

ANNUAL COMPREHENSIVE FINANCIAL REPORT

**FOR FISCAL YEAR ENDED
SEPTEMBER 30, 2023**



ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR FISCAL YEAR ENDED
SEPTEMBER 30, 2023



Prepared by the
Finance Department

CITY OF MARBLE FALLS, TEXAS

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INTRODUCTORY SECTION

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March 19, 2024

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, 2023, 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, 2023 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, 2023, 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 30th day of September and requires an affirmation vote of a majority of the Council. The City maintains budgetary control by adopting an annual operating budget for the General Fund, Debt Service Fund, Special Revenue Funds, Proprietary Fund and Capital Projects Fund. Revisions that increase the total expenditures of any fund must be approved by Council.

The City Council establishes long term financial goals each year as a part of the budgeting process. For FY 2023, the Council adopted the following strategic goals:

1. Professional, efficient Municipal Services with an emphasis on quality customer service.
2. A professional, top-notch City Staff, guiding the culture through the Five Levels of Leadership.
3. Fiscal Responsibility through short-term goals to meet immediate needs, balanced with long-term goals.
4. Supporting economic recovery.
5. Economic Stability by solidifying Marble Falls as a tourism destination as well as a commercial and retail center.

6. A Safe Community where people desire to live, work, and play.
7. A vibrant, welcoming Park System, highlighting our lake within the landscape of the Texas Hill Country.
8. A lively Recreation Program for all ages.
9. A unique, thriving Downtown District that is the heart of the community.
10. Connectivity through local streets, sidewalks and trails.
11. On-going Communication with the citizens.

The City continued to maintain financial stability and added to the General Fund and Proprietary Fund cash reserves balances. During fiscal year 2022-2023, 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.

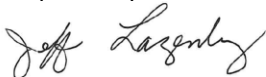
AWARDS AND ACKNOWLEDGEMENTS

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, 2022. 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, 2023

MAYOR

Dave Rhodes

MAYOR PRO TEM

William (Dee) Haddock

COUNCILMEMBERS

Karlee Cauble
Lauren Haltom
Craig Magerkurth
Griff Morris
Bryan Walker

CITY MANAGER

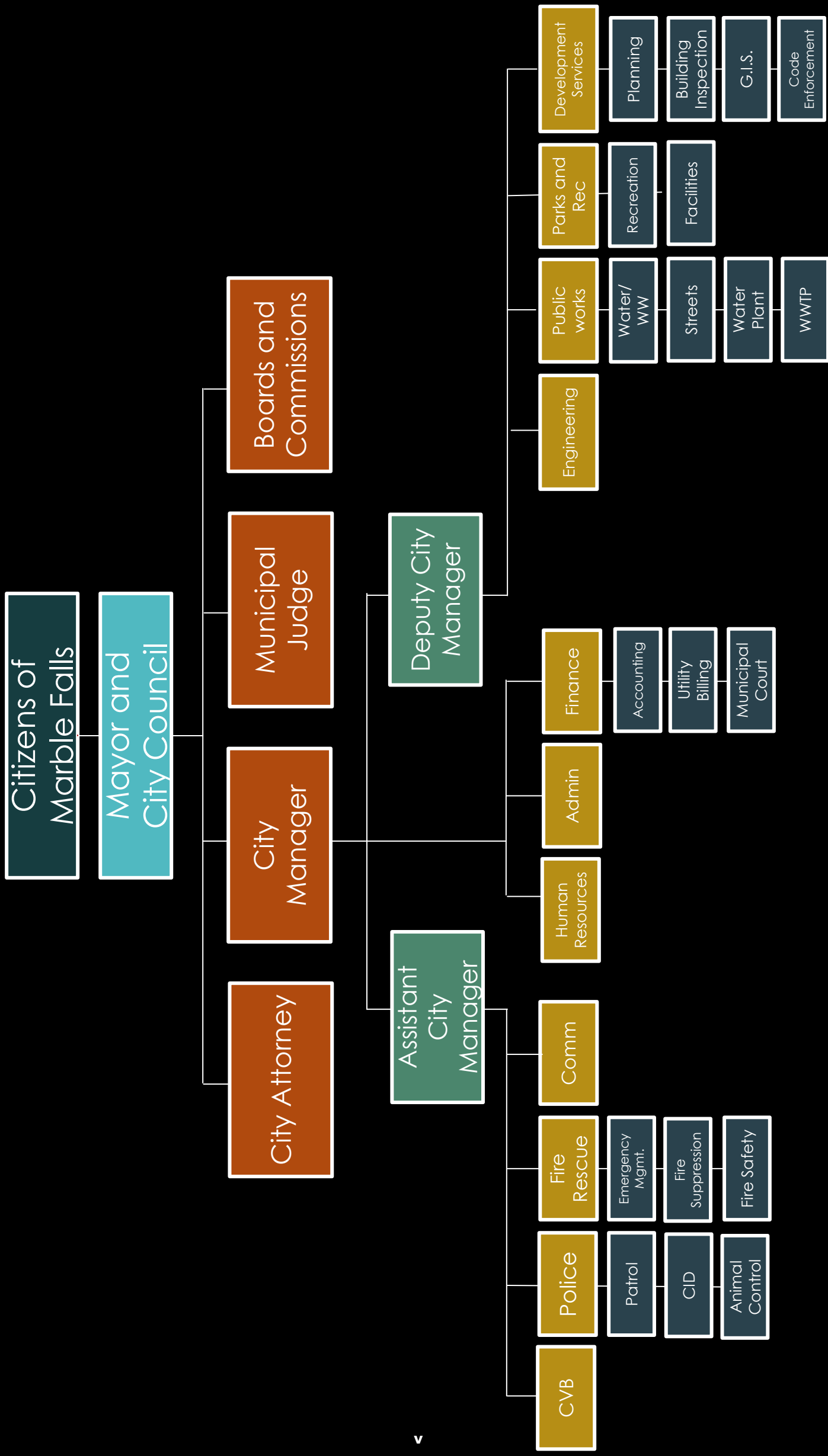
Mike Hodge

CITY ATTORNEY

Patty Akers
Messer Fort Law Firm

PREPARED BY:

Finance Department
Jeff Lazenby, Director of Finance



Citizens of Marble Falls

Mayor and City Council

City Attorney

City Manager

Municipal Judge

Boards and Commissions

Assistant City Manager

Deputy City Manager

CVB

Police

Patrol

CID

Animal Control

Fire Rescue

Emergency Mgmt.

Fire Suppression

Fire Safety

Comm

Human Resources

Admin

Finance

Accounting

Utility Billing

Municipal Court

Engineering

Public works

Water/WW

Streets

Water Plant

WWTP

Parks and Rec

Recreation

Facilities

Development Services

Planning

Building Inspection

G.I.S.

Code Enforcement



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, 2022

Christopher P. Morill

Executive Director/CEO

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FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Marble Falls, Texas, as of and for the year ended September 30, 2023, 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, 2023, 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.

Responsibilities of Management for the Financial Statements

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

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

OFFICE LOCATIONS

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

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

Other Information included in the Annual Comprehensive Financial Report

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 19, 2024 on our consideration of the City of Marble Falls, Texas' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Marble Falls, Texas' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Marble Falls, Texas' internal control over financial reporting and compliance.

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

Waco, Texas
March 19, 2024

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**MANAGEMENT'S
DISCUSSION AND ANALYSIS**

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MANAGEMENT'S DISCUSSION AND ANALYSIS

As Management of the City of Marble Falls, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2023. 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, 2023, by \$55,028,092 (net position). Of this amount, \$3,321,236 is unrestricted net position.
- The City's net position increased by \$9,779,743.
- As of the close of the current fiscal year, the City of Marble Falls governmental funds reported combined ending fund balances of \$50,924,289. \$8,003,660 of this amount is unassigned and available for use within the City's fund designation and policy.
- As of September 30, 2023, unassigned fund balance for the General Fund was \$8,003,660 or 43.62% of total General Fund expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide Financial Statements

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

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

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

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

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

Fund Financial Statements

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

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

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

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

Reporting the City’s Fiduciary Responsibility

The City is the trustee, or fiduciary, for the LaVentana Public Improvement District Trust Fund, Gregg Ranch Public Improvement District Trust Fund, Thunder Rock PID Trust Fund and Thousand Oaks PID Trust Fund. All of the City’s fiduciary activities are reported in separate Statements of Fiduciary Net Position and Changes in Fiduciary Net Position. The activities of this fund are excluded from the City’s government-wide financial statements because the City cannot use these assets to finance its operations. The City is responsible for ensuring that the assets reported in this fund are used for their intended purpose. The basic fiduciary fund financial statements can be found on pages 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 \$55.0 million as of September 30, 2023. 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	
	2023	2022	2023	2022	2023	2022
Current and other assets	\$ 56,495,934	\$ 39,848,522	\$ 53,335,742	\$ 32,578,999	\$ 109,831,676	\$ 72,427,521
Capital assets	45,007,469	42,675,731	42,197,949	40,151,885	87,205,418	82,827,616
Total assets	101,503,403	82,524,253	95,533,691	72,730,884	197,037,094	155,255,137
Deferred outflows of resources	3,318,930	1,377,974	735,223	529,032	4,054,153	1,907,006
Current liabilities	9,691,459	9,466,236	17,571,635	16,719,066	27,263,094	26,185,302
Noncurrent liabilities	61,833,019	44,982,763	56,494,149	38,639,221	118,327,168	83,621,984
Total liabilities	71,524,478	54,448,999	74,065,784	55,358,287	145,590,262	109,807,286
Deferred inflows of resources	415,656	1,827,237	57,237	279,271	472,893	2,106,508
Net position:						
Net investment,						
in capital assets	5,737,308	5,949,304	21,891,218	16,928,614	27,628,526	22,877,918
Restricted	24,078,330	18,210,356	-	-	24,078,330	18,210,356
Unrestricted	3,066,561	3,466,331	254,675	693,744	3,321,236	4,160,075
Total net position	\$ 32,882,199	\$ 27,625,991	\$ 22,145,893	\$ 17,622,358	\$ 55,028,092	\$ 45,248,349

The restricted portion of the City's net position (43.8%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position is \$3,321,236 .

Analysis of the City's Operations

The following table provides a summary of the City's operations for the year ended September 30, 2023. Governmental activities increased the City of Marble Falls' net position by \$5,256,208, accounting for a 19.0% increase in net position. Primary factors attributing to the increase compared to the prior year include sales tax growth of 4% or \$543,361 and general property tax growth of 17% or \$1,120,396 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 \$4,523,535 accounting for a 25.7% increase in net position. The operating grants and contributions increased due to the EDA and CDBG grants. Charges for services increased by \$730,447, primarily due to an increase in water and wastewater rates. Total expenses increased by \$1,014,542 or 16%. 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	
	2023	2022	2023	2022	2023	2022
Revenues:						
Program revenues:						
Charges for services	\$ 2,910,409	\$ 2,478,417	\$ 8,259,630	\$ 7,529,182	\$ 11,170,039	\$ 10,007,599
Operating grants and contributions	1,701,870	1,030,867	1,423,803	1,109,727	3,125,673	2,140,594
Capital grants and contributions	356,291	756,411	-	-	356,291	756,411
General revenues:						
Property taxes	7,590,955	6,470,559	-	-	7,590,955	6,470,559
Sales taxes	14,304,544	13,761,183	-	-	14,304,544	13,761,183
Franchise taxes	674,305	599,968	-	-	674,305	599,968
Other taxes	725,325	1,052,812	-	-	725,325	1,052,812
Investment earnings	1,873,697	266,866	1,503,466	108,831	3,377,163	375,697
Gain on sale of assets	-	2,359,352	-	-	-	2,359,352
Miscellaneous	94,719	444,818	-	-	94,719	444,818
Total revenues	<u>30,232,115</u>	<u>29,221,253</u>	<u>11,186,899</u>	<u>8,747,740</u>	<u>41,419,014</u>	<u>37,968,993</u>
Expenses:						
General government	7,207,565	6,676,218	-	-	7,207,565	6,676,218
Public safety	9,760,595	9,221,922	-	-	9,760,595	9,221,922
Public works	1,894,188	1,964,553	-	-	1,894,188	1,964,553
Culture and recreation	3,311,337	2,640,598	-	-	3,311,337	2,640,598
Interest on long-term debt	1,979,562	1,414,123	-	-	1,979,562	1,414,123
Water and wastewater	-	-	7,486,024	6,471,482	7,486,024	6,471,482
Total expenses	<u>24,153,247</u>	<u>21,917,414</u>	<u>7,486,024</u>	<u>6,471,482</u>	<u>31,639,271</u>	<u>28,388,896</u>
Increases (decreases) in net position before transfers						
	6,078,868	7,303,839	3,700,875	2,276,258	9,779,743	9,580,097
Transfers						
	(822,660)	(694,959)	822,660	694,959	-	-
Change in net position						
	5,256,208	6,608,880	4,523,535	2,971,217	9,779,743	9,580,097
Net position, beginning						
	<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>
Prior period adjustment						
	-	(2,102,449)	-	-	-	(2,102,449)
Net position, ending						
	<u>\$ 32,882,199</u>	<u>\$ 27,625,991</u>	<u>\$ 22,145,893</u>	<u>\$ 17,622,358</u>	<u>\$ 55,028,092</u>	<u>\$ 45,248,349</u>

Government Funds

In the General Fund, fund balance increased by \$224,709. The increase was due mainly to an increase in property taxes and sales taxes for FY 2023. Property taxes increased by 15.9% primarily due to an increase in total assessed values. Sales taxes increased by 3.9% from the prior fiscal year due to an increase in retail sales activity.

The Economic Development Corporation Fund balance increased by \$1,625,381. The increase is due to an increase in sales taxes for FY 2023. Sales taxes increased by 3.9% from the prior fiscal year due to an increase in retail sales activity.

The Debt Service Fund balance increased by \$590,535 due to an increase in property tax revenue. Property taxes increased by 15.9% primarily due to an increase in total assessed values.

The Hotel Conference Center Fund increased by \$344,351 due to transfers into the fund. The transfers are from the Economic Development Corporation Fund for the Hotel Conference Center capital project.

The General Improvements Fund increased fund balance by \$11,849,838 during the year as a result of proceeds from multiple long-term debt issuances for capital projects.

Proprietary Fund

Unrestricted net position of the proprietary fund (water and utility) was \$254,675. The net position of the Water and Utility Fund increased by \$4,523,535. This increase was due to an increase in water and utility charges.

General Fund Budgetary Highlights

The City revised the original appropriations approved by the City Council. These changes resulted in an decrease in budgeted expenditures in the amount of \$477,186 from the original budget of \$16,117,771 to the revised budget of \$16,594,957 or a 3.0% decrease. The majority of this decrease was due to an decrease in budgeted culture and recreation expenditures.

The variance between the final amended budget and actual expenditures was a negative \$1,753,191. General Government actual expenditures were above budgeted expenditures by \$709,256. Additionally, Public Works expenditures were above budgeted expenditures by \$17,249, due mainly to increased 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	
	2023	2022	2023	2022	2023	2022
Land	\$ 12,721,209	\$ 10,520,042	\$ 851,508	\$ 851,508	\$ 13,572,717	\$ 11,371,550
Buildings and improvements	75,658,164	74,602,609	74,362,642	70,758,455	150,020,806	145,361,064
Equipment	9,484,328	8,236,748	2,951,987	2,413,316	12,436,315	10,650,064
Right to use - equipment	887,099	-	-	-	887,099	-
Construction in progress	1,795,550	1,623,853	-	-	1,795,550	1,623,853
Less: accumulated depreciation	<u>(55,538,881)</u>	<u>(52,307,521)</u>	<u>(35,968,188)</u>	<u>(33,871,394)</u>	<u>(91,507,069)</u>	<u>(86,178,915)</u>
Total capital assets, net	<u>\$ 45,007,469</u>	<u>\$ 42,675,731</u>	<u>\$ 42,197,949</u>	<u>\$ 40,151,885</u>	<u>\$ 87,205,418</u>	<u>\$ 82,827,616</u>

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	
	2023	2022	2023	2022	2023	2022
Bonds	<u>\$ 43,516,539</u>	<u>\$ 39,561,746</u>	<u>\$ 40,380,097</u>	<u>\$ 42,247,280</u>	<u>\$ 83,896,636</u>	<u>\$ 81,809,026</u>
Total	<u>\$ 43,516,539</u>	<u>\$ 39,561,746</u>	<u>\$ 40,380,097</u>	<u>\$ 42,247,280</u>	<u>\$ 83,896,636</u>	<u>\$ 81,809,026</u>

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 7,943 in 2024. The City is continuing to focus on Economic Development initiatives and infrastructure improvements. 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 largest source of revenue in the General Fund is sales tax. The City realized an increase of 5% from the prior year revenue of \$10,154,075 to \$10,674,333. The 2024 General Fund estimate is projected at \$11,154,678. The Marble Falls Economic Development Corporation (EDC) is funded by a voter approved, half-cent sales tax, which is used to offer grants and other economic incentives to existing and new businesses. The EDC's sales tax estimate for 2024 is \$3,440,296.

The City's second largest source of revenue in the General Fund is ad valorem or property taxes. The City's 2024 tax rate is \$0.5400. This rate consists of a maintenance and operations (M&O) tax rate of \$0.2009 and an Interest and Sinking (debt service) tax rate of \$0.3391. The rate was set based on a net taxable value of \$1,422,445,079. The assessed values increased 18% for FY 2024.

Water revenues for 2024 are budgeted at \$4,936,310 which is an increase of 6% over the prior year. Wastewater revenues are budgeted at \$2,801,690, representing a 6% increase over the prior year.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, customers, investors, and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional information, contact the Finance Department; 800 Third Street; Marble Falls, Texas 78654 or call Jeff Lazenby (830) 693-3615 or e-mail jlazenby@marblefallstx.gov.

**BASIC
FINANCIAL STATEMENTS**

CITY OF MARBLE FALLS, TEXAS

STATEMENT OF NET POSITION

SEPTEMBER 30, 2023

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and investments	\$ 51,623,295	\$ 51,382,709	\$ 103,006,004
Receivables, net of allowances for uncollectibles			
Taxes	2,690,826	-	2,690,826
Customer accounts	647,132	1,368,488	2,015,620
Other	843	-	843
Due from other governments	1,307,746	468,981	1,776,727
Internal balances	226,092	(226,092)	-
Inventories	-	341,656	341,656
Capital assets:			
Land	12,721,209	851,508	13,572,717
Buildings and improvements	75,658,164	74,362,642	150,020,806
Equipment	9,484,328	2,951,987	12,436,315
Right to use - equipment	887,099	-	887,099
Construction in progress	1,795,550	-	1,795,550
Accumulated depreciation	(55,538,881)	(35,968,188)	(91,507,069)
Total capital assets, net of accumulated depreciation	45,007,469	42,197,949	87,205,418
Total assets	101,503,403	95,533,691	197,037,094
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflow related to pensions	2,996,453	418,697	3,415,150
OPEB - TMRS supplemental death benefit	69,249	9,677	78,926
OPEB - Retiree health plan	74,750	10,193	84,943
Deferred loss on bond refunding	178,478	296,656	475,134
Total deferred outflows of resources	3,318,930	735,223	4,054,153
LIABILITIES			
Accounts payable	1,139,536	175,755	1,315,291
Accrued liabilities	254,549	50,626	305,175
Due to others	153,731	119,842	273,573
Unearned revenue	1,983,767	13,065,800	15,049,567
Developer deposits	694,350	-	694,350
Customer deposits	61,576	621,248	682,824
Accrued interest	311,997	222,062	534,059
Noncurrent liabilities:			
Due within one year			
General and certificates of obligation	3,800,000	3,184,000	6,984,000
Tax notes	560,000	-	560,000
Financing arrangements	387,034	89,010	476,044
Leases	74,288	-	74,288
Compensated absences	270,631	43,292	313,923
Due in more than one year			
General and certificates of obligation	50,412,962	55,161,820	105,574,782
Tax notes	1,425,000	-	1,425,000
Financing arrangements	1,038,539	164,718	1,203,257
Leases	710,323	-	710,323
Compensated absences	811,893	129,876	941,769
Net pension liability	6,783,847	947,914	7,731,761
OPEB - TMRS supplemental death benefit	333,335	46,577	379,912
OPEB - Retiree health plan	317,120	43,244	360,364
Total liabilities	\$ 71,524,478	\$ 74,065,784	\$ 145,590,262

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

CITY OF MARBLE FALLS, TEXAS

STATEMENT OF NET POSITION

SEPTEMBER 30, 2023

	Primary Government		
	Governmental Activities	Business-type Activities	Total
DEFERRED INFLOWS OF RESOURCES			
OPEB - TMRS supplemental death benefit	\$ 165,616	\$ 23,141	\$ 188,757
OPEB - Retiree health plan	<u>250,040</u>	<u>34,096</u>	<u>284,136</u>
Total deferred inflows of resources	<u>415,656</u>	<u>57,237</u>	<u>472,893</u>
NET POSITION			
Net investment in capital assets	5,737,308	21,891,218	27,628,526
Restricted for:			
Economic development	22,149,409	-	22,149,409
Debt service	940,585	-	940,585
Public safety	180,037	-	180,037
Culture and recreation	808,299	-	808,299
Unrestricted	<u>3,066,561</u>	<u>254,675</u>	<u>3,321,236</u>
Total net position	<u>\$ 32,882,199</u>	<u>\$ 22,145,893</u>	<u>\$ 55,028,092</u>

CITY OF MARBLE FALLS, TEXAS

STATEMENT OF ACTIVITIES

FOR THE FISCAL YEAR ENDED SEPTEMBER, 30 2023

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 7,207,565	\$ 872,491	\$ 173,402	\$ -
Public safety	9,760,595	189,224	660,591	-
Public works	1,894,188	1,601,055	-	350,201
Culture and recreation	3,311,337	247,639	867,877	6,090
Interest on long-term debt	1,979,562	-	-	-
Total governmental activities	<u>24,153,247</u>	<u>2,910,409</u>	<u>1,701,870</u>	<u>356,291</u>
Business-type activities:				
Water and sewer	<u>7,486,024</u>	<u>8,259,630</u>	<u>1,423,803</u>	<u>-</u>
Total business-type activities	<u>7,486,024</u>	<u>8,259,630</u>	<u>1,423,803</u>	<u>-</u>
Total primary government	<u>\$ 31,639,271</u>	<u>\$ 11,170,039</u>	<u>\$ 3,125,673</u>	<u>\$ 356,291</u>

General revenues:

Taxes:

Property, levied for general purposes

Property, levied for debt service

Sales

Franchise

Hotel motel

Mixed beverage

Investment earnings

Miscellaneous

Transfers

Total general revenues and transfers

Change in net position

Net position, beginning

Net position, ending

Net (Expense) Revenue and
Changes in Net Position

Primary Government		
Governmental Activities	Business-type Activities	Total
\$ (6,161,672)	\$ -	\$ (6,161,672)
(8,910,780)	-	(8,910,780)
57,068	-	57,068
(2,189,731)	-	(2,189,731)
(1,979,562)	-	(1,979,562)
<u>(19,184,677)</u>	<u>-</u>	<u>(19,184,677)</u>
-	2,197,409	2,197,409
-	<u>2,197,409</u>	<u>2,197,409</u>
\$ <u>(19,184,677)</u>	\$ <u>2,197,409</u>	\$ <u>(16,987,268)</u>
3,036,007	-	3,036,007
4,554,948	-	4,554,948
14,304,544	-	14,304,544
674,305	-	674,305
725,325	-	725,325
81,915	-	81,915
1,873,697	1,503,466	3,377,163
12,804	-	12,804
(822,660)	822,660	-
<u>24,440,885</u>	<u>2,326,126</u>	<u>26,767,011</u>
5,256,208	4,523,535	9,779,743
<u>27,625,991</u>	<u>17,622,358</u>	<u>45,248,349</u>
\$ <u>32,882,199</u>	\$ <u>22,145,893</u>	\$ <u>55,028,092</u>

CITY OF MARBLE FALLS, TEXAS

BALANCE SHEET - GOVERNMENTAL FUNDS

SEPTEMBER 30, 2023

	<u>General</u>	<u>Economic Development Corporation</u>	<u>Debt Service</u>
ASSETS			
Cash and investments	\$ 8,080,976	\$ 10,763,213	\$ 804,170
Receivables, net of allowances for uncollectibles:			
Property taxes	29,334	-	136,818
Other taxes	1,831,958	608,629	-
Accounts	158,725	-	-
Other	-	75	-
Due from other governments	81,377	-	-
Due from other funds	9,368	3,703	-
Total assets	<u>10,191,738</u>	<u>11,375,620</u>	<u>940,988</u>
LIABILITIES			
Accounts payable	423,290	57,665	-
Accrued liabilities	239,429	9,232	403
Due to other funds	-	-	-
Due to others	153,731	-	-
Unearned revenue	577,121	-	-
Developer deposits	694,350	-	-
Customer deposits	61,576	-	-
Total liabilities	<u>2,149,497</u>	<u>66,897</u>	<u>403</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - property taxes	15,931	-	117,208
Unavailable revenue - grants	-	-	-
Unavailable revenue - court fines and fees	22,650	-	-
Total deferred inflows of resources	<u>38,581</u>	<u>-</u>	<u>117,208</u>
FUND BALANCES			
Restricted	-	11,308,723	823,377
Unassigned	8,003,660	-	-
Total fund balances	<u>8,003,660</u>	<u>11,308,723</u>	<u>823,377</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 10,191,738</u>	<u>\$ 11,375,620</u>	<u>\$ 940,988</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

Hotel Conference Center	General Improvements	Other Governmental	Total Governmental
\$ 10,844,389	\$ 16,219,983	\$ 4,587,030	\$ 51,299,761
-	-	-	166,152
-	-	84,087	2,524,674
-	-	-	158,725
-	-	768	843
-	314,362	912,007	1,307,746
-	226,092	-	239,163
<u>10,844,389</u>	<u>16,760,437</u>	<u>5,583,892</u>	<u>55,697,064</u>
-	290,715	367,866	1,139,536
-	-	5,485	254,549
3,703	-	9,368	13,071
-	-	-	153,731
-	1,406,646	-	1,983,767
-	-	-	694,350
-	-	-	61,576
<u>3,703</u>	<u>1,697,361</u>	<u>382,719</u>	<u>4,300,580</u>
-	-	-	133,139
-	316,406	-	316,406
-	-	-	22,650
<u>-</u>	<u>316,406</u>	<u>-</u>	<u>472,195</u>
10,840,686	14,746,670	5,201,173	42,920,629
-	-	-	8,003,660
<u>10,840,686</u>	<u>14,746,670</u>	<u>5,201,173</u>	<u>50,924,289</u>
\$ 10,844,389	\$ 16,760,437	\$ 5,583,892	
			45,040,395
			960,602
			290,608
			<u>(64,333,695)</u>
			<u>\$ 32,882,199</u>

CITY OF MARBLE FALLS, TEXAS

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

FOR THE FISCAL YEAR ENDED SEPTEMBER, 30 2023

	<u>General</u>	<u>Economic Development Corporation</u>	<u>Debt Service</u>
REVENUES			
Property taxes	\$ 3,037,554	\$ -	\$ 4,555,688
Sales taxes	10,728,408	3,576,136	-
Hotel/motel taxes	-	-	-
Mixed beverage taxes	81,915	-	-
Franchise fees	674,309	-	-
Fines and forfeitures	259,203	-	-
Permits and fees	904,734	14,974	-
Intergovernmental	1,078,599	30,270	-
Investment earnings	202,699	458,369	133,690
Other	<u>491,158</u>	<u>-</u>	<u>-</u>
Total revenues	<u>17,458,579</u>	<u>4,079,749</u>	<u>4,689,378</u>
EXPENDITURES			
Current:			
General government	4,643,858	723,429	-
Public safety	7,827,225	-	-
Public works	1,775,659	-	-
Culture and recreation	2,462,632	-	-
Capital outlay	1,077,227	117,972	-
Debt service:			
Principal	527,004	1,060,000	3,400,000
Interest and fiscal charges	34,543	509,449	962,524
Bond issuance costs	<u>-</u>	<u>-</u>	<u>1,841</u>
Total expenditures	<u>18,348,148</u>	<u>2,410,850</u>	<u>4,364,365</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(889,569)</u>	<u>1,668,899</u>	<u>325,013</u>
OTHER FINANCING SOURCES (USES)			
Issuance of debt	-	-	-
Issuance of financed purchases	37,500	-	-
Premium on bond issuance	-	-	-
Leases issued	862,870	-	-
Sale of capital assets	81,106	151,745	-
Proceeds from insurance	26,064	-	-
Transfers in	828,855	-	265,522
Transfers out	<u>(722,117)</u>	<u>(195,263)</u>	<u>-</u>
Total other financing sources (uses)	<u>1,114,278</u>	<u>(43,518)</u>	<u>265,522</u>
NET CHANGE IN FUND BALANCES	224,709	1,625,381	590,535
FUND BALANCES, BEGINNING	<u>7,778,951</u>	<u>9,683,342</u>	<u>232,842</u>
FUND BALANCES, ENDING	<u>\$ 8,003,660</u>	<u>\$ 11,308,723</u>	<u>\$ 823,377</u>

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

Hotel Conference Center	General Improvements	Other Governmental	Total Governmental
\$ -	\$ -	\$ -	\$ 7,593,242
-	-	-	14,304,544
-	-	725,325	725,325
-	-	-	81,915
-	-	-	674,309
-	-	1,469,617	1,728,820
-	-	-	919,708
-	353,083	503,474	1,965,426
516,047	367,185	195,707	1,873,697
-	-	500	491,658
<u>516,047</u>	<u>720,268</u>	<u>2,894,623</u>	<u>30,358,644</u>
-	105,700	-	5,472,987
-	-	26,914	7,854,139
-	-	-	1,775,659
-	-	600,149	3,062,781
171,696	3,933,530	833,729	6,134,154
-	-	898	4,987,902
-	-	8	1,506,524
-	395,705	116,323	513,869
<u>171,696</u>	<u>4,434,935</u>	<u>1,578,021</u>	<u>31,308,015</u>
<u>344,351</u>	<u>(3,714,667)</u>	<u>1,316,602</u>	<u>(949,371)</u>
-	13,783,133	2,486,867	16,270,000
-	498,800	20,000	556,300
-	682,572	74,456	757,028
-	-	-	862,870
-	-	-	232,851
-	-	-	26,064
-	600,000	38,500	1,732,877
-	-	(1,702,866)	(2,620,246)
-	<u>15,564,505</u>	<u>916,957</u>	<u>17,817,744</u>
344,351	11,849,838	2,233,559	16,868,373
<u>10,496,335</u>	<u>2,896,832</u>	<u>2,967,614</u>	<u>34,055,916</u>
<u>\$ 10,840,686</u>	<u>\$ 14,746,670</u>	<u>\$ 5,201,173</u>	<u>\$ 50,924,289</u>

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CITY OF MARBLE FALLS, TEXAS

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

FOR THE YEAR ENDED SEPTEMBER 30, 2023

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)	\$ 16,868,373
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.	2,826,395
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(75,828)
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.	(13,477,021)
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.	(279,794)
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.	31,783
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>(637,700)</u>
Change in net position of governmental activities (pages 12 - 13)	<u>\$ 5,256,208</u>

CITY OF MARBLE FALLS, TEXAS

STATEMENT OF NET POSITION
PROPRIETARY FUNDS

SEPTEMBER 30, 2023

	Business-type Activities <u>Enterprise Fund</u> <u>Water and Utility</u>	Governmental Activities <u>Internal Service Fund</u> <u>Equipment Replacement</u>
ASSETS		
Current assets:		
Cash and investments	\$ 51,382,709	\$ 323,534
Accounts receivable, net of allowance	1,368,488	-
Due from other governments	468,981	-
Inventories	<u>341,656</u>	<u>-</u>
Total current assets	<u>53,561,834</u>	<u>323,534</u>
Noncurrent assets:		
Capital assets:		
Land	851,508	-
Buildings and improvements	74,362,642	-
Machinery and equipment	2,951,987	242,230
Accumulated depreciation	<u>(35,968,188)</u>	<u>(89,606)</u>
Total capital assets	<u>42,197,949</u>	<u>152,624</u>
Total noncurrent assets	<u>42,197,949</u>	<u>152,624</u>
Total assets	<u>95,759,783</u>	<u>476,158</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflow related to pensions	418,697	-
OPEB - TMRS supplemental death benefit	9,677	-
OPEB - Retiree health plan	10,193	-
Deferred loss on bond refunding	<u>296,656</u>	<u>-</u>
Total deferred outflows of resources	<u>735,223</u>	<u>-</u>
LIABILITIES		
Current liabilities:		
Accounts payable	175,755	-
Accrued liabilities	50,626	-
Due to other funds	226,092	-
Customer deposits	621,248	-
Unearned revenue	13,065,800	-
Due to others	119,842	-
Accrued interest	222,062	-
Compensated absences	43,292	-
Financing arrangements	89,010	-
Bonds payable	<u>3,184,000</u>	<u>-</u>
Total current liabilities	<u>\$ 17,797,727</u>	<u>\$ -</u>

CITY OF MARBLE FALLS, TEXAS

STATEMENT OF NET POSITION
PROPRIETARY FUNDS

SEPTEMBER 30, 2023

	Business-type Activities <u>Enterprise Fund</u> <u>Water and Utility</u>	Governmental Activities <u>Internal Service Fund</u> <u>Equipment Replacement</u>
LIABILITIES		
Noncurrent liabilities:		
Compensated absences	\$ 129,876	\$ -
Financing arrangements	164,718	-
Bonds payable	55,161,820	-
Net pension liability	947,914	-
OPEB - TMRS supplemental death benefit	46,577	-
OPEB - Retiree health plan	<u>43,244</u>	<u>-</u>
Total noncurrent liabilities	<u>56,494,149</u>	<u>-</u>
Total liabilities	<u>74,291,876</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES		
OPEB - TMRS supplemental death benefit	23,141	-
OPEB - Retiree health plan	<u>34,096</u>	<u>-</u>
Total deferred inflows of resources	<u>57,237</u>	<u>-</u>
NET POSITION		
Net investment in capital assets	21,891,218	152,624
Unrestricted	<u>254,675</u>	<u>323,534</u>
Total net position	<u>\$ 22,145,893</u>	<u>\$ 476,158</u>

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CITY OF MARBLE FALLS, TEXAS

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

FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Business-type Activities <u>Enterprise Fund</u> <u>Water and Utility</u>	Governmental Activities <u>Internal Service Fund</u> <u>Equipment Replacement</u>
OPERATING REVENUES		
Water and utility charges	\$ 8,142,354	\$ -
Miscellaneous	<u>117,276</u>	<u>-</u>
Total operating revenues	<u>8,259,630</u>	<u>-</u>
OPERATING EXPENSES		
Personnel services	1,656,243	-
Supplies	708,798	-
Repairs and maintenance	999,220	-
Purchased and contracted services	764,260	-
Depreciation	<u>2,096,794</u>	<u>32,926</u>
Total operating expenses	<u>6,225,315</u>	<u>32,926</u>
OPERATING INCOME (LOSS)	<u>2,034,315</u>	<u>(32,926)</u>
NONOPERATING REVENUES (EXPENSES)		
Intergovernmental	1,423,803	-
Investment earnings	1,503,466	-
Interest and fiscal charges	<u>(1,260,709)</u>	<u>-</u>
Total nonoperating revenues (expenses)	<u>1,666,560</u>	<u>-</u>
INCOME BEFORE TRANSFERS	3,700,875	(32,926)
TRANSFERS OUT	(639,698)	-
TRANSFERS IN	<u>1,462,358</u>	<u>64,709</u>
CHANGE IN NET POSITION	4,523,535	31,783
NET POSITION, BEGINNING	<u>17,622,358</u>	<u>444,375</u>
NET POSITION, ENDING	<u>\$ 22,145,893</u>	<u>\$ 476,158</u>

CITY OF MARBLE FALLS, TEXAS

STATEMENT OF CASH FLOWS
PROPRIETARY FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Business-type Activities <u>Enterprise Fund</u> <u>Water and Utility</u>	Governmental Activities <u>Internal Service Fund</u> <u>Equipment Replacement</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers and users	\$ 8,008,812	\$ -
Cash paid to suppliers for goods and services	(2,666,024)	-
Cash paid to employees for services	<u>(1,684,909)</u>	-
Net cash provided by operating activities	<u>3,657,879</u>	<u>-</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfers to other funds	(639,698)	-
Transfers from other funds	1,462,358	64,709
Operating grants	<u>1,423,803</u>	-
Net cash used by noncapital financing activities	<u>2,246,463</u>	<u>64,709</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition of capital assets	(4,142,858)	-
Principal repayments on long-term debt	18,165,662	-
Interest and fiscal charges paid on debt	<u>(1,149,017)</u>	-
Net cash used by capital and related financing activities	<u>12,873,787</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest and investment earnings	<u>1,503,466</u>	-
Net cash provided by investing activities	<u>1,503,466</u>	<u>-</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	20,281,595	64,709
CASH AND CASH EQUIVALENTS, BEGINNING	<u>31,101,114</u>	<u>258,825</u>
CASH AND CASH EQUIVALENTS, ENDING	<u>\$ 51,382,709</u>	<u>\$ 323,534</u>

CITY OF MARBLE FALLS, TEXAS

STATEMENT OF CASH FLOWS
PROPRIETARY FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2023

	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	\$ 2,034,315	\$ (32,926)
Adjustments to reconcile operating income (loss) to net cash used by operating activities:		
Depreciation and amortization	2,096,794	32,926
Changes in assets and liabilities:		
Decrease (increase) in assets:		
Customer receivable	(272,325)	-
Due from other governments receivable	(257,336)	-
Inventory	54,513	-
Deferred outflow related to pensions	(269,103)	-
Increase (decrease) in liabilities:		
Accounts payable	(14,179)	-
Accrued liabilities	(41)	-
Net pension liability	504,969	-
OPEB net pension obligation	(30,378)	-
Customer deposits	21,507	-
Due to others	1,033	-
Deferred inflow related to pensions	(244,257)	-
Deferred inflow related to OPEB	22,223	-
Compensated absences payable	<u>10,144</u>	<u>-</u>
Net cash provided by operating activities	\$ <u>3,657,879</u>	\$ <u>-</u>

CITY OF MARBLE FALLS, TEXAS
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
SEPTEMBER 30, 2023

	<u>Total Trust Funds</u>
ASSETS	
Cash and cash equivalents	\$ 182,755
Total assets	182,755
LIABILITIES	
Developer deposits	121,000
Total liabilities	121,000
NET POSITION	
Held in trust	\$ 61,755

CITY OF MARBLE FALLS, TEXAS

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY NET POSITION

FOR THE YEAR ENDED SEPTEMBER 30, 2023

	<u>Total Trust Funds</u>
ADDITIONS	
Property tax assessment	\$ 1,293,242
Investment earnings	<u>2,458</u>
Total additions	<u>1,295,700</u>
DEDUCTIONS	
Purchased and contracted services	<u>1,258,074</u>
Total deductions	<u>1,258,074</u>
CHANGE IN NET POSITION	37,626
NET POSITION, BEGINNING	<u>24,129</u>
NET POSITION, ENDING	<u>\$ 61,755</u>

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CITY OF MARBLE FALLS, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2023

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 operates under the council/manager form of government. The City Manager, appointed by the seven-member elected Council, is the Chief Administrative Officer of the City. The City provides the following services: public safety, street maintenance, refuse collection, recreation programs, municipal court, public health, community development, public improvements, water and sewer services, and general administrative services.

Reporting Entity

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

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

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

Government-wide Fund Financial Statements

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenue. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenue* includes 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenue are reported instead as *general revenue*.

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

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

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

The City reports the following major governmental funds:

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

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

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

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

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

The City reports the following major enterprise fund:

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

Additionally, the City reports the following fund types:

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

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

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

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Water and Utility Enterprise Fund are charges to customers for sales and services. Operating expenses for the enterprise fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as 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 contracts using a cost-based measure. However, if the fair value of an investment is significantly affected by the impairment of the credit standing of the issuer or by other factors, it is reported at fair value. All other investments are reported at fair value unless a legal contract exists which guarantees a higher value. The term "short-term" refers to investments, which have a remaining term of one year or less at time of purchase. The term "nonparticipating" means that the investment's value does not vary with market interest rate changes.

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

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

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, 2023.

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 2022 was \$7,447,090. The tax assessment of October 1, 2022 sets a tax levy at \$0.5577 per \$100 of assessed valuation at 100% of assumed market value. Of this amount, \$0.3477 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 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.

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 \$(64,333,695) difference are as follows:

General obligation bonds	\$ (38,605,090)
Sales tax revenue bonds	(13,380,000)
Tax notes	(1,985,000)
Deferred loss on refunding debt issuance	178,478
Bond premiums	(2,227,872)
TMRS net pension	(3,787,394)
OPEB - TMRS supplemental death benefit	(429,702)
OPEB - Retiree health plan	(492,410)
Financing arrangements	(1,425,573)
Leases	(784,611)
Compensated absences	(1,082,524)
Accrued interest payable	<u>(311,997)</u>
Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i>	<u>\$ (64,333,695)</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 \$2,826,395 difference are as follows:

Capital outlay	\$ 6,482,705
Depreciation expense	<u>(3,656,310)</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>\$ 2,826,395</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 (\$75,828) difference are as follows:

Property taxes	\$ (2,287)
Grants	140,250
Municipal court	<u>(213,791)</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>\$ (75,828)</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 \$(13,477,021) difference are as follows:

General obligation debt payments	\$ 4,255,000
Tax note payments	(1,635,000)
Financing arrangement	(184,481)
Leases	(763,204)
Issuance of sales tax revenue bond	(14,365,000)
Premium	(757,028)
OPEB - TMRS supplemental death benefit	(3,914)
OPEB - Retiree health plan	<u>(23,394)</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>\$ (13,477,021)</u>

3. DETAILED NOTES ON ALL FUNDS

Deposits and Investments

As of September 30, 2023, the City had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Days)</u>
Logic	\$ 54,429,797	39
Texas Class	7,577,073	72

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, 2023, the majority of the City's deposit balance was collateralized with securities held by the pledging financial institution. The remaining balance was covered by FDIC insurance.

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

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

Receivables

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

	Governmental			Proprietary		Total
	General	Economic Development Corporation	Debt Service	Nonmajor Governmental	Water and Utility	
Receivables:						
Property taxes	\$ 32,593	\$ -	\$ 152,020	\$ -	\$ -	\$ 184,613
Other taxes	1,831,958	608,629	-	84,087	-	2,524,674
Customer accounts	200,857	-	-	-	1,609,326	1,810,183
Other	-	75	-	768	-	843
Gross receivables	<u>2,065,408</u>	<u>608,704</u>	<u>152,020</u>	<u>84,855</u>	<u>1,609,326</u>	<u>4,520,313</u>
Less: allowance for uncollectibles	<u>45,391</u>	<u>-</u>	<u>15,202</u>	<u>-</u>	<u>240,838</u>	<u>301,431</u>
Net total receivables	<u>\$ 2,020,017</u>	<u>\$ 608,704</u>	<u>\$ 136,818</u>	<u>\$ 84,855</u>	<u>\$ 1,368,488</u>	<u>\$ 4,218,882</u>

Capital Assets

Capital asset activity for the year ended September 30, 2023, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Government activities:				
Capital assets, not being depreciated:				
Land	\$ 10,520,042	\$ 2,201,167	\$ -	\$ 12,721,209
Construction in progress	1,623,853	171,697	-	1,795,550
Total assets not being depreciated	<u>12,143,895</u>	<u>2,372,864</u>	<u>-</u>	<u>14,516,759</u>
Capital assets, being depreciated:				
Buildings and improvements	74,602,609	1,518,762	(463,207)	75,658,164
Equipment	8,212,519	1,728,210	(456,401)	9,484,328
Right to use equipment	24,229	862,870	-	887,099
Total capital assets being depreciated	<u>82,839,357</u>	<u>4,109,842</u>	<u>(919,608)</u>	<u>86,029,591</u>
Less accumulated depreciation:				
Buildings and improvements	(45,716,924)	(2,825,930)	1,475	(48,541,379)
Equipment	(6,587,929)	(821,374)	456,401	(6,952,902)
Right to use equipment	(2,668)	(41,932)	-	(44,600)
Total accumulated depreciation	<u>(52,307,521)</u>	<u>(3,689,236)</u>	<u>457,876</u>	<u>(55,538,881)</u>
Total capital assets being depreciated, net	<u>30,531,836</u>	<u>420,606</u>	<u>(461,732)</u>	<u>30,490,710</u>
Governmental activities capital assets, net	<u>\$ 42,675,731</u>	<u>\$ 2,793,470</u>	<u>\$ (461,732)</u>	<u>\$ 45,007,469</u>

Business-type activities:				
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	70,758,455	3,604,187	-	74,362,642
Machinery and equipment	<u>2,413,316</u>	<u>538,671</u>	<u>-</u>	<u>2,951,987</u>
Total capital assets being depreciated	<u>73,171,771</u>	<u>4,142,858</u>	<u>-</u>	<u>77,314,629</u>
Less accumulated depreciation:				
Buildings and improvements	(32,515,932)	(1,864,188)	-	(34,380,120)
Machinery and equipment	<u>(1,355,462)</u>	<u>(232,606)</u>	<u>-</u>	<u>(1,588,068)</u>
Total accumulated depreciation	<u>(33,871,394)</u>	<u>(2,096,794)</u>	<u>-</u>	<u>(35,968,188)</u>
Total capital assets being depreciated, net	<u>39,300,377</u>	<u>2,046,064</u>	<u>-</u>	<u>41,346,441</u>
Business-type activities capital assets, net	<u>\$ 40,151,885</u>	<u>\$ 2,046,064</u>	<u>\$ -</u>	<u>\$ 42,197,949</u>

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

Governmental activities:	
General government	\$ 1,956,184
Public safety	1,440,521
Public works	87,829
Culture and recreation	<u>204,702</u>
Total depreciation expense - governmental activities	<u>\$ 3,689,236</u>
Business-type activities:	
Water and utility	<u>\$ 2,096,794</u>
Total depreciation expense - business-type activities	<u>\$ 2,096,794</u>

Interfund Receivables, Payables and Transfers

The composition of interfund balances as of September 30, 2023 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Economic Development Corporation	Hotel Conference Center	\$ 3,703
General	Nonmajor Governmental	9,368
General Improvements	Water and Utility	<u>226,092</u>
Total		<u>\$ 239,163</u>

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

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

<u>Transfers In</u>	<u>Transfer Out</u>	<u>Amount</u>
General	Enterprise	\$ 598,189
General	Hotel/Motel	130,666
General	Economic Development Corporation	100,000
Enterprise	Impact Fee	1,462,358
Debt Service	General	51,917
Debt Service	Hotel/Motel	109,842
Debt Service	Economic Development Corporation	95,263
Debt Service	TIRZ	8,500
Trunked Radio	General	38,500
Equipment Replacement	General	23,200
Equipment Replacement	Enterprise	41,509
General Improvements	General	<u>600,000</u>
		<u>\$ 3,259,944</u>

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

Long-term Debt

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

Bonds Payable and Tax Notes

A summary of the terms of general obligation, revenue, combination tax and revenue bonds, and tax notes outstanding and their corresponding allocations to the governmental and business-type activities at September 30, 2023, follows:

Series and Original Issue Amount	Final Maturity	Interest Rate	Governmental Activities	Business-type Activities	
<u>General Obligation Refunding Bond</u>					
2014 Series	5,750,000	2030	2% - 4%	\$ -	\$ 4,045,000
2015 Series	3,850,000	2027	2%	2,042,840	3,112,160
2017 Series	6,610,000	2028	3%	3,825,000	-
2020 Series	4,405,000	2026	2.125% - 3%	3,605,000	-
2020A Series - Private Placement	1,650,000	2031	1.19%	985,000	350,000
2021 Series - Private Placement	1,650,000	2026	.3%-1%	970,000	-
				11,427,840	7,507,160
<u>Combination Tax and Revenue Bonds</u>					
2013 Series	3,490,000	2033	2 - 4%	-	2,110,000
2014 Series - Private Placement	4,000,000	2034	2 - 4%	1,905,000	640,000
2016 Series	7,590,000	2036	2 - 4%	-	5,465,000
2017 Series	1,785,000	2032	3%	965,000	-
2018 Series	6,265,000	2038	3% - 4%	3,067,250	1,587,750
2019 Series	2,185,000	2034	2% - 5%	-	1,795,000
2020 Series	5,745,000	2030	2% - 5%	4,405,000	805,000
2021 Series	2,795,000	2030	2% - 5%	1,600,000	1,025,000
2021 Series TWDB Loan - Private Placement	17,809,000	2036	0%	1,060,000	16,055,000
2022 Series	7,610,000	2042	4% - 5.5%	3,790,000	3,630,000
2023A Series - Private Placement	995,000	2053	0%	-	995,000
2023B Series - Private Placement	1,650,000	2043	0%	-	1,650,000
2023C Series - Private Placement	1,020,000	2053	0%	-	1,020,000
2023D Series	22,680,000	2043	4% - 5%	10,385,000	12,295,000
				27,177,250	49,072,750
<u>Sales Tax Revenue Bonds</u>					
2014 Series	4,000,000	2027	4.12%	1,415,000	-
2017 Series	6,500,000	2036	3-4.75%	4,865,000	-
2021 Series	8,010,000	2036	3-4.75%	7,100,000	-
				13,380,000	-
Total Bonds				51,985,090	56,579,910
<u>Tax Notes</u>					
2019 Series - Private Placement	1,170,000	2014	1.79%	175,000	-
2022 Series - Private Placement	565,000	2027	3.5% - 3.75%	470,000	-
2023 Series - Private Placement	1,340,000	2027	4.15% - 4.35%	1,340,000	-
Total Tax Notes				\$ 1,985,000	\$ -

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
2024	\$ 3,155,000	\$ 1,715,613	\$ 2,380,000	\$ 1,292,008
2025	3,425,000	1,608,557	2,050,000	1,217,396
2026	3,455,000	1,494,639	2,110,000	1,149,868
2027	3,427,840	1,372,063	2,247,160	1,083,599
2028	2,985,000	1,238,824	2,625,000	998,567
2029-2033	11,597,250	4,616,903	11,487,750	3,505,645
2034-2038	10,185,000	2,334,095	7,065,000	1,842,108
2039-2043	8,835,000	572,479	5,905,000	568,054
Total	\$ 47,065,090	\$ 14,953,172	\$ 35,869,910	\$ 11,657,245

Year Ending September 30,	Private Placement Governmental Activities		Private Placement Business-type Activities	
	Principal	Interest	Principal	Interest
2024	\$ 1,205,000	\$ 150,035	\$ 804,000	\$ 13,639
2025	1,065,000	128,853	809,000	12,621
2026	1,165,000	101,075	809,000	11,603
2027	855,000	72,430	819,000	10,615
2028	344,000	52,462	819,000	9,454
2029-2033	1,594,000	242,916	4,050,000	47,562
2034-2038	500,000	4,200	3,710,000	1,400
2039-2043	177,000	-	3,680,000	-
2044-2048	-	-	3,180,000	-
2049-2053	-	-	2,030,000	-
Total	\$ 6,905,000	\$ 751,971	\$ 20,710,000	\$ 106,895

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

September 30,	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2024	\$ 387,034	\$ 57,808	\$ 89,010	\$ 11,982
2025	310,091	43,105	37,085	8,537
2026	322,352	30,845	39,056	6,566
2027	283,797	18,070	41,133	4,489
2028	122,299	6,554	47,444	2,303
Total	\$ 1,425,573	\$ 156,382	\$ 253,728	\$ 33,877

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, 2023 are as follows:

Purpose of Lease	Interest Rate	Initial Year of Lease	Amount of Initial Liability	Interest Current Year	Amounts Outstanding 9/30/2023	Amounts Due Within One Year
Right to use:						
Engineering copier	2.18%	2022	\$ 5,597	\$ 95	\$ 3,365	\$ 1,819
Development services copier	2.09%	2022	12,238	202	8,010	3,049
Visitors center copier	0.43%	2022	2,702	8	1,355	902
City hall pitney bowes mail machine	0.69%	2022	3,542	19	2,312	706
Fire truck	0.69%	2023	862,870	-	769,569	67,812
Total			\$ 886,949	\$ 324	\$ 784,611	\$ 74,288

Annual lease payments to maturity are as follows:

Year Ending September 30,	Lease payable		Totals
	Principal	Interest	
2024	\$ 74,288	\$ 25,701	\$ 99,989
2025	73,800	25,424	99,224
2026	72,992	22,888	95,880
2027	73,151	20,330	93,481
2028	75,604	17,696	93,300
2029-2032	<u>414,776</u>	<u>42,500</u>	<u>457,276</u>
Total	<u>\$ 784,611</u>	<u>\$ 154,539</u>	<u>\$ 939,150</u>

Debt Issuance

In November 2022, the City issued \$565,000 of Anticipation Tax Notes, Series 2022. The notes will be used to fund various capital improvement projects throughout the City.

In November 2022, the City issued \$7,610,000 of Combination Tax and Revenue Certificates of Obligation, Series 2022. The certificates will be used to fund various capital improvement projects throughout the City.

In June 2023, the City issued \$995,000 of Combination Tax and Surplus Revenue Certificates of Obligation, Series 2023A. The certificates will be used to fund the Wastewater Treatment Plant Direct Potable Reuse (DPR) project.

In June 2023, the City issued \$1,650,000 of Combination Tax and Surplus Revenue Certificates of Obligation, Series 2023B. The certificates will be used to fund the design phase of the Wastewater Treatment Plant Purple Pipe Expansion project.

In June 2023, the City issued \$1,020,000 of Combination Tax and Surplus Revenue Certificates of Obligation, Series 2023C. The certificates will be used to fund the construction phase of the Wastewater Treatment Plant Purple Pipe Expansion project.

In August 2023, the City issued \$1,340,000 of Anticipation Tax Notes, Series 2023. The notes will be used to fund various capital improvement projects throughout the City.

In August 2023, the City issued \$22,680,000 of Combination Tax and Revenue Certificates of Obligation, Series 2023D. The certificates will be used to fund various capital improvement projects throughout the City.

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, 2023, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities					
General obligation and Tax Revenue bonds	\$ 10,652,250	\$ 14,365,000	\$ 805,000	\$ 24,212,250	\$ 905,000
General obligation and Tax Revenue bonds - Private Placement	3,165,000	-	200,000	2,965,000	205,000
General obligation refunding bond General obligation refunding bond - Private Placement	10,947,840	-	1,475,000	9,472,840	1,520,000
Sales tax revenue bond	2,685,000	-	730,000	1,955,000	440,000
Tax notes - Private Placement	14,425,000	-	1,045,000	13,380,000	730,000
Premium from issuance of bonds	350,000	1,905,000	270,000	1,985,000	560,000
Financing arrangements	1,641,449	757,026	170,603	2,227,872	-
Leases	1,241,092	556,300	371,819	1,425,573	387,034
Compensated absences	21,407	862,870	99,666	784,611	74,288
Governmental activities long-term liabilities	<u>\$ 951,072</u>	<u>\$ 326,402</u>	<u>\$ 194,950</u>	<u>\$ 1,082,524</u>	<u>\$ 270,631</u>
Business-type activities					
Tax and revenue bonds	\$ 21,669,910	\$ 15,925,000	\$ 1,725,000	\$ 35,869,910	\$ 2,380,000
Tax and revenue bonds - Private Placement	17,714,000	3,665,000	669,000	20,710,000	804,000
Premium from issuance of bonds	996,187	866,905	97,182	1,765,910	-
Financing arrangements	108,734	196,800	51,806	253,728	89,010
Compensated absences	163,024	42,749	32,605	173,168	43,292
Business-type activities long-term liabilities	<u>\$ 40,651,855</u>	<u>\$ 20,696,454</u>	<u>\$ 2,575,593</u>	<u>\$ 58,772,716</u>	<u>\$ 3,316,302</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, 2023, governmental fund balance is composed of the following:

Fund Balance Classification	General	Economic Development Corporation	Debt Service	Hotel Conference Center	General Improvements	Other Governmental	Totals
Restricted:							
Capital acquisition and construction	\$ -	\$ -	\$ -	\$ 10,840,686	\$ 14,746,670	\$ 4,212,837	\$ 29,800,193
Debt	-	-	823,377	-	-	-	823,377
Tourism activities	-	-	-	-	-	808,299	808,299
Public safety	-	-	-	-	-	164,948	164,948
Building security	-	-	-	-	-	15,047	15,047
Economic development	-	11,355,834	-	-	-	-	11,355,834
Police forfeiture	-	-	-	-	-	42	42
Unassigned	8,003,660	-	-	-	-	-	8,003,660
Total governmental fund balance	\$ 8,003,660	\$ 11,355,834	\$ 823,377	\$ 10,840,686	\$ 14,746,670	\$ 5,201,173	\$ 50,971,400

Defined Benefit Pension Plan

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.

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, 2022 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	105
Inactive employees entitled to but not yet receiving benefits	87
Active employees	<u>134</u>
	<u>326</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 14.42% and 14.31% in calendar years 2023 and 2022, respectively. The city’s contributions to TMRS for the year ended September 30, 2023, were \$1,377,316 and were equal to the required contributions.

Net Pension Liability. The City’s Net Pension Liability (NPL) was measured as of December 31, 2022, 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, 2022 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	3.50 to 11.50% per year including inflation
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 2023 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Global Equity	35.0%	7.70%
Core Fixed Income	6.0%	4.90%
Non-Core Fixed Income	20.0%	8.70%
Real Return	12.0%	8.10%
Real Estate	12.0%	5.80%
Absolute Return	5.0%	6.90%
Private Equity	10.0%	11.80%
Total	100.0%	

Discount Rate

The discount rate used to measure the Total Pension Liability was 7.6%. 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 12/31/2021	\$ 33,196,155	\$ 29,863,238	\$ 3,332,917
Changes for the year:			
Service cost	1,367,485	-	1,367,485
Interest	2,235,642	-	2,235,642
Change in benefits terms including substantively automatic status	-	-	-
Difference between expected and actual experience	507,050	-	507,050
Contributions - employer	-	1,251,286	(1,251,286)
Contributions - employee	-	634,354	(634,354)
Net investment income	-	(2,177,953)	2,177,953
Benefit payments, including refunds of employee contributions	(1,518,560)	(1,518,560)	-
Administrative expense	-	(18,864)	18,864
Other changes	-	22,510	(22,510)
Net changes	2,591,617	(1,807,227)	4,398,844
Balance at 12/31/2022	\$ 35,787,772	\$ 28,056,011	\$ 7,731,761

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)	\$ 12,920,624	\$ 7,731,761	\$ 3,503,412

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.

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

For the year ended September 30, 2023, the City recognized pension expense of \$1,666,642. At September 30, 2023, 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	\$ 504,193	\$ -
Changes in actuarial assumptions	-	-
Difference between projected and actual investment earnings	1,902,244	-
Contributions subsequent to the measurement date	<u>1,008,713</u>	<u>-</u>
Total	<u>\$ 3,415,150</u>	<u>\$ -</u>

\$1,008,713 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, 2024. 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,	
2024	\$ 338,521
2025	646,317
2026	582,854
2027	838,745
Thereafter	-

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

Benefits Provided

Plan Participants

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

At the December 31, 2022 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

Health Plan	Employee Only	Employee & Spouse	Employee & Child(ren)	Employee & Family
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 rolled forward to December 31, 2022 was determined using the following actuarial assumptions:

Measurement year ended December 31,	2022
Actuarial cost method	Individual Entry-Age
Inflation rate	2.50% per annum
Discount rate	4.05% as of December 31, 2022
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 1.84% as of December 31, 2021 to 4.05% as of December 31, 2022.

Sensitivity of Total OPEB Liability to the Discount Rate Assumption. Regarding the sensitivity of the total OPEB liability to changes in the discount rate, the following presents the plan's total OPEB liability, calculated using a discount rate of 4.05%, 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:

	1% Decrease in Discount Rate (3.05%)	Current Discount Rate Assumption (4.05%)	1% Increase in Discount Rate (5.05%)
Total OPEB Liability	\$ 399,357	\$ 360,364	\$ 325,812

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:

	1% Decrease	Current Healthcare Cost Trend Rate Assumption	1% Increase
Total OPEB Liability	\$ 313,308	\$ 360,364	\$ 416,414

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources Related to OPEB. At September 30, 2023, the City reported a liability of \$360,364 for its Total OPEB Liability. The Total OPEB Liability was determined by an actuarial valuation as of December 31, 2021 that was rolled forward to December 31, 2022. For the year ended September 30, 2023, the City recognized OPEB expense of \$25,647. 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 12/31/2021	\$ 408,106
Changes for the year:	
Service cost	43,683
Interest	7,857
Difference between expected and actual experience	(886)
Changes of assumptions	(92,548)
Benefit payments	<u>(5,848)</u>
Net changes	<u>(47,742)</u>
Balance at 12/31/2022	<u>\$ 360,364</u>

At September 30, 2023, 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	\$ -	\$ 136,031
Changes in actuarial assumptions	80,557	148,105
Contributions subsequent to the measurement date	<u>4,386</u>	<u>-</u>
Totals	<u>\$ 84,943</u>	<u>\$ 284,136</u>

\$4,386 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, 2024. 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>	
2024	\$ (25,893)
2025	(25,893)
2026	(27,233)
2027	(27,190)
2028	(31,756)
Thereafter	(65,614)

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	73
Inactive employees entitled to but not yet receiving benefits	19
Active employees	<u>134</u>
Total	<u>226</u>

Contributions. The City contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation, which was 0.34% for 2023 and 0.22% for 2022, of which 0.15% 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, 2023 and 2022 were \$29,402 and \$16,243, 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, 2022 actuarial valuation was determined using the following actuarial assumptions:

Measurement year ended December 31,	2022
Inflation rate	2.50% per annum
Discount rate	4.05%
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, 2022 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 4.05% 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, 2022.

Discount Rate Sensitivity Analysis. The following schedule shows the impact of the Total OPEB Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (4.05%) in measuring the Total OPEB Liability.

	1% Decrease in Discount Rate (3.05%)	Discount Rate (4.05%)	1% Increase in Discount Rate (5.05%)
Total OPEB Liability	\$ 452,131	\$ 379,912	\$ 323,877

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources Related to OPEBs. At September 30, 2023, the City reported a liability of \$379,912 for its Net OPEB Liability. The Net OPEB Liability was determined by an actuarial valuation as of December 31, 2022. For the year ended September 30, 2023, the City recognized OPEB expense of \$20,307. There were no changes of benefit terms that affected measurement of the Total OPEB Liability during the measurement period.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at 12/31/2021	\$ 565,175
Changes for the year:	
Service cost	31,178.0
Interest	10,582.0
Difference between expected and actual	(25,977.0)
Changes of assumptions	(189,787.0)
Benefit payments	(11,259.0)
Net changes	(185,263.0)
Balance at 12/31/2022	\$ 379,912

At September 30, 2023, the City reported deferred outflows of resources related to other post-employment benefits from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual economic experience	\$ 668	\$ 36,675
Changes in actuarial assumptions	54,614	152,082
Contributions subsequent to the measurement date	23,644	-
Totals	\$ 78,926	\$ 188,757

\$23,644 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, 2024. Other amounts of the reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

For the Year Ended September 30,	
2024	\$ (22,405)
2025	(27,962)
2026	(41,699)
2027	(41,409)
Total	\$ (133,475)

Risk Management

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

New Accounting Standards

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

GASB Statement No. 99, Omnibus 2022 – The objective of this Statement is to correct practice issues identified during implementation and application of certain GASB Statements and financial reporting for financial guarantees. There are various effective dates 1.) upon issuance 2.) fiscal years beginning after June 15, 2022 and 3.) fiscal years beginning after June 15, 2023.

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.

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.

**REQUIRED
SUPPLEMENTARY INFORMATION**

CITY OF MARBLE FALLS, TEXAS

SCHEDULE OF CHANGES IN NET PENSION LIABILITY
AND RELATED RATIOS

FOR THE YEAR ENDED SEPTEMBER 30, 2023

Plan Year	<u>2014</u>	<u>2015</u>	<u>2016</u>
A. Total pension liability			
Service Cost	\$ 621,054	\$ 691,029	\$ 750,228
Interest (on the Total Pension Liability)	1,123,420	1,207,848	1,281,912
Changes of benefit terms	-	-	-
Difference between expected and actual experience	(12,961)	(34,356)	(153,085)
Change of assumptions	-	570,455	-
Benefit payments, including refunds of employee contributions	<u>(528,946)</u>	<u>(591,804)</u>	<u>(864,720)</u>
Net change in total pension liability	<u>1,202,567</u>	<u>1,843,172</u>	<u>1,014,335</u>
Total pension liability - beginning	<u>16,002,799</u>	<u>17,205,366</u>	<u>19,048,538</u>
Total pension liability - ending (a)	<u>17,205,366</u>	<u>19,048,538</u>	<u>20,062,873</u>
B. Plan fiduciary net position			
Contributions - Employer	259,082	258,552	261,288
Contributions - Employee	395,979	408,547	420,464
Net Investment Income	990,420	27,179	1,250,675
Benefit payments, including refunds of employee contributions	(528,946)	(591,804)	(864,720)
Administrative Expenses	(10,340)	(16,554)	(14,123)
Other	<u>(850)</u>	<u>(817)</u>	<u>(761)</u>
Net change in plan fiduciary net position	<u>1,105,345</u>	<u>85,103</u>	<u>1,052,823</u>
Plan fiduciary net position - beginning	<u>17,313,215</u>	<u>18,418,560</u>	<u>18,503,663</u>
Plan fiduciary net position - ending (b)	<u>\$ 18,418,560</u>	<u>\$ 18,503,663</u>	<u>\$ 19,556,486</u>
C. Net pension liability/ (asset) - ending (a) - (b)	<u>\$ (1,213,194)</u>	<u>\$ 544,875</u>	<u>\$ 506,387</u>
D. Plan fiduciary net position as a percentage of total pension liability/ (asset)	107.05%	97.14%	97.48%
E. Covered payroll	\$ 5,656,837	\$ 5,836,390	\$ 6,006,626
F. Net position liability/ (asset) as a percentage of covered payroll	-21.45%	9.34%	8.43%

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

2017	2018	2019	2020	2021	2022
\$ 801,181	\$ 966,975	\$ 1,094,985	\$ 1,122,394	\$ 1,240,239	\$ 1,367,485
1,350,616	1,565,139	1,725,798	1,812,561	2,089,797	2,235,642
-	1,941,094	674,344	-	2,477,245	-
(46,914)	127,487	(383,270)	99,742	286,310	507,050
-	-	59,245	-	-	-
<u>(908,687)</u>	<u>(992,773)</u>	<u>(1,042,897)</u>	<u>(1,407,273)</u>	<u>(1,520,056)</u>	<u>(1,518,560)</u>
<u>1,196,196</u>	<u>3,607,922</u>	<u>2,128,205</u>	<u>1,627,424</u>	<u>4,573,535</u>	<u>2,591,617</u>
<u>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>
<u>21,259,069</u>	<u>24,866,991</u>	<u>26,995,196</u>	<u>28,622,620</u>	<u>33,196,155</u>	<u>35,787,772</u>
358,624	381,858	680,345	822,639	845,349	1,251,286
445,101	466,494	508,282	525,888	544,647	634,354
2,710,663	(662,832)	3,292,624	1,876,360	3,458,371	(2,177,953)
(908,687)	(992,773)	(1,042,897)	(1,407,273)	(1,520,057)	(1,518,560)
(14,047)	(12,822)	(18,630)	(12,154)	(16,015)	(18,864)
<u>(712)</u>	<u>(670)</u>	<u>(560)</u>	<u>(475)</u>	<u>111</u>	<u>22,510</u>
<u>2,590,942</u>	<u>(820,745)</u>	<u>3,419,164</u>	<u>1,804,985</u>	<u>3,312,406</u>	<u>(1,807,227)</u>
<u>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>\$ 22,147,428</u>	<u>\$ 21,326,683</u>	<u>\$ 24,745,847</u>	<u>\$ 26,550,832</u>	<u>\$ 29,863,238</u>	<u>\$ 28,056,011</u>
<u>\$ (888,359)</u>	<u>\$ 3,540,308</u>	<u>\$ 2,249,349</u>	<u>\$ 2,071,788</u>	<u>\$ 3,332,917</u>	<u>\$ 7,731,761</u>
104.18%	85.76%	91.67%	92.76%	89.96%	78.40%
\$ 6,358,583	\$ 6,664,300	\$ 7,261,173	\$ 7,512,681	\$ 7,780,671	\$ 8,660,450
-13.97%	53.12%	30.98%	27.58%	42.84%	89.28%

CITY OF MARBLE FALLS, TEXAS

SCHEDULE OF CONTRIBUTIONS TO NET PENSION LIABILITY

FOR THE YEAR ENDED SEPTEMBER 30, 2023

Fiscal Year	2014	2015	2016
Actuarial determined contribution	\$ 248,771	\$ 259,903	\$ 270,623
Contributions in relation to the actuarially determined contribution	248,771	259,903	270,623
Contribution deficiency (excess)	-	-	-
Covered payroll	5,563,255	5,809,989	6,189,840
Contributions as a percentage of covered payroll	4.47%	4.47%	4.37%

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

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	14 years
Asset Valuation Method	10 Year smoothed fair value; 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

<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
\$ 334,622	\$ 383,566	\$ 623,026	\$ 780,674	\$ 839,444	\$1,117,365	\$1,377,316
<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>	<u>1,377,316</u>
-	-	-	-	-		
6,278,742	6,554,197	7,169,326	7,263,861	7,567,030	8,310,591	9,571,396
5.33%	5.85%	8.69%	10.75%	11.09%	13.45%	14.39%

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, 2023

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

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

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

	2020	2021	2022
\$	20,284	\$ 24,898	\$ 31,178
	12,153	10,728	10,582
	(6,878)	(7,410)	(25,977)
	73,167	18,064	(189,787)
	<u>(3,005)</u>	<u>(10,115)</u>	<u>(11,259)</u>
	95,721	36,165	(185,263)
	<u>433,289</u>	<u>529,010</u>	<u>565,175</u>
	<u>529,010</u>	<u>565,175</u>	<u>379,912</u>
\$	7,512,681	\$ 7,780,671	\$ 8,660,450
	7.04%	7.26%	4.39%

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

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

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

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

2020	2021	2022
\$ 29,709	\$ 36,383	\$ 43,683
14,847	12,152	7,857
(8,224)	(148,446)	(886)
37,680	(78,136)	(92,548)
<u>(12,844)</u>	<u>(6,489)</u>	<u>(5,848)</u>
61,168	(184,536)	(47,742)
<u>531,474</u>	<u>592,642</u>	<u>408,106</u>
<u>592,642</u>	<u>408,106</u>	<u>360,364</u>
\$ 7,690,580	\$ 7,952,256	\$ 8,863,556
7.71%	5.13%	4.07%

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, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUE				
Property taxes	\$ 3,153,000	\$ 3,153,000	\$ 3,037,554	\$ (115,446)
Sales taxes	9,500,000	9,500,000	10,728,408	1,228,408
Franchise taxes	688,000	688,000	674,309	(13,691)
Mixed beverage taxes	60,000	60,000	81,915	21,915
Fines and forfeitures	297,600	297,600	259,203	(38,397)
Permits and fees	701,250	701,250	904,734	203,484
Intergovernmental	392,573	392,573	1,078,599	686,026
Interest on investments	23,600	23,600	202,699	179,099
Other	480,524	480,524	491,158	10,634
Total revenues	<u>15,296,547</u>	<u>15,296,547</u>	<u>17,458,579</u>	<u>2,162,032</u>
EXPENDITURES				
GENERAL GOVERNMENT				
Administration:				
Personnel services	976,871	976,871	995,897	(19,026)
Supplies	38,150	38,150	31,968	6,182
Maintenance	56,647	56,647	71,426	(14,779)
Purchased and contracted services	310,486	310,486	337,050	(26,564)
Other services and charges	52,809	52,809	640,095	(587,286)
Total administration	<u>1,434,963</u>	<u>1,434,963</u>	<u>2,076,436</u>	<u>(641,473)</u>
Finance:				
Personnel services	518,369	538,369	548,564	(10,195)
Supplies	22,300	22,300	25,577	(3,277)
Maintenance	89,074	89,074	108,961	(19,887)
Purchased and contracted services	41,400	41,400	33,379	8,021
Other services and charges	5,700	5,700	7,889	(2,189)
Total finance	<u>676,843</u>	<u>696,843</u>	<u>724,370</u>	<u>(27,527)</u>
Human resources:				
Personnel services	231,451	231,451	217,643	13,808
Supplies	16,300	16,300	16,726	(426)
Maintenance	27,200	42,200	36,465	5,735
Purchased and contracted services	5,575	5,575	23,592	(18,017)
Other services and charges	46,000	56,000	63,306	(7,306)
Total human resources	<u>326,526</u>	<u>351,526</u>	<u>357,732</u>	<u>(6,206)</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, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
EXPENDITURES (Continued)				
GENERAL GOVERNMENT (Continued)				
Mayor and City Council:				
Personnel services	\$ 900	\$ 900	\$ 780	\$ 120
Other services and charges	10,000	10,000	10,901	(901)
Total Mayor and City Council	<u>10,900</u>	<u>10,900</u>	<u>11,681</u>	<u>(781)</u>
Communication Services:				
Personnel services	965,827	965,827	1,031,627	(65,800)
Supplies	14,550	14,550	3,631	10,919
Maintenance	119,958	119,958	109,166	10,792
Purchased and contracted services	21,700	21,700	27,660	(5,960)
Other services and charges	59,535	59,535	13,380	46,155
Total finance	<u>1,181,570</u>	<u>1,181,570</u>	<u>1,185,464</u>	<u>(3,894)</u>
Non-departmental:				
Purchased and contracted services	195,000	195,000	192,824	2,176
Other services and charges	63,800	63,800	95,351	(31,551)
Total non-departmental	<u>258,800</u>	<u>258,800</u>	<u>288,175</u>	<u>(29,375)</u>
Total general government	<u>3,889,602</u>	<u>3,934,602</u>	<u>4,643,858</u>	<u>(709,256)</u>
PUBLIC SAFETY				
Court:				
Personnel services	261,164	261,164	271,804	(10,640)
Supplies	17,750	18,750	21,386	(2,636)
Purchased and contracted services	51,400	51,400	75,534	(24,134)
Other services and charges	10,025	11,025	8,161	2,864
Total court	<u>340,339</u>	<u>342,339</u>	<u>376,910</u>	<u>(34,571)</u>
Police department:				
Personnel services	2,677,707	2,758,707	3,065,628	(306,921)
Supplies	145,400	175,000	172,229	2,771
Maintenance	179,200	179,200	193,864	(14,664)
Purchased and contracted services	180,792	180,792	217,129	(36,337)
Other operating	76,800	81,600	48,433	33,167
Total police department	<u>3,259,899</u>	<u>3,375,299</u>	<u>3,697,283</u>	<u>(321,984)</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, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
EXPENDITURES (Continued)				
PUBLIC SAFETY (Continued)				
Fire department:				
Personnel services	\$ 2,071,847	\$ 2,061,847	\$ 1,905,689	\$ 156,158
Supplies	216,160	226,160	168,004	58,156
Maintenance	101,080	126,080	164,245	(38,165)
Purchased and contracted services	66,990	66,990	68,059	(1,069)
Other operating	52,849	82,849	79,261	3,588
Total fire department	<u>2,508,926</u>	<u>2,563,926</u>	<u>2,385,258</u>	<u>178,668</u>
Engineering department:				
Personnel services	245,666	245,666	234,247	11,419
Supplies	11,200	11,200	7,065	4,135
Maintenance	12,000	12,000	(9,242)	21,242
Purchased and contracted services	51,600	51,600	78,068	(26,468)
Other operating	4,900	4,900	3,412	1,488
Total engineering department	<u>325,366</u>	<u>325,366</u>	<u>313,550</u>	<u>11,816</u>
Code enforcement:				
Personnel services	1,030,354	1,034,354	850,591	183,763
Supplies	44,900	44,900	39,767	5,133
Repairs and maintenance	43,470	43,470	37,991	5,479
Purchased and contracted services	44,032	44,032	109,420	(65,388)
Other services and charges	18,600	18,600	16,455	2,145
Total code enforcement	<u>1,181,356</u>	<u>1,185,356</u>	<u>1,054,224</u>	<u>131,132</u>
Total public safety	<u>7,615,886</u>	<u>7,792,286</u>	<u>7,827,225</u>	<u>(34,939)</u>
PUBLIC WORKS				
Streets:				
Personnel services	907,180	907,180	869,351	37,829
Supplies	64,100	64,100	60,841	3,259
Maintenance	645,500	645,500	699,589	(54,089)
Purchased and contracted services	131,530	131,530	140,695	(9,165)
Other services and charges	10,100	10,100	5,183	4,917
Total streets	<u>1,758,410</u>	<u>1,758,410</u>	<u>1,775,659</u>	<u>(17,249)</u>
Total public works	<u>1,758,410</u>	<u>1,758,410</u>	<u>1,775,659</u>	<u>(17,249)</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, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
EXPENDITURES (Continued)				
CULTURE AND RECREATION				
Parks and recreation:				
Personnel services	\$ 1,269,626	\$ 1,269,626	\$ 1,321,495	\$ (51,869)
Supplies	65,850	65,850	81,009	(15,159)
Maintenance	192,500	389,300	405,502	(16,202)
Purchased and contracted services	112,740	112,740	148,499	(35,759)
Other services and charges	415,200	415,200	505,631	(90,431)
Total parks and recreation	<u>2,055,916</u>	<u>2,252,716</u>	<u>2,462,136</u>	<u>(209,420)</u>
Cemetery:				
Maintenance	30,000	30,000	-	30,000
Purchased and contracted services	550	550	481	69
Other services and charges	10	10	15	(5)
Total cemetery	<u>30,560</u>	<u>30,560</u>	<u>496</u>	<u>30,064</u>
Total culture and recreation	<u>2,086,476</u>	<u>2,283,276</u>	<u>2,462,632</u>	<u>(179,356)</u>
CAPITAL OUTLAY	<u>617,380</u>	<u>676,366</u>	<u>1,077,227</u>	<u>(400,861)</u>
DEBT SERVICE				
Principal	135,797	135,797	527,004	(391,207)
Interest and fiscal charges	14,220	14,220	34,543	(20,323)
Total debt service	<u>150,017</u>	<u>150,017</u>	<u>561,547</u>	<u>(411,530)</u>
Total expenditures	<u>16,117,771</u>	<u>16,594,957</u>	<u>18,348,148</u>	<u>(1,753,191)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(821,224)</u>	<u>(1,298,410)</u>	<u>(889,569)</u>	<u>408,841</u>
OTHER FINANCING SOURCES (USES)				
Issuance of financed purchases	-	-	37,500	37,500
Transfers in	828,390	828,390	828,855	465
Transfers out	(713,617)	(713,617)	(722,117)	(8,500)
Leases issued	-	-	862,870	862,870
Proceeds from insurance	-	-	26,064	26,064
Proceeds from sale of capital assets	23,700	23,700	81,106	57,406
Total other financing sources	<u>138,473</u>	<u>138,473</u>	<u>1,114,278</u>	<u>975,805</u>
NET CHANGE IN FUND BALANCE	(682,751)	(1,159,937)	224,709	1,384,646
FUND BALANCE, BEGINNING	<u>7,778,951</u>	<u>7,778,951</u>	<u>7,778,951</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 7,096,200</u>	<u>\$ 6,619,014</u>	<u>\$ 8,003,660</u>	<u>\$ 1,384,646</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, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Sales taxes	\$ 2,972,685	\$ 3,440,296	\$ 3,576,136	\$ 135,840
Permits and fees	55,000	55,000	14,974	(40,026)
Intergovernmental	40,000	40,000	30,270	(9,730)
Interest on investments	2,800	201,000	458,369	257,369
Total revenues	<u>3,070,485</u>	<u>3,736,296</u>	<u>4,079,749</u>	<u>343,453</u>
EXPENDITURES				
Current:				
Personnel services	328,045	328,145	312,026	16,119
Supplies	4,500	4,500	2,131	2,369
Maintenance	34,100	34,100	23,563	10,537
Purchased and contracted services	164,130	206,754	137,954	68,800
Other services and charges	368,750	409,792	247,755	162,037
Capital outlay	4,885,000	3,111,874	117,972	2,993,902
Debt service				
Principal	1,060,000	1,060,000	1,060,000	-
Interest	509,449	509,449	509,449	-
Total expenditures	<u>7,353,974</u>	<u>5,664,614</u>	<u>2,410,850</u>	<u>3,253,764</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>(4,283,489)</u>	<u>(1,928,318)</u>	<u>1,668,899</u>	<u>3,597,217</u>
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	103,573	154,192	151,745	(2,447)
Transfers out	(195,263)	(195,263)	(195,263)	-
Total other financing sources (uses)	<u>(91,690)</u>	<u>(41,071)</u>	<u>(43,518)</u>	<u>(2,447)</u>
NET CHANGE IN FUND BALANCE	(4,375,179)	(1,969,389)	1,625,381	3,594,770
FUND BALANCE, BEGINNING	<u>9,683,342</u>	<u>9,683,342</u>	<u>9,683,342</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 5,308,163</u>	<u>\$ 7,713,953</u>	<u>\$ 11,308,723</u>	<u>\$ 3,594,770</u>

CITY OF MARBLE FALLS, TEXAS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

FOR THE YEAR ENDED SEPTEMBER 30, 2023

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 \$709,256. This overage was funded with greater than anticipated revenues.

Expenditures in the Public Safety function of the General Fund exceeded appropriations by \$34,939. This overage was funded with greater than anticipated revenues.

Expenditures in the Public Works function of the General Fund exceeded appropriations by \$17,249. This overage was funded with greater than anticipated revenues.

Expenditures in the Culture and Recreation function of the General Fund exceeded appropriations by \$179,356. This overage was funded with greater than anticipated revenues.

Expenditures in the Capital Outlay function of the General Fund exceeded appropriations by \$400,861. This overage was funded with greater than anticipated revenues.

Expenditures in the Debt Service function of the General Fund exceeded appropriations by \$411,530. This overage was funded with greater than anticipated revenues.

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**COMBINING AND
INDIVIDUAL FUND STATEMENTS**

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NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

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

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

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

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

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

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

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CAPITAL PROJECTS FUND

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

CITY OF MARBLE FALLS, TEXAS

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

SEPTEMBER 30, 2023

	Special Revenue		
	Hotel/Motel Tax	Police Forfeiture	Trunked Radio System
ASSETS			
Cash and investments	\$ 802,563	\$ 42	\$ 162,480
Other taxes receivable	84,087	-	-
Other receivable	-	-	768
Due from other governments	-	-	-
Total assets	<u>886,650</u>	<u>42</u>	<u>163,248</u>
LIABILITIES			
Accounts payable	72,866	-	-
Accrued liabilities	5,485	-	-
Due to other funds	-	-	-
Total liabilities	<u>78,351</u>	<u>-</u>	<u>-</u>
FUND BALANCES			
Restricted	<u>808,299</u>	<u>42</u>	<u>163,248</u>
Total fund balances	<u>808,299</u>	<u>42</u>	<u>163,248</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 886,650</u>	<u>\$ 42</u>	<u>\$ 163,248</u>

Special Revenue				Capital Projects	Total Nonmajor Governmental Funds
Impact Fee Fund	Building Security Fund	CDBG 2016 Grant	HOME Grant	Parks Improvement	
\$ -	\$ 15,047	\$ 1,700	\$ 130,179	\$ 3,475,019	\$ 4,587,030
-	-	-	-	-	84,087
-	-	-	-	-	768
-	-	-	39,191	872,816	912,007
-	15,047	1,700	169,370	4,347,835	5,583,892
-	-	-	160,002	134,998	367,866
-	-	-	-	-	5,485
-	-	-	9,368	-	9,368
-	-	-	169,370	134,998	382,719
-	15,047	1,700	-	4,212,837	5,201,173
-	15,047	1,700	-	4,212,837	5,201,173
\$ -	\$ 15,047	\$ 1,700	\$ 169,370	\$ 4,347,835	\$ 5,583,892

CITY OF MARBLE FALLS, TEXAS

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

FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Special Revenue		
	Hotel/Motel Tax	Police Forfeiture	Trunked Radio System
REVENUES			
Hotel/motel taxes	\$ 725,325	\$ -	\$ -
Fines and fees	-	-	-
Intergovernmental	38	-	32,318
Investment earnings	-	553	-
Other	500	-	-
Total revenues	725,863	553	32,318
EXPENDITURES			
Current:			
Public safety	-	16,567	2,435
Culture and recreation	600,149	-	-
Capital outlay	66,294	-	-
Debt Service:			
Principal	898	-	-
Interest	8	-	-
Bond issuance costs	-	-	-
Total expenditures	667,349	16,567	2,435
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	58,514	(16,014)	29,883
OTHER FINANCING SOURCES (USES)			
Issuance of debt	-	-	-
Premium on debt	-	-	-
Issuance of financed purchases	-	-	-
Transfers in	-	-	38,500
Transfers out	(240,508)	-	-
Total other financing sources (uses)	(240,508)	-	38,500
NET CHANGE IN FUND BALANCES	(181,994)	(16,014)	68,383
FUND BALANCES, BEGINNING	990,293	16,056	94,865
FUND BALANCES, ENDING	\$ 808,299	\$ 42	\$ 163,248

Impact Fee Fund	Special Revenue			Capital Projects	Nonmajor Governmental Funds
	Building Security Fund	CDBG 2016 Grant	HOME Grant	Parks Improvement	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 725,325
1,462,358	7,259	-	-	-	1,469,617
-	-	-	471,118	-	503,474
-	-	-	-	195,154	195,707
-	-	-	-	-	500
<u>1,462,358</u>	<u>7,259</u>	<u>-</u>	<u>471,118</u>	<u>195,154</u>	<u>2,894,623</u>
-	-	-	7,912	-	26,914
-	-	-	-	-	600,149
-	-	-	463,206	304,229	833,729
-	-	-	-	-	898
-	-	-	-	-	8
-	-	-	-	116,323	116,323
<u>-</u>	<u>-</u>	<u>-</u>	<u>471,118</u>	<u>420,552</u>	<u>1,578,021</u>
<u>1,462,358</u>	<u>7,259</u>	<u>-</u>	<u>-</u>	<u>(225,398)</u>	<u>1,316,602</u>
-	-	-	-	2,486,867	2,486,867
-	-	-	-	74,456	74,456
-	-	-	-	20,000	20,000
-	-	-	-	-	38,500
<u>(1,462,358)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,702,866)</u>
<u>(1,462,358)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,581,323</u>	<u>916,957</u>
-	7,259	-	-	2,355,925	2,233,559
<u>-</u>	<u>7,788</u>	<u>1,700</u>	<u>-</u>	<u>1,856,912</u>	<u>2,967,614</u>
<u>\$ -</u>	<u>\$ 15,047</u>	<u>\$ 1,700</u>	<u>\$ -</u>	<u>\$ 4,212,837</u>	<u>\$ 5,201,173</u>

CITY OF MARBLE FALLS, TEXAS

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS

SEPTEMBER 30, 2023

	LaVentana PID Trust Fund	Gregg Ranch PID Trust Fund	Thunder Rock PID Trust Fund	Thousand Oaks PID Trust Fund	Total Trust Funds
ASSETS					
Cash and cash equivalents	\$ 37,208	\$ 128,654	\$ 747	\$ 16,146	\$ 182,755
Total assets	\$ 37,208	\$ 128,654	\$ 747	\$ 16,146	\$ 182,755
LIABILITIES					
Developer deposits	\$ -	\$ 121,000	\$ -	\$ -	\$ 121,000
Total liabilities	\$ -	\$ 121,000	\$ -	\$ -	\$ 121,000
NET POSITION					
Held in trust	\$ 37,208	\$ 7,654	\$ 747	\$ 16,146	\$ 61,755

CITY OF MARBLE FALLS, TEXAS

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY NET POSITION

FOR THE YEAR ENDED SEPTEMBER 30, 2023

	LaVentana PID Trust Fund	Gregg Ranch PID Trust Fund	Thunder Rock PID Trust Fund	Thousand Oaks PID Trust Fund	Total Trust Funds
ADDITIONS					
Property tax assessment	\$ 18,129	\$ 364,207	\$ 885,906	\$ 25,000	\$ 1,293,242
Investment earnings	<u>1,504</u>	<u>169</u>	<u>263</u>	<u>522</u>	<u>2,458</u>
Total additions	<u>19,633</u>	<u>364,376</u>	<u>886,169</u>	<u>25,522</u>	<u>1,295,700</u>
DEDUCTIONS					
Purchased and contracted services	<u>5,768</u>	<u>357,025</u>	<u>885,905</u>	<u>9,376</u>	<u>1,258,074</u>
Total deductions	<u>5,768</u>	<u>357,025</u>	<u>885,905</u>	<u>9,376</u>	<u>1,258,074</u>
CHANGE IN NET POSITION	13,865	7,351	264	16,146	37,626
NET POSITION, BEGINNING	<u>23,343</u>	<u>303</u>	<u>483</u>	<u>-</u>	<u>24,129</u>
NET POSITION, ENDING	<u>\$ 37,208</u>	<u>\$ 7,654</u>	<u>\$ 747</u>	<u>\$ 16,146</u>	<u>\$ 61,755</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, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Property taxes	\$ 4,308,564	\$ 4,308,564	\$ 4,555,688	\$ 247,124
Investment earnings	6,100	6,100	133,690	127,590
Total revenues	<u>4,314,664</u>	<u>4,314,664</u>	<u>4,689,378</u>	<u>374,714</u>
EXPENDITURES				
Debt service:				
Principal	3,815,000	3,815,000	3,400,000	415,000
Interest and fiscal charges	689,136	689,138	962,524	(273,386)
Bond issuance costs	13,000	13,000	1,841	11,159
Total expenditures	<u>4,517,136</u>	<u>4,517,138</u>	<u>4,364,365</u>	<u>152,773</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES				
	<u>(202,472)</u>	<u>(202,474)</u>	<u>325,013</u>	<u>527,487</u>
OTHER FINANCING SOURCES				
Transfers in	<u>252,022</u>	<u>252,022</u>	<u>265,522</u>	<u>13,500</u>
Total other financing sources	<u>252,022</u>	<u>252,022</u>	<u>265,522</u>	<u>13,500</u>
NET CHANGE IN FUND BALANCE				
	49,550	49,548	590,535	540,987
FUND BALANCE, BEGINNING				
	<u>232,842</u>	<u>232,842</u>	<u>232,842</u>	<u>-</u>
FUND BALANCE, ENDING				
	<u>\$ 282,392</u>	<u>\$ 282,390</u>	<u>\$ 823,377</u>	<u>\$ 540,987</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, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Hotel/motel taxes	\$ 859,442	\$ -	\$ 725,325	\$ 725,325
Investment earnings	100	100	-	(100)
Intergovernmental	-	-	38	38
Other	-	-	500	500
Total revenues	<u>859,542</u>	<u>100</u>	<u>725,863</u>	<u>725,763</u>
EXPENDITURES				
Current:				
Services	353,412	354,312	325,558	28,754
Other	50,150	50,850	49,331	1,519
Local assistance	219,937	285,657	225,260	60,397
Capital outlay	97,000	97,000	66,294	30,706
Debt service:				
Principal	-	-	898	(898)
Interest	-	-	8	(8)
Total expenditures	<u>720,499</u>	<u>787,819</u>	<u>667,349</u>	<u>120,470</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>139,043</u>	<u>(787,719)</u>	<u>58,514</u>	<u>846,233</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(240,043)</u>	<u>(240,043)</u>	<u>(240,508)</u>	<u>(465)</u>
Total other financing sources (uses)	<u>(240,043)</u>	<u>(240,043)</u>	<u>(240,508)</u>	<u>(465)</u>
NET CHANGE IN FUND BALANCE	(101,000)	(1,027,762)	(181,994)	845,768
FUND BALANCE, BEGINNING	<u>990,293</u>	<u>990,293</u>	<u>990,293</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 889,293</u>	<u>\$ (37,469)</u>	<u>\$ 808,299</u>	<u>\$ 845,768</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, 2023

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget - Positive (Negative)
REVENUES				
Investment earnings	\$ 250	\$ 250	\$ 553	\$ 303
Total revenues	250	250	553	303
EXPENDITURES				
Current:				
Supplies	-	-	16,001	(16,001)
Other services and charges	6,000	6,000	566	5,434
Total expenditures	6,000	6,000	16,567	(10,567)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(5,750)	(5,750)	(16,014)	(10,264)
FUND BALANCE, BEGINNING	16,056	16,056	16,056	-
FUND BALANCE, ENDING	\$ 10,306	\$ 10,306	\$ 42	\$ (10,264)

STATISTICAL SECTION

CITY OF MARBLE FALLS, TEXAS

NET POSITION BY COMPONENT

LAST TEN FISCAL YEARS

	Fiscal Year			
	2014	2015	2016	2017
Governmental activities:				
Net investment in capital assets	\$ 5,047,808	\$ 5,047,808	\$ 3,569,454	\$ 4,356,606
Restricted	\$ 8,269,197	\$ 8,269,197	\$ 3,221,732	\$ 2,890,400
Unrestricted	<u>\$ (4,094,506)</u>	<u>\$ (4,094,506)</u>	<u>\$ 1,991,433</u>	<u>\$ 1,444,900</u>
Total governmental activities net position	<u>\$ 9,222,499</u>	<u>\$ 9,222,499</u>	<u>\$ 8,782,619</u>	<u>\$ 8,691,906</u>
Business-type activities:				
Net investment in capital assets	\$ 19,702,970	\$ 19,702,970	\$ 15,476,859	\$ 17,061,917
Unrestricted	<u>\$ (3,708,817)</u>	<u>\$ (3,708,817)</u>	<u>\$ (120,647)</u>	<u>\$ (2,522,088)</u>
Total business-type activities net position	<u>\$ 15,994,153</u>	<u>\$ 15,994,153</u>	<u>\$ 15,356,212</u>	<u>\$ 14,539,829</u>
Primary government:				
Net investment in capital assets	\$ 24,750,778	\$ 24,750,778	\$ 19,046,313	\$ 21,418,523
Restricted	\$ 8,269,197	\$ 8,269,197	\$ 3,221,732	\$ 2,890,400
Unrestricted	<u>\$ (7,803,323)</u>	<u>\$ (7,803,323)</u>	<u>\$ 1,870,786</u>	<u>\$ (1,077,188)</u>
Total primary government net position	<u>\$ 25,216,652</u>	<u>\$ 25,216,652</u>	<u>\$ 24,138,831</u>	<u>\$ 23,231,735</u>

TABLE 1

Fiscal Year					
2018	2019	2020	2021	2022	2023
\$ 4,808,202	\$ 4,276,768	\$ 7,402,554	\$ 4,970,235	\$ 5,949,304	\$ 5,737,308
\$ 3,279,017	\$ 3,308,230	\$ 3,216,650	\$ 4,369,837	\$ 18,210,356	\$ 24,078,330
\$ 2,196,849	\$ 1,877,011	\$ 291,567	\$ 13,779,488	\$ 3,466,331	\$ 3,066,561
<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>	<u>\$ 32,882,199</u>
\$ 16,806,620	\$ 16,530,931	\$ 16,865,358	\$ 16,999,042	\$ 16,928,614	\$ 21,891,218
<u>\$ (3,105,947)</u>	<u>\$ (3,871,790)</u>	<u>\$ (3,634,558)</u>	<u>\$ (2,347,901)</u>	<u>\$ 693,744</u>	<u>\$ 254,675</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>	<u>\$ 22,145,893</u>
\$ 21,614,822	\$ 20,807,699	\$ 24,267,912	\$ 21,969,277	\$ 22,877,918	\$ 27,628,526
\$ 3,279,017	\$ 3,308,230	\$ 3,216,650	\$ 4,369,837	\$ 18,210,356	\$ 24,078,330
<u>\$ (909,098)</u>	<u>\$ (1,994,779)</u>	<u>\$ (3,342,991)</u>	<u>\$ 11,431,587</u>	<u>\$ 4,160,075</u>	<u>\$ 3,321,236</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>	<u>\$ 55,028,092</u>

CITY OF MARBLE FALLS, TEXAS

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS

	Fiscal Year			
	2014	2015	2016	2017
EXPENSES				
Governmental activities:				
General government	\$ 3,615,994	\$ 3,909,769	\$ 4,181,958	\$ 4,205,152
Public safety	5,346,306	5,580,292	4,866,672	5,385,714
Public works	3,236,700	3,222,080	3,220,604	3,433,441
Culture and recreation	1,195,731	1,225,259	1,282,565	1,434,383
Interest on long-term debt	<u>1,355,703</u>	<u>1,484,261</u>	<u>1,285,496</u>	<u>1,736,608</u>
Total governmental activities expenses	<u>14,750,434</u>	<u>15,421,661</u>	<u>14,837,295</u>	<u>16,195,298</u>
Business-type activities:				
Water and wastewater	<u>5,612,611</u>	<u>5,314,936</u>	<u>5,584,311</u>	<u>5,787,031</u>
Total business-type activities expenses	<u>5,612,611</u>	<u>5,314,936</u>	<u>5,584,311</u>	<u>5,787,031</u>
Total primary government expenses	<u>20,363,045</u>	<u>20,736,597</u>	<u>20,421,606</u>	<u>21,982,329</u>
PROGRAM REVENUES				
Governmental activities:				
Charges for services:				
General government	351,424	318,716	392,483	420,557
Public safety	167,384	168,410	183,732	212,896
Public works	66,125	136,919	145,689	233,880
Culture and recreation	<u>131,589</u>	<u>139,471</u>	<u>175,899</u>	<u>194,374</u>
Total charges for services	<u>716,522</u>	<u>763,516</u>	<u>897,803</u>	<u>1,061,707</u>
Operating grants and contributions	499,805	201,338	236,577	222,627
Capital grants and contributions	<u>-</u>	<u>-</u>	<u>155,713</u>	<u>-</u>
Total governmental activities program revenues	<u>1,216,327</u>	<u>964,854</u>	<u>1,290,093</u>	<u>1,284,334</u>
Business-type activities:				
Charges for services	4,106,512	4,091,722	4,340,250	4,966,903
Operating grants and contributions	-	-	-	-
Capital grants and contributions	<u>379,524</u>	<u>155,000</u>	<u>146,850</u>	<u>155,000</u>
Total business-type activities program revenues	<u>4,486,036</u>	<u>4,246,722</u>	<u>4,487,100</u>	<u>5,121,903</u>
Total primary government program revenues	<u>\$ 5,702,363</u>	<u>\$ 5,211,576</u>	<u>\$ 5,777,193</u>	<u>\$ 6,406,237</u>

TABLE 2

		Fiscal Year									
		2018	2019	2020	2021	2022	2023				
\$	3,990,324	\$	4,516,426	\$	5,776,274	\$	5,600,790	\$	6,676,218	\$	7,207,565
	5,587,223		7,825,499		8,087,970		7,797,505		9,221,922		9,760,595
	3,630,999		3,868,741		1,524,668		1,224,598		1,964,553		1,894,188
	1,592,267		2,366,820		1,781,135		1,902,820		2,640,598		3,311,337
	<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>1,979,562</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>24,153,247</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>7,486,024</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>7,486,024</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>		<u>31,639,271</u>
	431,239		444,108		528,768		858,954		687,627		872,491
	220,210		241,106		402,037		173,490		332,681		189,224
	167,184		190,251		288,601		765,881		1,242,899		1,601,055
	<u>167,472</u>		<u>100,447</u>		<u>97,279</u>		<u>307,730</u>		<u>215,210</u>		<u>247,639</u>
	<u>986,105</u>		<u>975,912</u>		<u>1,316,685</u>		<u>2,106,055</u>		<u>2,478,417</u>		<u>2,910,409</u>
	665,202		250,167		958,026		2,799,884		1,030,867		1,701,870
	<u>-</u>		<u>-</u>		<u>-</u>		<u>4,747,102</u>		<u>756,411</u>		<u>356,291</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>		<u>4,968,570</u>
	5,162,432		5,158,479		6,044,484		6,535,361		7,529,182		8,259,630
	-		-		-		38,162		1,109,727		1,423,803
	<u>125,260</u>		<u>115,000</u>		<u>-</u>		<u>339,437</u>		<u>-</u>		<u>-</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>9,683,433</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>	\$	<u>14,652,003</u>

CITY OF MARBLE FALLS, TEXAS

CHANGES IN NET POSITION
(Continued)
LAST TEN FISCAL YEARS

	Fiscal Year			
	2014	2015	2016	2017
NET (EXPENSE) REVENUES				
Governmental activities	\$ (13,534,107)	\$ (14,456,807)	\$ (13,547,202)	\$ (14,910,964)
Business-type activities	<u>(1,126,575)</u>	<u>(1,068,214)</u>	<u>(1,097,211)</u>	<u>(665,128)</u>
Total primary government net expense	<u>(14,660,682)</u>	<u>(15,525,021)</u>	<u>(14,644,413)</u>	<u>(15,576,092)</u>
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION				
Governmental activities:				
Taxes				
Property	4,281,225	4,500,973	4,701,079	4,815,932
Sales	7,185,011	7,436,165	7,856,341	8,536,450
Franchise	521,249	595,443	578,961	539,247
Other	584,337	675,904	691,646	737,042
Investment earnings	7,975	7,376	61,500	137,190
Loss/gain on sale of assets	117,589	80,571	106,824	160,233
Miscellaneous	125,269	143,445	88,702	125,819
Transfers	<u>237,986</u>	<u>(1,337,745)</u>	<u>116,213</u>	<u>200,173</u>
Total governmental activities	<u>13,060,641</u>	<u>12,102,132</u>	<u>14,201,266</u>	<u>15,252,086</u>
Business-type activities:				
Investment earnings	17,620	17,544	21,450	48,918
Transfers	<u>(237,986)</u>	<u>1,337,745</u>	<u>(91,213)</u>	<u>(200,173)</u>
Total business-type activities	<u>(220,366)</u>	<u>1,355,289</u>	<u>(69,763)</u>	<u>(151,255)</u>
Total primary government	<u>12,840,275</u>	<u>13,457,421</u>	<u>14,131,503</u>	<u>15,100,831</u>
CHANGE IN NET POSITION				
Governmental activities	(473,466)	(2,354,675)	654,064	341,122
Business-type activities	<u>(1,346,941)</u>	<u>287,075</u>	<u>(1,166,974)</u>	<u>(816,383)</u>
Total primary government	<u>\$ (1,820,407)</u>	<u>\$ (2,067,600)</u>	<u>\$ (512,910)</u>	<u>\$ (475,261)</u>

TABLE 2

Fiscal Year					
2018	2019	2020	2021	2022	2023
\$ (14,438,017)	\$ (18,770,384)	\$ (16,100,186)	\$ (8,134,994)	\$ (17,651,719)	\$ (19,184,677)
<u>(457,570)</u>	<u>(920,751)</u>	<u>421,780</u>	<u>1,242,398</u>	<u>2,167,427</u>	<u>2,197,409</u>
<u>(14,895,587)</u>	<u>(19,691,135)</u>	<u>(15,678,406)</u>	<u>(6,892,596)</u>	<u>(15,484,292)</u>	<u>(16,987,268)</u>
5,148,352	5,669,378	5,988,377	6,255,127	6,470,559	7,590,955
8,762,727	9,515,880	9,952,643	11,890,740	13,761,183	14,304,544
583,840	591,561	554,140	563,337	599,968	674,305
755,357	822,438	616,648	886,304	1,137,042	807,240
181,545	275,258	121,181	35,206	266,866	1,873,697
485,962	-	307,813	643,933	2,359,352	-
91,585	926,591	151,818	244,926	360,588	12,804
<u>338,950</u>	<u>147,219</u>	<u>(143,672)</u>	<u>(175,790)</u>	<u>(694,959)</u>	<u>(822,660)</u>
<u>16,348,318</u>	<u>17,948,325</u>	<u>17,548,948</u>	<u>20,343,783</u>	<u>24,260,599</u>	<u>24,440,885</u>
24,542	26,438	6,207	2,153	108,831	1,503,466
<u>(338,950)</u>	<u>(147,219)</u>	<u>143,672</u>	<u>175,790</u>	<u>694,959</u>	<u>822,660</u>
<u>(314,408)</u>	<u>(120,781)</u>	<u>149,879</u>	<u>177,943</u>	<u>803,790</u>	<u>2,326,126</u>
<u>16,033,910</u>	<u>17,827,544</u>	<u>17,698,827</u>	<u>20,521,726</u>	<u>25,064,389</u>	<u>26,767,011</u>
1,910,301	(822,059)	1,448,762	12,208,789	6,608,880	5,256,208
<u>(771,978)</u>	<u>(1,041,532)</u>	<u>571,659</u>	<u>1,420,341</u>	<u>2,971,217</u>	<u>4,523,535</u>
<u>\$ 1,138,323</u>	<u>\$ (1,863,591)</u>	<u>\$ 2,020,421</u>	<u>\$ 13,629,130</u>	<u>\$ 9,580,097</u>	<u>\$ 9,779,743</u>

CITY OF MARBLE FALLS, TEXAS

FUND BALANCES
GOVERNMENTAL FUNDS

	Fiscal Year			
	2014	2015	2016	2017
General fund				
Non-spendable	\$ 13,229	\$ 15,681	\$ 1,248	\$ 1,248
Unassigned	<u>1,283,714</u>	<u>1,501,853</u>	<u>1,696,473</u>	<u>1,843,050</u>
Total general fund	<u>\$ 1,296,943</u>	<u>\$ 1,517,534</u>	<u>\$ 1,697,721</u>	<u>\$ 1,844,298</u>
All other governmental funds				
Restricted	\$ 8,552,944	\$ 7,125,338	\$ 6,671,902	\$ 9,650,051
Unassigned, reported in:				
Special revenue funds	(26,918)	(242,145)	(223,746)	(10,298)
Capital projects funds	(196,829)	-	-	-
Debt service funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total all other governmental funds	<u>\$ 8,329,197</u>	<u>\$ 6,883,193</u>	<u>\$ 6,448,156</u>	<u>\$ 9,639,753</u>

TABLE 3

Fiscal Year					
2018	2019	2020	2021	2022	2023
\$ 5,792	\$ 1,248	\$ 1,248	\$ -	\$ -	\$ -
<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>8,003,660</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>	<u>\$ 8,003,660</u>
\$ 10,389,421	\$ 11,458,080	\$ 10,427,451	\$ 15,210,838	\$ 26,276,965	\$ 42,920,629
(187,390)	-	-	-	-	-
-	-	-	-	-	-
<u>(80,737)</u>	<u>-</u>	<u>(19,002)</u>	<u>-</u>	<u>-</u>	<u>-</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>	<u>\$ 50,924,289</u>

CITY OF MARBLE FALLS, TEXAS

CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

	2014	2015	2016	2017
REVENUES				
Taxes	\$ 12,590,100	\$ 13,219,657	\$ 13,809,199	\$ 14,627,627
Intergovernmental	636,107	349,410	367,320	322,480
Charges for services	380,285	358,531	427,991	484,352
Fines	196,119	256,367	295,414	338,164
Investment earnings	7,975	7,376	61,500	137,190
Other revenues	<u>61,881</u>	<u>151,999</u>	<u>275,432</u>	<u>253,868</u>
Total revenues	<u>13,872,467</u>	<u>14,343,340</u>	<u>15,236,856</u>	<u>16,163,681</u>
EXPENDITURES				
General government	2,464,981	3,518,051	3,272,101	3,267,055
Public safety	5,008,527	5,308,174	4,699,878	5,123,752
Public works	923,402	1,006,873	1,066,985	1,148,508
Culture and recreation	1,049,905	1,074,557	1,154,898	1,283,656
Capital outlay	4,171,869	457,186	1,501,203	6,260,333
Debt service				
Principal	2,045,000	2,580,000	2,769,860	3,128,669
Interest	1,245,728	1,541,339	1,268,136	1,311,244
Bond issuance cost	<u>131,618</u>	<u>400</u>	<u>51,892</u>	<u>387,363</u>
Total expenditures	<u>17,041,030</u>	<u>15,486,580</u>	<u>15,784,953</u>	<u>21,910,580</u>

TABLE 4

	2018	2019	2020	2021	2022	2023
\$	15,242,805	\$ 16,568,141	\$ 16,545,284	\$ 19,047,763	\$ 21,362,034	\$ 22,705,026
	851,994	425,787	883,617	5,722,787	1,738,702	1,965,426
	469,572	309,818	378,737	544,089	746,653	1,594,017
	232,020	389,316	449,089	933,290	1,299,082	1,728,820
	181,545	275,258	121,181	35,206	266,866	1,873,697
	<u>161,846</u>	<u>536,343</u>	<u>752,569</u>	<u>1,307,944</u>	<u>1,428,747</u>	<u>491,658</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>	<u>30,358,644</u>
	3,388,872	3,410,347	3,791,476	3,700,990	4,428,797	5,472,987
	5,219,200	5,988,404	6,460,224	6,147,651	6,966,927	7,854,139
	1,189,947	1,522,838	1,402,653	1,167,813	1,740,767	1,775,659
	1,421,830	1,614,047	1,545,139	1,725,035	2,320,256	3,062,781
	2,243,067	5,641,412	2,845,980	8,729,749	4,159,041	6,134,154
	3,322,964	3,421,258	3,691,410	3,848,094	4,425,194	4,987,902
	1,359,716	1,453,451	1,197,622	1,136,106	1,314,307	1,506,524
	<u>4,600</u>	<u>34,900</u>	<u>91,253</u>	<u>184,001</u>	<u>238,192</u>	<u>513,869</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>	<u>31,308,015</u>

CITY OF MARBLE FALLS, TEXAS

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

	2014	2015	2016	2017
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ (1,143,240)	\$ (548,097)	\$ (5,746,899)	\$ (1,010,414)
OTHER FINANCING SOURCES (USES)				
Issuance of debt	7,000,000	-	3,762,700	14,895,000
Refunding bonds issued	-	-	-	-
Premium on bond issuance	89,483	-	61,571	644,277
Payment to escrow agent	-	-	(3,782,686)	(6,919,367)
Issuance of financed purchases	-	-	-	23,615
Issuance of leases	-	-	-	-
Sale of assets	263,675	80,571	106,824	266,894
Proceeds from insurance	74,090	-	11,602	14,481
Transfers in	1,022,775	630,347	577,043	833,820
Transfers out	(809,789)	(793,092)	(490,830)	(673,647)
Total other financing sources (uses)	<u>7,640,234</u>	<u>(82,174)</u>	<u>246,224</u>	<u>9,085,073</u>
NET CHANGE IN FUND BALANCES	\$ <u>6,496,994</u>	\$ <u>(630,271)</u>	\$ <u>(5,500,675)</u>	\$ <u>8,074,659</u>
 DEBT SERVICE AS A PERCENTAGE OF NONCAPITAL EXPENDITURES	 <u>25.75%</u>	 <u>30.39%</u>	 <u>21.75%</u>	 <u>39.68%</u>

TABLE 4

2018	2019	2020	2021	2022	2023
\$ (4,581,994)	\$ (1,895,280)	\$ (1,895,280)	\$ 951,640	\$ 1,248,603	\$ (949,371)
-	5,242,250	4,405,000	7,740,000	8,010,000	16,270,000
-	-	-	1,215,000	1,620,000	-
-	149,842	525,039	447,828	192,188	757,028
-	-	(4,934,950)	(1,205,381)	(1,586,563)	-
479,387	-	532,272	-	807,979	556,300
-	-	-	-	-	862,870
839,389	168,612	384,578	720,698	2,436,117	232,851
24,647	478,403	36,702	23,730	9,100	26,064
491,275	697,516	1,612,919	2,027,898	4,837,676	1,732,877
<u>(197,325)</u>	<u>(615,097)</u>	<u>(1,843,756)</u>	<u>(2,292,358)</u>	<u>(5,621,305)</u>	<u>(2,620,246)</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>17,817,744</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>16,868,373</u>
<u>23.39%</u>	<u>25.47%</u>	<u>23.25%</u>	<u>27.21%</u>	<u>23.66%</u>	<u>26.16%</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>
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
2023	1,221,797,141	567,660,569	35,105,337	140,259,874

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>
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
1,684,752,044	1.7819	1,362,057,015

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CITY OF MARBLE FALLS, TEXAS

TABLE 6

DIRECT AND OVERLAPPING PROPERTY TAX RATES

LAST TEN FISCAL YEARS

Fiscal Year	City Direct Rates			Overlapping Rates	
	Basic Rate	General Obligation Debt Service	Total Direct Rate	Marble Falls School District	Burnet County
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
2023	0.5400	51,985,090	1.7819	0.8878	0.3541

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	2023	
	Taxable Assessed Value	Percentage of Total City Taxable Assessed Value
Panther Hollow Apartments LLC	\$ 20,342,720	1.21%
Huber Carbonates LLC	14,784,749	0.88%
Worldmark The Club	14,733,990	0.87%
HTA-Marble Falls MOB LLC	14,026,820	0.83%
Homestead Mormon Mill LP	13,400,000	0.80%
Bray Spaar Partnership	12,000,000	0.71%
Perdernalles Electric Co-Op	10,259,761	0.61%
Walmart Inc	9,454,760	0.56%
Roper Ranch LLC	8,970,274	0.53%
Riverboat Gamblers LLC	8,078,070	0.48%
	<u>\$ 126,051,144</u>	<u>7.48%</u>

Source: Burnet County Appraisal office

TABLE 7

2014		Percentage of Total City Taxable Assessed Value	Taxpayer
Taxable Assessed Value			
\$ 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 Partnership	
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	
4,263,481	0.65%	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
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%	59,729	6,594,063	100.00%
2023	7,387,305	7,376,193	99.85%	-	7,376,193	99.85%

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>
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	13,572,744	8.25%
2022-23	14,304,544	8.25%

Source: State of Texas Office of the Comptroller

CITY OF MARBLE FALLS, TEXAS

RATIOS OF OUTSTANDING DEBT BY TYPE

LAST TEN FISCAL YEARS

Fiscal Year	General Obligation Bonds	Governmental Activities			Business-type Activities	
		Tax Notes	Notes Payable	Leases	Financing Arrangements	Premiums / Discounts
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
2023	51,985,090	1,985,000	-	784,611	1,425,573	2,227,872

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

See Table 15 for personal income and population data.

TABLE 10

Business-type Activities				Total Primary Government	Percentage of Personal Income	Per Capita
Water Revenue Bonds	Capital Lease	Financing Arrangements	Premiums / Discounts			
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
56,579,910	-	253,728	1,765,910	117,007,694	0.002	14,731

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			
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
2023	51,985,090	51,985,090	3.09%	6,544.77	940,585

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, 2023

Government Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Direct and Overlapping Debt
Debt repaid with property taxes			
Marble Falls Independent School District	\$ 80,315,000	22.88%	\$ 18,376,072
Burnet County General Obligation Debt	30,085,000	14.46%	<u>4,350,291</u>
Subtotal overlapping debt			<u>22,726,363</u>
City direct debt	114,543,782	100.00%	<u>114,543,782</u>
Subtotal direct debt			<u>114,543,782</u>
Total direct and overlapping debt			<u>\$ 137,270,145</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

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Debt limit	\$ 600,546,263	\$ 635,518,195	\$ 672,759,187	\$ 726,407,494
Total net debt applicable to limit	<u>38,115,000</u>	<u>37,293,633</u>	<u>34,741,998</u>	<u>39,332,840</u>
Legal debt margin	<u>\$ 562,431,263</u>	<u>\$ 598,224,562</u>	<u>\$ 638,017,189</u>	<u>\$ 687,074,654</u>
Total net debt applicable to the limit as a percentage of debt limit.	6.35%	5.87%	5.16%	5.41%

Legal Debt Margin Calculation for Fiscal Year 2023

Assessed value	\$ 967,060,481
Debt applicable to limit:	
General obligation bonds	51,985,090
Less: Amount set aside for repayment of general obligation debt	<u>940,585</u>
Total net debt applicable to limit	<u>51,044,505</u>
Legal debt margin	<u>\$ 916,015,976</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					
2018	2019	2020	2021	2022	2023
\$ 837,800,028	\$ 837,800,028	\$ 892,093,318	\$ 857,346,323	\$ 944,456,398	\$ 967,060,481
<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>51,044,505</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>	<u>\$ 916,015,976</u>
4.44%	4.54%	3.88%	4.61%	4.43%	5.28%

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	
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
2023	8,142,354	4,128,521	4,013,833	3,184,000	1,319,287	0.89

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>
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%
2023	7,943	82,136	33,379	3.7%

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

Unemployment rate obtained from Texas Workforce Commission website.

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CITY OF MARBLE FALLS, TEXAS

TABLE 16

PRINCIPAL EMPLOYERS

CURRENT AND NINE YEARS AGO

Employer	2023		2014	
	Employees	Percentage of Total City Employment	Employees	Percentage of Total City Employment
Marble Falls ISD	694	21.89%	629	22.14%
Baylor Scott & White	588	18.55%	320	11.26%
H.E.B. Grocery Company	450	14.20%	322	11.33%
Wal-Mart Corporation	255	8.04%	200	7.04%
City of Marble Falls	143	4.51%	125	4.40%
Lowe's	122	3.85%	115	4.05%
Home Depot Company	121	3.82%	107	3.77%
Johnson Sewell Ford Lincoln	107	3.38%	105	3.70%
Granite Mesa	105	3.31%	86	3.03%
Pedernales Electric Coop	100	3.15%	72	2.53%
Total	<u>2,685</u>		<u>2,081</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	2014	2015	2016	2017
General government				
Management services	4	4	4	4
Finance	4	4	4	4
Planning	4	4	4	5
Building	4	4	4	5
Human resources	1	1	1	1
Court	2	2	2	3
Police				
Officers	19	19	19	20
Civilians	12	12	12	12
Fire				
Firefighters and officers	15	15	15	15
Other public works				
Other	12	11	11	11
Parks and recreation	9	9	9	9
Water	11	11	11	12
Wastewater	<u>9</u>	<u>10</u>	<u>10</u>	<u>10</u>
Total	<u>106</u>	<u>106</u>	<u>106</u>	<u>111</u>

Source: City of Marble Falls

TABLE 17

Fiscal Year					
<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
4	4	6	6	7	10
4	4	4	4	6	6
4	4	4	4	4	6
5	5	5	5	5	5
1	1	2	2	2	2
3.5	3.5	3.5	3.5	3.0	3
21	22	25	25	28	26
13	13	13	13	11	16
15	18	18	18	18	18
11	11	11	11	11	11
11	11	11	11	12	17
13	12	12	12	12	12
<u>10</u>	<u>10</u>	<u>10</u>	<u>10</u>	<u>11</u>	<u>11</u>
<u>116</u>	<u>119</u>	<u>124</u>	<u>124</u>	<u>129</u>	<u>143</u>

CITY OF MARBLE FALLS, TEXAS

OPERATING INDICATORS BY FUNCTION/PROGRAM

LAST TEN FISCAL YEARS

Function/Program	2014	2015	2016	2017
General government				
Building permits issued	259	641	793	726
Building inspections conducted	1,377	938	2,700	1,479
Police				
Physical arrests	837	718	739	665
Parking violations	25	20	12	25
Traffic violations	1,762	998	1,317	1,195
Fire				
Emergency responses	1,234	1,291	1,538	1,746
Fires extinguished	6	4	7	40
Inspections	211	357	392	309
Other public works				
Street resurfacing (miles)	2	5	2	1
Tonnage to repair potholes	150	204	500	450
Parks and recreation				
Community center admissions	160	191	266	213
Library				
Volumes in collection	39,590	41,109	40,594	41,851
Total volumes borrowed	198,785	106,585	136,317	114,200
Water				
New connections	582	590	497	424
Water main breaks	125	108	150	110
Average daily consumption (thousands of gallons)	1,522	1,416	1,352	1,419
Peak daily consumption (thousands of gallons)	2,005	2,066	2,555	2,800
Wastewater				
Average daily sewage treatment (thousands of gallons)	860	998	981	1,024

Source: Various City departments

TABLE 18

2018	2019	2020	2021	2022	2023
726	931	754	960	1,222	1,476
1,751	1,761	1,334	2,467	4,139	3,299
503	712	505	525	583	586
7	217	7	6	2	
1,278	2,436	1,524	2,047	2,776	1,688
1,601	1,665	1,576	1,700	1,841	2,275
49	50	69	37	83	
597	886	520	386	386	250
2	5	5	9	26	5
475	477	150	150	250	200
191	121	605	600	275	160
40,507	40,614	41,494	41,750	40,523	42,766
117,698	116,778	79,420	79,010	79,770	97,074
538	26	30	121	147	270
126	75	70	50	90	100
1,421	1,211	1,541	1,330	1,437	1,480
2,458	2,145	2,145	2,797	2,797	3,000
1,189	1,021	839	1,018	867	1,026

CITY OF MARBLE FALLS, TEXAS

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM

LAST TEN FISCAL YEARS

Function/Program	2014	2015	2016	2017
Police				
Stations	1	1	1	1
Patrol units	15	15	15	15
Fire				
Stations	1	1	1	1
Public works				
Streets (miles)	62	62	64	64
Highways (miles)	15.2	15.2	15.2	15.2
Streetlights	448	595	599	599
Traffic signals	14	14	15	15
Parks and recreation				
Acreage	127	130	130	150
Playgrounds	4	4	4	4
Baseball/softball diamonds	4	4	4	4
Soccer/football fields	8	8	8	8
Community centers	1	1	2	2
Water				
Water mains (miles)	84	95	95	96
Fire hydrants	544	582	589	606
Storage capacity (thousands of gallons)	2,939	3,479	3,419	3,419
Wastewater				
Sanitary sewers (miles)	63	68	68	68
Storm sewers (miles)	12	12	12	12
Treatment capacity (thousands of gallons)	980	980	1,500	1,500

Source: Various City departments

TABLE 19

2018	2019	2020	2021	2022	2023
1	1	1	1	1	1
27	33	38	32	32	27
1	1	1	1	1	1
65	66	66	66	71	71
15.2	15.2	15.2	15.2	15.2	15.2
606	617	617	617	648	648
15	17	17	17	17	17
153	158	158	158	150	177
6	6	6	6	6	11
4	4	4	4	4	4
8	8	8	8	8	8
2	2	2	2	2	2
98	98	98	98	104	104
626	634	634	634	670	670
3,488	3,488	3,488	3,488	3,488	3,500
68	68	68	68	76	76
12	12	12	12	16	16
1,500	1,500	1,500	1,500	1,500	1,500

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COMPLIANCE SECTION

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Marble Falls, Texas, as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the City of Marble Falls, Texas' basic financial statements, and have issued our report thereon dated March 19, 2024.

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 the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Marble Falls, Texas' internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Marble Falls, Texas' internal control.

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

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

Waco, Texas
March 19, 2024

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

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Marble Falls, Texas’ compliance with the types of compliance requirements identified as subject to audit in the (OMB) *Compliance Supplement* that could have a direct and material effect on each of the City of Marble Falls, Texas’ major federal programs for the year ended September 30, 2023. The City of Marble Falls, Texas’ major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City of Marble Falls, Texas complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2023.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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

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

Waco, Texas
March 19, 2024

CITY OF MARBLE FALLS, TEXAS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED SEPTEMBER 30, 2023

Federal Grantor/ Pass-through Grantor/ Grantor/Program Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Federal Expenditures
U. S. DEPARTMENT OF COMMERCE			
<u>Passed through Capital Area Council of Governments:</u>			
Economic Development Administration	11.307	08-79-05391	\$ 1,440,273
Total Economic Development Cluster			<u>1,440,273</u>
Total Passed through Capital Area Council of Governments:			<u>1,440,273</u>
TOTAL U. S. DEPARTMENT OF COMMERCE			<u>1,440,273</u>
U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
<u>Passed through Texas Department of Housing and Community Affairs</u>			
HOME Investment Partnership Program	14.239	M-19-48-0100	<u>471,118</u>
Total Passed through Texas Department of Housing and Community Affairs:			<u>471,118</u>
TOTAL U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			<u>471,118</u>
U. S. DEPARTMENT OF TRANSPORTATION			
<u>Passed through Texas Department of Transportation:</u>			
Highway Planning and Construction	20.205	N/A	<u>338,517</u>
Total Passed through Texas Department of Transportation:			<u>338,517</u>
TOTAL U. S. DEPARTMENT OF TRANSPORTATION			<u>338,517</u>
U. S. DEPARTMENT OF TREASURY			
<u>Direct Program:</u>			
American Rescue Plan Fiscal Recovery Funds (COVID-19)	21.027	N/A	<u>633,000</u>
Total Direct Programs			<u>633,000</u>
TOTAL U. S. DEPARTMENT OF TREASURY			<u>633,000</u>
U. S. DEPARTMENT OF HOMELAND SECURITY			
<u>Passed through Texas Division of Emergency Management:</u>			
Hazard Mitigation Grant Program	97.039	DR-4416	<u>151,934</u>
Total Passed through Texas Division of Emergency Management:			<u>151,934</u>
TOTAL U. S. DEPARTMENT OF HOMELAND SECURITY			<u>151,934</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 3,034,842</u>

CITY OF MARBLE FALLS, TEXAS

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED SEPTEMBER 30, 2023

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, 2023, 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, 2023

Summary of Auditor's Results

Financial Statements:

Type of auditors' report issued Unmodified

Internal control over financial reporting:

Material weakness(es) identified? None reported

Significant deficiency(ies) identified? None reported

Noncompliance material to financial statements noted?

None

Federal Awards:

Internal control over major programs:

Material weakness(es) identified? None reported

Significant deficiency(ies) identified? None reported

Type of auditors' report issued on compliance for major programs

Unmodified

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

None

Identification of major programs:

Federal Assistance Listing Number

Name of Federal Program or Cluster:

11.307

Economic Development Cluster

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

\$750,000

Auditee qualified as low-risk auditee?

No

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

None reported

Findings and Questioned Costs for Federal Awards

None

CITY OF MARBLE FALLS, TEXAS

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FOR THE YEAR ENDED SEPTEMBER 30, 2023

Financial Statement Finding

Item 2022-001: Bank Reconciliations

Type: Material weakness

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.

Status: Implemented

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