

**ANNUAL COMPREHENSIVE FINANCIAL REPORT**

**FOR FISCAL YEAR ENDED  
SEPTEMBER 30, 2022**



**ANNUAL COMPREHENSIVE FINANCIAL REPORT**

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Prepared by the  
Finance Department

**CITY OF MARBLE FALLS, TEXAS**

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## **INTRODUCTORY SECTION**



April 27, 2023

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, 2022, 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, 2022 are free of material misstatements. The independent audit involved examining on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City of Marble Falls' financial statements for fiscal year ended September 30, 2022, 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 7,581. 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 30<sup>th</sup> day of September and requires an affirmation vote of a majority of the Council. The City maintains budgetary control by adopting an annual operating budget for the General Fund, Debt Service Fund, Special Revenue Funds, Proprietary Fund and Capital Projects Fund. Revisions that increase the total expenditures of any fund must be approved by Council.

The City Council establishes long term financial goals each year as a part of the budgeting process. For FY 2022, the Council continued with the following strategic 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 2021-2022, the General and Proprietary funds' programs reflect managing the effects of economic and demographic growth and improvements to critical infrastructure. The Proprietary Fund's Water and Wastewater budgets also include funding improvements to existing infrastructure and 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, 2021. 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**

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE YEAR ENDED SEPTEMBER 30, 2022

**MAYOR**

Richard Westerman

**MAYOR PRO TEM**

Dave Rhodes

**COUNCILMEMBERS**

William Haddock  
Lauren Haltom  
Griff Morris  
Reed Norman  
Bryan Walker

**CITY MANAGER**

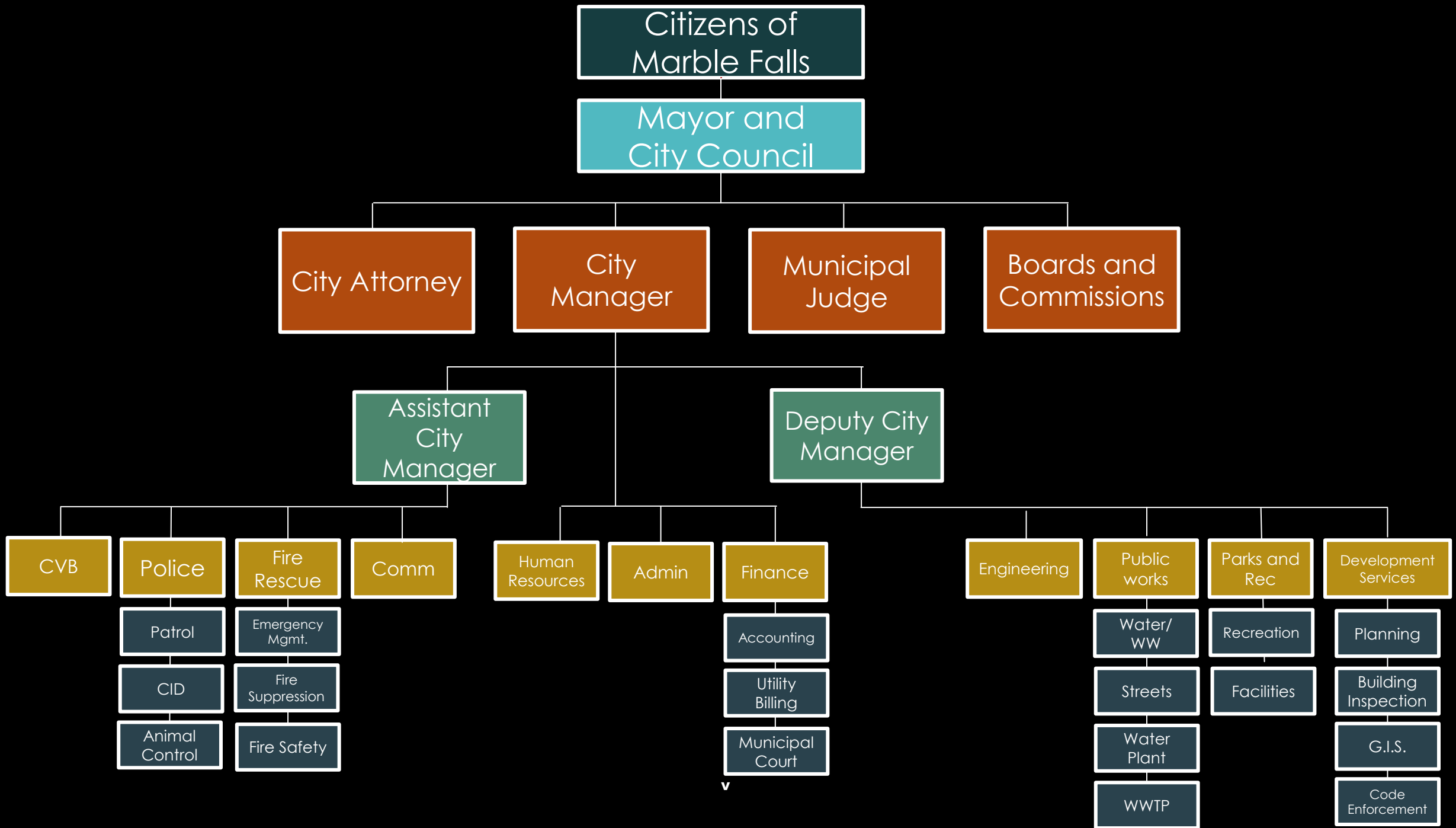
Mike Hodge

**CITY ATTORNEY**

Patty Akers  
Messer, Fort and McDonald

**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 Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

September 30, 2021

*Christopher P. Morill*

Executive Director/CEO

**FINANCIAL SECTION**



## INDEPENDENT AUDITOR'S REPORT

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

### Report on the Audit of the Financial Statements

#### **Opinions**

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Marble Falls, Texas, as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the City of Marble Falls, Texas' basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Marble Falls, Texas, as of September 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### **Basis for Opinions**

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

#### **Emphasis of Matter - Change of Accounting Principle**

As discussed in the notes to the financial statements, in the year ending September 30, 2022, the City of Marble Falls, Texas adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*. Our opinions are not modified with respect to this matter.

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

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

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

#### OFFICE LOCATIONS

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

## ***Auditor's Responsibility for the Audit of the Financial Statements***

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

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

## ***Required Supplementary Information***

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

### **Supplementary Information**

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

### **Other Information Included in the Annual Comprehensive Financial Report**

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

### **Other Reporting Required by *Government Auditing Standards***

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

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

Waco, Texas  
April 27, 2023

**MANAGEMENT'S  
DISCUSSION AND ANALYSIS**

## 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, 2022. 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, 2022, by \$45,248,349 (net position). Of this amount, \$4,160,075 is unrestricted net position.
- The City's net position increased by \$7,477,648.
- As of the close of the current fiscal year, the City of Marble Falls governmental funds reported combined ending fund balances of \$34,055,916. \$7,778,951 of this amount is unassigned and available for use within the City's fund designation and policy.
- As of September 30, 2022, unassigned fund balance for the General Fund was \$7,778,951 or 52.87% of total General Fund expenditures.

### OVERVIEW OF THE FINANCIAL STATEMENTS

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

#### Government-wide Financial Statements

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

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

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

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

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

## Fund Financial Statements

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

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

The City maintains 13 governmental funds. Information is presented separately in the governmental funds' Balance Sheet and the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund, Economic Development Corporation Fund, Debt Service Fund, Hotel Conference Center Fund, and 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 two proprietary funds. The City uses the Enterprise Fund for water and sewer operations. The Enterprise Fund reports the same functions presented as business-type activities in the government-wide financial statement. The City also maintains an Internal Service Fund, used for equipment replacement.

## Reporting the City's Fiduciary Responsibility

The City is the trustee, or fiduciary, for the LaVentana Public Improvement District Trust Fund, Gregg Ranch Public Improvement District Trust Fund, and the Thunder Rock PID Trust Fund. All of the City's fiduciary activities are reported in separate Statements of Fiduciary Net Position and Changes in Fiduciary Net Position. The activities of this fund are excluded from the City's government-wide financial statements because the City cannot use these assets to finance its operations. The City is responsible for ensuring that the assets reported in this fund are used for their intended purpose. The basic fiduciary fund financial statements can be found on pages 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 \$45.2 million as of September 30, 2022. 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	
	2022	2021	2022	2021	2022	2021
Current and other assets	\$ 39,848,522	\$ 27,059,839	\$ 32,578,999	\$ 30,862,120	\$ 72,427,521	\$ 57,921,959
Capital assets	<u>42,675,731</u>	<u>41,287,987</u>	<u>40,151,885</u>	<u>40,518,980</u>	<u>82,827,616</u>	<u>81,806,967</u>
Total assets	<u>82,524,253</u>	<u>68,347,826</u>	<u>72,730,884</u>	<u>71,381,100</u>	<u>155,255,137</u>	<u>139,728,926</u>
Deferred outflows of resources	<u>1,377,974</u>	<u>1,135,192</u>	<u>529,032</u>	<u>545,646</u>	<u>1,907,006</u>	<u>1,680,838</u>
Current liabilities	9,466,236	5,747,662	16,719,066	3,047,409	26,185,302	8,795,071
Noncurrent liabilities	<u>44,982,763</u>	<u>39,797,477</u>	<u>38,639,221</u>	<u>41,028,653</u>	<u>83,621,984</u>	<u>80,826,130</u>
Total liabilities	<u>54,448,999</u>	<u>45,545,139</u>	<u>55,358,287</u>	<u>44,076,062</u>	<u>109,807,286</u>	<u>89,621,201</u>
Deferred inflows of resources	<u>1,827,237</u>	<u>818,319</u>	<u>279,271</u>	<u>13,199,543</u>	<u>2,106,508</u>	<u>14,017,862</u>
Net position:						
Net investment,						
in capital assets	5,949,304	4,970,235	16,928,614	16,999,042	22,877,918	21,969,277
Restricted	18,210,356	4,369,837	-	-	18,210,356	4,369,837
Unrestricted	<u>3,466,331</u>	<u>13,779,488</u>	<u>693,744</u>	<u>( 2,347,901)</u>	<u>4,160,075</u>	<u>11,431,587</u>
Total net position	<u>\$ 27,625,991</u>	<u>\$ 23,119,560</u>	<u>\$ 17,622,358</u>	<u>\$ 14,651,141</u>	<u>\$ 45,248,349</u>	<u>\$ 37,770,701</u>

The restricted portion of the City's net position (40.2%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position is \$4,160,075 .

### Analysis of the City's Operations

The following table provides a summary of the City's operations for the year ended September 30, 2022. Governmental activities increased the City of Marble Falls' net position by \$6,608,880, accounting for a 28.6% increase in net position. Primary factors attributing to the increase compared to the prior year include sales tax growth of 16% or \$1,870,443 and general property tax growth of 3% or \$215,432 due to increased valuations and additions to the tax roll. Expenses in governmental activities were higher compared to the prior year in the general government and public safety function, due to personnel services. The City approved a 5% cost of living adjustment.

Results for the current fiscal year in the City's business-type activities increased the City's net position by \$2,971,217 accounting for a 20.3% increase in net position. The operating grants and contributions increased due to the EDA and CDBG grant. Charges for services increased by \$993,821, primarily due to an increase in water and wastewater rates. Total expenses increased by \$880,920 or 15%. The City's cost of living adjustment and capital asset additions increased the depreciation expenses.

**CITY OF MARBLE FALLS' CHANGES IN NET POSITION**

	Governmental Activities		Business-type Activities		Totals	
	2022	2021	2022	2021	2022	2021
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 2,478,417	\$ 2,106,055	\$ 7,529,182	\$ 6,535,361	\$ 10,007,599	\$ 8,641,416
Operating grants and contributions	1,030,867	2,799,884	1,109,727	38,162	2,140,594	2,838,046
Capital grants and contributions	756,411	4,747,102	-	339,437	756,411	5,086,539
General revenues:						
Property taxes	6,470,559	6,255,127	-	-	6,470,559	6,255,127
Sales taxes	13,761,183	11,890,740	-	-	13,761,183	11,890,740
Franchise taxes	599,968	563,337	-	-	599,968	563,337
Other taxes	1,052,812	824,442	-	-	1,052,812	824,442
Investment earnings	266,866	35,206	108,831	2,153	375,697	37,359
Gain on sale of assets	2,359,352	643,933	-	-	2,359,352	643,933
Miscellaneous	444,818	306,788	-	-	444,818	306,788
Total revenues	<u>29,221,253</u>	<u>30,172,614</u>	<u>8,747,740</u>	<u>6,915,113</u>	<u>37,968,993</u>	<u>37,087,727</u>
<b>Expenses:</b>						
General government	6,676,218	5,600,790	-	-	6,676,218	5,600,790
Public safety	9,221,922	7,797,505	-	-	9,221,922	7,797,505
Public works	1,964,553	1,224,598	-	-	1,964,553	1,224,598
Culture and recreation	2,640,598	1,902,820	-	-	2,640,598	1,902,820
Interest on long-term debt	1,414,123	1,262,322	-	-	1,414,123	1,262,322
Water and wastewater	-	-	6,471,482	5,670,562	6,471,482	5,670,562
Total expenses	<u>21,917,414</u>	<u>17,788,035</u>	<u>6,471,482</u>	<u>5,670,562</u>	<u>28,388,896</u>	<u>23,458,597</u>
Increases (decreases) in net position before transfers	7,303,839	12,384,579	2,276,258	1,244,551	9,580,097	13,629,130
Transfers	( 694,959)	( 175,790)	694,959	175,790	-	-
Change in net position	6,608,880	12,208,789	2,971,217	1,420,341	9,580,097	13,629,130
Net position, beginning	<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>
Prior period adjustment	( 2,102,449)	-	-	-	( 2,102,449)	-
Net position, ending	<u>\$ 27,625,991</u>	<u>\$ 23,119,560</u>	<u>\$ 17,622,358</u>	<u>\$ 14,651,141</u>	<u>\$ 45,248,349</u>	<u>\$ 37,770,701</u>

**Government Funds**

In the General Fund, fund balance increased by \$887,668. The increase was due mainly to an increase in property taxes and sales taxes for FY 2022. Property taxes increased by 3.2% primarily due to an increase in total assessed values. Sales taxes increased by 15.7% from the prior fiscal year due to an increase in retail sales activity.

The Economic Development Corporation Fund balance increased by \$6,233,669. The increase is due to an increase in sales taxes for FY 2022. Sales taxes increased by 15.7% from the prior fiscal year due to an increase in retail sales activity.

The Debt Service Fund balance increased by \$114,013 due to an increase in property tax revenue. Property taxes increased by 3.2% primarily due to an increase in total assessed values.

The Hotel Conference Center Fund increased by \$3,927,446 due to transfers into the fund. The transfers are from the Economic Development Corporation Fund for the Hotel Conference Center capital project.

**Proprietary Fund**

Unrestricted net position of the proprietary fund (water and utility) was \$693,744. The net position of the Water and Utility Fund increased by \$2,971,217. 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 \$507,424 from the original budget of \$13,490,152 to the revised budget of \$13,997,576 or a 3.8% 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 \$716,010. General Government actual expenditures were above budgeted expenditures by \$416,464. Additionally, Public Works expenditures were above budgeted expenditures by \$171,560, this was mainly due to 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	
	2022	2021	2022	2021	2022	2021
Land	\$ 10,520,042	\$ 10,520,042	\$ 851,508	\$ 851,508	\$ 11,371,550	\$ 11,371,550
Buildings and improvements	74,602,609	72,321,158	70,758,455	69,220,337	145,361,064	141,541,495
Equipment	8,236,748	7,586,013	2,413,316	2,274,724	10,650,064	9,860,737
Construction in progress	1,623,853	-	-	-	1,623,853	-
Less: accumulated depreciation	(52,307,521)	(49,139,226)	(33,871,394)	(31,827,589)	(86,178,915)	(80,966,815)
Total capital assets, net	\$ 42,675,731	\$ 41,287,987	\$ 40,151,885	\$ 40,518,980	\$ 82,827,616	\$ 81,806,967

**Debt Administration**

At the end of the current fiscal year, the City had total bonded debt and notes payable of \$83,896,636. Of this amount, \$43,516,539 represents bonded debt backed by the full faith and credit of the City and \$40,380,097 represents payables secured by water and wastewater revenues.

**OUTSTANDING DEBT AT YEAR-END**

	Governmental Activities		Business-type Activities		Totals	
	2022	2021	2022	2021	2022	2021
Bonds	\$ 43,516,539	\$ 39,561,746	\$ 40,380,097	\$ 42,247,280	\$ 83,896,636	\$ 81,809,026
Total	\$ 43,516,539	\$ 39,561,746	\$ 40,380,097	\$ 42,247,280	\$ 83,896,636	\$ 81,809,026

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 36 – 39.

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The entire area surrounding the City of Marble Falls continues to experience solid growth. The City's population is estimated to be in excess of 7,500 in 2023. 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 14% from the prior year revenue of \$8,918,055 to \$10,179,507. The 2023 estimate is conservatively projected at \$9,500,000. 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 \$0.5577. This rate consists of a maintenance and operations (M&O) tax rate of \$0.2100 and an Interest and Sinking (debt service) tax rate of \$0.3477. The rate was set based on a net position value of \$1,202,312,110. The assessed values increased about 24% for FY 2023.

Water revenues for 2023 are budgeted at \$4,200,000 which is an increase of 2% over the prior year. Wastewater revenues are budgeted at \$2,400,000, 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](mailto:jlazenby@marblefallstx.gov).

**BASIC  
FINANCIAL STATEMENTS**

**CITY OF MARBLE FALLS, TEXAS**

STATEMENT OF NET POSITION

SEPTEMBER 30, 2022

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and investments	\$ 34,830,698	\$ 31,101,114	\$ 65,931,812
Receivables, net of allowances for uncollectibles			
Taxes	2,757,792	-	2,757,792
Customer accounts	919,277	1,096,163	2,015,440
Other	843	-	843
Due from other governments	1,113,820	211,645	1,325,465
Internal balances	226,092	( 226,092)	-
Inventories	-	396,169	396,169
Capital assets:			
Land	10,520,042	851,508	11,371,550
Buildings and improvements	74,602,609	70,758,455	145,361,064
Equipment	8,236,748	2,413,316	10,650,064
Construction in progress	1,623,853	-	1,623,853
Accumulated depreciation	( 52,307,521)	( 33,871,394)	( 86,178,915)
Total capital assets, net of accumulated depreciation	<u>42,675,731</u>	<u>40,151,885</u>	<u>82,827,616</u>
Total assets	<u>82,524,253</u>	<u>72,730,884</u>	<u>155,255,137</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflow related to pensions	976,017	149,594	1,125,611
OPEB - TMRS supplemental death benefit	92,898	14,239	107,137
OPEB - Retiree health plan	91,005	13,598	104,603
Deferred loss on bond refunding	218,054	351,601	569,655
Total deferred outflows of resources	<u>1,377,974</u>	<u>529,032</u>	<u>1,907,006</u>
<b>LIABILITIES</b>			
Accounts payable	778,177	189,934	968,111
Accrued liabilities	293,859	50,667	344,526
Due to others	70,562	118,809	189,371
Unearned revenue	2,616,767	13,065,800	15,682,567
Developer deposits	603,860	-	603,860
Customer deposits	57,361	599,741	657,102
Accrued interest	213,216	110,370	323,586
Noncurrent liabilities:			
Due within one year			
General and certificates of obligation	4,065,000	2,491,183	6,556,183
Tax notes	175,000	-	175,000
Financing arrangements	348,300	51,806	400,106
Leases	6,366	-	6,366
Compensated absences	237,768	40,756	278,524
Due in more than one year			
General and certificates of obligation	39,451,539	37,888,914	77,340,453
Tax notes	175,000	-	175,000
Financing arrangements	892,792	56,928	949,720
Leases	15,041	-	15,041
Compensated absences	713,304	122,268	835,572
Net pension liability	2,889,972	442,945	3,332,917
OPEB - TMRS supplemental death benefit	490,063	75,112	565,175
OPEB - Retiree health plan	355,052	53,054	408,106
Total liabilities	<u>\$ 54,448,999</u>	<u>\$ 55,358,287</u>	<u>\$ 109,807,286</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, 2022

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflow related to pensions	\$ 1,593,645	\$ 244,257	\$ 1,837,902
OPEB - TMRS supplemental death benefit	28,623	4,387	33,010
OPEB - Retiree health plan	204,969	30,627	235,596
Total deferred inflows of resources	<u>1,827,237</u>	<u>279,271</u>	<u>2,106,508</u>
<b>NET POSITION</b>			
Net investment in capital assets	5,949,304	16,928,614	22,877,918
Restricted for:			
Economic development	16,748,864	-	16,748,864
Debt service	350,790	-	350,790
Public safety	120,409	-	120,409
Culture and recreation	990,293	-	990,293
Unrestricted	<u>3,466,331</u>	<u>693,744</u>	<u>4,160,075</u>
Total net position	<u>\$ 27,625,991</u>	<u>\$ 17,622,358</u>	<u>\$ 45,248,349</u>

**CITY OF MARBLE FALLS, TEXAS**

STATEMENT OF ACTIVITIES

FOR THE FISCAL YEAR ENDED SEPTEMBER, 30 2022

<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>
<b>Primary government:</b>				
Governmental activities:				
General government	\$ 6,676,218	\$ 687,627	\$ 50,156	\$ -
Public safety	9,221,922	332,681	265,677	-
Public works	1,964,553	1,242,899	-	133,551
Culture and recreation	2,640,598	215,210	715,034	622,860
Interest on long-term debt	<u>1,414,123</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total governmental activities	<u>21,917,414</u>	<u>2,478,417</u>	<u>1,030,867</u>	<u>756,411</u>
Business-type activities:				
Water and sewer	<u>6,471,482</u>	<u>7,529,182</u>	<u>1,109,727</u>	<u>-</u>
Total business-type activities	<u>6,471,482</u>	<u>7,529,182</u>	<u>1,109,727</u>	<u>-</u>
 Total primary government	 <u>\$ 28,388,896</u>	 <u>\$ 10,007,599</u>	 <u>\$ 2,140,594</u>	 <u>\$ 756,411</u>

General revenues:

Taxes:

Property, levied for general purposes

Property, levied for debt service

Sales

Franchise

Hotel motel

Mixed bevarage

Bingo

Investment earnings

Gain on sale of assets

Miscellaneous

Transfers

Total general revenues and transfers

Change in net position

Net position, beginning

Prior period adjustment

Net position, beginning restated

Net position, ending

Net (Expense) Revenue and  
Changes in Net Position

Primary Government		
Governmental Activities	Business-type Activities	Total
\$( 5,938,435)	\$ -	\$( 5,938,435)
( 8,623,564)	-	( 8,623,564)
( 588,103)	-	( 588,103)
( 1,087,494)	-	( 1,087,494)
( 1,414,123)	-	( 1,414,123)
( 17,651,719)	-	( 17,651,719)
-	2,167,427	2,167,427
-	2,167,427	2,167,427
( 17,651,719)	2,167,427	( 15,484,292)
2,756,093	-	2,756,093
3,714,466	-	3,714,466
13,761,183	-	13,761,183
599,968	-	599,968
1,052,812	-	1,052,812
83,777	-	83,777
453	-	453
266,866	108,831	375,697
2,359,352	-	2,359,352
360,588	-	360,588
( 694,959)	694,959	-
24,260,599	803,790	25,064,389
6,608,880	2,971,217	9,580,097
23,119,560	14,651,141	37,770,701
( 2,102,449)	-	( 2,102,449)
21,017,111	14,651,141	35,668,252
\$ 27,625,991	\$ 17,622,358	\$ 45,248,349

**CITY OF MARBLE FALLS, TEXAS**

BALANCE SHEET - GOVERNMENTAL FUNDS

SEPTEMBER 30, 2022

	<u>General</u>	<u>Economic Development Corporation</u>	<u>Debt Service</u>
<b>ASSETS</b>			
Cash and investments	\$ 8,333,448	9,072,703	\$ 229,547
Receivables, net of allowances for uncollectibles:			
Property taxes	20,170	-	121,646
Other taxes	1,778,200	590,603	-
Accounts	354,105	-	-
Other	-	75	-
Due from other governments	55,478	-	-
Due from other funds	<u>9,368</u>	<u>229,769</u>	<u>-</u>
Total assets	<u>10,550,769</u>	<u>9,893,150</u>	<u>351,193</u>
<b>LIABILITIES</b>			
Accounts payable	294,920	201,832	-
Accrued liabilities	281,075	7,976	403
Due to other funds	-	-	-
Due to others	70,562	-	-
Unearned revenue	1,210,121	-	-
Developer deposits	603,860	-	-
Customer deposits	<u>57,361</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>2,517,899</u>	<u>209,808</u>	<u>403</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue - property taxes	17,478	-	117,948
Unavailable revenue - grants	-	-	-
Unavailable revenue - court fines and fees	<u>236,441</u>	<u>-</u>	<u>-</u>
Total deferred inflows of resources	<u>253,919</u>	<u>-</u>	<u>117,948</u>
<b>FUND BALANCES</b>			
Restricted	-	9,683,342	232,842
Unassigned	<u>7,778,951</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>7,778,951</u>	<u>9,683,342</u>	<u>232,842</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 10,550,769</u>	<u>9,893,150</u>	<u>\$ 351,193</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>Other Governmental</u>	<u>Total Governmental</u>
\$ 10,726,104	\$ 6,210,071	\$ 34,571,873
-	-	141,816
-	247,173	2,615,976
-	-	354,105
-	768	843
-	1,058,342	1,113,820
-	226,092	465,229
<u>10,726,104</u>	<u>7,742,446</u>	<u>39,263,662</u>
-	281,425	778,177
-	4,405	293,859
229,769	9,368	239,137
-	-	70,562
-	1,406,646	2,616,767
-	-	603,860
-	-	57,361
<u>229,769</u>	<u>1,701,844</u>	<u>4,659,723</u>
-	-	135,426
-	176,156	176,156
-	-	236,441
<u>-</u>	<u>176,156</u>	<u>548,023</u>
10,496,335	5,864,446	26,276,965
-	-	7,778,951
<u>10,496,335</u>	<u>5,864,446</u>	<u>34,055,916</u>
\$ <u>10,726,104</u>	\$ <u>7,742,446</u>	
		42,706,238
		1,113,195
		228,318
		( 50,477,676)
		\$ <u>27,625,991</u>

**CITY OF MARBLE FALLS, TEXAS**

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

FOR THE FISCAL YEAR ENDED SEPTEMBER, 30 2022

	<u>General</u>	<u>Economic Development Corporation</u>	<u>Debt Service</u>
<b>REVENUES</b>			
Property taxes	\$ 2,753,503	\$ -	\$ 3,710,759
Sales taxes	10,320,887	3,440,296	-
Hotel/motel taxes	-	-	-
Mixed beverage taxes	83,777	-	-
Franchise fees	599,972	-	-
Fines and forfeitures	233,185	-	-
Permits and fees	720,369	26,284	-
Intergovernmental	936,752	37,274	-
Investment earnings	36,198	124,758	2,924
Other	553,993	273,082	-
Total revenues	<u>16,238,636</u>	<u>3,901,694</u>	<u>3,713,683</u>
<b>EXPENDITURES</b>			
Current:			
General government	3,736,637	676,779	-
Public safety	6,877,056	-	-
Public works	1,740,767	-	-
Culture and recreation	1,894,214	-	-
Capital outlay	146,534	145,220	-
Debt service:			
Principal	269,745	1,075,000	3,080,000
Interest and fiscal charges	48,633	503,196	762,478
Bond issuance costs	-	192,188	46,004
Total expenditures	<u>14,713,586</u>	<u>2,592,383</u>	<u>3,888,482</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>1,525,050</u>	<u>1,309,311</u>	<u>( 174,799)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Issuance of debt	-	8,010,000	-
Refunding bonds issued	-	-	1,620,000
Issuance of financed purchases	35,000	-	-
Payment to escrow agent	-	-	( 1,586,563)
Premium on bond issuance	-	192,188	-
Leases issued	21,377	-	-
Sale of capital assets	11,744	434,748	-
Proceeds from insurance	9,100	-	-
Transfers in	835,451	2,500	255,375
Transfers out	( 380,407)	( 3,715,078)	-
Total other financing sources (uses)	<u>532,265</u>	<u>4,924,358</u>	<u>288,812</u>
<b>NET CHANGE IN FUND BALANCES</b>	2,057,315	6,233,669	114,013
<b>FUND BALANCES, BEGINNING</b>	<u>6,891,283</u>	<u>3,449,673</u>	<u>118,829</u>
<b>PRIOR PERIOD ADJUSTMENT</b>	<u>( 1,169,647)</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES, BEGINNING AS RESTATED</b>	<u>5,721,636</u>	<u>3,449,673</u>	<u>118,829</u>
<b>FUND BALANCES, ENDING</b>	\$ <u>7,778,951</u>	\$ <u>9,683,342</u>	\$ <u>232,842</u>

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

<u>Hotel Conference Center</u>	<u>Other Governmental</u>	<u>Total Governmental</u>
\$ -	\$ -	\$ 6,464,262
-	-	13,761,183
-	1,052,812	1,052,812
-	-	83,777
-	-	599,972
-	1,065,897	1,299,082
-	-	746,653
-	764,676	1,738,702
61,674	41,312	266,866
-	1,700	828,775
<u>61,674</u>	<u>2,926,397</u>	<u>26,842,084</u>
-	15,381	4,428,797
-	89,871	6,966,927
-	-	1,740,767
-	426,042	2,320,256
1,623,853	2,243,434	4,159,041
-	449	4,425,194
-	-	1,314,307
-	-	238,192
<u>1,623,853</u>	<u>2,775,177</u>	<u>25,593,481</u>
( 1,562,179)	<u>151,220</u>	<u>1,248,603</u>
-	-	8,010,000
-	-	1,620,000
-	748,900	783,900
-	-	( 1,586,563)
-	-	192,188
-	2,702	24,079
1,989,625	-	2,436,117
-	-	9,100
3,500,000	244,350	4,837,676
-	( 1,525,820)	( 5,621,305)
<u>5,489,625</u>	<u>( 529,868)</u>	<u>10,705,192</u>
3,927,446	( 378,648)	11,953,795
<u>6,568,889</u>	<u>5,073,447</u>	<u>22,102,121</u>
-	1,169,647	-
<u>6,568,889</u>	<u>6,243,094</u>	<u>22,102,121</u>
\$ <u>10,496,335</u>	\$ <u>5,864,446</u>	\$ <u>34,055,916</u>

**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, 2022

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)	\$ 11,953,795
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.	1,333,338
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	10,717
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.	( 4,647,373)
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.	( 1,614,010)
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.	58,163
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>485,750</u> )
Change in net position of governmental activities (pages 12 - 13)	\$ <u>6,608,880</u>

**CITY OF MARBLE FALLS, TEXAS**

STATEMENT OF NET POSITION  
PROPRIETARY FUND

SEPTEMBER 30, 2022

	Business-type Activities <u>Enterprise Fund</u> <u>Water and Utility</u>	Governmental Activities <u>Internal Service Fund</u> <u>Equipment Replacement</u>
<b>ASSETS</b>		
Current assets:		
Cash and investments	\$ 31,101,114	\$ 258,825
Accounts receivable, net of allowance	1,096,163	-
Due from other governments	211,645	-
Inventories	<u>396,169</u>	<u>-</u>
Total current assets	<u>32,805,091</u>	<u>258,825</u>
Noncurrent assets:		
Capital assets:		
Land	851,508	-
Buildings and improvements	70,758,455	-
Machinery and equipment	2,413,316	242,230
Accumulated depreciation	<u>( 33,871,394)</u>	<u>( 56,680)</u>
Total capital assets	<u>40,151,885</u>	<u>185,550</u>
Total noncurrent assets	<u>40,151,885</u>	<u>185,550</u>
Total assets	<u>72,956,976</u>	<u>444,375</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred outflow related to pensions	149,594	-
OPEB - TMRS supplemental death benefit	14,239	-
OPEB - Retiree health plan	13,598	-
Deferred loss on bond refunding	<u>351,601</u>	<u>-</u>
Total deferred outflows of resources	<u>529,032</u>	<u>-</u>
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable	189,934	-
Accrued liabilities	50,667	-
Due to other funds	226,092	-
Customer deposits	599,741	-
Unearned revenue	13,065,800	-
Due to others	118,809	-
Accrued interest	110,370	-
Compensated absences	40,756	-
Financing arrangements	51,806	-
Bonds payable	<u>2,491,183</u>	<u>-</u>
Total current liabilities	<u>\$ 16,945,158</u>	<u>\$ -</u>

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

**CITY OF MARBLE FALLS, TEXAS**

STATEMENT OF NET POSITION  
 PROPRIETARY FUND

SEPTEMBER 30, 2022

	Business-type Activities <u>Enterprise Fund</u> <u>Water and Utility</u>	Governmental Activities <u>Internal Service Fund</u> <u>Equipment Replacement</u>
<b>LIABILITIES</b>		
Noncurrent liabilities:		
Compensated absences	\$ 122,268	\$ -
Financing arrangements	56,928	-
Bonds payable	37,888,914	-
Net pension liability	442,945	-
OPEB - TMRS supplemental death benefit	75,112	-
OPEB - Retiree health plan	<u>53,054</u>	<u>-</u>
Total noncurrent liabilities	<u>38,639,221</u>	<u>-</u>
Total liabilities	<u>55,584,379</u>	<u>-</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred inflow related to pensions	244,257	-
OPEB - TMRS supplemental death benefit	4,387	-
OPEB - Retiree health plan	<u>30,627</u>	<u>-</u>
Total deferred inflows of resources	<u>279,271</u>	<u>-</u>
<b>NET POSITION</b>		
Net investment in capital assets	16,928,614	185,550
Unrestricted	<u>693,744</u>	<u>258,825</u>
Total net position	\$ <u>17,622,358</u>	\$ <u>444,375</u>

**CITY OF MARBLE FALLS, TEXAS**

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

FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Business-type Activities <u>Enterprise Fund</u> <u>Water and Utility</u>	Governmental Activities <u>Internal Service Fund</u> <u>Equipment Replacement</u>
<b>OPERATING REVENUES</b>		
Water and utility charges	\$ 7,341,539	\$ -
Miscellaneous	<u>187,643</u>	<u>-</u>
Total operating revenues	<u>7,529,182</u>	<u>-</u>
<b>OPERATING EXPENSES</b>		
Personnel services	1,875,700	-
Supplies	558,458	-
Repairs and maintenance	623,257	-
Purchased and contracted services	642,629	-
Other services and charges	69,606	-
Depreciation	<u>2,043,805</u>	<u>30,507</u>
Total operating expenses	<u>5,813,455</u>	<u>30,507</u>
<b>OPERATING GAIN</b>	<u>1,715,727</u>	<u>( 30,507)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Intergovernmental	1,109,727	-
Investment earnings	108,831	-
Interest and fiscal charges	<u>( 658,027)</u>	<u>-</u>
Total nonoperating revenues (expenses)	<u>560,531</u>	<u>-</u>
<b>INCOME BEFORE TRANSFERS</b>	2,276,258	( 30,507)
<b>TRANSFERS OUT</b>	( 601,991)	-
<b>TRANSFERS IN</b>	<u>1,296,950</u>	<u>88,670</u>
<b>CHANGE IN NET POSITION</b>	2,971,217	58,163
<b>NET POSITION, BEGINNING</b>	<u>14,651,141</u>	<u>386,212</u>
<b>NET POSITION, ENDING</b>	\$ <u>17,622,358</u>	\$ <u>444,375</u>

**CITY OF MARBLE FALLS, TEXAS**

STATEMENT OF CASH FLOWS  
 PROPRIETARY FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Business-type Activities <u>Enterprise Fund</u> <u>Water and Utility</u>	Governmental Activities <u>Internal Service Fund</u> <u>Equipment Replacement</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from customers and users	\$ 7,543,845	\$ -
Cash paid to suppliers for goods and services	( 2,298,276)	-
Cash paid to employees for services	( 1,588,501)	-
Net cash provided by operating activities	<u>3,657,068</u>	<u>-</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Transfers to other funds	( 601,991)	-
Transfers from other funds	1,296,950	88,670
Operating grants	<u>1,109,727</u>	-
Net cash used by noncapital financing activities	<u>1,804,686</u>	<u>88,670</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Acquisition of capital assets	( 1,676,710)	( 84,913)
Principal repayments on long-term debt	( 1,862,560)	-
Interest and fiscal charges paid on debt	( 666,129)	-
Net cash used by capital and related financing activities	<u>( 4,205,399)</u>	<u>( 84,913)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest and investment earnings	<u>108,831</u>	-
Net cash provided by investing activities	<u>108,831</u>	-
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	1,365,186	3,757
<b>CASH AND CASH EQUIVALENTS, BEGINNING</b>	<u>29,735,928</u>	<u>255,068</u>
<b>CASH AND CASH EQUIVALENTS, ENDING</b>	\$ <u>31,101,114</u>	\$ <u>258,825</u>

**CITY OF MARBLE FALLS, TEXAS**

STATEMENT OF CASH FLOWS  
 PROPRIETARY FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2022

	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	\$ 1,715,727	\$( 30,507)
Adjustments to reconcile operating income (loss) to net cash used by operating activities:		
Depreciation and amortization	2,043,805	30,507
Changes in assets and liabilities:		
Decrease (increase) in assets:		
Customer receivable	( 8,868)	-
Due from other governments receivable	( 211,645)	-
Inventory	( 131,180)	-
Deferred outflow related to pensions	( 46,206)	-
Increase (decrease) in liabilities:		
Accounts payable	( 64,094)	-
Accrued liabilities	14,044	-
Net pension liability	151,859	-
OPEB net pension obligation	( 21,890)	-
Customer deposits	23,531	-
Due to others	( 20,519)	-
Deferred inflow related to pensions	122,416	-
Deferred inflow related to OPEB	23,112	-
Compensated absences payable	<u>66,976</u>	<u>-</u>
Net cash provided by operating activities	\$ <u>3,657,068</u>	\$ <u>-</u>

**CITY OF MARBLE FALLS, TEXAS**

STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS

SEPTEMBER 30, 2022

	<u>Total Trust Funds</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ <u>145,649</u>
Total assets	<u>145,649</u>
<b>LIABILITIES</b>	
Accounts payable	\$ 520
Developer deposits	<u>121,000</u>
Total liabilities	<u>\$ 121,520</u>
<b>NET POSITION</b>	
Held in trust	\$ <u>24,129</u>

**CITY OF MARBLE FALLS, TEXAS**

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY NET POSITION

FOR THE YEAR ENDED SEPTEMBER 30, 2022

	<u>Total Trust Funds</u>
<b>ADDITIONS</b>	
Property tax assessment	\$ 572,346
Investment earnings	<u>189</u>
Total additions	<u>572,535</u>
<b>DEDUCTIONS</b>	
Purchased and contracted services	<u>555,545</u>
Total deductions	<u>555,545</u>
<b>CHANGE IN NET POSITION</b>	16,990
<b>NET POSITION, BEGINNING</b>	<u>7,139</u>
<b>NET POSITION, ENDING</b>	<u>\$ 24,129</u>

# CITY OF MARBLE FALLS, TEXAS

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2022

### 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 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 and Thunder Rock 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, 2022.

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 2021 was \$6,424,311. The tax assessment of October 1, 2021 sets a tax levy at \$0.599 per \$100 of assessed valuation at 100% of assumed market value. Of this amount, \$0.3513 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:

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

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

**Compensated Absences**

The City's employees earn vacation and sick leave which may either be taken or accumulated, up to certain amounts, 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.

## **Leases**

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

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

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

## **Lessee**

The City is a lessee for noncancellable leases of equipment. The City recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements. At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life. Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

## **Pensions**

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

## **Other Post-Employment Benefits**

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

## **Deferred Outflows / Inflows of Resources**

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

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

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

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

## **Net Position**

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

## Change in Accounting Principle

GASB Statement No. 87, Leases, was adopted effective October 1, 2021. The statement addresses accounting and financial reporting for lease contracts. Statement No. 87 establishes standards for recognizing and measuring assets, liabilities, deferred outflows of resources, deferred inflows of resources, and revenues and expenses related to leases in the basic financial statements, in addition to requiring more extensive note disclosures. The adoption of this standard did not result in a restatement of beginning fund balance or net position, but assets, deferred inflows and liabilities were recognized, and more extensive note disclosures were required.

## 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 \$(50,477,676) difference are as follows:

General obligation bonds	\$( 27,450,090)
Sales tax revenue bonds	( 14,425,000)
Tax notes	( 350,000)
Deferred loss on refunding debt issuance	218,054
Bond premiums	( 1,641,449)
TMRS net pension	( 3,507,600)
OPEB - TMRS supplemental death benefit	( 425,788)
OPEB - Retiree health plan	( 469,016)
Financing arrangements	( 1,241,092)
Leases	( 21,407)
Compensated absences	( 951,072)
Accrued interest payable	( 213,216)
Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i>	<u>\$( 50,477,676)</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 \$1,333,338 difference are as follows:

Capital outlay	\$ 4,541,170
Depreciation expense	( 3,207,832)
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>\$ 1,333,338</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 \$10,717 difference are as follows:

Property taxes	\$ 4,420
Municipal court	<u>6,297</u>
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>\$ 10,717</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 \$(4,647,373) difference are as follows:

Refunded debt	\$( 1,620,000)
General obligation debt payments	4,060,000
Tax note payments	170,000
Financing arrangement	( 591,378)
Leases	( 21,407)
Issuance of sales tax revenue bond	( 8,010,000)
Payment to escrow agent	1,586,563
Premium	( 144,115)
OPEB - TMRS supplemental death benefit	( 44,285)
OPEB - Retiree health plan	<u>( 32,751)</u>
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>\$( 4,647,373)</u>

### 3. DETAILED NOTES ON ALL FUNDS

#### Deposits and Investments

As of September 30, 2022, the City had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Days)</u>
Logic	\$ 20,291,728	14
Texas Class	7,223,201	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, 2022, \$38,331,924 of the City's \$38,856,141 deposit balance was collateralized with securities held by the pledging financial institution. The remaining balance, \$524,217, 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	
	General	Economic Development Corporation	Debt Service	Nonmajor Governmental	Water and Utility	Total
Receivables:						
Property taxes	\$ 22,411	\$ -	\$ 135,162	\$ -	\$ -	\$ 157,573
Other taxes	1,778,200	590,603	-	247,173	-	2,615,976
Customer accounts	793,909	-	-	-	1,386,896	2,180,805
Other	-	75	-	768	-	843
Gross receivables	<u>2,594,520</u>	<u>590,678</u>	<u>135,162</u>	<u>247,941</u>	<u>1,386,896</u>	<u>4,955,197</u>
Less: allowance for uncollectibles	<u>442,045</u>	<u>-</u>	<u>13,516</u>	<u>-</u>	<u>290,733</u>	<u>746,294</u>
Net total receivables	<u>\$ 2,152,475</u>	<u>\$ 590,678</u>	<u>\$ 121,646</u>	<u>\$ 247,941</u>	<u>\$ 1,096,163</u>	<u>\$ 4,208,903</u>

## **Capital Assets**

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

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Government activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 10,520,042	\$ -	\$ -	\$ 10,520,042
Construction in progress	-	1,623,853	-	1,623,853
Total assets not being depreciated	<u>10,520,042</u>	<u>1,623,853</u>	<u>-</u>	<u>12,143,895</u>
Capital assets, being depreciated:				
Buildings and improvements	72,321,158	2,281,451	-	74,602,609
Equipment	7,586,013	696,550	( 70,044)	8,212,519
Right to use equipment	-	24,229	-	24,229
Total capital assets being depreciated	<u>79,907,171</u>	<u>3,002,230</u>	<u>( 70,044)</u>	<u>82,839,357</u>
Less accumulated depreciation:				
Buildings and improvements	( 43,146,352)	( 2,570,572)	-	( 45,716,924)
Equipment	( 5,992,874)	( 665,099)	70,044	( 6,587,929)
Right to use equipment	-	( 2,668)	-	( 2,668)
Total accumulated depreciation	<u>( 49,139,226)</u>	<u>( 3,238,339)</u>	<u>70,044</u>	<u>( 52,307,521)</u>
Total capital assets being depreciated, net	<u>30,767,945</u>	<u>( 236,109)</u>	<u>-</u>	<u>30,531,836</u>
Governmental activities capital assets, net	<u>\$ 41,287,987</u>	<u>\$ 1,387,744</u>	<u>\$ -</u>	<u>\$ 42,675,731</u>
<b>Business-type activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 851,508	-	-	\$ 851,508
Total assets not being depreciated	<u>851,508</u>	<u>-</u>	<u>-</u>	<u>851,508</u>
Capital assets, being depreciated:				
Buildings and improvements	69,220,337	1,538,118	-	70,758,455
Machinery and equipment	2,274,724	138,592	-	2,413,316
Total capital assets being depreciated	<u>71,495,061</u>	<u>1,676,710</u>	<u>-</u>	<u>73,171,771</u>
Less accumulated depreciation:				
Buildings and improvements	( 30,684,017)	( 1,831,915)	-	( 32,515,932)
Machinery and equipment	( 1,143,572)	( 211,890)	-	( 1,355,462)
Total accumulated depreciation	<u>( 31,827,589)</u>	<u>( 2,043,805)</u>	<u>-</u>	<u>( 33,871,394)</u>
Total capital assets being depreciated, net	<u>39,667,472</u>	<u>( 367,095)</u>	<u>-</u>	<u>39,300,377</u>
Business-type activities capital assets, net	<u>\$ 40,518,980</u>	<u>\$ ( 367,095)</u>	<u>\$ -</u>	<u>\$ 40,151,885</u>

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

<b>Governmental activities:</b>	
General government	\$ 1,702,002
Public safety	1,277,010
Public works	77,860
Culture and recreation	<u>181,467</u>
Total depreciation expense - governmental activities	<u>\$ 3,238,339</u>
<b>Business-type activities:</b>	
Water and utility	<u>\$ 2,043,805</u>
Total depreciation expense - business-type activities	<u>\$ 2,043,805</u>

## **Interfund Receivables, Payables and Transfers**

The composition of interfund balances as of September 30, 2022 is as follows:

Receivable Fund	Payable Fund	Amount
Economic Development Corporation	Hotel Conference Center	\$ 229,769
General	Nonmajor Governmental	9,368
Nonmajor Governmental	Water and Utility	<u>226,092</u>
Total		<u>\$ 465,229</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:

Tranfers In	Transfer Out	Amount	Purpose
Economic Development Corporation	General	\$ 2,500	For COVID Response
Debt Service	General	51,917	Debt Service for Fire Apparatus
Nonmajor Governmental	General	34,350	Radio Subscription Fee
Water and Utility	General	236,840	Transfer from CDBG Fund
Internal Service	General	54,800	Equipment Reserve
General	Economic Development Corporation	117,890	General Services (Accounts Payable, Treasurer)
Debt Service	Economic Development Corporation	97,188	EDC Debt Service
Hotel Conference Center	Economic Development Corporation	3,500,000	Hotel Conference Center Project
General	Nonmajor Governmental	170,951	Hotel/Motel Contributions
Debt Service	Nonmajor Governmental	84,759	Hotel/Motel Debt Service
Nonmajor Governmental	Nonmajor Governmental	210,000	Capital Project
Water and Utility	Nonmajor Governmental	1,060,110	Impact Fee Revenue
General	Water and Utility	546,610	Cost Allocation
Debt Service	Water and Utility	21,511	Hotel/Motel Debt Service
Internal Service	Water and Utility	33,870	Equipment Reserve
		<u>\$ 6,223,296</u>	

### **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, 2022, follows:

Series and Original Issue Amount	Final Maturity	Interest Rate	Governmental Activities	Business-type Activities	
<b><u>General Obligation Refunding Bond</u></b>					
2014 Series	5,750,000	2030	2% - 4%	\$ -	\$ 4,230,000
2015 Series	3,850,000	2027	2%	2,547,840	3,752,160
2017 Series	6,610,000	2028	3%	4,520,000	-
2020 Series	4,405,000	2026	2.125% - 3%	3,880,000	-
2020a Series - Private Placement	1,650,000	2031	1.19%	1,100,000	395,000
2021 Series - Private Placement	1,650,000	2026	.3%-1%	1,585,000	-
				<u>13,632,840</u>	<u>8,377,160</u>
<b><u>Combination Tax and Revenue Bonds</u></b>					
2013 Series	3,490,000	2033	2 - 4%	-	2,285,000
2014 Series - Private Placement	4,000,000	2034	2 - 4%	2,045,000	690,000
2016 Series	7,590,000	2036	2 - 4%	-	5,850,000
2017 Series	1,785,000	2032	3%	1,065,000	-
2018 Series	6,265,000	2038	3% - 4%	3,287,250	1,717,750
2019 Series	2,185,000	2034	2% - 5%	-	1,930,000
2020 Series	5,745,000	2030	2% - 5%	4,640,000	840,000
2021 Series	2,795,000	2030	2% - 5%	1,660,000	1,065,000
2021 Series TWDB Loan - Private Placement	17,809,000	2036	0%	1,120,000	16,629,000
				<u>13,817,250</u>	<u>31,006,750</u>
<b><u>Sales Tax Revenue Bonds</u></b>					
2014 Series	4,000,000	2027	4.12%	1,750,000	-
2017 Series	6,500,000	2036	3-4.75%	5,135,000	-
2021 Series	8,010,000	2036	3-4.75%	7,540,000	-
				<u>14,425,000</u>	<u>-</u>
Total Bonds				<u>\$ 41,875,090</u>	<u>\$ 39,383,910</u>
<b><u>Tax Notes</u></b>					
2019 Series - Private Placement	1,170,000	2014	1.79%	\$ 350,000	\$ -
Total Tax Notes				<u>\$ 350,000</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
2023	\$ 3,135,000	\$ 1,162,261	\$ 1,725,000	\$ 544,101
2024	2,880,000	1,065,025	1,775,000	498,607
2025	2,960,000	977,107	1,825,000	451,002
2026	2,970,000	887,601	1,880,000	401,268
2027	2,912,840	790,725	2,007,160	356,043
2028-2032	9,900,000	2,651,227	8,560,000	916,701
2033-2037	6,537,250	1,117,374	3,462,750	163,151
2038-2041	4,730,000	191,995	435,000	10,395
Total	\$ <u>36,025,090</u>	\$ <u>8,843,315</u>	\$ <u>21,669,910</u>	\$ <u>3,341,268</u>

Year Ending September 30,	Private Placement Governmental Activities		Private Placement Business-type Activities	
	Principal	Interest	Principal	Interest
2023	\$ 1,105,000	\$ 98,295	\$ 669,000	\$ 28,296
2024	820,000	86,672	669,000	26,261
2025	650,000	76,533	669,000	24,225
2026	670,000	67,410	664,000	22,219
2027	340,000	59,378	674,000	20,069
2028-2032	1,680,000	282,978	3,345,000	61,140
2033-2037	700,000	16,600	3,001,000	5,500
2038-2042	235,000	-	2,865,000	-
2043-2047	-	-	2,865,000	-
2048-2051	-	-	2,293,000	-
Total	\$ <u>6,200,000</u>	\$ <u>687,866</u>	\$ <u>17,714,000</u>	\$ <u>187,710</u>

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

September 30,	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2023	\$ 346,112	\$ 39,521	\$ 51,806	\$ 3,102
2024	358,991	28,182	56,928	1,573
2025	204,542	18,807	-	-
2026	211,004	12,158	-	-
2027	120,443	44,600	-	-
Total	\$ <u>1,241,092</u>	\$ <u>143,268</u>	\$ <u>108,734</u>	\$ <u>4,675</u>

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

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

### Lease Obligations

A summary of leases payable as of September 30, 2022 are as follows:

Purpose of Lease	Interest Rate	Initial Year of Lease	Amount of Initial Liability	Interest Current Year	Amounts Outstanding 9/30/2022	Amounts Due Within One Year
Right to use:						
Engineering copier	2.18%	2022	\$ 5,597	\$ 94	\$ 5,145	\$ 1,780
Development services copier	2.09%	2022	12,238	201	10,996	2,987
Visitors center copier	0.43%	2022	2,702	8	2,253	898
City hall pitney bowes mail machine	0.69%	2022	3,542	19	3,013	701
Total			\$ <u>24,079</u>	\$ <u>322</u>	\$ <u>21,407</u>	\$ <u>6,366</u>

Annual lease payments to maturity are as follows:

<u>Year Ending</u> <u>September 30,</u>	<u>Lease payable</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2023	\$ 6,366	\$ 323	\$ 6,689
2024	6,477	212	6,689
2025	5,824	99	5,923
2026	2,562	17	2,579
2027	<u>178</u>	<u>1</u>	<u>179</u>
Total	<u>\$ 21,407</u>	<u>\$ 652</u>	<u>\$ 22,059</u>

**Debt Issuance**

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, street and sidewalk improvements and related projects for the approved Downtown Master Plan.

On November 12, 2021 the City issued \$1,620,000 of General Obligation Refunding Bonds, Series 2021. 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 \$295,000 of the General Obligation Refunding Bonds, Series 2012 and \$1,265,000 of General Obligation Refunding Bonds, Series 2013. The reacquisition price exceeded the net carrying amount of the old debt by \$40,814. The refunding transaction resulted in a reduction of \$45,860 in the City’s aggregate future debt service payments, and an economic gain to the City of \$66,992. The call date on these bonds was March 1, 2022, Therefore all of the \$1,560,000 in refunded bonds are considered defeased as of September 30, 2021.

**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, 2022, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental activities</b>					
General obligation and Tax Revenue bonds	\$ 11,277,250	\$ -	\$ 625,000	\$ 10,652,250	\$ 615,000
General obligation and Tax Revenue bonds - Private Placement	3,365,000	-	200,000	3,165,000	200,000
General obligation refunding bond - Private Placement	14,517,840	-	3,570,000	10,947,840	1,475,000
Sales tax revenue bond	1,215,000	1,620,000	150,000	2,685,000	730,000
Tax notes - Private Placement	7,490,000	8,010,000	1,075,000	14,425,000	1,045,000
Premium from issuance of bonds	520,000	-	170,000	350,000	175,000
Financing arrangements	1,696,656	192,188	247,395	1,641,449	-
Leases	649,714	783,900	192,522	1,241,092	348,300
Compensated absences	-	24,079	2,672	21,407	6,366
Governmental activities long-term liabilities	<u>451,784</u>	<u>589,645</u>	<u>90,357</u>	<u>951,072</u>	<u>237,768</u>
	<u>\$ 41,183,244</u>	<u>\$ 11,219,812</u>	<u>\$ 6,322,946</u>	<u>\$ 46,080,110</u>	<u>\$ 4,832,434</u>
<b>Business-type activities</b>					
Tax and revenue bonds	\$ 23,354,910	\$ -	\$ 1,685,000	\$ 21,669,910	\$ 1,725,000
Tax and revenue bonds - Private Placement	17,799,000	-	85,000	17,714,000	669,000
Premium from issuance of bonds	1,093,370	-	97,183	996,187	97,183
Financing arrangements	159,056	-	50,322	108,734	51,806
Compensated absences	96,048	86,186	19,210	163,024	40,756
Business-type activities long-term liabilities	<u>42,502,384</u>	<u>86,186</u>	<u>1,936,715</u>	<u>40,651,855</u>	<u>2,583,745</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, 2022, governmental fund balance is composed of the following:

Fund Balance Classification	General	Economic Development Corporation	Debt Service	Hotel Conference Center	Other Governmental	Totals
Restricted:						
Capital acquisition and construction	-	-	-	10,496,335	4,753,744	15,250,079
Debt	-	-	232,842	-	-	232,842
Tourism activities	-	-	-	-	990,293	990,293
Public safety	-	-	-	-	96,565	96,565
Building security	-	-	-	-	7,788	7,788
Economic development	-	9,683,342	-	-	-	9,683,342
Police forfeiture	-	-	-	-	16,056	16,056
Unassigned	<u>7,778,951</u>	-	-	-	-	<u>7,778,951</u>
Total governmental fund balance	<u>\$ 7,778,951</u>	<u>\$ 9,683,342</u>	<u>\$ 232,842</u>	<u>\$ 10,496,335</u>	<u>\$ 5,864,446</u>	<u>\$ 34,055,916</u>

**Defined Benefit Pension Policies**

**Plan Descriptions.** The City of Marble Falls participates as one of 901 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 annual comprehensive financial report (ACFR) that can be obtained at [www.tmr.org](http://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, 2021 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	100
Inactive employees entitled to but not yet receiving benefits	77
Active employees	<u>122</u>
	<u>299</u>

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

Employees for the City were required to contribute 7.0% of their annual gross earnings during the fiscal year. The contribution rates for the City were 14.31% and 11.14% in calendar years 2022 and 2021, respectively. The city's contributions to TMRS for the year ended September 30, 2022, were \$1,117,365 and were equal to the required contributions.

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

### **Actuarial assumptions**

The Total Pension Liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	2.75% per year
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, 2019 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 2022 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Global Equity	35.0%	7.55%
Core Fixed Income	6.0%	2.00%
Non-Core Fixed Income	20.0%	5.68%
Real Return	12.0%	7.22%
Real Estate	12.0%	8.85%
Absolute Return	5.0%	5.35%
Private Equity	10.0%	10.00%
Total	100.0%	

***Discount Rate***

The discount rate used to measure the Total Pension Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all 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 12/31/2020	\$ 28,622,620	\$ 26,550,832	\$ 2,071,788
Changes for the year:			
Service cost	1,240,239	-	1,240,239
Interest	2,089,797	-	2,089,797
Change in benefits terms including substantively automatic status	2,477,246	-	2,477,246
Difference between expected and actual experience	286,310	-	286,310
Contributions - employer	-	845,349	( 845,349)
Contributions - employee	-	544,647	( 544,647)
Net investment income	-	3,458,371	( 3,458,371)
Benefit payments, including refunds of employee contributions	( 1,520,057)	( 1,520,057)	-
Administrative expense	-	( 16,015)	16,015
Other changes	-	111	( 111)
Net changes	<u>4,573,535</u>	<u>3,312,406</u>	<u>1,261,129</u>
Balance at 12/31/2021	<u>\$ 33,196,155</u>	<u>\$ 29,863,238</u>	<u>\$ 3,332,917</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)	\$ 8,188,836	\$ 3,332,917	\$( 618,006)

**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.tmrs.org](http://www.tmrs.org).

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

For the year ended September 30, 2022, the City recognized pension expense of \$2,941,550. At September 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 249,772	\$ 71,669
Changes in actuarial assumptions	11,078	-
Difference between projected and actual investment earnings	-	1,766,233
Contributions subsequent to the measurement date	<u>864,761</u>	<u>-</u>
Total	<u>\$ 1,125,611</u>	<u>\$ 1,837,902</u>

\$864,761 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, 2023. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expenses as follows:

For the year ended September 30,	
2023	\$( 264,695)
2024	( 643,457)
2025	( 335,661)
2026	( 333,239)

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

***Benefits Provided***

Plan Participants

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

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

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	3
Active Plan Members	<u>119</u>
Total	<u><u>122</u></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, 2021

<b>Health Plan</b>	<b>Employee Only</b>	<b>Employee &amp; Spouse</b>	<b>Employee &amp; Child(ren)</b>	<b>Employee &amp; Family</b>
HSA	\$473	\$948	\$795	\$1,152
Plan 1	\$555	\$1,112	\$936	\$1,346

The City does not contribute to retiree HSA accounts.

**Actuarial Assumptions.** The Total OPEB Liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions:

Measurement year ended December 31,	2021
Actuarial cost method	Individual Entry-Age
Inflation rate	2.50% per annum
Discount rate	1.84%
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 13 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% as of December 31, 2020 to 1.84% as of December 31, 2021. Additionally, the methodology for determining service cost was changed to only reflect service with the City.

**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 1.84%, 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 (0.84%)</u>	<u>Current Discount Rate Assumption (1.84%)</u>	<u>1% Increase in Discount Rate (2.84%)</u>
Total OPEB Liability	\$ 455,360	\$ 408,106	\$ 366,044

**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	\$ 352,203	\$ 408,106	\$ 475,098

**OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources Related to OPEB.** At September 30, 2022, the City reported a liability of \$408,106 for its Total OPEB Liability. The Total OPEB Liability was determined by an actuarial valuation as of December 31, 2021. For the year ended September 30, 2022, the City recognized OPEB expense of \$33,715. 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 12/31/2020	\$ 592,642
Changes for the year:	
Service cost	36,383
Interest	12,152
Difference between expected and actual experience	( 148,446)
Changes of assumptions	( 78,136)
Benefit payments	<u>( 6,489)</u>
Net changes	<u>( 184,536)</u>
Balance at 12/31/2021	<u>\$ 408,106</u>

At September 30, 2022, 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>
Differences between expected and actual economic experience	\$ -	\$ 157,812
Changes in actuarial assumptions	99,558	77,784
Contributions subsequent to the measurement date	<u>5,045</u>	<u>-</u>
Totals	<u>\$ 104,603</u>	<u>\$ 235,596</u>

\$5,045 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, 2023. 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>		
2023	\$(	14,820)
2024	(	14,820)
2025	(	14,820)
2026	(	16,160)
2027	(	16,117)
Thereafter	(	59,301)

**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	72
Inactive employees entitled to but not yet receiving benefits	20
Active employees	<u>122</u>
Total	<u>214</u>

**Contributions.** The City contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation, which was 0.22% for 2022 and 0.23% for 2021, of which 0.13% and 0.13%, 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, 2022 and 2021 were \$16,243 and \$7,989, 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, 2021 actuarial valuation was determined using the following actuarial assumptions:

Measurement year ended December 31,	2021
Inflation rate	2.50% per annum
Discount rate	1.84%
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, 2021 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 1.84% 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, 2021.

**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 (1.84%) in measuring the Total OPEB Liability.

	<u>1% Decrease in Discount Rate (0.84%)</u>	<u>Discount Rate (1.84%)</u>	<u>1% Increase in Discount Rate (2.84%)</u>
Total OPEB Liability	\$ 699,527	\$ 565,175	\$ 464,131

**OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources Related to OPEBs.** At September 30, 2022, the City reported a liability of \$565,175 for its Net OPEB Liability. The Net OPEB Liability was determined by an actuarial valuation as of December 31, 2021. For the year ended September 30, 2022, the City recognized OPEB expense of \$62,689. 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 12/31/2020	\$ 529,010
Changes for the year:	
Service cost	24,898
Interest	10,728
Difference between expected and actual	( 7,410)
Changes of assumptions	18,064
Benefit payments	<u>( 10,115)</u>
Net changes	<u>36,165</u>
Balance at 12/31/2021	<u>\$ 565,175</u>

At September 30, 2022, the City reported deferred outflows of resources related to other post-employment benefits from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual economic experience	\$ 5,806	\$ 27,479
Changes in actuarial assumptions	88,037	5,531
Contributions subsequent to the measurement date	<u>13,294</u>	<u>-</u>
Totals	<u>\$ 107,137</u>	<u>\$ 33,010</u>

\$13,294 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, 2023. 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>	
2023	\$ 22,132
2024	21,184
2025	15,627
2026	<u>1,890</u>
Total	<u>\$ 60,833</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.

## **Prior Period Adjustment**

During fiscal year 2021, the City received bond funds and a portion of those was noted as received in the General Fund on the financial statements. Those funds were actually deposited into the general improvements fund. The adjustment was reflected as a prior period adjustment to the beginning fund balance.

During 2021, a portion of grant funds were grouped with deferred inflows instead of unearned revenue. The adjustment was made to show the funds as unearned. The adjustment reduced the net position by \$2,102,449.

## **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. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements – The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. GASB 94 will be implemented in fiscal year 2023 and the impact has not yet been determined.

Statement No. 96, Subscription-Based Information Technology Arrangements – This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset-an intangible asset-and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended. GASB 96 will be implemented in fiscal year 2023 and the impact has not yet been determined.

GASB Statement No. 100, Accounting Changes and Error Corrections—an amendment of GASB Statement No. 62 - The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. This Statement will become effective for reporting periods beginning after June 15, 2023, and the impact has not yet been determined.

GASB Statement No. 101, Compensated Absences - The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. This Statement will become effective for reporting periods beginning after December 15, 2023, and the impact has not yet been determined.

## **Subsequent Event**

On November 15, 2022 the City issued \$7,610,000 of Combination Tax and Revenue Certificates of Obligation, Series 2022. The debt will be used for designing, constructing, renovating, and improving Fire Station #1, parks and recreational facilities, the City's water system, and the City's wastewater system.

On November 15, 2022 the City issued \$565,000 of Tax Anticipation Notes, Series 2022. The note will be used for the design costs for a project.

**REQUIRED  
SUPPLEMENTARY INFORMATION**

**CITY OF MARBLE FALLS, TEXAS**

SCHEDULE OF CHANGES IN NET PENSION LIABILITY  
AND RELATED RATIOS

FOR THE YEAR ENDED SEPTEMBER 30, 2022

<b>Plan Year</b>	<u>2014</u>	<u>2015</u>
<b>A. Total pension liability</b>		
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	( 528,946)	( 591,804)
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>B. Plan fiduciary net position</b>		
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	( 850)	( 817)
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>
<b>C. Net pension liability/ (asset) - ending (a) - (b)</b>	<u>\$( 1,213,194)</u>	<u>\$ 544,875</u>
<b>D. Plan fiduciary net position as a percentage of total pension liability/ (asset)</b>	107.05%	97.14%
<b>E. Covered payroll</b>	\$ 5,656,837	\$ 5,836,390
<b>F. Net position liability/ (asset) as a percentage of covered payroll</b>	-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	2021
\$ 750,228	\$ 801,181	\$ 966,975	\$ 1,094,985	\$ 1,122,394	\$ 1,240,239
1,281,912	1,350,616	1,565,139	1,725,798	1,812,561	2,089,797
-	-	1,941,094	674,344	-	2,477,245
( 153,085)	( 46,914)	127,487	( 383,270)	99,742	286,310
-	-	-	59,245	-	-
( 864,720)	( 908,687)	( 992,773)	( 1,042,897)	( 1,407,273)	( 1,520,056)
<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>4,573,535</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>28,622,620</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>	\$ <u>33,196,155</u>
\$ 261,288	\$ 358,624	\$ 381,858	\$ 680,345	\$ 822,639	\$ 845,349
420,464	445,101	466,494	508,282	525,888	544,647
1,250,675	2,710,663	( 662,832)	3,292,624	1,876,360	3,458,371
( 864,720)	( 908,687)	( 992,773)	( 1,042,897)	( 1,407,273)	( 1,520,057)
( 14,123)	( 14,047)	( 12,822)	( 18,630)	( 12,154)	( 16,015)
( 761)	( 712)	( 670)	( 560)	( 475)	111
<u>1,052,823</u>	<u>2,590,942</u>	( 820,745)	<u>3,419,164</u>	<u>1,804,985</u>	<u>3,312,406</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>26,550,832</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>29,863,238</u>
\$ <u>506,387</u>	\$ <u>( 888,359)</u>	\$ <u>3,540,308</u>	\$ <u>2,249,349</u>	\$ <u>2,071,788</u>	\$ <u>3,332,917</u>
97.48%	104.18%	85.76%	91.67%	92.76%	89.96%
\$ 6,006,626	\$ 6,358,583	\$ 6,664,300	\$ 7,261,173	\$ 7,512,681	\$ 7,780,671
8.43%	-13.97%	53.12%	30.98%	27.58%	42.84%

**CITY OF MARBLE FALLS, TEXAS**

SCHEDULE OF CONTRIBUTIONS TO NET PENSION LIABILITY

FOR THE YEAR ENDED SEPTEMBER 30, 2022

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	23 years
Asset Valuation Method	10 Year smoothed market; 12% soft corridor
Inflation	2.50%
Salary Increases	3.50% to 11.50% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2019 valuation pursuant to an experience study of the 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** Adopted 30% repeating COLA.

<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
\$ 270,623	\$ 334,622	\$ 383,566	\$ 623,026	\$ 780,674	\$ 839,444	\$ 1,117,365
<u>270,623</u>	<u>334,622</u>	<u>383,566</u>	<u>623,026</u>	<u>780,674</u>	<u>839,444</u>	<u>1,117,365</u>
-	-	-	-	-	-	-
6,189,840	6,278,742	6,554,197	7,169,326	7,263,861	7,567,030	8,310,591
4.37%	5.33%	5.85%	8.69%	10.75%	11.09%	13.45%

**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, 2022

Plan Year ended December 31,	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
<b>A. Total OPEB liability</b>					
Service Cost	\$ 12,081	\$ 14,661	\$ 15,248	\$ 20,284	\$ 24,898
Interest (on the Total OPEB Liability)	11,622	11,880	14,254	12,153	10,728
Difference between expected and actual experience	-	26,361	( 43,322)	( 6,878)	( 7,410)
Changes of assumptions	29,063	( 25,108)	71,978	73,167	18,064
Benefit payments, including refunds of employee contributions	<u>( 2,543)</u>	<u>( 2,666)</u>	<u>( 2,904)</u>	<u>( 3,005)</u>	<u>( 10,115)</u>
Net change in Total OPEB liability	50,223	25,128	55,254	95,721	36,165
Total OPEB liability - beginning	<u>302,684</u>	<u>352,907</u>	<u>378,035</u>	<u>433,289</u>	<u>529,010</u>
Total OPEB liability - ending (a)	<u>352,907</u>	<u>378,035</u>	<u>433,289</u>	<u>529,010</u>	<u>565,175</u>
<b>B. Covered - employee payroll</b>	\$ 6,358,583	\$ 6,664,200	\$ 7,261,173	\$ 7,512,681	\$ 7,780,671
<b>C. Total OPEB liability as a percentage of covered payroll</b>	5.55%	5.67%	5.97%	7.04%	7.26%

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, 2022

<b>Plan Year ended December 31,</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
<b>A. Total OPEB liability</b>					
Service Cost	\$ 14,432	\$ 16,302	\$ 17,770	\$ 29,709	\$ 36,383
Interest (on the Total OPEB Liability)	15,102	14,688	16,577	14,847	12,152
Difference between expected and actual experience	-	( 1,378)	( 31,400)	( 8,224)	( 148,446)
Changes of assumptions	20,917	( 16,904)	98,195	37,680	( 78,136)
Benefit payments, including refunds of employee contributions	( 2,472)	( 5,552)	( 15,198)	( 12,844)	( 6,489)
Net change in Total OPEB liability	47,979	7,156	85,944	61,168	( 184,536)
Total OPEB liability - beginning	<u>390,395</u>	<u>438,374</u>	<u>445,530</u>	<u>531,474</u>	<u>592,642</u>
Total OPEB liability - ending (a)	<u>438,374</u>	<u>445,530</u>	<u>531,474</u>	<u>592,642</u>	<u>408,106</u>
<b>B. Covered employee payroll</b>	\$ 6,107,242	\$ 6,670,055	\$ 7,279,852	\$ 7,690,580	\$ 7,952,256
<b>C. Total OPEB liability as a percentage of covered employee payroll</b>	7.18%	6.68%	7.30%	7.71%	5.13%

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, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUE</b>				
Property taxes	\$ 2,733,827	\$ 2,733,827	\$ 2,753,503	\$ 19,676
Sales taxes	8,000,000	8,915,055	10,320,887	1,405,832
Franchise taxes	653,000	653,000	599,972	( 53,028)
Mixed beverage taxes	60,000	60,000	83,777	23,777
Fines and forfeitures	258,500	258,500	233,185	( 25,315)
Permits and fees	452,950	452,950	720,369	267,419
Intergovernmental	276,336	276,336	936,752	660,416
Interest on investments	12,050	11,450	36,198	24,748
Other	396,960	401,960	553,993	152,033
Total revenues	<u>12,843,623</u>	<u>13,763,078</u>	<u>16,238,636</u>	<u>2,475,558</u>
<b>EXPENDITURES</b>				
<b>GENERAL GOVERNMENT</b>				
Administration:				
Personnel services	802,976	809,726	834,891	( 25,165)
Supplies	35,250	35,250	56,679	( 21,429)
Maintenance	65,965	65,965	85,854	( 19,889)
Purchased and contracted services	272,400	272,400	370,681	( 98,281)
Other services and charges	34,700	34,700	211,229	( 176,529)
Total administration	<u>1,211,291</u>	<u>1,218,041</u>	<u>1,559,334</u>	<u>( 341,293)</u>
Finance:				
Personnel services	479,476	485,226	471,025	14,201
Supplies	22,600	22,600	22,327	273
Maintenance	68,500	73,500	96,637	( 23,137)
Purchased and contracted services	35,370	41,370	52,290	( 10,920)
Other services and charges	5,900	5,900	6,286	( 386)
Total finance	<u>611,846</u>	<u>628,596</u>	<u>648,565</u>	<u>( 19,969)</u>
Human resources:				
Personnel services	136,034	137,384	156,204	( 18,820)
Supplies	5,700	5,700	2,692	3,008
Maintenance	27,200	27,200	6,189	21,011
Purchased and contracted services	6,990	23,990	21,658	2,332
Other services and charges	43,500	43,500	37,922	5,578
Total human resources	<u>219,424</u>	<u>237,774</u>	<u>224,665</u>	<u>13,109</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, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>EXPENDITURES (Continued)</b>				
<b>GENERAL GOVERNMENT (Continued)</b>				
Mayor and City Council:				
Personnel services	\$ 850	\$ 850	\$ 826	\$ 24
Other services and charges	11,000	11,000	15,204	( 4,204)
Total Mayor and City Council	<u>11,850</u>	<u>11,850</u>	<u>16,030</u>	<u>( 4,180)</u>
Communication Services:				
Personnel services	780,916	791,016	895,926	( 104,910)
Supplies	13,650	13,650	5,938	7,712
Maintenance	120,720	120,720	124,176	( 3,456)
Purchased and contracted services	20,100	20,100	26,687	( 6,587)
Other services and charges	43,315	43,315	5,366	37,949
Total finance	<u>978,701</u>	<u>988,801</u>	<u>1,058,093</u>	<u>( 69,292)</u>
Non-departmental:				
Purchased and contracted services	187,211	187,211	187,211	-
Other services and charges	47,900	47,900	42,739	5,161
Total non-departmental	<u>235,111</u>	<u>235,111</u>	<u>229,950</u>	<u>5,161</u>
Total general government	<u>3,268,223</u>	<u>3,320,173</u>	<u>3,736,637</u>	<u>( 416,464)</u>
<b>PUBLIC SAFETY</b>				
Court:				
Personnel services	225,116	228,866	240,926	( 12,060)
Supplies	16,600	16,600	13,309	3,291
Purchased and contracted services	76,125	76,125	75,497	628
Other services and charges	9,675	9,675	3,936	5,739
Total court	<u>327,516</u>	<u>331,266</u>	<u>333,668</u>	<u>( 2,402)</u>
Police department:				
Personnel services	2,494,951	2,524,451	2,618,548	( 94,097)
Supplies	142,400	147,400	177,845	( 30,445)
Maintenance	183,350	183,350	172,896	10,454
Purchased and contracted services	149,812	149,812	180,442	( 30,630)
Other operating	73,600	73,600	51,345	22,255
Total police department	<u>3,044,113</u>	<u>3,078,613</u>	<u>3,201,076</u>	<u>( 122,463)</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, 2022

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>EXPENDITURES</b> (Continued)				
<b>PUBLIC SAFETY</b> (Continued)				
Fire department:				
Personnel services	\$ 1,687,440	\$ 1,710,640	\$ 1,846,034	\$( 135,394)
Supplies	167,766	175,566	120,903	54,663
Maintenance	98,408	116,908	121,084	( 4,176)
Purchased and contracted services	87,615	87,615	81,146	6,469
Other operating	<u>52,400</u>	<u>52,400</u>	<u>61,218</u>	<u>( 8,818)</u>
Total fire department	<u>2,093,629</u>	<u>2,143,129</u>	<u>2,230,385</u>	<u>( 87,256)</u>
Engineering department:				
Personnel services	245,778	236,028	131,142	104,886
Supplies	4,500	7,000	21,394	( 14,394)
Maintenance	8,000	8,000	20,921	( 12,921)
Purchased and contracted services	37,100	63,100	61,676	1,424
Other operating	<u>3,450</u>	<u>3,450</u>	<u>12,919</u>	<u>( 9,469)</u>
Total engineering department	<u>298,828</u>	<u>317,578</u>	<u>248,052</u>	<u>69,526</u>
Code enforcement:				
Personnel services	752,155	825,129	684,016	141,113
Supplies	38,300	43,300	47,319	( 4,019)
Repairs and maintenance	27,680	31,680	40,330	( 8,650)
Purchased and contracted services	28,431	28,431	73,243	( 44,812)
Other services and charges	<u>16,300</u>	<u>17,300</u>	<u>18,967</u>	<u>( 1,667)</u>
Total code enforcement	<u>862,866</u>	<u>945,840</u>	<u>863,875</u>	<u>81,965</u>
Total public safety	<u>6,626,952</u>	<u>6,816,426</u>	<u>6,877,056</u>	<u>( 60,630)</u>
<b>PUBLIC WORKS</b>				
Streets:				
Personnel services	806,977	819,477	787,668	31,809
Supplies	61,100	61,100	62,938	( 1,838)
Maintenance	553,500	553,500	743,978	( 190,478)
Purchased and contracted services	129,030	129,030	139,934	( 10,904)
Other services and charges	<u>6,100</u>	<u>6,100</u>	<u>6,249</u>	<u>( 149)</u>
Total streets	<u>1,556,707</u>	<u>1,569,207</u>	<u>1,740,767</u>	<u>( 171,560)</u>
Total public works	<u>1,556,707</u>	<u>1,569,207</u>	<u>1,740,767</u>	<u>( 171,560)</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, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>EXPENDITURES</b> (Continued)				
<b>CULTURE AND RECREATION</b>				
Parks and recreation:				
Personnel services	\$ 875,311	\$ 954,261	\$ 914,337	\$ 39,924
Supplies	55,350	55,350	75,076	( 19,726)
Maintenance	190,300	190,300	339,249	( 148,949)
Purchased and contracted services	110,740	110,740	127,770	( 17,030)
Other services and charges	<u>237,200</u>	<u>376,750</u>	<u>432,486</u>	<u>( 55,736)</u>
Total parks and recreation	<u>1,468,901</u>	<u>1,687,401</u>	<u>1,888,918</u>	<u>( 201,517)</u>
Cemetery:				
Maintenance	33,450	33,450	4,731	28,719
Purchased and contracted services	500	500	559	( 59)
Other services and charges	<u>10</u>	<u>10</u>	<u>6</u>	<u>4</u>
Total cemetery	<u>33,960</u>	<u>33,960</u>	<u>5,296</u>	<u>28,664</u>
Total culture and recreation	<u>1,502,861</u>	<u>1,721,361</u>	<u>1,894,214</u>	<u>( 172,853)</u>
<b>CAPITAL OUTLAY</b>	<u>390,392</u>	<u>425,392</u>	<u>146,534</u>	<u>278,858</u>
<b>DEBT SERVICE</b>				
Principal	130,797	130,797	269,745	( 138,948)
Interest and fiscal charges	<u>14,220</u>	<u>14,220</u>	<u>48,633</u>	<u>( 34,413)</u>
Total debt service	<u>145,017</u>	<u>145,017</u>	<u>318,378</u>	<u>( 173,361)</u>
Total expenditures	<u>13,490,152</u>	<u>13,997,576</u>	<u>14,713,586</u>	<u>( 716,010)</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>( 646,529)</u>	<u>( 234,498)</u>	<u>1,525,050</u>	<u>1,759,548</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Issuance of financed purchases	-	-	35,000	35,000
Transfers in	740,375	954,275	835,451	( 118,824)
Transfers out	( 122,667)	( 122,667)	( 380,407)	( 257,740)
Leases issued	-	-	21,377	21,377
Proceeds from insurance	15,000	15,000	9,100	( 5,900)
Proceeds from sale of capital assets	<u>19,500</u>	<u>19,500</u>	<u>11,744</u>	<u>( 7,756)</u>
Total other financing sources	<u>652,208</u>	<u>866,108</u>	<u>532,265</u>	<u>( 333,843)</u>
<b>NET CHANGE IN FUND BALANCE</b>	5,679	631,610	2,057,315	1,425,705
<b>FUND BALANCE, BEGINNING</b>	<u>6,891,283</u>	<u>6,891,283</u>	<u>6,891,283</u>	<u>-</u>
<b>PRIOR PERIOD ADJUSTMENT</b>	<u>( 1,169,647)</u>	<u>( 1,169,647)</u>	<u>( 1,169,647)</u>	<u>-</u>
<b>FUND BALANCES, BEGINNING AS RESTATED</b>	<u>5,721,636</u>	<u>5,721,636</u>	<u>5,721,636</u>	<u>-</u>
<b>FUND BALANCE, ENDING</b>	<u>\$ 5,727,315</u>	<u>\$ 6,353,246</u>	<u>\$ 7,778,951</u>	<u>\$ 1,425,705</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, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Sales taxes	\$ 2,458,144	\$ 2,972,685	\$ 3,440,296	\$ 467,611
Permits and fees	55,000	55,000	26,284	( 28,716)
Intergovernmental	40,000	40,000	37,274	( 2,726)
Interest on investments	2,800	2,800	124,758	121,958
Other	-	273,082	273,082	-
Total revenues	<u>2,555,944</u>	<u>3,343,567</u>	<u>3,901,694</u>	<u>558,127</u>
<b>EXPENDITURES</b>				
Current:				
Personnel services	265,470	270,510	283,074	( 12,564)
Supplies	4,500	4,500	3,784	716
Maintenance	34,100	34,100	15,598	18,502
Purchased and contracted services	164,130	164,130	120,615	43,515
Other services and charges	348,750	423,500	253,708	169,792
Capital outlay	100,000	4,610,000	145,220	4,464,780
Debt service				
Principal	905,000	1,075,000	1,075,000	-
Interest	562,725	503,196	503,196	-
Bond issuance costs	-	-	192,188	( 192,188)
Total expenditures	<u>2,384,675</u>	<u>7,084,936</u>	<u>2,592,383</u>	<u>4,492,553</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<u>171,269</u>	<u>( 3,741,369)</u>	<u>1,309,311</u>	<u>5,050,680</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Issuance of debt	-	8,010,000	8,010,000	-
Premium on bond issuance	-	-	192,188	192,188
Sale of capital assets	141,126	416,746	434,748	18,002
Transfers in	-	2,500	2,500	-
Transfers out	( 197,188)	( 3,697,188)	( 3,715,078)	( 17,890)
Total other financing sources (uses)	<u>( 56,062)</u>	<u>4,732,058</u>	<u>4,924,358</u>	<u>192,300</u>
<b>NET CHANGE IN FUND BALANCE</b>	115,207	990,689	6,233,669	5,242,980
<b>FUND BALANCE, BEGINNING</b>	<u>3,449,673</u>	<u>3,449,673</u>	<u>3,449,673</u>	<u>-</u>
<b>FUND BALANCE, ENDING</b>	<u>\$ 3,564,880</u>	<u>\$ 4,440,362</u>	<u>\$ 9,683,342</u>	<u>\$ 5,242,980</u>

**CITY OF MARBLE FALLS, TEXAS**

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

FOR THE YEAR ENDED SEPTEMBER 30, 2022

**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 \$416,464. This overage was funded with greater than anticipated revenues.

Expenditures in the Public Safety function of the General Fund exceeded appropriations by \$60,630. This overage was funded with greater than anticipated revenues.

Expenditures in the Public Works function of the General Fund exceeded appropriations by \$171,560. This overage was funded with greater than anticipated revenues.

Expenditures in the Culture and Recreation function of the General Fund exceeded appropriations by \$172,853. This overage was funded with greater than anticipated revenues.

Expenditures in the Debt Service function of the General Fund exceeded appropriations by \$173,361. This overage was funded with greater than anticipated revenues.

**COMBINING AND  
INDIVIDUAL FUND STATEMENTS**

## **NONMAJOR GOVERNMENTAL FUNDS**

### **SPECIAL REVENUE FUNDS**

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

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

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

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

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

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

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

## **CAPITAL PROJECTS FUND**

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

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

**CITY OF MARBLE FALLS, TEXAS**

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS

SEPTEMBER 30, 2022

	Special Revenue		
	Hotel/Motel Tax	Police Forfeiture	Trunked Radio System
<b>ASSETS</b>			
Cash and investments	\$ 814,484	\$ 16,056	\$ 94,683
Other taxes receivable	247,173	-	-
Other receivable	-	-	768
Due from other governments	-	-	-
Due from other funds	-	-	-
	1,061,657	16,056	95,451
<b>LIABILITIES</b>			
Accounts payable	66,959	-	586
Accrued liabilities	4,405	-	-
Due to other funds	-	-	-
Unearned revenue	-	-	-
Total liabilities	71,364	-	586
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue - grants	-	-	-
Total deferred inflows of resources	-	-	-
<b>FUND BALANCES</b>			
Restricted	990,293	16,056	94,865
Total fund balances	990,293	16,056	94,865
Total liabilities, deferred inflows of resources and fund balances	\$ 1,061,657	\$ 16,056	\$ 95,451

Special Revenue				Capital Projects		Total Nonmajor Governmental Funds
Impact Fee Fund	Building Security Fund	CDBG 2016 Grant	HOME Grant	General Improvements	Parks Improvement	
\$ -	\$ 7,788	\$ 1,700	\$ -	\$ 4,285,193	\$ 990,167	\$ 6,210,071
-	-	-	-	-	-	247,173
-	-	-	-	-	-	768
-	-	-	9,370	176,156	872,816	1,058,342
-	-	-	-	226,092	-	226,092
-	7,788	1,700	9,370	4,687,441	1,862,983	7,742,446
-	-	-	2	207,807	6,071	281,425
-	-	-	-	-	-	4,405
-	-	-	9,368	-	-	9,368
-	-	-	-	1,406,646	-	1,406,646
-	-	-	9,370	1,614,453	6,071	1,701,844
-	-	-	-	176,156	-	176,156
-	-	-	-	176,156	-	176,156
-	7,788	1,700	-	2,896,832	1,856,912	5,864,446
-	7,788	1,700	-	2,896,832	1,856,912	5,864,446
\$ -	\$ 7,788	\$ 1,700	\$ 9,370	\$ 4,687,441	\$ 1,862,983	\$ 7,742,446

**CITY OF MARBLE FALLS, TEXAS**

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

FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Special Revenue		
	Hotel/Motel Tax	Police Forfeiture	Trunked Radio System
<b>REVENUES</b>			
Hotel/motel taxes	\$ 1,052,812	\$ -	\$ -
Fines and fees	-	-	-
Intergovernmental	-	-	30,445
Investment earnings	-	181	-
Other	-	-	-
Total revenues	1,052,812	181	30,445
<b>EXPENDITURES</b>			
Current:			
General government	-	-	-
Public safety	-	8,750	71,751
Culture and recreation	426,042	-	-
Capital outlay	62,497	-	-
Debt Service:			
Principal	449	-	-
Total expenditures	488,988	8,750	71,751
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	563,824	( 8,569)	( 41,306)
<b>OTHER FINANCING SOURCES (USES)</b>			
Issuance of financed purchases	-	-	-
Leases issued	2,702	-	-
Transfers in	250	-	34,100
Transfers out	( 255,710)	-	-
Total other financing sources (uses)	( 252,758)	-	34,100
<b>NET CHANGE IN FUND BALANCES</b>	311,066	( 8,569)	( 7,206)
<b>FUND BALANCES, BEGINNING</b>	679,227	24,625	102,071
<b>PRIOR PERIOD ADJUSTMENT</b>	-	-	-
<b>FUND BALANCES, BEGINNING AS RESTATED</b>	679,227	24,625	102,071
<b>FUND BALANCES, ENDING</b>	\$ 990,293	\$ 16,056	\$ 94,865

Impact Fee Fund	Special Revenue			Capital Projects		Nonmajor Governmental Funds
	Building Security Fund	CDBG 2016 Grant	HOME Grant	General Improvements	Parks Improvement	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,052,812
1,060,110	5,787	-	-	-	-	1,065,897
-	-	-	9,370	136,433	588,428	764,676
-	-	-	-	26,443	14,688	41,312
-	-	1,700	-	-	-	1,700
<u>1,060,110</u>	<u>5,787</u>	<u>1,700</u>	<u>9,370</u>	<u>162,876</u>	<u>603,116</u>	<u>2,926,397</u>
-	10,414	-	-	4,865	102	15,381
-	-	-	9,370	-	-	89,871
-	-	-	-	-	-	426,042
-	-	-	-	1,176,028	1,004,909	2,243,434
-	-	-	-	-	-	449
<u>-</u>	<u>10,414</u>	<u>-</u>	<u>9,370</u>	<u>1,180,893</u>	<u>1,005,011</u>	<u>2,775,177</u>
<u>1,060,110</u>	<u>( 4,627)</u>	<u>1,700</u>	<u>-</u>	<u>( 1,018,017)</u>	<u>( 401,895)</u>	<u>151,220</u>
-	-	-	-	620,500	128,400	748,900
-	-	-	-	-	-	2,702
-	-	-	-	-	210,000	244,350
<u>( 1,060,110)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>( 210,000)</u>	<u>-</u>	<u>( 1,525,820)</u>
<u>( 1,060,110)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>410,500</u>	<u>338,400</u>	<u>( 529,868)</u>
-	( 4,627)	1,700	-	( 607,517)	( 63,495)	( 378,648)
<u>-</u>	<u>12,415</u>	<u>-</u>	<u>-</u>	<u>2,334,702</u>	<u>1,920,407</u>	<u>5,073,447</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,169,647</u>	<u>-</u>	<u>1,169,647</u>
<u>-</u>	<u>12,415</u>	<u>-</u>	<u>-</u>	<u>3,504,349</u>	<u>1,920,407</u>	<u>6,243,094</u>
<u>\$ -</u>	<u>\$ 7,788</u>	<u>\$ 1,700</u>	<u>\$ -</u>	<u>\$ 2,896,832</u>	<u>\$ 1,856,912</u>	<u>\$ 5,864,446</u>

**CITY OF MARBLE FALLS, TEXAS**

STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS

SEPTEMBER 30, 2022

	<u>LaVentana PID Trust Fund</u>	<u>Gregg Ranch PID Trust Fund</u>	<u>Thunder Rock PID Trust Fund</u>	<u>Total Trust Funds</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ <u>23,863</u>	\$ <u>121,303</u>	\$ <u>483</u>	\$ <u>145,649</u>
Total assets	\$ <u>23,863</u>	\$ <u>121,303</u>	\$ <u>483</u>	\$ <u>145,649</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 520	\$ -	\$ -	\$ 520
Developer deposits	<u>-</u>	<u>121,000</u>	<u>-</u>	<u>121,000</u>
Total liabilities	<u>520</u>	<u>121,000</u>	<u>-</u>	<u>121,520</u>
<b>NET POSITION</b>				
Held in trust	\$ <u>23,343</u>	\$ <u>303</u>	\$ <u>483</u>	\$ <u>24,129</u>

**CITY OF MARBLE FALLS, TEXAS**

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY NET POSITION

FOR THE YEAR ENDED SEPTEMBER 30, 2022

	LaVentana PID Trust Fund	Gregg Ranch PID Trust Fund	Thunder Rock PID Trust Fund	Total Trust Funds
<b>ADDITIONS</b>				
Property tax assessment	\$ 23,009	\$ 380,437	\$ 168,900	\$ 572,346
Investment earnings	<u>170</u>	<u>16</u>	<u>3</u>	<u>189</u>
Total additions	<u>23,179</u>	<u>380,453</u>	<u>168,903</u>	<u>572,535</u>
<b>DEDUCTIONS</b>				
Purchased and contracted services	<u>6,294</u>	<u>380,351</u>	<u>168,900</u>	<u>555,545</u>
Total deductions	<u>6,294</u>	<u>380,351</u>	<u>168,900</u>	<u>555,545</u>
<b>CHANGE IN NET POSITION</b>	16,885	102	3	16,990
<b>NET POSITION, BEGINNING</b>	<u>6,458</u>	<u>201</u>	<u>480</u>	<u>7,139</u>
<b>NET POSITION, ENDING</b>	\$ <u>23,343</u>	\$ <u>303</u>	\$ <u>483</u>	\$ <u>24,129</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, 2022

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget - Positive (Negative)
<b>REVENUES</b>				
Property taxes	\$ 3,698,176	\$ 3,698,176	\$ 3,710,759	\$ 12,583
Investment earnings	6,100	6,100	2,924	( 3,176)
Total revenues	<u>3,704,276</u>	<u>3,704,276</u>	<u>3,713,683</u>	<u>9,407</u>
<b>EXPENDITURES</b>				
Debt service:				
Principal	3,015,000	3,015,000	3,080,000	( 65,000)
Interest and fiscal charges	834,342	834,342	762,478	71,864
Bond issuance costs	7,000	7,000	46,004	( 39,004)
Total expenditures	<u>3,856,342</u>	<u>3,856,342</u>	<u>3,888,482</u>	<u>( 32,140)</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>				
	<u>( 152,066)</u>	<u>( 152,066)</u>	<u>( 174,799)</u>	<u>( 22,733)</u>
<b>OTHER FINANCING SOURCES</b>				
Refunding bonds issued	-	-	1,620,000	1,620,000
Payment to escrow agent	-	-	( 1,586,563)	( 1,586,563)
Transfers in	255,376	255,376	255,375	( 1)
Total other financing sources	<u>255,376</u>	<u>255,376</u>	<u>288,812</u>	<u>33,436</u>
<b>NET CHANGE IN FUND BALANCE</b>				
	103,310	103,310	114,013	10,703
<b>FUND BALANCE, BEGINNING</b>				
	<u>118,829</u>	<u>118,829</u>	<u>118,829</u>	<u>-</u>
<b>FUND BALANCE, ENDING</b>				
	<u>\$ 222,139</u>	<u>\$ 222,139</u>	<u>\$ 232,842</u>	<u>\$ 10,703</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, 2022

	<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>
<b>REVENUES</b>				
Hotel/motel taxes	\$ 650,000	\$ 650,000	\$ 1,052,812	\$ 402,812
Investment earnings	<u>100</u>	<u>100</u>	<u>-</u>	<u>( 100)</u>
Total revenues	<u>650,100</u>	<u>650,100</u>	<u>1,052,812</u>	<u>402,712</u>
<b>EXPENDITURES</b>				
Current:				
Services	399,000	244,890	266,599	( 21,709)
Other	250	19,952	18,272	1,680
Local assistance	107,308	266,216	141,171	125,045
Capital outlay	35,000	44,750	62,497	( 17,747)
Debt service:				
Principal	<u>-</u>	<u>-</u>	<u>449</u>	<u>( 449)</u>
Total expenditures	<u>541,558</u>	<u>575,808</u>	<u>488,988</u>	<u>86,820</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>108,542</u>	<u>74,292</u>	<u>563,824</u>	<u>489,532</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Leases issued	-	-	2,702	2,702
Transfers in	-	-	250	250
Transfers out	<u>( 153,524)</u>	<u>( 253,074)</u>	<u>( 255,710)</u>	<u>( 2,636)</u>
Total other financing sources (uses)	<u>( 153,524)</u>	<u>( 253,074)</u>	<u>( 252,758)</u>	<u>316</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>( 44,982)</u>	<u>( 178,782)</u>	<u>311,066</u>	<u>489,848</u>
<b>FUND BALANCE, BEGINNING</b>	<u>679,227</u>	<u>679,227</u>	<u>679,227</u>	<u>-</u>
<b>FUND BALANCE, ENDING</b>	<u>\$ 634,245</u>	<u>\$ 500,445</u>	<u>\$ 990,293</u>	<u>\$ 489,848</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, 2022

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget - Positive (Negative)
<b>REVENUES</b>				
Investment earnings	\$ 280	\$ 280	\$ 181	\$( 99)
Total revenues	280	280	181	( 99)
<b>EXPENDITURES</b>				
Current:				
Supplies	9,209	9,209	8,750	459
Other services and charges	6,000	6,000	-	6,000
Total expenditures	15,209	15,209	8,750	6,459
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>				
	( 14,929)	( 14,929)	( 8,569)	6,360
<b>FUND BALANCE, BEGINNING</b>				
	24,625	24,625	24,625	-
<b>FUND BALANCE, ENDING</b>				
	\$ 9,696	\$ 9,696	\$ 16,056	\$ 6,360

## **STATISTICAL SECTION**

**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.

<b>Contents</b>	<b>Page</b>
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.	72
Revenue Capacity These schedules contain trend information to help the reader assess the City's most significant local revenue resource.	84
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.	91
Economic and Demographic Indicators These schedules contain economic and demographic information to help the reader understand the environment within which the City's financial activities take place.	99
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services and activities performed by the City.	101

**CITY OF MARBLE FALLS, TEXAS**

NET POSITION BY COMPONENT

LAST TEN FISCAL YEARS

	Fiscal Year			
	2013	2014	2015	2016
Governmental activities:				
Net investment in capital assets	\$ 5,516,779	\$ 5,047,808	\$ 5,047,808	\$ 3,569,454
Restricted	4,240,608	8,269,197	8,269,197	3,221,732
Unrestricted	<u>553,652</u>	<u>( 4,094,506)</u>	<u>( 4,094,506)</u>	<u>1,991,433</u>
Total governmental activities net position	<u>\$ 10,311,039</u>	<u>\$ 9,222,499</u>	<u>\$ 9,222,499</u>	<u>\$ 8,782,619</u>
Business-type activities:				
Net investment in capital assets	\$ 20,924,905	\$ 19,702,970	\$ 19,702,970	\$ 15,476,859
Restricted	-	-	-	-
Unrestricted	<u>( 3,193,075)</u>	<u>( 3,708,817)</u>	<u>( 3,708,817)</u>	<u>( 120,647)</u>
Total business-type activities net position	<u>\$ 17,731,830</u>	<u>\$ 15,994,153</u>	<u>\$ 15,994,153</u>	<u>\$ 15,356,212</u>
Primary government:				
Net investment in capital assets	\$ 26,441,684	\$ 24,750,778	\$ 24,750,778	\$ 19,046,313
Restricted	4,240,608	8,269,197	8,269,197	3,221,732
Unrestricted	<u>( 2,639,423)</u>	<u>( 7,803,323)</u>	<u>( 7,803,323)</u>	<u>1,870,786</u>
Total primary government net position	<u>\$ 28,042,869</u>	<u>\$ 25,216,652</u>	<u>\$ 25,216,652</u>	<u>\$ 24,138,831</u>

**TABLE 1**

Fiscal Year					
2017	2018	2019	2020	2021	2022
\$ 4,356,606	\$ 4,808,202	\$ 4,276,768	\$ 7,402,554	\$ 4,970,235	\$ 5,949,304
2,890,400	3,279,017	3,308,230	3,216,650	4,369,837	18,210,356
<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>3,466,331</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>	<u>\$ 27,625,991</u>
\$ 17,061,917	\$ 16,806,620	\$ 16,530,931	\$ 16,865,358	\$ 16,999,042	\$ 16,928,614
-	-	-	-	-	-
( 2,522,088)	( 3,105,947)	( 3,871,790)	( 3,634,558)	( 2,347,901)	693,744
<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>	<u>\$ 17,622,358</u>
\$ 21,418,523	\$ 21,614,822	\$ 20,807,699	\$ 24,267,912	\$ 21,969,277	\$ 22,877,918
2,890,400	3,279,017	3,308,230	3,216,650	4,369,837	18,210,356
( 1,077,188)	( 909,098)	( 1,994,779)	( 3,342,991)	11,431,587	4,160,075
<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>	<u>\$ 45,248,349</u>

**CITY OF MARBLE FALLS, TEXAS**

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS

	Fiscal Year			
	2013	2014	2015	2016
<b>EXPENSES</b>				
Governmental activities:				
General government	\$ 2,736,605	\$ 3,615,994	\$ 3,909,769	\$ 4,181,958
Public safety	5,447,990	5,346,306	5,580,292	4,866,672
Public works	3,210,567	3,236,700	3,222,080	3,220,604
Culture and recreation	1,089,241	1,195,731	1,225,259	1,282,565
Interest on long-term debt	<u>1,333,648</u>	<u>1,355,703</u>	<u>1,484,261</u>	<u>1,285,496</u>
Total governmental activities expenses	<u>13,818,051</u>	<u>14,750,434</u>	<u>15,421,661</u>	<u>14,837,295</u>
Business-type activities:				
Water and wastewater	<u>5,086,736</u>	<u>5,612,611</u>	<u>5,314,936</u>	<u>5,584,311</u>
Total business-type activities expenses	<u>5,086,736</u>	<u>5,612,611</u>	<u>5,314,936</u>	<u>5,584,311</u>
Total primary government program expenses	\$ <u>18,904,787</u>	\$ <u>20,363,045</u>	\$ <u>20,736,597</u>	\$ <u>20,421,606</u>
<b>PROGRAM REVENUES</b>				
Governmental activities:				
Charges for services:				
General government	\$ 321,446	\$ 351,424	\$ 318,716	\$ 392,483
Public safety	130,912	167,384	168,410	183,732
Public works	39,043	66,125	136,919	145,689
Culture and recreation	<u>113,650</u>	<u>131,589</u>	<u>139,471</u>	<u>175,899</u>
Total charges for services	<u>605,051</u>	<u>716,522</u>	<u>763,516</u>	<u>897,803</u>
Operating grants and contributions	272,770	499,805	201,338	236,577
Capital grants and contributions	<u>54,630</u>	<u>-</u>	<u>-</u>	<u>155,713</u>
Total governmental activities program revenues	<u>932,451</u>	<u>1,216,327</u>	<u>964,854</u>	<u>1,290,093</u>
Business-type activities:				
Charges for services	3,840,593	4,106,512	4,091,722	4,340,250
Operating grants and contributions	-	-	-	-
Capital grants and contributions	<u>367,738</u>	<u>379,524</u>	<u>155,000</u>	<u>146,850</u>
Total business-type activities program revenues	<u>4,208,331</u>	<u>4,486,036</u>	<u>4,246,722</u>	<u>4,487,100</u>
Total primary government program revenues	\$ <u>5,140,782</u>	\$ <u>5,702,363</u>	\$ <u>5,211,576</u>	\$ <u>5,777,193</u>

**TABLE 2**

		Fiscal Year									
		2017	2018	2019	2020	2021	2022				
\$	4,205,152	\$	3,990,324	\$	4,516,426	\$	5,776,274	\$	5,600,790	\$	6,676,218
	5,385,714		5,587,223		7,825,499		8,087,970		7,797,505		9,221,922
	3,433,441		3,630,999		3,868,741		1,524,668		1,224,598		1,964,553
	1,434,383		1,592,267		2,366,820		1,781,135		1,902,820		2,640,598
	<u>1,736,608</u>		<u>1,288,511</u>		<u>1,418,977</u>		<u>1,204,850</u>		<u>1,262,322</u>		<u>1,414,123</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>21,917,414</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>6,471,482</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>6,471,482</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>	\$	<u>28,388,896</u>
\$	420,557	\$	431,239	\$	444,108	\$	528,768	\$	858,954	\$	687,627
	212,896		220,210		241,106		402,037		173,490		332,681
	233,880		167,184		190,251		288,601		765,881		1,242,899
	<u>194,374</u>		<u>167,472</u>		<u>100,447</u>		<u>97,279</u>		<u>307,730</u>		<u>215,210</u>
	<u>1,061,707</u>		<u>986,105</u>		<u>975,912</u>		<u>1,316,685</u>		<u>2,106,055</u>		<u>2,478,417</u>
	222,627		665,202		250,167		958,026		2,799,884		1,030,867
	<u>-</u>		<u>-</u>		<u>-</u>		<u>-</u>		<u>4,747,102</u>		<u>756,411</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>		<u>4,265,695</u>
	4,966,903		5,162,432		5,158,479		6,044,484		6,535,361		7,529,182
	-		-		-		-		38,162		1,109,727
	<u>155,000</u>		<u>125,260</u>		<u>115,000</u>		<u>-</u>		<u>339,437</u>		<u>-</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>8,638,909</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>	\$	<u>12,904,604</u>

**CITY OF MARBLE FALLS, TEXAS**

CHANGES IN NET POSITION  
(Continued)  
LAST TEN FISCAL YEARS

	Fiscal Year			
	2013	2014	2015	2016
<b>NET (EXPENSE) REVENUES</b>				
Governmental activities	\$( 12,885,600)	\$( 13,534,107)	\$( 14,456,807)	\$( 13,547,202)
Business-type activities	( 878,405)	( 1,126,575)	( 1,068,214)	( 1,097,211)
Total primary government net expense	( 13,764,005)	( 14,660,682)	( 15,525,021)	( 14,644,413)
<b>GENERAL REVENUES AND OTHER CHANGES IN NET POSITION</b>				
Governmental activities:				
Taxes				
Property	4,104,048	4,281,225	4,500,973	4,701,079
Sales	6,754,361	7,185,011	7,436,165	7,856,341
Franchise	508,627	521,249	595,443	578,961
Other	637,407	584,337	675,904	691,646
Investment earnings	17,644	7,975	7,376	61,500
Loss/gain on sale of assets	-	117,589	80,571	106,824
Miscellaneous	183,678	125,269	143,445	88,702
Transfers	356,143	237,986	( 1,337,745)	116,213
Total governmental activities	12,561,908	13,060,641	12,102,132	14,201,266
Business-type activities:				
Investment earnings	1,531	17,620	17,544	21,450
Loss/gain on sale of assets	-	-	-	-
Transfers	( 356,143)	( 237,986)	1,337,745	( 91,213)
Total business-type activities	( 354,612)	( 220,366)	1,355,289	( 69,763)
Total primary government	12,207,296	12,840,275	13,457,421	14,131,503
<b>CHANGE IN NET POSITION</b>				
Governmental activities	( 323,692)	( 473,466)	( 2,354,675)	654,064
Business-type activities	( 1,233,017)	( 1,346,941)	287,075	( 1,166,974)
Total primary government	\$( 1,556,709)	\$( 1,820,407)	\$( 2,067,600)	\$( 512,910)

**TABLE 2**

Fiscal Year					
2017	2018	2019	2020	2021	2022
\$( 14,910,964)	\$( 14,438,017)	\$( 18,770,384)	\$( 16,100,186)	\$( 8,134,994)	\$( 17,651,719)
( 665,128)	( 457,570)	( 920,751)	421,780	1,242,398	2,167,427
( 15,576,092)	( 14,895,587)	( 19,691,135)	( 15,678,406)	( 6,892,596)	( 15,484,292)
4,815,932	5,148,352	5,669,378	5,988,377	6,255,127	6,470,559
8,536,450	8,762,727	9,515,880	9,952,643	11,890,740	13,761,183
539,247	583,840	591,561	554,140	563,337	599,968
737,042	755,357	822,438	616,648	886,304	1,137,042
137,190	181,545	275,258	121,181	35,206	266,866
160,233	485,962	-	307,813	643,933	2,359,352
125,819	91,585	926,591	151,818	244,926	360,588
200,173	338,950	147,219	( 143,672)	( 175,790)	( 694,959)
15,252,086	16,348,318	17,948,325	17,548,948	20,343,783	24,260,599
48,918	24,542	26,438	6,207	2,153	108,831
-	-	-	-	-	-
( 200,173)	( 338,950)	( 147,219)	143,672	175,790	694,959
( 151,255)	( 314,408)	( 120,781)	149,879	177,943	803,790
15,100,831	16,033,910	17,827,544	17,698,827	20,521,726	25,064,389
341,122	1,910,301	( 822,059)	1,448,762	12,208,789	6,608,880
( 816,383)	( 771,978)	( 1,041,532)	571,659	1,420,341	2,971,217
\$( 475,261)	\$ 1,138,323	\$( 1,863,591)	\$ 2,020,421	\$ 13,629,130	\$ 9,580,097

**CITY OF MARBLE FALLS, TEXAS**

FUND BALANCES  
GOVERNMENTAL FUNDS

	Fiscal Year			
	2013	2014	2015	2016
General fund				
Non-spendable	\$ 8,841	\$ 13,229	\$ 15,681	\$ 1,248
Assigned	-	-	-	-
Unassigned	<u>1,160,376</u>	<u>1,283,714</u>	<u>1,501,853</u>	<u>1,696,473</u>
Total general fund	<u>\$ 1,169,217</u>	<u>\$ 1,296,943</u>	<u>\$ 1,517,534</u>	<u>\$ 1,697,721</u>
All other governmental funds				
Restricted	\$ 4,273,668	\$ 8,552,944	\$ 7,125,338	\$ 6,671,902
Unassigned, reported in:				
Special revenue funds	( 58,872)	( 26,918)	( 242,145)	( 223,746)
Capital projects funds	( 250,872)	( 196,829)	-	-
Debt service funds	<u>21,328</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total all other governmental funds	<u>\$ 3,985,252</u>	<u>\$ 8,329,197</u>	<u>\$ 6,883,193</u>	<u>\$ 6,448,156</u>

**TABLE 3**

Fiscal Year					
2017	2018	2019	2020	2021	2022
\$ 1,248	\$ 5,792	\$ 1,248	\$ 1,248	\$ -	\$ -
-	-	25,824	-	-	-
<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>7,778,951</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>	<u>\$ 7,778,951</u>
\$ 9,650,051	\$ 10,389,421	\$ 11,458,080	\$ 10,427,451	\$ 15,210,838	\$ 26,276,965
( 10,298)	( 187,390)	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>( 80,737)</u>	<u>-</u>	<u>( 19,002)</u>	<u>-</u>	<u>-</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>	<u>\$ 26,276,965</u>

**CITY OF MARBLE FALLS, TEXAS**CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
<b>REVENUES</b>				
Taxes	\$ 12,025,271	\$ 12,590,100	\$ 13,219,657	\$ 13,809,199
Intergovernmental	364,980	636,107	349,410	367,320
Charges for services	309,488	380,285	358,531	427,991
Fines	226,467	196,119	256,367	295,414
Investment earnings	17,644	7,975	7,376	61,500
Other revenues	<u>102,130</u>	<u>61,881</u>	<u>151,999</u>	<u>275,432</u>
Total revenues	<u>13,045,980</u>	<u>13,872,467</u>	<u>14,343,340</u>	<u>15,236,856</u>
<b>EXPENDITURES</b>				
General government	2,273,190	2,464,981	3,518,051	3,272,101
Public safety	5,004,539	5,008,527	5,308,174	4,699,878
Public works	858,697	923,402	1,006,873	1,066,985
Culture and recreation	952,838	1,049,905	1,074,557	1,154,898
Capital outlay	1,625,889	4,171,869	457,186	1,501,203
Debt service				
Principal	2,180,000	2,045,000	2,580,000	2,769,860
Interest	1,318,475	1,245,728	1,541,339	1,268,136
Bond issuance cost	<u>-</u>	<u>131,618</u>	<u>400</u>	<u>51,892</u>
Total expenditures	<u>14,213,628</u>	<u>17,041,030</u>	<u>15,486,580</u>	<u>15,784,953</u>

**TABLE 4**

Fiscal Year					
2017	2018	2019	2020	2021	2022
\$ 14,627,627	\$ 15,242,805	\$ 16,568,141	\$ 16,545,284	\$ 19,047,763	\$ 21,362,034
322,480	851,994	425,787	883,617	5,722,787	1,738,702
484,352	469,572	309,818	378,737	544,089	746,653
338,164	232,020	389,316	449,089	933,290	1,299,082
137,190	181,545	275,258	121,181	35,206	266,866
<u>253,868</u>	<u>161,846</u>	<u>536,343</u>	<u>752,569</u>	<u>1,307,944</u>	<u>1,428,747</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>	<u>26,842,084</u>
3,267,055	3,388,872	3,410,347	3,791,476	3,700,990	4,428,797
5,123,752	5,219,200	5,988,404	6,460,224	6,147,651	6,966,927
1,148,508	1,189,947	1,522,838	1,402,653	1,167,813	1,740,767
1,283,656	1,421,830	1,614,047	1,545,139	1,725,035	2,320,256
6,260,333	2,243,067	5,641,412	2,845,980	8,729,749	4,159,041
3,128,669	3,322,964	3,421,258	3,691,410	3,848,094	4,425,194
1,311,244	1,359,716	1,453,451	1,197,622	1,136,106	1,314,307
<u>387,363</u>	<u>4,600</u>	<u>34,900</u>	<u>91,253</u>	<u>184,001</u>	<u>238,192</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>	<u>25,593,481</u>

**CITY OF MARBLE FALLS, TEXAS**

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

	2013	2014	2015	2016
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	\$ ( 3,168,563)	\$ ( 1,143,240)	\$ ( 548,097)	\$ ( 5,746,899)
<b>OTHER FINANCING SOURCES (USES)</b>				
Issuance of debt	-	7,000,000	-	3,762,700
Refunding bonds issued	-	-	-	-
Premium on bond issuance	-	89,483	-	61,571
Payment to escrow agent	-	-	-	( 3,782,686)
Issuance of financed purchases	-	-	-	-
Leases issued	-	-	-	-
Sale of asset proceeds	145,721	263,675	80,571	106,824
Proceeds from insurance	120,529	74,090	-	11,602
Transfers in	941,946	1,022,775	630,347	577,043
Transfers out	( 585,803)	( 809,789)	( 793,092)	( 490,830)
Total other financing sources (uses)	<u>622,393</u>	<u>7,640,234</u>	<u>( 82,174)</u>	<u>246,224</u>
<b>NET CHANGE IN FUND BALANCES</b>	\$ ( 2,546,170)	\$ 6,496,994	\$ ( 630,271)	\$ ( 5,500,675)
<b>DEBT SERVICE AS A PERCENTAGE OF NONCAPITAL EXPENDITURES</b>	<u>25.57%</u>	<u>25.75%</u>	<u>30.39%</u>	<u>21.75%</u>

**TABLE 4**

Fiscal Year					
2017	2018	2019	2020	2021	2022
\$( 1,010,414)	\$( 4,581,994)	\$( 1,895,280)	\$( 1,895,280)	\$ 951,640	\$ 1,248,603
14,895,000	-	5,242,250	4,405,000	7,740,000	8,010,000
-	-	-	-	1,215,000	1,620,000
644,277	-	149,842	525,039	447,828	192,188
( 6,919,367)	-	-	( 4,934,950)	( 1,205,381)	( 1,586,563)
-	-	-	-	-	783,900
23,615	479,387	-	532,272	-	24,079
266,894	839,389	168,612	384,578	720,698	2,436,117
14,481	24,647	478,403	36,702	23,730	9,100
833,820	491,275	697,516	1,612,919	2,027,898	4,837,676
( 673,647)	( 197,325)	( 615,097)	( 1,843,756)	( 2,292,358)	( 5,621,305)
<u>9,085,073</u>	<u>1,637,373</u>	<u>6,121,526</u>	<u>717,804</u>	<u>8,677,415</u>	<u>10,705,192</u>
<u>\$ 8,074,659</u>	<u>\$( 2,944,621)</u>	<u>\$ 4,226,246</u>	<u>\$( 1,177,476)</u>	<u>\$ 9,629,055</u>	<u>\$ 11,953,795</u>
<u>39.68%</u>	<u>23.39%</u>	<u>25.47%</u>	<u>23.25%</u>	<u>27.21%</u>	<u>23.66%</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>
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
2022	1,012,451,304	514,013,739	31,152,349	187,126,195

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>
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
1,370,491,197	2.0075	1,226,566,751

**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
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
2022	0.5577	41,875,090	2.0075	1.0732	0.3766

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	2022	
	Taxable Assessed Value	Percentage of Total City Taxable Assessed Value
NE Marble Falls LP	\$ 16,896,191	1.74%
Worldmark the Club	14,434,311	1.49%
HTA- Marble Falls MOB LLC	14,026,820	1.44%
Huber Carbonates LLC	13,428,283	1.38%
Bray Spaar Partnership	11,600,000	1.19%
Homestead Mormon Mill LP	11,250,000	1.16%
Perdernaes Electric Co-Op	10,347,706	1.07%
Wal-Mart Stores Inc 01-0781	9,454,760	0.97%
L Dor V Dor LLC	7,822,831	0.81%
Texas Arbor House LP	6,954,410	0.72%
	<u>\$ 116,215,312</u>	<u>11.96%</u>

Source: Burnet County Appraisal office

**TABLE 7**

2013		
Taxable Assessed Value	Percentage of Total City Taxable Assessed Value	Taxpayer
\$ 14,507,010	2.15%	Scott & White Healthcare
9,515,188	1.44%	Huber JM Corp
9,384,112	1.44%	Wal-Mart Stores Inc 01-0781
8,645,342	1.33%	Wal-Mart Stores East LP
6,972,908	1.07%	Lowe's Home Centers Inc
6,819,086	1.05%	Johnson-Sewell Family Partneship
5,493,850	0.84%	HD Development Properties LP
4,817,341	0.74%	Johnson Ross H
4,323,859	0.66%	Lowe's Home Centers Inc
<u>4,263,481</u>	<u>0.65%</u>	Highland Lakes RP LTD
<u>\$ 74,742,177</u>	<u>11.37%</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
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	6,163,691	99.06%	58,573	6,222,264	100.00%
2022	6,594,063	6,534,334	99.09%	-	6,534,334	99.09%

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>
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%
2021-22	13,761,183	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						Premiums / Discounts
		Tax Notes	Notes Payable	Capital Lease	Leases	Financing arrangements		
2013	\$ 33,155,000	\$ 90,000	\$ -	\$ -	\$ -	\$ -	\$ -	
2014	38,115,000	-	-	-	-	-	611,836	
2015	36,735,000	-	-	-	-	-	558,633	
2016	34,177,840	-	-	-	-	-	564,158	
2017	39,332,840	-	-	391,781	-	-	1,132,144	
2018	36,167,840	-	-	713,204	-	-	1,025,590	
2019	36,970,090	1,170,000	-	561,946	-	-	1,071,639	
2020	33,235,090	995,000	-	882,808	-	-	1,394,617	
2021	37,865,090	520,000	-	649,714	-	-	1,696,656	
2022	41,875,090	350,000	-	-	21,407	1,241,092	1,641,449	

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.

**CITY OF MARBLE FALLS, TEXAS**

**TABLE 10**

RATIOS OF OUTSTANDING DEBT BY TYPE

LAST TEN FISCAL YEARS

Business-type Activities				Total Primary Government	Percentage of Personal Income	Per Capita
Water Revenue Bonds	Capital Lease	Financing arrangements	Premiums / Discounts			
\$ 16,035,000	\$ -	\$ -	\$ -	\$ 49,280,000	0.001	8,136
19,730,000	-	-	201,462	58,658,298	0.001	9,256
17,770,000	-	-	594,262	55,657,895	0.002	8,864
24,757,160	-	-	1,121,098	60,620,256	0.002	9,584
23,712,160	-	-	1,046,931	65,615,856	0.002	10,257
22,627,160	318,890	-	972,764	61,825,448	0.002	8,954
23,374,910	266,257	-	979,280	64,394,122	0.001	9,289
24,179,910	213,439	-	1,009,669	61,910,533	0.001	8,658
41,153,910	159,056	-	1,093,370	83,137,796	0.002	11,321
39,383,910	-	108,734	996,187	85,617,869	0.002	11,294

**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			
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
2022	41,875,090	41,875,090	3.06%	5,523.69	350,790

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, 2022

<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	\$ 84,880,000	22.88%	\$ 19,420,544
Burnet County General Obligation Debt	23,570,000	14.46%	<u>3,408,222</u>
Subtotal overlapping debt			<u>22,828,766</u>
City direct debt	45,129,038	100.00%	<u>45,129,038</u>
Subtotal direct debt			<u>45,129,038</u>
Total direct and overlapping debt			\$ <u><u>67,957,804</u></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

	Fiscal Year			
	2013	2014	2015	2016
Debt limit	\$ 575,499,669	\$ 600,546,263	\$ 635,518,195	\$ 672,759,187
Total net debt applicable to limit	<u>33,155,000</u>	<u>38,115,000</u>	<u>37,293,633</u>	<u>34,741,998</u>
Legal debt margin	<u>\$ 542,344,669</u>	<u>\$ 562,431,263</u>	<u>\$ 598,224,562</u>	<u>\$ 638,017,189</u>
Total net debt applicable to the limit as a percentage of debt limit.	5.76%	6.35%	5.87%	5.16%
	5.76%			

Legal Debt Margin Calculation for Fiscal Year 2022

Assessed value	\$ 944,456,398
Debt applicable to limit:	
General obligation bonds	41,875,090
Less: Amount set aside for repayment of general obligation debt	<u>350,790</u>
Total net debt applicable to limit	<u>41,524,300</u>
Legal debt margin	\$ <u>902,932,098</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**

Fiscal Year					
2017	2018	2019	2020	2021	2022
\$ 726,407,494	\$ 837,800,028	\$ 837,800,028	\$ 892,093,318	\$ 857,346,323	\$ 944,456,398
<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>41,875,090</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>	\$ <u>902,581,308</u>
5.41%	4.44%	4.54%	3.88%	4.61%	4.43%

**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	
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
2022	7,341,539	3,769,650	3,571,889	1,770,000	658,027	1.47

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>
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%
2022	7,581	68,803	28,501	3.4%

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

Unemployment rate obtained from Texas Workforce Commission website.

**CITY OF MARBLE FALLS, TEXAS**

**TABLE 16**

PRINCIPAL EMPLOYERS

CURRENT AND NINE YEARS AGO

Employer	2022		2013	
	Employees	Percentage of Total City Employment	Employees	Percentage of Total City Employment
Marble Falls ISD	695	21.92%	623	13.65%
Baylor Scott & White	524	16.53%	271	5.94%
H.E.B. Grocery Company	319	10.06%	187	4.10%
Wal-Mart Corporation	285	8.99%	160	3.50%
City of Marble Falls	138	4.35%	124	2.72%
Lowe's	127	4.01%	97	2.72%
Granite Mesa	115	3.63%	96	2.10%
Johnson Sewell Ford Lincoln	107	3.38%	80	1.75%
Gibraltar	100	3.15%	74	1.62%
Pedernales Electric Coop	95	3.00%	74	1.62%
Total	<u>2,505</u>		<u>1,786</u>	

Source: Marble Falls Economic Development Corporation and personal telephone interviews

**CITY OF MARBLE FALLS, TEXAS**

FULLTIME EQUIVALENT CITY GOVERNMENT EMPLOYEES  
BY FUNCTION/PROGRAM

Function/Program	Fiscal Year			
	2013	2014	2015	2016
General government				
Management services	5	4	4	4
Finance	5	4	4	4
Planning	5	4	4	4
Building	7	4	4	4
Human resources	2	1	1	1
Court	3	2	2	2
Police				
Officers	20	19	19	19
Civilians	15	12	12	12
Fire				
Firefighters and officers	15	15	15	15
Other public works				
Other	13	12	11	11
Parks and recreation	11	9	9	9
Water	14	11	11	11
Wastewater	<u>10</u>	<u>9</u>	<u>10</u>	<u>10</u>
Total	<u>125</u>	<u>106</u>	<u>106</u>	<u>106</u>

Source: Various Departments

**TABLE 17**

Fiscal Year					
<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
4	4	4	6	6	7
4	4	4	4	4	6
5	4	4	4	4	4
5	5	5	5	5	5
1	1	1	2	2	1.5
3	3.5	3.5	3.5	3.5	3
20	21	22	25	25	28
12	13	13	13	13	10.5
15	15	18	18	18	18
11	11	11	11	11	11
9	11	11	11	11	12
12	13	12	12	12	12
<u>10</u>	<u>10</u>	<u>10</u>	<u>10</u>	<u>10</u>	<u>11</u>
<u>111</u>	<u>116</u>	<u>119</u>	<u>124</u>	<u>124</u>	<u>129</u>

**CITY OF MARBLE FALLS, TEXAS**

OPERATING INDICATORS BY FUNCTION/PROGRAM

LAST TEN FISCAL YEARS

Function/Program	Fiscal Year			
	2013	2014	2015	2016
General government				
Building permits issued	259	259	641	793
Building inspections conducted	1,515	1,377	938	2,700
Police				
Physical arrests	934	837	718	739
Parking violations	31	25	20	12
Traffic violations	2,101	1,762	998	1,317
Fire				
Emergency responses	1,215	1,234	1,291	1,538
Fires extinguished	10	6	4	7
Inspections	239	211	357	392
Other public works				
Street resurfacing (miles)	1	2	5	2
Tonnage to repair potholes	160	150	204	500
Parks and recreation				
Community center admissions	186	160	191	266
Library				
Volumes in collection	39,590	39,590	41,109	40,594
Total volumes borrowed	198,785	198,785	106,585	136,317
Water				
New connections	582	582	590	497
Water main breaks	104	125	108	150
Average daily consumption (thousands of gallons)	1,500	1,522	1,416	1,352
Peak daily consumption (thousands of gallons)	2,132	2,005	2,066	2,555
Wastewater				
Average daily sewage treatment (thousands of gallons)	820	860	998	981

Source: Various City departments

**TABLE 18**

Fiscal Year					
2017	2018	2019	2020	2021	2022
726	726	931	754	960	1,222
1,479	1,751	1,761	1,334	2,467	4,139
665	503	712	505	525	583
25	7	217	7	6	2
1,195	1,278	2,436	1,524	2,047	2,776
1,746	1,601	1,665	1,576	1,700	1,841
40	49	50	69	37	83
309	597	886	520	386	386
1	2	5	5	9	26
450	475	477	150	150	250
213	191	121	605	600	275
41,851	40,507	40,614	41,494	41,750	40,523
114,200	117,698	116,778	79,420	79,010	79,770
424	538	26	30	121	147
110	126	75	70	50	90
1,419	1,421	1,211	1,541	1,330	1,437
2,800	2,458	2,145	2,145	2,797	2,797
1,024	1,189	1,021	839	1,018	867

**CITY OF MARBLE FALLS, TEXAS**

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM

LAST TEN FISCAL YEARS

Function/Program	Fiscal Year			
	2013	2014	2015	2016
Police				
Stations	1	1	1	1
Patrol units	11	15	15	15
Fire				
Stations	1	1	1	1
Public works				
Streets (miles)	62	62	62	64
Highways (miles)	15.2	15.2	15.2	15.2
Streetlights	448	448	595	599
Traffic signals	14	14	14	15
Parks and recreation				
Acreage	127	127	130	130
Playgrounds	6	4	4	4
Baseball/softball diamonds	8	4	4	4
Soccer/football fields	3	8	8	8
Community centers	1	1	1	2
Water				
Water mains (miles)	84	84	95	95
Fire hydrants	544	544	582	589
Storage capacity (thousands of gallons)	2,939	2,939	3,479	3,419
Wastewater				
Sanitary sewers (miles)	63	63	68	68
Storm sewers (miles)	12	12	12	12
Treatment capacity (thousands of gallons)	980	980	980	1,500

Source: Various City departments

**TABLE 19**

Fiscal Year					
2017	2018	2019	2020	2021	2022
1	1	1	1	1	1
15	27	33	38	32	32
1	1	1	1	1	1
64	65	66	66	66	71
15.2	15.2	15.2	15.2	15.2	15.2
599	606	617	617	617	648
15	15	17	17	17	17
150	153	158	158	158	150
4	6	6	6	6	6
4	4	4	4	4	4
8	8	8	8	8	8
2	2	2	2	2	2
96	98	98	98	98	104
606	626	634	634	634	670
3,419	3,488	3,488	3,488	3,488	3,488
68	68	68	68	68	76
12	12	12	12	12	16
1,500	1,500	1,500	1,500	1,500	1,500

**SINGLE AUDIT SECTION**



**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, 2022, 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 dated April 27, 2023.

***Report on Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the City of Marble Falls, Texas' internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness 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 was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2022-001 that we consider to be a material weakness.

**OFFICE LOCATIONS**

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



### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City of Marble Falls, Texas' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **City's Response to Finding**

*Government Auditing Standards* requires the auditor to perform limited procedures on the City's response to the finding identified in our audit and described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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  
April 27, 2023

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

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

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited the City of Marble Falls, Texas' (the "City") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the the City of Marble falls, Texas's major federal programs for the year ended September 30, 2022. The City of Marble Falls, Texas's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City of Marble Falls, Texas complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2022.

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City of Marble Falls, Texas and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City of Marble Falls, Texas's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the City of Marble Falls, Texas's federal programs.

## ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City of Marble Falls, Texas's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about The City of Marble Falls, Texas's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City of Marble Falls, Texas's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City of Marble Falls, Texas's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City of Marble Falls, Texas's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

## ***Report on Internal Control over Compliance***

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal 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 Auditor's Responsibilities for the Audit of Compliance above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

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

Waco, Texas  
April 27, 2023

**CITY OF MARBLE FALLS, TEXAS**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED SEPTEMBER 30, 2022

Federal Grantor/ Pass-through Grantor/ Grantor/Program Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Federal Expenditures
<b>U. S. DEPARTMENT OF AGRICULTURE</b>			
<u>Passed through Natural Resources Conservation Services:</u>			
Emergency Watershed Protection Program	10.923	NR207442XXC033	\$ <u>588,428</u>
Total Passed through Natural Resources Conservaton Services:			<u>588,428</u>
<b>TOTAL U. S. DEPARTMENT OF AGRICULTURE</b>			<u>588,428</u>
<b>U. S. DEPARTMENT OF COMMERCE</b>			
<u>Passed through Capital Area Council of Governments:</u>			
Economic Development Administration	11.307	08-79-05391	<u>809,727</u>
Total Passed through Capital Area Council of Governments:			<u>809,727</u>
<b>TOTAL U. S. DEPARTMENT OF COMMERCE</b>			<u>809,727</u>
<b>U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>			
<u>Passed through Texas Department of Agriculture:</u>			
Community Development Block Grant	14.228	7220290	<u>300,000</u>
Total Passed through Texas Department of Agriculture:			<u>300,000</u>
<u>Passed through Texas Department of Housing and Community Affairs</u>			
HOME Investment Partnership Program	14.239	M-19-48-0100	<u>9,370</u>
Total Passed through Texas Department of Housing and Community Affairs:			<u>9,370</u>
<b>TOTAL U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>			<u>309,370</u>
<b>U. S. DEPARTMENT OF TREASURY</b>			
<u>Direct Program:</u>			
American Rescue Plan Fiscal Recovery Funds (COVID-19)	21.027	N/A	<u>537,243</u>
Total Direct Programs			<u>537,243</u>
<b>TOTAL U. S. DEPARTMENT OF TREASURY</b>			<u>537,243</u>
<b>U. S. DEPARTMENT OF HOMELAND SECURITY</b>			
<u>Passed through Texas Division of Emergency Management:</u>			
Disaster Grants - Public Assistance (FEMA)	97.036	N/A	10,837
Hazard Mitigation Grant Program	97.039	DR-4416	<u>309,708</u>
Total Passed through Texas Division of Emergency Management:			<u>320,545</u>
<u>Direct programs:</u>			
Staffing for Adequate Fire and Emergency Response	97.083	N/A	<u>47,925</u>
Total Direct Programs			<u>47,925</u>
<b>TOTAL U. S. DEPARTMENT OF HOMELAND SECURITY</b>			<u>368,470</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			\$ <u>2,613,238</u>

**CITY OF MARBLE FALLS, TEXAS**

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED SEPTEMBER 30, 2022

**1. GENERAL**

The accompanying schedule of expenditures of federal awards 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, 2022, which have been submitted to grantor agencies will, in some cases, differ slightly from amounts disclosed herein. The reports prepared for grantor agencies are typically prepared at a later date and often reflect refined estimates of 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, 2022

**Summary of Auditor's Results**

Financial Statements:

Type of auditors' report issued Unmodified

Internal control over financial reporting:

Material weakness(es) identified? Item 2022-001

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:

11.307

Economic Development Administration

21.027

American Rescue Plan Fiscal Recovery Funds (COVID-19)

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**

Item 2022-001

**Findings and Questioned Costs for Federal Awards**

None

**CITY OF MARBLE FALLS, TEXAS**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)  
FOR THE YEAR ENDED SEPTEMBER 30, 2022

**Section II: Financial Statement Finding**

**Item 2022-001: Bank Reconciliations**

Criteria: Management is responsible for establishing and maintaining effective and timely internal controls over bank reconciliations to prevent or detect errors, whether intentional or unintentional.

Condition and Context: Management performed bank reconciliations and identified errors, but the errors identified were not resolved in a timely manner.

Cause: The City's finance office had not posted prior year journal entries correctly and did not record current year interest on a few bank accounts.

Effect or Potential Effect: Management did not follow established bank reconciliation procedures and as a result accurate financial information was not available in a timely manner.

Recommendation: The City should follow established procedures by performing bank reconciliations and resolving identified errors in a timely manner.

Responsible Official's Response: The City agrees with this finding and has taken corrective action to ensure that established procedures are followed, and bank reconciliations are performed on a timely basis.

**CITY OF MARBLE FALLS, TEXAS**  
SCHEDULE OF PRIOR YEAR FINDINGS  
FOR THE YEAR ENDED SEPTEMBER 30, 2022

None



**CORRECTIVE ACTION PLAN  
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

Contact Person – Jeff Lazenby, Finance Director

Anticipated Completion Date – July 2023

2022-001 – Material weakness for financial statements.

The City agrees with the finding and has taken corrective action to ensure that established procedures are followed timely and appropriately.

- 1.) Prior to the audit, Finance staff will use a cash testing worksheet as an internal control to identify any potential errors in the bank reconciliations.
- 2.) All audit journal entries will be reviewed, posted, and compared to the audited financial statements.
- 3.) Finance staff will develop and implement a cash reconciliation policy and procedures.