

ANNUAL COMPREHENSIVE FINANCIAL REPORT

**FOR FISCAL YEAR ENDED
SEPTEMBER 30, 2024**



CITY OF MARBLE FALLS, TEXAS

TABLE OF CONTENTS

SEPTEMBER 30, 2024

Page

INTRODUCTORY SECTION

Letter of Transmittal	i – iii
Principal Official.....	iv
Organization Chart.....	v
Certificate of Achievement for Excellence in Financial Reporting.....	vi

FINANCIAL SECTION

Independent Auditor’s Report.....	1 – 3
Management’s Discussion and Analysis.....	4 – 9
Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Position	10 – 11
Statement of Activities	12 – 13
Fund Financial Statements	
Balance Sheet – Governmental Funds	14 – 15
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	16 – 17
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	18
Statement of Net Position – Proprietary Fund	19 – 20
Statement of Revenues, Expenses and Changes in Net Position – Proprietary Fund	21
Statement of Cash Flows – Proprietary Funds.....	22 – 23
Statement of Fiduciary Net Position – Fiduciary Funds	24
Statement of Changes in Fiduciary Net Position	25
Notes to Financial Statements	26 – 48

Required Supplementary Information:

Schedule of Change in Net Pension Liability and Related Ratios	49 – 50
Schedule of Contributions to Net Pension Liability	51 – 52
Schedule of Changes in Total OPEB Liability and Related Ratios – Texas Municipal Retirement System – Supplemental Death Benefits Fund	53 – 54
Schedule of Changes in Total OPEB Liability and Related Ratios – Retiree Insurance Benefits Plan	55 – 56
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund	57 – 60
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Economic Development Corporation Fund	61
Notes to Required Supplementary Information	62

Combining and Individual Fund Statements and Schedules

Nonmajor Governmental Funds

Combining Balance Sheet	63 – 64
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	65 – 66
Combining Statement of Fiduciary Net Position Fiduciary Funds	67
Combining Statement of Changes in Fiduciary Net Position	68
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Debt Service Fund	69
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Hotel/Motel Tax Fund	70

STATISTICAL SECTION (Unaudited)

Net Position by Component	Table 1	71 – 72
Changes in Net Position	Table 2	73 – 76
Fund Balances – Governmental Funds	Table 3	77 – 78
Changes in Fund Balances – Governmental Funds	Table 4	79 – 82
Assessed Value and Estimated Actual Value of Taxable Property	Table 5	83 – 84
Direct and Overlapping Property Tax Rates	Table 6	85
Principal Property Taxpayers	Table 7	86 – 87
Property Tax Levies and Collections	Table 8	88

Major Source of Revenue Sales Tax History	Table 9	89
Ratios of Outstanding Debt by Type	Table 10	90 – 91
Ratios of General Bonded Debt Outstanding	Table 11	92
Direct and Overlapping Governmental Activities Debt	Table 12	93
Legal Debt Margin Information	Table 13	94 – 95
Pledged Revenue Coverage	Table 14	96
Demographic and Economic Statistics	Table 15	97
Principal Employers.....	Table 16	98
Fulltime Equivalent City Government Employees.....	Table 17	99 – 100
Operating Indicators by Function/Program	Table 18	101 – 102
Capital Asset Statistics by Function/Program.....	Table 19	103 – 104

COMPLIANCE SECTION

Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>		105 – 106
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 Uniform Guidance		107 – 109
Schedule of Expenditures of Federal Awards		110
Notes to Schedule of Expenditures of Federal Awards.....		111
Schedule of Findings and Questioned Costs.....		112
Summary Schedule of Prior Audit Findings.....		115

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INTRODUCTORY SECTION

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March 4, 2025

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, 2024, 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, 2024 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, 2024, are presented in conformity with Generally Accepted Accounting Principles.

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

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

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

PROFILE OF THE CITY

Founded in 1887 by General Adam R. Johnson, Marble Falls is located in the heart of the Texas Hill Country on the Colorado River. The falls, for which the town was named, were used as a landmark by travelers and referred to as the "great falls" or the "marble falls" of the Colorado River as early as 1817. Population estimates for the City of Marble Falls reached 1,800 by 1896 and the first City officials were elected in 1907, when a 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 to be 8,395. Current and future subdivisions are designed on oversized lots, as well as smaller garden home areas, which result in spacious residential areas that complement the coveted rural setting. The city serves as a retail and tourist hub to the county and its surrounding area.

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

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

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

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

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

During fiscal year 2023-2024, the General and Proprietary funds' programs reflect managing the effects of inflation, economic and demographic growth, and improvements to critical infrastructure. The Proprietary Fund's Water and Wastewater budgets also include funding improvements to existing infrastructure and Water Reclamation Facility design and construction.

AWARDS AND ACKNOWLEDGEMENTS

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

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

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

Respectfully submitted,



Jeff Lazenby
Finance Director

CITY OF MARBLE FALLS, TEXAS

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE YEAR ENDED SEPTEMBER 30, 2024

MAYOR

Dave Rhodes

MAYOR PRO TEM

Craig Magerkurth

COUNCILMEMBERS

Lauren Haltom
Karlee Hubble
Griff Morris
Bryan Walker
Richard Westerman

CITY MANAGER

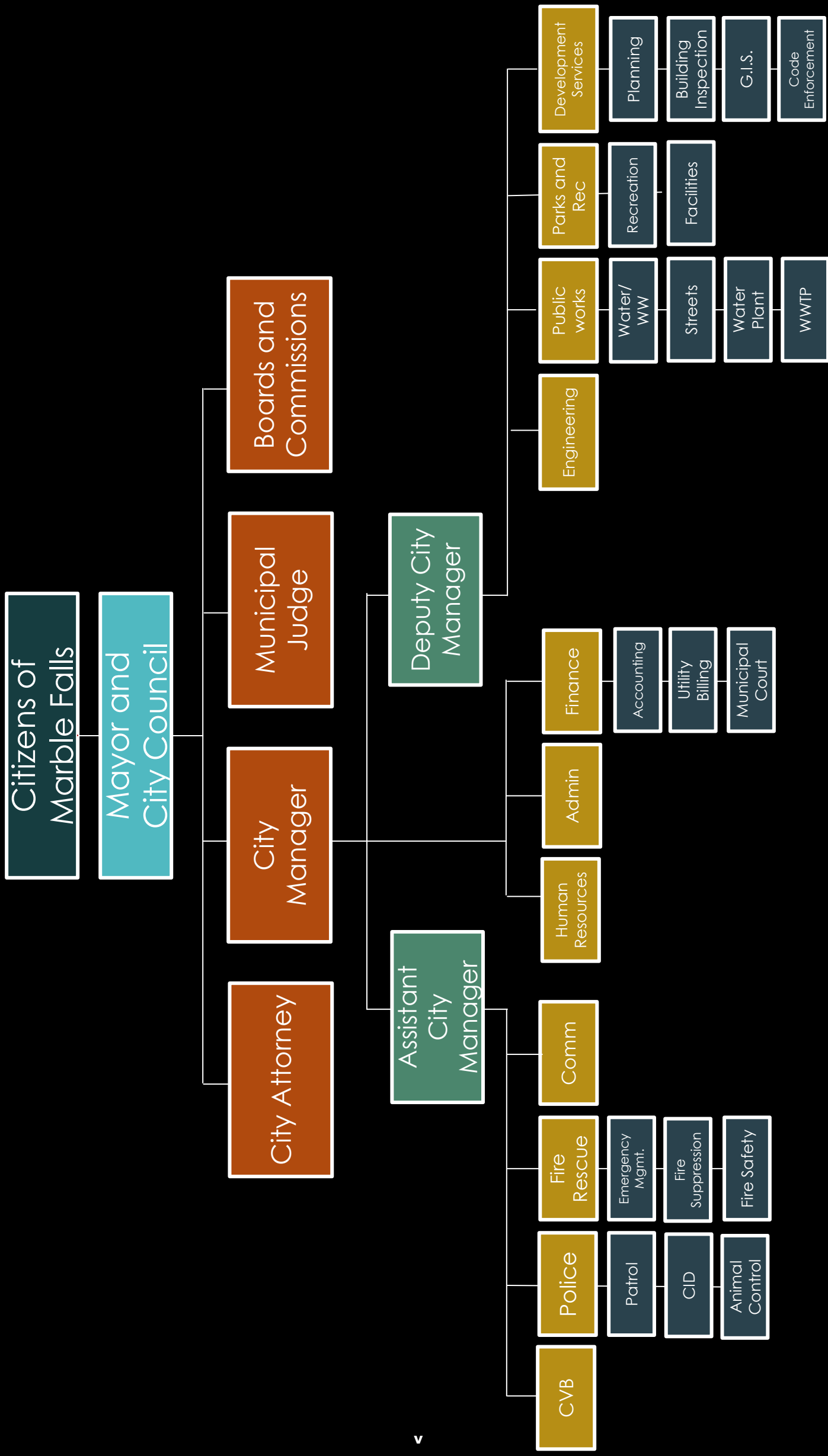
Mike Hodge

CITY ATTORNEY

Josh Brockman-Weber
Messer Fort Law Firm

PREPARED BY:

Finance Department
Jeff Lazenby, Director of Finance





Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Marble Falls
Texas**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2023

Christopher P. Morill

Executive Director/CEO

FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Marble Falls, Texas, as of and for the year ended September 30, 2024, 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, 2024, 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 4, 2025 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 4, 2025

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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, 2024. 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, 2024, by \$63,799,162 (net position). Of this amount, \$4,846,265 is unrestricted net position.
- The City's net position increased by \$8,771,070.
- As of the close of the current fiscal year, the City of Marble Falls governmental funds reported combined ending fund balances of \$56,708,603. \$8,764,556 of this amount is unassigned and available for use within the City's fund designation and policy.
- As of September 30, 2024, unassigned fund balance for the General Fund was \$8,764,556 or 44.44% 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 assets plus deferred outflows exceed liabilities plus deferred inflows by \$63.8 million as of September 30, 2024. 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	
	2024	2023	2024	2023	2024	2023
Current and other assets	\$ 61,436,859	\$ 56,495,934	\$ 50,572,199	\$ 53,335,742	\$ 112,009,058	\$ 109,831,676
Capital assets	<u>52,190,316</u>	<u>45,007,469</u>	<u>52,727,260</u>	<u>42,197,949</u>	<u>104,917,576</u>	<u>87,205,418</u>
Total assets	<u>113,627,175</u>	<u>101,503,403</u>	<u>103,299,459</u>	<u>95,533,691</u>	<u>216,926,634</u>	<u>197,037,094</u>
Deferred outflows of resources	<u>2,867,871</u>	<u>3,318,930</u>	<u>619,138</u>	<u>735,223</u>	<u>3,487,009</u>	<u>4,054,153</u>
Current liabilities	9,894,823	9,691,459	17,585,364	17,571,635	27,480,187	27,263,094
Noncurrent liabilities	<u>69,696,768</u>	<u>61,833,019</u>	<u>58,798,053</u>	<u>56,494,149</u>	<u>128,494,821</u>	<u>118,327,168</u>
Total liabilities	<u>79,618,605</u>	<u>71,524,478</u>	<u>76,387,100</u>	<u>74,065,784</u>	<u>156,005,705</u>	<u>145,590,262</u>
Deferred inflows of resources	<u>534,810</u>	<u>415,656</u>	<u>73,966</u>	<u>57,237</u>	<u>608,776</u>	<u>472,893</u>
Net position:						
Net investment,						
in capital assets	12,000,953	5,737,308	24,150,892	21,891,218	36,151,845	27,628,526
Restricted	22,801,052	24,078,330	-	-	22,801,052	24,078,330
Unrestricted	<u>1,539,626</u>	<u>3,066,561</u>	<u>3,306,639</u>	<u>254,675</u>	<u>4,846,265</u>	<u>3,321,236</u>
Total net position	<u>\$ 36,341,631</u>	<u>\$ 32,882,199</u>	<u>\$ 27,457,531</u>	<u>\$ 22,145,893</u>	<u>\$ 63,799,162</u>	<u>\$ 55,028,092</u>

The restricted portion of the City's net position (35.7%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position is \$4,846,265 .

Analysis of the City's Operations

The following table provides a summary of the City's operations for the year ended September 30, 2024. Governmental activities increased the City of Marble Falls' net position by \$3,459,432, accounting for a 10.5% increase in net position. Primary factors attributing to the increase compared to the prior year include general property tax growth as a result of increased valuations and additions to the tax roll, as well as increased interest income due to higher interest rates. Expenses in governmental activities were higher compared to the prior year in the general government and public safety function, mainly due to personnel services.

Results for the current fiscal year in the City's business-type activities increased the City's net position by \$5,311,638 accounting for a 24.0% increase in net position. The operating grants and contributions increased due to the EDA and CDBG grants. Charges for services increased primarily due to an increase in water and wastewater rates. Total expenses increased by \$760,080 or 10.2%. The City's capital asset additions increased the depreciation expenses.

CITY OF MARBLE FALLS' CHANGES IN NET POSITION

	Governmental Activities		Business-type Activities		Totals	
	2024	2023	2024	2023	2024	2023
Revenues:						
Program revenues:						
Charges for services	\$ 3,581,909	\$ 2,910,409	\$ 7,633,837	\$ 8,259,630	\$ 11,215,746	\$ 11,170,039
Operating grants and contributions	542,284	1,701,870	2,592,840	1,423,803	3,135,124	3,125,673
Capital grants and contributions	557,748	356,291	-	-	557,748	356,291
General revenues:						
Property taxes	8,646,016	7,590,955	-	-	8,646,016	7,590,955
Sales taxes	14,570,476	14,304,544	-	-	14,570,476	14,304,544
Franchise taxes	800,483	674,305	-	-	800,483	674,305
Other taxes	945,613	725,325	-	-	945,613	725,325
Investment earnings	2,344,665	1,873,697	2,579,745	1,503,466	4,924,410	3,377,163
Miscellaneous	763,450	94,719	-	-	763,450	94,719
Total revenues	<u>32,752,644</u>	<u>30,232,115</u>	<u>12,806,422</u>	<u>11,186,899</u>	<u>45,559,066</u>	<u>41,419,014</u>
Expenses:						
General government	7,889,825	7,207,565	-	-	7,889,825	7,207,565
Public safety	11,605,706	9,760,585	-	-	11,605,706	9,760,585
Public works	2,759,427	1,894,188	-	-	2,759,427	1,894,188
Culture and recreation	3,779,510	3,311,337	-	-	3,779,510	3,311,337
Interest on long-term debt	2,507,424	1,979,562	-	-	2,507,424	1,979,562
Water and wastewater	-	-	8,246,104	7,486,024	8,246,104	7,486,024
Total expenses	<u>28,541,892</u>	<u>24,153,237</u>	<u>8,246,104</u>	<u>7,486,024</u>	<u>36,787,996</u>	<u>31,639,261</u>
Increases (decreases) in net position before transfers	4,210,752	6,078,868	4,560,318	3,700,875	8,771,070	9,779,743
Transfers	<u>(751,320)</u>	<u>(822,660)</u>	<u>751,320</u>	<u>822,660</u>	<u>-</u>	<u>-</u>
Change in net position	3,459,432	5,256,208	5,311,638	4,523,535	8,771,070	9,779,743
Net position, beginning	<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>
Net position, ending	<u>\$ 36,341,631</u>	<u>\$ 32,882,199</u>	<u>\$ 27,457,531</u>	<u>\$ 22,145,893</u>	<u>\$ 63,799,162</u>	<u>\$ 55,028,092</u>

Governmental Funds

In the General Fund, fund balance increased by \$1,359,218. The increase was due mainly to an increase in property taxes and sales taxes for FY 2024. Property taxes increased by 15.9% primarily due to an increase in total assessed values. Sales taxes increased by 5.9% from the prior fiscal year due to an increase in retail sales activity.

The Economic Development Corporation Fund balance decreased by \$3,140,658 from the prior fiscal year, mainly as a result of capital expenditures paid for with existing fund balance.

The Debt Service Fund balance increased by \$563,882 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 \$1,134,654 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 \$3,249,751 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 \$3,306,639. The net position of the Water and Utility Fund increased by \$5,311,638. This increase was due to an increase in water and utility charges.

General Fund Budgetary Highlights

The City revised the original appropriations approved by the City Council. These changes resulted in an increase in budgeted expenditures in the amount of \$194,100 from the original budget of \$19,725,948 to the revised budget of \$19,920,048 or a 1.0% increase. The majority of this increase was due to an increase in budgeted expenditures for communication services.

The variance between the final amended budget and actual expenditures was \$195,944, primarily as a result of cost savings in the public safety, public works and capital outlay functions.

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	
	2024	2023	2024	2023	2024	2023
Land	\$ 17,620,082	\$ 12,721,209	\$ 1,116,508	\$ 851,508	\$ 18,736,590	\$ 13,572,717
Buildings and improvements	79,076,650	75,658,164	84,945,551	74,362,642	164,022,201	150,020,806
Equipment	10,738,052	9,484,328	3,414,553	2,951,987	14,152,605	12,436,315
Right to use - equipment	887,099	887,099	-	-	887,099	887,099
Construction in progress	3,138,941	1,795,550	793,290	-	3,932,231	1,795,550
Less: accumulated depreciation	<u>(59,270,508)</u>	<u>(55,538,881)</u>	<u>(37,542,642)</u>	<u>(35,968,188)</u>	<u>(96,813,150)</u>	<u>(91,507,069)</u>
Total capital assets, net	<u>\$ 52,190,316</u>	<u>\$ 45,007,469</u>	<u>\$ 52,727,260</u>	<u>\$ 42,197,949</u>	<u>\$ 104,917,576</u>	<u>\$ 87,205,418</u>

Debt Administration

At the end of the current fiscal year, the City had total bonded debt and notes payable of \$122,992,216. Of this amount, \$62,837,060 represents bonded debt backed by the full faith and credit of the City and \$60,155,156 represents payables secured by water and wastewater revenues.

OUTSTANDING DEBT AT YEAR-END

	Governmental Activities		Business-type Activities		Totals	
	2024	2023	2024	2023	2024	2023
Bonds	<u>\$ 62,837,060</u>	<u>\$ 56,197,962</u>	<u>\$ 60,155,156</u>	<u>\$ 58,345,820</u>	<u>\$ 122,992,216</u>	<u>\$ 114,543,782</u>
Total	<u>\$ 62,837,060</u>	<u>\$ 56,197,962</u>	<u>\$ 60,155,156</u>	<u>\$ 58,345,820</u>	<u>\$ 122,992,216</u>	<u>\$ 114,543,782</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 steady growth. The City's population is estimated to be 8,400 in 2025. 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 2% from the prior year revenue of \$10,728,408 to \$10,927,857. The 2025 General Fund estimate is projected at \$11,380,695. The Marble Falls Economic Development Corporation (EDC) is funded by a voter approved, half-cent sales tax, which is used to offer grants and other economic incentives to existing and new businesses. The EDC's sales tax estimate for 2025 is \$3,558,111.

The City's second largest source of revenue in the General Fund is ad valorem or property taxes. The City's 2025 tax rate is \$0.5350. This rate consists of a maintenance and operations (M&O) tax rate of \$0.2350 and an Interest and Sinking (debt service) tax rate of \$0.3000. The rate was set based on a net taxable value of \$1,568,924,616. The assessed values increased 15% for FY 2025.

Water revenues for 2025 are budgeted at \$5,400,000 which is an increase of 6% over the prior year. Wastewater revenues are budgeted at \$3,313,500, 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, 2024

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and investments	\$ 56,362,720	\$ 49,143,854	\$ 105,506,574
Receivables, net of allowances for uncollectibles			
Taxes	3,180,093	-	3,180,093
Customer accounts	694,190	1,252,361	1,946,551
Other	75	-	75
Due from other governments	973,689	-	973,689
Internal balances	226,092	(226,092)	-
Inventories	-	402,076	402,076
Capital assets:			
Land	17,620,082	1,116,508	18,736,590
Buildings and improvements	79,076,650	84,945,551	164,022,201
Equipment	10,738,052	3,414,553	14,152,605
Right to use - equipment	887,099	-	887,099
Construction in progress	3,138,941	793,290	3,932,231
Accumulated depreciation	(59,270,508)	(37,542,642)	(96,813,150)
Total capital assets, net of accumulated depreciation	<u>52,190,316</u>	<u>52,727,260</u>	<u>104,917,576</u>
Total assets	<u>113,627,175</u>	<u>103,299,459</u>	<u>216,926,634</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflow related to pensions	2,581,191	356,989	2,938,180
OPEB - TMRS supplemental death benefit	61,507	8,506	70,013
OPEB - Retiree health plan	86,271	11,932	98,203
Deferred loss on bond refunding	138,902	241,711	380,613
Total deferred outflows of resources	<u>2,867,871</u>	<u>619,138</u>	<u>3,487,009</u>
LIABILITIES			
Accounts payable	1,093,739	477,207	1,570,946
Accrued liabilities	393,115	72,566	465,681
Due to others	275,859	117,322	393,181
Unearned revenue	662,208	13,065,800	13,728,008
Developer deposits	1,059,507	-	1,059,507
Customer deposits	52,125	674,066	726,191
Accrued interest	726,756	236,825	963,581
Noncurrent liabilities:			
Due within one year			
General and certificates of obligation	4,420,000	2,859,000	7,279,000
Tax notes	415,000	-	415,000
Financing arrangements	398,230	37,085	435,315
Leases	73,800	-	73,800
Compensated absences	324,484	45,493	369,977
OPEB - TMRS supplemental death benefit	13,122	1,789	14,911
OPEB - Retiree health plan	13,892	1,894	15,786
Due in more than one year			
General and certificates of obligation	56,992,060	57,296,157	114,288,217
Tax notes	1,010,000	-	1,010,000
Financing arrangements	1,135,383	127,633	1,263,016
Leases	636,523	-	636,523
Compensated absences	973,450	136,479	1,109,929
Net pension liability	8,292,546	1,146,892	9,439,438
OPEB - TMRS supplemental death benefit	358,947	49,670	408,617
OPEB - Retiree health plan	297,859	41,222	339,081
Total liabilities	<u>\$ 79,618,605</u>	<u>\$ 76,387,100</u>	<u>\$ 156,005,705</u>

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

CITY OF MARBLE FALLS, TEXAS

STATEMENT OF NET POSITION

SEPTEMBER 30, 2024

	Primary Government		
	Governmental Activities	Business-type Activities	Total
DEFERRED INFLOWS OF RESOURCES			
Deferred inflow related to pensions	\$ 151,369	\$ 20,935	\$ 172,304
OPEB - TMRS supplemental death benefit	116,841	16,159	133,000
OPEB - Retiree health plan	<u>266,600</u>	<u>36,872</u>	<u>303,472</u>
Total deferred inflows of resources	<u>534,810</u>	<u>73,966</u>	<u>608,776</u>
NET POSITION			
Net investment in capital assets	12,000,953	24,150,892	36,151,845
Restricted for:			
Economic development	20,143,405	-	20,143,405
Debt service	1,595,317	-	1,595,317
Public safety	279,324	-	279,324
Culture and recreation	783,006	-	783,006
Unrestricted	<u>1,539,626</u>	<u>3,306,639</u>	<u>4,846,265</u>
Total net position	<u>\$ 36,341,631</u>	<u>\$ 27,457,531</u>	<u>\$ 63,799,162</u>

CITY OF MARBLE FALLS, TEXAS

STATEMENT OF ACTIVITIES

FOR THE FISCAL YEAR ENDED SEPTEMBER, 30 2024

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 7,889,825	\$ 1,293,119	\$ 7,609	\$ -
Public safety	11,605,706	538,624	248,711	260,715
Public works	2,759,427	1,588,196	-	297,033
Culture and recreation	3,779,510	161,970	285,964	-
Interest on long-term debt	2,507,424	-	-	-
Total governmental activities	<u>28,541,892</u>	<u>3,581,909</u>	<u>542,284</u>	<u>557,748</u>
Business-type activities:				
Water and sewer	<u>8,246,104</u>	<u>7,633,837</u>	<u>2,592,840</u>	<u>-</u>
Total business-type activities	<u>8,246,104</u>	<u>7,633,837</u>	<u>2,592,840</u>	<u>-</u>
Total primary government	<u>\$ 36,787,996</u>	<u>\$ 11,215,746</u>	<u>\$ 3,135,124</u>	<u>\$ 557,748</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
\$ (6,589,097)	\$ -	\$ (6,589,097)
(10,557,656)	-	(10,557,656)
(874,198)	-	(874,198)
(3,331,576)	-	(3,331,576)
(2,507,424)	-	(2,507,424)
<u>(23,859,951)</u>	<u>-</u>	<u>(23,859,951)</u>
-	1,980,573	1,980,573
-	1,980,573	1,980,573
\$ <u>(23,859,951)</u>	\$ <u>1,980,573</u>	\$ <u>(21,879,378)</u>
3,267,586	-	3,267,586
5,378,430	-	5,378,430
14,570,476	-	14,570,476
800,483	-	800,483
945,613	-	945,613
82,947	-	82,947
2,344,665	2,579,745	4,924,410
680,503	-	680,503
(751,320)	751,320	-
<u>27,319,383</u>	<u>3,331,065</u>	<u>30,650,448</u>
3,459,432	5,311,638	8,771,070
<u>32,882,199</u>	<u>22,145,893</u>	<u>55,028,092</u>
\$ <u>36,341,631</u>	\$ <u>27,457,531</u>	\$ <u>63,799,162</u>

CITY OF MARBLE FALLS, TEXAS

BALANCE SHEET - GOVERNMENTAL FUNDS

SEPTEMBER 30, 2024

	<u>General</u>	<u>Economic Development Corporation</u>	<u>Debt Service</u>
ASSETS			
Cash and investments	\$ 9,538,647	\$ 10,689,783	\$ 1,353,496
Receivables, net of allowances for uncollectibles:			
Property taxes	88,483	-	242,974
Other taxes	1,988,441	660,477	-
Accounts	282,548	-	-
Other	-	75	-
Due from other governments	75,510	-	-
Due from other funds	25,363	-	-
Total assets	<u>11,998,992</u>	<u>11,350,335</u>	<u>1,596,470</u>
LIABILITIES			
Accounts payable	674,753	56,989	750
Accrued liabilities	371,910	13,843	403
Due to other funds	-	3,111,438	-
Due to others	275,859	-	-
Unearned revenue	-	-	-
Developer deposits	1,059,507	-	-
Customer deposits	52,125	-	-
Total liabilities	<u>2,434,154</u>	<u>3,182,270</u>	<u>1,153</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - property taxes	71,797	-	208,058
Unavailable revenue - court fines and fees	130,163	-	-
Total deferred inflows of resources	<u>201,960</u>	<u>-</u>	<u>208,058</u>
FUND BALANCES			
Restricted	-	8,168,065	1,387,259
Assigned for subsequent year's budget	598,322	-	-
Unassigned	8,764,556	-	-
Total fund balances	<u>9,362,878</u>	<u>8,168,065</u>	<u>1,387,259</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 11,998,992</u>	<u>\$ 11,350,335</u>	<u>\$ 1,596,470</u>

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

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

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

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

Net position of governmental activities

<u>Hotel Conference Center</u>	<u>General Improvements</u>	<u>Other Governmental</u>	<u>Total Governmental</u>
\$ 8,863,902	\$ 18,661,708	\$ 6,885,141	\$ 55,992,677
-	-	-	331,457
-	-	199,718	2,848,636
-	-	-	282,548
-	-	-	75
-	-	898,179	973,689
<u>3,111,438</u>	<u>226,092</u>	<u>-</u>	<u>3,362,893</u>
<u>11,975,340</u>	<u>18,887,800</u>	<u>7,983,038</u>	<u>63,791,975</u>
-	229,171	132,076	1,093,739
-	-	6,959	393,115
-	-	25,363	3,136,801
-	-	-	275,859
-	662,208	-	662,208
-	-	-	1,059,507
-	-	-	52,125
<u>-</u>	<u>891,379</u>	<u>164,398</u>	<u>6,673,354</u>
-	-	-	279,855
<u>-</u>	<u>-</u>	<u>-</u>	<u>130,163</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>410,018</u>
11,975,340	17,996,421	7,818,640	47,345,725
-	-	-	598,322
<u>-</u>	<u>-</u>	<u>-</u>	<u>8,764,556</u>
<u>11,975,340</u>	<u>17,996,421</u>	<u>7,818,640</u>	<u>56,708,603</u>
<u>\$ 11,975,340</u>	<u>\$ 18,887,800</u>	<u>\$ 7,983,038</u>	
			52,223,242
			821,660
			337,117
			<u>(73,748,991)</u>
			<u>\$ 36,341,631</u>

CITY OF MARBLE FALLS, TEXAS

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

FOR THE FISCAL YEAR ENDED SEPTEMBER, 30 2024

	<u>General</u>	<u>Economic Development Corporation</u>	<u>Debt Service</u>
REVENUES			
Property taxes	\$ 3,211,720	\$ -	\$ 5,287,580
Sales taxes	10,927,857	3,642,619	-
Hotel/motel taxes	-	-	-
Mixed beverage taxes	82,947	-	-
Franchise fees	800,483	-	-
Fines and forfeitures	356,195	-	-
Permits and fees	1,172,857	31,258	-
Intergovernmental	610,709	176,089	-
Investment earnings	179,250	464,505	123,228
Other	<u>473,711</u>	<u>-</u>	<u>-</u>
Total revenues	<u>17,815,729</u>	<u>4,314,471</u>	<u>5,410,808</u>
EXPENDITURES			
Current:			
General government	4,824,097	699,328	-
Public safety	8,830,807	-	-
Public works	2,507,175	-	-
Culture and recreation	2,634,403	-	-
Capital outlay	265,211	2,873,020	-
Debt service:			
Principal	540,420	740,000	3,550,001
Interest	121,991	479,419	1,559,850
Bond issuance costs	-	-	4,424
Total expenditures	<u>19,724,104</u>	<u>4,791,767</u>	<u>5,114,275</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(1,908,375)</u>	<u>(477,296)</u>	<u>296,533</u>
OTHER FINANCING SOURCES (USES)			
Issuance of debt	1,920,000	-	-
Premium on bond issuance	101,698	-	-
Issuance of financed purchases	-	-	-
Sale of capital assets	94,721	944,965	-
Proceeds from insurance	269,161	4,636	-
Transfers in	987,810	-	267,349
Transfers out	<u>(105,797)</u>	<u>(3,612,963)</u>	<u>-</u>
Total other financing sources (uses)	<u>3,267,593</u>	<u>(2,663,362)</u>	<u>267,349</u>
NET CHANGE IN FUND BALANCES	1,359,218	(3,140,658)	563,882
FUND BALANCES, BEGINNING	<u>8,003,660</u>	<u>11,308,723</u>	<u>823,377</u>
FUND BALANCES, ENDING	\$ <u>9,362,878</u>	\$ <u>8,168,065</u>	\$ <u>1,387,259</u>

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

Hotel Conference Center	General Improvements	Other Governmental	Total Governmental
\$ -	\$ -	\$ -	\$ 8,499,300
-	-	-	14,570,476
-	-	945,613	945,613
-	-	-	82,947
-	-	-	800,483
-	-	1,487,557	1,843,752
-	-	-	1,204,115
-	917,900	138,299	1,842,997
497,513	881,242	198,927	2,344,665
-	-	9,730	483,441
<u>497,513</u>	<u>1,799,142</u>	<u>2,780,126</u>	<u>32,617,789</u>
-	85,335	-	5,608,760
-	-	29,037	8,859,844
-	-	-	2,507,175
-	-	701,681	3,336,084
2,737,859	4,937,880	843,057	11,657,027
-	-	902	4,831,323
-	-	4	2,161,264
-	29,823	52,904	87,151
<u>2,737,859</u>	<u>5,053,038</u>	<u>1,627,585</u>	<u>39,048,628</u>
<u>(2,240,346)</u>	<u>(3,253,896)</u>	<u>1,152,541</u>	<u>(6,430,839)</u>
-	6,294,219	2,425,781	10,640,000
-	335,604	127,123	564,425
-	323,824	171,250	495,074
-	-	-	1,039,686
-	-	-	273,797
3,375,000	-	489,650	5,119,809
-	(450,000)	(1,748,878)	(5,917,638)
<u>3,375,000</u>	<u>6,503,647</u>	<u>1,464,926</u>	<u>12,215,153</u>
1,134,654	3,249,751	2,617,467	5,784,314
<u>10,840,686</u>	<u>14,746,670</u>	<u>5,201,173</u>	<u>50,924,289</u>
\$ 11,975,340	\$ 17,996,421	\$ 7,818,640	\$ 56,708,603

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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, 2024

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)	\$ 5,784,314
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.	7,215,773
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(62,177)
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.	(6,875,548)
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.	(2,075,330)
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.	13,583
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>(541,183)</u>
Change in net position of governmental activities (pages 12 - 13)	<u>\$ 3,459,432</u>

CITY OF MARBLE FALLS, TEXAS

STATEMENT OF NET POSITION
PROPRIETARY FUNDS

SEPTEMBER 30, 2024

	<u>Business-type Activities Enterprise Fund Water and Utility</u>	<u>Governmental Activities Internal Service Fund Equipment Replacement</u>
ASSETS		
Current assets:		
Cash and investments	\$ 49,143,854	\$ 370,043
Accounts receivable, net of allowance	1,252,361	-
Inventories	<u>402,076</u>	<u>-</u>
Total current assets	<u>50,798,291</u>	<u>370,043</u>
Noncurrent assets:		
Capital assets:		
Land	1,116,508	-
Buildings and improvements	84,945,551	-
Machinery and equipment	3,414,553	242,230
Construction in progress	793,290	-
Accumulated depreciation	<u>(37,542,642)</u>	<u>(122,532)</u>
Total capital assets	<u>52,727,260</u>	<u>119,698</u>
Total noncurrent assets	<u>52,727,260</u>	<u>119,698</u>
Total assets	<u>103,525,551</u>	<u>489,741</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflow related to pensions	356,989	-
OPEB - TMRS supplemental death benefit	8,506	-
OPEB - Retiree health plan	11,932	-
Deferred loss on bond refunding	<u>241,711</u>	<u>-</u>
Total deferred outflows of resources	<u>619,138</u>	<u>-</u>
LIABILITIES		
Current liabilities:		
Accounts payable	477,207	-
Accrued liabilities	72,566	-
Due to other funds	226,092	-
Customer deposits	674,066	-
Unearned revenue	13,065,800	-
Due to others	117,322	-
Accrued interest	236,825	-
Compensated absences	45,493	-
Financing arrangements	37,085	-
Bonds payable	2,859,000	-
OPEB - TMRS supplemental death benefit	1,789	-
OPEB - Retiree health plan	<u>1,894</u>	<u>-</u>
Total current liabilities	<u>\$ 17,815,139</u>	<u>\$ -</u>

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

CITY OF MARBLE FALLS, TEXAS

STATEMENT OF NET POSITION
PROPRIETARY FUNDS

SEPTEMBER 30, 2024

	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	\$ 136,479	\$ -
Financing arrangements	127,633	-
Bonds payable	57,296,157	-
Net pension liability	1,146,892	-
OPEB - TMRS supplemental death benefit	49,670	-
OPEB - Retiree health plan	<u>41,222</u>	<u>-</u>
Total noncurrent liabilities	<u>58,798,053</u>	<u>-</u>
 Total liabilities	 <u>76,613,192</u>	 <u>-</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred inflow related to pensions	20,935	-
OPEB - TMRS supplemental death benefit	16,159	-
OPEB - Retiree health plan	<u>36,872</u>	<u>-</u>
Total deferred inflows of resources	<u>73,966</u>	<u>-</u>
NET POSITION		
Net investment in capital assets	24,150,892	119,698
Unrestricted	<u>3,306,639</u>	<u>370,043</u>
Total net position	<u>\$ 27,457,531</u>	<u>\$ 489,741</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, 2024

	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	\$ 7,442,764	\$ -
Miscellaneous	191,073	-
Total operating revenues	<u>7,633,837</u>	<u>-</u>
OPERATING EXPENSES		
Personnel services	2,159,116	-
Supplies	983,790	-
Repairs and maintenance	1,107,453	-
Purchased and contracted services	1,109,944	-
Depreciation	1,574,454	32,926
Total operating expenses	<u>6,934,757</u>	<u>32,926</u>
OPERATING INCOME (LOSS)	<u>699,080</u>	<u>(32,926)</u>
NONOPERATING REVENUES (EXPENSES)		
Intergovernmental	2,592,840	-
Investment earnings	2,579,745	-
Interest and fiscal charges	(1,311,347)	-
Total nonoperating revenues (expenses)	<u>3,861,238</u>	<u>-</u>
INCOME BEFORE TRANSFERS	4,560,318	(32,926)
TRANSFERS OUT	(724,509)	-
TRANSFERS IN	<u>1,475,829</u>	<u>46,509</u>
CHANGE IN NET POSITION	5,311,638	13,583
NET POSITION, BEGINNING	<u>22,145,893</u>	<u>476,158</u>
NET POSITION, ENDING	<u>\$ 27,457,531</u>	<u>\$ 489,741</u>

CITY OF MARBLE FALLS, TEXAS

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Business-type Activities	Governmental Activities
	Enterprise Fund	Internal Service Fund
	<u>Water and Utility</u>	<u>Equipment Replacement</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers and users	\$ 7,802,782	\$ -
Cash paid to suppliers for goods and services	(2,497,900)	-
Cash paid to employees for services	<u>(1,844,354)</u>	-
Net cash provided by operating activities	<u>3,460,528</u>	-
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfers to other funds	(724,509)	-
Transfers from other funds	1,475,829	46,509
Operating grants	<u>2,592,840</u>	-
Net cash provided by noncapital financing activities	<u>3,344,160</u>	<u>46,509</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition of capital assets	(12,103,765)	-
Principal repayments on long-term debt	(3,357,100)	-
Interest and fiscal charges paid on debt	<u>(1,296,584)</u>	-
Net cash used by capital and related financing activities	<u>(11,623,288)</u>	-
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest and investment earnings	<u>2,579,745</u>	-
Net cash provided by investing activities	<u>2,579,745</u>	-
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(2,238,855)	46,509
CASH AND CASH EQUIVALENTS, BEGINNING	<u>51,382,709</u>	<u>323,534</u>
CASH AND CASH EQUIVALENTS, ENDING	<u>\$ 49,143,854</u>	<u>\$ 370,043</u>

CITY OF MARBLE FALLS, TEXAS

STATEMENT OF CASH FLOWS
PROPRIETARY FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2024

	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	\$ 699,080	\$ (32,926)
Adjustments to reconcile operating income (loss) to net cash used by operating activities:		
Depreciation and amortization	1,574,454	32,926
Changes in assets and liabilities:		
Decrease (increase) in assets:		
Customer receivable	116,127	-
Due from other governments receivable	468,981	-
Inventory	(60,420)	-
Deferred outflow related to pensions	61,708	-
Increase (decrease) in liabilities:		
Accounts payable	301,452	-
Accrued liabilities	21,940	-
Net pension liability	198,978	-
OPEB net pension obligation	2,397	-
Customer deposits	52,818	-
Due to others	(2,520)	-
Deferred inflow related to pensions	20,935	-
Deferred inflow related to OPEB	(4,206)	-
Compensated absences payable	8,804	-
Net cash provided by operating activities	<u>\$ 3,460,528</u>	<u>\$ -</u>

CITY OF MARBLE FALLS, TEXAS
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
SEPTEMBER 30, 2024

	<u>Total Trust Funds</u>
ASSETS	
Cash and cash equivalents	\$ 36,845
Total assets	36,845
LIABILITIES	
Accounts payable	1,111
Total liabilities	1,111
NET POSITION	
Held in trust	\$ 35,734

CITY OF MARBLE FALLS, TEXAS

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

FOR THE YEAR ENDED SEPTEMBER 30, 2024

	<u>Total Trust Funds</u>
ADDITIONS	
Property tax assessment	\$ 1,620,677
Investment earnings	<u>10,792</u>
Total additions	<u>1,631,469</u>
DEDUCTIONS	
Purchased and contracted services	1,610,490
Other operating expenditures	<u>47,000</u>
Total deductions	<u>1,657,490</u>
CHANGE IN NET POSITION	(26,021)
NET POSITION, BEGINNING	<u>61,755</u>
NET POSITION, ENDING	<u>\$ 35,734</u>

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CITY OF MARBLE FALLS, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2024

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, 2024.

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 2023 was \$8,651,094. The tax assessment of October 1, 2023 sets a tax levy at \$0.5400 per \$100 of assessed valuation at 100% of assumed market value. Of this amount, \$0.3391 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 \$(73,748,991) difference are as follows:

General obligation bonds	\$ (46,175,090)
Sales tax revenue bonds	(12,650,000)
Tax notes	(1,425,000)
Deferred loss on refunding debt issuance	138,902
Bond premiums	(2,586,970)
TMRS net pension	(5,862,724)
OPEB - TMRS supplemental death benefit	(427,403)
OPEB - Retiree health plan	(492,080)
Financing arrangements	(1,533,613)
Leases	(710,323)
Compensated absences	(1,297,934)
Accrued interest payable	<u>(726,756)</u>
Net adjustment to reduce <i>fund balance – total governmental funds</i> to arrive at <i>net position – governmental activities</i>	<u>\$ (73,748,991)</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 \$7,215,773 difference are as follows:

Capital outlay	\$ 11,009,578
Depreciation expense	<u>(3,793,805)</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>\$ 7,215,773</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 (\$62,177) difference are as follows:

Property taxes	\$ 146,716
Grants	(316,406)
Municipal court	<u>107,513</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>\$ (62,177)</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 \$(6,875,548) difference are as follows:

General obligation debt payments	\$ 3,800,000
Tax note payments	560,000
Financing arrangement	(108,040)
Leases	74,288
Issuance of sales tax revenue bond	(10,640,000)
Premium	(564,425)
OPEB - TMRS supplemental death benefit	2,299
OPEB - Retiree health plan	<u>330</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>\$ (6,875,548)</u>

3. DETAILED NOTES ON ALL FUNDS

Deposits and Investments

As of September 30, 2024, the City had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Days)</u>
Logic	\$ 54,238,504	48
Texas Class	8,003,490	36

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, 2024, 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	\$ 98,314	\$ -	\$ 269,269	\$ -	\$ -	\$ 367,583
Other taxes	1,988,441	660,477	-	199,718	-	2,848,636
Customer accounts	524,669	-	-	-	1,580,432	2,105,101
Other	-	75	-	-	-	75
Gross receivables	<u>2,611,424</u>	<u>660,552</u>	<u>269,269</u>	<u>199,718</u>	<u>1,580,432</u>	<u>5,321,395</u>
Less: allowance for uncollectibles	<u>251,952</u>	<u>-</u>	<u>26,295</u>	<u>-</u>	<u>328,071</u>	<u>606,318</u>
Net total receivables	<u>\$ 2,359,472</u>	<u>\$ 660,552</u>	<u>\$ 242,974</u>	<u>\$ 199,718</u>	<u>\$ 1,252,361</u>	<u>\$ 4,715,077</u>

Capital Assets

Capital asset activity for the year ended September 30, 2024, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Government activities:				
Capital assets, not being depreciated:				
Land	\$ 12,721,209	\$ 4,898,873	\$ -	\$ 17,620,082
Construction in progress	<u>1,795,550</u>	<u>1,343,391</u>	<u>-</u>	<u>3,138,941</u>
Total assets not being depreciated	<u>14,516,759</u>	<u>6,242,264</u>	<u>-</u>	<u>20,759,023</u>
Capital assets, being depreciated:				
Buildings and improvements	75,658,164	3,418,486	-	79,076,650
Equipment	9,484,328	1,348,828	(95,104)	10,738,052
Right to use equipment	<u>887,099</u>	<u>-</u>	<u>-</u>	<u>887,099</u>
Total capital assets being depreciated	<u>86,029,591</u>	<u>4,767,314</u>	<u>(95,104)</u>	<u>90,701,801</u>
Less accumulated depreciation:				
Buildings and improvements	(48,541,379)	(2,799,245)	-	(51,340,624)
Equipment	(6,952,902)	(985,554)	95,104	(7,843,352)
Right to use equipment	<u>(44,600)</u>	<u>(41,932)</u>	<u>-</u>	<u>(86,532)</u>
Total accumulated depreciation	<u>(55,538,881)</u>	<u>(3,826,731)</u>	<u>95,104</u>	<u>(59,270,508)</u>
Total capital assets being depreciated, net	<u>30,490,710</u>	<u>940,583</u>	<u>-</u>	<u>31,431,293</u>
Governmental activities capital assets, net	<u>\$ 45,007,469</u>	<u>\$ 7,182,847</u>	<u>\$ -</u>	<u>\$ 52,190,316</u>

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 851,508	\$ 265,000	\$ -	\$ 1,116,508
Construction in progress	-	793,290	-	793,290
Total assets not being depreciated	<u>851,508</u>	<u>1,058,290</u>	<u>-</u>	<u>1,909,798</u>
Capital assets, being depreciated:				
Buildings and improvements	74,362,642	10,582,909	-	84,945,551
Machinery and equipment	2,951,987	462,566	-	3,414,553
Total capital assets being depreciated	<u>77,314,629</u>	<u>11,045,475</u>	<u>-</u>	<u>88,360,104</u>
Less accumulated depreciation:				
Buildings and improvements	(34,380,120)	(1,232,914)	-	(35,613,034)
Machinery and equipment	(1,588,068)	(341,540)	-	(1,929,608)
Total accumulated depreciation	<u>(35,968,188)</u>	<u>(1,574,454)</u>	<u>-</u>	<u>(37,542,642)</u>
Total capital assets being depreciated, net	<u>41,346,441</u>	<u>9,471,021</u>	<u>-</u>	<u>50,817,462</u>

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

Governmental activities:	
General government	\$ 2,009,752
Public safety	1,510,282
Public works	92,082
Culture and recreation	<u>214,615</u>
Total depreciation expense - governmental activities	<u>\$ 3,826,731</u>
Business-type activities:	
Water and utility	<u>\$ 1,574,454</u>
Total depreciation expense - business-type activities	<u>\$ 1,574,454</u>

Interfund Receivables, Payables and Transfers

The composition of interfund balances as of September 30, 2024 is as follows:

Receivable Fund	Payable Fund	Amount
Economic Development Corporation	Hotel Conference Center	\$ 3,111,438
General	Nonmajor Governmental	25,363
General Improvements	Water and Utility	<u>226,092</u>
Total		<u>\$ 3,362,893</u>

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

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

Tranfers In	Transfer Out	Amount
General	Enterprise	\$ 683,000
General	Hotel/Motel	164,810
General	Economic Development Corporation	140,000
Enterprise	Impact Fee	1,475,829
Debt Service	General	61,147
Debt Service	Hotel/Motel	108,239
Debt Service	Economic Development Corporation	97,963
Hotel Conference Center	Economic Development Corporation	3,375,000
Parks Improvement	General Improvements	450,000
Trunked Radio	General	39,650
Equipment Replacement	General	5,000
Equipment Replacement	Enterprise	<u>41,509</u>
		<u>\$ 6,642,147</u>

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

Long-term Debt

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

Bonds Payable and Tax Notes

A summary of the terms of general obligation, revenue, combination tax and revenue bonds, and tax notes outstanding and their corresponding allocations to the governmental and business-type activities at September 30, 2024, follows:

Series and Original Issue Amount	Final Maturity	Interest Rate	Governmental Activities	Business-type Activities	
<u>General Obligation Refunding Bond</u>					
2014 Series	5,750,000	2030	2% - 4%	\$ -	\$ 3,850,000
2015 Series	3,850,000	2027	2%	1,522,840	2,457,160
2017 Series	6,610,000	2028	3%	3,105,000	-
2020 Series	4,405,000	2026	2.125% - 3%	3,325,000	-
2020A Series - Private Placement	1,650,000	2031	1.19%	865,000	305,000
2021 Series - Private Placement	1,650,000	2026	.3%-1%	650,000	-
				9,467,840	6,612,160
<u>Combination Tax and Revenue Bonds</u>					
2013 Series	3,490,000	2033	2 - 4%	-	1,930,000
2014 Series - Private Placement	4,000,000	2034	2 - 4%	1,760,000	590,000
2016 Series	7,590,000	2036	2 - 4%	-	5,075,000
2017 Series	1,785,000	2032	3%	865,000	-
2018 Series	6,265,000	2038	3% - 4%	2,842,250	1,452,750
2019 Series	2,185,000	2034	2% - 5%	-	1,655,000
2020 Series	5,745,000	2030	2% - 5%	4,165,000	765,000
2021 Series	2,795,000	2030	2% - 5%	1,535,000	985,000
2021 Series TWDB Loan - Private Placement	17,809,000	2036	0%	1,000,000	15,481,000
2022 Series	7,610,000	2042	4% - 5.5%	3,665,000	3,510,000
2023A Series - Private Placement	995,000	2053	0%	-	960,000
2023B Series - Private Placement	1,650,000	2043	0%	-	1,585,000
2023C Series - Private Placement	1,020,000	2053	0%	-	985,000
2023D Series	22,680,000	2043	4% - 5%	10,235,000	11,810,000
2024 Series	15,525,000	2054	4-5.5%	10,640,000	4,885,000
				36,707,250	51,668,750
<u>Sales Tax Revenue Bonds</u>					
2014 Series	4,000,000	2027	4.12%	1,065,000	-
2017 Series	6,500,000	2036	3-4.75%	4,585,000	-
2021 Series	8,010,000	2036	3-4.75%	7,000,000	-
				12,650,000	-
Total Bonds				58,825,090	58,280,910
<u>Tax Notes</u>					
2022 Series - Private Placement	565,000	2027	3.5% - 3.75%	360,000	-
2023 Series - Private Placement	1,340,000	2027	4.15% - 4.35%	1,065,000	-
Total Tax Notes				\$ 1,425,000	\$ -

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
2025	\$ 3,770,000	\$ 2,047,357	\$ 2,050,000	\$ 1,411,939
2026	3,515,000	1,963,989	2,110,000	1,361,975
2027	3,792,840	1,830,788	2,337,160	1,293,630
2028	3,370,000	1,678,799	2,720,000	1,204,040
2029	2,835,000	1,547,826	2,830,000	1,092,515
2030-2034	13,242,250	5,897,376	10,982,750	4,064,012
2035-2039	12,780,000	3,032,787	7,330,000	2,326,586
2040-2044	11,245,000	725,113	5,590,000	944,613
2045-2049	-	-	1,090,000	387,744
2050-2054	-	-	1,335,000	142,416
Total	<u>\$ 54,550,090</u>	<u>\$ 18,724,035</u>	<u>\$ 38,374,910</u>	<u>\$ 14,229,470</u>

Year Ending September 30,	Private Placement Governmental Activities		Private Placement Business-type Activities	
	Principal	Interest	Principal	Interest
2025	\$ 1,065,000	\$ 128,853	\$ 809,000	\$ 24,225
2026	1,165,000	101,075	809,000	22,219
2027	855,000	72,430	819,000	20,069
2028	344,000	52,462	819,000	17,678
2029	354,000	44,929	824,000	15,055
2030-2034	1,508,000	202,187	4,019,000	33,401
2035-2039	290,000	-	3,650,000	-
2040-2044	119,000	-	3,585,000	-
2045-2049	-	-	3,175,000	-
2050-2054	-	-	1,397,000	-
Total	<u>\$ 5,700,000</u>	<u>\$ 601,936</u>	<u>\$ 19,906,000</u>	<u>\$ 132,647</u>

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

September 30,	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2025	\$ 398,230	\$ 71,923	\$ 37,085	\$ 8,537
2026	415,621	54,532	39,056	6,566
2027	382,496	36,328	41,133	4,489
2028	226,742	19,068	47,444	2,303
2029	110,524	6,434	-	-
Total	<u>\$ 1,533,613</u>	<u>\$ 188,285</u>	<u>\$ 164,718</u>	<u>\$ 21,895</u>

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

Additionally, certain obligations that were marketed as private placements have been separately identified; however, the terms of these obligations are not significantly different that 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, 2024 are as follows:

Purpose of Lease	Interest Rate	Initial Year of Lease	Amount of Initial Liability	Interest Current Year	Amounts Outstanding 9/30/2024	Amounts Due Within One Year
Right to use:						
Engineering copier	2.18%	2022	\$ 5,597	\$ 55	\$ 1,546	\$ 1,546
Development services copier	2.09%	2022	12,238	139	4,961	3,114
Visitors center copier	0.43%	2022	2,702	4	453	453
City hall pitney bowes mail machine	0.69%	2022	3,542	14	1,606	711
Fire truck	0.69%	2023	862,870	25,489	701,757	67,976
Total			<u>\$ 886,949</u>	<u>\$ 25,701</u>	<u>\$ 710,323</u>	<u>\$ 73,800</u>

Annual lease payments to maturity are as follows:

Year Ending September 30,	Lease payable		
	Principal	Interest	Totals
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	78,333	14,968	93,301
2030-2032	336,443	27,532	363,975
Total	<u>\$ 710,323</u>	<u>\$ 128,838</u>	<u>\$ 475,186</u>

Debt Issuance

In August 2024, the City issued \$15,525,000 of Combination Tax and Revenue Certificates of Obligation, Series 2024. 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, 2024, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities					
General obligation and Tax Revenue bonds	\$ 24,212,250	\$ 10,640,000	\$ 905,000	\$ 33,947,250	\$ 1,450,000
General obligation and Tax Revenue bonds - Private Placement	2,965,000	-	205,000	2,760,000	210,000
General obligation refunding bond - General obligation refunding bond - Private Placement	9,472,840	-	1,520,000	7,952,840	1,565,000
Sales tax revenue bond	1,955,000	-	440,000	1,515,000	440,000
Tax notes - Private Placement	13,380,000	-	730,000	12,650,000	755,000
Premium from issuance of bonds	1,985,000	-	560,000	1,425,000	415,000
Financing arrangements	2,227,872	564,425	205,327	2,586,970	-
Leases	1,425,573	495,074	387,034	1,533,613	398,230
Compensated absences	784,611	-	74,288	710,323	73,800
Governmental activities long-term liabilities	<u>1,082,524</u>	<u>431,915</u>	<u>216,505</u>	<u>1,297,934</u>	<u>324,484</u>
Business-type activities					
Tax and revenue bonds - Private Placement	\$ 35,869,910	\$ 4,885,000	\$ 2,380,000	\$ 38,374,910	\$ 2,050,000
Premium from issuance of bonds	20,710,000	-	804,000	19,906,000	809,000
Financing arrangements	1,765,910	249,161	140,824	1,874,247	-
Compensated absences	253,728	-	89,010	164,718	37,085
Business-type activities long-term liabilities	<u>173,168</u>	<u>43,438</u>	<u>34,634</u>	<u>181,972</u>	<u>45,493</u>
	<u>\$ 58,772,716</u>	<u>\$ 5,177,599</u>	<u>\$ 3,448,468</u>	<u>\$ 60,501,847</u>	<u>\$ 2,941,578</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, 2024, 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	\$ -	\$ -	\$ -	\$ 11,975,340	\$ 17,996,421	\$ 6,769,018	\$ 36,740,779
Debt	-	-	1,387,259	-	-	-	1,387,259
Tourism activities	-	-	-	-	-	775,300	775,300
Public safety	-	-	-	-	-	247,615	247,615
Building security	-	-	-	-	-	22,656	22,656
Economic development	-	8,168,065	-	-	-	-	8,168,065
Police forfeiture	-	-	-	-	-	4,051	4,051
Assigned:							
Subsequent year's budget	598,322	-	-	-	-	-	598,322
Unassigned	8,764,556	-	-	-	-	-	8,764,556
Total governmental fund balance	\$ 9,362,878	\$ 8,168,065	\$ 1,387,259	\$ 11,975,340	\$ 17,996,421	\$ 7,818,640	\$ 56,708,603

Defined Benefit Pension Plan

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

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

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

At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the City-financed monetary credits with interest, were used to purchase an annuity. Members may choose to receive their retirement benefit in over 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, 2023 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	106
Inactive employees entitled to but not yet receiving benefits	94
Active employees	<u>141</u>
	<u><u>341</u></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 17.13% in calendar years 2023 and 2024, respectively. The city’s contributions to TMRS for the year ended September 30, 2024, were \$1,794,167 and were equal to the required contributions.

Net Pension Liability. The City’s Net Pension Liability (NPL) was measured as of December 31, 2023, 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, 2023 actuarial valuation was determined using the following actuarial assumptions:

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

Salary increases are based on a service-related table. Mortality rates for active members are based on the PUB(10) mortality tables with 110% the Public Safety table used for males and 100% of 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. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates for actives, healthy retirees and beneficiaries are projected on a fully generational basis by the most recent Scale MP-2021 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 the most recent Scale MP-2021 to account for future mortality improvements subject to the 3% floor.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2018 to December 31, 2022. The assumptions were adopted in 2023 and first used in December 31, 2023, actuarial valuation. The post-retirement mortality assumption for Annuity Purchase Rates (APRs) is based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined by best estimate ranges of expected returns for each major asset class. The long-term expected rate of return is determined by weighting the expected return for each major asset class by the respective target asset allocation percentage. The target allocation and best estimates of the expected return for each major asset class in fiscal year 2024 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Global Equity	35.0%	6.70%
Core Fixed Income	6.0%	4.70%
Non-Core Fixed Income	20.0%	8.00%
Real Return	12.0%	8.00%
Real Estate	12.0%	7.60%
Absolute Return	5.0%	6.40%
Private Equity	10.0%	11.60%
Total	100.0%	

Discount Rate

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

Changes in the Net Pension Liability (Asset)

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balance at 12/31/2022	\$ 35,787,772	\$ 28,056,011	\$ 7,731,761
Changes for the year:			
Service cost	1,624,325	-	1,624,325
Interest	2,573,905	-	2,573,905
Change in benefits terms including substantively automatic status	2,271,854	-	2,271,854
Difference between expected and actual experience	825,802	-	825,802
Contributions - employer	-	1,404,275	(1,404,275)
Contributions - employee	-	717,563	(717,563)
Net investment income	-	3,245,111	(3,245,111)
Change in assumptions	(242,062)	-	(242,062)
Benefit payments, including refunds of employee contributions	(1,479,723)	(1,479,723)	-
Administrative expense	-	(20,658)	20,658
Other changes	-	(144)	144
Net changes	5,574,101	3,866,424	1,707,677
Balance at 12/31/2023	\$ 41,361,873	\$ 31,922,435	\$ 9,439,438

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

	1% Decrease in Discount Rate (5.75%)	Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
City's net pension liability/ (asset)	\$ 15,457,502	\$ 9,439,438	\$ 4,530,532

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, 2024, the City recognized pension expense of \$4,116,025. At September 30, 2024, 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	\$ 847,179	\$ -
Changes in actuarial assumptions	-	172,304
Difference between projected and actual investment earnings	727,490	-
Contributions subsequent to the measurement date	<u>1,363,511</u>	<u>-</u>
Total	<u>\$ 2,938,180</u>	<u>\$ 172,304</u>

\$1,363,511 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, 2025. 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,	
2025	\$ 544,275
2026	480,812
2027	647,544
2028	(270,266)

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, 2023 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	2
Active Plan Members	<u>138</u>
Total	<u><u>140</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, 2022 actuarial valuation rolled forward to December 31, 2023 was determined using the following actuarial assumptions:

Measurement year ended December 31,	2023
Actuarial cost method	Individual Entry-Age
Inflation rate	2.50% per annum
Discount rate	3.77% as of December 31, 2023
Salary Increases	3.60% to 11.85% including inflation
Demographic Assumptions	Based on TMRS experience study conducted for the Texas Municipal Retirement System (TMRS)
Mortality	For healthy retirees, the gender-distinct 2019 Municipal Retirees of Texas mortality tables are used, with male rates multiplied by 103% and female rates multiplied by 105%. The rates are projected on a fully generational basis using the ultimate mortality improvement rates in the MP-2021 table to account for future mortality improvements.
Health Care Trend Rates	Initial rate of 7.20% declining to an ultimate rate of 4.25% after 15 years
Participation Rates	25% for retirees that are at least 50 years old at retirement; 0% for retirees that are less than 50 years old at retirement

Discount Rate. The discount rate changed from 4.05% as of December 31, 2022 to 3.77% as of December 31, 2023.

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 3.77%, as well as what the plan's total OPEB liability would be if it were calculated using a discount rate that is one percent lower or one percent higher:

	<u>1% Decrease in Discount Rate (2.77%)</u>	<u>Current Discount Rate Assumption (3.77%)</u>	<u>1% Increase in Discount Rate (4.77%)</u>
Total OPEB Liability	\$ 390,204	\$ 354,867	\$ 323,196

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

	<u>1% Decrease</u>	<u>Current Healthcare Cost Trend Rate Assumption</u>	<u>1% Increase</u>
Total OPEB Liability	\$ 311,383	\$ 354,867	\$ 406,986

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources Related to OPEB. At September 30, 2024, the City reported a liability of \$423,528 for its Total OPEB Liability. The Total OPEB Liability was determined by an actuarial valuation as of December 31, 2022 that was rolled forward to December 31, 2023. For the year ended September 30, 2024 the City recognized OPEB expense of \$12,713. 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 12/31/2022	\$ 360,364
Changes for the year:	
Service cost	37,946
Interest	15,043
Difference between expected and actual experience	(72,779)
Changes of assumptions	30,079
Benefit payments	<u>(15,786)</u>
Net changes	<u>(5,497)</u>
Balance at 12/31/2023	<u>\$ 354,867</u>

At September 30, 2024, 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	\$ -	\$ 177,594
Changes in actuarial assumptions	88,102	125,878
Contributions subsequent to the measurement date	<u>10,101</u>	<u>-</u>
Totals	<u>\$ 98,203</u>	<u>\$ 303,472</u>

\$10,101 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, 2025. 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>	
2025	\$ (30,909)
2026	(32,249)
2027	(32,206)
2028	(36,772)
2029	(42,941)
Thereafter	(40,293)

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	22
Active employees	<u>141</u>
Total	<u><u>236</u></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 2024 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, 2024 and 2023 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,	2023
Inflation rate	2.50% per annum
Discount rate	3.77%
Actuarial cost method	Entry Age Normal Method
Projected salary increases	3.60% to 11.85% including inflation

Salary increases were based on a service-related table. Mortality rates for 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 (3.77%) in measuring the Total OPEB Liability.

	1% Decrease in Discount Rate (2.77%)	Discount Rate (3.77%)	1% Increase in Discount Rate (4.77%)
Total OPEB Liability	\$ 503,393	\$ 423,528	\$ 361,315

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources Related to OPEBs. At September 30, 2024, 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, 2023. For the year ended September 30, 2024, 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

	<u>Total OPEB Liability</u>
Balance at 12/31/2022	\$ 379,912
Changes for the year:	
Service cost	13,917
Interest	15,366
Difference between expected and actual experience	9,195
Changes of assumptions	20,049
Benefit payments	<u>(14,911)</u>
Net changes	<u>43,616</u>
Balance at 12/31/2023	<u>\$ 423,528</u>

At September 30, 2024, the City reported deferred outflows of resources related to other post-employment benefits from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual economic experience	\$ 7,360	\$ 19,895
Changes in actuarial assumptions	37,976	113,105
Contributions subsequent to the measurement date	<u>24,677</u>	<u>-</u>
Totals	<u>\$ 70,013</u>	<u>\$ 133,000</u>

\$24,677 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, 2025. 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>	
2025	\$ (22,125)
2026	(35,862)
2027	(35,572)
2028	5,837
2029	<u>58</u>
Total	<u>\$ (87,664)</u>

Risk Management

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

New Accounting Standards

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

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

GASB Statement No. 102, Certain Risk Disclosures - This Statement requires governments to disclose essential information about risks related to vulnerabilities due to certain concentrations or constraints. Concentrations and constraints may limit a government's ability to acquire resources or control spending. The requirements of Statement No. 102 are effective for fiscal years beginning after June 15, 2024, and the impact has not yet been determined.

GASB Statement No. 103, Financial Reporting Model Improvements - The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability and address certain application issues. The requirements for Statement No. 103 are effective for fiscal years beginning after June 15, 2025, and the impact has not yet been determined.

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

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**REQUIRED
SUPPLEMENTARY INFORMATION**

CITY OF MARBLE FALLS, TEXAS

SCHEDULE OF CHANGES IN NET PENSION LIABILITY
AND RELATED RATIOS

FOR THE YEAR ENDED SEPTEMBER 30, 2024

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

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

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

CITY OF MARBLE FALLS, TEXAS

SCHEDULE OF CONTRIBUTIONS TO NET PENSION LIABILITY

FOR THE YEAR ENDED SEPTEMBER 30, 2024

Fiscal Year	2015	2016	2017
Actuarial determined contribution	\$ 259,903	\$ 270,623	\$ 334,622
Contributions in relation to the actuarially determined contribution	259,903	270,623	334,622
Contribution deficiency (excess)	-	-	-
Covered payroll	5,809,989	6,189,840	6,278,742
Contributions as a percentage of covered payroll	4.47%	4.37%	5.33%

NOTES TO SCHEDULE OF CONTRIBUTIONS

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

Methods and Assumptions Used to Determine Contribution Rates:

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

<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
\$ 383,566	\$ 623,026	\$ 780,674	\$ 839,444	\$1,117,365	\$1,377,316	\$ 1,794,377
<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>	<u>1,794,206</u>
-	-	-	-			
6,554,197	7,169,326	7,263,861	7,567,030	8,310,591	9,571,396	10,947,569
5.85%	8.69%	10.75%	11.09%	13.45%	14.39%	16.39%

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, 2024

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

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

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

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

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, 2024

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

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

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

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

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, 2024

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUE				
Property taxes	\$ 2,930,675	\$ 2,693,641	\$ 3,211,720	\$ 518,079
Sales taxes	11,413,500	11,413,500	10,927,857	(485,643)
Franchise taxes	768,032	768,032	800,483	32,451
Mixed beverage taxes	85,000	85,000	82,947	(2,053)
Fines and forfeitures	309,100	309,100	356,195	47,095
Permits and fees	1,065,800	1,302,834	1,172,857	(129,977)
Intergovernmental	813,076	915,159	610,709	(304,450)
Interest on investments	120,203	120,203	179,250	59,047
Other	535,792	535,792	473,711	(62,081)
Total revenues	<u>18,041,178</u>	<u>18,143,261</u>	<u>17,815,729</u>	<u>(327,532)</u>
EXPENDITURES				
GENERAL GOVERNMENT				
Administration:				
Personnel services	1,152,292	1,152,292	1,245,256	(92,964)
Supplies	46,491	46,491	32,788	13,703
Maintenance	47,887	47,887	45,164	2,723
Purchased and contracted services	438,660	438,660	441,161	(2,501)
Other services and charges	65,584	65,584	56,092	9,492
Total administration	<u>1,750,914</u>	<u>1,750,914</u>	<u>1,820,461</u>	<u>(69,547)</u>
Finance:				
Personnel services	558,405	558,405	574,818	(16,413)
Supplies	33,100	33,100	33,729	(629)
Maintenance	104,370	104,370	116,107	(11,737)
Purchased and contracted services	55,500	55,500	47,326	8,174
Other services and charges	9,000	9,000	4,956	4,044
Total finance	<u>760,375</u>	<u>760,375</u>	<u>776,936</u>	<u>(16,561)</u>
Human resources:				
Personnel services	249,717	249,717	251,921	(2,204)
Supplies	23,025	23,025	20,371	2,654
Maintenance	29,824	29,824	21,346	8,478
Purchased and contracted services	20,960	20,960	29,917	(8,957)
Other services and charges	76,500	76,500	82,930	(6,430)
Total human resources	<u>400,026</u>	<u>400,026</u>	<u>406,485</u>	<u>(6,459)</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, 2024

	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	\$ 536	\$ 364
Other services and charges	<u>11,500</u>	<u>11,500</u>	<u>13,712</u>	<u>(2,212)</u>
Total Mayor and City Council	<u>12,400</u>	<u>12,400</u>	<u>14,248</u>	<u>(1,848)</u>
Communication Services:				
Personnel services	1,120,322	1,254,722	1,251,859	2,863
Supplies	17,780	43,480	9,495	33,985
Maintenance	131,923	131,923	157,381	(25,458)
Purchased and contracted services	26,400	26,400	26,870	(470)
Other services and charges	<u>95,765</u>	<u>95,765</u>	<u>18,152</u>	<u>77,613</u>
Total finance	<u>1,392,190</u>	<u>1,552,290</u>	<u>1,463,757</u>	<u>88,533</u>
Non-departmental:				
Purchased and contracted services	200,850	200,850	202,804	(1,954)
Supplies	6,500	6,500	32,150	(25,650)
Other services and charges	<u>100,300</u>	<u>100,300</u>	<u>107,256</u>	<u>(6,956)</u>
Total non-departmental	<u>307,650</u>	<u>307,650</u>	<u>342,210</u>	<u>(34,560)</u>
Total general government	<u>4,623,555</u>	<u>4,783,655</u>	<u>4,824,097</u>	<u>(40,442)</u>
PUBLIC SAFETY				
Court:				
Personnel services	285,291	285,291	297,468	(12,177)
Supplies	20,400	20,400	18,211	2,189
Purchased and contracted services	79,600	79,600	87,497	(7,897)
Other services and charges	<u>12,450</u>	<u>12,450</u>	<u>11,493</u>	<u>957</u>
Total court	<u>397,741</u>	<u>397,741</u>	<u>414,669</u>	<u>(16,928)</u>
Police department:				
Personnel services	3,459,807	3,459,807	3,388,157	71,650
Supplies	157,000	164,500	142,025	22,475
Maintenance	200,150	200,150	218,244	(18,094)
Purchased and contracted services	208,290	208,290	232,089	(23,799)
Other operating	<u>99,600</u>	<u>99,600</u>	<u>108,029</u>	<u>(8,429)</u>
Total police department	<u>4,124,847</u>	<u>4,132,347</u>	<u>4,088,544</u>	<u>43,803</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, 2024

EXPENDITURES (Continued)	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
PUBLIC SAFETY (Continued)				
Fire department:				
Personnel services	\$ 2,317,825	\$ 2,317,825	\$ 2,074,339	\$ 243,486
Supplies	233,171	233,171	187,369	45,802
Maintenance	96,680	96,680	110,977	(14,297)
Purchased and contracted services	85,226	85,226	64,865	20,361
Other operating	61,060	61,060	74,544	(13,484)
Total fire department	<u>2,793,962</u>	<u>2,793,962</u>	<u>2,512,094</u>	<u>281,868</u>
Engineering department:				
Personnel services	265,033	265,033	254,626	10,407
Supplies	9,300	9,300	12,096	(2,796)
Maintenance	11,200	11,200	11,720	(520)
Purchased and contracted services	118,200	118,200	161,499	(43,299)
Other operating	5,600	5,600	22,108	(16,508)
Total engineering department	<u>409,333</u>	<u>409,333</u>	<u>462,049</u>	<u>(52,716)</u>
Code enforcement:				
Personnel services	983,536	983,536	1,060,963	(77,427)
Supplies	46,400	46,400	46,711	(311)
Repairs and maintenance	43,345	43,345	83,776	(40,431)
Purchased and contracted services	110,662	110,662	131,458	(20,796)
Other services and charges	27,007	27,007	30,543	(3,536)
Total code enforcement	<u>1,210,950</u>	<u>1,210,950</u>	<u>1,353,451</u>	<u>(142,501)</u>
Total public safety	<u>8,936,833</u>	<u>8,944,333</u>	<u>8,830,807</u>	<u>113,526</u>
PUBLIC WORKS				
Streets:				
Personnel services	994,091	994,091	886,315	107,776
Supplies	71,350	71,350	40,311	31,039
Maintenance	800,000	800,000	787,328	12,672
Purchased and contracted services	133,450	133,450	132,374	1,076
Other services and charges	10,100	10,100	1,879	8,221
Total streets	<u>2,008,991</u>	<u>2,008,991</u>	<u>1,848,207</u>	<u>160,784</u>
Facilities:				
Personnel services	170,218	170,218	163,436	6,782
Supplies	31,000	31,000	16,210	14,790
Maintenance	106,400	106,400	195,167	(88,767)
Purchased and contracted services	74,000	74,000	67,845	6,155
Total streets	<u>381,618</u>	<u>381,618</u>	<u>442,658</u>	<u>(61,040)</u>
Streets:				
Personnel services	62,423	62,423	29,528	32,895
Supplies	8,250	8,250	4,463	3,787
Purchased and contracted services	220,000	220,000	181,510	38,490
Other services and charges	5,250	5,250	809	4,441
Total streets	<u>295,923</u>	<u>295,923</u>	<u>216,310</u>	<u>79,613</u>
Total public works	<u>2,686,532</u>	<u>2,686,532</u>	<u>2,507,175</u>	<u>179,357</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, 2024

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
EXPENDITURES (Continued)				
CULTURE AND RECREATION				
Parks and recreation:				
Personnel services	\$ 1,535,369	\$ 1,535,369	\$ 1,534,858	\$ 511
Supplies	101,750	101,750	83,745	18,005
Maintenance	233,500	233,500	313,664	(80,164)
Purchased and contracted services	72,835	72,835	111,956	(39,121)
Other services and charges	585,540	585,540	585,242	298
Total parks and recreation	<u>2,528,994</u>	<u>2,528,994</u>	<u>2,629,465</u>	<u>(100,471)</u>
Cemetery:				
Maintenance	30,000	30,000	4,485	25,515
Purchased and contracted services	600	600	443	157
Other services and charges	50	50	10	40
Total cemetery	<u>30,650</u>	<u>30,650</u>	<u>4,938</u>	<u>25,712</u>
Total culture and recreation	<u>2,559,644</u>	<u>2,559,644</u>	<u>2,634,403</u>	<u>(74,759)</u>
CAPITAL OUTLAY	<u>839,384</u>	<u>865,884</u>	<u>265,211</u>	<u>600,673</u>
DEBT SERVICE				
Principal	65,780	65,780	540,420	(474,640)
Interest and fiscal charges	14,220	14,220	121,991	(107,771)
Total debt service	<u>80,000</u>	<u>80,000</u>	<u>662,411</u>	<u>(582,411)</u>
Total expenditures	<u>19,725,948</u>	<u>19,920,048</u>	<u>19,724,104</u>	<u>195,944</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(1,684,770)</u>	<u>(1,776,787)</u>	<u>(1,908,375)</u>	<u>(131,588)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	988,935	988,935	987,810	(1,125)
Transfers out	(623,833)	(623,833)	(105,797)	518,036
Issuance of debt	-	-	1,920,000	1,920,000
Premium on bond issuance	-	-	101,698	101,698
Proceeds from insurance	-	-	269,161	269,161
Proceeds from sale of capital assets	2,000	2,000	94,721	92,721
Total other financing sources	<u>367,102</u>	<u>367,102</u>	<u>3,267,593</u>	<u>2,900,491</u>
NET CHANGE IN FUND BALANCE	(1,317,668)	(1,409,685)	1,359,218	2,768,903
FUND BALANCE, BEGINNING	<u>8,003,660</u>	<u>8,003,660</u>	<u>8,003,660</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 6,685,992</u>	<u>\$ 6,593,975</u>	<u>\$ 9,362,878</u>	<u>\$ 2,768,903</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, 2024

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Sales taxes	\$ 3,440,296	\$ 3,558,111	\$ 3,642,619	\$ 84,508
Permits and fees	55,000	55,000	31,258	(23,742)
Intergovernmental	-	-	176,089	176,089
Interest on investments	201,000	201,000	464,505	263,505
Total revenues	<u>3,696,296</u>	<u>3,814,111</u>	<u>4,314,471</u>	<u>500,360</u>
EXPENDITURES				
Current:				
Personnel services	332,337	332,337	341,765	(9,428)
Supplies	6,500	6,500	1,147	5,353
Maintenance	34,100	95,700	83,935	11,765
Purchased and contracted services	205,754	234,754	156,857	77,897
Other services and charges	367,902	367,902	115,624	252,278
Capital outlay	2,711,874	4,441,349	2,873,020	1,568,329
Debt service				
Principal	740,000	740,000	740,000	-
Interest	479,419	479,419	479,419	-
Total expenditures	<u>4,877,886</u>	<u>6,697,961</u>	<u>4,791,767</u>	<u>1,906,194</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>(1,181,590)</u>	<u>(2,883,850)</u>	<u>(477,296)</u>	<u>2,406,554</u>
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	76,765	126,835	944,965	818,130
Proceeds from insurance	-	-	4,636	4,636
Transfers out	(197,963)	(3,572,963)	(3,612,963)	(40,000)
Total other financing sources (uses)	<u>(121,198)</u>	<u>(3,446,128)</u>	<u>(2,663,362)</u>	<u>782,766</u>
NET CHANGE IN FUND BALANCE	<u>(1,302,788)</u>	<u>(6,329,978)</u>	<u>(3,140,658)</u>	<u>3,189,320</u>
FUND BALANCE, BEGINNING	<u>11,308,723</u>	<u>11,308,723</u>	<u>11,308,723</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 10,005,935</u>	<u>\$ 4,978,745</u>	<u>\$ 8,168,065</u>	<u>\$ 3,189,320</u>

CITY OF MARBLE FALLS, TEXAS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

FOR THE YEAR ENDED SEPTEMBER 30, 2024

Budgetary Information

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

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

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

Excess of expenditures over appropriations

Expenditures in the General Government function of the General Fund exceeded appropriations by \$40,442. This overage was funded with greater than anticipated revenues.

Expenditures in the Culture and Recreation function of the General Fund exceeded appropriations by \$74,759. This overage was funded with greater than anticipated revenues.

Expenditures in the Debt Service function of the General Fund exceeded appropriations by \$582,411. This overage was funded with greater than anticipated revenues.

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**COMBINING AND
INDIVIDUAL FUND STATEMENTS**

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

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

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

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

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

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

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

CAPITAL PROJECTS FUND

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

CITY OF MARBLE FALLS, TEXAS

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

SEPTEMBER 30, 2024

	Special Revenue		
	Hotel/Motel Tax	Police Forfeiture	Trunked Radio System
ASSETS			
Cash and investments	\$ 625,701	\$ 9,053	\$ 245,915
Other taxes receivable	199,718	-	-
Due from other governments	-	-	-
	825,419	9,053	245,915
LIABILITIES			
Accounts payable	35,454	-	-
Accrued liabilities	6,959	-	-
Due to other funds	-	-	-
Total liabilities	42,413	-	-
FUND BALANCES			
Restricted	783,006	9,053	245,915
Total fund balances	783,006	9,053	245,915
Total liabilities, deferred inflows of resources and fund balances	\$ 825,419	\$ 9,053	\$ 245,915

Special Revenue				Capital Projects	Total Nonmajor Governmental Funds
Impact Fee Fund	Building Security Fund	CDBG 2016 Grant	HOME Grant	Parks Improvement	
\$ -	\$ 22,656	\$ 1,700	\$ -	\$ 5,980,116	\$ 6,885,141
-	-	-	-	-	199,718
-	-	-	25,363	872,816	898,179
-	22,656	1,700	25,363	6,852,932	7,983,038
-	-	-	-	96,622	132,076
-	-	-	-	-	6,959
-	-	-	25,363	-	25,363
-	-	-	25,363	96,622	164,398
-	22,656	1,700	-	6,756,310	7,818,640
-	22,656	1,700	-	6,756,310	7,818,640
\$ -	\$ 22,656	\$ 1,700	\$ 25,363	\$ 6,852,932	\$ 7,983,038

CITY OF MARBLE FALLS, TEXAS

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

FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Special Revenue		
	Hotel/Motel Tax	Police Forfeiture	Trunked Radio System
REVENUES			
Hotel/motel taxes	\$ 945,613	\$ -	\$ -
Fines and fees	-	3,278	-
Intergovernmental	-	-	71,173
Investment earnings	-	733	-
Other	4,730	5,000	-
Total revenues	950,343	9,011	71,173
EXPENDITURES			
Current:			
Public safety	-	-	28,156
Culture and recreation	701,681	-	-
Capital outlay	-	-	-
Debt Service:			
Principal	902	-	-
Interest	4	-	-
Bond issuance costs	-	-	-
Total expenditures	702,587	-	28,156
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	247,756	9,011	43,017
OTHER FINANCING SOURCES (USES)			
Issuance of debt	-	-	-
Premium on debt	-	-	-
Issuance of financed purchases	-	-	-
Transfers in	-	-	39,650
Transfers out	(273,049)	-	-
Total other financing sources (uses)	(273,049)	-	39,650
NET CHANGE IN FUND BALANCES	(25,293)	9,011	82,667
FUND BALANCES, BEGINNING	808,299	42	163,248
FUND BALANCES, ENDING	\$ 783,006	\$ 9,053	\$ 245,915

Impact Fee Fund	Special Revenue			Capital Projects	Nonmajor Governmental Funds
	Building Security Fund	CDBG 2016 Grant	HOME Grant	Parks Improvement	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 945,613
1,475,829	8,450	-	-	-	1,487,557
-	-	-	47,126	20,000	138,299
-	-	-	-	198,194	198,927
-	-	-	-	-	9,730
<u>1,475,829</u>	<u>8,450</u>	<u>-</u>	<u>47,126</u>	<u>218,194</u>	<u>2,780,126</u>
-	841	-	40	-	29,037
-	-	-	-	-	701,681
-	-	-	47,086	795,971	843,057
-	-	-	-	-	902
-	-	-	-	-	4
-	-	-	-	52,904	52,904
<u>-</u>	<u>841</u>	<u>-</u>	<u>47,126</u>	<u>848,875</u>	<u>1,627,585</u>
<u>1,475,829</u>	<u>7,609</u>	<u>-</u>	<u>-</u>	<u>(630,681)</u>	<u>1,152,541</u>
-	-	-	-	2,425,781	2,425,781
-	-	-	-	127,123	127,123
-	-	-	-	171,250	171,250
-	-	-	-	450,000	489,650
<u>(1,475,829)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,748,878)</u>
<u>(1,475,829)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,174,154</u>	<u>1,464,926</u>
-	7,609	-	-	2,543,473	2,617,467
<u>-</u>	<u>15,047</u>	<u>1,700</u>	<u>-</u>	<u>4,212,837</u>	<u>5,201,173</u>
<u>\$ -</u>	<u>\$ 22,656</u>	<u>\$ 1,700</u>	<u>\$ -</u>	<u>\$ 6,756,310</u>	<u>\$ 7,818,640</u>

CITY OF MARBLE FALLS, TEXAS

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS

SEPTEMBER 30, 2024

	<u>LaVentana PID Trust Fund</u>	<u>Gregg Ranch PID Trust Fund</u>	<u>Thunder Rock PID Trust Fund</u>	<u>Thousand Oaks PID Trust Fund</u>	<u>Total Trust Funds</u>
ASSETS					
Cash and cash equivalents	\$ <u>19,449</u>	\$ <u>9,282</u>	\$ <u>8,114</u>	\$ <u>-</u>	\$ <u>36,845</u>
Total assets	\$ <u>19,449</u>	\$ <u>9,282</u>	\$ <u>8,114</u>	\$ <u>-</u>	\$ <u>36,845</u>
LIABILITIES					
Accounts payable	\$ <u>271</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>840</u>	\$ <u>1,111</u>
Total liabilities	<u>271</u>	<u>-</u>	<u>-</u>	<u>840</u>	<u>1,111</u>
NET POSITION					
Held in trust	\$ <u>19,178</u>	\$ <u>9,282</u>	\$ <u>8,114</u>	\$ <u>(840)</u>	\$ <u>35,734</u>

CITY OF MARBLE FALLS, TEXAS

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY NET POSITION

FOR THE YEAR ENDED SEPTEMBER 30, 2024

	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	\$ 35,231	\$ 349,598	\$ 1,234,306	\$ 1,542	\$ 1,620,677
Investment earnings	<u>647</u>	<u>1,925</u>	<u>7,574</u>	<u>646</u>	<u>10,792</u>
Total additions	<u>35,878</u>	<u>351,523</u>	<u>1,241,880</u>	<u>2,188</u>	<u>1,631,469</u>
DEDUCTIONS					
Purchased and contracted services	6,908	349,895	1,234,513	19,174	1,610,490
Other operating expenditures	<u>47,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>47,000</u>
Total deductions	<u>53,908</u>	<u>349,895</u>	<u>1,234,513</u>	<u>19,174</u>	<u>1,657,490</u>
CHANGE IN NET POSITION	(18,030)	1,628	7,367	(16,986)	(26,021)
NET POSITION, BEGINNING	<u>37,208</u>	<u>7,654</u>	<u>747</u>	<u>16,146</u>	<u>61,755</u>
NET POSITION, ENDING	<u>\$ 19,178</u>	<u>\$ 9,282</u>	<u>\$ 8,114</u>	<u>\$ (840)</u>	<u>\$ 35,734</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, 2024

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Property taxes	\$ 5,325,000	\$ 5,325,000	\$ 5,287,580	\$ (37,420)
Investment earnings	20,300	20,300	123,228	102,928
Total revenues	5,345,300	5,345,300	5,410,808	65,508
EXPENDITURES				
Debt service:				
Principal	4,330,897	4,450,897	3,550,001	900,896
Interest and fiscal charges	760,839	864,920	1,559,850	(694,930)
Bond issuance costs	20,000	20,000	4,424	15,576
Total expenditures	5,111,736	5,335,817	5,114,275	221,542
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	233,564	9,483	296,533	287,050
OTHER FINANCING SOURCES				
Transfers in	146,719	169,386	267,349	97,963
Total other financing sources	146,719	169,386	267,349	97,963
NET CHANGE IN FUND BALANCE	380,283	178,869	563,882	385,013
FUND BALANCE, BEGINNING	823,377	823,377	823,377	-
FUND BALANCE, ENDING	\$ 1,203,660	\$ 1,002,246	\$ 1,387,259	\$ 385,013

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, 2024

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Hotel/motel taxes	\$ 800,000	\$ 800,000	\$ 945,613	\$ 145,613
Other	-	-	4,730	4,730
Total revenues	<u>800,000</u>	<u>800,000</u>	<u>950,343</u>	<u>150,343</u>
EXPENDITURES				
Current:				
Services	326,900	326,900	375,684	(48,784)
Other	84,500	84,500	81,043	3,457
Local assistance	252,398	252,398	244,954	7,444
Capital outlay	20,000	20,000	-	20,000
Debt service:				
Principal	-	-	902	(902)
Interest	-	-	4	(4)
Total expenditures	<u>683,798</u>	<u>683,798</u>	<u>702,587</u>	<u>(18,789)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>116,202</u>	<u>116,202</u>	<u>247,756</u>	<u>131,554</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(273,049)</u>	<u>(273,049)</u>	<u>(273,049)</u>	<u>-</u>
Total other financing sources (uses)	<u>(273,049)</u>	<u>(273,049)</u>	<u>(273,049)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(156,847)	(156,847)	(25,293)	131,554
FUND BALANCE, BEGINNING	<u>808,299</u>	<u>808,299</u>	<u>808,299</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 651,452</u>	<u>\$ 651,452</u>	<u>\$ 783,006</u>	<u>\$ 131,554</u>

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STATISTICAL SECTION

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**STATISTICAL SECTION
(Unaudited)**

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

Contents	Page
Financial Trends These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	71
Revenue Capacity These schedules contain trend information to help the reader assess the City's most significant local revenue resource.	83
Debt Capacity These schedules contain trend information to help the reader assess the affordability of the City's current levels of outstanding debt and the County's ability to issue additional debt in the future.	90
Economic and Demographic Indicators These schedules contain economic and demographic information to help the reader understand the environment within which the City's financial activities take place.	97
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services and activities performed by the City.	101

CITY OF MARBLE FALLS, TEXAS

NET POSITION BY COMPONENT

LAST TEN FISCAL YEARS

	Fiscal Year			
	2015	2016	2017	2018
Governmental activities:				
Net investment in capital assets	\$ 5,047,808	\$ 3,569,454	\$ 4,356,606	\$ 4,808,202
Restricted	8,269,197	3,221,732	2,890,400	3,279,017
Unrestricted	<u>(4,094,506)</u>	<u>1,991,433</u>	<u>1,444,900</u>	<u>2,196,849</u>
Total governmental activities net position	<u>\$ 9,222,499</u>	<u>\$ 8,782,619</u>	<u>\$ 8,691,906</u>	<u>\$ 10,284,068</u>
Business-type activities:				
Net investment in capital assets	\$ 19,702,970	\$ 15,476,859	\$ 17,061,917	\$ 16,806,620
Unrestricted	<u>(3,708,817)</u>	<u>(120,647)</u>	<u>(2,522,088)</u>	<u>(3,105,947)</u>
Total business-type activities net position	<u>\$ 15,994,153</u>	<u>\$ 15,356,212</u>	<u>\$ 14,539,829</u>	<u>\$ 13,700,673</u>
Primary government:				
Net investment in capital assets	\$ 24,750,778	\$ 19,046,313	\$ 21,418,523	\$ 21,614,822
Restricted	8,269,197	3,221,732	2,890,400	3,279,017
Unrestricted	<u>(7,803,323)</u>	<u>1,870,786</u>	<u>(1,077,188)</u>	<u>(909,098)</u>
Total primary government net position	<u>\$ 25,216,652</u>	<u>\$ 24,138,831</u>	<u>\$ 23,231,735</u>	<u>\$ 23,984,741</u>

TABLE 1

Fiscal Year					
2019	2020	2021	2022	2023	2024
\$ 4,276,768	\$ 7,402,554	\$ 4,970,235	\$ 5,949,304	\$ 5,737,308	\$ 12,000,953
3,308,230	3,216,650	4,369,837	18,210,356	24,078,330	22,801,052
<u>1,877,011</u>	<u>291,567</u>	<u>13,779,488</u>	<u>3,466,331</u>	<u>3,066,561</u>	<u>1,539,626</u>
<u>\$ 9,462,009</u>	<u>\$ 10,910,771</u>	<u>\$ 23,119,560</u>	<u>\$ 27,625,991</u>	<u>\$ 32,882,199</u>	<u>\$ 36,341,631</u>
\$ 16,530,931	\$ 16,865,358	\$ 16,999,042	\$ 16,928,614	\$ 21,891,218	\$ 24,150,892
<u>(3,871,790)</u>	<u>(3,634,558)</u>	<u>(2,347,901)</u>	<u>693,744</u>	<u>254,675</u>	<u>3,306,639</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>	<u>\$ 27,457,531</u>
\$ 20,807,699	\$ 24,267,912	\$ 21,969,277	\$ 22,877,918	\$ 27,628,526	\$ 36,151,845
3,308,230	3,216,650	4,369,837	18,210,356	24,078,330	22,801,052
<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>4,846,265</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>	<u>\$ 63,799,162</u>

CITY OF MARBLE FALLS, TEXAS

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS

	Fiscal Year			
	2015	2016	2017	2018
EXPENSES				
Governmental activities:				
General government	\$ 3,909,769	\$ 4,181,958	\$ 4,205,152	\$ 3,990,324
Public safety	5,580,292	4,866,672	5,385,714	5,587,223
Public works	3,222,080	3,220,604	3,433,441	3,630,999
Culture and recreation	1,225,259	1,282,565	1,434,383	1,592,267
Interest on long-term debt	<u>1,484,261</u>	<u>1,285,496</u>	<u>1,736,608</u>	<u>1,288,511</u>
Total governmental activities expenses	<u>15,421,661</u>	<u>14,837,295</u>	<u>16,195,298</u>	<u>16,089,324</u>
Business-type activities:				
Water and wastewater	<u>5,314,936</u>	<u>5,584,311</u>	<u>5,787,031</u>	<u>5,745,262</u>
Total business-type activities expenses	<u>5,314,936</u>	<u>5,584,311</u>	<u>5,787,031</u>	<u>5,745,262</u>
Total primary government expenses	<u>20,736,597</u>	<u>20,421,606</u>	<u>21,982,329</u>	<u>21,834,586</u>
PROGRAM REVENUES				
Governmental activities:				
Charges for services:				
General government	318,716	392,483	420,557	431,239
Public safety	168,410	183,732	212,896	220,210
Public works	136,919	145,689	233,880	167,184
Culture and recreation	<u>139,471</u>	<u>175,899</u>	<u>194,374</u>	<u>167,472</u>
Total charges for services	<u>763,516</u>	<u>897,803</u>	<u>1,061,707</u>	<u>986,105</u>
Operating grants and contributions	201,338	236,577	222,627	665,202
Capital grants and contributions	<u>-</u>	<u>155,713</u>	<u>-</u>	<u>-</u>
Total governmental activities program revenues	<u>964,854</u>	<u>1,290,093</u>	<u>1,284,334</u>	<u>1,651,307</u>
Business-type activities:				
Charges for services	4,091,722	4,340,250	4,966,903	5,162,432
Operating grants and contributions	-	-	-	-
Capital grants and contributions	<u>155,000</u>	<u>146,850</u>	<u>155,000</u>	<u>125,260</u>
Total business-type activities program revenues	<u>4,246,722</u>	<u>4,487,100</u>	<u>5,121,903</u>	<u>5,287,692</u>
Total primary government program revenues	<u>\$ 5,211,576</u>	<u>\$ 5,777,193</u>	<u>\$ 6,406,237</u>	<u>\$ 6,938,999</u>

TABLE 2

Fiscal Year						
2019	2020	2021	2022	2023	2024	
\$ 4,516,426	\$ 5,776,274	\$ 5,600,790	\$ 6,676,218	\$ 7,207,565	\$ 7,889,825	
7,825,499	8,087,970	7,797,505	9,221,922	9,760,595	11,605,706	
3,868,741	1,524,668	1,224,598	1,964,553	1,894,188	2,759,427	
2,366,820	1,781,135	1,902,820	2,640,598	3,311,337	3,779,510	
<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>2,507,424</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>28,541,892</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>8,246,104</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>8,246,104</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>	<u>36,787,996</u>	
444,108	528,768	858,954	687,627	872,491	1,293,119	
241,106	402,037	173,490	332,681	189,224	538,624	
190,251	288,601	765,881	1,242,899	1,601,055	1,588,196	
<u>100,447</u>	<u>97,279</u>	<u>307,730</u>	<u>215,210</u>	<u>247,639</u>	<u>161,970</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>	<u>3,581,909</u>	
250,167	958,026	2,799,884	1,030,867	1,701,870	542,284	
-	-	4,747,102	756,411	356,291	557,748	
<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>	<u>4,681,941</u>	
5,158,479	6,044,484	6,535,361	7,529,182	8,259,630	7,633,837	
-	-	38,162	1,109,727	1,423,803	2,592,840	
<u>115,000</u>	<u>-</u>	<u>339,437</u>	<u>-</u>	<u>-</u>	<u>-</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>10,226,677</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>	<u>\$ 14,908,618</u>	

CITY OF MARBLE FALLS, TEXAS

CHANGES IN NET POSITION
(Continued)
LAST TEN FISCAL YEARS

	Fiscal Year			
	2015	2016	2017	2018
NET (EXPENSE) REVENUES				
Governmental activities	\$(14,456,807)	\$(13,547,202)	\$(14,910,964)	\$(14,438,017)
Business-type activities	<u>(1,068,214)</u>	<u>(1,097,211)</u>	<u>(665,128)</u>	<u>(457,570)</u>
Total primary government net expense	<u>(15,525,021)</u>	<u>(14,644,413)</u>	<u>(15,576,092)</u>	<u>(14,895,587)</u>
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION				
Governmental activities:				
Taxes				
Property	4,500,973	4,701,079	4,815,932	5,148,352
Sales	7,436,165	7,856,341	8,536,450	8,762,727
Franchise	595,443	578,961	539,247	583,840
Other	675,904	691,646	737,042	755,357
Investment earnings	7,376	61,500	137,190	181,545
Loss/gain on sale of assets	80,571	106,824	160,233	485,962
Miscellaneous	143,445	88,702	125,819	91,585
Transfers	<u>(1,337,745)</u>	<u>116,213</u>	<u>200,173</u>	<u>338,950</u>
Total governmental activities	<u>12,102,132</u>	<u>14,201,266</u>	<u>15,252,086</u>	<u>16,348,318</u>
Business-type activities:				
Investment earnings	17,544	21,450	48,918	24,542
Transfers	<u>1,337,745</u>	<u>(91,213)</u>	<u>(200,173)</u>	<u>(338,950)</u>
Total business-type activities	<u>1,355,289</u>	<u>(69,763)</u>	<u>(151,255)</u>	<u>(314,408)</u>
Total primary government	<u>13,457,421</u>	<u>14,131,503</u>	<u>15,100,831</u>	<u>16,033,910</u>
CHANGE IN NET POSITION				
Governmental activities	(2,354,675)	654,064	341,122	1,910,301
Business-type activities	<u>287,075</u>	<u>(1,166,974)</u>	<u>(816,383)</u>	<u>(771,978)</u>
Total primary government	<u>\$ (2,067,600)</u>	<u>\$ (512,910)</u>	<u>\$ (475,261)</u>	<u>\$ 1,138,323</u>

TABLE 2

Fiscal Year					
2019	2020	2021	2022	2023	2024
\$ (18,770,384)	\$ (16,100,186)	\$ (8,134,994)	\$ (17,651,719)	\$ (19,184,677)	\$ (23,859,951)
<u>(920,751)</u>	<u>421,780</u>	<u>1,242,398</u>	<u>2,167,427</u>	<u>2,197,409</u>	<u>1,980,573</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>	<u>(21,879,378)</u>
5,669,378	5,988,377	6,255,127	6,470,559	7,590,955	8,646,016
9,515,880	9,952,643	11,890,740	13,761,183	14,304,544	14,570,476
591,561	554,140	563,337	599,968	674,305	800,483
822,438	616,648	886,304	1,137,042	807,240	1,028,560
275,258	121,181	35,206	266,866	1,873,697	2,344,665
-	307,813	643,933	2,359,352	-	-
926,591	151,818	244,926	360,588	12,804	680,503
<u>147,219</u>	<u>(143,672)</u>	<u>(175,790)</u>	<u>(694,959)</u>	<u>(822,660)</u>	<u>(751,320)</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>	<u>27,319,383</u>
26,438	6,207	2,153	108,831	1,503,466	2,579,745
<u>(147,219)</u>	<u>143,672</u>	<u>175,790</u>	<u>694,959</u>	<u>822,660</u>	<u>751,320</u>
<u>(120,781)</u>	<u>149,879</u>	<u>177,943</u>	<u>803,790</u>	<u>2,326,126</u>	<u>3,331,065</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>	<u>30,650,448</u>
(822,059)	1,448,762	12,208,789	6,608,880	5,256,208	3,459,432
<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>5,311,638</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>	<u>\$ 8,771,070</u>

CITY OF MARBLE FALLS, TEXAS

FUND BALANCES
GOVERNMENTAL FUNDS

	Fiscal Year			
	2015	2016	2017	2018
General fund				
Non-spendable	\$ 15,681	\$ 1,248	\$ 1,248	\$ 5,792
Restricted	-	-	-	-
Assigned	-	-	-	-
Unassigned	<u>1,501,853</u>	<u>1,696,473</u>	<u>1,843,050</u>	<u>1,983,924</u>
Total general fund	<u>\$ 1,517,534</u>	<u>\$ 1,697,721</u>	<u>\$ 1,844,298</u>	<u>\$ 1,989,716</u>
All other governmental funds				
Restricted	\$ 7,125,338	\$ 6,671,902	\$ 9,650,051	\$ 10,389,421
Unassigned, reported in:				
Special revenue funds	(242,145)	(223,746)	(10,298)	(187,390)
Debt service funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>(80,737)</u>
Total all other governmental funds	<u>\$ 6,883,193</u>	<u>\$ 6,448,156</u>	<u>\$ 9,639,753</u>	<u>\$ 10,121,294</u>

TABLE 3

Fiscal Year					
2019	2020	2021	2022	2023	2024
\$ 1,248	\$ 1,248	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
25,824	-	-	-	-	598,322
<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>8,764,556</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>	<u>\$ 9,362,878</u>
\$ 11,458,080	\$ 10,427,451	\$ 15,210,838	\$ 26,276,965	\$ 42,920,629	\$ 47,345,725
-	-	-	-	-	-
<u>-</u>	<u>(19,002)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</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>	<u>\$ 56,708,603</u>

CITY OF MARBLE FALLS, TEXAS

CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

	Fiscal Year			
	2015	2016	2017	2018
REVENUES				
Taxes	\$ 13,219,657	\$ 13,809,199	\$ 14,627,627	\$ 15,242,805
Intergovernmental	349,410	367,320	322,480	851,994
Charges for services	358,531	427,991	484,352	469,572
Fines	256,367	295,414	338,164	232,020
Investment earnings	7,376	61,500	137,190	181,545
Other revenues	<u>151,999</u>	<u>275,432</u>	<u>253,868</u>	<u>161,846</u>
Total revenues	<u>14,343,340</u>	<u>15,236,856</u>	<u>16,163,681</u>	<u>17,139,782</u>
EXPENDITURES				
General government	3,518,051	3,272,101	3,267,055	3,388,872
Public safety	5,308,174	4,699,878	5,123,752	5,219,200
Public works	1,006,873	1,066,985	1,148,508	1,189,947
Culture and recreation	1,074,557	1,154,898	1,283,656	1,421,830
Capital outlay	457,186	1,501,203	6,260,333	2,243,067
Debt service				
Principal	2,580,000	2,769,860	3,128,669	3,322,964
Interest	1,541,339	1,268,136	1,311,244	1,359,716
Bond issuance cost	<u>400</u>	<u>51,892</u>	<u>387,363</u>	<u>4,600</u>
Total expenditures	<u>15,486,580</u>	<u>15,784,953</u>	<u>21,910,580</u>	<u>18,150,196</u>

TABLE 4

Fiscal Year					
2019	2020	2021	2022	2023	2024
\$ 16,568,141	\$ 16,545,284	\$ 19,047,763	\$ 21,362,034	\$ 22,705,026	\$ 24,098,336
425,787	883,617	5,722,787	1,738,702	1,965,426	1,842,997
309,818	378,737	544,089	746,653	1,594,017	2,004,598
389,316	449,089	933,290	1,299,082	1,728,820	1,843,752
275,258	121,181	35,206	266,866	1,873,697	2,344,665
<u>536,343</u>	<u>752,569</u>	<u>1,307,944</u>	<u>1,428,747</u>	<u>491,658</u>	<u>483,441</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>	<u>32,617,789</u>
3,410,347	3,791,476	3,700,990	4,428,797	5,472,987	5,608,760
5,988,404	6,460,224	6,147,651	6,966,927	7,854,139	8,859,844
1,522,838	1,402,653	1,167,813	1,740,767	1,775,659	2,507,175
1,614,047	1,545,139	1,725,035	2,320,256	3,062,781	3,336,084
5,641,412	2,845,980	8,729,749	4,159,041	6,134,154	11,657,027
3,421,258	3,691,410	3,848,094	4,425,194	4,987,902	4,831,323
1,453,451	1,197,622	1,136,106	1,314,307	1,506,524	2,161,264
34,900	91,253	184,001	238,192	513,869	87,151
<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>	<u>39,048,628</u>

CITY OF MARBLE FALLS, TEXAS

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

	Fiscal Year			
	2015	2016	2017	2018
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ (548,097)	\$ (5,746,899)	\$ (1,010,414)	\$ (4,581,994)
OTHER FINANCING SOURCES (USES)				
Issuance of debt	-	3,762,700	14,895,000	-
Refunding bonds issued	-	-	-	-
Premium on bond issuance	-	61,571	644,277	-
Payment to escrow agent	-	(3,782,686)	(6,919,367)	-
Issuance of financed purchases	-	-	23,615	479,387
Sale of assets	80,571	106,824	266,894	839,389
Proceeds from insurance	-	11,602	14,481	24,647
Transfers in	630,347	577,043	833,820	491,275
Transfers out	(793,092)	(490,830)	(673,647)	(197,325)
Total other financing sources (uses)	(82,174)	246,224	9,085,073	1,637,373
NET CHANGE IN FUND BALANCES	\$ (630,271)	\$ (5,500,675)	\$ 8,074,659	\$ (2,944,621)
DEBT SERVICE AS A PERCENTAGE OF NONCAPITAL EXPENDITURES	<u>30.39%</u>	<u>21.75%</u>	<u>39.68%</u>	<u>23.39%</u>

TABLE 4

Fiscal Year					
2019	2020	2021	2022	2023	2024
<u>\$ (1,895,280)</u>	<u>\$ (1,895,280)</u>	<u>\$ 951,640</u>	<u>\$ 1,248,603</u>	<u>\$ 1,248,603</u>	<u>\$ (6,430,839)</u>
5,242,250	4,405,000	7,740,000	8,010,000	8,010,000	10,640,000
-	-	1,215,000	1,620,000	1,620,000	-
149,842	525,039	447,828	192,188	192,188	564,425
-	(4,934,950)	(1,205,381)	(1,586,563)	(1,586,563)	-
-	532,272	-	807,979	807,979	495,074
168,612	384,578	720,698	2,436,117	2,436,117	1,039,686
478,403	36,702	23,730	9,100	9,100	273,797
697,516	1,612,919	2,027,898	4,837,676	4,837,676	5,119,809
<u>(615,097)</u>	<u>(1,843,756)</u>	<u>(2,292,358)</u>	<u>(5,621,305)</u>	<u>(5,621,305)</u>	<u>(5,917,638)</u>
<u>6,121,526</u>	<u>717,804</u>	<u>8,677,415</u>	<u>10,705,192</u>	<u>10,705,192</u>	<u>12,215,153</u>
<u>\$ 4,226,246</u>	<u>\$ (1,177,476)</u>	<u>\$ 9,629,055</u>	<u>\$ 11,953,795</u>	<u>\$ 11,953,795</u>	<u>\$ 5,784,314</u>
<u>25.47%</u>	<u>23.25%</u>	<u>27.21%</u>	<u>23.66%</u>	<u>23.66%</u>	<u>24.94%</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>
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
2024	1,339,840,073	695,417,819	40,397,123	305,798,881

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>
\$ 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
1,769,856,134	1.8238	1,563,924,616

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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
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
2024	0.5350	58,825,090	1.8238	0.9122	0.3766

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

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

CITY OF MARBLE FALLS, TEXAS

PRINCIPAL PROPERTY TAXPAYERS

CURRENT YEAR

Taxpayer	2024	
	Taxable Assessed Value	Percentage of Total City Taxable Assessed Value
Panther Hollow Apartments LLC	\$ 20,873,461	1.27%
Worldmark The Club	16,033,990	1.07%
Huber Carbonates LLC	14,480,530	0.88%
HTA-Marble Falls MOB LLC	13,721,520	0.83%
Homestead Mormon Mill LP	13,400,000	0.81%
Bray Spaar Partnership	12,500,000	0.79%
Perdernaes Electric Co-Op	11,556,124	0.70%
Walmart Inc	10,912,721	0.66%
Roper Ranch LLC	10,316,520	0.64%
Riverboat Gamblers LLC	9,484,785	0.60%
	<u>\$ 133,279,651</u>	<u>8.25%</u>

Source: Burnet County Appraisal office

TABLE 7

2015		
Taxable Assessed Value	Percentage of Total City Taxable Assessed Value	Taxpayer
\$ 14,878,248	2.25%	Scott & White Healthcare
10,526,719	1.59%	Huber JM Corp
9,902,205	1.50%	Wal-Mart Stores Inc 01-0781
8,300,813	1.25%	Wal-Mart Stores East LP
6,060,392	0.92%	Johnson-Sewell Family Partneship
6,000,000	0.91%	Lowe's Home Centers Inc
5,369,232	0.81%	HD Development Properties LP
5,020,707	0.76%	Johnson Ross H
4,935,431	0.75%	SL Marble Falls LP
<u>4,894,483</u>	<u>0.74%</u>	
<u>\$ 75,888,230</u>	<u>11.46%</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
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%	107,625	6,222,264	100.00%
2022	6,594,063	6,534,334	99.09%	61,738	6,594,063	100.00%
2023	7,387,305	7,376,193	99.85%	115,292	7,387,305	100.00%
2024	8,583,595	8,337,919	97.14%	-	8,414,405	97.14%

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>
2014-15	\$ 7,436,166	8.25%
2015-16	7,856,341	8.25%
2016-17	8,536,450	8.25%
2017-18	8,762,727	8.25%
2018-19	9,515,880	8.25%
2019-20	9,952,643	8.25%
2020-21	11,890,740	8.25%
2021-22	13,761,183	8.25%
2022-23	14,304,544	8.25%
2023-24	14,570,476	8.25%

Source: State of Texas Office of the Comptroller

CITY OF MARBLE FALLS, TEXAS

RATIOS OF OUTSTANDING DEBT BY TYPE

LAST TEN FISCAL YEARS

Fiscal Year	Governmental Activities				
	General Obligation Bonds	Tax Notes	Leases	Financing Arrangements	Premiums / Discounts
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	1,722,043	2,227,872
2024	58,825,090	1,425,000	710,323	1,533,613	2,586,970

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

See Table 15 for personal income and population data.

TABLE 10

Business-type Activities			Total Primary Government	Percentage of Personal Income	Per Capita
Water Revenue Bonds	Financing Arrangements	Premiums / Discounts			
\$ 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	1,858,502	117,396,756	0.002	14,780
58,280,910	164,718	1,874,247	125,400,871	0.002	14,938

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			
2015	\$ 37,293,633	\$ 37,293,633	5.14%	5,885	\$ 88,358
2016	34,741,998	34,741,998	4.67%	5,533	98,082
2017	40,464,984	40,464,984	4.96%	6,398	96,911
2018	37,193,430	37,193,430	3.98%	5,814	100,227
2019	38,041,729	38,041,729	4.07%	5,488	117,407
2020	34,629,707	34,629,707	4.04%	4,843	123,628
2021	39,561,746	39,561,746	3.60%	5,387	114,241
2022	41,875,090	41,875,090	3.06%	5,524	350,790
2023	54,212,962	54,212,962	3.22%	6,825	900,828
2024	61,412,060	61,412,060	3.47%	7,315	1,595,317

Notes:

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

See Table 5 for property value data.

Population data can be found in Table 15.

CITY OF MARBLE FALLS, TEXAS

TABLE 12

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

SEPTEMBER 30, 2024

Government Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Direct and Overlapping Debt
Debt repaid with property taxes			
Marble Falls Independent School District	\$ 84,880,000	22.88%	\$ 19,420,544
Burnet County General Obligation Debt	23,570,000	14.46%	<u>3,408,222</u>
Subtotal overlapping debt			<u>22,828,766</u>
City direct debt	65,080,996	100.00%	<u>65,080,996</u>
Subtotal direct debt			<u>65,080,996</u>
Total direct and overlapping debt			<u>\$ 87,909,762</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

	2015	2016	2017	2018
Debt limit	\$ 635,518,195	\$ 672,759,187	\$ 726,407,494	\$ 837,800,028
Total net debt applicable to limit	<u>37,293,633</u>	<u>34,741,998</u>	<u>39,332,840</u>	<u>37,193,430</u>
Legal debt margin	<u>\$ 598,224,562</u>	<u>\$ 638,017,189</u>	<u>\$ 687,074,654</u>	<u>\$ 800,606,598</u>
Total net debt applicable to the limit as a percentage of debt limit.	5.87%	5.16%	5.41%	4.44%

Legal Debt Margin Calculation for Fiscal Year 2024

Assessed value	\$ 1,110,386,477
Debt applicable to limit:	
General obligation bonds	58,825,090
Less: Amount set aside for repayment of general obligation debt	1,595,317
Total net debt applicable to limit	<u>57,229,773</u>
Legal debt margin	<u>\$ 1,053,156,704</u>

Note:

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

TABLE 13

<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
\$ 837,800,028	\$ 892,093,318	\$ 857,346,323	\$ 944,456,398	\$ 967,060,481	\$ 1,110,386,477
<u>38,041,729</u>	<u>34,629,707</u>	<u>39,561,746</u>	<u>41,875,090</u>	<u>51,985,090</u>	<u>58,825,090</u>
<u>\$ 799,758,299</u>	<u>\$ 857,463,611</u>	<u>\$ 817,784,577</u>	<u>\$ 902,581,308</u>	<u>\$ 915,075,391</u>	<u>\$ 1,051,561,387</u>
4.54%	3.88%	4.61%	4.43%	5.38%	5.30%

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		
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	2,061,751	2,965,000	930,500	0.53	
2021	6,336,365	3,119,194	1,531,316	2,070,000	951,779	0.51	
2022	7,341,539	3,769,650	3,571,889	1,770,000	658,027	1.47	
2023	8,142,354	4,128,521	4,013,833	2,394,000	1,225,107	1.11	
2024	7,442,764	5,360,303	2,082,461	3,184,000	1,319,287	0.46	

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>
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%
2024	8,395	91,852	50,362	2.7%

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	2024		2015	
	Employees	Percentage of Total City Employment	Employees	Percentage of Total City Employment
Marble Falls ISD	694	19.83%	629	22.14%
Baylor Scott & White	588	16.80%	320	11.26%
H.E.B. Grocery Company	450	12.86%	322	11.33%
Wal-Mart Corporation	255	7.29%	200	7.04%
City of Marble Falls	152	4.34%	125	4.40%
Lowe's	122	3.49%	115	4.05%
Home Depot Company	121	3.46%	107	3.77%
Johnson Sewell Ford Lincoln	107	3.06%	105	3.70%
Granite Mesa	105	3.00%	86	3.03%
Pedernales Electric Coop	95	2.71%	72	2.53%
Total	<u>2,689</u>		<u>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	2015	2016	2017	2018
General government				
Management services	4	4	4	4
Finance	4	4	4	4
Planning	4	4	5	4
Building	4	4	5	5
Human resources	1	1	1	1
Court	2	2	3	4
Police				
Officers	19	19	20	21
Civilians	12	12	12	13
Fire				
Firefighters and officers	15	15	15	15
Other public works				
Other	11	11	11	11
Parks and recreation	9	9	9	11
Water	11	11	12	13
Wastewater	<u>10</u>	<u>10</u>	<u>10</u>	<u>10</u>
Total	<u>106</u>	<u>106</u>	<u>111</u>	<u>116</u>

Source: City of Marble Falls

TABLE 17

<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
4	6	6	7	10	10
4	4	4	6	6	6
4	4	4	4	6	6
5	5	5	5	5	5
1	2	2	2	2	2
4	4	4	3	3	3
22	25	25	28	26	27
13	13	13	11	16	17
18	18	18	18	18	21
11	11	11	11	11	11
11	11	11	12	17	19
12	12	12	12	12	13
<u>10</u>	<u>10</u>	<u>10</u>	<u>11</u>	<u>11</u>	<u>12</u>
<u>119</u>	<u>124</u>	<u>124</u>	<u>129</u>	<u>143</u>	<u>152</u>

CITY OF MARBLE FALLS, TEXAS

OPERATING INDICATORS BY FUNCTION/PROGRAM

LAST TEN FISCAL YEARS

Function/Program	2015	2016	2017	2018
General government				
Building permits issued	641	793	726	726
Building inspections conducted	938	2,700	1,479	1,751
Police				
Physical arrests	718	739	665	503
Parking violations	20	12	25	7
Traffic violations	998	1,317	1,195	1,278
Fire				
Emergency responses	1,291	1,538	1,746	1,601
Fires extinguished	4	7	40	49
Inspections	357	392	309	597
Other public works				
Street resurfacing (miles)	5	2	1	2
Tonnage to repair potholes	204	500	450	475
Parks and recreation				
Community center admissions	191	266	213	191
Library				
Volumes in collection	41,109	40,594	41,851	40,507
Total volumes borrowed	106,585	136,317	114,200	117,698
Water				
New connections	590	497	424	538
Water main breaks	108	150	110	126
Average daily consumption (thousands of gallons)	1,416	1,352	1,419	1,421
Peak daily consumption (thousands of gallons)	2,066	2,555	2,800	2,458
Wastewater				
Average daily sewage treatment (thousands of gallons)	998	981	1,024	1,189

Source: Various City departments

TABLE 18

2019	2020	2021	2022	2023	2024
931	754	960	1,222	1,476	1,984
1,761	1,334	2,467	4,139	3,299	9,828
712	505	525	583	586	487
217	7	6	2	23	10
2,436	1,524	2,047	2,776	1,688	2,076
1,665	1,576	1,700	1,841	2,275	2,250
50	69	37	83	2	5
886	520	386	386	250	190
5	5	9	26	5	6
477	150	150	250	200	200
121	605	600	275	160	586
40,614	41,494	41,750	40,523	42,766	50,000
116,778	79,420	79,010	79,770	97,074	100,000
26	30	121	147	270	206
75	70	50	90	100	76
1,211	1,541	1,330	1,437	1,480	1,600
2,145	2,145	2,797	2,797	3,000	3,500
1,021	839	1,018	867	1,026	1,082

CITY OF MARBLE FALLS, TEXAS

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM

LAST TEN FISCAL YEARS

Function/Program	2015	2016	2017	2018
Police				
Stations	1	1	1	1
Patrol units	15	15	15	27
Fire				
Stations	1	1	1	1
Public works				
Streets (miles)	62	64	64	65
Highways (miles)	15.2	15.2	15.2	15.2
Streetlights	595	599	599	606
Traffic signals	14	15	15	15
Parks and recreation				
Acreage	130	130	150	153
Playgrounds	4	4	4	6
Baseball/softball diamonds	4	4	4	4
Soccer/football fields	8	8	8	8
Community centers	1	2	2	2
Water				
Water mains (miles)	95	95	96	98
Fire hydrants	582	589	606	626
Storage capacity (thousands of gallons)	3,479	3,419	3,419	3,488
Wastewater				
Sanitary sewers (miles)	68	68	68	68
Storm sewers (miles)	12	12	12	12
Treatment capacity (thousands of gallons)	980	1,500	1,500	1,500

Source: Various City departments

TABLE 19

2019	2020	2021	2022	2023	2024
1	1	1	1	1	1
33	38	32	32	27	32
1	1	1	1	1	1
66	66	66	71	71	71
15.2	15.2	15.2	15.2	15.2	15.2
617	617	617	648	648	648
17	17	17	17	17	17
158	158	158	150	177	209
6	6	6	6	11	11
4	4	4	4	4	4
8	8	8	8	8	8
2	2	2	2	2	2
98	98	98	104	104	108
634	634	634	670	670	670
3,488	3,488	3,488	3,488	3,500	3,500
68	68	68	76	76	77
12	12	12	16	16	16
1,500	1,500	1,500	1,500	1,500	1,500

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COMPLIANCE SECTION

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Marble Falls, Texas, as of and for the year ended September 30, 2024, 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 4, 2025.

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.

OFFICE LOCATIONS

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

Report on Compliance and Other Matters

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

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 4, 2025



**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, 2024. 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, 2024.

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.

OFFICE LOCATIONS

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



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 4, 2025

CITY OF MARBLE FALLS, TEXAS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED SEPTEMBER 30, 2024

Federal Grantor/ Pass-through Grantor/ Grantor/Program Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Federal Expenditures
U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
<u>Passed through Texas Department of Housing and Community Affairs</u>			
HOME Investment Partnership Program	14.239	M-19-48-0100	\$ 47,126
Total Passed through Texas Department of Housing and Community Affairs:			<u>47,126</u>
TOTAL U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			<u>47,126</u>
U. S. DEPARTMENT OF TRANSPORTATION			
<u>Passed through Texas Department of Transportation:</u>			
Highway Planning and Construction	20.205	0914-24-027	<u>337,897</u>
Total Passed through Texas Department of Transportation:			<u>337,897</u>
TOTAL U. S. DEPARTMENT OF TRANSPORTATION			<u>337,897</u>
U. S. DEPARTMENT OF TREASURY			
<u>Direct Program:</u>			
American Rescue Plan Fiscal Recovery Funds (COVID-19)	21.027	TX-0999	<u>577,121</u>
Total Direct Programs			<u>577,121</u>
TOTAL U. S. DEPARTMENT OF TREASURY			<u>577,121</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>4,377</u>
Total Passed through Texas Division of Emergency Management:			<u>4,377</u>
TOTAL U. S. DEPARTMENT OF HOMELAND SECURITY			<u>4,377</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 966,521</u>

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

CITY OF MARBLE FALLS, TEXAS

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED SEPTEMBER 30, 2024

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, 2024, which have been submitted to grantor agencies will, in some cases, differ slightly from amounts disclosed herein. The reports prepared for grantor agencies are typically prepared at a later date and often reflect refined estimates of year-end accruals. The reports will agree at termination of the grant as the discrepancies noted are timing differences.

4. INDIRECT COSTS

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

5. PASS-THROUGH EXPENDITURES

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

CITY OF MARBLE FALLS, TEXAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED SEPTEMBER 30, 2024

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:
21.027	American Rescue Plan Fiscal Recovery Funds (COVID-19)

Dollar threshold used to distinguish between type A and type B programs \$750,000

Auditee qualified as low-risk auditee? Yes

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, 2024

None.

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