,860)	491,631	951,640
-	4,223,436	1,714,800	7,740,000
-	-	710,000	1,215,000
-	-	(704,379)	(1,205,381)
-	262,118	185,710	447,828
-	-	-	720,698
-	-	-	23,730
500,000	-	31,900	2,027,898
-	(438,103)	(811,034)	(2,292,358)
<u>500,000</u>	<u>4,047,451</u>	<u>1,126,997</u>	<u>8,677,415</u>
140,063	1,871,591	1,618,628	9,629,055
<u>6,428,826</u>	<u>48,816</u>	<u>1,534,412</u>	<u>12,473,066</u>
\$ <u>6,568,889</u>	\$ <u>1,920,407</u>	\$ <u>3,153,040</u>	\$ <u>22,102,121</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, 2021

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)	\$ 9,629,055
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.	4,544,869
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	1,907,122
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.	(4,436,722)
Certain pension 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.	330,888
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.	69,247
Some expenses 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.	<u>164,330</u>
Change in net position of governmental activities (pages 12 - 13)	\$ <u><u>12,208,789</u></u>

CITY OF MARBLE FALLS, TEXAS

STATEMENT OF NET POSITION
PROPRIETARY FUND

SEPTEMBER 30, 2021

	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	\$ 29,735,928	\$ 255,068
Accounts receivable, net of allowance	1,087,295	-
Inventories	<u>264,989</u>	<u>-</u>
Total current assets	<u>31,088,212</u>	<u>255,068</u>
Noncurrent assets:		
Capital assets:		
Land	851,508	-
Buildings and improvements	69,220,337	-
Machinery and equipment	2,274,724	157,317
Accumulated depreciation	<u>(31,827,589)</u>	<u>(26,173)</u>
Total capital assets	<u>40,518,980</u>	<u>131,144</u>
Total noncurrent assets	<u>40,518,980</u>	<u>131,144</u>
Total assets	<u>71,607,192</u>	<u>386,212</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflow related to pensions	103,388	-
OPEB - TMRS supplemental death benefit	17,765	-
OPEB - Retiree health plan	17,947	-
Deferred loss on bond refunding	<u>406,546</u>	<u>-</u>
Total deferred outflows of resources	<u>545,646</u>	<u>-</u>
LIABILITIES		
Current liabilities:		
Accounts payable	254,028	-
Accrued liabilities	36,623	-
Due to other funds	226,092	-
Customer deposits	576,210	-
Due to others	139,328	-
Accrued interest	118,472	-
Compensated absences	24,012	-
Capital leases	50,322	-
Bonds payable	1,770,000	-
Bonds premiums	<u>78,414</u>	<u>-</u>
Total current liabilities	<u>\$ 3,273,501</u>	<u>\$ -</u>

CITY OF MARBLE FALLS, TEXAS

STATEMENT OF NET POSITION
 PROPRIETARY FUND

SEPTEMBER 30, 2021

	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	\$ 72,036	\$ -
Capital leases	108,734	-
Bonds payable	39,383,910	-
Bonds premium	1,014,956	-
Net pension liability	291,086	-
OPEB - TMRS supplemental death benefit	74,961	-
OPEB - Retiree health plan	<u>82,970</u>	<u>-</u>
Total noncurrent liabilities	<u>41,028,653</u>	<u>-</u>
Total liabilities	<u>44,302,154</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred inflow related to pensions	121,841	-
Deferred inflow related to grants	13,065,800	-
OPEB - TMRS supplemental death benefit	5,905	-
OPEB - Retiree health plan	<u>5,997</u>	<u>-</u>
Total deferred inflows of resources	<u>13,199,543</u>	<u>-</u>
NET POSITION		
Net investment in capital assets	16,999,042	131,144
Unrestricted	<u>(2,347,901)</u>	<u>255,068</u>
Total net position	<u>\$ 14,651,141</u>	<u>\$ 386,212</u>

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CITY OF MARBLE FALLS, TEXAS

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

FOR THE YEAR ENDED SEPTEMBER 30, 2021

	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	\$ 6,336,365	\$ -
Miscellaneous	<u>198,996</u>	<u>6,750</u>
Total operating revenues	<u>6,535,361</u>	<u>6,750</u>
OPERATING EXPENSES		
Personnel services	1,438,259	-
Supplies	462,230	-
Repairs and maintenance	751,893	-
Purchased and contracted services	430,046	-
Other services and charges	36,766	-
Depreciation	<u>1,599,589</u>	<u>26,173</u>
Total operating expenses	<u>4,718,783</u>	<u>26,173</u>
OPERATING GAIN	<u>1,816,578</u>	<u>(19,423)</u>
NONOPERATING REVENUES (EXPENSES)		
Intergovernmental	38,162	-
Investment earnings	2,153	-
Interest and fiscal charges	<u>(951,779)</u>	<u>-</u>
Total nonoperating revenues (expenses)	<u>(911,464)</u>	<u>-</u>
INCOME BEFORE TRANSFERS	1,244,551	(19,423)
TRANSFERS OUT	(658,959)	-
TRANSFERS IN	<u>834,749</u>	<u>88,670</u>
CHANGE IN NET POSITION	1,420,341	69,247
NET POSITION, BEGINNING	<u>13,230,800</u>	<u>316,965</u>
NET POSITION, ENDING	\$ <u>14,651,141</u>	\$ <u>386,212</u>

CITY OF MARBLE FALLS, TEXAS

STATEMENT OF CASH FLOWS
PROPRIETARY FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2021

	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	\$ 6,394,005	\$ 6,750
Cash paid to suppliers for goods and services	(2,056,617)	-
Cash paid to employees for services	(1,455,534)	-
Net cash provided by operating activities	<u>2,881,854</u>	<u>6,750</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfers to other funds	(658,959)	-
Transfers from other funds	834,749	88,670
Operating grants	<u>13,103,962</u>	-
Net cash used by noncapital financing activities	<u>13,279,752</u>	<u>88,670</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition of capital assets	(2,874,557)	(6,750)
Proceeds from issuance of long-term debt	19,213,888	-
Capital contributions	339,437	-
Principal repayments on long-term debt	(2,155,625)	-
Interest and fiscal charges paid on debt	(950,974)	-
Net cash used by capital and related financing activities	<u>13,572,169</u>	<u>(6,750)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest and investment earnings	<u>2,153</u>	-
Net cash provided by investing activities	<u>2,153</u>	-
NET DECREASE IN CASH AND CASH EQUIVALENTS	29,735,928	88,670
CASH AND CASH EQUIVALENTS, BEGINNING	<u>-</u>	<u>166,398</u>
CASH AND CASH EQUIVALENTS, ENDING	\$ <u>29,735,928</u>	\$ <u>255,068</u>

CITY OF MARBLE FALLS, TEXAS

STATEMENT OF CASH FLOWS
 PROPRIETARY FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2021

	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	\$ 1,816,578	\$(19,423)
Adjustments to reconcile operating income (loss) to net cash used by operating activities:		
Depreciation and amortization	1,599,589	26,173
Changes in assets and liabilities:		
Decrease (increase) in assets:		
Customer receivable	(163,067)	-
Inventory	7,201	-
Net pension asset	(27,647)	-
Deferred outflow related to pensions	(3,053)	-
Increase (decrease) in liabilities:		
Accounts payable	89,583	-
Accrued liabilities	4,353	-
OPEB net pension obligation	13,987	-
Due to other funds	(558,616)	-
Customer deposits	21,711	-
Due to others	86,870	-
Deferred inflow related to pensions	(10,389)	-
Deferred inflow related to OPEB	(720)	-
Compensated absences payable	5,474	-
Net cash provided by operating activities	\$ <u>2,881,854</u>	\$ <u>6,750</u>

CITY OF MARBLE FALLS, TEXAS

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS

SEPTEMBER 30, 2021

	<u>Total Trust Funds</u>
ASSETS	
Cash and cash equivalents	\$ <u>128,659</u>
Total assets	<u>128,659</u>
LIABILITIES	
Accounts payable	\$ <u>121,520</u>
Total liabilities	<u>121,520</u>
NET POSITION	
Held in trust	\$ <u>7,139</u>

CITY OF MARBLE FALLS, TEXAS

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY NET POSITION

FOR THE YEAR ENDED SEPTEMBER 30, 2021

	<u>Total Trust Funds</u>
ADDITIONS	
Property tax assessment	\$ 423,621
Investment earnings	<u>72</u>
Total additions	<u>423,693</u>
DEDUCTIONS	
Purchased and contracted services	403,275
Miscellaneous expense	<u>16,340</u>
Total deductions	<u>419,615</u>
CHANGE IN NET POSITION	4,078
NET POSITION, BEGINNING	<u>3,061</u>
NET POSITION, ENDING	<u>\$ 7,139</u>

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CITY OF MARBLE FALLS, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2021

1. 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 operate 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 **Parks Improvement Fund** is used to account for the funds assigned to park improvement 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 Roper Ranch 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 nonoperating 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, 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 contract 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.

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 uncollectibles. Trade accounts receivable in excess of 180 days comprise the trade accounts receivable allowance for uncollectibles. The property tax receivable allowance is equal to 10 percent of outstanding property taxes at September 30, 2021.

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 2020 was \$6,222,264. The tax assessment of October 1, 2020 sets a tax levy at \$0.6100 per \$100 of assessed valuation at 100% of assumed market value. Of this amount, \$0.3535 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

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, until paid upon resignation or retirement. All vacation, comp time, personal leave, and sick leave pay are accrued when incurred in the government-wide and proprietary fund financial statements. Upon termination, an employee is paid for 100% of their accrued vacation, comp time, and personal leave pay and for 50% of accrued sick leave pay.

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 payable 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.

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 legislations 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.

2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Position

The governmental fund balance sheet includes a reconciliation between *fund balance – total governmental funds* and *net position – governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains, “Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.” The details of this \$(43,807,308) difference are as follows:

General obligation bonds	\$(30,375,090)
Sales tax revenue bonds	(7,490,000)
Tax notes	(520,000)
Deferred loss on refunding debt issuance	283,808
Bond premiums	(1,696,656)
TMRS net pension	(1,893,590)
OPEB - TMRS supplemental death benefit	(381,503)
OPEB - Retiree health plan	(436,265)
Capital lease	(649,714)
Compensated absences	(451,784)
Accrued interest payable	<u>(196,514)</u>
Net adjustment to reduce <i>fund balance – total governmental funds</i> to arrive at <i>net position – governmental activities</i>	<u>\$(43,807,308)</u>

Explanation of Certain Differences Between the Governmental Fund Statement of Revenue, Expenditures and Changes in Fund Balances and the Government-wide Statement of Activities

The governmental fund statement of revenue, expenditures and changes in fund balances includes a reconciliation between *net changes in fund balances – total governmental fund* and *changes in net position of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains, “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.” The details of this \$4,544,869 difference are as follows:

Capital outlay	\$ 8,323,717
Depreciation expense	(3,778,848)
Net adjustment to decrease <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	\$ <u>4,544,869</u>

Another element of that reconciliation states, “Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.” The details of this \$1,907,122 difference are as follows:

Property taxes	\$(16,189)
Grants	1,975,963
Municipal court	(52,652)
Net adjustment to increase <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	\$ <u>1,907,122</u>

Another element of that reconciliation states, “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. Also, governmental funds report the effect of issuance costs, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.” The details of this \$(4,436,722) difference are as follows:

Refunded debt	\$(1,215,000)
General obligation debt payments	3,140,000
Tax note payments	475,000
Capital lease	233,094
Issuance of general obligation bonds	(7,740,000)
Payment to escrow agent	1,205,381
Interest	(5,838)
Premium	(447,828)
OPEB - TMRS supplemental death benefit	(42,394)
OPEB - Retiree health plan	(39,137)
Net adjustment to decrease <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	\$(<u>4,436,722</u>)

3. DETAILED NOTES ON ALL FUNDS

Deposits and Investments

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

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Days)</u>
Logic	\$ 9,342,412	59
Texas Class	7,164,737	82

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.

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, 2021, \$3,065,575 of the City's \$3,345,769 deposit balance was collateralized with securities held by the pledging financial institution. The remaining balance, \$280,194, 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	\$ 18,897	\$ -	\$ 130,179	\$ -	\$ -	\$ 149,076
Other taxes	1,636,007	543,493	-	132,953	-	2,312,453
Customer accounts	791,340	-	-	-	1,354,846	2,146,186
Other	1,385	75	-	-	-	1,460
Gross receivables	<u>2,447,629</u>	<u>543,568</u>	<u>130,179</u>	<u>132,953</u>	<u>1,354,846</u>	<u>4,609,175</u>
Less: allowance for uncollectibles	<u>433,471</u>	<u>-</u>	<u>13,018</u>	<u>-</u>	<u>267,551</u>	<u>714,040</u>
Net total receivables	\$ <u>2,014,158</u>	\$ <u>543,568</u>	\$ <u>117,161</u>	\$ <u>132,953</u>	\$ <u>1,087,295</u>	\$ <u>3,895,135</u>

Capital Assets

Capital asset activity for the year ended September 30, 2021, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Government activities:				
Capital assets, not being depreciated:				
Land	\$ 10,341,624	\$ 178,418	\$ -	\$ 10,520,042
Total assets not being depreciated	<u>10,341,624</u>	<u>178,418</u>	<u>-</u>	<u>10,520,042</u>
Capital assets, being depreciated:				
Buildings and improvements	65,123,842	7,197,316	-	72,321,158
Machinery and equipment	<u>6,717,424</u>	<u>954,733</u>	<u>(86,144)</u>	<u>7,586,013</u>
Total capital assets being depreciated	<u>71,841,266</u>	<u>8,152,049</u>	<u>(86,144)</u>	<u>79,907,171</u>
Less accumulated depreciation:				
Buildings and improvements	(39,748,354)	(3,397,998)	-	(43,146,352)
Machinery and equipment	<u>(5,671,995)</u>	<u>(407,023)</u>	<u>86,144</u>	<u>(5,992,874)</u>
Total accumulated depreciation	<u>(45,420,349)</u>	<u>(3,805,021)</u>	<u>86,144</u>	<u>(49,139,226)</u>
Total capital assets being depreciated, net	<u>26,420,917</u>	<u>4,347,028</u>	<u>-</u>	<u>30,767,945</u>
Governmental activities capital assets, net	<u>\$ 36,762,541</u>	<u>\$ 4,525,446</u>	<u>\$ -</u>	<u>\$ 41,287,987</u>
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 738,908	\$ 112,600	\$ -	\$ 851,508
Total assets not being depreciated	<u>738,908</u>	<u>112,600</u>	<u>-</u>	<u>851,508</u>
Capital assets, being depreciated:				
Buildings and improvements	67,099,832	2,120,505	-	69,220,337
Machinery and equipment	<u>1,633,272</u>	<u>641,452</u>	<u>-</u>	<u>2,274,724</u>
Total capital assets being depreciated	<u>68,733,104</u>	<u>2,761,957</u>	<u>-</u>	<u>71,495,061</u>
Less accumulated depreciation:				
Buildings and improvements	(29,252,003)	(1,432,014)	-	(30,684,017)
Machinery and equipment	<u>(975,997)</u>	<u>(167,575)</u>	<u>-</u>	<u>(1,143,572)</u>
Total accumulated depreciation	<u>(30,228,000)</u>	<u>(1,599,589)</u>	<u>-</u>	<u>(31,827,589)</u>
Total capital assets being depreciated, net	<u>38,505,104</u>	<u>1,162,368</u>	<u>-</u>	<u>39,667,472</u>
Business-type activities capital assets, net	<u>\$ 39,244,012</u>	<u>\$ 1,274,968</u>	<u>\$ -</u>	<u>\$ 40,518,980</u>

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

Governmental activities:	
General government	\$ 2,010,777
Public safety	1,491,384
Public works	90,930
Culture and recreation	<u>211,930</u>
Total depreciation expense - governmental activities	<u>\$ 3,805,021</u>
Business-type activities:	
Water and utility	<u>\$ 1,599,589</u>
Total depreciation expense - business-type activities	<u>\$ 1,599,589</u>

Interfund Receivables, Payables and Transfers

The composition of interfund balances as of September 30, 2021 is as follows:

Receivable Fund	Payable Fund	Amount
Hotel Conference Center	Economic Development	\$ 42,503
Nonmajor Governmental	Water and Utility	<u>226,092</u>
Total		<u>\$ 268,595</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:

Transfers Out	Transfers In							Total
	General	Economic Development Corporation	Debt Service	Hotel Conference Center	Nonmajor Governmental	Water and Utility	Internal Service	
General	\$ -	\$ 7,000	\$ 60,417	\$ -	\$ 31,900	\$ -	\$ 54,800	\$ 154,117
Economic Development Corporation	109,104	-	100,000	500,000	-	180,000	-	889,104
Parks Improvements	325,391	-	112,712	-	-	-	-	438,103
Nonmajor Governmental	156,285	-	-	-	-	654,749	-	811,034
Water and Utility	625,089	-	-	-	-	-	33,870	658,959
	<u>\$ 1,215,869</u>	<u>\$ 7,000</u>	<u>\$ 273,129</u>	<u>\$ 500,000</u>	<u>\$ 31,900</u>	<u>\$ 834,749</u>	<u>\$ 88,670</u>	<u>\$ 2,951,317</u>

Transfers are used to: (1) move revenues from the fund required by statute or budget to collect them to the fund required by statute or budget to expand them; and (2) fund the City's match portion for grants.

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, 2021, follows:

Series and Original Issue Amount	Final Maturity	Interest Rate	Governmental Activities	Business-type Activities	
<u>General Obligation Refunding Bond</u>					
2012 Series	2,605,000	2023	3%	580,000	-
2013 Series	3,295,000	2034	3.75%-4.5%	1,550,000	-
2014 Series	5,750,000	2030	2% - 4%	-	4,410,000
2015 Series	3,850,000	2027	2%	3,047,840	4,377,160
2017 Series	6,610,000	2028	3%	5,195,000	-
2020 Series	4,405,000	2026	2.125% - 3%	4,145,000	-
2020a Series - Private Placement	1,650,000	2031	1.19%	<u>1,215,000</u>	<u>435,000</u>
				<u>15,732,840</u>	<u>9,222,160</u>
<u>Combination Tax and Revenue Bonds</u>					
2013 Series	3,490,000	2033	2 - 4%	-	2,455,000
2014 Series - Private Placement	4,000,000	2034	2 - 4%	2,185,000	735,000
2016 Series	7,590,000	2036	2 - 4%	-	6,230,000
2017 Series	1,785,000	2032	3%	1,220,000	-
2018 Series	6,265,000	2038	3% - 4%	3,497,250	1,842,750
2019 Series	2,185,000	2034	2% - 5%	-	2,060,000
2020 Series	5,745,000	2030	2% - 5%	4,870,000	875,000
2021 Series	2,795,000	2030	2% - 5%	1,690,000	1,105,000
2021 Series TWDB Loan - Private Placement	17,809,000	2036	0%	<u>1,180,000</u>	<u>16,629,000</u>
				<u>14,642,250</u>	<u>31,931,750</u>
<u>Sales Tax Revenue Bonds</u>					
2014 Series	4,000,000	2027	4.12%	2,095,000	-
2017 Series	6,500,000	2036	3-4.75%	<u>5,395,000</u>	-
				<u>7,490,000</u>	-
Total Bonds				<u>\$ 37,865,090</u>	<u>\$ 41,153,910</u>
<u>Tax Notes</u>					
2019 Series - Private Placement	1,170,000	2014	1.79%	<u>\$ 520,000</u>	<u>\$ -</u>
Total Tax Notes				<u>\$ 520,000</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
2022	\$ 3,215,000	\$ 1,091,906	\$ 1,685,000	\$ 585,341
2023	3,290,000	987,519	1,725,000	544,101
2024	3,090,000	886,308	1,775,000	498,607
2025	3,180,000	789,414	1,825,000	451,002
2026	3,205,000	690,351	1,880,000	401,268
2027-2031	9,467,840	2,157,507	9,377,160	1,178,127
2032-2036	5,732,250	776,696	4,532,750	252,080
2037-2041	2,105,000	92,364	555,000	16,083
Total	\$ 33,285,090	\$ 7,472,065	\$ 23,354,910	\$ 3,926,609

Year Ending September 30,	Private Placement Governmental Activities		Private Placement Business-type Activities	
	Principal	Interest	Principal	Interest
2022	\$ 485,000	\$ 96,674	\$ 85,000	\$ 30,226
2023	490,000	88,017	669,000	28,296
2024	500,000	79,212	669,000	26,261
2025	330,000	71,793	669,000	24,225
2026	340,000	65,760	664,000	22,219
2027-2031	1,771,000	322,156	3,380,000	74,508
2032-2036	891,000	36,800	3,067,000	12,200
2037-2041	293,000	-	2,865,000	-
2042-2046	-	-	2,865,000	-
2047-2051	-	-	2,866,000	-
Total	\$ 5,100,000	\$ 760,412	\$ 17,799,000	\$ 217,935

Annual debt service requirements for the capital lease are as follows:

September 30,	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2022	\$ 150,500	\$ 21,092	\$ 50,322	\$ 4,586
2023	198,974	14,640	51,806	3,102
2024	202,919	7,971	56,928	1,573
2025	47,915	3,415	-	-
2026	49,406	1,737	-	-
Total	\$ 649,714	\$ 48,855	\$ 159,056	\$ 9,261

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.

Debt Issuance

On December 1, 2020 the City issued \$5,745,000 of Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2020. The debt will be used for water utility system improvements, street reconstruction, emergency water protection stream bank stabilization, a covered park structure for the police department building, public safety vehicles and a dump truck and the payment of professional service.

On November 3, 2020 the City issued \$1,650,000 of General Obligation Refunding Bonds, Series 2020a. The net proceeds from the issuance of the bonds were used to purchase U.S. Government Securities and those securities were deposited in an irrevocable trust with an escrow agent to provide future debt service payments. The refunded bonds are considered legally defeased and the liability for these bonds have been removed. The new bonds defeased \$1,610,000 of the Certificates of Obligation Bonds, Series 2011. The reacquisition price exceeded the net carrying amount of the old debt by \$40,000. The City refunded to reduce its total debt service payments by \$147,096.

On August 3, 2021 the City issued \$2,795,000 of Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2021. The debt will be used for road and bridge improvements, low water crossing improvements, parks improvements, updates to the City's Master Plans, and improvements to the City's water and wastewater utility systems.

On August 1, 2021 the City issued \$17,809,000 of Combination Tax and Surplus Revenue Certificates of Obligation, Taxable Series 2021. The debt will be used for the construction of a two-way bridge to be installed at the Avenue N crossing of Backbone Creek and related flood control improvement projects which are together identified as TWDB Project No. 40110.

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, 2021, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities					
General obligation and Tax Revenue bonds	\$ 6,352,250	\$ 6,560,000	\$ 1,635,000	\$ 11,277,250	\$ 625,000
General obligation and Tax Revenue bonds - Private Placement	2,490,000	1,180,000	305,000	3,365,000	200,000
General obligation refunding bond	16,302,840	-	1,785,000	14,517,840	2,010,000
General obligation refunding bond - Private Placement	-	1,215,000	-	1,215,000	115,000
Sales tax revenue bond	8,090,000	-	600,000	7,490,000	580,000
Tax notes - Private Placement	995,000	-	475,000	520,000	170,000
Premium from issuance of bonds	1,394,617	447,828	145,789	1,696,656	166,744
Capital Lease	882,808	-	233,094	649,714	150,500
Compensated absences	629,256	85,605	263,077	451,784	112,946
Governmental activities long-term liabilities	<u>\$ 37,136,771</u>	<u>\$ 9,488,433</u>	<u>\$ 5,441,960</u>	<u>\$ 41,183,244</u>	<u>\$ 4,130,190</u>
Business-type activities					
Tax and revenue bonds	\$ 23,399,910	\$ 1,980,000	\$ 2,025,000	\$ 23,354,910	\$ 1,685,000
Tax and revenue bonds - Private Placement	780,000	17,064,000	45,000	17,799,000	85,000
Premium from issuance of bonds	1,009,669	169,888	86,187	1,093,370	78,414
Capital Lease	213,439	-	54,383	159,056	50,322
Compensated absences	90,574	27,835	22,361	96,048	24,012
Business-type activities long-term liabilities	<u>\$ 25,493,592</u>	<u>\$ 19,241,723</u>	<u>\$ 2,232,931</u>	<u>\$ 42,502,384</u>	<u>\$ 1,922,748</u>

Accrued Compensated Absences

The compensated absences liability attributable to the governmental activities will be liquidated primarily by the General Fund.

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, 2021, governmental fund balance is composed of the following:

Fund Balance Classification	General	Economic Development Corporation	Debt Service	Hotel Conference Center	Parks Improvement	Other Governmental	Totals
Restricted:							
Capital acquisition and construction	-	-	-	6,568,889	1,920,407	2,334,702	10,823,998
Debt	-	-	118,829	-	-	-	-
Tourism activities	-	-	-	-	-	679,227	679,227
Public safety	-	-	-	-	-	102,071	102,071
Building security	-	-	-	-	-	12,415	12,415
Economic development	-	3,449,673	-	-	-	-	3,449,673
Police forfeiture	-	-	-	-	-	24,625	24,625
Unassigned	6,921,283	-	-	-	-	-	6,921,283
Total governmental fund balance	\$ 6,921,283	\$ 3,449,673	\$ 118,829	\$ 6,568,889	\$ 1,920,407	\$ 3,153,040	\$ 22,132,121

Net Pension and Total OPEB Liabilities and Expenses

Amounts are aggregated into a single net pension liability and total OPEB liability, and expenses for certain columns. Below is the detail of net pension liability and total OPEB liability and expenses for governmental and business-type activities.

	Governmental Activities	Business-type Activities	
		Water and Utility	Totals
Deferred Outflows:			
OPEB - TMRS supplemental death benefit	\$ 108,670	\$ 17,765	\$ 126,435
OPEB - Retiree health plan	110,245	17,947	128,192
Total Deferred Outflows	\$ 218,915	\$ 35,712	\$ 254,627
Net pension liability	\$ 1,780,702	\$ 291,086	\$ 2,071,788
Total OPEB liability:			
Due in more than one year:			
OPEB - TMRS supplemental death benefit	\$ 454,049	\$ 74,961	\$ 529,010
OPEB - Retiree health plan	509,672	82,970	592,642
Total due in more than one year	963,721	157,931	1,121,652
Total OPEB liability	\$ 963,721	\$ 157,931	\$ 1,121,652
Deferred Inflows:			
OPEB - TMRS supplemental death benefit	\$ 36,124	\$ 5,905	\$ 42,029
OPEB - Retiree health plan	36,838	5,997	42,835
Total Deferred Inflows	\$ 72,962	\$ 11,902	\$ 84,864
		Business-type Activities	
	Governmental Activities	Water and Utility	Totals
Pension expense	\$ 389,519	\$ 63,673	\$ 453,192
OPEB expense:			
OPEB - TMRS supplemental death benefit	\$ 49,159	\$ 8,116	\$ 57,275
OPEB - Retiree health plan	48,666	7,922	56,588
Total OPEB expense	\$ 97,825	\$ 16,038	\$ 113,863

Defined Benefit Pension Policies

Plan Descriptions. The City of Marble Falls participates as one of 883 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency 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 agency multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. 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's defined benefit pension plan is a tax-qualified plan under Sections 401(a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.tmr.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 of 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 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
Service 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, 2020 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	95
Inactive employees entitled to but not yet receiving benefits	74
Active employees	<u>114</u>
	<u>283</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 11.14% and 10.83% in calendar years 2020 and 2021, respectively. The city's contributions to TMRS for the year ended September 30, 2021, were \$839,444, and were equal to the required contributions.

Net Pension Liability. The City's Net Pension Liability (NPL) was measured as of December 31, 2020, 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, 2020 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	2.75% per year
Investment Rate of Return	6.75%, net of pension plan investment expense, including inflation

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

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2014 to December 31, 2018. They were adopted in 2019 and first used in the December 31, 2109 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 using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive). The target allocation and best estimates of arithmetic real rates return for each major assets class in fiscal year 2021 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Global Equity	30.0%	5.30%
Core Fixed Income	10.0%	1.25%
Non-Core Fixed Income	20.0%	4.14%
Real Return	10.0%	3.85%
Real Estate	10.0%	4.00%
Absolute Return	10.0%	3.48%
Private Equity	10.0%	7.75%
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 12/31/2019	\$ 26,995,196	\$ 24,745,847	\$ 2,249,349
Changes for the year:			
Service cost	1,122,394	-	1,122,394
Interest	1,812,561	-	1,812,561
Change in benefits terms including substantively automatic status	-	-	-
Difference between expected and actual experience	99,742	-	99,742
Contributions - employer	-	822,639	(822,639)
Contributions - employee	-	525,888	(525,888)
Net investment income	-	1,876,360	(1,876,360)
Benefit payments, including refunds of employee contributions	(1,407,273)	(1,407,273)	-
Administrative expense	-	(12,154)	12,154
Other changes	-	(475)	475
Net changes	<u>1,627,424</u>	<u>1,804,985</u>	<u>(177,561)</u>
Balance at 12/31/2020	<u>\$ 28,622,620</u>	<u>\$ 26,550,832</u>	<u>\$ 2,071,788</u>

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)	\$ 6,134,134	\$ 2,071,788	\$(1,253,397)

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, 2021, the City recognized pension expense of \$453,192. At September 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$ 98,082	\$ 175,536
Changes in actuarial assumptions	27,134	-
Difference between projected and actual investment earnings	-	691,662
Contributions subsequent to the measurement date	<u>610,641</u>	<u>-</u>
Total	<u>\$ 735,857</u>	<u>\$ 867,198</u>

\$610,641 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, 2022. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expenses as follows:

<u>For the year ended September 30,</u>	
2022	\$(294,083)
2023	(13,966)
2024	(392,729)
2025	(41,204)

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 fulltime 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 implicitly rate subsidy.

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, 2020 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	4
Active Plan Members	<u>118</u>
Total	<u>122</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.

Monthly Retiree Premiums Effective October 1, 2020

Health Plan	Employee Only	Employee & Spouse	Employee & Child(ren)	Employee & Family
HSA	\$506	\$1,014	\$851	\$1,232
Plan 1	\$593	\$1,189	\$1,001	\$1,439
HAS NC	\$531	\$1,064	\$892	\$1,291
Plan1 NC	\$629	\$1,260	\$1,061	\$1,526

The City does not contribute to HSA accounts.

Actuarial Assumptions. The Total OPEB Liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions:

Measurement year ended December 31,	2020
Actuarial cost method	Individual Entry-Age
Inflation rate	2.50% per annum
Discount rate	2.00
Salary Increases	3.50% to 11.5% including inflation
Demographic Assumptions	Based on the experience study covering the four year period ending December 31, 2018 as conducted for the Texas Municipal Retirement System (TMRS)
Mortality	For healthy retirees, the gender-distinct 2019 Municipal Retirees of Texas mortality tables are used. The rates are projected on a fully generational basis using the ultimate mortality improvement rates in the MP tables to account for future mortality improvements.
Health Care Trend Rates	Initial rate of 7.00% declining to an ultimate rate of 4.15% 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 2.75% as of December 31, 2019 to 2.00% as of December 31, 2020. Additionally, the demographic assumptions were updated to reflect the 2020 TMRS Experience Study, and the health care trend and participation assumptions were updated to better reflect anticipated plan experience.

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 2.00%, 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 (1.00%)</u>	<u>Current Discount Rate Assumption (2.00%)</u>	<u>1% Increase in Discount Rate (3.00%)</u>
Total OPEB Liability	\$ 646,735	\$ 592,642	\$ 542,897

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	\$ 520,649	\$ 592,642	\$ 678,792

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources Related to OPEB. At September 30, 2021, the City reported a liability of \$592,642 for its Total OPEB Liability. The Total OPEB Liability was determined by an actuarial valuation as of December 31, 2020. For the year ended September 30, 2021, the City recognized OPEB expense of \$56,588. 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 12/31/2019	\$ 531,474
Changes for the year:	
Service cost	29,709
Interest	14,847
Difference between expected and actual experience	(8,224)
Changes of assumptions	37,680
Benefit payments	(12,844)
Net changes	<u>61,168</u>
Balance at 12/31/2020	<u>\$ 592,642</u>

At September 30, 2021, 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	\$ -	\$ 31,928
Changes in actuarial assumptions	118,559	10,907
Contributions subsequent to the measurement date	<u>9,633</u>	<u>-</u>
Totals	<u>\$ 128,192</u>	<u>\$ 42,835</u>

\$9,633 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, 2022. 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>	
2022	\$ 12,032
2023	12,032
2024	12,032
2025	12,032
2026	10,692
Thereafter	16,904

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	68
Inactive employees entitled to but not yet receiving benefits	23
Active employees	<u>114</u>
Total	<u>205</u>

Contributions. The City contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation, which was 0.23% for 2021 and 0.19% for 2020, of which 0.13% and 0.04%, 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, 2021 and 2020 were \$7,989 and \$2,906, 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, 2020 actuarial valuation was determined using the following actuarial assumptions:

Measurement year ended December 31,	2020
Inflation rate	2.50% per annum
Discount rate	2%
Actuarial cost method	Entry Age Normal Method
Projected salary increases	3.50% to 11.5% including inflation

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the following:

Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment, with male rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment are used with male rates multiplied by 109% and female rates multiplied by 103% with a 3-year set-forward for both males and females. In addition, a 3% minimum mortality rate is applied to reflect the impairment for younger members who became disabled. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements subject to the 3% floor. Administrative expenses for the SDBF are paid through the TMRS Pension Trust Fund and are wholly accounted for under the provisions of GASB Statement No. 68.

Changes in assumptions reflect the annual change in the municipal bond rate. The actuarial assumptions used in the December 31, 2020 valuation were based on the results of an actuarial experience study for the period December 31, 2014 to December 31, 2018.

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 2.75% 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 source of the municipal bond rate was fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-year Municipal GO AA Index" as of December 31, 2020.

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 (2.00%) in measuring the Total OPEB Liability.

	<u>1% Decrease in Discount Rate (1.00%)</u>	<u>Discount Rate (2.00%)</u>	<u>1% Increase in Discount Rate (3.00%)</u>
Total OPEB Liability	\$ 654,343	\$ 529,010	\$ 434,743

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources Related to OPEBs. At September 30, 2021, the City reported a liability of \$529,010 for its Total OPEB Liability. The Total OPEB Liability was determined by an actuarial valuation as of December 31, 2020. For the year ended September 30, 2021, the City recognized OPEB expense of \$57,275. 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 12/31/2019	\$ 433,289
Changes for the year:	
Service cost	20,284
Interest	12,153
Difference between expected and actual	(6,878)
Changes of assumptions	73,167
Benefit payments	<u>(3,005)</u>
Net changes	<u>95,721</u>
Balance at 12/31/2020	\$ <u>529,010</u>

At September 30, 2021, 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	\$ 10,944	\$ 31,603
Changes in actuarial assumptions	108,324	10,426
Contributions subsequent to the measurement date	<u>7,167</u>	<u>-</u>
Totals	\$ <u>126,435</u>	\$ <u>42,029</u>

\$7,167 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, 2022. 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>	
2022	\$ 24,837
2023	19,908
2024	18,960
2025	13,402
2026	<u>132</u>
Total	\$ <u>77,239</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.

New Accounting Standards

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

Statement No. 87, Leases – This Statement will improve the accounting and financial reporting for leases by governments by requiring recognition of certain lease assets and liabilities previously classified as operating leases. It establishes a single model for lease accounting based on the principle that leases are financing the right to use an underlying asset. Under the Statement a lessee is required to recognize a lease liability and an intangible right-to-use asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resource, enhancing the relevance and consistency of information about leasing activities. This Statement will become effective for the City in fiscal year 2022.

Subsequent Event

On October 19, 2021 the City issued \$8,010,000 of Sales Tax Revenue Bonds, Series 2021. The debt will be used for the completion of the Business Technology Park, expansion of the Lakeside pavilion, and projects related to the approved Downtown Master Plan.

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**REQUIRED
SUPPLEMENTARY INFORMATION**

CITY OF MARBLE FALLS, TEXAS

SCHEDULE OF CHANGES IN NET PENSION LIABILITY
AND RELATED RATIOS

FOR THE YEAR ENDED SEPTEMBER 30, 2021

Plan Year	<u>2014</u>	<u>2015</u>
A. Total pension liability		
Service Cost	\$ 621,054	\$ 691,029
Interest (on the Total Pension Liability)	1,123,420	1,207,848
Changes of benefit terms	-	-
Difference between expected and actual experience	(12,961)	(34,356)
Change of assumptions	-	570,455
Benefit payments, including refunds of employee contributions	<u>(528,946)</u>	<u>(591,804)</u>
Net change in total pension liability	<u>1,202,567</u>	<u>1,843,172</u>
Total pension liability - beginning	<u>16,002,799</u>	<u>17,205,366</u>
Total pension liability - ending (a)	<u>\$ 17,205,366</u>	<u>\$ 19,048,538</u>
B. Plan fiduciary net position		
Contributions - Employer	\$ 259,082	\$ 258,552
Contributions - Employee	395,979	408,547
Net Investment Income	990,420	27,179
Benefit payments, including refunds of employee contributions	(528,946)	(591,804)
Administrative Expenses	(10,340)	(16,554)
Other	<u>(850)</u>	<u>(817)</u>
Net change in plan fiduciary net position	<u>1,105,345</u>	<u>85,103</u>
Plan fiduciary net position - beginning	<u>17,313,215</u>	<u>18,418,560</u>
Plan fiduciary net position - ending (b)	<u>\$ 18,418,560</u>	<u>\$ 18,503,663</u>
C. Net pension liability/ (asset) - ending (a) - (b)	<u>\$(1,213,194)</u>	<u>\$ 544,875</u>
D. Plan fiduciary net position as a percentage of total pension liability/ (asset)	107.05%	97.14%
E. Covered payroll	\$ 5,656,837	\$ 5,836,390
F. Net position liability/ (asset) as a percentage of covered payroll	-21.45%	9.34%

Note: This schedule is intended to show ten years of information. Additional year's information will be displayed as it becomes available.

2016	2017	2018	2019	2020
\$ 750,228	\$ 801,181	\$ 966,975	\$ 1,094,985	\$ 1,122,394
1,281,912	1,350,616	1,565,139	1,725,798	1,812,561
-	-	1,941,094	674,344	-
(153,085)	(46,914)	127,487	(383,270)	99,742
-	-	-	59,245	-
(864,720)	(908,687)	(992,773)	(1,042,897)	(1,407,273)
<u>1,014,335</u>	<u>1,196,196</u>	<u>3,607,922</u>	<u>2,128,205</u>	<u>1,627,424</u>
<u>19,048,538</u>	<u>20,062,873</u>	<u>21,259,069</u>	<u>24,866,991</u>	<u>26,995,196</u>
\$ <u>20,062,873</u>	\$ <u>21,259,069</u>	\$ <u>24,866,991</u>	\$ <u>26,995,196</u>	\$ <u>28,622,620</u>
\$ 261,288	\$ 358,624	\$ 381,858	\$ 680,345	\$ 822,639
420,464	445,101	466,494	508,282	525,888
1,250,675	2,710,663	(662,832)	3,292,624	1,876,360
(864,720)	(908,687)	(992,773)	(1,042,897)	(1,407,273)
(14,123)	(14,047)	(12,822)	(18,630)	(12,154)
(761)	(712)	(670)	(560)	(475)
<u>1,052,823</u>	<u>2,590,942</u>	<u>(820,745)</u>	<u>3,419,164</u>	<u>1,804,985</u>
<u>18,503,663</u>	<u>19,556,486</u>	<u>22,147,428</u>	<u>21,326,683</u>	<u>24,745,847</u>
\$ <u>19,556,486</u>	\$ <u>22,147,428</u>	\$ <u>21,326,683</u>	\$ <u>24,745,847</u>	\$ <u>26,550,832</u>
\$ <u>506,387</u>	\$ <u>(888,359)</u>	\$ <u>3,540,308</u>	\$ <u>2,249,349</u>	\$ <u>2,071,788</u>
97.48%	104.18%	85.76%	91.67%	92.76%
\$ 6,006,626	\$ 6,358,583	\$ 6,664,300	\$ 7,261,173	\$ 7,512,681
8.43%	-13.97%	53.12%	30.98%	27.58%

CITY OF MARBLE FALLS, TEXAS

SCHEDULE OF CONTRIBUTIONS TO NET PENSION LIABILITY

FOR THE YEAR ENDED SEPTEMBER 30, 2021

Fiscal Year	2014	2015
Actuarial determined contribution	\$ 248,771	\$ 259,903
Contributions in relation to the actuarially determined contribution	248,771	259,903
Contribution deficiency (excess)	-	-
Covered payroll	5,563,255	5,809,989
Contributions as a percentage of covered payroll	4.47%	4.47%

Note: This schedule is intended to show ten years of information. Additional year's information will be displayed as it becomes available.

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	24 years
Asset Valuation Method	10 Year smoothed market; 12% soft corridor
Inflation	2.50%
Salary Increases	3.50% to 11.50% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2019 valuation pursuant to an experience study of the period 2014 - 2018
Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP. Pre-retirement: PUB(10) mortality tables, with the Public Safety table used for males and the General Employee table used for females. The rates are projected on a fully generational basis with scale UMP.

Other Information There were no benefit changes during the year.

<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
\$ 270,623	\$ 334,622	\$ 383,566	\$ 623,026	\$ 780,674	\$ 839,444
<u>270,623</u>	<u>334,622</u>	<u>383,566</u>	<u>623,026</u>	<u>780,674</u>	<u>839,444</u>
-	-	-	-	-	-
6,189,840	6,278,742	6,554,197	7,169,326	7,263,861	7,567,030
4.37%	5.33%	5.85%	8.69%	10.75%	11.09%

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, 2021

Plan Year ended December 31,	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
A. Total OPEB liability				
Service Cost	\$ 12,081	\$ 14,661	\$ 15,248	\$ 20,284
Interest (on the Total OPEB Liability)	11,622	11,880	14,254	12,153
Difference between expected and actual experience	-	26,361	(43,322)	(6,878)
Changes of assumptions	29,063	(25,108)	71,978	73,167
Benefit payments, including refunds of employee contributions	<u>(2,543)</u>	<u>(2,666)</u>	<u>(2,904)</u>	<u>(3,005)</u>
Net change in Total OPEB liability	50,223	25,128	55,254	95,721
Total OPEB liability - beginning	<u>302,684</u>	<u>352,907</u>	<u>378,035</u>	<u>433,289</u>
Total OPEB liability - ending (a)	<u>352,907</u>	<u>378,035</u>	<u>433,289</u>	<u>529,010</u>
B. Covered payroll	\$ 6,358,583	\$ 6,664,200	\$ 7,261,173	\$ 7,512,681
C. Total OPEB liability as a percentage of covered payroll	5.55%	5.67%	5.97%	7.04%

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*.

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, 2021

Plan Year ended December 31,	2017	2018	2019	2020
A. Total OPEB liability				
Service Cost	\$ 14,432	\$ 16,302	\$ 17,770	\$ 29,709
Interest (on the Total OPEB Liability)	15,102	14,688	16,577	14,847
Difference between expected and actual experience	-	(1,378)	(31,400)	(8,224)
Changes of assumptions	20,917	(16,904)	98,195	37,680
Benefit payments, including refunds of employee contributions	(2,472)	(5,552)	(15,198)	(12,844)
Net change in Total OPEB liability	47,979	7,156	85,944	61,168
Total OPEB liability - beginning	<u>390,395</u>	<u>438,374</u>	<u>445,530</u>	<u>531,474</u>
Total OPEB liability - ending (a)	<u>438,374</u>	<u>445,530</u>	<u>531,474</u>	<u>592,642</u>
B. Covered employee payroll	\$ 6,107,242	\$ 6,670,055	\$ 7,279,852	\$ 7,690,580
C. Total OPEB liability as a percentage of covered employee payroll	7.18%	6.68%	7.30%	7.71%

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*.

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, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUE				
Property taxes	\$ 2,700,245	\$ 2,700,245	\$ 2,644,476	\$ (55,769)
Sales taxes	7,120,747	7,120,747	8,918,055	1,797,308
Franchise taxes	636,550	636,550	563,341	(73,209)
Mixed beverage taxes	57,000	57,000	61,265	4,265
Fines and forfeitures	250,900	250,900	271,136	20,236
Permits and fees	366,850	366,850	516,747	149,897
Intergovernmental	331,466	331,466	686,094	354,628
Interest on investments	13,150	13,150	14,185	1,035
Other	133,960	388,960	741,448	352,488
Total revenues	<u>11,610,868</u>	<u>11,865,868</u>	<u>14,416,747</u>	<u>2,550,879</u>
EXPENDITURES				
GENERAL GOVERNMENT				
Administration:				
Personnel services	658,095	666,551	679,218	(12,667)
Supplies	27,900	27,900	72,809	(44,909)
Maintenance	45,900	45,900	74,106	(28,206)
Purchased and contracted services	265,100	280,220	294,507	(14,287)
Other services and charges	31,950	31,950	180,578	(148,628)
Total administration	<u>1,028,945</u>	<u>1,052,521</u>	<u>1,301,218</u>	<u>(248,697)</u>
Finance:				
Personnel services	367,007	370,095	366,226	3,869
Supplies	18,850	18,850	16,677	2,173
Maintenance	33,000	33,000	28,286	4,714
Purchased and contracted services	35,070	35,070	28,037	7,033
Other services and charges	3,474	3,474	10,009	(6,535)
Total finance	<u>457,401</u>	<u>460,489</u>	<u>449,235</u>	<u>11,254</u>
Human resources:				
Personnel services	129,824	131,986	127,395	4,591
Supplies	3,450	3,450	1,773	1,677
Maintenance	26,200	26,200	19,060	7,140
Purchased and contracted services	6,940	6,940	7,048	(108)
Other services and charges	40,011	40,011	23,664	16,347
Total human resources	<u>206,425</u>	<u>208,587</u>	<u>178,940</u>	<u>29,647</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, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
EXPENDITURES (Continued)				
GENERAL GOVERNMENT (Continued)				
Mayor and City Council:				
Personnel services	\$ 11,630	\$ 11,630	\$ 11,726	\$(96)
Other services and charges	11,000	11,000	9,917	1,083
Total Mayor and City Council	<u>22,630</u>	<u>22,630</u>	<u>21,643</u>	<u>987</u>
Communication Services:				
Personnel services	706,883	715,396	795,960	(80,564)
Supplies	11,950	11,950	10,193	1,757
Maintenance	106,954	106,954	45,640	61,314
Purchased and contracted services	11,875	11,875	19,055	(7,180)
Other services and charges	13,300	13,300	5,265	8,035
Total finance	<u>850,962</u>	<u>859,475</u>	<u>876,113</u>	<u>(16,638)</u>
Non-departmental:				
Purchased and contracted services	176,614	176,614	176,614	-
Other services and charges	28,000	28,000	83,399	(55,399)
Total non-departmental	<u>204,614</u>	<u>204,614</u>	<u>260,013</u>	<u>(55,399)</u>
Total general government	<u>2,770,977</u>	<u>2,808,316</u>	<u>3,087,162</u>	<u>(278,846)</u>
PUBLIC SAFETY				
Court:				
Personnel services	219,133	220,723	235,723	(15,000)
Supplies	13,400	16,400	12,931	3,469
Purchased and contracted services	20,725	20,725	37,339	(16,614)
Other services and charges	9,675	9,675	1,871	7,804
Total court	<u>262,933</u>	<u>267,523</u>	<u>287,864</u>	<u>(20,341)</u>
Police department:				
Personnel services	2,347,555	2,379,079	2,464,243	(85,164)
Supplies	129,000	129,000	107,628	21,372
Maintenance	165,200	165,200	144,207	20,993
Purchased and contracted services	140,137	140,137	153,919	(13,782)
Other operating	71,050	39,150	37,157	1,993
Total police department	<u>2,852,942</u>	<u>2,852,566</u>	<u>2,907,154</u>	<u>(54,588)</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, 2021

EXPENDITURES (Continued)	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
PUBLIC SAFETY (Continued)				
Fire department:				
Personnel services	\$ 1,544,198	\$ 1,593,716	\$ 1,693,474	\$(99,758)
Supplies	142,196	144,196	74,493	69,703
Maintenance	83,237	96,237	133,250	(37,013)
Purchased and contracted services	60,750	60,750	53,737	7,013
Other operating	39,625	39,625	60,179	(20,554)
Total fire department	<u>1,870,006</u>	<u>1,934,524</u>	<u>2,015,133</u>	<u>(80,609)</u>
Engineering department:				
Personnel services	126,164	131,058	126,530	4,528
Supplies	2,550	5,109	11,474	(6,365)
Maintenance	9,000	16,000	3,317	12,683
Purchased and contracted services	31,200	38,500	24,004	14,496
Other operating	3,400	3,400	2,281	1,119
Total engineering department	<u>172,314</u>	<u>194,067</u>	<u>167,606</u>	<u>26,461</u>
Code enforcement:				
Personnel services	675,628	682,048	618,686	63,362
Supplies	36,725	36,725	27,057	9,668
Repairs and maintenance	25,680	25,680	12,756	12,924
Purchased and contracted services	28,132	28,132	36,068	(7,936)
Other services and charges	16,300	16,300	8,058	8,242
Total code enforcement	<u>782,465</u>	<u>788,885</u>	<u>702,625</u>	<u>86,260</u>
Total public safety	<u>5,768,346</u>	<u>6,037,565</u>	<u>6,080,382</u>	<u>(42,817)</u>
PUBLIC WORKS				
Streets:				
Personnel services	735,056	746,049	733,849	12,200
Supplies	51,600	51,600	41,615	9,985
Maintenance	498,500	498,500	275,709	222,791
Purchased and contracted services	121,730	122,430	115,398	7,032
Other services and charges	6,100	6,100	1,242	4,858
Total streets	<u>1,412,986</u>	<u>1,424,679</u>	<u>1,167,813</u>	<u>256,866</u>
Total public works	<u>1,412,986</u>	<u>1,424,679</u>	<u>1,167,813</u>	<u>256,866</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, 2021

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		
EXPENDITURES (Continued)				
CULTURE AND RECREATION				
Parks and recreation:				
Personnel services	\$ 736,601	\$ 746,752	\$ 731,580	\$ 15,172
Supplies	52,700	52,700	60,978	(8,278)
Maintenance	168,000	168,000	174,990	(6,990)
Purchased and contracted services	94,550	95,050	113,072	(18,022)
Other services and charges	<u>115,433</u>	<u>115,433</u>	<u>132,662</u>	<u>(17,229)</u>
Total parks and recreation	<u>1,167,284</u>	<u>1,177,935</u>	<u>1,213,282</u>	<u>(35,347)</u>
Cemetery:				
Maintenance	5,000	38,450	7,200	31,250
Purchased and contracted services	1,600	1,600	438	1,162
Other services and charges	-	-	13	(13)
Total cemetery	<u>6,600</u>	<u>40,050</u>	<u>7,651</u>	<u>32,399</u>
Total culture and recreation	<u>1,173,884</u>	<u>1,217,985</u>	<u>1,220,933</u>	<u>(2,948)</u>
CAPITAL OUTLAY	<u>1,088,545</u>	<u>766,239</u>	<u>662,784</u>	<u>103,455</u>
DEBT SERVICE				
Principal	139,197	139,197	288,094	(148,897)
Interest and fiscal charges	14,220	14,220	45,408	(31,188)
Bond issuance costs	-	-	10,353	10,353
Total debt service	<u>153,417</u>	<u>153,417</u>	<u>343,855</u>	<u>(190,438)</u>
Total expenditures	<u>12,368,155</u>	<u>12,408,201</u>	<u>12,562,929</u>	<u>(154,728)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(757,287)</u>	<u>(542,333)</u>	<u>1,853,818</u>	<u>2,396,151</u>
OTHER FINANCING SOURCES (USES)				
Issuance of debt	650,000	650,000	1,801,764	1,151,764
Transfers in	458,500	458,500	1,215,869	757,369
Transfers out	(86,917)	(118,817)	(154,117)	(35,300)
Proceeds from insurance	5,000	5,000	23,730	18,730
Proceeds from sale of capital assets	<u>17,000</u>	<u>17,000</u>	<u>85,602</u>	<u>68,602</u>
Total other financing sources	<u>393,583</u>	<u>361,683</u>	<u>2,972,848</u>	<u>2,611,165</u>
NET CHANGE IN FUND BALANCE	<u>(363,704)</u>	<u>(180,650)</u>	<u>4,826,666</u>	<u>5,007,316</u>
FUND BALANCE, BEGINNING	<u>2,064,617</u>	<u>2,064,617</u>	<u>2,064,617</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 1,700,913</u>	<u>\$ 1,883,967</u>	<u>\$ 6,891,283</u>	<u>\$ 5,007,316</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, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Sales taxes	\$ 2,378,945	\$ 2,458,144	\$ 2,972,685	\$ 514,541
Permits and fees	55,000	55,000	27,342	(27,658)
Intergovernmental	40,000	40,000	4,434	(35,566)
Interest on investments	13,300	13,300	2,732	(10,568)
Other	-	-	3,155	3,155
Total revenues	<u>2,487,245</u>	<u>2,566,444</u>	<u>3,010,348</u>	<u>443,904</u>
EXPENDITURES				
Current:				
Personnel services	252,446	258,347	262,670	(4,323)
Supplies	4,500	4,500	2,323	2,177
Maintenance	32,100	34,100	37,210	(3,110)
Purchased and contracted services	514,130	522,880	275,439	247,441
Other services and charges	78,000	153,000	35,452	117,548
Capital outlay	165,000	165,000	221,717	(56,717)
Debt service				
Principal	560,000	600,000	600,000	-
Interest	<u>359,422</u>	<u>294,253</u>	<u>294,253</u>	<u>-</u>
Total expenditures	<u>1,965,598</u>	<u>2,032,080</u>	<u>1,729,064</u>	<u>303,016</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>521,647</u>	<u>534,364</u>	<u>1,281,284</u>	<u>746,920</u>
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	302,524	628,610	635,096	6,486
Transfers in	-	-	7,000	7,000
Transfers out	(665,000)	(850,000)	(889,104)	(39,104)
Total other financing sources (uses)	<u>(362,476)</u>	<u>(221,390)</u>	<u>(247,008)</u>	<u>(25,618)</u>
NET CHANGE IN FUND BALANCE	159,171	312,974	1,034,276	721,302
FUND BALANCE, BEGINNING	<u>2,415,397</u>	<u>2,415,397</u>	<u>2,415,397</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 2,574,568</u>	<u>\$ 2,728,371</u>	<u>\$ 3,449,673</u>	<u>\$ 721,302</u>

CITY OF MARBLE FALLS, TEXAS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

FOR THE YEAR ENDED SEPTEMBER 30, 2021

Budgetary Information

Annual appropriated budgets are legally adopted for the General Fund, Hotel/Motel Tax, Police Forfeiture, 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, and the CDBG 2016 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 Government function of the General Fund exceeded appropriations by \$278,846. This overage was funded with greater than anticipated revenues.

Expenditures in the Public Safety function of the General Fund exceeded appropriations by \$236,884. This overage was funded with greater than anticipated revenues.

Expenditures in the Debt Service function of the General Fund exceeded appropriations by \$190,438. This overage was funded with greater than anticipated revenues.

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**COMBINING AND
INDIVIDUAL FUND STATEMENTS**

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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.

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CAPITAL PROJECTS FUND

General Improvements– to account for debt issues that were received for streets and drainage, public works, parks, water and sewer capital projects.

CITY OF MARBLE FALLS, TEXAS

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

SEPTEMBER 30, 2021

	Special Revenue		
	Hotel/Motel Tax	Police Forfeiture	Trunked Radio System
ASSETS			
Cash and investments	\$ 583,573	\$ 39,475	\$ 102,071
Other taxes receivable	132,953	-	-
Due from other governments	-	-	-
Due from other funds	-	-	-
	716,526	39,475	102,071
LIABILITIES			
Accounts payable	37,299	14,850	-
Total liabilities	37,299	14,850	-
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - grants	-	-	-
Total deferred inflows of resources	-	-	-
FUND BALANCES			
Restricted	679,227	24,625	102,071
Total fund balances	679,227	24,625	102,071
Total liabilities, deferred inflows of resources and fund balances	\$ 716,526	\$ 39,475	\$ 102,071

Special Revenue			Capital Projects	Total Nonmajor Governmental Funds
Impact Fee Fund	Building Security Fund	CDBG 2016 Grant	General Improvements	
\$ -	\$ 12,415	\$ -	\$ 3,352,602	\$ 4,090,136
-	-	-	-	132,953
-	-	-	249,062	249,062
-	-	-	226,092	226,092
-	12,415	-	3,827,756	4,698,243
-	-	-	86,408	138,557
-	-	-	86,408	138,557
-	-	-	1,406,646	1,406,646
-	-	-	1,406,646	1,406,646
-	12,415	-	2,334,702	3,153,040
-	12,415	-	2,334,702	3,153,040
\$ -	\$ 12,415	\$ -	\$ 3,827,756	\$ 4,698,243

CITY OF MARBLE FALLS, TEXAS

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

FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Special Revenue			
	Hotel/Motel Tax	Police Forfeiture	Trunked Radio System	Impact Fee Fund
REVENUES				
Hotel/motel taxes	\$ 824,442	\$ -	\$ -	\$ -
Fines and fees	-	-	-	654,749
Intergovernmental	11,239	-	29,616	-
Investment earnings	-	209	-	-
Total revenues	<u>835,681</u>	<u>209</u>	<u>29,616</u>	<u>654,749</u>
EXPENDITURES				
Current:				
General government	-	-	-	-
Public safety	-	15,275	51,994	-
Culture and recreation	504,102	-	-	-
Capital outlay	24,384	-	-	-
Debt Service:				
Bond issuance costs	23,286	-	-	-
Total expenditures	<u>551,772</u>	<u>15,275</u>	<u>51,994</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>283,909</u>	<u>(15,066)</u>	<u>(22,378)</u>	<u>654,749</u>
OTHER FINANCING SOURCES (USES)				
Issuance of debt	-	-	-	-
Refunding bonds issued	710,000	-	-	-
Payment to escrow agent	(704,379)	-	-	-
Premium on bond issuance	-	-	-	-
Transfers in	-	-	31,900	-
Transfers out	<u>(155,016)</u>	<u>(672)</u>	<u>-</u>	<u>(654,749)</u>
Total other financing sources (uses)	<u>(149,395)</u>	<u>(672)</u>	<u>31,900</u>	<u>(654,749)</u>
NET CHANGE IN FUND BALANCES	134,514	(15,738)	9,522	-
FUND BALANCES, BEGINNING	<u>544,713</u>	<u>40,363</u>	<u>92,549</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ 679,227</u>	<u>\$ 24,625</u>	<u>\$ 102,071</u>	<u>\$ -</u>

<u>Special Revenue</u>		<u>Capital Projects</u>	
<u>Building Security Fund</u>	<u>CDBG 2016 Grant</u>	<u>General Improvements</u>	<u>Nonmajor Governmental Funds</u>
\$ -	\$ -	\$ -	\$ 824,442
7,405	-	-	662,154
-	-	249,062	289,917
-	-	849	1,058
<u>7,405</u>	<u>-</u>	<u>249,911</u>	<u>1,777,571</u>
346	-	388	734
-	-	-	67,269
-	-	-	504,102
-	-	535,004	559,388
-	-	131,161	154,447
<u>346</u>	<u>-</u>	<u>666,553</u>	<u>1,285,940</u>
<u>7,059</u>	<u>-</u>	<u>(416,642)</u>	<u>491,631</u>
-	-	1,714,800	1,714,800
-	-	-	710,000
-	-	-	(704,379)
-	-	185,710	185,710
-	-	-	31,900
-	(597)	-	(811,034)
<u>-</u>	<u>(597)</u>	<u>1,900,510</u>	<u>1,126,997</u>
7,059	(597)	1,483,868	1,618,628
<u>5,356</u>	<u>597</u>	<u>850,834</u>	<u>1,534,412</u>
\$ <u>12,415</u>	\$ <u>-</u>	\$ <u>2,334,702</u>	\$ <u>3,153,040</u>

CITY OF MARBLE FALLS, TEXAS

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS

SEPTEMBER 30, 2021

	LaVentana PID Trust Fund	Gregg Ranch PID Trust Fund	Thunder Rock PID Trust Fund	Roper Ranch PID Trust Fund	Total Trust Funds
ASSETS					
Cash and cash equivalents	\$ 6,978	\$ 121,201	\$ 480	\$ -	\$ 128,659
Total assets	\$ 6,978	\$ 121,201	\$ 480	\$ -	\$ 128,659
LIABILITIES					
Accounts payable	\$ 520	\$ 121,000	\$ -	\$ -	\$ 121,520
Total liabilities	520	121,000	-	-	121,520
NET POSITION					
Held in trust	\$ 6,458	\$ 201	\$ 480	\$ -	\$ 7,139

CITY OF MARBLE FALLS, TEXAS

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY NET POSITION

FOR THE YEAR ENDED SEPTEMBER 30, 2021

	LaVentana PID Trust Fund	Gregg Ranch PID Trust Fund	Thunder Rock PID Trust Fund	Roper Ranch PID Trust Fund	Total Trust Funds
ADDITIONS					
Property tax assessment	\$ 21,723	\$ 393,538	\$ 3,320	\$ 5,040	\$ 423,621
Investment earnings	<u>72</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>72</u>
Total additions	<u>21,795</u>	<u>393,538</u>	<u>3,320</u>	<u>5,040</u>	<u>423,693</u>
DEDUCTIONS					
Purchased and contracted services	6,897	393,538	2,840	-	403,275
Miscellaneous expense	<u>11,300</u>	<u>-</u>	<u>-</u>	<u>5,040</u>	<u>16,340</u>
Total deductions	<u>18,197</u>	<u>393,538</u>	<u>2,840</u>	<u>5,040</u>	<u>419,615</u>
CHANGE IN NET POSITION	3,598	-	480	-	4,078
NET POSITION, BEGINNING	<u>2,860</u>	<u>201</u>	<u>-</u>	<u>-</u>	<u>3,061</u>
NET POSITION, ENDING	<u>\$ 6,458</u>	<u>\$ 201</u>	<u>\$ 480</u>	<u>\$ -</u>	<u>\$ 7,139</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, 2021

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget - Positive (Negative)
REVENUES				
Property taxes	\$ 3,452,916	\$ 3,452,916	\$ 3,626,840	\$ 173,924
Investment earnings	<u>5,400</u>	<u>5,400</u>	<u>9,510</u>	<u>4,110</u>
Total revenues	<u>3,458,316</u>	<u>3,458,316</u>	<u>3,636,350</u>	<u>178,034</u>
EXPENDITURES				
Debt service:				
Principal	2,965,000	2,965,000	2,960,000	5,000
Interest and fiscal charges	717,529	717,529	796,445	(78,916)
Bond issuance costs	<u>3,500</u>	<u>14,405</u>	<u>19,201</u>	<u>(4,796)</u>
Total expenditures	<u>3,686,029</u>	<u>3,696,934</u>	<u>3,775,646</u>	<u>(78,712)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(227,713)	(238,618)	(139,296)	<u>99,322</u>
OTHER FINANCING SOURCES				
Transfers in	<u>264,629</u>	<u>264,629</u>	<u>273,129</u>	<u>8,500</u>
Total other financing sources	<u>264,629</u>	<u>264,629</u>	<u>277,127</u>	<u>12,498</u>
NET CHANGE IN FUND BALANCE	36,916	26,011	137,831	111,820
FUND BALANCE, BEGINNING	(19,002)	(19,002)	(19,002)	-
FUND BALANCE, ENDING	<u>\$ 17,914</u>	<u>\$ 7,009</u>	<u>\$ 118,829</u>	<u>\$ 111,820</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, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget -</u>
				<u>Positive</u>
				<u>(Negative)</u>
REVENUES				
Hotel/motel taxes	\$ 650,000	\$ 650,000	\$ 824,442	\$ 174,442
Investment earnings	100	100	-	(100)
Other	-	11,239	11,239	-
Total revenues	<u>650,100</u>	<u>661,339</u>	<u>835,681</u>	<u>174,342</u>
EXPENDITURES				
Current:				
Services	395,000	395,000	417,183	(22,183)
Other	250	250	130	120
Local assistance	62,950	105,689	86,789	18,900
Capital outlay	20,000	20,000	24,384	(4,384)
Bond issuance costs	-	17,665	23,286	(5,621)
Total expenditures	<u>478,200</u>	<u>538,604</u>	<u>551,772</u>	<u>(13,168)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>171,900</u>	<u>122,735</u>	<u>283,909</u>	<u>161,174</u>
OTHER FINANCING SOURCES (USES)				
Refunding bonds issued	-	-	710,000	710,000
Payment to escrow agent	-	-	(704,379)	(704,379)
Transfers out	(163,212)	(163,212)	(155,016)	8,196
Total other financing sources (uses)	<u>(163,212)</u>	<u>(163,212)</u>	<u>(149,395)</u>	<u>13,817</u>
NET CHANGE IN FUND BALANCE	8,688	(40,477)	134,514	174,991
FUND BALANCE, BEGINNING	<u>544,713</u>	<u>544,713</u>	<u>544,713</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 553,401</u>	<u>\$ 504,236</u>	<u>\$ 679,227</u>	<u>\$ 174,991</u>

CITY OF MARBLE FALLS, TEXAS

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

FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Investment earnings	\$ 540	\$ 540	\$ 209	\$(331)
Total revenues	<u>540</u>	<u>540</u>	<u>209</u>	<u>(331)</u>
EXPENDITURES				
Current:				
Supplies	14,850	14,850	14,850	-
Other services and charges	<u>6,000</u>	<u>6,000</u>	<u>425</u>	<u>5,575</u>
Total expenditures	<u>20,850</u>	<u>20,850</u>	<u>15,275</u>	<u>5,575</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES				
	<u>(20,310)</u>	<u>(20,310)</u>	<u>(15,066)</u>	<u>5,244</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>-</u>	<u>-</u>	<u>(672)</u>	<u>672</u>
Total other financing sources	<u>-</u>	<u>-</u>	<u>(672)</u>	<u>672</u>
NET CHANGE IN FUND BALANCE				
	<u>(20,310)</u>	<u>(20,310)</u>	<u>(15,738)</u>	<u>4,572</u>
FUND BALANCE, BEGINNING				
	<u>40,363</u>	<u>40,363</u>	<u>40,363</u>	<u>-</u>
FUND BALANCE, ENDING				
	<u>\$ 20,053</u>	<u>\$ 20,053</u>	<u>\$ 24,625</u>	<u>\$ 4,572</u>

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.	70
Revenue Capacity These schedules contain trend information to help the reader assess the City's most significant local revenue resource.	82
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.	89
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.	96
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.	98

CITY OF MARBLE FALLS, TEXAS

NET POSITION BY COMPONENT

LAST TEN FISCAL YEARS

	Fiscal Year			
	2012	2013	2014	2015
Governmental activities:				
Net investment in capital assets	\$ 8,371,582	\$ 5,516,779	\$ 5,047,808	\$ 5,047,808
Restricted	5,224,633	4,240,608	8,269,197	8,269,197
Unrestricted	(2,961,484)	553,652	(4,094,506)	(4,094,506)
Total governmental activities net position	\$ <u>10,634,731</u>	\$ <u>10,311,039</u>	\$ <u>9,222,499</u>	\$ <u>9,222,499</u>
Business-type activities:				
Net investment in capital assets	\$ 19,131,868	\$ 20,924,905	\$ 19,702,970	\$ 19,702,970
Restricted	-	-	-	-
Unrestricted	(167,021)	(3,193,075)	(3,708,817)	(3,708,817)
Total business-type activities net position	\$ <u>18,964,847</u>	\$ <u>17,731,830</u>	\$ <u>15,994,153</u>	\$ <u>15,994,153</u>
Primary government:				
Net investment in capital assets	\$ 27,503,450	\$ 26,441,684	\$ 24,750,778	\$ 24,750,778
Restricted	5,224,633	4,240,608	8,269,197	8,269,197
Unrestricted	(3,128,505)	(2,639,423)	(7,803,323)	(7,803,323)
Total primary government net position	\$ <u>29,599,578</u>	\$ <u>28,042,869</u>	\$ <u>25,216,652</u>	\$ <u>25,216,652</u>

TABLE 1

Fiscal Year					
2016	2017	2018	2019	2020	2021
\$ 3,569,454	\$ 4,356,606	\$ 4,808,202	\$ 4,276,768	\$ 7,402,554	\$ 4,970,235
3,221,732	2,890,400	3,279,017	3,308,230	3,216,650	4,369,837
<u>1,991,433</u>	<u>1,444,900</u>	<u>2,196,849</u>	<u>1,877,011</u>	<u>291,567</u>	<u>13,779,488</u>
<u>\$ 8,782,619</u>	<u>\$ 8,691,906</u>	<u>\$ 10,284,068</u>	<u>\$ 9,462,009</u>	<u>\$ 10,910,771</u>	<u>\$ 23,119,560</u>
\$ 15,476,859	\$ 17,061,917	\$ 16,806,620	\$ 16,530,931	\$ 16,865,358	\$ 16,999,042
-	-	-	-	-	-
<u>(120,647)</u>	<u>(2,522,088)</u>	<u>(3,105,947)</u>	<u>(3,871,790)</u>	<u>(3,634,558)</u>	<u>(2,347,901)</u>
<u>\$ 15,356,212</u>	<u>\$ 14,539,829</u>	<u>\$ 13,700,673</u>	<u>\$ 12,659,141</u>	<u>\$ 13,230,800</u>	<u>\$ 14,651,141</u>
\$ 19,046,313	\$ 21,418,523	\$ 21,614,822	\$ 20,807,699	\$ 24,267,912	\$ 21,969,277
3,221,732	2,890,400	3,279,017	3,308,230	3,216,650	4,369,837
<u>1,870,786</u>	<u>(1,077,188)</u>	<u>(909,098)</u>	<u>(1,994,779)</u>	<u>(3,342,991)</u>	<u>11,431,587</u>
<u>\$ 24,138,831</u>	<u>\$ 23,231,735</u>	<u>\$ 23,984,741</u>	<u>\$ 22,121,150</u>	<u>\$ 24,141,571</u>	<u>\$ 37,770,701</u>

CITY OF MARBLE FALLS, TEXAS

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS

	Fiscal Year			
	2012	2013	2014	2015
EXPENSES				
Governmental activities:				
General government	\$ 2,773,415	\$ 2,736,605	\$ 3,615,994	\$ 3,909,769
Public safety	5,530,785	5,447,990	5,346,306	5,580,292
Public works	3,068,214	3,210,567	3,236,700	3,222,080
Culture and recreation	1,146,016	1,089,241	1,195,731	1,225,259
Interest on long-term debt	<u>1,494,575</u>	<u>1,333,648</u>	<u>1,355,703</u>	<u>1,484,261</u>
Total governmental activities expenses	<u>14,013,005</u>	<u>13,818,051</u>	<u>14,750,434</u>	<u>15,421,661</u>
Business-type activities:				
Water and wastewater	<u>4,873,802</u>	<u>5,086,736</u>	<u>5,612,611</u>	<u>5,314,936</u>
Total business-type activities expenses	<u>4,873,802</u>	<u>5,086,736</u>	<u>5,612,611</u>	<u>5,314,936</u>
Total primary government program expenses	<u>\$ 18,886,807</u>	<u>\$ 18,904,787</u>	<u>\$ 20,363,045</u>	<u>\$ 20,736,597</u>
PROGRAM REVENUES				
Governmental activities:				
Charges for services:				
General government	\$ 343,192	\$ 321,446	\$ 351,424	\$ 318,716
Public safety	143,310	130,912	167,384	168,410
Public works	76,662	39,043	66,125	136,919
Culture and recreation	<u>121,577</u>	<u>113,650</u>	<u>131,589</u>	<u>139,471</u>
Total charges for services	<u>684,741</u>	<u>605,051</u>	<u>716,522</u>	<u>763,516</u>
Operating grants and contributions	78,620	272,770	499,805	201,338
Capital grants and contributions	<u>-</u>	<u>54,630</u>	<u>-</u>	<u>-</u>
Total governmental activities program revenues	<u>763,361</u>	<u>932,451</u>	<u>1,216,327</u>	<u>964,854</u>
Business-type activities:				
Charges for services	3,550,400	3,840,593	4,106,512	4,091,722
Operating grants and contributions	-	-	-	-
Capital grants and contributions	<u>1,352,500</u>	<u>367,738</u>	<u>379,524</u>	<u>155,000</u>
Total business-type activities program revenues	<u>4,902,900</u>	<u>4,208,331</u>	<u>4,486,036</u>	<u>4,246,722</u>
Total primary government program revenues	<u>\$ 5,666,261</u>	<u>\$ 5,140,782</u>	<u>\$ 5,702,363</u>	<u>\$ 5,211,576</u>

TABLE 2

		Fiscal Year									
		2016	2017	2018	2019	2020	2021				
\$	4,181,958	\$	4,205,152	\$	3,990,324	\$	4,516,426	\$	5,776,274	\$	5,600,790
	4,866,672		5,385,714		5,587,223		7,825,499		8,087,970		7,797,505
	3,220,604		3,433,441		3,630,999		3,868,741		1,524,668		1,224,598
	1,282,565		1,434,383		1,592,267		2,366,820		1,781,135		1,902,820
	1,285,496		1,736,608		1,288,511		1,418,977		1,204,850		1,262,322
	<u>14,837,295</u>		<u>16,195,298</u>		<u>16,089,324</u>		<u>19,996,463</u>		<u>18,374,897</u>		<u>17,788,035</u>
	<u>5,584,311</u>		<u>5,787,031</u>		<u>5,745,262</u>		<u>6,194,230</u>		<u>5,622,704</u>		<u>5,670,562</u>
	<u>5,584,311</u>		<u>5,787,031</u>		<u>5,745,262</u>		<u>6,194,230</u>		<u>5,622,704</u>		<u>5,670,562</u>
\$	<u>20,421,606</u>	\$	<u>21,982,329</u>	\$	<u>21,834,586</u>	\$	<u>26,190,693</u>	\$	<u>23,997,601</u>	\$	<u>23,458,597</u>
\$	392,483	\$	420,557	\$	431,239	\$	444,108	\$	528,768	\$	858,954
	183,732		212,896		220,210		241,106		402,037		173,490
	145,689		233,880		167,184		190,251		288,601		765,881
	175,899		194,374		167,472		100,447		97,279		307,730
	<u>897,803</u>		<u>1,061,707</u>		<u>986,105</u>		<u>975,912</u>		<u>1,316,685</u>		<u>2,106,055</u>
	236,577		222,627		665,202		250,167		958,026		2,799,884
	155,713		-		-		-		-		4,747,102
	<u>1,290,093</u>		<u>1,284,334</u>		<u>1,651,307</u>		<u>1,226,079</u>		<u>2,274,711</u>		<u>9,653,041</u>
	4,340,250		4,966,903		5,162,432		5,158,479		6,044,484		6,535,361
	-		-		-		-		-		38,162
	<u>146,850</u>		<u>155,000</u>		<u>125,260</u>		<u>115,000</u>		<u>-</u>		<u>339,437</u>
	<u>4,487,100</u>		<u>5,121,903</u>		<u>5,287,692</u>		<u>5,273,479</u>		<u>6,044,484</u>		<u>6,912,960</u>
\$	<u>5,777,193</u>	\$	<u>6,406,237</u>	\$	<u>6,938,999</u>	\$	<u>6,499,558</u>	\$	<u>8,319,195</u>	\$	<u>16,566,001</u>

CITY OF MARBLE FALLS, TEXAS

CHANGES IN NET POSITION
(Continued)
LAST TEN FISCAL YEARS

	Fiscal Year			
	2012	2013	2014	2015
NET (EXPENSE) REVENUES				
Governmental activities	\$(13,249,644)	\$(12,885,600)	\$(13,534,107)	\$(14,456,807)
Business-type activities	<u>29,098</u>	<u>(878,405)</u>	<u>(1,126,575)</u>	<u>(1,068,214)</u>
Total primary government net expense	<u>(13,220,546)</u>	<u>(13,764,005)</u>	<u>(14,660,682)</u>	<u>(15,525,021)</u>
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION				
Governmental activities:				
Taxes				
Property	4,074,096	4,104,048	4,281,225	4,500,973
Sales	6,014,725	6,754,361	7,185,011	7,436,165
Franchise	519,081	508,627	521,249	595,443
Other	418,000	637,407	584,337	675,904
Investment earnings	20,734	17,644	7,975	7,376
Loss/gain on sale of assets	-	-	117,589	80,571
Miscellaneous	116,511	183,678	125,269	143,445
Transfers	<u>(1,947,172)</u>	<u>356,143</u>	<u>237,986</u>	<u>(1,337,745)</u>
Total governmental activities	<u>9,215,975</u>	<u>12,561,908</u>	<u>13,060,641</u>	<u>12,102,132</u>
Business-type activities:				
Investment earnings	4,713	1,531	17,620	17,544
Loss/gain on sale of assets	-	-	-	-
Transfers	<u>1,947,172</u>	<u>(356,143)</u>	<u>(237,986)</u>	<u>1,337,745</u>
Total business-type activities	<u>1,951,885</u>	<u>(354,612)</u>	<u>(220,366)</u>	<u>1,355,289</u>
Total primary government	<u>11,167,860</u>	<u>12,207,296</u>	<u>12,840,275</u>	<u>13,457,421</u>
CHANGE IN NET POSITION				
Governmental activities	(4,033,669)	(323,692)	(473,466)	(2,354,675)
Business-type activities	<u>1,980,983</u>	<u>(1,233,017)</u>	<u>(1,346,941)</u>	<u>287,075</u>
Total primary government	<u>\$(2,052,686)</u>	<u>\$(1,556,709)</u>	<u>\$(1,820,407)</u>	<u>\$(2,067,600)</u>

TABLE 2

Fiscal Year					
2016	2017	2018	2019	2020	2021
\$(13,547,202)	\$(14,910,964)	\$(14,438,017)	\$(18,770,384)	\$(16,100,186)	\$(8,134,994)
<u>(1,097,211)</u>	<u>(665,128)</u>	<u>(457,570)</u>	<u>(920,751)</u>	<u>421,780</u>	<u>1,242,398</u>
<u>(14,644,413)</u>	<u>(15,576,092)</u>	<u>(14,895,587)</u>	<u>(19,691,135)</u>	<u>(15,678,406)</u>	<u>(6,892,596)</u>
4,701,079	4,815,932	5,148,352	5,669,378	5,988,377	6,255,127
7,856,341	8,536,450	8,762,727	9,515,880	9,952,643	11,890,740
578,961	539,247	583,840	591,561	554,140	563,337
691,646	737,042	755,357	822,438	616,648	886,304
61,500	137,190	181,545	275,258	121,181	35,206
106,824	160,233	485,962	-	307,813	643,933
88,702	125,819	91,585	926,591	151,818	244,926
<u>116,213</u>	<u>200,173</u>	<u>338,950</u>	<u>147,219</u>	<u>(143,672)</u>	<u>(175,790)</u>
<u>14,201,266</u>	<u>15,252,086</u>	<u>16,348,318</u>	<u>17,948,325</u>	<u>17,548,948</u>	<u>20,343,783</u>
21,450	48,918	24,542	26,438	6,207	2,153
-	-	-	-	-	-
<u>(91,213)</u>	<u>(200,173)</u>	<u>(338,950)</u>	<u>(147,219)</u>	<u>143,672</u>	<u>175,790</u>
<u>(69,763)</u>	<u>(151,255)</u>	<u>(314,408)</u>	<u>(120,781)</u>	<u>149,879</u>	<u>177,943</u>
<u>14,131,503</u>	<u>15,100,831</u>	<u>16,033,910</u>	<u>17,827,544</u>	<u>17,698,827</u>	<u>20,521,726</u>
654,064	341,122	1,910,301	(822,059)	1,448,762	12,208,789
<u>(1,166,974)</u>	<u>(816,383)</u>	<u>(771,978)</u>	<u>(1,041,532)</u>	<u>571,659</u>	<u>1,420,341</u>
<u>\$(512,910)</u>	<u>\$(475,261)</u>	<u>\$ 1,138,323</u>	<u>\$(1,863,591)</u>	<u>\$ 2,020,421</u>	<u>\$ 13,629,130</u>

CITY OF MARBLE FALLS, TEXAS

FUND BALANCES
GOVERNMENTAL FUNDS

	Fiscal Year			
	2012	2013	2014	2015
General fund				
Non-spendable	\$ 2,881	\$ 8,841	\$ 13,229	\$ 15,681
Assigned	-	-	-	-
Unassigned	<u>758,405</u>	<u>1,160,376</u>	<u>1,283,714</u>	<u>1,501,853</u>
Total general fund	<u>\$ 761,286</u>	<u>\$ 1,169,217</u>	<u>\$ 1,296,943</u>	<u>\$ 1,517,534</u>
All other governmental funds				
Restricted	\$ 5,224,633	\$ 4,273,668	\$ 8,552,944	\$ 7,125,338
Unassigned, reported in:				
Special revenue funds	(26,924)	(58,872)	(26,918)	(242,145)
Capital projects funds	(236,409)	(250,872)	(196,829)	-
Debt service funds	<u>(22,862)</u>	<u>21,328</u>	<u>-</u>	<u>-</u>
Total all other governmental funds	<u>\$ 4,938,438</u>	<u>\$ 3,985,252</u>	<u>\$ 8,329,197</u>	<u>\$ 6,883,193</u>

TABLE 3

Fiscal Year					
2016	2017	2018	2019	2020	2021
\$ 1,248	\$ 1,248	\$ 5,792	\$ 1,248	\$ 1,248	\$ -
-	-	-	25,824	-	-
<u>1,696,473</u>	<u>1,843,050</u>	<u>1,983,924</u>	<u>2,165,390</u>	<u>2,063,369</u>	<u>6,891,283</u>
<u>\$ 1,697,721</u>	<u>\$ 1,844,298</u>	<u>\$ 1,989,716</u>	<u>\$ 2,192,462</u>	<u>\$ 2,064,617</u>	<u>\$ 6,891,283</u>
\$ 6,671,902	\$ 9,650,051	\$ 10,389,421	\$ 11,458,080	\$ 10,427,451	\$ 15,210,838
(223,746)	(10,298)	(187,390)	-	-	-
-	-	-	-	-	-
-	-	<u>(80,737)</u>	-	<u>(19,002)</u>	-
<u>\$ 6,448,156</u>	<u>\$ 9,639,753</u>	<u>\$ 10,121,294</u>	<u>\$ 11,458,080</u>	<u>\$ 10,408,449</u>	<u>\$ 15,210,838</u>

CITY OF MARBLE FALLS, TEXAS

CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

	Fiscal Year			
	2012	2013	2014	2015
REVENUES				
Taxes	\$ 11,001,107	\$ 12,025,271	\$ 12,590,100	\$ 13,219,657
Intergovernmental	182,098	364,980	636,107	349,410
Charges for services	332,242	309,488	380,285	358,531
Fines	241,594	226,467	196,119	256,367
Investment earnings	20,734	17,644	7,975	7,376
Other revenues	<u>131,944</u>	<u>102,130</u>	<u>61,881</u>	<u>151,999</u>
Total revenues	<u>11,909,719</u>	<u>13,045,980</u>	<u>13,872,467</u>	<u>14,343,340</u>
EXPENDITURES				
General government	1,821,845	2,273,190	2,464,981	3,518,051
Public safety	5,097,359	5,004,539	5,008,527	5,308,174
Public works	876,789	858,697	923,402	1,006,873
Culture and recreation	1,010,830	952,838	1,049,905	1,074,557
Capital outlay	6,046,967	1,625,889	4,171,869	457,186
Debt service				
Principal	1,990,000	2,180,000	2,045,000	2,580,000
Interest	1,479,735	1,318,475	1,245,728	1,541,339
Bond issuance cost	<u>118,729</u>	<u>-</u>	<u>131,618</u>	<u>400</u>
Total expenditures	<u>18,442,254</u>	<u>14,213,628</u>	<u>17,041,030</u>	<u>15,486,580</u>

TABLE 4

Fiscal Year					
2016	2017	2018	2019	2020	2021
\$ 13,809,199	\$ 14,627,627	\$ 15,242,805	\$ 16,568,141	\$ 16,545,284	\$ 19,047,763
367,320	322,480	851,994	425,787	883,617	5,722,787
427,991	484,352	469,572	309,818	378,737	544,089
295,414	338,164	232,020	389,316	449,089	933,290
61,500	137,190	181,545	275,258	121,181	35,206
<u>275,432</u>	<u>253,868</u>	<u>161,846</u>	<u>536,343</u>	<u>752,569</u>	<u>1,307,944</u>
<u>15,236,856</u>	<u>16,163,681</u>	<u>17,139,782</u>	<u>18,504,663</u>	<u>19,130,477</u>	<u>27,591,079</u>
3,272,101	3,267,055	3,388,872	3,410,347	3,791,476	3,700,990
4,699,878	5,123,752	5,219,200	5,988,404	6,460,224	6,147,651
1,066,985	1,148,508	1,189,947	1,522,838	1,402,653	1,167,813
1,154,898	1,283,656	1,421,830	1,614,047	1,545,139	1,725,035
1,501,203	6,260,333	2,243,067	5,641,412	2,845,980	8,729,749
2,769,860	3,128,669	3,322,964	3,421,258	3,691,410	3,848,094
1,268,136	1,311,244	1,359,716	1,453,451	1,197,622	1,136,106
<u>51,892</u>	<u>387,363</u>	<u>4,600</u>	<u>34,900</u>	<u>91,253</u>	<u>184,001</u>
<u>15,784,953</u>	<u>21,910,580</u>	<u>18,150,196</u>	<u>23,086,657</u>	<u>21,025,757</u>	<u>26,639,439</u>

CITY OF MARBLE FALLS, TEXAS

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

	Fiscal Year			
	2012	2013	2014	2015
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ (1,167,648)	\$ (3,168,563)	\$ (1,143,240)	\$ (548,097)
OTHER FINANCING SOURCES (USES)				
Issuance of debt	4,395,000	-	7,000,000	-
Refunding bonds issued	-	-	-	-
Premium on bond issuance	138,990	-	89,483	-
Payment to escrow agent	(4,415,261)	-	-	-
Capital lease proceeds	-	-	-	-
Sale of asset proceeds	154,536	145,721	263,675	80,571
Proceeds from insurance	-	120,529	74,090	-
Transfers in	1,248,269	941,946	1,022,775	630,347
Transfers out	(645,941)	(585,803)	(809,789)	(793,092)
Total other financing sources (uses)	<u>875,593</u>	<u>622,393</u>	<u>7,640,234</u>	<u>(82,174)</u>
NET CHANGE IN FUND BALANCES	\$ (292,055)	\$ (2,546,170)	\$ 6,496,994	\$ (630,271)
DEBT SERVICE AS A PERCENTAGE OF NONCAPITAL EXPENDITURES	<u>25.63%</u>	<u>25.57%</u>	<u>25.75%</u>	<u>30.39%</u>

TABLE 4

Fiscal Year					
2016	2017	2018	2019	2020	2021
\$(5,746,899)	\$(1,010,414)	\$(4,581,994)	\$(1,895,280)	\$(1,895,280)	\$ 951,640
3,762,700	14,895,000	-	5,242,250	4,405,000	7,740,000
-	-	-	-	-	1,215,000
61,571	644,277	-	149,842	525,039	447,828
(3,782,686)	(6,919,367)	-	-	(4,934,950)	(1,205,381)
-	23,615	479,387	-	532,272	-
106,824	266,894	839,389	168,612	384,578	720,698
11,602	14,481	24,647	478,403	36,702	23,730
577,043	833,820	491,275	697,516	1,612,919	2,027,898
(490,830)	(673,647)	(197,325)	(615,097)	(1,843,756)	(2,292,358)
<u>246,224</u>	<u>9,085,073</u>	<u>1,637,373</u>	<u>6,121,526</u>	<u>717,804</u>	<u>8,677,415</u>
\$(5,500,675)	\$ 8,074,659	\$(2,944,621)	\$ 4,226,246	\$(1,177,476)	\$ 9,629,055
<u>21.75%</u>	<u>39.68%</u>	<u>23.39%</u>	<u>25.47%</u>	<u>23.25%</u>	<u>27.21%</u>

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>
2012	\$ 461,541,079	\$ 317,371,849	\$ 18,047,379	\$ 69,888,903
2013	474,425,723	316,912,217	17,386,158	75,820,498
2014	507,944,535	345,561,505	16,636,105	81,886,092
2015	546,541,560	362,210,449	19,205,994	101,114,663
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

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>
\$ 727,071,404	2.3159	\$ 625,782,678
732,903,600	2.3234	625,665,424
788,256,053	2.3423	675,881,626
826,843,340	2.3519	691,359,702
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

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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
2012	0.6435	\$ 33,340,000	2.3159	1.2900	0.3724
2013	0.6483	33,155,000	2.3234	1.2800	0.3951
2014	0.6483	38,115,000	2.3423	1.2800	0.4140
2015	0.6483	37,293,633	2.3399	1.2800	0.4025
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

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 YEAR

Taxpayer	2021	
	Taxable Assessed Value	Percentage of Total City Taxable Assessed Value
NE Marble Falls LP	\$ 16,896,191	14.49%
Worldmark the Club	14,434,311	12.38%
HTA- Marble Falls MOB LLC	14,026,820	12.03%
Huber Carbonates LLC	13,428,283	11.51%
Homestead Mormon Mill LP	11,659,350	10.00%
Bray Spaar Partnership	11,600,000	9.95%
Perdernaes Electric Co-Op	10,347,706	8.87%
Wal-Mart Stores Inc 01-0781	9,454,760	8.11%
L Dor V Dor LLC	7,822,831	6.71%
HE Butt Grocery Company	6,954,410	5.96%
	<u>\$ 116,624,662</u>	<u>100.00%</u>

Source: Burnet County Appraisal office

TABLE 7

2012		
Taxable Assessed Value	Percentage of Total City Taxable Assessed Value	Taxpayer
\$ 10,007,405	15.34%	Huber JM Corp
9,384,112	14.39%	Wal-Mart Stores Inc 01-0781
8,717,124	13.36%	Wal-Mart Stores East LP
7,165,467	10.99%	Lowe's Home Centers Inc - 119317
6,833,256	10.48%	Johnson-Sewell Family Partnership
5,493,850	8.42%	HD Development Properties
4,780,419	7.33%	Lowe's Home Centers Inc - 183208
4,355,381	6.68%	Johnson Ross H
4,263,481	6.54%	Highland Lakes RP LTD
<u>4,223,159</u>	<u>6.47%</u>	Group Investment Holdings, Inc
<u>\$ 65,223,654</u>	<u>100.00%</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
2012	\$ 4,046,286	\$ 3,953,241	98.30%	\$ 89,305	\$ 4,042,546	99.91%
2013	4,206,803	3,995,294	98.63%	207,586	4,202,880	99.91%
2014	4,454,115	4,177,438	98.80%	273,381	4,450,819	99.93%
2015	4,652,700	4,426,411	99.03%	222,633	4,649,044	99.92%
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	6,167,616	99.12%	-	6,167,616	99.12%

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>
2011-12	6,014,725	8.25%
2012-13	6,754,361	8.25%
2013-14	7,185,011	8.25%
2014-15	7,436,166	8.25%
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%

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	General Obligation Bonds	Governmental Activities				Business-type Activities
		Tax Notes	Notes Payable	Capital Lease	Premiums / Discounts	Water Revenue Bonds
2012	\$ 35,130,000	\$ 295,000	\$ -	\$ -	\$ -	\$ 16,790,000
2013	33,155,000	90,000	-	-	-	16,035,000
2014	38,115,000	-	-	-	611,836	19,730,000
2015	36,735,000	-	-	-	558,633	17,770,000
2016	34,177,840	-	-	-	564,158	24,757,160
2017	39,332,840	-	-	391,781	1,132,144	23,712,160
2018	36,167,840	-	-	713,204	1,025,590	22,627,160
2019	36,970,090	1,170,000	-	561,946	1,071,639	23,374,910
2020	33,235,090	995,000	-	882,808	1,394,617	24,179,910
2021	37,865,090	520,000	-	649,714	1,696,656	41,153,910

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	Percentage	Per
Tax	Notes	Capital	Premiums /	Primary	of Personal	Per
Notes	Payable	Lease	Discounts	Government	Income	Capita
\$ -	\$ -	\$ -	\$ -	\$ 52,215,000	0.002	7,252
-	-	-	-	49,280,000	0.001	8,136
-	-	-	201,462	58,658,298	0.001	9,256
-	-	-	594,262	55,657,895	0.002	8,864
-	-	-	1,121,098	60,620,256	0.002	9,584
-	-	-	1,046,931	65,615,856	0.002	10,257
-	-	318,890	972,764	61,825,448	0.002	8,954
-	-	266,257	979,280	64,394,122	0.001	9,289
-	-	213,439	1,009,669	61,910,533	0.001	8,658
-	-	159,056	1,093,370	83,137,796	0.002	11,321

CITY OF MARBLE FALLS, TEXAS

TABLE 11

RATIOS OF GENERAL BONDED DEBT OUTSTANDING

LAST TEN FISCAL YEARS

Fiscal Year	General Bonded Debt Outstanding		Percentage of Actual Taxable Value of Property	Per Capita	Restricted for Debt Service
	General Obligation Bonds	Total			
2012	\$ 33,340,000	\$ 33,340,000	5.32%	4,630.56	\$ -
2013	31,650,000	31,650,000	4.68%	4,395.83	-
2014	38,115,000	38,115,000	5.51%	6,292.72	97,888
2015	37,293,633	37,293,633	5.14%	5,885.06	88,358
2016	34,741,998	34,741,998	4.67%	5,533.05	98,082
2017	40,464,984	40,464,984	4.96%	6,397.63	96,911
2018	37,193,430	37,193,430	3.98%	5,814.20	100,227
2019	38,041,729	38,041,729	4.07%	5,487.84	117,407
2020	34,629,707	34,629,707	4.04%	4,842.64	123,628
2021	39,561,746	39,561,746	3.60%	5,386.95	114,241

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

AS OF SEPTEMBER 30, 2021

<u>Government Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
Debt repaid with property taxes			
Marble Falls Independent School District	\$ 101,665,000	24.52%	\$ 24,928,258
Burnet County General Obligation Debt	24,080,000	16.14%	<u>3,886,512</u>
Subtotal overlapping debt			<u>28,814,770</u>
City direct debt	40,081,746	100.00%	<u>40,081,746</u>
Subtotal direct debt			<u>40,081,746</u>
Total direct and overlapping debt			<u>\$ 68,896,516</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

	2012	2013	2014	2015
Debt limit	\$ 577,490,755	\$ 575,499,669	\$ 600,546,263	\$ 635,518,195
Total net debt applicable to limit	<u>33,340,000</u>	<u>33,155,000</u>	<u>38,115,000</u>	<u>37,293,633</u>
Legal debt margin	<u>\$ 544,150,755</u>	<u>\$ 542,344,669</u>	<u>\$ 562,431,263</u>	<u>\$ 598,224,562</u>
Total net debt applicable to the limit as a percentage of debt limit.	5.77%	5.76%	6.35%	5.87%

Legal Debt Margin Calculation for Fiscal Year 2021

Assessed value	\$ 857,346,323
Debt applicable to limit:	
General obligation bonds	39,561,746
Less: Amount set aside for repayment of general obligation debt	<u>114,241</u>
Total net debt applicable to limit	<u>39,447,505</u>
Legal debt margin	\$ <u>817,898,818</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

2016	2017	2018	2019	2020	2021
\$ 672,759,187	\$ 726,407,494	\$ 837,800,028	\$ 837,800,028	\$ 892,093,318	\$ 857,346,323
<u>34,741,998</u>	<u>39,332,840</u>	<u>37,193,430</u>	<u>38,041,729</u>	<u>34,629,707</u>	<u>39,561,746</u>
<u>\$ 638,017,189</u>	<u>\$ 687,074,654</u>	<u>\$ 800,606,598</u>	<u>\$ 799,758,299</u>	<u>\$ 857,463,611</u>	<u>\$ 817,784,577</u>
5.16%	5.415%	4.439%	4.541%	3.882%	4.614%

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	
2012	3,550,400	2,328,678	1,221,722	750,000	712,063	0.84
2013	3,667,973	2,284,656	1,383,317	755,000	668,087	0.97
2014	4,034,129	2,623,404	1,410,725	795,000	785,973	0.89
2015	3,990,243	2,465,718	1,524,525	760,000	369,720	1.35
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

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>
2012	7,200	43,329	22,679	7.1%
2013	6,057	43,722	21,425	4.1%
2014	6,337	43,199	23,194	5.4%
2015	6,279	43,199	21,689	3.6%
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%

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	2021		2012	
	Employees	Percentage of Total City Employment	Employees	Percentage of Total City Employment
Marble Falls ISD	695	27.65%	690	41.05%
Baylor Scott & White	524	20.84%	**	**
H.E.B. Grocery Company	319	12.69%	200	11.90%
Wal-Mart Corporation	285	11.34%	350	20.82%
Lowe's	127	5.05%	98	5.83%
City of Marble Falls	124	4.93%	126	7.50%
Granite Mesa	115	4.57%	**	**
Gibraltar	100	3.98%	**	**
The Home Depot	118	4.69%	102	6.07%
Johnson Sewell Ford Lincoln	107	4.26%	115	6.84%
Total	<u>2,514</u>	<u>100.00%</u>	<u>1,681</u>	<u>100.00%</u>

Source: Marble Falls Economic Development Corporation and personal telephone interviews

** Data not available for employer in 2012.

CITY OF MARBLE FALLS, TEXAS

FULLTIME EQUIVALENT CITY GOVERNMENT EMPLOYEES
BY FUNCTION/PROGRAM

Function/Program	Fiscal Year			
	2012	2013	2014	2015
General government				
Management services	3	5	4	4
Finance	5	5	4	4
Planning	6	5	4	4
Building	6	7	4	4
Other	4	-	-	-
Human resources	2	2	1	1
Court	3	3	2	2
Police				
Officers	24	20	19	19
Civilians	15	15	12	12
Fire				
Firefighters and officers	15	15	15	15
Other public works				
Other	13	13	12	11
Parks and recreation	11	11	9	9
Water	14	14	11	11
Wastewater	<u>10</u>	<u>10</u>	<u>9</u>	<u>10</u>
Total	<u>131</u>	<u>125</u>	<u>106</u>	<u>106</u>

Source: Various Departments

TABLE 17

Fiscal Year					
<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
4	4	4	4	6	6
4	4	4	4	4	4
4	5	4	4	4	4
4	5	5	5	5	5
-	-	-	-	-	-
1	1	1	1	2	2
2	3	3.5	3.5	3.5	3.5
19	20	21	22	25	25
12	12	13	13	13	13
15	15	15	18	18	18
11	11	11	11	11	11
9	9	11	11	11	11
11	12	13	12	12	12
<u>10</u>	<u>10</u>	<u>10</u>	<u>10</u>	<u>10</u>	<u>10</u>
<u>106</u>	<u>111</u>	<u>116</u>	<u>119</u>	<u>124</u>	<u>124</u>

CITY OF MARBLE FALLS, TEXAS

OPERATING INDICATORS BY FUNCTION/PROGRAM

LAST TEN FISCAL YEARS

Function/Program	Fiscal Year			
	2012	2013	2014	2015
General government				
Building permits issued	564	259	259	641
Building inspections conducted	3,289	1,515	1,377	938
Police				
Physical arrests	959	934	837	718
Parking violations	35	31	25	20
Traffic violations	1,062	2,101	1,762	998
Fire				
Emergency responses	821	1,215	1,234	1,291
Fires extinguished	12	10	6	4
Inspections	840	239	211	357
Other public works				
Street resurfacing (miles)	2	1	2	5
Tonnage to repair potholes	600	160	150	204
Parks and recreation				
Community center admissions	240	186	160	191
Library				
Volumes in collection	43,512	39,590	39,590	41,109
Total volumes borrowed	149,229	198,785	198,785	106,585
Water				
New connections	490	582	582	590
Water main breaks	200	104	125	108
Average daily consumption (thousands of gallons)	1,500	1,500	1,522	1,416
Peak daily consumption (thousands of gallons)	2,400	2,132	2,005	2,066
Wastewater				
Average daily sewage treatment (thousands of gallons)	675	820	860	998

Source: Various City departments

TABLE 18

Fiscal Year					
2016	2017	2018	2019	2020	2021
793	726	726	931	754	960
2,700	1,479	1,751	1,761	1,334	2,467
739	665	503	712	505	525
12	25	7	217	7	6
1,317	1,195	1,278	2,436	1,524	2,047
1,538	1,746	1,601	1,665	1,576	1,700
7	40	49	50	69	37
392	309	597	886	520	386
2	1	2	5	5	9
500	450	475	477	150	1,500
266	213	191	121	605	600
40,594	41,851	40,507	40,614	41,494	41,750
136,317	114,200	117,698	116,778	79,420	79,010
497	424	538	26	30	121
150	110	126	75	70	50
1,352	1,419	1,421	1,211	1,541	1,330
2,555	2,800	2,458	2,145	2,145	2,797
981	1,024	1,189	1,021	839	1,018

CITY OF MARBLE FALLS, TEXAS

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM

LAST TEN FISCAL YEARS

Function/Program	Fiscal Year			
	2012	2013	2014	2015
Police				
Stations	1	1	1	1
Patrol units	25	11	15	15
Fire				
Stations	1	1	1	1
Public works				
Streets (miles)	60	62	62	62
Highways (miles)	14	15.2	15.2	15.2
Streetlights	448	448	448	595
Traffic signals	14	14	14	14
Parks and recreation				
Acreage	123	127	127	130
Playgrounds	6	6	4	4
Baseball/softball diamonds	8	8	4	4
Soccer/football fields	3	3	8	8
Community centers	1	1	1	1
Water				
Water mains (miles)	83	84	84	95
Fire hydrants	544	544	544	582
Storage capacity (thousands of gallons)	2,739	2,939	2,939	3,479
Wastewater				
Sanitary sewers (miles)	63	63	63	68
Storm sewers (miles)	12	12	12	12
Treatment capacity (thousands of gallons)	980	980	980	980

Source: Various City departments

TABLE 19

Fiscal Year					
2016	2017	2018	2019	2020	2021
1	1	1	1	1	1
15	15	27	33	38	32
1	1	1	1	1	1
64	64	65	66	66	66
15.2	15.2	15.2	15.2	15.2	15.2
599	599	606	617	617	617
15	15	15	17	17	17
130	150	153	158	158	158
4	4	6	6	6	6
4	4	4	4	4	4
8	8	8	8	8	8
2	2	2	2	2	2
95	96	98	98	98	98
589	606	626	634	634	634
3,419	3,419	3,488	3,488	3,488	3,488
68	68	68	68	68	68
12	12	12	12	12	12
1,500	1,500	1,500	1,500	1,500	1,500

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SINGLE AUDIT 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

Mayor and Members of City Council
City of Marble Falls, Texas
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 City of Marble Falls, Texas, as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise City of Marble Falls, Texas' basic financial statements, and have issued our report thereon date February 15, 2022.

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 City of Marble Falls, Texas' internal control. Accordingly, we do not express an opinion on the effectiveness of 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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. 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 may exist that have not been identified.

OFFICE LOCATIONS

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



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
February 15, 2022

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

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

Report on Compliance for Each Major Federal Program

We have audited the City of Marble Falls, Texas' (the "City") compliance with the types of compliance requirements described in the U.S. *Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended September 30, 2021. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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*"). Those standards and the *Uniform Guidance* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Program

In our opinion, the City of Marble Falls, Texas, complied, in all material respects, with the types of 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, 2021.

Report on Internal Control over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with *Uniform Guidance*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's 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 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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
February 15, 2022

CITY OF MARBLE FALLS, TEXAS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED SEPTEMBER 30, 2021

Federal Grantor/ Pass-through Grantor/ Grantor/Program Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Federal Expenditures
U. S. DEPARTMENT OF AGRICULTURE			
<u>Passed through Natural Resources Conservation Services:</u>			
Emergency Watershed Protection Program	10.923	NR207442XXXC033	\$ 4,742,342
Total Passed through Natural Resources Conservaton Services:			<u>4,742,342</u>
TOTAL U. S. DEPARTMENT OF AGRICULTURE			<u>4,742,342</u>
U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
<u>Passed through Texas Department of Agriculture:</u>			
Community Development Block Grant	14.218	7220290	<u>16,470</u>
Total Passed through Texas Department of Agriculture:			<u>16,470</u>
TOTAL U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			<u>16,470</u>
U. S. DEPARTMENT OF TREASURY			
<u>Passed through Texas Division of Emergency Management:</u>			
COVID-19 - Coronavirus Relief Fund	21.019	N/A	<u>10,858</u>
Total Passed through Texas Division of Emergency Management:			<u>10,858</u>
TOTAL U. S. DEPARTMENT OF TREASURY			<u>10,858</u>
U. S. DEPARTMENT OF HOMELAND SECURITY			
<u>Passed through Texas Division of Emergency Management:</u>			
Disaster Grants - Public Assistance (FEMA)	97.036	DR-4416	21,692
Hazard Mitigation Grant Program	97.039	DR-4416	<u>249,062</u>
Total Passed through Texas Division of Emergency Management:			<u>270,754</u>
<u>Direct programs:</u>			
Staffing for Adequate Fire and Emergency Response	97.083	N/A	<u>90,558</u>
Total Direct Programs			<u>90,558</u>
TOTAL U. S. DEPARTMENT OF HOMELAND SECURITY			<u>361,312</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ <u>5,130,982</u>

CITY OF MARBLE FALLS, TEXAS

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED SEPTEMBER 30, 2021

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, 2021, 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 the 10% 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, 2021

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:

10.923

Emergency Watershed Protection Program

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

\$750,000

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

Findings and Questioned Costs for Federal Awards

None

CITY OF MARBLE FALLS, TEXAS
SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

None