



**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**FOR FISCAL YEAR ENDED  
SEPTEMBER 30, 2015**

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**CITY OF MARBLE FALLS, TEXAS**

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# **INTRODUCTORY SECTION**

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February 25, 2016

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

The Comprehensive Annual Financial Report (CAFR) of the City of Marble Falls (the “City”) for the fiscal year ended September 30, 2015, 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, 2015, are free of material misstatement. The independent audit involved examining on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City of Marble Falls’ financial statements for fiscal year ended September 30, 2015, 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 Utility Fund emphasis is to provide sufficient funds to meet operating expenses and debt payments. We will closely monitor the trend on our major sources of funding, such as: sales taxes and property taxes; so that we may make adjustments if needed.

## **PROFILE OF THE CITY**

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

Policy-making and legislative authority are vested in a governing council consisting of the Mayor and six (6) Council Members. The Mayor and Council are responsible, among other things, for passing ordinances, adopting the budget, appointing board and committee members and hiring the City Manager, City Attorney, and Municipal Judge. The City Manager is responsible for carrying out the policies and ordinances of the City Council, overseeing the day-to-day operations of the City government, and for appointing heads of various departments. The Mayor and Council Members are elected on an at-large, non-partisan basis and serve for a two-year term.

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

## **FACTORS AFFECTING FINANCIAL CONDITION**

The City of Marble Falls is centrally located 47 miles northwest of Austin and 85 miles north of San Antonio, at the intersection of State Highway 281 and Farm Road 1431, in the middle of the Highland Lakes area, the largest chain of lakes in Texas. Currently, the City contains approximately 13.6 square miles.

Steady population growth has been experienced in the last decade with a present population estimated in excess of 6,370. Current and future subdivisions are designed on oversized lots, as well as smaller garden home areas, which result in spacious residential areas that complement the coveted rural setting. The City serves as a retail and tourist hub to the county and its surrounding area.

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

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

## **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 comprehensive annual financial report for the fiscal year ended September 30, 2014. In order to be awarded a Certificate of Achievement, the City must publish an easily readable and efficiently organized Comprehensive Annual 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 Comprehensive Annual Financial Report continues to meet the Certificate of Achievement program's requirements and we are submitting it to GFOA to determine its eligibility for another certificate.

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

Respectfully submitted,

Mike Hodge  
City Manager

**CITY OF MARBLE FALLS, TEXAS**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

**MAYOR**

John Packer

**MAYOR PRO TEM**

Jane Marie Hurst

**COUNCILMEMBERS**

Richard Lewis  
Ryan Nash  
Reed Norman  
Rachel Austin-Cook  
Richard Westerman

**CITY MANAGER**

Mike Hodge

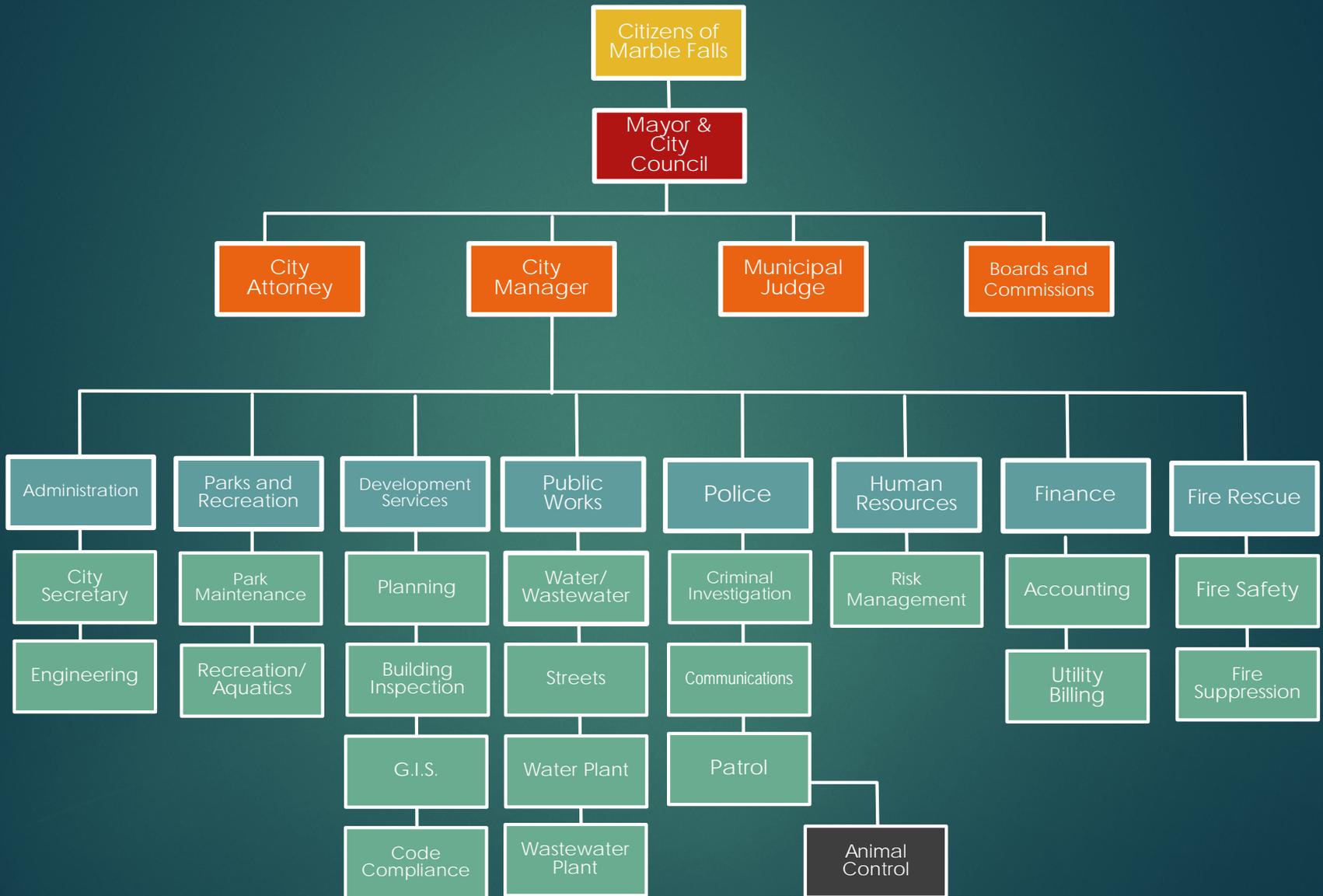
**CITY ATTORNEY**

Patty Akers  
Akers and Akers

**PREPARED BY:**

Finance Department  
Margie Cardenas, Director of Finance

# City of Marble Falls Organizational Chart





Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**City of Marble Falls  
Texas**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**September 30, 2014**

Executive Director/CEO

# **FINANCIAL SECTION**

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PATILLO, BROWN & HILL, L.L.P.  
CERTIFIED PUBLIC ACCOUNTANTS ■ BUSINESS CONSULTANTS

## INDEPENDENT AUDITORS' REPORT

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Marble Falls, Texas, as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the City of Marble Falls, Texas' basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditors' Responsibility***

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

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

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Marble Falls, Texas, as of September 30, 2015, 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.

### ***Change in Accounting Principle***

As discussed in Note I to the financial statements, in 2015 the City adopted new accounting guidance, Governmental Account Standards (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27* and Governmental Account Standards (GASB) Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68*. Our opinion is not modified with respect to this matter.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4 – 11 and 49 – 54 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Marble Falls, Texas' basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated February 25, 2016, on our consideration of the City of Marble Falls, Texas' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Marble Falls, Texas' internal control over financial reporting and compliance.

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

Waco, Texas  
February 25, 2016

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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, 2015. 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 of the City of Marble Falls exceeded its liabilities as of September 30, 2015, by \$24,651,741 (net position). Of this amount, \$(3,447,970) is unrestricted net position.
- The City's net position decreased by \$2,067,600.
- As of the close of the current fiscal year, the City of Marble Falls governmental funds reported combined ending fund balances of \$8,400,727. \$1,259,708 of this amount is unassigned and available for use within the City's fund designation and policy.
- As of September 30, 2015, unassigned fund balance for the General Fund was \$1,501,853 or 17.67% 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 revenue and expenditures, and changes in fund balances include a reconciliation to provide such comparison.

The City maintains 16 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, and General Improvements, all of which are considered to be major funds. The other 12 funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements found in this report.

- **Proprietary funds** – The City maintains one proprietary fund. The City uses the Enterprise Fund for water and sewer operations. The Enterprise Fund reports the same functions presented as business-type activities in the government-wide financial statement.

### **Reporting the City’s Fiduciary Responsibility**

The City is the trustee, or fiduciary, for the LaVentana Public Improvement District Trust Fund. 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 23 – 24 of this report.

### **Notes to the Financial Statements**

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

### **Other Information**

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

## **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

The City’s net assets exceed liabilities by \$24.7 million as of September 30, 2015. 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	
	2015	2014	2015	2014	2015	2014
Current and other assets	\$ 11,782,946	\$ 11,999,759	\$( 688,420)	\$ 1,470,861	\$ 11,094,526	\$ 13,470,620
Capital assets	<u>35,526,788</u>	<u>38,059,403</u>	<u>36,376,692</u>	<u>35,890,347</u>	<u>71,903,480</u>	<u>73,949,750</u>
Total assets	<u>47,309,734</u>	<u>50,059,162</u>	<u>35,688,272</u>	<u>37,361,208</u>	<u>82,998,006</u>	<u>87,420,370</u>
Deferred outflows of resources	<u>426,136</u>	<u>133,103</u>	<u>543,859</u>	<u>121,611</u>	<u>969,995</u>	<u>254,714</u>
Current liabilities	1,308,849	1,346,059	1,082,264	1,229,134	2,391,113	2,575,193
Noncurrent liabilities	<u>38,290,135</u>	<u>39,623,707</u>	<u>18,625,115</u>	<u>20,259,532</u>	<u>56,915,250</u>	<u>59,883,239</u>
Total liabilities	<u>39,598,984</u>	<u>40,969,766</u>	<u>19,707,379</u>	<u>21,488,666</u>	<u>59,306,363</u>	<u>62,458,432</u>
Deferred inflows of resources	<u>8,331</u>	<u>-</u>	<u>1,566</u>	<u>-</u>	<u>9,897</u>	<u>-</u>
Net position:						
Net investment,						
in capital assets	1,772,013	5,009,790	19,231,630	19,702,970	21,003,643	24,712,760
Restricted	7,096,068	8,269,197	-	-	7,096,068	8,269,197
Unrestricted	<u>( 739,526)</u>	<u>( 4,056,488)</u>	<u>( 2,708,444)</u>	<u>( 3,708,817)</u>	<u>( 3,447,970)</u>	<u>( 7,765,305)</u>
Total net position	<u>\$ 8,128,555</u>	<u>\$ 9,222,499</u>	<u>\$ 16,523,186</u>	<u>\$ 15,994,153</u>	<u>\$ 24,651,741</u>	<u>\$ 25,216,652</u>

The restricted portion of the City's net position (28.8%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position is \$(3,447,970).

### Analysis of the City's Operations

The following table provides a summary of the City's operations for the year ended September 30, 2015. Governmental activities decreased the City of Marble Falls' net position by (\$2,354,675), accounting for a 9.3% decrease in net position. The decrease in net position went from a decrease of 4.9% in the prior year to a decrease of 9.3% in FY 2015. This decrease is larger than last year's decrease by \$1,881,209. The decrease in the net position was due largely to transfers of (\$1,337,745) between governmental activities and business-type activities. Business-type activities increased the City's net position by \$287,675 accounting for a 1.1% increase in net position. The increase in the business-type activities was due to the increase of transfers with governmental activities.

## CITY OF MARBLE FALLS' CHANGES IN NET POSITION

	Governmental Activities		Business-type Activities		Totals	
	2015	2014	2015	2014	2015	2014
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 763,516	\$ 716,522	\$ 4,091,722	\$ 4,106,512	\$ 4,855,238	\$ 4,823,034
Operating grants and contributions	201,338	499,805	-	-	201,338	499,805
Capital grants and contributions	-	-	155,000	379,524	155,000	379,524
General revenues:						
Property taxes	4,500,973	4,281,225	-	-	4,500,973	4,281,225
Sales taxes	7,436,165	7,185,011	-	-	7,436,165	7,185,011
Franchise taxes	595,443	521,249	-	-	595,443	521,249
Other taxes	675,904	584,337	-	-	675,904	584,337
Investment earnings	7,376	7,975	17,544	17,620	24,920	25,595
Gain on sale of assets	80,571	117,589	-	-	80,571	117,589
Miscellaneous	143,445	125,269	-	-	143,445	125,269
Total revenues	<u>14,404,731</u>	<u>14,038,982</u>	<u>4,264,266</u>	<u>4,503,656</u>	<u>18,668,997</u>	<u>18,542,638</u>
<b>Expenses:</b>						
General government	3,909,769	3,615,994	-	-	3,909,769	3,615,994
Public safety	5,580,292	5,346,306	-	-	5,580,292	5,346,306
Public works	3,222,080	3,236,700	-	-	3,222,080	3,236,700
Culture and recreation	1,225,259	1,195,731	-	-	1,225,259	1,195,731
Interest on long-term debt	1,484,261	1,355,703	-	-	1,484,261	1,355,703
Water and wastewater	-	-	5,314,936	5,612,611	5,314,936	5,612,611
Total expenses	<u>15,421,661</u>	<u>14,750,434</u>	<u>5,314,936</u>	<u>5,612,611</u>	<u>20,736,597</u>	<u>20,363,045</u>
<b>Increases (decreases) in net assets before transfers</b>						
	( 1,016,930)	( 711,452)	( 1,050,670)	( 1,108,955)	( 2,067,600)	( 1,820,407)
Transfers	( 1,337,745)	237,986	1,337,745	( 237,986)	-	-
Change in net assets	( 2,354,675)	( 473,466)	287,075	( 1,346,941)	( 2,067,600)	( 1,820,407)
Net assets, beginning	<u>9,222,499</u>	<u>10,311,039</u>	<u>15,994,153</u>	<u>17,731,830</u>	<u>25,216,652</u>	<u>28,042,869</u>
Prior period adjustment	<u>1,260,731</u>	( 615,074)	<u>241,958</u>	( 390,736)	<u>1,502,689</u>	( 1,005,810)
Net assets, ending	<u>\$ 8,128,555</u>	<u>\$ 9,222,499</u>	<u>\$ 16,523,186</u>	<u>\$ 15,994,153</u>	<u>\$ 24,651,741</u>	<u>\$ 25,216,652</u>

### Government Funds

In the General Fund, fund balance increased by \$220,591. The increase was due mainly to an increase in sales taxes and property taxes for FY 2015.

The Economic Development Corporation Fund balance decreased by \$(974,454). The decrease is due to a retention and recruitment payment to Baylor Scott & White during the year.

The Debt Service Fund balance decreased by \$(254,864) due to an increase in debt principal.

The General Improvements Fund balance decreased by \$(281,256). The decrease was due mainly to a expenditures for the Downtown Master Plan Project.

## **Proprietary Fund**

Unrestricted net position of the proprietary fund (water and utility) was (\$2,708,444). The net position of the Water and Utility Fund increased by \$287,075. This increase was due to the reduced amount of transfers to general fund.

## **General Fund Budgetary Highlights**

The City made revisions to the original appropriations approved by the City Council. These changes resulted in an increase in budgeted expenditures in the amount of \$135,680 from the original budget of \$8,406,546 to the revised budget of \$8,542,226 or 1.6% increase. The majority of this increase was due to an increase in general government non-departmental for purchased and contracted services.

The variance between the final amended budget and actual expenditures was a positive \$43,608. The General Government group actual expenditures were below budget by \$281. The expenses were for personnel services in the Administration Department. Additionally, Public Safety expenditures were below budget by \$276. This was mainly due to personnel services costs in court, police and code departments.

## **Capital Assets**

- Continued engineering design of the Water Plant Upgrade. Total spent in FY 2015 was \$33,620.
- Continued the construction phase of the Water Plant Upgrade. Total spent in FY 2015 was \$1,632,083.
- Completed construction work on the new 8" water line at Los Escondidos at a cost of \$513,925.
- Continued with our annual street improvement plan. Total spent in FY 15 was \$76,827.
- Completed improvements at Westside Park, Johnson Park and other park improvements. Total spent in FY 2015 was \$25,549.
- Purchased real estate for future Downtown project by the Economic Development Corporation. Total spent in FY 2015 was \$92,942.
- Began engineering design of the Wastewater Plant at a cost of \$112,603 and construction phase at a cost of \$89,743.
- Began Downtown Master Plan improvements at a cost of \$121,869.
- Began Architectural Phase of the Public Safety Building at a cost of \$57,417.

Additional information regarding capital assets can be found in the notes to the financial statements on pages 36 – 37.

## CITY OF MARBLE FALLS' CAPITAL ASSETS AT YEAR-END

	Governmental Activities		Business-type Activities		Totals	
	2015	2014	2015	2014	2015	2014
Land	\$ 8,553,640	\$ 8,467,279	\$ 681,006	\$ 681,006	\$ 9,234,646	\$ 9,148,285
Buildings and improvements	51,986,138	50,232,361	55,449,038	51,006,882	107,435,176	101,239,243
Machinery and equipment	6,619,909	6,533,603	1,152,175	1,152,175	7,772,084	7,685,778
Construction in progress	-	1,252,187	-	1,894,490	-	3,146,677
Less: accumulated depreciation	( 31,632,899)	( 28,426,027)	( 20,905,527)	( 18,844,206)	( 52,538,426)	( 47,270,233)
<b>Total capital assets, net</b>	<b>\$ 35,526,788</b>	<b>\$ 38,059,403</b>	<b>\$ 36,376,692</b>	<b>\$ 35,890,347</b>	<b>\$ 71,903,480</b>	<b>\$ 73,949,750</b>

### Debt Administration

At the end of the current fiscal year, the City had total bonded debt and notes payable of \$54,505,000. Of this amount, \$36,735,000 represents bonded debt backed by the full faith and credit of the City and \$17,770,000 represents payables secured by water and wastewater revenues.

## OUTSTANDING DEBT AT YEAR-END

	Governmental Activities		Business-type Activities		Totals	
	2015	2014	2015	2014	2015	2014
Certificates of obligation	\$ 36,735,000	\$ 38,115,000	\$ 17,770,000	\$ 19,730,000	\$ 54,505,000	\$ 57,845,000
<b>Total</b>	<b>\$ 36,735,000</b>	<b>\$ 38,115,000</b>	<b>\$ 17,770,000</b>	<b>\$ 19,730,000</b>	<b>\$ 54,505,000</b>	<b>\$ 57,845,000</b>

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

Standard & Poor's
AA-
General Obligation Bonds

Additional information on the City's long term-debt can be found in the notes to financial statements of this report on pages 38 – 40.

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

The entire area surrounding the City of Marble Falls continues to experience unprecedented growth. The City's population is estimated to be in excess of 7,200 in 2015. The City is continuing to focus on Economic Development initiatives.

The City's largest source of revenue in the General Fund is Sales Tax. The City realized an increase of 6% from the prior year revenue of \$5,388,759 to \$5,577,124. The 2016 estimate is conservatively projected at \$5,744,437. The Marble Falls Economic Development Corporation is funded by a voter approved, half-cent sales tax, which is used to offer grants and other economic incentives to existing and new businesses. The City's financial management policies, sets the guideline to maintain the fund balance and net position of the various operating funds at levels sufficient to protect the City's creditworthiness as well as its financial position from unforeseeable emergencies.

The City's second largest source of revenue in the General Fund is ad valorem taxes. The City's tax rate is \$0.6483. This rate consists of a maintenance and operations (M&O) tax rate of \$0.1881 and an Interest and Sinking (debt service) tax rate of \$0.4602. The rate was set based on a net position value of \$662,503,064. The assessed values increased about 4% for FY 2016.

Water revenues for 2016 are budgeted at \$2,603,923 which is a 5% increase over the prior year. Sewer revenues are budgeted at \$1,463,975, representing a 15% decrease over the prior year. The City of Marble Falls did not increase water or sewer rates for FY 2016.

## **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 Margie Cardenas (830) 693-3615 or e-mail [mcardenas@marblefallstx.gov](mailto:mcardenas@marblefallstx.gov).

**BASIC  
FINANCIAL STATEMENTS**

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# CITY OF MARBLE FALLS, TEXAS

## STATEMENT OF NET POSITION

SEPTEMBER 30, 2015

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and investments	\$ 6,113,462	\$ -	\$ 6,113,462
Receivables, net of allowances for uncollectibles			
Taxes	1,500,825	-	1,500,825
Customer accounts	1,228,790	653,733	1,882,523
Other	2,068	-	2,068
Due from other governments	31,060	-	31,060
Internal balances	1,869,793	( 1,869,793)	-
Inventories	-	335,713	335,713
Prepaid items	15,681	-	15,681
Net pension asset	1,021,267	191,927	1,213,194
Capital assets:			
Land	8,553,640	681,006	9,234,646
Buildings and improvements	51,986,138	55,449,038	107,435,176
Machinery and equipment	6,619,909	1,152,175	7,772,084
Accumulated depreciation	( 31,632,899)	( 20,905,527)	( 52,538,426)
Total capital assets, net of accumulated depreciation	<u>35,526,788</u>	<u>36,376,692</u>	<u>71,903,480</u>
Total assets	<u>47,309,734</u>	<u>35,688,272</u>	<u>82,998,006</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflow related to pensions	307,482	62,814	370,296
Deferred loss on bond refunding	118,654	481,045	599,699
Total deferred outflows of resources	<u>426,136</u>	<u>543,859</u>	<u>969,995</u>
<b>LIABILITIES</b>			
Accounts payable	811,363	387,278	1,198,641
Accrued liabilities	174,275	32,492	206,767
Due to others	73,463	36,395	109,858
Customer deposits	28,018	478,863	506,881
Accrued interest	221,730	147,236	368,966
Noncurrent liabilities:			
Due within one year	2,890,357	875,469	3,765,826
Due in more than one year	35,399,778	17,749,646	53,149,424
Total liabilities	<u>39,598,984</u>	<u>19,707,379</u>	<u>59,306,363</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflow related to pensions	8,331	1,566	9,897
Total deferred inflows of resources	<u>8,331</u>	<u>1,566</u>	<u>9,897</u>
<b>NET POSITION</b>			
Net investment in capital assets	1,772,013	19,231,630	21,003,643
Restricted for:			
Economic development	2,089,025	-	2,089,025
Debt service	88,358	-	88,358
Public safety	145,787	-	145,787
Culture and recreation	407,351	-	407,351
Capital improvements	4,365,547	-	4,365,547
Unrestricted	( 739,526)	( 2,708,444)	( 3,447,970)
Total net position	<u>\$ 8,128,555</u>	<u>\$ 16,523,186</u>	<u>\$ 24,651,741</u>

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

**CITY OF MARBLE FALLS, TEXAS**

**STATEMENT OF ACTIVITIES**

**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary government:</b>				
Governmental activities:				
General government	\$ 3,909,769	\$ 318,716	\$ 110,000	\$ -
Public safety	5,580,292	168,410	78,423	-
Public works	3,222,080	136,919	12,000	-
Culture and recreation	1,225,259	139,471	915	-
Interest on long-term debt	1,484,261	-	-	-
Total governmental activities	<u>15,421,661</u>	<u>763,516</u>	<u>201,338</u>	<u>-</u>
Business-type activities:				
Water and sewer	<u>5,314,936</u>	<u>4,091,722</u>	<u>-</u>	<u>155,000</u>
Total business-type activities	<u>5,314,936</u>	<u>4,091,722</u>	<u>-</u>	<u>155,000</u>
Total primary government	<u>\$ 20,736,597</u>	<u>\$ 4,855,238</u>	<u>\$ 201,338</u>	<u>\$ 155,000</u>

General revenues:

Taxes:

Property, levied for general purposes

Property, levied for debt service

Sales

Franchise

Other

Investment earnings

Gain on sale of assets

Miscellaneous

Transfers

Total general revenues and transfers

Change in net position

Net position, beginning

Prior period adjustment

Net position, beginning as restated

Net position, ending

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

Net (Expense) Revenue and  
Changes in Net Position

Primary Government		
Governmental Activities	Business-type Activities	Total
\$( 3,481,053)	\$ -	\$( 3,481,053)
( 5,333,459)	-	( 5,333,459)
( 3,073,161)	-	( 3,073,161)
( 1,084,873)	-	( 1,084,873)
( 1,484,261)	-	( 1,484,261)
<u>( 14,456,807)</u>	<u>-</u>	<u>( 14,456,807)</u>
<u>-</u>	<u>( 1,068,214)</u>	<u>( 1,068,214)</u>
<u>-</u>	<u>( 1,068,214)</u>	<u>( 1,068,214)</u>
( 14,456,807)	( 1,068,214)	( 15,525,021)
1,393,992	-	1,393,992
3,106,981	-	3,106,981
7,436,165	-	7,436,165
595,443	-	595,443
675,904	-	675,904
7,376	17,544	24,920
80,571	-	80,571
143,445	-	143,445
<u>( 1,337,745)</u>	<u>1,337,745</u>	<u>-</u>
<u>12,102,132</u>	<u>1,355,289</u>	<u>13,457,421</u>
( 2,354,675)	287,075	( 2,067,600)
<u>9,222,499</u>	<u>15,994,153</u>	<u>25,216,652</u>
<u>1,260,731</u>	<u>241,958</u>	<u>1,502,689</u>
<u>10,483,230</u>	<u>16,236,111</u>	<u>26,719,341</u>
<u>\$ 8,128,555</u>	<u>\$ 16,523,186</u>	<u>\$ 24,651,741</u>

# CITY OF MARBLE FALLS, TEXAS

## BALANCE SHEET

### GOVERNMENTAL FUNDS

SEPTEMBER 30, 2015

	General	Economic Development Corporation	Debt Service
<b>ASSETS</b>			
Cash and investments	\$ 236,961	\$ 1,849,443	\$ 116,506
Receivables, net of allowances for uncollectibles:			
Property taxes	3,259	-	93,323
Other taxes	927,270	304,585	-
Accounts	173,132	-	-
Other	18	2,050	-
Due from other governments	31,060	-	-
Due from other funds	1,156,908	-	-
Prepaid items	15,681	-	-
Total assets	2,544,289	2,156,078	209,829
<b>LIABILITIES</b>			
Accounts payable	681,014	57,221	-
Accrued liabilities	166,743	7,532	-
Due to other funds	-	-	51,237
Due to others	71,163	2,300	-
Customer deposits	28,018	-	-
Total liabilities	946,938	67,053	51,237
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue - property taxes	1,066	-	88,358
Unavailable revenue - court fines and fees	78,751	-	-
Total deferred inflows of resources	79,817	-	88,358
<b>FUND BALANCES</b>			
Nonspendable	15,681	-	-
Restricted	-	2,089,025	70,234
Unassigned	1,501,853	-	-
Total fund balances	1,517,534	2,089,025	70,234
Total liabilities, deferred inflows of resources and fund balances	\$ 2,544,289	\$ 2,156,078	\$ 209,829

Amounts reported for governmental activities in the statement of net assets 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

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

<u>General Improvements</u>	<u>Other Governmental</u>	<u>Total Governmental</u>
\$ 3,584,860	\$ 275,692	\$ 6,063,462
-	-	96,582
-	172,388	1,404,243
-	-	173,132
-	-	2,068
-	-	31,060
800,680	241,237	2,198,825
-	-	15,681
<u>4,385,540</u>	<u>689,317</u>	<u>9,985,053</u>
37,729	35,399	811,363
-	-	174,275
-	277,795	329,032
-	-	73,463
-	-	28,018
<u>37,729</u>	<u>313,194</u>	<u>1,416,151</u>
-	-	89,424
-	-	78,751
-	-	168,175
-	-	15,681
4,347,811	618,268	7,125,338
-	( 242,145)	1,259,708
<u>4,347,811</u>	<u>376,123</u>	<u>8,400,727</u>
<u>\$ 4,385,540</u>	<u>\$ 689,317</u>	
		35,526,788
		1,223,833
		50,000
		( 37,072,793)
		<u>\$ 8,128,555</u>

**CITY OF MARBLE FALLS, TEXAS**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

	<u>General</u>	<u>Economic Development Corporation</u>	<u>Debt Service</u>
<b>REVENUES</b>			
Property taxes	\$ 1,394,158	\$ -	\$ 3,120,734
Sales taxes	5,577,124	1,859,042	-
Hotel/motel taxes	-	-	-
Mixed beverage taxes	47,303	-	-
Franchise fees	595,443	-	-
Fines and forfeitures	158,446	-	-
Permits and fees	306,348	52,183	-
Intergovernmental	194,835	-	-
Investment earnings	2,364	3,486	1,180
Other	<u>151,999</u>	<u>-</u>	<u>-</u>
Total revenues	<u>8,428,020</u>	<u>1,914,711</u>	<u>3,121,914</u>
<b>EXPENDITURES</b>			
Current:			
General government	1,515,935	1,834,269	-
Public safety	5,066,063	-	-
Public works	1,006,873	-	-
Culture and recreation	715,925	-	-
Capital outlay	193,822	150,830	-
Debt service:			
Principal	-	505,000	2,075,000
Interest and fiscal charges	-	221,331	1,320,008
Bond issuance costs	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>8,498,618</u>	<u>2,711,430</u>	<u>3,395,008</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>( 70,598)</u>	<u>( 796,719)</u>	<u>( 273,094)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Sale of capital assets	3,306	77,265	-
Transfers in	375,000	-	218,230
Transfers out	<u>( 87,117)</u>	<u>( 255,000)</u>	<u>( 200,000)</u>
Total other financing sources (uses)	<u>291,189</u>	<u>( 177,735)</u>	<u>18,230</u>
<b>NET CHANGE IN FUND BALANCES</b>	220,591	( 974,454)	( 254,864)
<b>FUND BALANCES, BEGINNING</b>	<u>1,296,943</u>	<u>3,063,479</u>	<u>325,098</u>
<b>FUND BALANCES, ENDING</b>	<u>\$ 1,517,534</u>	<u>\$ 2,089,025</u>	<u>\$ 70,234</u>

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

<u>General Improvements</u>	<u>Other Governmental</u>	<u>Total Governmental</u>
\$ -	\$ -	\$ 4,514,892
-	-	7,436,166
-	625,853	625,853
-	-	47,303
-	-	595,443
-	97,921	256,367
-	-	358,531
12,000	142,575	349,410
-	346	7,376
-	-	151,999
<u>12,000</u>	<u>866,695</u>	<u>14,343,340</u>
-	167,847	3,518,051
205,872	36,239	5,308,174
-	-	1,006,873
-	358,632	1,074,557
86,984	25,550	457,186
-	-	2,580,000
-	-	1,541,339
400	-	400
<u>293,256</u>	<u>588,268</u>	<u>15,486,580</u>
( 281,256)	278,427	( 1,143,240)
-	-	80,571
-	37,117	630,347
-	( 250,975)	( 793,092)
-	( 213,858)	( 82,174)
( 281,256)	64,569	( 1,225,414)
<u>4,629,067</u>	<u>311,554</u>	<u>9,626,141</u>
<u>\$ 4,347,811</u>	<u>\$ 376,123</u>	<u>\$ 8,400,727</u>

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## CITY OF MARBLE FALLS, TEXAS

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

FOR THE YEAR ENDED SEPTEMBER 30, 2015

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

Net change in fund balances - total governmental funds (pages 16 - 17)	\$( 1,225,414)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	( 1,280,428)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	( 19,180)
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 assets. This amount is the net effect of these differences in the treatment of long-term debt and related items.	1,333,018
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.	59,687
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.	25,000
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>( 1,247,358)</u>
Change in net position of governmental activities (pages 12 - 13)	<u>\$( 2,354,675)</u>

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

**CITY OF MARBLE FALLS, TEXAS**

**STATEMENT OF NET POSITION**

**PROPRIETARY FUND**

**SEPTEMBER 30, 2015**

	Business-type Activities Enterprise Fund <u>Water and Utility</u>	Governmental Activities Internal Service Fund <u>Equipment Replacement</u>
<b>ASSETS</b>		
Current assets:		
Cash and investments	\$ -	\$ 50,000
Accounts receivable, net of allowance	653,733	-
Inventories	335,713	-
Total current assets	<u>989,446</u>	<u>50,000</u>
Noncurrent assets:		
Net pension asset	191,927	-
Capital assets:		
Land	681,006	-
Buildings and improvements	55,449,038	-
Machinery and equipment	1,152,175	-
Accumulated depreciation	( 20,905,527)	-
Total capital assets	<u>36,376,692</u>	<u>-</u>
Total noncurrent assets	<u>36,568,619</u>	<u>-</u>
Total assets	<u>37,558,065</u>	<u>50,000</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred outflow related to pensions	62,814	-
Deferred loss on bond refunding	481,045	-
Total deferred outflows of resources	<u>543,859</u>	<u>-</u>
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable	387,278	-
Accrued liabilities	32,492	-
Due to other funds	1,869,793	-
Customer deposits	478,863	-
Due to others	36,395	-
Accrued interest	147,236	-
Compensated absences	60,469	-
Bonds payable	815,000	-
Total current liabilities	<u>3,827,526</u>	<u>-</u>
Noncurrent liabilities:		
Compensated absences	181,407	-
Bonds payable	17,549,262	-
OPEB net pension obligation	18,977	-
Total noncurrent liabilities	<u>17,749,646</u>	<u>-</u>
Total liabilities	<u>21,577,172</u>	<u>-</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred inflow related to pensions	1,566	-
Total deferred inflows of resources	<u>1,566</u>	<u>-</u>
<b>NET POSITION</b>		
Net investment in capital assets	19,231,630	-
Unrestricted	( 2,708,444)	50,000
Total net position	<u>\$ 16,523,186</u>	<u>\$ 50,000</u>

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

**CITY OF MARBLE FALLS, TEXAS**

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

**PROPRIETARY FUND**

**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

	Business-type Activities Enterprise Fund	Governmental Activities Internal Service Fund
	<u>Water and Utility</u>	<u>Equipment Replacement</u>
<b>OPERATING REVENUES</b>		
Water and utility charges	\$ 3,990,243	\$ -
Miscellaneous	101,479	-
Total operating revenues	<u>4,091,722</u>	<u>-</u>
<b>OPERATING EXPENSES</b>		
Personnel services	1,161,330	-
Supplies	453,280	-
Repairs and maintenance	460,370	-
Purchased and contracted services	368,602	-
Other services and charges	22,136	-
Depreciation	2,061,321	-
Total operating expenses	<u>4,527,039</u>	<u>-</u>
<b>OPERATING LOSS</b>	<u>( 435,317)</u>	<u>-</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Investment earnings	17,544	-
Interest and fiscal charges	<u>( 787,897)</u>	<u>-</u>
Total nonoperating revenues (expenses)	<u>( 770,353)</u>	<u>-</u>
<b>CAPITAL CONTRIBUTIONS</b>	1,355,000	-
<b>INCOME BEFORE TRANSFERS</b>	149,330	-
<b>TRANSFERS OUT</b>	<u>( 385,000)</u>	<u>-</u>
<b>TRANSFERS IN</b>	<u>522,745</u>	<u>25,000</u>
<b>CHANGE IN NET POSITION</b>	287,075	25,000
<b>NET POSITION, BEGINNING</b>	<u>15,994,153</u>	<u>25,000</u>
<b>PRIOR PERIOD ADJUSTMENT</b>	<u>241,958</u>	<u>-</u>
<b>NET POSITION, BEGINNING AS RESTATED</b>	<u>16,236,111</u>	<u>25,000</u>
<b>NET POSITION, ENDING</b>	<u>\$ 16,523,186</u>	<u>\$ 50,000</u>

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

**CITY OF MARBLE FALLS, TEXAS**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

	Business-type Activities <u>Enterprise Fund</u> Water and Utility	Governmental Activities <u>Internal Service Fund</u> Equipment Replacement
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from customers and users	\$ 4,080,031	\$ -
Cash paid to suppliers for goods and services	( 107,095)	-
Cash paid to employees for services	( 1,155,789)	-
Net cash provided by operating activities	<u>2,817,147</u>	<u>-</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Transfers to other funds	( 385,000)	-
Transfers from other funds	<u>522,745</u>	<u>25,000</u>
Net cash used by noncapital financing activities	<u>137,745</u>	<u>25,000</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Acquisition of capital assets	( 2,547,666)	-
Principal repayments on long-term debt	( 760,000)	-
Interest and fiscal charges paid on debt	( 369,720)	-
Net cash used by capital and related financing activities	<u>( 3,677,386)</u>	<u>-</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest and investment earnings	<u>17,544</u>	<u>-</u>
Net cash provided by investing activities	<u>17,544</u>	<u>-</u>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	( 704,950)	25,000
<b>CASH AND CASH EQUIVALENTS, BEGINNING</b>	<u>704,950</u>	<u>25,000</u>
<b>CASH AND CASH EQUIVALENTS, ENDING</b>	<u>\$ -</u>	<u>\$ 50,000</u>
Reconciliation of operating income (loss) to net cash used by operating activities:		
Operating loss	\$( 435,317)	\$ -
Adjustments to reconcile operating income (loss) to net cash used by operating activities:		
Depreciation and amortization	2,061,321	-
Changes in assets and liabilities:		
Decrease (increase) in assets:		
Customer receivable	12,216	-
Other receivable	88	-
Inventory	14,160	-
Net pension asset	( 191,927)	-
Deferred outflow related to pensions	( 62,814)	-
Increase (decrease) in liabilities:		
Accounts payable	( 186,296)	-
Accrued liabilities	5,541	-
OPEB net pension obligation	( 18,726)	-
Due to other funds	1,643,701	-
Customer deposits	19,534	-
Due to others	2,591	-
Deferred inflow related to pensions	1,566	-
Compensated absences payable	( 48,491)	-
Net cash provided by operating activities	<u>\$ 2,817,147</u>	<u>\$ -</u>
<b>NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:</b>		
Contributions of capital assets from government	\$ 1,355,000	\$ -

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

**CITY OF MARBLE FALLS, TEXAS**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**SEPTEMBER 30, 2015**

	<u>LaVentana PID Trust Fund</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ <u>7,141</u>
Total assets	<u>7,141</u>
<b>NET POSITION</b>	
Held in trust for LaVentana PID	\$ <u>7,141</u>

**The accompanying notes are an integral part of these financial statements.**

**CITY OF MARBLE FALLS, TEXAS**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FIDUCIARY NET POSITION**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

	LaVentana PID Trust Fund
<b>ADDITIONS</b>	
Property tax assessment	\$ 16,116
Investment earnings	<u>11,418</u>
Total additions	<u>27,534</u>
 <b>DEDUCTIONS</b>	
Miscellaneous expense	<u>27,500</u>
Total deductions	<u>27,500</u>
 <b>CHANGE IN NET POSITION</b>	 34
 <b>NET POSITION, BEGINNING</b>	 <u>7,107</u>
 <b>NET POSITION, ENDING</b>	 \$ <u><u>7,141</u></u>

The accompanying notes are an integral part of these financial statements.

# **CITY OF MARBLE FALLS, TEXAS**

## **NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

### **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

#### **Reporting Entity**

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

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

As a result of applying the entity definition criteria of the Governmental Accounting Standards Board, the City has included the Economic Development Corporation as a component unit in these financial statements. The Corporation is presented as a blended component unit due to the fact that the Economic Development Corporation's Board is substantively the same as the City Council. 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.

## **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**

The government-wide 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 **General Improvements Fund** is used to account for debt issues that were received for streets and drainage, public works, parks, water and sewer 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 individuals, private organizations and other governments.

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 a privately managed public funds investment pool (LOGIC).

In accordance with GASB Statement No. 31, the City's general policy is to report money market investments and short-term participating interest-earning investment contracts at amortized cost and to report nonparticipating interest-earning investment contract using a cost-based measure. However, if the fair value of an investment is significantly affected by the impairment of the credit standing of the issuer or by other factors, it is reported at fair value. All other investments are reported at fair value unless a legal contract exists which guarantees a higher value. The term "short-term" refers to investments, which have a remaining term of one year or less at time of purchase. The term "nonparticipating" means that the investment's value does not vary with market interest rate changes.

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

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

### **Receivables and Payables**

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

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

All trade and property tax receivables are shown net of an allowance for uncollectibles. Trade accounts receivable in excess of 180 days comprise the trade accounts receivable allowance for uncollectibles. The property tax receivable allowance is equal to 10 percent of outstanding property taxes at September 30, 2015.

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 2014 was \$4,469,957. The tax assessment of October 1, 2014, sets a tax levy at \$.06483 per \$100 of assessed valuation at 100% of assumed market value. Of this amount, \$.04497 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 estimated fair market value at the date of donation.

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

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

### **Compensated Absences**

The City's employees earn vacation and sick leave which may either be taken or accumulated, up to certain amounts, until paid upon resignation or retirement. All vacation, comp time, personal leave, and sick leave pay are accrued when incurred in the government-wide and proprietary fund financial statements. Upon termination, an employee is paid for 100% of their accrued vacation, comp time, and personal leave pay and for 50% of accrued sick leave pay.

### **Long-term Obligations**

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

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

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

In addition to assets, the statement of financial position 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 position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has the following items that qualify for reporting in this category.

- Deferred charges on refunding – A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

- Pension contributions after measurement date – These contributions are deferred and recognized in the following fiscal year.
- Difference in projected and actual earnings on pension assets – This difference is deferred and amortized over a closed five year period.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statements element, deferred inflows or resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has two types of items classified as deferred inflows of resources. One of which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from two sources: property taxes and municipal court fines. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The other item is only recorded in the full accrual basis of accounting and results from the difference between expected and actual pension expense. This difference is deferred and recognized over the estimated average remaining lives of all members determined as of the measurement date.

### **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.

### **Prior Period Adjustments**

The GASB has issued Statement No. 68, “*Accounting and Financial Reporting for Pensions-an amendment of GASB Statement No. 27,*” which became effective for fiscal year 2015. This statement changes the focus of pension accounting for employers from whether they are responsibly funding their plan over time to a point-in-time liability that is reflected in the employer’s financial statements for any actuarially unfunded portion of pension benefits earned to date.

The implementation of Statement No. 68 resulted restatement of beginning net position for the elimination of the previously reported net pension obligation, the recording of the beginning net pension liability and the beginning deferred outflow for contributions made after the measurement date. Prospectively applying these changes results in the adjustments below.

	Government-wide Statement of Activities		Statement of Revenues, Expenses and Changes in Net Position-Proprietary Funds
	Governmental Activities	Business-type Activities	Utility Fund
Net position at September 30, 2014, as previously reported	\$ 9,222,499	\$ 15,994,153	\$ 15,994,153
Recording of net pension liability as of September 30, 2014	1,021,267	191,927	191,927
Deferral for pension contributions made after the measurement date	<u>239,464</u>	<u>50,031</u>	<u>50,031</u>
Net position at September 30, 2014, as restated	<u>\$ 10,483,230</u>	<u>\$ 16,236,111</u>	<u>\$ 16,236,111</u>

## 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 \$(37,072,793) difference are as follows:

General obligation bonds	\$( 32,020,000)
Sales tax revenue bonds	( 4,715,000)
Deferred loss on refunding debt issuance	118,654
Bond premiums	( 558,633)
TMRS net pension asset	1,320,418
OPEB net pension obligation	( 215,075)
Compensated absences	( 781,427)
Accrued interest payable	<u>( 221,730)</u>
Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net assets - governmental activities</i>	<u>\$( 37,072,793)</u>

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

The governmental fund statement of revenue, expenditures and changes in fund balances includes a reconciliation between *net changes in fund balances – total governmental fund* and *changes in net position of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains, “Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.” The details of this \$(1,280,428) difference are as follows:

Capital outlay	\$ 1,926,444
Depreciation expense	<u>( 3,206,872)</u>
Net adjustment to decrease <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u><u>\$( 1,280,428)</u></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 \$(19,180) difference are as follows:

Property taxes	\$( 13,920)
Municipal court	<u>( 5,260)</u>
Net adjustment to increase <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u><u>\$( 19,180)</u></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 \$(1,333,018) difference are as follows:

General obligation debt payments	\$( 2,580,000)
Reclassification of general obligation debt from Water Fund	1,200,000
OPEB net pension obligation	<u>46,982</u>
Net adjustment to decrease <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u><u>\$( 1,333,018)</u></u>

### 3. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

#### Deficit Fund Balances

As of September 30, 2015, the following funds had deficit fund balances:

Special revenue funds	
2006 TCDP Grant	\$( 26,743)
Flood Buy Back	( 175)
Amy Young Barrier Grant	( 18,399)
Capital projects	
2007 Flood Disaster	( 196,828)

These deficits are expected to be funded with future revenues in their respective funds.

### 4. DETAILED NOTES ON ALL FUNDS

#### Deposits and Investments

As of September 30, 2015, the City had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Days)</u>
Logic	\$ 783,991	37

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, 2015, \$734,650 of the City’s \$1,234,650 deposit balance was collateralized with securities held by the pledging financial institution. The remaining balance, \$500,000, 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. Both of the City’s investment pool are 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	\$ 3,621	\$ -	\$ 103,692	\$ -	\$ -	\$ 107,313
Other taxes	927,270	304,585	-	172,388	-	1,404,243
Customer accounts	322,131	-	-	-	794,843	1,116,974
Other	18	2,050	-	-	-	2,068
Gross receivables	<u>1,253,040</u>	<u>306,635</u>	<u>103,692</u>	<u>172,388</u>	<u>794,843</u>	<u>2,630,598</u>
Less: allowance for uncollectibles	<u>149,361</u>	<u>-</u>	<u>10,369</u>	<u>-</u>	<u>141,110</u>	<u>300,840</u>
Net total receivables	<u>\$ 1,103,679</u>	<u>\$ 306,635</u>	<u>\$ 93,323</u>	<u>\$ 172,388</u>	<u>\$ 653,733</u>	<u>\$ 2,329,758</u>

## **Capital Assets**

Capital asset activity for the year ended September 30, 2015, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Government activities:				
Capital assets, not being depreciated:				
Land	\$ 8,467,279	\$ 86,361	\$ -	\$ 8,553,640
Construction in progress	<u>1,252,187</u>	<u>-</u>	<u>(1,252,187)</u>	<u>-</u>
Total assets not being depreciated	<u>9,719,466</u>	<u>86,361</u>	<u>(1,252,187)</u>	<u>8,553,640</u>
Capital assets, being depreciated:				
Buildings and improvements	50,232,361	1,753,777	-	51,986,138
Machinery and equipment	<u>6,533,603</u>	<u>86,306</u>	<u>-</u>	<u>6,619,909</u>
Total capital assets being depreciated	<u>56,765,964</u>	<u>1,840,083</u>	<u>-</u>	<u>58,606,047</u>
Less accumulated depreciation:				
Buildings and improvements	(22,356,936)	(2,944,439)	-	(25,301,375)
Machinery and equipment	<u>(6,069,091)</u>	<u>(262,433)</u>	<u>-</u>	<u>(6,331,524)</u>
Total accumulated depreciation	<u>(28,426,027)</u>	<u>(3,206,872)</u>	<u>-</u>	<u>(31,632,899)</u>
Total capital assets being depreciated, net	<u>28,339,937</u>	<u>(1,366,789)</u>	<u>-</u>	<u>26,973,148</u>
Governmental activities capital assets, net	<u>\$ 38,059,403</u>	<u>\$(1,280,428)</u>	<u>\$(1,252,187)</u>	<u>\$ 35,526,788</u>

Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 681,006	\$ -	\$ -	\$ 681,006
Construction in progress	1,894,490	-	(1,894,490)	-
Total assets not being depreciated	<u>2,575,496</u>	<u>-</u>	<u>(1,894,490)</u>	<u>681,006</u>
Capital assets, being depreciated:				
Buildings and improvements	51,006,882	4,442,156	-	55,449,038
Machinery and equipment	1,152,175	-	-	1,152,175
Total capital assets being depreciated	<u>52,159,057</u>	<u>4,442,156</u>	<u>-</u>	<u>56,601,213</u>
Less accumulated depreciation:				
Buildings and improvements	(17,775,045)	(2,028,978)	-	(19,804,023)
Machinery and equipment	(1,069,161)	(32,343)	-	(1,101,504)
Total accumulated depreciation	<u>(18,844,206)</u>	<u>(2,061,321)</u>	<u>-</u>	<u>(20,905,527)</u>
Total capital assets being depreciated, net	<u>33,314,851</u>	<u>2,380,835</u>	<u>-</u>	<u>35,695,686</u>
Business-type activities capital assets, net	<u>\$ 35,890,347</u>	<u>\$ 2,380,835</u>	<u>\$(1,894,490)</u>	<u>\$ 36,376,692</u>

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

Governmental activities:	
General government	\$ 643,876
Public safety	216,657
Public works	2,206,538
Culture and recreation	139,801
Total depreciation expense - governmental activities	<u>\$ 3,206,872</u>
Business-type activities:	
Water and utility	<u>\$ 2,061,321</u>
Total depreciation expense - business-type activities	<u>\$ 2,061,321</u>

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

The composition of interfund balances as of September 30, 2015 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Debt service	\$ 51,237
General	Nonmajor governmental	277,795
General	Water and utility	827,876
Nonmajor governmental	Water and utility	241,237
General improvements	Water and utility	800,680
Total		<u>\$ 2,198,825</u>

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

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

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
General	Water and utility	\$ 375,000
Debt service	General	70,000
Debt service	Nonmajor governmental	148,230
Water and utility	Debt Service	200,000
Water and utility	Economic Development Corporation	230,000
Water and utility	Nonmajor governmental	92,745
Nonmajor governmental	General	17,117
Nonmajor governmental	Nonmajor governmental	10,000
Nonmajor governmental	Water and utility	10,000
Internal service	Economic Development Corporation	25,000
Total		<u>\$ 1,178,092</u>

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

**Deferred Inflows of Resources**

The amounts deferred and recognized as an inflow of resources reported in the governmental funds in the period that amounts become available at September 30, 2015 were as follows:

	<u>Unavailable</u>
General fund:	
Delinquent property taxes receivable	\$ 1,066
Municipal court receivable	<u>78,751</u>
Total general fund	<u>79,817</u>
Debt service fund:	
Delinquent property taxes receivable	<u>88,358</u>
Total debt service fund	<u>88,358</u>
Total governmental funds	<u>\$ 168,175</u>
Water and utility fund:	
Deferred inflow related to pensions	<u>\$ 1,566</u>
Governmental activities:	
Deferred inflow related to pensions	<u>\$ 8,331</u>

**Long-term Debt**

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

## Bonds Payable and Tax Notes

A summary of the terms of general obligation, revenue, combination tax and revenue bonds, and tax notes outstanding and their corresponding allocations to the governmental and business-type activities at September 30, 201520152015, follows:

Series and Original Issue Amount	Final Maturity	Interest Rate	Governmental Activities	Business-type Activities
<b>General Obligation Bonds</b>				
2007 Series	2030	4% - 5%	\$ 5,630,000	\$ 7,400,000
2011 Series	2031	2% - 4%	2,265,000	625,000
			<u>7,895,000</u>	<u>8,025,000</u>
<b>General Obligation Refunding Bond</b>				
2010 Series	2015	1.75% - 3.05%	-	-
2011 Series	2020	2.10%	990,000	-
2012 Series	2023	3%	2,115,000	-
2013 Series	2034	3.75%-4.5%	3,065,000	-
2014 Series	2030		-	5,405,000
			<u>6,170,000</u>	<u>5,405,000</u>
<b>Combination Tax and Revenue Bonds</b>				
2006 Series	2021	4.25%	930,000	-
2008 Series	2028	4% - 4.6%	7,855,000	-
2010 Series	2032	1% - 5%	6,220,000	-
2013 Series	2033	2 - 4%	-	3,355,000
2014 Series	2034	2 - 4%	2,950,000	985,000
			<u>17,955,000</u>	<u>4,340,000</u>
<b>Sales Tax Revenue Bonds</b>				
2012 Series	2018	2.72%	925,000	-
2014 Series	2027	4.12%	3,790,000	-
			<u>4,715,000</u>	<u>-</u>
Total Bonds			<u>\$ 36,735,000</u>	<u>\$ 17,770,000</u>

Annual debt service requirements for bonds are as follows:

Year Ending September 30,	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2016	\$ 2,695,000	\$ 1,186,753	\$ 815,000	\$ 1,356,565
2017	2,778,750	1,114,165	846,250	1,303,206
2018	2,863,750	1,037,134	881,250	1,242,011
2019	2,627,500	956,401	912,500	1,176,582
2020	2,571,250	882,450	948,750	1,107,097
2021 - 2025	12,712,500	3,186,645	5,347,500	4,313,825
2026 - 2030	8,358,750	1,100,598	6,991,250	1,749,197
2031 - 2035	<u>2,127,500</u>	<u>128,375</u>	<u>1,027,500</u>	<u>104,155</u>
Total	<u>\$ 36,735,000</u>	<u>\$ 9,592,521</u>	<u>\$ 17,770,000</u>	<u>\$ 12,352,638</u>

## 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, 2015, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental activities</b>					
General obligation bonds	\$ 27,035,000	\$ -	\$ 1,185,000	\$ 25,850,000	\$ 1,470,000
General obligation refunding bond	7,060,000	-	890,000	6,170,000	680,000
Sales tax revenue bond	4,000,000	-	210,000	3,790,000	245,000
Sales tax revenue refunding bond	1,220,000	-	295,000	925,000	300,000
Premium from issuance of bonds	611,836	-	53,203	558,633	-
Compensated absences	728,778	52,649	-	781,427	195,357
OPEB net pension obligation	168,093	46,982	-	215,075	-
Governmental activities long-term liabilities	<u>\$ 40,823,707</u>	<u>\$ 99,631</u>	<u>\$ 2,633,203</u>	<u>\$ 38,290,135</u>	<u>\$ 2,890,357</u>
<b>Business-type activities</b>					
Tax and revenue bonds	\$ 18,530,000	\$ 5,405,000	\$ 6,165,000	\$ 17,770,000	\$ 815,000
Premium from issuance of bonds	201,462	601,600	208,800	594,262	-
Compensated absences	290,367	-	48,491	241,876	60,469
OPEB net pension obligation	37,703	-	18,726	18,977	-
Business-type activities long-term liabilities	<u>\$ 19,059,532</u>	<u>\$ 6,006,600</u>	<u>\$ 6,441,017</u>	<u>\$ 18,625,115</u>	<u>\$ 875,469</u>

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

## 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, 2015, governmental fund balance is composed of the following:

<u>Fund Balance Classification</u>	<u>General</u>	<u>Economic Development Corporation</u>	<u>Debt Service</u>	<u>General Improvements</u>	<u>Other Governmental</u>	<u>Totals</u>
Nonspendable:						
Prepaid items	\$ 15,681	\$ -	\$ -	\$ -	\$ -	\$ 15,681
Restricted:						
Capital acquisition and construction	-	-	-	4,347,811	21,200	4,369,011
Tourism activities	-	-	-	-	407,351	407,351
Public safety	-	-	-	-	9,109	9,109
Building security	-	-	-	-	43,930	43,930
Economic development	-	2,089,025	-	-	-	2,089,025
Police forfeiture	-	-	-	-	136,678	136,678
Red Light Camera Enforce	-	-	-	-	-	-
Debt service	-	-	70,234	-	-	70,234
Unassigned	<u>1,501,853</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>( 242,145)</u>	<u>1,259,708</u>
Total governmental fund balance	<u>\$ 1,517,534</u>	<u>\$ 2,089,025</u>	<u>\$ 70,234</u>	<u>\$ 4,347,811</u>	<u>\$ 376,123</u>	<u>\$ 8,400,727</u>

## **Defined Benefit Pension Policies**

**Plan Descriptions.** The City participates as one of 860 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agency multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Sections 401(a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at [www.tmrs.org](http://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.

***Employees covered by benefit terms***

At the December 31, 2014 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	61
Inactive employees entitled to but not yet receiving benefits	56
Active employees	<u>105</u>
	<u><u>222</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 actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

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 4.52% and 4.92% in calendar years 2014 and 2015, respectively. The city’s contributions to TMRS for the year ended September 30, 2015, were \$269,784, and were equal to the required contributions.

**Net Pension Liability.** The city’s Net Pension Liability (NPL) was measured as of December 31, 2014, 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, 2014 actuarial valuation was determined using the following actuarial assumptions:

Inflation	3.0% per year
Overall payroll growth	3.50% to 12.00% including inflation
Investment Rate of Return	7.00%

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Table, 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 Disabled Retiree Mortality Table is used, with slight adjustments.

Actuarial assumptions used in the December 31, 2014 valuation were based on the results of actuarial experience studies. The experience study in TMRS was for the period January 1, 2006 through December 31, 2009, first used in the December 31, 2010 valuation. Healthy post-retirement mortality rates and annuity purchase rates were updated based on a Mortality Experience Investigation Study covering the 2009 through 2011, and the dated December 31, 2013. These assumptions were first used in the December 31, 2013 valuation, along with a change to the Entry Age Normal (EAN) actuarial cost method. Assumptions are reviewed annually. No additional changes were made for the 2014 valuation.

The long-term expected rate of return on pension plan investments is 7.0%. The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the TMRS Board of Trustees. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates return for each major assets class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Domestic Equity	17.5%	4.80%
International Equity	17.5%	6.05%
Core Fixed Income	30.0%	1.50%
Non-Core Fixed Income	10.0%	3.50%
Real Return	5.0%	1.75%
Real Estate	10.0%	5.25%
Absolute Return	5.0%	4.25%
Private Equity	5.0%	8.50%
Total	100.0%	

### ***Discount Rate***

The discount rate used to measure the Total Pension Liability was 7.0%. 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*

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Balance at 12/31/2013	\$ 16,002,799	\$ 17,313,215	\$( 1,310,416)
Changes for the year:			
Service cost	621,054	-	621,054
Interest	1,123,420	-	1,123,420
Difference between expected and actual experience	( 12,961)	-	( 12,961)
Contributions - employer	-	259,082	( 259,082)
Contributions - employee	-	395,979	( 395,979)
Net investment income	-	990,420	( 990,420)
Benefit payments, including refunds of employee contributions	( 528,946)	( 528,946)	-
Administrative expense	-	( 10,340)	10,340
Other changes	-	( 850)	850
Net changes	<u>1,202,567</u>	<u>1,105,345</u>	<u>97,222</u>
Balance at 12/31/2014	<u>\$ 17,205,366</u>	<u>\$ 18,418,560</u>	<u>\$( 1,213,194)</u>

The following presents the net pension liability of the City, calculated using the discount rate of 7.0%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.0%) of 1-percentage-higher (8.0%) than the current rate:

	1% Decrease in Discount Rate (6.0%)	Discount Rate (7.0%)	1% Increase in Discount Rate (8.0%)
	City's net pension liability	\$ 1,168,509	\$( 1,213,194)

### *Pension Plan Fiduciary Net Position*

Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TMRS financial report. The report may be obtained on the Internet at [www.tmr.org](http://www.tmr.org).

**Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions.** For the year ended September 30, 2015, the City recognized pension expense of \$188,997.

At September 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$ -	\$ 9,897
Difference between projected and actual investment earnings	177,204	-
Contributions subsequent to the measurement date	<u>182,950</u>	<u>-</u>
Total	<u>\$ 360,154</u>	<u>\$ 9,897</u>

\$182,950 reported as deferred outflows of resources related to pension resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2006. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expenses as follows:

<u>For the year ended September 30,</u>		
2016	\$	41,237
2017		41,237
2018		41,237
2019		43,596

### **Subsequent Event**

Pursuant to TMRS policy of conducting experience studies every four years, the TMRS Board at their July 31, 2015 meeting determined that they would be changing certain actuarial assumptions including reducing the long term expected rate of return from the current 7% to 6.75% and changing the inflation assumption from 3% to 2.5%. Reduction of expected investment return and related discount rate will increase projected pension liabilities. Reducing the inflation assumption reduces liabilities as future annuity levels and future cost of living adjustments are not projected to be a large as originally projected. While the actual impact on the City's valuation for December 31, 2015 is not known the City does expect some downward pressure on its funded status and upward pressure on its 2017 actuarially determined contribution (ADC) due to this change.

### **Other Postemployment Benefits**

#### **Postemployment Benefits Other than Pension Benefits**

The City provides certain health care benefits through a single-employer defined benefit OPEB, for all fulltime employees in an eligible class.

## Plan Participants

Employees who have retired under the City's established procedures whereby individual selection by the City or the employee to be included in a retiree classification is precluded, may continue coverage under this contract.

## Normal Retirement Benefits

At least 5 years of service credit and at least 60 years of age and currently enrolled in the health care policy, or 20 years of cumulative service credit at any age and currently enrolled in the health care policy.

## Early Retirement Benefits

Any qualified retiree defined by retirement benefits is eligible for retiree health benefits.

## Deferred Retirement Benefits

Members who terminate employment are not eligible for retiree health care benefits.

## Death-in-Service Retirement Benefits

If coverage terminates as the result of an employee's death, retirement, or divorce, a dependent's coverage can continue. The dependent must have been covered under the contract for at least one year, except in the case of a dependent who is an infant under one year of age. Continuation does not require evidence of insurability.

## Duty and Non-duty Death in Service Retirement Benefits

Retirees will have coverage utilizing the same benefits and rates as all other employees.

## Duty and Non-duty Death Disabled Retirement Benefits

Retirees will have coverage utilizing the same benefits and rates as all other employees.

## Benefits for Spouses of Retired Employees

Continuation under this provision will not apply if continuation is required under the Consolidated Omnibus Budget Reconciliation Act of 1985. In addition, continuation is not available when coverage terminates due to any of these circumstances:

1. The contract is canceled; or
2. The dependent fails to make any timely premium payments.

Continuation ends after the earliest of the following:

1. The third anniversary of the severance of the family relationship or the retirement or death of the subscriber;

2. The insured fails to make premium payments within the time required to make the payments;
3. The insured becomes eligible for substantially similar coverage under another plan or program, including a group health insurance policy or contract, hospital, or medical service subscriber contract, or medical practice or other prepayment plan; or
4. The contract is canceled.

#### Non-Medicare and Medicare – Eligible Provisions

##### *Loss of Coverage*

If coverage terminates as the result of termination (other than for gross misconduct) or reduction of employment hours, then the participant may elect to continue coverage for eighteen (18) months from the date coverage would otherwise cease.

A covered dependent may elect to continue coverage for thirty-six (36) months from the date coverage would otherwise cease if coverage terminates as the result of:

1. divorce from the covered employee;
2. death of the covered employee;
3. the covered employee becomes eligible for Medicare; or
4. a covered dependent child no longer meets the dependent eligibility requirements.

#### Retiree Opt-out

Retirees who decide to opt-out of the health care plan will not be able to opt back in, even when coverage from another entity ceases. There is no additional stipend provided for those who opt out of retiree health care.

## Funding Policy and Annual OPEB Cost

The City's annual other postemployment benefits (OPEB) cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameter of GASB Statement No. 45. The ARC represents a level of accrual that is projected to recognize the normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The City does not issue separate financial statements for the plan and the City has not established a trust to fund the plan. The City's annual OPEB cost for the fiscal year ended September 30, 2015, is as follows:

Annual required contribution	\$ 27,575
Interest on OPEB obligation	9,261
Adjustment to the ARC	<u>( 8,580)</u>
Annual OPEB cost (expense) end of year	28,256
Net estimated employer contributions	<u>-</u>
Increase in net OPEB obligation	28,256
Net OPEB obligation - as of beginning of year	<u>205,797</u>
Net OPEB obligation (asset) as of end of year	<u><u>\$ 234,053</u></u>

## Funding Status and Funding Progress

The funded status of the City's retiree health care plan, under GASB Statement No. 45 as of September 30, 2015, is as follows:

Actuarial Valuation Date as of December 31,	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b) (a/b)	Covered Payroll	Unfunded Actuary Accrued Liability as a Percentage of Covered Payroll
2014	\$ -	\$ 174,939	\$ 174,939	- %	\$ 5,447,095	3.21%

Under the reporting parameters, the City's retiree health care plan is 0% funded with an estimated actuarial accrued liability exceeding actuarial assets by \$174,939 at September 30, 2015.

## Actuarial Methods and Assumptions

The Projected Unit Credit actuarial cost method is used to calculate the GASB ARC for the City's retiree health care plan. Using the plan benefits, the present health premiums and a set of actuarial assumptions, the anticipated future payments are projected. The projected unit credit method then provides for a systematic recognition of the cost of these anticipated payments. The yearly ARC is computed to cover the cost of benefits being earned by covered members as well as to amortize a portion of the unfunded accrued liability.

Projections of health benefits are based on the plan as understood by the City and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the City and the City's employees to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Significant methods and assumptions were as follows:

### Actuarial Methods and Assumptions

Inflation Rate	3.0% per annum
Investment rate of return	4.5% per annum, net of expenses
Actuarial cost method	Projected Unit Credit Cost Method
Amortization method	Level as a percentage of payroll
Amortization period	30 years; open amortization
Payroll growth rate	3.0% per annum
Medical trend	Initial rate of 7.0%, declining to an ultimate rate of 4.5% after 13 years

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status and the annual required contributions of the City's retiree health care plan are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The required schedule of funding progress presented as required supplementary information provides multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Fiscal Year Ended (1)	Employer Annual Required Contribution (2)	Employer Amount Contributed (estimate) (3)	Interest on NOO (9) x 4.5% (4)	ARC Adjustment (9) / (6) (5)	Amortization Factor (6)	OPEB Cost (2)+(4)-(5) (7)	Change in NOO (7) - (3) (8)	NOO Balance NOO + (8) (9)
09/30/13	\$ 23,777	\$ 2,177	\$ 7,017	\$( 6,859)	24.16630	\$ 23,935	\$ 21,758	\$ 177,687
09/30/14	27,467	-	7,996	( 7,353)	24.16630	28,110	28,110	205,796
09/30/15	27,575	-	9,261	( 8,580)	23.98540	28,256	28,256	234,053

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the current year (4.5% discount rate, and level percent of pay amortization) follow:

Fiscal Year Ended	Annual OPEB Cost	Employer Contribution	Percentage Contributed	Net OPEB Obligation
09/30/13	\$ 23,935	\$ 2,177	9.10%	\$ 177,657
09/30/14	28,110	-	0%	205,796
09/30/14	28,256	-	0%	234,053

## Supplemental Death Benefits Fund

The City also participates in the cost sharing multiple-employer defined benefit group term life insurance plan operated by the Texas Municipal Retirement System (TMRS) known as the Supplemental Death Benefits Fund (SDBF). The City elected, by ordinance, to provide group term life insurance coverage to both current and retired employees. The City 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.

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); retired employees are insured for \$7,500; this coverage is an "other postemployment benefit," or OPEB.

City of Marble Falls offers supplemental death to:

	<u>Plan Year 2013</u>	<u>Plan Year 2014</u>	<u>Plan Year 2015</u>
Active employees	Yes	Yes	Yes
Retirees	Yes	Yes	Yes

## Contributions

The City contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. 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 pre-fund retiree term life insurance during employees' entire careers.

The City's contributions to the TMRS SDBF for the years ended 2015, 2014 and 2013, were \$8,901, \$12,772 and \$12, 443, respectively, which equaled the required contributions each year.

<u>Schedule of Contribution Rates</u>			
<u>Accounting Year Ending</u>	<u>Annual Required Contribution (Rate)</u>	<u>Actual Contribution Made (Rate)</u>	<u>Percentage of ARC Contributed</u>
09/30/13	0.16%	0.16%	100%
09/30/14	0.17%	0.17%	100%
09/30/15	0.17%	0.17%	100%

## 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.

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**REQUIRED  
SUPPLEMENTARY INFORMATION**

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**CITY OF MARBLE FALLS, TEXAS**

**SCHEDULE OF CHANGES IN NET PENSION LIABILITY  
AND RELATED RATIOS**

**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

<b>Plan Year</b>	<u><b>2014</b></u>
<b>A. Total pension liability</b>	
Service Cost	\$ 621,054
Interest (on the Total Pension Liability)	1,123,420
Actuarial determined contribution	-
Difference between expected and actual experience	( 12,961)
Contributions in relation to the actuarially determined contribution	-
Benefit payments, including refunds of employee contributions	( 528,946)
Net change in total pension liability	1,202,567
Total pension liability - beginning	<u>16,002,799</u>
Total pension liability - ending (a)	<u><u>\$ 17,205,366</u></u>
<b>B. Plan fiduciary net position</b>	
Contributions - Employer	\$ 259,082
Contributions - Employee	395,979
Net Investment Income	990,420
Benefit payments, including refunds of employee contributions	( 528,946)
Administrative Expenses	( 10,340)
Other	<u>( 850)</u>
Net change in plan fiduciary net position	1,105,345
Plan fiduciary net position - beginning	<u>17,313,215</u>
Plan fiduciary net position - ending (b)	<u><u>\$ 18,418,560</u></u>
<b>C. Net pension liability - ending (a) - (b)</b>	<u><u>\$( 1,213,194)</u></u>
<b>D. Plan fiduciary net position as a percentage of total pension liability</b>	107.05%
<b>E. Covered employee payroll</b>	\$ 5,656,837
<b>F. Net position liability as a percentage of covered employee payroll</b>	-21.45%

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**CITY OF MARBLE FALLS, TEXAS**  
**SCHEDULE OF CONTRIBUTIONS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

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

**NOTES TO SCHEDULE OF CONTRIBUTIONS**

**Valuation Date:**

Notes 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	25 years
Asset Valuation Method	10 Year smoothed market; 15% soft corridor
Inflation	3.00%
Salary Increases	3.50% to 12.00% including inflation
Investment Rate of Return	7.00%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2010 valuation pursuant to an experience study of the period 2005-2009.
Mortality	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis of with BB.

**Other Information:**

Notes There were no benefit changes during the year.

**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, 2015**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUE</b>				
Property taxes	\$ 1,420,500	\$ 1,420,500	\$ 1,394,158	\$( 26,342)
Sales taxes	5,461,756	5,461,756	5,577,124	115,368
Franchise taxes	590,000	590,000	595,443	5,443
Mixed beverage taxes	36,000	36,000	47,303	11,303
Fines and forfeitures	183,500	183,500	158,446	( 25,054)
Permits and fees	314,565	314,565	306,348	( 8,217)
Intergovernmental	187,600	187,600	194,835	7,235
Interest on investments	4,100	4,100	2,364	( 1,736)
Other	89,300	89,300	151,999	62,699
Total revenues	<u>8,287,321</u>	<u>8,287,321</u>	<u>8,428,020</u>	<u>140,699</u>
<b>EXPENDITURES</b>				
<b>GENERAL GOVERNMENT</b>				
Administration:				
Personnel services	422,700	422,700	413,455	9,245
Supplies	49,480	49,480	52,682	( 3,202)
Maintenance	31,800	31,800	16,441	15,359
Purchased and contracted services	298,527	298,527	275,952	22,575
Other services and charges	37,500	37,500	70,904	( 33,404)
Total administration	<u>840,007</u>	<u>840,007</u>	<u>829,434</u>	<u>10,573</u>
Finance:				
Personnel services	300,980	300,980	304,860	( 3,880)
Supplies	14,200	14,200	12,171	2,029
Maintenance	23,000	23,000	24,084	( 1,084)
Purchased and contracted services	34,750	34,750	32,705	2,045
Other services and charges	3,800	3,800	6,359	( 2,559)
Total finance	<u>376,730</u>	<u>376,730</u>	<u>380,179</u>	<u>( 3,449)</u>
Human resources:				
Personnel services	58,340	58,340	60,373	( 2,033)
Supplies	10,985	10,985	7,950	3,035
Maintenance	3,400	3,400	4,780	( 1,380)
Purchased and contracted services	34,324	34,324	37,096	( 2,772)
Other services and charges	20,350	20,350	17,409	2,941
Total human resources	<u>127,399</u>	<u>127,399</u>	<u>127,608</u>	<u>( 209)</u>

**CITY OF MARBLE FALLS, TEXAS**

**GENERAL FUND**

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

**(Continued)**

**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget - Positive (Negative)
<b>EXPENDITURES (Continued)</b>				
<b>GENERAL GOVERNMENT (Continued)</b>				
Mayor and City Council:				
Personnel services	\$ 1,400	\$ 1,400	\$ 1,352	\$ 48
Other services and charges	10,000	10,000	16,682	( 6,682)
Total Mayor and City Council	11,400	11,400	18,034	( 6,634)
Non-departmental:				
Purchased and contracted services	-	135,680	135,680	-
Other services and charges	25,000	25,000	25,000	-
Total non-departmental	25,000	160,680	160,680	-
Total general government	1,380,536	1,516,216	1,515,935	281
<b>PUBLIC SAFETY</b>				
Court:				
Personnel services	123,820	123,820	126,463	( 2,643)
Supplies	1,360	1,360	1,504	( 144)
Purchased and contracted services	24,950	24,950	24,608	342
Other services and charges	13,625	13,625	17,896	( 4,271)
Total court	163,755	163,755	170,471	( 6,716)
Police department:				
Personnel services	2,351,600	2,351,600	2,402,801	( 51,201)
Supplies	163,550	163,550	118,673	44,877
Maintenance	205,900	205,900	210,206	( 4,306)
Purchased and contracted services	140,225	140,225	131,748	8,477
Other operating	35,500	35,500	35,849	( 349)
Total police department	2,896,775	2,896,775	2,899,277	( 2,502)

**CITY OF MARBLE FALLS, TEXAS**

**GENERAL FUND**

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

**(Continued)**

**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget - Positive (Negative)
<b>EXPENDITURES (Continued)</b>				
<b>PUBLIC SAFETY (Continued)</b>				
Fire department:				
Personnel services	\$ 1,178,050	\$ 1,178,050	\$ 1,168,496	\$ 9,554
Supplies	80,395	80,395	66,756	13,639
Maintenance	43,650	43,650	42,469	1,181
Purchased and contracted services	48,679	48,679	51,913	( 3,234)
Other operating	<u>33,675</u>	<u>33,675</u>	<u>36,077</u>	<u>( 2,402)</u>
Total fire department	<u>1,384,449</u>	<u>1,384,449</u>	<u>1,365,711</u>	<u>18,738</u>
Code enforcement:				
Personnel services	523,100	523,100	536,998	( 13,898)
Supplies	40,910	40,910	30,763	10,147
Repairs and maintenance	11,600	11,600	11,309	291
Purchased and contracted services	30,950	30,950	26,851	4,099
Other services and charges	<u>14,800</u>	<u>14,800</u>	<u>24,683</u>	<u>( 9,883)</u>
Total code enforcement	<u>621,360</u>	<u>621,360</u>	<u>630,604</u>	<u>( 9,244)</u>
Total public safety	<u>5,066,339</u>	<u>5,066,339</u>	<u>5,066,063</u>	<u>276</u>
<b>PUBLIC WORKS</b>				
Streets:				
Personnel services	694,900	694,900	670,600	24,300
Supplies	63,400	63,400	54,099	9,301
Maintenance	148,700	148,700	156,672	( 7,972)
Purchased and contracted services	130,372	130,372	124,623	5,749
Other services and charges	<u>1,225</u>	<u>1,225</u>	<u>879</u>	<u>346</u>
Total streets	<u>1,038,597</u>	<u>1,038,597</u>	<u>1,006,873</u>	<u>31,724</u>
Total public works	<u>1,038,597</u>	<u>1,038,597</u>	<u>1,006,873</u>	<u>31,724</u>

**CITY OF MARBLE FALLS, TEXAS**

**GENERAL FUND**

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

(Continued)

**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget -</u>
				<u>Positive</u>
				<u>(Negative)</u>
<b>EXPENDITURES (Continued)</b>				
<b>CULTURE AND RECREATION</b>				
Parks and recreation:				
Personnel services	\$ 504,250	\$ 504,250	\$ 505,072	\$( 822)
Supplies	53,720	53,720	39,814	13,906
Maintenance	74,600	74,600	80,354	( 5,754)
Purchased and contracted services	92,230	92,230	80,932	11,298
Other services and charges	<u>5,600</u>	<u>5,600</u>	<u>7,259</u>	<u>( 1,659)</u>
Total parks and recreation	<u>730,400</u>	<u>730,400</u>	<u>713,431</u>	<u>16,969</u>
Cemetery:				
Maintenance	2,500	2,500	1,957	543
Purchased and contracted services	<u>1,000</u>	<u>1,000</u>	<u>537</u>	<u>463</u>
Total cemetery	<u>3,500</u>	<u>3,500</u>	<u>2,494</u>	<u>1,006</u>
Total culture and recreation	<u>733,900</u>	<u>733,900</u>	<u>715,925</u>	<u>17,975</u>
<b>CAPITAL OUTLAY</b>	<u>187,174</u>	<u>187,174</u>	<u>193,822</u>	<u>( 6,648)</u>
Total expenditures	<u>8,406,546</u>	<u>8,542,226</u>	<u>8,498,618</u>	<u>43,608</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>( 119,225)</u>	<u>( 254,905)</u>	<u>( 70,598)</u>	<u>184,307</u>
<b>OTHER FINANCING SOURCES</b>				
Transfers in	500,000	500,000	375,000	( 125,000)
Transfers out	( 91,900)	( 91,900)	( 87,117)	4,783
Proceeds from sale of capital assets	<u>7,000</u>	<u>7,000</u>	<u>3,306</u>	<u>( 3,694)</u>
Total other financing sources	<u>415,100</u>	<u>415,100</u>	<u>291,189</u>	<u>( 123,911)</u>
<b>NET CHANGE IN FUND BALANCE</b>	295,875	160,195	220,591	60,396
<b>FUND BALANCE, BEGINNING</b>	<u>1,296,943</u>	<u>1,296,943</u>	<u>1,296,943</u>	<u>-</u>
<b>FUND BALANCE, ENDING</b>	<u>\$ 1,592,818</u>	<u>\$ 1,457,138</u>	<u>\$ 1,517,534</u>	<u>\$ 60,396</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, 2015**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget - Positive (Negative)
<b>REVENUES</b>				
Sales taxes	\$ 1,796,252	\$ 1,796,252	\$ 1,859,042	\$ 62,790
Interest on investments	3,700	3,700	3,486	( 214)
Permits and fees	<u>55,000</u>	<u>55,000</u>	<u>52,183</u>	<u>( 2,817)</u>
Total revenues	<u>1,854,952</u>	<u>1,854,952</u>	<u>1,914,711</u>	<u>59,759</u>
<b>EXPENDITURES</b>				
Current:				
Personnel services	199,010	199,010	197,327	1,683
Supplies	9,500	9,500	5,252	4,248
Maintenance	36,340	36,340	25,482	10,858
Purchased and contracted services	1,590,400	1,590,400	1,460,771	129,629
Other services and charges	190,500	190,500	145,437	45,063
Capital outlay	715,033	715,033	150,830	564,203
Debt service				
Principal	505,000	505,000	505,000	-
Interest	<u>221,331</u>	<u>221,331</u>	<u>221,331</u>	<u>-</u>
Total expenditures	<u>3,467,114</u>	<u>3,467,114</u>	<u>2,711,430</u>	<u>755,684</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<u>( 1,612,162)</u>	<u>( 1,612,162)</u>	<u>( 796,719)</u>	<u>815,443</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of capital assets	78,000	78,000	77,265	( 735)
Transfers out	<u>( 255,000)</u>	<u>( 255,000)</u>	<u>( 255,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>( 177,000)</u>	<u>( 177,000)</u>	<u>( 177,735)</u>	<u>( 735)</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>( 1,789,162)</u>	<u>( 1,789,162)</u>	<u>( 974,454)</u>	<u>814,708</u>
<b>FUND BALANCE, BEGINNING</b>	<u>3,063,479</u>	<u>3,063,479</u>	<u>3,063,479</u>	<u>-</u>
<b>FUND BALANCE, ENDING</b>	<u>\$ 1,274,317</u>	<u>\$ 1,274,317</u>	<u>\$ 2,089,025</u>	<u>\$ 814,708</u>

## **CITY OF MARBLE FALLS, TEXAS**

### **NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

#### **FOR THE YEAR ENDED SEPTEMBER 30, 2015**

#### **Budgetary Information**

Annual appropriated budgets are legally adopted for the General Fund, Hotel/Motel Tax, Police Forfeiture, Economic Development Corporation, and Debt Service Funds on a basis consistent with generally accepted accounting principles. An annual non-appropriated budget is adopted for the City's Water and Utility Enterprise Fund on a non-GAAP basis for managerial control. Project length budgets are adopted for General Improvements, Capital Projects, Trunked Radio System, Amy Young Barrier Grant, Building Security, and Texas Community Development Program Funds and 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.

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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.

***2006 TCDP Grant (Texas Community Development Program)*** – to account for the financing sources and expenditures related to continued water and wastewater improvements and street and drainage for Avenue T.

***Flood Buy Back Fund*** – to account for the financing sources and expenditures related to the purchase of properties within flood areas.

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

***Amy Young Grant Fund*** – to account for the home improvements funded by the Amy Young Barrier Removal Grant.

***CDBG 2009 Avenue U (Community Development Block Program)*** – to account for the financing sources and expenditures related to improvements made to Avenue U.

***CDBG 2012 Sewer Project*** – to account for the financing sources and expenditures related to improvements made to the City’s Sewer System.

***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.

## **CAPITAL PROJECTS FUND**

***Parks Improvement Fund*** – to account for the financing sources and expenditures related to the Parks Improvement project.

***2007 Flood Disaster Fund*** – to account for all activities related to the June 27, 2007, flood disaster.

**CITY OF MARBLE FALLS, TEXAS**

**COMBINING BALANCE SHEET**

**NONMAJOR GOVERNMENTAL FUNDS**

**SEPTEMBER 30, 2015**

	<u>Special Revenue</u>		
	<u>Hotel/Motel Tax</u>	<u>Police Forfeiture</u>	<u>Trunked Radio System</u>
<b>ASSETS</b>			
Cash and investments	\$ 726	\$ 136,678	\$ 9,109
Other taxes receivable	172,388	-	-
Due from other funds	<u>241,237</u>	<u>-</u>	<u>-</u>
Total assets	<u>414,351</u>	<u>136,678</u>	<u>9,109</u>
<b>LIABILITIES</b>			
Accounts payable	7,000	-	-
Due to other funds	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>7,000</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>			
Restricted	407,351	136,678	9,109
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>407,351</u>	<u>136,678</u>	<u>9,109</u>
Total liabilities and fund balances	<u>\$ 414,351</u>	<u>\$ 136,678</u>	<u>\$ 9,109</u>

Special Revenue

2006 TCDP Grant	Flood Buy Back	Impact Fee Fund	Amy Young Barrier Grant	CDBG 2009 Avenue U	CDBG 2012 Sewer Project	Building Security Fund
\$ -	\$ 6	\$ 1,964	\$ -	\$ 1,500	\$ 4,023	\$ 43,930
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	6	1,964	-	1,500	4,023	43,930
-	-	-	18,399	-	-	-
26,743	181	-	-	-	-	-
26,743	181	-	18,399	-	-	-
-	-	1,964	-	1,500	4,023	43,930
( 26,743)	( 175)	-	( 18,399)	-	-	-
( 26,743)	( 175)	1,964	( 18,399)	1,500	4,023	43,930
<u>\$ -</u>	<u>\$ 6</u>	<u>\$ 1,964</u>	<u>\$ -</u>	<u>\$ 1,500</u>	<u>\$ 4,023</u>	<u>\$ 43,930</u>

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**CITY OF MARBLE FALLS, TEXAS**

**COMBINING BALANCE SHEET**

**NONMAJOR GOVERNMENTAL FUNDS**

**(Continued)**

**SEPTEMBER 30, 2015**

	Capital Projects		
	Parks Improvement	2007 Flood Disaster	Total Nonmajor Governmental Funds
<b>ASSETS</b>			
Cash and investments	\$ 77,756	\$ -	\$ 275,692
Other taxes receivable	-	-	172,388
Due from other funds	-	-	241,237
	<u>77,756</u>	<u>-</u>	<u>689,317</u>
<b>LIABILITIES</b>			
Accounts payable	10,000	-	35,399
Due to other funds	54,043	196,828	277,795
Total liabilities	<u>64,043</u>	<u>196,828</u>	<u>313,194</u>
<b>FUND BALANCES</b>			
Restricted	13,713	-	618,268
Unassigned	-	( 196,828)	( 242,145)
Total fund balances	<u>13,713</u>	<u>( 196,828)</u>	<u>376,123</u>
Total liabilities and fund balances	<u>\$ 77,756</u>	<u>\$ -</u>	<u>\$ 689,317</u>

**CITY OF MARBLE FALLS, TEXAS**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES**

**NONMAJOR GOVERNMENTAL FUNDS**

**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

	Special Revenue		
	Hotel/Motel Tax	Police Forfeiture	Trunked Radio System
<b>REVENUES</b>			
Hotel/motel taxes	\$ 625,853	\$ -	\$ -
Fines and fees	-	1,988	-
Intergovernmental	527	-	32,048
Investment earnings	-	346	-
Total revenues	626,380	2,334	32,048
<b>EXPENDITURES</b>			
Current:			
General government	-	-	-
Public safety	-	6,793	29,446
Culture and recreation	358,632	-	-
Capital outlay	-	-	-
Total expenditures	358,632	6,793	29,446
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	267,748	( 4,459)	2,602
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	-	-	-
Transfers out	( 158,230)	-	-
Total other financing sources (uses)	( 158,230)	-	-
<b>NET CHANGE IN FUND BALANCES</b>	109,518	( 4,459)	2,602
<b>FUND BALANCES, BEGINNING</b>	297,833	141,137	6,507
<b>FUND BALANCES, ENDING</b>	\$ 407,351	\$ 136,678	\$ 9,109

Special Revenue

2006 TCDP Grant	Flood Buy Back	Impact Fee Fund	Amy Young Barrier Grant	CDBG 2009 Avenue U	CDBG 2012 Sewer Project	Building Security Fund
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	92,745	-	-	-	3,188
-	-	-	110,000	-	-	-
-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>92,745</u>	<u>110,000</u>	<u>-</u>	<u>-</u>	<u>3,188</u>
-	-	-	155,516	-	-	12,331
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>155,516</u>	<u>-</u>	<u>-</u>	<u>12,331</u>
<u>-</u>	<u>-</u>	<u>92,745</u>	<u>( 45,516)</u>	<u>-</u>	<u>-</u>	<u>( 9,143)</u>
-	-	-	27,117	-	-	-
<u>-</u>	<u>-</u>	<u>( 92,745)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>( 92,745)</u>	<u>27,117</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	( 18,399)	-	-	( 9,143)
<u>( 26,743)</u>	<u>( 175)</u>	<u>1,964</u>	<u>-</u>	<u>1,500</u>	<u>4,023</u>	<u>53,073</u>
<u><u>\$( 26,743)</u></u>	<u><u>\$( 175)</u></u>	<u><u>\$ 1,964</u></u>	<u><u>\$( 18,399)</u></u>	<u><u>\$ 1,500</u></u>	<u><u>\$ 4,023</u></u>	<u><u>\$ 43,930</u></u>

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**CITY OF MARBLE FALLS, TEXAS**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES**

**NONMAJOR GOVERNMENTAL FUNDS**

**(Continued)**

**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

	Capital Projects		
	Parks Improvement	2007 Flood Disaster	Total Nonmajor Governmental Funds
<b>REVENUES</b>			
Hotel/motel taxes	\$ -	\$ -	\$ 625,853
Fines and fees	-	-	97,921
Intergovernmental	-	-	142,575
Investment earnings	-	-	346
Total revenues	-	-	866,695
<b>EXPENDITURES</b>			
Current:			
General government	-	-	167,847
Public safety	-	-	36,239
Culture and recreation	-	-	358,632
Capital outlay	25,550	-	25,550
Total expenditures	25,550	-	588,268
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	( 25,550)	-	278,427
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	10,000	-	37,117
Transfers out	-	-	( 250,975)
Total other financing sources (uses)	10,000	-	( 213,858)
<b>NET CHANGE IN FUND BALANCES</b>	( 15,550)	-	64,569
<b>FUND BALANCES, BEGINNING</b>	29,263	( 196,828)	311,554
<b>FUND BALANCES, ENDING</b>	\$ 13,713	\$( 196,828)	\$ 376,123

**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, 2015**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Property taxes	\$ 3,181,000	\$ 3,181,000	\$ 3,120,734	\$( 60,266)
Investment earnings	<u>900</u>	<u>900</u>	<u>1,180</u>	<u>280</u>
Total revenues	<u>3,181,900</u>	<u>3,181,900</u>	<u>3,121,914</u>	<u>( 59,986)</u>
<b>EXPENDITURES</b>				
Debt service:				
Principal	2,075,000	2,075,000	2,075,000	-
Interest and fiscal charges	<u>1,275,251</u>	<u>1,275,251</u>	<u>1,320,008</u>	<u>( 44,757)</u>
Total expenditures	<u>3,350,251</u>	<u>3,350,251</u>	<u>3,395,008</u>	<u>( 44,757)</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>				
	<u>( 168,351)</u>	<u>( 168,351)</u>	<u>( 273,094)</u>	<u>( 104,743)</u>
<b>OTHER FINANCING SOURCES</b>				
Transfers in	218,230	218,230	218,230	-
Transfers out	<u>( 200,000)</u>	<u>( 200,000)</u>	<u>( 200,000)</u>	<u>-</u>
Total other financing sources	<u>218,230</u>	<u>218,230</u>	<u>18,230</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>				
	49,879	49,879	( 254,864)	( 304,743)
<b>FUND BALANCE, BEGINNING</b>				
	<u>325,098</u>	<u>325,098</u>	<u>325,098</u>	<u>-</u>
<b>FUND BALANCE, ENDING</b>				
	<u>\$ 374,977</u>	<u>\$ 374,977</u>	<u>\$ 70,234</u>	<u>\$( 304,743)</u>

**CITY OF MARBLE FALLS, TEXAS**

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

**HOTEL/MOTEL TAX FUND**

**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Hotel/motel taxes	\$ 475,000	\$ 475,000	\$ 625,853	\$ 150,853
Intergovernmental	25,000	25,000	527	24,473
Investment earnings	<u>100</u>	<u>100</u>	<u>-</u>	<u>( 100)</u>
Total revenues	<u>500,100</u>	<u>500,100</u>	<u>626,380</u>	<u>126,280</u>
<b>EXPENDITURES</b>				
Current:				
Services	-	-	142,500	( 142,500)
Other	264,833	264,833	209,632	55,201
Local assistance	<u>11,000</u>	<u>11,000</u>	<u>6,500</u>	<u>4,500</u>
Total expenditures	<u>275,833</u>	<u>275,833</u>	<u>358,632</u>	<u>( 82,799)</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>224,267</u>	<u>224,267</u>	<u>267,748</u>	<u>43,481</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	<u>( 158,230)</u>	<u>( 158,230)</u>	<u>( 158,230)</u>	<u>-</u>
Total other financing sources (uses)	<u>( 158,230)</u>	<u>( 158,230)</u>	<u>( 158,230)</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	66,037	66,037	109,518	43,481
<b>FUND BALANCE, BEGINNING</b>	<u>297,833</u>	<u>297,833</u>	<u>297,833</u>	<u>-</u>
<b>FUND BALANCE, ENDING</b>	<u>\$ 363,870</u>	<u>\$ 363,870</u>	<u>\$ 407,351</u>	<u>\$ 43,481</u>

**CITY OF MARBLE FALLS, TEXAS**

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

**POLICE FORFEITURE FUND**

**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Fines and fees	\$ -	\$ -	\$ 1,988	\$ 1,988
Investment earnings	<u>300</u>	<u>300</u>	<u>346</u>	<u>46</u>
Total revenues	<u>300</u>	<u>300</u>	<u>2,334</u>	<u>2,034</u>
<b>EXPENDITURES</b>				
Current:				
Supplies	20,000	20,000	2,960	17,040
Other services and charges	<u>5,000</u>	<u>5,000</u>	<u>3,833</u>	<u>1,167</u>
Total expenditures	<u>25,000</u>	<u>25,000</u>	<u>6,793</u>	<u>18,207</u>
<b>NET CHANGE IN FUND BALANCE</b>	( 24,700)	( 24,700)	( 4,459)	20,241
<b>FUND BALANCE, BEGINNING</b>	<u>141,137</u>	<u>141,137</u>	<u>141,137</u>	<u>-</u>
<b>FUND BALANCE, ENDING</b>	<u><u>\$ 116,437</u></u>	<u><u>\$ 116,437</u></u>	<u><u>\$ 136,678</u></u>	<u><u>\$ 20,241</u></u>

# **STATISTICAL SECTION**

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# **STATISTICAL SECTION**

## **(Unaudited)**

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

<b>Contents</b>	<b>Page</b>
Financial Trends These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	68
Revenue Capacity These schedules contain trend information to help the reader assess the City's most significant local revenue resource.	74
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.	79
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.	84
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.	86

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CITY OF MARBLE FALLS, TEXAS

NET POSITION BY COMPONENT

LAST NINE FISCAL YEARS

	2007	2008	2009	2010	2011	2012	2013	2014	2015
Governmental activities:									
Net investment in capital assets	\$ 17,635,811	\$ 19,645,964	\$ 21,720,097	\$ 19,625,996	\$ 7,531,537	\$ 8,371,582	\$ 5,516,779	\$ 5,047,808	\$ 1,772,013
Restricted	8,617,854	7,203,543	10,691,542	4,511,331	12,632,168	5,224,633	4,240,608	8,269,197	7,096,068
Unrestricted	( 5,061,095)	( 4,547,838)	( 9,264,275)	( 6,923,983)	( 3,770,556)	( 2,961,484)	553,652	( 4,094,506)	( 739,526)
Total governmental activities net position	<u>\$ 21,192,570</u>	<u>\$ 22,301,669</u>	<u>\$ 23,147,364</u>	<u>\$ 17,213,344</u>	<u>\$ 16,393,149</u>	<u>\$ 10,634,731</u>	<u>\$ 10,311,039</u>	<u>\$ 9,222,499</u>	<u>\$ 8,128,555</u>
Business-type activities:									
Net investment in capital assets	\$ 10,128,701	\$ 10,349,991	\$ 6,203,895	\$ 17,228,744	\$ 20,776,151	\$ 19,131,868	\$ 20,924,905	\$ 19,702,970	\$ 19,231,630
Restricted	-	-	-	-	-	-	-	-	-
Unrestricted	2,805,117	1,124,906	6,183,360	( 649,073)	( 5,517,036)	( 167,021)	( 3,193,075)	( 3,708,817)	( 2,708,444)
Total business-type activities net position	<u>\$ 12,933,818</u>	<u>\$ 11,474,897</u>	<u>\$ 12,387,255</u>	<u>\$ 16,579,671</u>	<u>\$ 15,259,115</u>	<u>\$ 18,964,847</u>	<u>\$ 17,731,830</u>	<u>\$ 15,994,153</u>	<u>\$ 16,523,186</u>
Primary government:									
Net investment in capital assets	\$ 27,764,512	\$ 29,995,955	\$ 27,923,992	\$ 36,854,740	\$ 28,307,688	\$ 27,503,450	\$ 26,441,684	\$ 24,750,778	\$ 21,003,643
Restricted	8,617,854	7,203,543	10,691,542	4,511,331	12,632,168	5,224,633	4,240,608	8,269,197	7,096,068
Unrestricted	( 2,255,978)	( 3,422,932)	( 3,080,915)	( 7,573,056)	( 9,287,592)	( 3,128,505)	( 2,639,423)	( 7,803,323)	( 3,447,970)
Total primary government net position	<u>\$ 34,126,388</u>	<u>\$ 33,776,566</u>	<u>\$ 35,534,619</u>	<u>\$ 33,793,015</u>	<u>\$ 31,652,264</u>	<u>\$ 29,599,578</u>	<u>\$ 28,042,869</u>	<u>\$ 25,216,652</u>	<u>\$ 24,651,741</u>

# CITY OF MARBLE FALLS, TEXAS

## CHANGES IN NET POSITION

### LAST NINE FISCAL YEARS

	Fiscal Year		
	2007	2008	2009
<b>EXPENSES</b>			
Governmental activities:			
General government	\$ 3,537,781	\$ 3,414,850	\$ 3,001,249
Public safety	4,832,220	5,733,824	5,646,443
Public works	1,490,228	1,729,376	1,885,591
Culture and recreation	838,504	907,686	1,062,156
Interest on long-term debt	483,701	751,471	1,079,296
Total governmental activities expenses	<u>11,182,434</u>	<u>12,537,207</u>	<u>12,674,735</u>
Business-type activities:			
Water and wastewater	3,508,190	4,623,193	4,352,380
Total business-type activities expenses	<u>3,508,190</u>	<u>4,623,193</u>	<u>4,352,380</u>
 Total primary government program expenses	 <u>\$ 14,690,624</u>	 <u>\$ 17,160,400</u>	 <u>\$ 17,027,115</u>
<b>PROGRAM REVENUES</b>			
Governmental activities:			
Charges for services:			
General government	\$ 650,799	\$ 629,137	\$ 555,515
Public safety	6,620	159,562	15,465
Public works	40,542	41,477	17,153
Culture and recreation	58,533	76,458	98,926
Total charges for services	<u>756,494</u>	<u>906,634</u>	<u>687,059</u>
Operating grants and contributions	619,127	383,994	604,032
Capital grants and contributions	1,255,281	918,861	346,435
Total governmental activities program revenues	<u>2,630,902</u>	<u>2,209,489</u>	<u>1,637,526</u>
Business-type activities:			
Charges for services	2,933,098	3,439,880	3,556,786
Capital grants and contributions	-	-	2,125,837
Total business-type activities program revenues	<u>2,933,098</u>	<u>3,439,880</u>	<u>5,682,623</u>
 Total primary government program revenues	 <u>\$ 5,564,000</u>	 <u>\$ 5,649,369</u>	 <u>\$ 7,320,149</u>

TABLE 2

Fiscal Year					
2010	2011	2012	2013	2014	2015
\$ 2,912,799	\$ 2,448,150	\$ 2,773,415	\$ 2,736,605	\$ 3,615,994	\$ 3,909,769
5,677,405	5,683,286	5,530,785	5,447,990	5,346,306	5,580,292
2,505,782	2,717,226	3,068,214	3,210,567	3,236,700	3,222,080
1,124,241	1,082,266	1,146,016	1,089,241	1,195,731	1,225,259
<u>1,404,037</u>	<u>1,511,314</u>	<u>1,494,575</u>	<u>1,333,648</u>	<u>1,355,703</u>	<u>1,484,261</u>
<u>13,624,264</u>	<u>13,442,242</u>	<u>14,013,005</u>	<u>13,818,051</u>	<u>14,750,434</u>	<u>15,421,661</u>
<u>4,421,786</u>	<u>4,755,391</u>	<u>4,873,802</u>	<u>5,086,736</u>	<u>5,612,611</u>	<u>5,314,936</u>
<u>4,421,786</u>	<u>4,755,391</u>	<u>4,873,802</u>	<u>5,086,736</u>	<u>5,612,611</u>	<u>5,314,936</u>
<u>\$ 18,046,050</u>	<u>\$ 18,197,633</u>	<u>\$ 18,886,807</u>	<u>\$ 18,904,787</u>	<u>\$ 20,363,045</u>	<u>\$ 20,736,597</u>
\$ 544,704	\$ 422,428	\$ 343,192	\$ 321,446	\$ 351,424	\$ 318,716
48,202	125,453	143,310	130,912	167,384	168,410
17,710	48,583	76,662	39,043	66,125	136,919
<u>111,208</u>	<u>127,151</u>	<u>121,577</u>	<u>113,650</u>	<u>131,589</u>	<u>139,471</u>
<u>721,824</u>	<u>723,615</u>	<u>684,741</u>	<u>605,051</u>	<u>716,522</u>	<u>763,516</u>
592,418	269,845	78,620	272,770	499,805	201,338
<u>-</u>	<u>-</u>	<u>-</u>	<u>54,630</u>	<u>-</u>	<u>-</u>
<u>1,314,242</u>	<u>993,460</u>	<u>763,361</u>	<u>932,451</u>	<u>1,216,327</u>	<u>964,854</u>
3,107,039	3,913,067	3,550,400	3,840,593	4,106,512	4,091,722
<u>233,368</u>	<u>-</u>	<u>1,352,500</u>	<u>367,738</u>	<u>379,524</u>	<u>155,000</u>
<u>3,340,407</u>	<u>3,913,067</u>	<u>4,902,900</u>	<u>4,208,331</u>	<u>4,486,036</u>	<u>4,246,722</u>
<u>\$ 4,654,649</u>	<u>\$ 4,906,527</u>	<u>\$ 5,666,261</u>	<u>\$ 5,140,782</u>	<u>\$ 5,702,363</u>	<u>\$ 5,211,576</u>

**CITY OF MARBLE FALLS, TEXAS**

**CHANGES IN NET POSITION  
(Continued)  
LAST NINE FISCAL YEARS**

	Fiscal Year		
	2007	2008	2009
<b>NET (EXPENSE) REVENUES</b>			
Governmental activities	\$( 8,551,532)	\$( 10,327,718)	\$( 11,037,209)
Business-type activities	( 575,092)	( 1,183,313)	1,330,243
Total primary government net expense	<u>( 9,126,624)</u>	<u>( 11,511,031)</u>	<u>( 9,706,966)</u>
 <b>GENERAL REVENUES AND OTHER CHANGES IN NET POSITION</b>			
Governmental activities:			
Taxes			
Property	1,976,266	2,571,934	3,803,048
Sales	6,237,604	6,296,080	6,095,187
Franchise	440,748	448,804	421,100
Other	350,704	378,395	322,280
Investment earnings	509,835	831,364	246,872
Loss/gain on sale of assets	322,967	196,587	45,077
Miscellaneous	100,142	236,042	448,573
Transfers	<u>( 361,635)</u>	<u>477,611</u>	<u>500,767</u>
Total governmental activities	<u>9,576,631</u>	<u>11,436,817</u>	<u>11,882,904</u>
 Business-type activities:			
Investment earnings	332,006	202,003	82,882
Loss/gain on sale of assets	-	-	-
Transfers	<u>361,635</u>	<u>( 477,611)</u>	<u>( 500,767)</u>
Total business-type activities	<u>693,641</u>	<u>( 275,608)</u>	<u>( 417,885)</u>
 Total primary government	<u>10,270,272</u>	<u>11,161,209</u>	<u>11,465,019</u>
 <b>CHANGE IN NET POSITION</b>			
Governmental activities	1,025,099	1,109,099	845,695
Business-type activities	<u>118,549</u>	<u>( 1,458,921)</u>	<u>912,358</u>
 Total primary government	<u>\$ 1,143,648</u>	<u>\$( 349,822)</u>	<u>\$ 1,758,053</u>

Note: The City began to report accrual information when it implemented GASB Statement 34 in fiscal year 2004.

TABLE 2

Fiscal Year					
2010	2011	2012	2013	2014	2015
\$( 12,310,022)	\$( 12,448,782)	\$( 13,249,644)	\$( 12,885,600)	\$( 13,534,107)	\$( 14,456,807)
<u>( 1,081,379)</u>	<u>( 842,324)</u>	<u>29,098</u>	<u>( 878,405)</u>	<u>( 1,126,575)</u>	<u>( 1,068,214)</u>
<u>( 13,391,401)</u>	<u>( 13,291,106)</u>	<u>( 13,220,546)</u>	<u>( 13,764,005)</u>	<u>( 14,660,682)</u>	<u>( 15,525,021)</u>
3,995,373	4,034,744	4,074,096	4,104,048	4,281,225	4,500,973
5,819,527	5,877,763	6,014,725	6,754,361	7,185,011	7,436,165
527,617	505,866	519,081	508,627	521,249	595,443
502,606	421,209	418,000	637,407	584,337	675,904
21,898	51,621	20,734	17,644	7,975	7,376
225,856	215,384	-	-	117,589	80,571
309,554	43,166	116,511	183,678	125,269	143,445
<u>( 5,026,429)</u>	<u>478,834</u>	<u>( 1,947,172)</u>	<u>356,143</u>	<u>237,986</u>	<u>( 1,337,745)</u>
<u>6,376,002</u>	<u>11,628,587</u>	<u>9,215,975</u>	<u>12,561,908</u>	<u>13,060,641</u>	<u>12,102,132</u>
2,643	602	4,713	1,531	17,620	17,544
244,723	-	-	-	-	-
<u>5,026,429</u>	<u>( 478,834)</u>	<u>1,947,172</u>	<u>( 356,143)</u>	<u>( 237,986)</u>	<u>1,337,745</u>
<u>5,273,795</u>	<u>( 478,232)</u>	<u>1,951,885</u>	<u>( 354,612)</u>	<u>( 220,366)</u>	<u>1,355,289</u>
<u>11,649,797</u>	<u>11,150,355</u>	<u>11,167,860</u>	<u>12,207,296</u>	<u>12,840,275</u>	<u>13,457,421</u>
( 5,934,020)	( 820,195)	( 4,033,669)	( 323,692)	( 473,466)	( 2,354,675)
<u>4,192,416</u>	<u>( 1,320,556)</u>	<u>1,980,983</u>	<u>( 1,233,017)</u>	<u>( 1,346,941)</u>	<u>287,075</u>
<u>\$( 1,741,604)</u>	<u>\$( 2,140,751)</u>	<u>\$( 2,052,686)</u>	<u>\$( 1,556,709)</u>	<u>\$( 1,820,407)</u>	<u>\$( 2,067,600)</u>

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TABLE 3

## CITY OF MARBLE FALLS, TEXAS

FUND BALANCES  
GOVERNMENTAL FUNDS

## LAST TEN FISCAL YEARS

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General fund										
Non-spendable	\$ -	\$ -	\$ -	\$ 2,564	\$ 1,319	\$ 7,575	\$ 2,881	\$ 8,841	\$ 13,229	\$ 15,681
Unassigned	<u>2,926,057</u>	<u>2,138,981</u>	<u>1,381,263</u>	<u>337,153</u>	<u>610,076</u>	<u>669,947</u>	<u>758,405</u>	<u>1,160,376</u>	<u>1,283,714</u>	<u>1,501,853</u>
Total general fund	<u>\$ 2,926,057</u>	<u>\$ 2,138,981</u>	<u>\$ 1,381,263</u>	<u>\$ 339,717</u>	<u>\$ 611,395</u>	<u>\$ 677,522</u>	<u>\$ 761,286</u>	<u>\$ 1,169,217</u>	<u>\$ 1,296,943</u>	<u>\$ 1,517,534</u>
All other governmental funds										
Non-spendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-	-	12,632,168	5,224,633	4,273,668	8,552,944	7,125,338
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned, reported in:										
Special revenue funds	1,697,204	1,916,758	1,855,202	2,484,578	1,422,918	( 26,819)	( 26,924)	( 58,872)	( 26,918)	( 242,145)
Capital projects funds	578,282	6,868,916	5,321,588	8,183,155	3,062,898	( 201,456)	( 236,409)	( 250,872)	( 196,829)	-
Debt service funds	<u>( 122,028)</u>	<u>( 27,803)</u>	<u>5,533</u>	<u>( 43,368)</u>	<u>( 101,583)</u>	<u>-</u>	<u>( 22,862)</u>	<u>21,328</u>	<u>-</u>	<u>-</u>
Total all other governmental funds	<u>\$ 2,153,458</u>	<u>\$ 8,757,871</u>	<u>\$ 7,182,323</u>	<u>\$ 10,624,365</u>	<u>\$ 4,384,233</u>	<u>\$ 12,403,893</u>	<u>\$ 4,938,438</u>	<u>\$ 3,985,252</u>	<u>\$ 8,329,197</u>	<u>\$ 6,883,193</u>

Note: This schedule does not restate prior years for Special Revenue and Capital Projects Funds.

The City implemented GASB 54 in fiscal year 2011 to provide clearer fund balance classifications. Prior years were not restated.

**TABLE 4**

**CITY OF MARBLE FALLS, TEXAS**

**CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS**

**LAST TEN FISCAL YEARS**

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>REVENUES</b>										
Taxes	\$ 7,897,791	\$ 9,001,573	\$ 9,703,686	\$ 13,219,657	\$ 13,219,657	\$ 10,823,765	\$ 11,001,107	\$ 12,025,271	\$ 12,590,100	\$ 13,219,657
Intergovernmental	699,383	1,809,787	1,278,337	349,410	349,410	311,455	182,098	364,980	636,107	349,410
Charges for services	157,545	282,335	376,128	358,531	358,531	352,602	332,242	309,488	380,285	358,531
Fines	390,893	469,246	406,959	256,367	256,367	314,459	241,594	226,467	196,119	256,367
Investment earnings	286,433	509,835	831,364	7,376	7,376	14,935	20,734	17,644	7,975	7,376
Other revenues	136,034	153,858	272,740	151,999	151,999	113,181	131,944	102,130	61,881	151,999
Total revenues	<u>9,568,079</u>	<u>12,226,634</u>	<u>12,869,214</u>	<u>14,343,340</u>	<u>14,343,340</u>	<u>11,930,397</u>	<u>11,909,719</u>	<u>13,045,980</u>	<u>13,872,467</u>	<u>14,343,340</u>
<b>EXPENDITURES</b>										
General government	1,976,762	3,228,265	2,820,730	3,518,051	3,518,051	1,733,341	1,821,845	2,273,190	2,464,981	3,518,051
Public safety	3,764,953	4,607,457	5,323,499	5,308,174	5,308,174	5,229,516	5,097,359	5,004,539	5,008,527	5,308,174
Public works	1,080,497	955,095	1,089,717	1,006,873	1,006,873	857,364	876,789	858,697	923,402	1,006,873
Culture and recreation	371,615	777,969	864,512	1,074,557	1,074,557	952,954	1,010,830	952,838	1,049,905	1,074,557
Capital outlay	4,366,639	3,244,170	4,638,124	457,186	457,186	2,597,077	6,046,967	1,625,889	4,171,869	457,186
Debt service										
Principal	364,546	924,407	957,409	2,580,000	2,580,000	1,645,000	1,990,000	2,180,000	2,045,000	2,580,000
Interest	824,178	549,939	747,771	1,541,739	1,541,339	1,455,753	1,479,735	1,318,475	1,245,728	1,541,339
Bond issuance cost	-	-	-	-	-	225,666	118,729	-	131,618	400
Total expenditures	<u>12,749,190</u>	<u>14,287,302</u>	<u>16,441,762</u>	<u>15,486,580</u>	<u>15,486,180</u>	<u>14,696,671</u>	<u>18,442,254</u>	<u>14,213,628</u>	<u>17,041,030</u>	<u>15,486,580</u>

TABLE 4

## CITY OF MARBLE FALLS, TEXAS

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>EXCESS OF REVENUES OVER (UNDER)</b>										
<b>EXPENDITURES</b>	\$( 2,060,668)	\$( 3,572,548)	\$( 1,143,240)	\$( 1,142,840)	\$( 2,766,274)	\$( 6,532,535)	\$( 1,167,648)	\$( 1,143,240)	\$( 3,168,563)	\$( 1,143,240)
<b>OTHER FINANCING SOURCES (USES)</b>										
Bonds issued	2,140,000	7,915,818	565,000	10,165,000	2,500,000	9,970,000	4,395,000	-	7,000,000	-
Premium on bond issuar	-	-	-	39,735	-	182,399	138,990	-	89,483	-
Payment to escrow ager	-	-	-	-	-	-	( 4,415,261)	-	-	-
Sale of asset proceeds	149,048	323,822	196,671	45,077	225,856	220,828	154,536	145,721	263,675	80,571
Proceeds from insurance	-	-	-	-	-	-	-	120,529	74,090	-
Transfers in	161,031	414,107	1,833,315	1,317,647	1,327,300	1,648,719	1,248,269	941,946	1,022,775	630,347
Transfers out	( 622,821)	( 775,742)	( 1,355,704)	( 816,880)	( 1,823,729)	( 1,169,885)	( 645,941)	( 585,803)	( 809,789)	( 793,092)
Total other financing sources (uses)	<u>1,827,258</u>	<u>7,878,005</u>	<u>1,239,282</u>	<u>10,750,579</u>	<u>2,229,427</u>	<u>10,852,061</u>	<u>875,593</u>	<u>622,393</u>	<u>7,640,234</u>	<u>( 82,174)</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>\$( 233,410)</u>	<u>\$ 4,305,457</u>	<u>\$ 96,042</u>	<u>\$ 9,607,739</u>	<u>\$( 536,847)</u>	<u>\$ 4,319,526</u>	<u>\$( 292,055)</u>	<u>\$( 520,847)</u>	<u>\$ 4,471,671</u>	<u>\$( 1,225,414)</u>
<b>DEBT SERVICE AS A PERCENTAGE OF NONCAPITAL EXPENDITURES</b>	<u>14.18%</u>	<u>13.35%</u>	<u>14.45%</u>	<u>27.42%</u>	<u>27.42%</u>	<u>25.63%</u>	<u>27.99%</u>	<u>27.79%</u>	<u>25.75%</u>	<u>30.39%</u>

**TABLE 5**

**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>	<u>Total Taxable Assessed Value</u>	<u>Total Direct Tax Rate</u>	<u>Estimated Actual Taxable Value</u>
2006	\$ 221,293,227	\$ 211,862,592	\$ 8,683,227	\$ 8,457,633	\$ 433,381,413	2.2638	\$ 433,381,413
2007	262,655,429	237,905,440	9,666,576	16,466,668	493,760,777	2.1130	493,760,777
2008	263,203,464	265,492,315	9,186,803	14,359,897	523,522,685	2.2614	523,522,685
2009	344,259,070	283,441,857	13,545,518	595,477,516	45,768,929	2.2614	595,477,516
2010	431,611,806	299,990,332	15,323,397	52,294,519	694,631,016	2.2742	638,671,384
2011	449,282,544	303,980,627	13,900,757	59,117,775	708,046,153	2.3135	617,612,731
2012	461,541,079	317,371,849	18,047,379	69,888,903	727,071,404	2.3159	625,782,678
2013	474,425,723	316,912,217	17,386,158	75,820,498	732,903,600	2.3234	625,665,424
2014	507,944,535	345,561,505	16,636,105	81,886,092	788,256,053	2.3423	675,881,626
2015	546,541,560	362,210,449	19,205,994	101,114,663	826,843,340	2.3519	691,359,702

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.

## CITY OF MARBLE FALLS, TEXAS

## 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
2006	0.3950	\$ 8,310,000	2.2638	1.4716	0.3972
2007	0.4850	15,030,000	2.1130	1.2350	0.3930
2008	0.6300	14,380,000	2.2614	1.2550	0.3627
2009	0.6134	22,835,000	2.2742	1.2850	0.3627
2010	0.6435	28,075,000	2.3135	1.2900	0.3692
2011	0.6435	36,765,000	2.3135	1.2900	0.3724
2012	0.6435	33,340,000	2.3159	1.2900	0.3724
2013	0.6483	33,155,000	2.3234	1.2800	0.3951
2014	0.6483	38,115,000	2.3423	1.2800	0.4140
2015	0.6483	37,293,633	2.3399	1.2800	0.4025

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	2015		2006	
	Taxable Assessed Value	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Percentage of Total City Taxable Assessed Value
Scott & White Healthcare	\$ 14,878,248	2.246%	\$ -	**
Huber JM Corp	10,526,719	1.589%	4,637,882	**
Wal-Mart Store Inc 01-0781	9,902,205	1.495%	-	**
Wal-Mart Stores East LP	8,300,813	1.253%	-	**
Johnson-Sewell Family Partnership	6,060,392	0.915%	10,376,283	**
Lowe's Home Centers Inc	6,000,000	0.906%	-	**
HD Development Properties LP	5,369,232	0.810%	-	**
Johnson Ross H	5,020,707	0.758%	-	**
SL Marble Falls LP	4,935,431	0.745%	-	**
SNH SE Properties Trust	4,894,483	0.739%	-	**
	<u>\$ 75,888,230</u>	<u>11.456%</u>	<u>\$ 15,014,165</u>	<u>\$ -</u>

Source: Burnet County Appraisal office

Note: \*\*Unable to calculate due to incomplete data. Many taxpayers did not exist in 2006.

**CITY OF MARBLE FALLS, TEXAS**  
**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
2006	\$ 1,820,611	\$ 1,768,558	97.14%	\$ 35,886	\$ 1,804,444	99.11%
2007	1,952,358	1,906,012	97.63%	30,284	1,936,296	99.18%
2008	2,539,085	2,499,612	98.00%	-	2,499,612	98.45%
2009	3,755,312	3,633,761	96.76%	51,806	3,685,567	98.14%
2010	3,913,952	3,857,118	98.55%	56,834	3,913,952	100.00%
2011	3,973,652	3,909,526	98.39%	58,871	3,968,397	99.87%
2012	4,021,309	3,953,241	98.30%	68,068	4,021,309	100.00%
2013	4,056,133	3,995,294	98.50%	59,815	4,055,109	99.97%
2014	4,228,317	4,177,438	98.80%	-	4,177,438	98.80%
2015	4,469,891	4,426,411	99.03%	-	4,426,411	99.03%

## CITY OF MARBLE FALLS, TEXAS

MAJOR SOURCE OF REVENUE  
SALES TAX HISTORY

## LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>Revenue</u>	<u>Tax Rate</u>
2005-06	\$ 5,692,747	8.25%
2006-07	6,212,036	8.25%
2007-08	6,305,601	8.25%
2008-09	6,111,541	8.25%
2009-10	5,798,120	8.25%
2010-11	5,877,763	8.25%
2011-12	6,014,725	8.25%
2012-13	6,754,361	8.25%
2013-14	7,185,011	8.25%
2014-15	7,436,166	8.25%

**CITY OF MARBLE FALLS, TEXAS**  
**RATIOS OF OUTSTANDING DEBT BY TYPE**  
**LAST TEN FISCAL YEARS**

Fiscal Year	Governmental Activities				Business-type Activities				Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Tax Notes	Notes Payable	Premiums / Discounts	Water Revenue Bonds	Tax Notes	Notes Payable	Premiums / Discounts			
2006	\$ 8,310,000	\$ 621,696	\$ 50,120	\$ -	\$ 11,050,000	\$ 213,304	\$ 30,000	\$ -	\$ 20,275,120	0.002	\$ 2,816
2007	15,030,000	915,000	12,409	-	24,810,000	125,000	15,000	-	40,907,409	0.001	5,681
2008	14,380,000	1,185,000	-	-	24,025,000	255,000	-	-	39,845,000	0.002	5,534
2009	22,835,000	1,095,000	-	-	22,910,000	195,000	-	-	47,035,000	0.001	6,533
2010	28,075,000	950,000	-	-	17,700,000	-	-	-	46,725,000	0.001	6,072
2011	35,860,000	600,000	-	-	17,515,000	-	-	-	53,975,000	0.002	7,497
2012	35,130,000	295,000	-	-	16,790,000	-	-	-	52,215,000	0.002	7,252
2013	33,155,000	90,000	-	-	16,035,000	-	-	-	49,280,000	0.001	8,136
2014	38,115,000	-	-	611,836	19,730,000	-	-	201,462	58,658,298	0.001	9,256
2015	36,735,000	-	-	558,633	17,770,000	-	-	594,262	55,657,895	0.002	8,864

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

See Table 15 for personal income and population data.

## CITY OF MARBLE FALLS, TEXAS

## 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
	General Obligation Bonds	Premiums / Discounts	Total		
2006	\$ 8,310,000	\$ -	\$ 8,310,000	1.68%	\$ 1,154.17
2007	15,030,000	-	15,030,000	3.04%	2,087.50
2008	14,380,000	-	14,380,000	2.75%	1,997.22
2009	22,835,000	-	22,835,000	3.83%	3,171.53
2010	28,075,000	-	28,075,000	4.39%	3,648.47
2011	36,765,000	-	36,765,000	5.95%	5,106.25
2012	33,340,000	-	33,340,000	5.32%	4,630.56
2013	31,650,000	-	31,650,000	5.06%	4,395.83
2014	38,115,000	611,836	38,726,836	5.73%	6,111.23
2015	36,735,000	558,633	37,293,633	5.39%	5,939.42

## 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

## DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

AS OF SEPTEMBER 30, 2015

<u>Government Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
Debt repaid with property taxes			
Marble Falls Independent School District	\$ 70,881,595	22.000%	\$ 15,593,951
Burnet County General Obligation Debt	24,808,318	15.000%	3,721,248
Subtotal overlapping debt			16,005,301
City direct debt	37,293,633	100.000%	<u>37,293,633</u>
Total direct and overlapping debt			<u>\$ 53,298,934</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**

Legal Debt Margin Calculation for Fiscal Year 2015

Assessed value	\$ 635,518,195
Debt applicable to limit:	
General obligation bonds	36,735,000
Less: Amount set aside for repayment of general obligation debt	<u>          -</u>
Total net debt applicable to limit	<u>36,735,000</u>
Legal debt margin	<u>\$ 598,783,195</u>

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Debt limit	\$ 433,381,413	\$ 493,760,771	\$ 523,522,685	\$ 596,081,363	\$ 638,075,046	\$ 572,437,375	\$ 577,490,755	\$ 575,499,669	\$ 600,546,263	\$ 635,518,195
Total net debt applicable to limit	<u>8,310,000</u>	<u>15,030,000</u>	<u>14,380,000</u>	<u>22,835,000</u>	<u>28,075,000</u>	<u>35,860,000</u>	<u>33,340,000</u>	<u>33,155,000</u>	<u>38,115,000</u>	<u>36,735,000</u>
Legal debt margin	<u>\$ 425,071,413</u>	<u>\$ 478,730,771</u>	<u>\$ 509,142,685</u>	<u>\$ 573,246,363</u>	<u>\$ 610,000,046</u>	<u>\$ 536,577,375</u>	<u>\$ 544,150,755</u>	<u>\$ 542,344,669</u>	<u>\$ 562,431,263</u>	<u>\$ 598,783,195</u>
Total net debt applicable to the limit as a percentage of debt limit.	1.92%	3.04%	2.75%	3.83%	4.40%	6.26%	5.77%	5.76%	6.35%	5.78%

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.

## CITY OF MARBLE FALLS, TEXAS

## 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		
2005	\$ 2,304,402	\$ 1,916,578	\$ 387,824	\$ 435,000	\$ 151,790	0.66	
2006	2,715,995	2,047,125	668,870	450,000	138,515	1.14	
2007	3,029,155	2,236,767	792,388	690,000	471,261	0.68	
2008	2,933,098	2,204,332	728,766	740,000	403,390	0.64	
2009	3,439,880	2,645,229	794,651	785,000	1,093,252	0.42	
2010	3,523,144	2,409,754	1,113,390	1,175,000	1,014,268	0.51	
2011	3,107,039	2,313,375	793,664	875,000	777,636	0.48	
2012	3,550,400	2,328,678	1,221,722	750,000	712,063	0.84	
2013	3,667,973	2,284,656	1,383,317	755,000	668,087	0.97	
2014	4,034,129	2,623,404	1,410,725	795,000	785,973	0.89	
2015	3,990,243	2,465,718	1,524,525	760,000	369,720	1.35	

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**  
**DEMOGRAPHIC AND ECONOMIC STATISTICS**  
**LAST TEN FISCAL YEARS**

Calendar Year	Population	Personal Income	Per Capita Personal Income	Unemployment Rate
2006	7,200	\$ 45,889	\$ 20,873	3.0%
2007	7,200	40,715	21,702	3.3%
2008	7,200	62,245	25,356	3.7%
2009	7,200	47,528	22,368	5.8%
2010	7,695	48,442	27,008	1.5%
2011	7,200	43,329	22,679	7.1%
2012	7,200	43,329	22,679	7.1%
2013	6,057	43,722	21,425	4.1%
2014	6,337	43,199	23,194	5.4%
2015	6,279	43,199	21,689	3.6%

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

Unemployment rate obtained from Texas Workforce Commission website.

Note: Effective in 2006, this data is no longer available for cities under 25,000 until next census. The 2006 Unemployment Rate listed is for Burnet County.

## CITY OF MARBLE FALLS, TEXAS

## PRINCIPAL EMPLOYERS

## CURRENT AND NINE YEARS AGO

Employer	2015		2006	
	Employees	Percentage of Total City Employment	Employees	Percentage of Total City Employment
Marble Falls ISD	629	22.14%	499	**
Wal-Mart	320	11.26%	350	**
Baylor Scott & White	322	11.33%	**	**
H.E.B. Grocery Company	200	7.04%	200	**
Lowe's	125	4.40%	**	**
Granite Mesa	115	4.05%	**	**
City of Marble Falls	107	3.77%	105	**
Johnson-Sewell Ford Lincoln Mercury	105	3.70%	**	**
The Home Depot	86	3.03%	100	**
Cold Spring Texas Granite	72	2.53%	114	**
Total	<u>2,081</u>			

Source: Marble Falls Economic Development Corporation and personal telephone interviews

\* Employment for Total City of Marble Falls employees is an estimate based on personal telephone interviews. Estimated City employment is 2,841.

\*\* Data not available for employer in 2006.

TABLE 17

**CITY OF MARBLE FALLS, TEXAS**  
**FULLTIME EQUIVALENT CITY GOVERNMENT EMPLOYEES**  
**BY FUNCTION/PROGRAM**  
**LAST TEN FISCAL YEARS**

Function/Program	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General government										
Management services	2	2	2	2	2	2	3	5	4	4
Finance	4	4	4	5	5	5	5	5	4	4
Planning	3	3	6	6	6	6	6	5	4	4
Building	2	5	5	5	5	5	6	7	4	4
Other	6	19	6	3	3	4	4	0	0	0
Human resources	NA	NA	NA	1	1	1	2	2	1	1
Court	NA	NA	3	3	3	3	3	3	2	2
Police										
Officers	25	30	26	27	26	25	24	20	19	19
Civilians	14	-	16	13	13	15	15	15	12	12
Fire										
Firefighters and officers	10	16	16	17	15	15	15	15	15	15
Other public works										
Other	11	13	13	13	13	13	13	13	12	11
Parks and recreation	6	10	10	11	11	11	11	11	9	9
Water	11	16	14	14	14	14	14	14	11	11
Wastewater	11	11	11	10	10	10	10	10	9	10
Total	<u>105</u>	<u>129</u>	<u>132</u>	<u>130</u>	<u>127</u>	<u>129</u>	<u>131</u>	<u>125</u>	<u>106</u>	<u>106</u>

Source: City Finance Department

Notes: A fulltime employee is scheduled to work 2,080 hours per year (including vacation and sick leave).

**TABLE 18**

**CITY OF MARBLE FALLS, TEXAS  
OPERATING INDICATORS BY FUNCTION/PROGRAM  
LAST TEN FISCAL YEARS**

Function/Program	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>General government</b>										
Building permits issued	984	1,206	872	952	662	564	564	259	259	641
Building inspections conducted	5,628	6,898	5,700	1,490	1,201	1,108	3,289	1515	1377	938
<b>Police</b>										
Physical arrests	970	770	1,067	1,154	661	993	959	934	837	718
Parking violations	85	72	825	60	26	22	35	31	25	20
Traffic violations	4,890	5,174	4,677	3,840	2,508	1,650	1,062	2101	1762	998
<b>Fire</b>										
Emergency responses	1,033	1,199	1,200	1,212	765	821	821	1215	1234	1,291
Fires extinguished	97	43	60	17	9	12	12	10	14	7
Inspections	-	480	1,800	874	849	771	840	239	211	357
<b>Other public works</b>										
Street resurfacing (miles)	1.50	-	2.50	4.80	3.00	3.50	2.00	1	2	5
Tonage to repair potholes	500	536	500	1,200	1,993	1,240	600	160	150	204
<b>Parks and recreation</b>										
Community center admissions	72	98	198	128	130	139	240	186	160	191
<b>Library</b>										
Volumes in collection	45,432	46,247	47,083	46,487	44,323	43,512	43,512	39,590	39,590	41,109
Total volumes borrowed	139,463	144,885	144,800	158,005	148,999	149,229	149,229	198,785	198,785	106,585
<b>Water</b>										
New connections	415	413	439	565	593	1,131	490	582	582	590
Water main breaks	147	152	175	65	210	208	200	104	125	108
Average daily consumption (thousands of gallons)	1,090	966	1,168	1,612	1,233	1,445	1,500	1,500	1,522	1,416
Peak daily consumption (thousands of gallons)	1,267	1,910	2,700	2,810	2,058	2,397	2,400	2,132	2,005	2,066
<b>Wastewater</b>										
Average daily sewage treatment (thousands of gallons)	624	660	740	621	625	636	675	820	860	992

Source: Various City departments

TABLE 19

**CITY OF MARBLE FALLS, TEXAS**  
**CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM**  
**LAST TEN FISCAL YEARS**

Function/Program	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	15	27	18	20	25	25	25	11	15	15
Fire										
Stations	1	1	1	1	1	1	1	1	1	1
Public works										
Streets (miles)	48	52	52	52	60	60	60	62	62	62
Highways (miles)	8	8	8	14	14	14	14	15.2	15.2	15.2
Streetlights	364	364	364	364	448	448	448	448	448	595
Traffic signals	13	13	13	14	14	14	14	14	14	14
Parks and recreation										
Acreage	65	68	68	99	123	123	123	126.7	126.7	129.7
Playgrounds	2	2	2	4	6	6	6	6	4	4
Baseball/softball diamonds	1	4	4	8	8	8	8	8	4	4
Soccer/football fields	7	7	7	9	9	3	3	3	8	8
Community centers	1	1	1	1	1	1	1	1	1	1
Water										
Water mains (miles)	49	49	50	55	83	83	83	84	84	95
Fire hydrants	390	406	406	544	544	544	544	544	544	582
Storage capacity (thousands of gallons)	2,089	2,089	1,889	1,889	2,939	2,739	2,739	2,939	2,939	3,479
Wastewater										
Sanitary sewers (miles)	34	49	51	56	63	63	63	63	63	68
Storm sewers (miles)	10	10	10	12	12	12	12	12	12	12
Treatment capacity (thousands of gallons)	980	980	980	980	980	980	380	980	980	980

Source: Various City departments

Note: Community Center was an open-air facility until 2006 when it was fully enclosed.

# **COMPLIANCE SECTION**

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PATTILLO, BROWN & HILL, L.L.P.  
CERTIFIED PUBLIC ACCOUNTANTS ■ BUSINESS CONSULTANTS

**INDEPENDENT AUDITORS' 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**

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Marble Falls, Texas, as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise City of Marble Falls, Texas' basic financial statements, and have issued our report thereon dated February 25, 2016.

**Internal Control Over Financial Reporting**

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

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

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

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

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

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

Waco, Texas  
February 25, 2016