

COMPREHENSIVE ANNUAL FINANCIAL REPORT

**FOR FISCAL YEAR ENDED
SEPTEMBER 30, 2019**



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR FISCAL YEAR ENDED
SEPTEMBER 30, 2019



Prepared by the
Finance Department

THIS PAGE LEFT BLANK INTENTIONALLY

CITY OF MARBLE FALLS, TEXAS

TABLE OF CONTENTS

SEPTEMBER 30, 2019

Page

INTRODUCTORY SECTION

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

FINANCIAL SECTION

| | |
|---|---------|
| Independent Auditor’s Report..... | 1 – 2 |
| Management’s Discussion and Analysis..... | 3 - 8 |
| Basic Financial Statements | |
| Government-wide Financial Statements | |
| Statement of Net Position | 9 - 10 |
| Statement of Activities | 11 - 12 |
| Fund Financial Statements | |
| Balance Sheet – Governmental Funds | 13 - 14 |
| Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds | 15 - 16 |
| Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities | 17 |
| Statement of Net Position – Proprietary Fund | 18 - 19 |
| Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Fund..... | 20 |
| Statement of Cash Flows – Proprietary Funds..... | 21 - 22 |
| Statement of Fiduciary Net Position – Fiduciary Funds | 23 |
| Statement of Changes in Fiduciary Net Position | 24 |
| Notes to Financial Statements | 25 - 47 |

Required Supplementary Information:

| | |
|--|---------|
| Schedule of Change in Net Pension Liability and Related Ratios | 48 - 49 |
| Schedule of Contributions to Net Pension Liability | 50 - 51 |
| Schedule of Change in Total OPEB Liability and Related Ratios – Texas Municipal Retirement System – Supplemental Death Benefits Fund | 52 |
| Schedule of Changes in Total OPEB Liability and Related Ratios – Retiree Insurance Benefits Plan | 53 |
| Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund | 54 - 57 |
| Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Economic Development Corporation Fund | 58 |
| Notes to Required Supplementary Information | 59 |

Combining and Individual Fund Statements

Nonmajor Governmental Funds

| | |
|---|---------|
| Combining Balance Sheet | 60 - 61 |
| Combining Statement of Revenues, Expenditures and Changes in Fund Balances | 62 - 63 |
| Combining Statement of Fiduciary Net Position Fiduciary Funds | 64 |
| Combining Statement of Changes in Fiduciary Net Position | 65 |
| Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Hotel/Motel Tax Fund | 66 |
| Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Police Forfeiture Fund | 67 |

STATISTICAL SECTION (Unaudited)

| | | |
|---|---------|---------|
| Net Position by Component | Table 1 | 68 - 69 |
| Changes in Net Position | Table 2 | 70 - 73 |
| Fund Balances – Governmental Funds | Table 3 | 74 - 75 |
| Changes in Fund Balances – Governmental Funds | Table 4 | 76 - 79 |
| Assessed Value and Estimated Actual Value of Taxable Property | Table 5 | 80 - 81 |
| Direct and Overlapping Property Tax Rates | Table 6 | 82 |
| Principal Property Taxpayers | Table 7 | 83 |
| Property Tax Levies and Collections | Table 8 | 84 |

| | | |
|---|----------|----------|
| Major Source of Revenue Sales Tax History | Table 9 | 85 |
| Ratios of Outstanding Debt by Type | Table 10 | 86 - 87 |
| Ratios of General Bonded Debt Outstanding | Table 11 | 88 |
| Direct and Overlapping Governmental Activities Debt | Table 12 | 89 |
| Legal Debt Margin Information | Table 13 | 90 - 91 |
| Pledged Revenue Coverage | Table 14 | 92 |
| Demographic and Economic Statistics | Table 15 | 93 |
| Principal Employers..... | Table 16 | 94 |
| Fulltime Equivalent City Government Employees..... | Table 17 | 95 - 96 |
| Operating Indicators by Function/Program | Table 18 | 97 - 98 |
| Capital Asset Statistics by Function/Program..... | Table 19 | 99 - 100 |

COMPLIANCE SECTION

| | | |
|---|--|-----------|
| Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i> | | 101 - 102 |
|---|--|-----------|

THIS PAGE LEFT BLANK INTENTIONALLY

INTRODUCTORY SECTION

THIS PAGE LEFT BLANK INTENTIONALLY



February 12, 2020

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, 2019, 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, 2019 are free of material misstatement. The independent audit involved examining on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City of Marble Falls' financial statements for fiscal year ended September 30, 2019, 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 6,900. Current and future subdivisions are designed on oversized lots, as well as smaller garden home areas, which result in spacious residential areas that complement the coveted rural setting. The City serves as a retail and tourist hub to the county and its surrounding area.

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

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

The City Council establishes long term financial goals each year as a part of the budgeting process. For FY 2019, the Council continued with the following goals:

1. Maintain financial stability and continue the growth in cash reserves balance.
2. Sustain existing programs at high service levels.
3. Invest in the Parks and Recreation Program and facilities.
4. Invest in Roadway Infrastructure and Street Maintenance.
5. Invest in Water and Wastewater Service.

The City Council held a strategic planning workshop on May 14, 2019 for the purpose of developing a strategic vision that serves as a roadmap for future priorities. The Council agreed to focus on the areas listed below:

1. Continue implementation of the comprehensive street maintenance program.
2. Manage flood recovery and mitigation effort following October 2018 Flood.
3. Continue to lead and support the EDC's efforts of developing the Hotel Conference Center project in the downtown.
4. Complete multi-year staffing plan for the Police Department's Patrol Division to address chronic overtime issues.
5. Implement Park Phase 1B into 5-year Capital Improvement Plan for parks projects identified in the newly adopted Parks Master Plan.
6. Begin design on Waste Water Treatment Plant to address capacity.
7. Develop Sidewalk Master Plan.
8. Develop Los Escondidos Annexation Plan.
9. Develop plan to develop new City facilities including City Hall and Fire Station No. 2.

The City continued to maintain a financial stability and added to General Fund cash reserves balance an amount in excess of \$140,000 for FY 2019. The Parks and Recreation program added \$30,000 of additional funds for their maintenance program. The Police Department added one new patrol officer to the force as well as replacement of four patrol vehicles. The Streets maintenance budget had an additional \$50,000 for maintenance of streets. Water and Wastewater budgets also include funding for use on improvements to existing infrastructure and Wastewater Treatment Plant design.

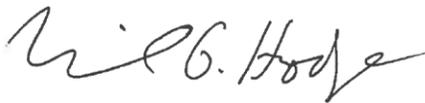
AWARDS AND ACKNOWLEDGEMENTS

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, 2018. 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, 2019

MAYOR

John Packer

MAYOR PRO TEM

Richard Westerman

COUNCILMEMBERS

Craig Magerkurth
Dave Rhodes
William (Dee) Haddock
Celia Merrill
Richard Westerman
Reed Norman

CITY MANAGER

Mike Hodge

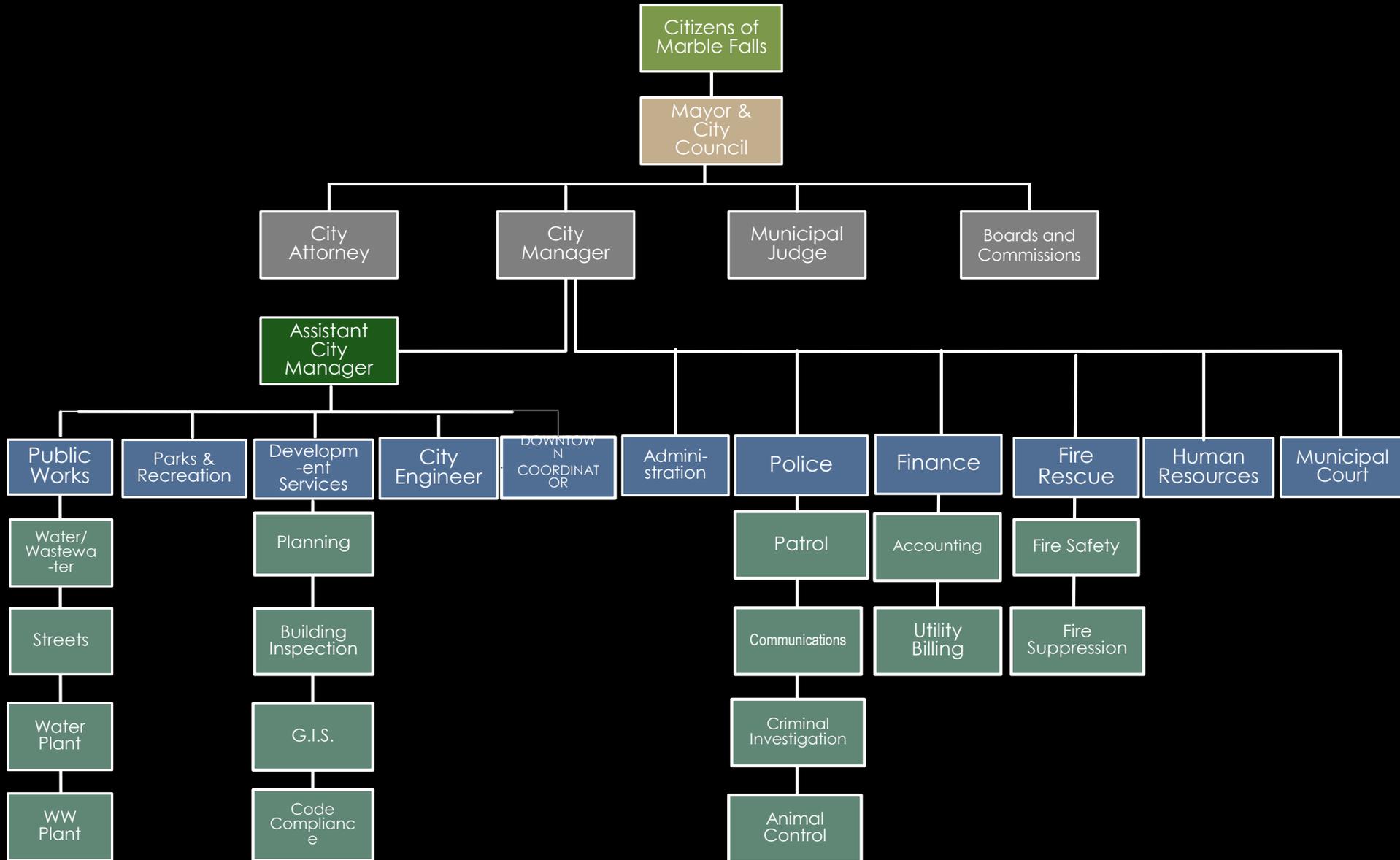
CITY ATTORNEY

Patty Akers
Akers and Akers

PREPARED BY:

Finance Department
Baron Sauls, 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, 2018

Christopher P. Morill

Executive Director/CEO

FINANCIAL SECTION

THIS PAGE LEFT BLANK INTENTIONALLY



INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Marble Falls, Texas, as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the City of Marble Falls, Texas' basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

OFFICE LOCATIONS

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Marble Falls, Texas, as of September 30, 2019, 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.

Other Matters

Required Supplementary Information

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

Other Information

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

The combining and individual nonmajor fund financial statements and schedules are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules 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 12, 2020, 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 12, 2020

**MANAGEMENT'S
DISCUSSION AND ANALYSIS**

THIS PAGE LEFT BLANK INTENTIONALLY

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, 2019. This information is not intended to be a complete statement of the City's financial condition. We recommend and encourage readers to consider the information presented here in conjunction with the accompanying transmittal letter and basic financial statements.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the City of Marble Falls exceeded its liabilities and deferred inflows of resources as of September 30, 2019, by \$22,121,150 (net position). Of this amount, (\$1,994,779) is unrestricted net position.
- The City's net position decreased by \$1,863,591.
- As of the close of the current fiscal year, the City of Marble Falls governmental funds reported combined ending fund balances of \$13,650,542. \$2,165,390 of this amount is unassigned and available for use within the City's fund designation and policy.
- As of September 30, 2019, unassigned fund balance for the General Fund was \$2,165,390 or 17.84% 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 12 governmental funds. Information is presented separately in the governmental funds balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Economic Development Corporation Fund, Debt Service Fund, Hotel Conference Center Fund, and Parks Improvement Fund, all of which are considered to be major funds. The other funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements found in this report.

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

Reporting the City’s Fiduciary Responsibility

The City is the trustee, or fiduciary, for the LaVentana Public Improvement District Trust Fund, Gregg Ranch Public Improvement District Trust Fund and Roper Ranch Public Improvement District Trust Fund. All of the City’s fiduciary activities are reported in separate Statements of Fiduciary Net Position and Changes in Fiduciary Net Position. The activities of this fund are excluded from the City’s government-wide financial statements because the City cannot use these assets to finance its operations. The City is responsible for ensuring that the assets reported in this fund are used for their intended purpose. The basic fiduciary fund financial statements can be found on pages 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 \$22.1 million as of September 30, 2019. 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 | |
|--------------------------------|-------------------------|----------------------|--------------------------|----------------------|----------------------|----------------------|
| | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| Current and other assets | \$ 16,464,332 | \$ 15,129,231 | \$(2,233,979) | \$(1,065,401) | \$ 14,230,353 | \$ 14,063,830 |
| Capital assets | <u>37,379,976</u> | <u>35,592,604</u> | <u>40,443,090</u> | <u>39,964,513</u> | <u>77,823,066</u> | <u>75,557,117</u> |
| Total assets | <u>53,844,308</u> | <u>50,721,835</u> | <u>38,209,111</u> | <u>38,899,112</u> | <u>92,053,419</u> | <u>89,620,947</u> |
| Deferred outflows of resources | <u>1,995,865</u> | <u>877,997</u> | <u>781,921</u> | <u>682,562</u> | <u>2,777,786</u> | <u>1,560,559</u> |
| Current liabilities | 3,851,333 | 3,451,678 | 1,475,312 | 1,419,108 | 5,326,645 | 4,870,786 |
| Noncurrent liabilities | <u>40,571,533</u> | <u>35,967,654</u> | <u>23,886,034</u> | <u>22,765,494</u> | <u>64,457,567</u> | <u>58,733,148</u> |
| Total liabilities | <u>46,291,328</u> | <u>40,727,223</u> | <u>26,318,587</u> | <u>25,782,651</u> | <u>72,609,915</u> | <u>66,509,874</u> |
| Deferred inflows of resources | <u>86,836</u> | <u>588,541</u> | <u>13,304</u> | <u>98,350</u> | <u>100,140</u> | <u>686,891</u> |
| Net position: | | | | | | |
| Net investment, | | | | | | |
| in capital assets | 4,276,768 | 4,808,202 | 16,530,931 | 16,806,620 | 20,807,699 | 21,614,822 |
| Restricted | 3,308,230 | 3,279,017 | - | - | 3,308,230 | 3,279,017 |
| Unrestricted | <u>1,877,011</u> | <u>2,196,849</u> | <u>(3,871,790)</u> | <u>(3,105,947)</u> | <u>(1,994,779)</u> | <u>(909,098)</u> |
| Total net position | <u>\$ 9,462,009</u> | <u>\$ 10,284,068</u> | <u>\$ 12,659,141</u> | <u>\$ 13,700,673</u> | <u>\$ 22,121,150</u> | <u>\$ 23,984,741</u> |

The restricted portion of the City's net position (15.0%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position is (\$1,994,779).

Analysis of the City's Operations

The following table provides a summary of the City's operations for the year ended September 30, 2019. Governmental activities decreased the City of Marble Falls' net position by \$822,059, accounting for a 8.0% decrease in net position. Business-type activities decreased the City's net position by \$1,041,532 accounting for a 7.6% decrease in net position. The decrease in the business-type activities was due to the increase of expenses.

CITY OF MARBLE FALLS' CHANGES IN NET POSITION

| | Governmental Activities | | Business-type Activities | | Totals | |
|--|-------------------------|----------------------|--------------------------|----------------------|----------------------|----------------------|
| | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| Revenues: | | | | | | |
| Program revenues: | | | | | | |
| Charges for services | \$ 975,912 | \$ 986,105 | \$ 5,158,479 | \$ 5,162,432 | \$ 6,134,391 | \$ 6,148,537 |
| Operating grants and contributions | 250,167 | 665,202 | - | - | 250,167 | 665,202 |
| Capital grants and contributions | - | - | 115,000 | 125,260 | 115,000 | 125,260 |
| General revenues: | | | | | | |
| Property taxes | 5,669,378 | 5,148,352 | - | - | 5,669,378 | 5,148,352 |
| Sales taxes | 9,515,880 | 8,762,727 | - | - | 9,515,880 | 8,762,727 |
| Franchise taxes | 591,561 | 583,840 | - | - | 591,561 | 583,840 |
| Other taxes | 822,438 | 755,357 | - | - | 822,438 | 755,357 |
| Investment earnings | 275,258 | 181,545 | 26,438 | 24,542 | 301,696 | 206,087 |
| Gain on sale of assets | - | 485,962 | - | - | - | 485,962 |
| Miscellaneous | 926,591 | 91,585 | - | - | 926,591 | 91,585 |
| Total revenues | <u>19,027,185</u> | <u>17,660,675</u> | <u>5,299,917</u> | <u>5,312,234</u> | <u>24,327,102</u> | <u>22,972,909</u> |
| Expenses: | | | | | | |
| General government | 4,516,426 | 3,990,324 | - | - | 4,516,426 | 3,990,324 |
| Public safety | 7,825,499 | 5,587,223 | - | - | 7,825,499 | 5,587,223 |
| Public works | 3,868,741 | 3,630,999 | - | - | 3,868,741 | 3,630,999 |
| Culture and recreation | 2,366,820 | 1,592,267 | - | - | 2,366,820 | 1,592,267 |
| Interest on long-term debt | 1,418,977 | 1,288,511 | - | - | 1,418,977 | 1,288,511 |
| Water and wastewater | - | - | 6,194,230 | 5,745,262 | 6,194,230 | 5,745,262 |
| Total expenses | <u>19,996,463</u> | <u>16,089,324</u> | <u>6,194,230</u> | <u>5,745,262</u> | <u>26,190,693</u> | <u>21,834,586</u> |
| Increases (decreases) in net assets before transfers | (969,278) | 1,571,351 | (894,313) | (433,028) | (1,863,591) | 1,138,323 |
| Transfers | <u>147,219</u> | <u>338,950</u> | <u>(147,219)</u> | <u>(338,950)</u> | <u>-</u> | <u>-</u> |
| Change in net assets | (822,059) | 1,910,301 | (1,041,532) | (771,978) | (1,863,591) | 1,138,323 |
| Net assets, beginning | <u>10,284,068</u> | <u>8,691,906</u> | <u>13,700,673</u> | <u>14,539,829</u> | <u>23,984,741</u> | <u>23,231,735</u> |
| Prior period adjustment | <u>-</u> | <u>(318,139)</u> | <u>-</u> | <u>(67,178)</u> | <u>-</u> | <u>(385,317)</u> |
| Net assets, ending | <u>\$ 9,462,009</u> | <u>\$ 10,284,068</u> | <u>\$ 12,659,141</u> | <u>\$ 13,700,673</u> | <u>\$ 22,121,150</u> | <u>\$ 23,984,741</u> |

Government Funds

In the General Fund, fund balance increased by \$202,746. The increase was due mainly to an increase in sales tax revenue and property tax revenue for FY 2019.

The Economic Development Corporation Fund balance decreased by \$19,532. The decrease is due to an increase in capital outlay expenditures for FY 2019.

The Debt Service Fund balance increased by \$1,151,917 due to an increase in property tax revenue.

The Hotel Conference Center Fund decreased by \$208,063 due to increased capital outlay expenditures.

The Parks Improvement decreased by \$187,390 due to increased capital outlay expenditures.

Proprietary Fund

Unrestricted net position of the proprietary fund (water and utility) was (\$3,871,790). The net position of the Water and Utility Fund decreased by \$1,041,532. This decrease was due to an increase in expenses.

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 \$531,360 from the original budget of \$11,665,942 to the revised budget of \$12,197,302 or 4.6% increase. The majority of this increase was due to an increase in administration expenditures.

The variance between the final amended budget and actual expenditures was a positive \$62,077. General Government actual expenditures were above budgeted expenditures by \$5,048. Additionally, Street expenditures were less than the budget by \$70,411. This was mainly due to personnel services costs.

Capital Assets

The following activity represents major capital asset activity for the fiscal year ended September 30, 2019:

- Continued construction of Phase 1A for Park Improvements. Total spent in FY 2019 was \$2,733,976.
- Continued the construction phase of the Water Plant Upgrade. Total spent in FY 2019 was \$316,803.
- Continued work on Phase III construction of the Business Technology Park, at a cost of \$448,765.
- Began work on the installation of new AMI Water Meters, at a cost of \$1,749,383.

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

CITY OF MARBLE FALLS' CAPITAL ASSETS AT YEAR-END

| | Governmental Activities | | Business-type Activities | | Totals | |
|--------------------------------|-------------------------|----------------------|--------------------------|----------------------|----------------------|----------------------|
| | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| Land | \$ 9,567,895 | \$ 8,983,831 | \$ 681,006 | \$ 681,006 | \$ 10,248,901 | \$ 9,664,837 |
| Buildings and improvements | 63,771,402 | 59,655,770 | 67,074,051 | 64,626,601 | 130,845,453 | 124,282,371 |
| Machinery and equipment | 5,911,634 | 6,443,705 | 1,446,145 | 1,432,919 | 7,357,779 | 7,876,624 |
| Less: accumulated depreciation | (41,870,955) | (39,490,702) | (28,758,112) | (26,776,013) | (70,629,067) | (66,266,715) |
| Total capital assets, net | \$ <u>37,379,976</u> | \$ <u>35,592,604</u> | \$ <u>40,443,090</u> | \$ <u>39,964,513</u> | \$ <u>77,823,066</u> | \$ <u>75,557,117</u> |

Debt Administration

At the end of the current fiscal year, the City had total bonded debt and notes payable of \$60,345,000. Of this amount, \$36,970,090 represents bonded debt backed by the full faith and credit of the City and \$23,374,910 represents payables secured by water and wastewater revenues.

OUTSTANDING DEBT AT YEAR-END

| | Governmental Activities | | Business-type Activities | | Totals | |
|-------|-------------------------|----------------------|--------------------------|----------------------|----------------------|----------------------|
| | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| Bonds | \$ <u>36,970,090</u> | \$ <u>36,167,840</u> | \$ <u>23,374,910</u> | \$ <u>22,627,160</u> | \$ <u>60,345,000</u> | \$ <u>58,795,000</u> |
| Total | \$ <u>36,970,090</u> | \$ <u>36,167,840</u> | \$ <u>23,374,910</u> | \$ <u>22,627,160</u> | \$ <u>60,345,000</u> | \$ <u>58,795,000</u> |

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

| | <u>Moody's Investors Service</u> | <u>Standard & Poor's</u> |
|--------------------------|--------------------------------------|----------------------------------|
| General Obligation Bonds | A3 | AA- |

During the year the City issued new debt. Additional information on the City's long term-debt can be found in the notes to financial statements of this report on pages 34 - 37.

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 6,900 in 2019. 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 8.6% from the prior year revenue of \$6,571,870 to \$7,136,935. The 2020 estimate is conservatively projected at \$7,384,976. 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 \$0.6100. This rate consists of a maintenance and operations (M&O) tax rate of \$0.2569 and an Interest and Sinking (debt service) tax rate of \$0.3531. The rate was set based on a net position value of \$892,093,318. The assessed values increased about 15% for FY 2019.

Water revenues for 2019 are budgeted at \$3,514,500 which is an increase of 6% over the prior year. Wastewater revenues are budgeted at \$1,864,500, representing a 2% increase over the prior year. The City of Marble Falls increased water rates by 3% for FY 2019.

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 Baron Sauls (830) 693-3615 or e-mail bsauls@marblefallstx.gov.

**BASIC
FINANCIAL STATEMENTS**

THIS PAGE LEFT BLANK INTENTIONALLY

CITY OF MARBLE FALLS, TEXAS

STATEMENT OF NET POSITION

SEPTEMBER 30, 2019

| | Primary Government | | |
|---|----------------------------|-----------------------------|-------------------|
| | Governmental Activities | Business-type Activities | Total |
| ASSETS | | | |
| Cash and investments | \$ 10,098,650 | \$ - | \$ 10,098,650 |
| Receivables, net of allowances for uncollectibles | | | |
| Taxes | 1,943,965 | - | 1,943,965 |
| Customer accounts | 1,004,873 | 830,672 | 1,835,545 |
| Other | 2,289 | - | 2,289 |
| Due from other governments | 62,937 | - | 62,937 |
| Internal balances | 3,350,370 | (3,350,370) | - |
| Inventories | - | 285,719 | 285,719 |
| Prepaid items | 1,248 | - | 1,248 |
| Capital assets: | | | |
| Land | 9,567,895 | 681,006 | 10,248,901 |
| Buildings and improvements | 63,771,402 | 67,074,051 | 130,845,453 |
| Machinery and equipment | 5,911,634 | 1,446,145 | 7,357,779 |
| Accumulated depreciation | (41,870,955) | (28,758,112) | (70,629,067) |
| Total capital assets, net of accumulated depreciation | <u>37,379,976</u> | <u>40,443,090</u> | <u>77,823,066</u> |
| Total assets | <u>53,844,308</u> | <u>38,209,111</u> | <u>92,053,419</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Deferred outflow related to pensions | 1,544,177 | 237,703 | 1,781,880 |
| OPEB - TMRS supplemental death benefit | 35,650 | 5,487 | 41,137 |
| OPEB - Retiree health plan | 18,402 | 2,750 | 21,152 |
| Deferred loss on bond refunding | 397,636 | 535,981 | 933,617 |
| Total deferred outflows of resources | <u>1,995,865</u> | <u>781,921</u> | <u>2,777,786</u> |
| LIABILITIES | | | |
| Accounts payable | 1,402,294 | 209,435 | 1,611,729 |
| Accrued liabilities | 144,316 | 24,937 | 169,253 |
| Due to others | 69,995 | 69,582 | 139,577 |
| Customer deposits | 27,224 | 540,458 | 567,682 |
| Accrued interest | 224,633 | 112,829 | 337,462 |
| Noncurrent liabilities: | | | |
| Due within one year | | | |
| General and certificates of obligation | 3,305,000 | 1,380,000 | 4,685,000 |
| Tax notes | 175,000 | - | 175,000 |
| Capital lease | 147,707 | 54,166 | 201,873 |
| Compensated absences | 216,486 | 40,068 | 256,554 |
| OPEB - TMRS supplemental death benefit | 2,310 | 356 | 2,666 |
| OPEB - Retiree health plan | 4,830 | 722 | 5,552 |
| Due in more than one year | | | |
| General and certificates of obligation | 33,665,090 | 22,974,190 | 56,639,280 |
| Tax notes | 995,000 | - | 995,000 |
| Bond premiums | 1,071,639 | - | 1,071,639 |
| Capital lease | 414,239 | 212,091 | 626,330 |
| Compensated absences | 649,458 | 120,205 | 769,663 |
| Net pension liability | 3,068,031 | 472,277 | 3,540,308 |
| OPEB - TMRS supplemental death benefit | 325,295 | 50,074 | 375,369 |
| OPEB - Retiree health plan | 382,781 | 57,197 | 439,978 |
| Total liabilities | <u>46,291,328</u> | <u>26,318,587</u> | <u>72,609,915</u> |

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

CITY OF MARBLE FALLS, TEXAS

STATEMENT OF NET POSITION

SEPTEMBER 30, 2019

| | Primary Government | | |
|--|----------------------------|-----------------------------|----------------------|
| | Governmental Activities | Business-type Activities | Total |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Deferred inflow related to pensions | \$ 55,295 | \$ 8,511 | \$ 63,806 |
| OPEB - TMRS supplemental death benefit | 17,517 | 2,697 | 20,214 |
| OPEB - Retiree health plan | 14,024 | 2,096 | 16,120 |
| Total deferred inflows of resources | <u>86,836</u> | <u>13,304</u> | <u>100,140</u> |
| NET POSITION | | | |
| Net investment in capital assets | 4,276,768 | 16,530,931 | 20,807,699 |
| Restricted for: | | | |
| Economic development | 2,333,767 | - | 2,333,767 |
| Debt service | 117,407 | - | 117,407 |
| Public safety | 161,966 | - | 161,966 |
| Culture and recreation | 695,090 | - | 695,090 |
| Unrestricted | <u>1,877,011</u> | <u>(3,871,790)</u> | <u>(1,994,779)</u> |
| Total net position | <u>\$ 9,462,009</u> | <u>\$ 12,659,141</u> | <u>\$ 22,121,150</u> |

CITY OF MARBLE FALLS, TEXAS

STATEMENT OF ACTIVITIES

SEPTEMBER 30, 2019

| Functions/Programs | Expenses | Program Revenues | | |
|--------------------------------|--------------------------|-------------------------|--|--|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions |
| Primary government: | | | | |
| Governmental activities: | | | | |
| General government | \$ 4,516,426 | \$ 444,108 | \$ 30,206 | \$ - |
| Public safety | 7,825,499 | 241,106 | 206,408 | - |
| Public works | 3,868,741 | 190,251 | - | - |
| Culture and recreation | 2,366,820 | 100,447 | 13,553 | - |
| Interest on long-term debt | <u>1,418,977</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total governmental activities | <u>19,996,463</u> | <u>975,912</u> | <u>250,167</u> | <u>-</u> |
| Business-type activities: | | | | |
| Water and sewer | <u>6,194,230</u> | <u>5,158,479</u> | <u>-</u> | <u>115,000</u> |
| Total business-type activities | <u>6,194,230</u> | <u>5,158,479</u> | <u>-</u> | <u>115,000</u> |
| Total primary government | <u>\$ 26,190,693</u> | <u>\$ 6,134,391</u> | <u>\$ 250,167</u> | <u>\$ 115,000</u> |

General revenues:

 Taxes:

 Property, levied for general purposes

 Property, levied for debt service

 Sales

 Franchise

 Other

 Investment earnings

 Miscellaneous

Transfers

Total general revenues and transfers

Change in net position

Net position, beginning

Net position, ending

Net (Expense) Revenue and
Changes in Net Position

| Primary Government | | |
|----------------------------|-----------------------------|----------------------|
| Governmental Activities | Business-type Activities | Total |
| \$(4,042,112) | \$ - | \$(4,042,112) |
| (7,377,985) | - | (7,377,985) |
| (3,678,490) | - | (3,678,490) |
| (2,252,820) | - | (2,252,820) |
| <u>(1,418,977)</u> | <u>-</u> | <u>(1,418,977)</u> |
| <u>(18,770,384)</u> | <u>-</u> | <u>(18,770,384)</u> |
| | | |
| - | (920,751) | (920,751) |
| - | (920,751) | (920,751) |
| | | |
| (18,770,384) | (920,751) | (19,691,135) |
| | | |
| 2,279,069 | - | 2,279,069 |
| 3,390,309 | - | 3,390,309 |
| 9,515,880 | - | 9,515,880 |
| 591,561 | - | 591,561 |
| 822,438 | - | 822,438 |
| 275,258 | 26,438 | 301,696 |
| 926,591 | - | 926,591 |
| <u>147,219</u> | <u>(147,219)</u> | <u>-</u> |
| <u>17,948,325</u> | <u>(120,781)</u> | <u>17,827,544</u> |
| | | |
| (822,059) | (1,041,532) | (1,863,591) |
| <u>10,284,068</u> | <u>13,700,673</u> | <u>23,984,741</u> |
| | | |
| <u>\$ 9,462,009</u> | <u>\$ 12,659,141</u> | <u>\$ 22,121,150</u> |

CITY OF MARBLE FALLS, TEXAS

BALANCE SHEET - GOVERNMENTAL FUNDS

SEPTEMBER 30, 2019

| | <u>General</u> | <u>Economic Development Corporation</u> | <u>Debt Service</u> |
|---|---------------------|---|-------------------------|
| ASSETS | | | |
| Cash and investments | \$ - | \$ 1,445,407 | \$ 1,113,786 |
| Receivables, net of allowances for uncollectibles: | | | |
| Property taxes | 23,443 | - | 126,038 |
| Other taxes | 1,207,173 | 397,030 | - |
| Accounts | 209,406 | - | - |
| Other | 90 | 39 | - |
| Due from other governments | 62,937 | - | - |
| Due from other funds | 2,591,439 | 665,586 | - |
| Prepaid items | <u>1,248</u> | <u>-</u> | <u>-</u> |
| Total assets | <u>4,095,736</u> | <u>2,508,062</u> | <u>1,239,824</u> |
| LIABILITIES | | | |
| Accounts payable | 877,562 | 170,372 | - |
| Accrued liabilities | 140,020 | 3,923 | - |
| Due to other funds | 665,586 | - | 51,237 |
| Due to others | 69,995 | - | - |
| Customer deposits | <u>27,224</u> | <u>-</u> | <u>-</u> |
| Total liabilities | <u>1,780,387</u> | <u>174,295</u> | <u>51,237</u> |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Unavailable revenue - property taxes | 17,615 | - | 117,407 |
| Unavailable revenue - court fines and fees | <u>105,272</u> | <u>-</u> | <u>-</u> |
| Total deferred inflows of resources | <u>122,887</u> | <u>-</u> | <u>117,407</u> |
| FUND BALANCES | | | |
| Nonspendable | 1,248 | - | - |
| Restricted | - | 2,333,767 | 1,071,180 |
| Assigned for subsequent year's budget | 25,824 | - | - |
| Unassigned | <u>2,165,390</u> | <u>-</u> | <u>-</u> |
| Total fund balances | <u>2,192,462</u> | <u>2,333,767</u> | <u>1,071,180</u> |
| Total liabilities, deferred inflows of resources and fund balances | \$ <u>4,095,736</u> | \$ <u>2,508,062</u> | \$ <u>1,239,824</u> |

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

| <u>Hotel Conference Center</u> | <u>Parks Improvement</u> | <u>Other Governmental</u> | <u>Total Governmental</u> |
|--|------------------------------|-------------------------------|-------------------------------|
| \$ 5,840,773 | \$ 550,529 | \$ 1,013,955 | \$ 9,964,450 |
| - | - | - | 149,481 |
| - | - | 190,281 | 1,794,484 |
| - | - | - | 209,406 |
| - | - | 2,160 | 2,289 |
| - | - | - | 62,937 |
| 638,119 | - | 226,092 | 4,121,236 |
| - | - | - | 1,248 |
| <u>6,478,892</u> | <u>550,529</u> | <u>1,432,488</u> | <u>16,305,531</u> |
| - | 333,074 | 21,286 | 1,402,294 |
| - | - | 373 | 144,316 |
| - | 54,043 | - | 770,866 |
| - | - | - | 69,995 |
| - | - | - | 27,224 |
| <u>-</u> | <u>387,117</u> | <u>21,659</u> | <u>2,414,695</u> |
| - | - | - | 135,022 |
| <u>-</u> | <u>-</u> | <u>-</u> | <u>105,272</u> |
| <u>-</u> | <u>-</u> | <u>-</u> | <u>240,294</u> |
| - | - | - | 1,248 |
| 6,478,892 | 163,412 | 1,410,829 | 11,458,080 |
| - | - | - | 25,824 |
| - | - | - | 2,165,390 |
| <u>6,478,892</u> | <u>163,412</u> | <u>1,410,829</u> | <u>13,650,542</u> |
| \$ <u>6,478,892</u> | \$ <u>550,529</u> | \$ <u>1,432,488</u> | |

37,379,976

1,035,761

134,200

(42,738,470)

\$ 9,462,009

CITY OF MARBLE FALLS, TEXAS

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

SEPTEMBER 30, 2019

| | <u>General</u> | <u>Economic Development Corporation</u> | <u>Debt Service</u> |
|--|---------------------|---|-------------------------|
| REVENUES | | | |
| Property taxes | \$ 2,267,850 | \$ - | \$ 3,373,129 |
| Sales taxes | 7,136,935 | 2,378,945 | - |
| Hotel/motel taxes | - | - | - |
| Mixed beverage taxes | 64,018 | - | - |
| Franchise fees | 591,561 | - | - |
| Fines and forfeitures | 264,229 | - | - |
| Permits and fees | 266,120 | 43,698 | - |
| Intergovernmental | 362,653 | 30,206 | - |
| Investment earnings | 18,012 | 33,051 | 23,582 |
| Other | <u>157,191</u> | <u>375,000</u> | <u>-</u> |
| Total revenues | <u>11,128,569</u> | <u>2,860,900</u> | <u>3,396,711</u> |
| EXPENDITURES | | | |
| Current: | | | |
| General government | 2,744,149 | 655,174 | - |
| Public safety | 5,932,183 | - | - |
| Public works | 1,522,838 | - | - |
| Culture and recreation | 1,046,036 | - | - |
| Capital outlay | 647,200 | 1,186,787 | - |
| Debt service: | | | |
| Principal | 201,258 | 520,000 | 2,700,000 |
| Interest and fiscal charges | 41,561 | 400,368 | 925,662 |
| Bond issuance costs | <u>-</u> | <u>-</u> | <u>34,900</u> |
| Total expenditures | <u>12,135,225</u> | <u>2,762,329</u> | <u>3,660,562</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | <u>(1,006,656)</u> | <u>98,571</u> | <u>(263,851)</u> |
| OTHER FINANCING SOURCES (USES) | | | |
| Debt proceeds | 375,900 | - | 1,170,000 |
| Premium on bond issuance | 13,832 | - | - |
| Sale of capital assets | 44,845 | 123,767 | - |
| Proceeds from insurance | 470,677 | 7,054 | - |
| Transfers in | 419,848 | - | 245,768 |
| Transfers out | <u>(115,700)</u> | <u>(248,924)</u> | <u>-</u> |
| Total other financing sources (uses) | <u>1,209,402</u> | <u>(118,103)</u> | <u>1,415,768</u> |
| NET CHANGE IN FUND BALANCES | 202,746 | (19,532) | 1,151,917 |
| FUND BALANCES, BEGINNING | <u>1,989,716</u> | <u>2,353,299</u> | <u>(80,737)</u> |
| FUND BALANCES, ENDING | \$ <u>2,192,462</u> | \$ <u>2,333,767</u> | \$ <u>1,071,180</u> |

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

| Hotel Conference Center | Parks Improvement | Other Governmental | Total Governmental |
|-------------------------------|----------------------|-----------------------|-----------------------|
| \$ - | \$ - | \$ - | \$ 5,640,979 |
| - | - | - | 9,515,880 |
| - | - | 755,703 | 755,703 |
| - | - | - | 64,018 |
| - | - | - | 591,561 |
| - | - | 125,087 | 389,316 |
| - | - | - | 309,818 |
| - | - | 32,928 | 425,787 |
| 166,937 | - | 33,676 | 275,258 |
| <u>-</u> | <u>4,152</u> | <u>-</u> | <u>536,343</u> |
| <u>166,937</u> | <u>4,152</u> | <u>947,394</u> | <u>18,504,663</u> |
| - | - | 11,024 | 3,410,347 |
| - | - | 56,221 | 5,988,404 |
| - | - | - | 1,522,838 |
| - | - | 568,011 | 1,614,047 |
| 375,000 | 2,955,350 | 477,075 | 5,641,412 |
| - | - | - | 3,421,258 |
| - | 75,673 | 10,187 | 1,453,451 |
| <u>-</u> | <u>-</u> | <u>-</u> | <u>34,900</u> |
| <u>375,000</u> | <u>3,031,023</u> | <u>1,122,518</u> | <u>23,086,657</u> |
| (208,063) | (3,026,871) | (175,124) | (4,581,994) |
| - | 3,257,800 | 438,550 | 5,242,250 |
| - | 119,873 | 16,137 | 149,842 |
| - | - | - | 168,612 |
| - | - | 672 | 478,403 |
| - | - | 31,900 | 697,516 |
| <u>-</u> | <u>-</u> | <u>(250,473)</u> | <u>(615,097)</u> |
| <u>-</u> | <u>3,377,673</u> | <u>236,786</u> | <u>6,121,526</u> |
| (208,063) | 350,802 | 61,662 | 1,539,532 |
| <u>6,686,955</u> | <u>(187,390)</u> | <u>1,349,167</u> | <u>12,111,010</u> |
| \$ <u>6,478,892</u> | \$ <u>163,412</u> | \$ <u>1,410,829</u> | \$ <u>13,650,542</u> |

CITY OF MARBLE FALLS, TEXAS

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

FOR THE YEAR ENDED SEPTEMBER 30, 2019

Amounts reported for governmental activities in the Statement of Activities (pages 11 - 12) are different because:

| | |
|--|----------------------|
| Net change in fund balances - total governmental funds (pages 15 - 16) | \$ 1,539,532 |
| 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. | 1,826,743 |
| Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. | 44,119 |
| 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. | (2,036,281) |
| Certain pension expenditures are not expended in the government-wide financial statements and recorded as deferred resource outflows. This item relates to contributions made after the measurement date. Additionally, a portion of the City's unrecognized deferred resource outflows related to the pension liability were amortized. | (2,137,471) |
| 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. | 64,800 |
| 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. | (123,501) |
| Change in net position of governmental activities (pages 11 - 12) | <u>\$ (822,059)</u> |

THIS PAGE LEFT BLANK INTENTIONALLY

CITY OF MARBLE FALLS, TEXAS

STATEMENT OF NET POSITION
PROPRIETARY FUND

SEPTEMBER 30, 2019

| | <u>Business-type Activities Enterprise Fund Water and Utility</u> | <u>Governmental Activities Internal Service Fund Equipment Replacement</u> |
|---|---|--|
| ASSETS | | |
| Current assets: | | |
| Cash and investments | \$ - | \$ 134,200 |
| Accounts receivable, net of allowance | 830,672 | - |
| Inventories | <u>285,719</u> | <u>-</u> |
| Total current assets | <u>1,116,391</u> | <u>134,200</u> |
| Noncurrent assets: | | |
| Capital assets: | | |
| Land | 681,006 | - |
| Buildings and improvements | 67,074,051 | - |
| Machinery and equipment | 1,446,145 | 95,600 |
| Accumulated depreciation | <u>(28,758,112)</u> | <u>-</u> |
| Total capital assets | <u>40,443,090</u> | <u>95,600</u> |
| Total noncurrent assets | <u>40,443,090</u> | <u>95,600</u> |
| Total assets | <u>41,559,481</u> | <u>229,800</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | |
| Deferred outflow related to pensions | 237,703 | - |
| OPEB obligation - TMRS supplemental death benefit | 5,487 | - |
| OPEB obligation - Retiree health plan | 2,750 | - |
| Deferred loss on bond refunding | <u>535,981</u> | <u>-</u> |
| Total deferred outflows of resources | <u>781,921</u> | <u>-</u> |
| LIABILITIES | | |
| Current liabilities: | | |
| Accounts payable | 209,435 | - |
| Accrued liabilities | 24,937 | - |
| Due to other funds | 3,350,370 | - |
| Customer deposits | 540,458 | - |
| Due to others | 69,582 | - |
| Accrued interest | 112,829 | - |
| Compensated absences | 40,068 | - |
| Capital leases | 54,166 | - |
| Bonds payable | 1,380,000 | - |
| OPEB obligation - TMRS supplemental death benefit | 356 | - |
| OPEB obligation - Retiree health plan | <u>722</u> | <u>-</u> |
| Total current liabilities | <u>5,782,923</u> | <u>-</u> |

CITY OF MARBLE FALLS, TEXAS

STATEMENT OF NET POSITION
 PROPRIETARY FUND

SEPTEMBER 30, 2019

| | Business-type Activities <u>Enterprise Fund</u> <u>Water and Utility</u> | Governmental Activities <u>Internal Service Fund</u> <u>Equipment Replacement</u> |
|---|---|--|
| LIABILITIES | | |
| Noncurrent liabilities: | | |
| Compensated absences | 120,205 | - |
| Capital leases | 212,091 | - |
| Bonds payable | 22,974,190 | - |
| Net pension liability | 472,277 | - |
| OPEB obligation - TMRS supplemental death benefit | 50,074 | - |
| OPEB obligation - Retiree health plan | <u>57,197</u> | <u>-</u> |
| Total noncurrent liabilities | <u>23,886,034</u> | <u>-</u> |
| Total liabilities | <u>29,668,957</u> | <u>-</u> |
| DEFERRED INFLOWS OF RESOURCES | | |
| Deferred inflow related to pensions | 8,511 | - |
| OPEB obligation - TMRS supplemental death benefit | 2,697 | - |
| OPEB obligation - Retiree health plan | <u>2,096</u> | <u>-</u> |
| Total deferred inflows of resources | <u>13,304</u> | <u>-</u> |
| NET POSITION | | |
| Net investment in capital assets | 16,530,931 | 95,600 |
| Unrestricted | <u>(3,871,790)</u> | <u>134,200</u> |
| Total net position | \$ <u>12,659,141</u> | \$ <u>229,800</u> |

CITY OF MARBLE FALLS, TEXAS

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

FOR THE YEAR ENDED SEPTEMBER 30, 2019

| | Business-type Activities <u>Enterprise Fund</u> <u>Water and Utility</u> | Governmental Activities <u>Internal Service Fund</u> <u>Equipment Replacement</u> |
|---|---|--|
| OPERATING REVENUES | | |
| Water and utility charges | \$ 5,041,932 | \$ - |
| Miscellaneous | <u>116,547</u> | <u>-</u> |
| Total operating revenues | <u>5,158,479</u> | <u>-</u> |
| OPERATING EXPENSES | | |
| Personnel services | 1,707,195 | - |
| Supplies | 499,358 | - |
| Repairs and maintenance | 663,690 | - |
| Purchased and contracted services | 424,661 | - |
| Other services and charges | 215,712 | - |
| Depreciation | <u>1,982,099</u> | <u>-</u> |
| Total operating expenses | <u>5,492,715</u> | <u>-</u> |
| OPERATING LOSS | <u>(334,236)</u> | <u>-</u> |
| NONOPERATING REVENUES (EXPENSES) | | |
| Investment earnings | 26,438 | - |
| Interest and fiscal charges | <u>(701,515)</u> | <u>-</u> |
| Total nonoperating revenues (expenses) | <u>(675,077)</u> | <u>-</u> |
| CAPITAL CONTRIBUTIONS | 115,000 | - |
| INCOME BEFORE TRANSFERS | <u>(894,313)</u> | <u>-</u> |
| TRANSFERS OUT | <u>(362,000)</u> | <u>-</u> |
| TRANSFERS IN | <u>214,781</u> | <u>64,800</u> |
| CHANGE IN NET POSITION | <u>(1,041,532)</u> | <u>64,800</u> |
| NET POSITION, BEGINNING | <u>13,700,673</u> | <u>165,000</u> |
| NET POSITION, ENDING | <u>\$ 12,659,141</u> | <u>\$ 229,800</u> |

THIS PAGE LEFT BLANK INTENTIONALLY

CITY OF MARBLE FALLS, TEXAS

STATEMENT OF CASH FLOWS
PROPRIETARY FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2019

| | Business-type Activities <u>Enterprise Fund</u> <u>Water and Utility</u> | Governmental Activities <u>Internal Service Fund</u> <u>Equipment Replacement</u> |
|---|---|--|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Cash received from customers and users | \$ 5,058,521 | \$ - |
| Cash paid to suppliers for goods and services | (1,292,904) | - |
| Cash paid to employees for services | (1,359,988) | - |
| Net cash provided by operating activities | <u>2,405,629</u> | <u>-</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | |
| Transfers to other funds | (362,000) | - |
| Transfers from other funds | <u>214,781</u> | <u>64,800</u> |
| Net cash used by noncapital financing activities | <u>(147,219)</u> | <u>64,800</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | |
| Acquisition of capital assets | (2,460,676) | (55,600) |
| Capital contributions | 115,000 | - |
| Principal repayments on long-term debt | 776,124 | - |
| Interest and fiscal charges paid on debt | (715,296) | - |
| Net cash used by capital and related financing activities | <u>(2,284,848)</u> | <u>(55,600)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Interest and investment earnings | <u>26,438</u> | <u>-</u> |
| Net cash provided by investing activities | <u>26,438</u> | <u>-</u> |
| NET DECREASE IN CASH AND CASH EQUIVALENTS | - | 9,200 |
| CASH AND CASH EQUIVALENTS, BEGINNING | <u>-</u> | <u>125,000</u> |
| CASH AND CASH EQUIVALENTS, ENDING | <u>\$ -</u> | <u>\$ 134,200</u> |

CITY OF MARBLE FALLS, TEXAS

STATEMENT OF CASH FLOWS
 PROPRIETARY FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2019

| | Business-type Activities <u>Enterprise Fund</u> <u>Water and Utility</u> | Governmental Activities <u>Internal Service Fund</u> <u>Equipment Replacement</u> |
|--|---|--|
| Reconciliation of operating income (loss) to net cash used by operating activities: | | |
| Operating loss | \$ (334,236) | \$ - |
| Adjustments to reconcile operating income (loss) to net cash used by operating activities: | | |
| Depreciation and amortization | 1,982,099 | - |
| Changes in assets and liabilities: | | |
| Decrease (increase) in assets: | | |
| Customer receivable | (108,237) | - |
| Other receivable | 25 | - |
| Inventory | (26,068) | - |
| Net pension asset | 599,473 | - |
| Deferred outflow related to pensions | (173,250) | - |
| Increase (decrease) in liabilities: | | |
| Accounts payable | (699,571) | - |
| Accrued liabilities | 8,589 | - |
| OPEB net pension obligation | (15,639) | - |
| Customer deposits | 8,279 | - |
| Due to others | 55,676 | - |
| Deferred inflow related to pensions | (89,839) | - |
| Deferred inflow related to OPEB | 4,793 | - |
| Compensated absences payable | <u>17,873</u> | - |
| Net cash provided by operating activities | \$ <u>2,405,629</u> | \$ <u>-</u> |

CITY OF MARBLE FALLS, TEXAS

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS

SEPTEMBER 30, 2019

| | <u>Total Trust Funds</u> |
|---------------------------|--------------------------|
| ASSETS | |
| Cash and cash equivalents | \$ <u>126,825</u> |
| Total assets | <u>126,825</u> |
| LIABILITIES | |
| Accounts payable | \$ <u>135,666</u> |
| NET POSITION | |
| Held in trust | \$(<u>8,841</u>) |

CITY OF MARBLE FALLS, TEXAS

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY NET POSITION

FOR THE YEAR ENDED SEPTEMBER 30, 2019

| | <u>Total Trust Funds</u> |
|-----------------------------------|--------------------------|
| ADDITIONS | |
| Property tax assessment | \$ 45,535 |
| Investment earnings | <u>10,878</u> |
| Total additions | <u>56,413</u> |
| DEDUCTIONS | |
| Purchased and contracted services | 66,221 |
| Miscellaneous expense | <u>39,461</u> |
| Total deductions | <u>105,682</u> |
| CHANGE IN NET POSITION | (49,269) |
| NET POSITION, BEGINNING | <u>40,428</u> |
| NET POSITION, ENDING | \$(<u>8,841</u>) |

CITY OF MARBLE FALLS, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

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

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

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

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

The **Parks Improvement Fund** is used to account for the financing sources and expenditures related to the Parks Improvement project.

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 privately managed public funds investment pools (LOGIC & Texas Class).

The City's general policy is to report money market investments and short-term participating interest-earning investment contracts at amortized cost and to report nonparticipating interest-earning investment contract using a cost-based measure. However, if the fair value of an investment is significantly affected by the impairment of the credit standing of the issuer or by other factors, it is reported at fair value. All other investments are reported at fair value unless a legal contract exists which guarantees a higher value. The term "short-term" refers to investments, which have a remaining term of one year or less at time of purchase. The term "nonparticipating" means that the investment's value does not vary with market interest rate changes.

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

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

Receivables and Payables

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

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

All trade and property tax receivables are shown net of an allowance for uncollectibles. Trade accounts receivable in excess of 180 days comprise the trade accounts receivable allowance for uncollectibles. The property tax receivable allowance is equal to 10 percent of outstanding property taxes at September 30, 2019.

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 2018 was \$5,659,090. The tax assessment of October 1, 2017 sets a tax levy at \$0.6150 per \$100 of assessed valuation at 100% of assumed market value. Of this amount, \$0.3671 was allocated to debt service.

Legislation has been passed by the Texas Legislature that affects the method of property assessment and tax collection in the City. This legislation, with certain exceptions, exempts intangible personal property and household goods. In addition, this legislation creates a "Property Tax Code" and provides, among other things, for the establishment of countywide appraisal districts and for a state property tax board, which commenced operation in January 1980.

The value of property within the appraisal district must be reviewed at least every three years. The City may challenge appraised values established by the appraisal district through various appeals and, if necessary, legal action. Under this legislation, the City continues to set tax rates on City property. However, if the effective tax rate, excluding tax rates for bonds and other contractual obligations and adjusted for new improvements, exceeds the rate for the previous year by more than 8%, qualified voters of the City may petition for an election to determine whether to limit the tax rate to no more than 8% above the tax rate of the previous year.

Inventories and Prepaid Items

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The City defines capital assets as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Property, plant and equipment are depreciated using the straight-line method over the following useful lives:

| Assets | Years |
|------------------------|-------|
| Buildings | 20-50 |
| Improvements | 5-50 |
| Equipment | 5-10 |
| Water and sewer system | 40-50 |

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

Compensated Absences

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

Long-term Obligations

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

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

Pensions

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

Other Post-Employment Benefits

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

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position and/or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net 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 and Other Post-employment Benefit contributions after measurement date – These contributions are deferred and recognized in the following fiscal year.
- Difference in projected and actual earnings on pension and other post-employment benefit assets – This difference is deferred and amortized over a closed five year period.

In addition to liabilities, the statement of financial position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement 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.

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 \$(42,738,470) difference are as follows:

| | |
|--|------------------------|
| General obligation bonds | \$(28,345,090) |
| Sales tax revenue bonds | (8,625,000) |
| Tax notes | (1,170,000) |
| Deferred loss on refunding debt issuance | 397,636 |
| Bond premiums | (1,071,639) |
| TMRS net pension | (1,579,149) |
| OPEB - TMRS supplemental death benefit | (309,472) |
| OPEB - Retiree health plan | (383,233) |
| Capital lease | (561,946) |
| Compensated absences | (865,944) |
| Accrued interest payable | <u>(224,633)</u> |
| Net adjustment to reduce <i>fund balance – total governmental funds</i> to arrive at <i>net assets – governmental activities</i> | <u>\$(42,738,470)</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 \$1,826,743 difference are as follows:

| | |
|--|---------------------|
| Capital outlay | \$ 4,998,260 |
| Depreciation expense | <u>(3,171,517)</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>\$ 1,826,743</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 \$44,119 difference are as follows:

| | |
|--|------------------|
| Property taxes | \$ 28,399 |
| Municipal court | <u>15,720</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>\$ 44,119</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 \$(2,036,281) difference are as follows:

| | |
|--|-----------------------|
| General obligation debt payments | \$ 3,270,000 |
| Capital lease | 151,258 |
| Issuance of tax notes | (1,170,000) |
| Issuance of general obligation bonds | (4,072,250) |
| Premium | (149,842) |
| OPEB obligation - TMRS supplemental death benefit | (38,205) |
| OPEB obligation - Retiree health plan | <u>(27,242)</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>\$(2,036,281)</u> |

3. DETAILED NOTES ON ALL FUNDS

Deposits and Investments

As of September 30, 2019, the City had the following investments:

| <u>Investment Type</u> | <u>Fair Value</u> | <u>Weighted Average Maturity (Days)</u> |
|------------------------|-------------------|---|
| Logic | \$ 744,477 | 49 |
| Texas Class | 7,108,960 | 56 |

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, 2019, \$2,190,000 of the City's \$2,470,362 deposit balance was collateralized with securities held by the pledging financial institution. The remaining balance, \$280,362, was covered by FDIC insurance.

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

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

Receivables

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

| | Governmental | | | Proprietary | | Total |
|------------------------------------|---------------------|----------------------------------|-------------------|-----------------------|-------------------|---------------------|
| | General | Economic Development Corporation | Debt Service | Nonmajor Governmental | Water and Utility | |
| Receivables: | | | | | | |
| Property taxes | \$ 26,048 | \$ - | \$ 140,042 | \$ - | \$ - | \$ 166,090 |
| Other taxes | 1,207,173 | 397,030 | - | 190,281 | - | 1,794,484 |
| Customer accounts | 405,222 | - | - | - | 1,048,625 | 1,453,847 |
| Other | 90 | 39 | - | 2,160 | - | 2,289 |
| Gross receivables | <u>1,638,533</u> | <u>397,069</u> | <u>140,042</u> | <u>192,441</u> | <u>1,048,625</u> | <u>3,416,710</u> |
| Less: allowance for uncollectibles | <u>198,421</u> | <u>-</u> | <u>14,004</u> | <u>-</u> | <u>217,953</u> | <u>430,378</u> |
| Net total receivables | <u>\$ 1,440,112</u> | <u>\$ 397,069</u> | <u>\$ 126,038</u> | <u>\$ 192,441</u> | <u>\$ 830,672</u> | <u>\$ 2,986,332</u> |

Capital Assets

Capital asset activity for the year ended September 30, 2019, was as follows:

| | Beginning Balance | Increases | Decreases | Ending Balance |
|--|----------------------|---------------------|---------------------|----------------------|
| Government activities: | | | | |
| Capital assets, not being depreciated: | | | | |
| Land | \$ 8,983,831 | \$ 584,064 | \$ - | \$ 9,567,895 |
| Total assets not being depreciated | <u>8,983,831</u> | <u>584,064</u> | <u>-</u> | <u>9,567,895</u> |
| Capital assets, being depreciated: | | | | |
| Buildings and improvements | 59,655,770 | 4,368,166 | (252,534) | 63,771,402 |
| Machinery and equipment | <u>6,443,705</u> | <u>101,630</u> | <u>(633,701)</u> | <u>5,911,634</u> |
| Total capital assets being depreciated | <u>66,099,475</u> | <u>4,469,796</u> | <u>(886,235)</u> | <u>69,683,036</u> |
| Less accumulated depreciation: | | | | |
| Buildings and improvements | (34,080,185) | (2,804,309) | 187,216 | (36,697,278) |
| Machinery and equipment | <u>(5,410,517)</u> | <u>(367,208)</u> | <u>604,048</u> | <u>(5,173,677)</u> |
| Total accumulated depreciation | <u>(39,490,702)</u> | <u>(3,171,517)</u> | <u>791,264</u> | <u>(41,870,955)</u> |
| Total capital assets being depreciated, net | <u>26,608,773</u> | <u>1,298,279</u> | <u>(94,971)</u> | <u>27,812,081</u> |
| Governmental activities capital assets, net | <u>\$ 35,592,604</u> | <u>\$ 1,882,343</u> | <u>\$ (94,971)</u> | <u>\$ 37,379,976</u> |
| Business-type activities: | | | | |
| Capital assets, not being depreciated: | | | | |
| Land | \$ 681,006 | \$ - | \$ - | \$ 681,006 |
| Total assets not being depreciated | <u>681,006</u> | <u>-</u> | <u>-</u> | <u>681,006</u> |
| Capital assets, being depreciated: | | | | |
| Buildings and improvements | 64,626,601 | 2,447,450 | - | 67,074,051 |
| Machinery and equipment | <u>1,432,919</u> | <u>13,226</u> | <u>-</u> | <u>1,446,145</u> |
| Total capital assets being depreciated | <u>66,059,520</u> | <u>2,460,676</u> | <u>-</u> | <u>68,520,196</u> |
| Less accumulated depreciation: | | | | |
| Buildings and improvements | (25,902,847) | (1,917,142) | - | (27,819,989) |
| Machinery and equipment | <u>(873,166)</u> | <u>(64,957)</u> | <u>-</u> | <u>(938,123)</u> |
| Total accumulated depreciation | <u>(26,776,013)</u> | <u>(1,982,099)</u> | <u>-</u> | <u>(28,758,112)</u> |
| Total capital assets being depreciated, net | <u>39,283,507</u> | <u>478,577</u> | <u>-</u> | <u>39,762,084</u> |
| Business-type activities capital assets, net | <u>\$ 39,964,513</u> | <u>\$ 478,577</u> | <u>\$ -</u> | <u>\$ 40,443,090</u> |

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

| | |
|---|---------------------|
| Governmental activities: | |
| General government | \$ 523,985 |
| Public safety | 285,060 |
| Public works | 2,165,517 |
| Culture and recreation | <u>196,955</u> |
| Total depreciation expense - governmental activities | <u>\$ 3,171,517</u> |
| Business-type activities: | |
| Water and utility | <u>\$ 1,982,099</u> |
| Total depreciation expense - business-type activities | <u>\$ 1,982,099</u> |

Interfund Receivables, Payables and Transfers

The composition of interfund balances as of September 30, 2019 is as follows:

| <u>Receivable Fund</u> | <u>Payable Fund</u> | <u>Amount</u> |
|----------------------------------|---------------------|---------------------|
| General | Debt Service | \$ 51,237 |
| General | Water and utility | 2,486,159 |
| General | Parks Improvement | 54,043 |
| Economic Development Corporation | General | 665,586 |
| Hotel Conference Center | Water and utility | 638,119 |
| Nonmajor governmental | Water and utility | <u>226,092</u> |
| Total | | <u>\$ 4,121,236</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>Tranfers Out</u> | <u>Transfers In</u> | | | | | |
|--|---------------------|-------------------|--------------------------|----------------------|---------------------|-------------------|
| | General | Debt Service | Nonmajor Governmental | Water and Utility | Internal Service | Total |
| General | \$ - | \$ 34,000 | \$ 31,900 | \$ - | \$ 49,800 | \$ 115,700 |
| Economic Development Corporation | 48,924 | 100,000 | - | 100,000 | - | 248,924 |
| Nonmajor Governmental | 23,924 | 111,768 | - | 114,781 | - | 250,473 |
| Water and Utility | <u>347,000</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>15,000</u> | <u>362,000</u> |
| | <u>\$ 419,848</u> | <u>\$ 245,768</u> | <u>\$ 31,900</u> | <u>\$ 214,781</u> | <u>\$ 64,800</u> | <u>\$ 977,097</u> |

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

Long-term Debt

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

Bonds Payable and Tax Notes

A summary of the terms of general obligation, revenue, combination tax and revenue bonds, and tax notes outstanding and their corresponding allocations to the governmental and business-type activities at September 30, 2019, follows:

| Series and Original Issue Amount | Final Maturity | Interest Rate | Governmental Activities | Business-type Activities |
|--|----------------|---------------|-------------------------|--------------------------|
| General Obligation Bonds | | | | |
| 2007 Series | 2030 | 4% - 5% | \$ 535,000 | \$ - |
| 2011 Series | 2031 | 2% - 4% | <u>1,380,000</u> | <u>495,000</u> |
| | | | <u>1,915,000</u> | <u>495,000</u> |
| General Obligation Refunding Bond | | | | |
| 2011 Series - Private Placement | 2020 | 2.10% | 190,000 | - |
| 2012 Series | 2023 | 3% | 1,120,000 | - |
| 2013 Series | 2034 | 3.75%-4.5% | 2,085,000 | - |
| 2014 Series | 2030 | 2% - 4% | - | 4,760,000 |
| 2015 Series | 2027 | 2% | 3,577,840 | 5,487,160 |
| 2017 Series | 2028 | 3% | <u>6,145,000</u> | <u>-</u> |
| | | | <u>13,117,840</u> | <u>10,247,160</u> |
| Combination Tax and Revenue Bonds | | | | |
| 2006 Series - Private Placement | 2021 | 4.25% | 335,000 | - |
| 2010 Series | 2032 | 1% - 5% | 5,125,000 | - |
| 2013 Series | 2033 | 2 - 4% | - | 2,780,000 |
| 2014 Series - Private Placement | 2034 | 2 - 4% | 2,450,000 | 825,000 |
| 2016 Series | 2036 | 2 - 4% | - | 6,950,000 |
| 2017 Series | 2032 | 3% | 1,515,000 | - |
| 2018 Series | 2038 | 3% - 4% | <u>3,887,250</u> | <u>2,077,750</u> |
| | | | <u>13,312,250</u> | <u>12,632,750</u> |
| Sales Tax Revenue Bonds | | | | |
| 2012 Series | 2018 | 2.72% | - | - |
| 2014 Series | 2027 | 4.12% | 2,740,000 | - |
| 2017 Series | 2036 | 3-4.75% | <u>5,885,000</u> | <u>-</u> |
| | | | <u>8,625,000</u> | <u>-</u> |
| Total Bonds | | | <u>\$ 36,970,090</u> | <u>\$ 23,374,910</u> |
| Tax Notes | | | | |
| 2019 Series - Private Placement | 2014 | 1.79% | <u>1,170,000</u> | |
| Total Tax Notes | | | <u>\$ 1,170,000</u> | |

Annual debt service requirements for bonds and tax notes are as follows:

| Year Ending September 30, | Governmental Activities | | Business-type Activities | |
|---------------------------|-------------------------|---------------------|--------------------------|---------------------|
| | Principal | Interest | Principal | Interest |
| 2020 | \$ 2,820,000 | \$ 1,158,514 | \$ 1,335,000 | \$ 645,990 |
| 2021 | 2,810,000 | 1,071,739 | 1,475,000 | 610,190 |
| 2022 | 3,075,000 | 982,993 | 1,515,000 | 572,602 |
| 2023 | 3,120,000 | 885,459 | 1,555,000 | 532,227 |
| 2024 | 2,920,000 | 786,156 | 1,595,000 | 487,202 |
| 2025-2029 | 12,012,840 | 2,518,397 | 8,787,160 | 1,673,915 |
| 2030-2034 | 5,447,250 | 924,087 | 5,217,750 | 426,750 |
| 2035-2038 | <u>1,790,000</u> | <u>128,185</u> | <u>1,070,000</u> | <u>28,900</u> |
| Total | <u>\$ 33,995,090</u> | <u>\$ 8,455,530</u> | <u>\$ 22,549,910</u> | <u>\$ 4,977,776</u> |

| Year Ending September 30, | Private Placement | | Private Placement | |
|------------------------------|-------------------------|-------------------|--------------------------|-------------------|
| | Governmental Activities | | Business-type Activities | |
| | Principal | Interest | Principal | Interest |
| 2020 | \$ 660,000 | \$ 111,931 | \$ 45,000 | \$ 27,763 |
| 2021 | 780,000 | 96,410 | 45,000 | 26,638 |
| 2022 | 310,000 | 82,899 | 45,000 | 25,288 |
| 2023 | 315,000 | 75,611 | 50,000 | 23,863 |
| 2024 | 320,000 | 68,204 | 50,000 | 22,363 |
| 2025-2029 | 800,000 | 260,938 | 270,000 | 87,581 |
| 2030-2034 | <u>960,000</u> | <u>199,181</u> | <u>320,000</u> | <u>32,925</u> |
| Total | <u>\$ 4,145,000</u> | <u>\$ 895,174</u> | <u>\$ 825,000</u> | <u>\$ 246,421</u> |

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

| September 30, | Governmental Activities | | Business-type Activities | |
|---------------|-------------------------|------------------|--------------------------|------------------|
| | Principal | Interest | Principal | Interest |
| 2020 | \$ 147,707 | \$ 17,319 | \$ 54,166 | \$ 7,788 |
| 2021 | 151,240 | 12,867 | 56,167 | 6,210 |
| 2022 | 107,748 | 8,280 | 50,322 | 4,586 |
| 2023 | 111,177 | 4,852 | 51,806 | 3,102 |
| 2024 | <u>44,074</u> | <u>1,314</u> | <u>53,796</u> | <u>1,573</u> |
| Total | <u>\$ 561,946</u> | <u>\$ 44,632</u> | <u>\$ 266,257</u> | <u>\$ 23,259</u> |

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

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

Debt Issuance

On October 9, 2018, the City issued \$6,265,000 of Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2018. The debt will be used for city park improvements, acquisition and installation of water meter replacements, LED lighting for City facilities, downtown beautification, and payment of cost of issuance and professional services.

On September 11, 2019, the City also issued \$1,170,000 Tax Note, Series 2019.

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, 2019, was as follows:

| | Beginning Balance | Additions | Reductions | Ending Balance | Due Within One Year |
|--|----------------------|---------------------|---------------------|----------------------|------------------------|
| Governmental activities | | | | | |
| General obligation and Tax Revenue bonds | \$ 9,635,000 | \$ 4,072,250 | \$ 1,265,000 | \$ 12,442,250 | \$ 1,255,000 |
| General obligation and Tax Revenue bonds - Private Placement | 3,075,000 | - | 290,000 | 2,785,000 | 295,000 |
| General obligation refunding bond - Private Placement | 13,927,840 | - | 1,000,000 | 12,927,840 | 1,030,000 |
| General obligation refunding bond - Private Placement | 385,000 | - | 195,000 | 190,000 | 190,000 |
| Sales tax revenue bond | 9,145,000 | - | 520,000 | 8,625,000 | 535,000 |
| Tax notes - Private Placement | - | 1,170,000 | - | 1,170,000 | 175,000 |
| Premium from issuance of bonds | 1,025,590 | 149,842 | 103,793 | 1,071,639 | - |
| Capital Lease | 713,204 | - | 151,258 | 561,946 | 147,707 |
| Compensated absences | <u>844,805</u> | <u>75,221</u> | <u>54,082</u> | <u>865,944</u> | <u>216,486</u> |
| Governmental activities long-term liabilities | <u>\$ 38,751,439</u> | <u>\$ 5,467,313</u> | <u>\$ 3,579,133</u> | <u>\$ 40,639,619</u> | <u>\$ 3,844,193</u> |
| Business-type activities | | | | | |
| Tax and revenue bonds | \$ 21,762,160 | \$ 2,192,750 | \$ 1,405,000 | \$ 22,549,910 | \$ 1,335,000 |
| Tax and revenue bonds - Private Placement | 865,000 | - | 40,000 | 825,000 | 45,000 |
| Premium from issuance of bonds | 972,764 | 80,684 | 74,168 | 979,280 | - |
| Capital Lease | 318,890 | - | 52,633 | 266,257 | 54,166 |
| Compensated absences | <u>142,400</u> | <u>19,620</u> | <u>1,747</u> | <u>160,273</u> | <u>40,068</u> |
| Business-type activities long-term liabilities | <u>\$ 24,061,214</u> | <u>\$ 2,293,054</u> | <u>\$ 1,573,548</u> | <u>\$ 24,780,720</u> | <u>\$ 1,474,234</u> |

Accrued Compensated Absences

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

Net Pension Liability and Net Other Post Employment Benefit (OPEB) Obligation

When these liabilities are liquidated for governmental activities, the General Fund will be primarily responsible.

Pledged Revenues

Marble Falls Economic Development Corporation

The Board of Directors for the Marble Falls Economic Development Corporation adopted a resolution that authorized the issuance of \$4,000,000 worth of Sales Tax Revenue Bonds to pay for the costs of acquiring real property for the Waterfront Project and the Downtown Project, planning the two projects, parking, landscaping, meeting space, boardwalk, trail improvements, open space or park improvements and street improvements related to such projects, and the payment of costs of issuance related to the issuance of the bonds. This debt will be paid for with a one-half and one percent sales and use tax levied on the receipts at retail of taxable items within the City. It is anticipated that the pledged revenues will fully pay for future principal and interest payments. This debt issue is due to be retired in August 2027.

Fund Balance

As of September 30, 2019, 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>Hotel Conference Center</u> | <u>Parks Improvement</u> | <u>Other Governmental</u> | <u>Totals</u> |
|---|---------------------|---|-------------------------|--|------------------------------|-------------------------------|----------------------|
| Nonspendable: | | | | | | | |
| Prepaid items | \$ 1,248 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 1,248 |
| Restricted: | | | | | | | |
| Capital acquisition and construction | - | - | - | 6,478,892 | 163,412 | 551,923 | 7,194,227 |
| Tourism activities | - | - | - | - | - | 695,090 | 695,090 |
| Public safety | - | - | - | - | - | 116,640 | 116,640 |
| Building security | - | - | - | - | - | 1,253 | 1,253 |
| Economic development | - | 2,333,767 | - | - | - | - | 1,668,181 |
| Police forfeiture | - | - | - | - | - | 45,923 | 45,923 |
| Debt service | - | - | 1,071,180 | - | - | - | - |
| Assigned: | 25,824 | - | - | - | - | - | 25,824 |
| Unassigned | <u>2,165,390</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>2,165,390</u> |
| Total governmental fund balance | <u>\$ 2,192,462</u> | <u>\$ 1,668,181</u> | <u>\$ 1,071,180</u> | <u>\$ 6,478,892</u> | <u>\$ 163,412</u> | <u>\$ 1,410,829</u> | <u>\$ 12,984,956</u> |

Defined Benefit Pension Policies

Plan Descriptions. The City of Marble Falls participates as one of 883 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agency multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Sections 401(a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.tmr.org.

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

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

At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the City-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in over of seven payments options. Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest.

The City has approved an annually repeating (automatic) basis a monetary credit referred to as an updated service credit (USC) which is a theoretical amount which takes into account salary increases or plan improvements. If at any time during their career an employee earns a USC, this amount remains in their account earning interest at 5% until retirement. At retirement, the benefit is calculated as if the sum of the employee's accumulated contributions with interest and the employer match plus employer financed monetary credits, such as USC, with interest were used to purchase an annuity. Additionally, City provides on an annually repeating (automatic) basis cost of living adjustments (COLA) for retirees equal to a percentage of the change in the consumer price index (CPI).

A summary of plan provisions for the City are as follows:

| | |
|-----------------------------------|---|
| Employee deposit rate | 7.0% |
| Matching ratio (City to employee) | 2 to 1 |
| Years required for vesting | 5 |
| Service retirement eligibility | 20 years to any age, 5 years at age 60 and above |
| Updated service credit | 100% Repeating |

Employees covered by benefit terms

At the December 31, 2018 valuation and measurement date, the following employees were covered by the benefit terms:

| | |
|--|------------|
| Inactive employees or beneficiaries currently receiving benefits | 83 |
| Inactive employees entitled to but not yet receiving benefits | 65 |
| Active employees | <u>115</u> |
| | <u>263</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 5.92% and 9.56% in calendar years 2018 and 2019, respectively. The city’s contributions to TMRS for the year ended September 30, 2019, were \$623,026, and were equal to the required contributions.

Net Pension Liability. The City’s Net Pension Liability (NPL) was measured as of December 31, 2018, 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, 2018 actuarial valuation was determined using the following actuarial assumptions:

| | |
|---------------------------|--|
| Inflation | 2.5% per year |
| Overall payroll growth | 3.0% per year |
| Investment Rate of Return | 6.75%, net of pension plan investment expense, including inflation |

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 Tables with Blue Collar Adjustment, with male rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment are used with male rates multiplied by 109% and female rates multiplied by 103% with a 3-year set-forward for both males and females. In addition, a 3% minimum mortality rate is applied to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements subject to the 3% floor.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2010 to December 31, 2014. They were adopted in 2015 and first used in the December 31, 2015 actuarial valuation. The post-retirement mortality assumption for healthy annuitants and Annuity Purchase Rate (APRs) are based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. In conjunction with these changes first used in the December 31, 2013 valuation, the System adopted the Entry Age Normal actuarial cost method and a one-time change to the amortization policy. 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. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, the actuary focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive). The target allocation and best estimates of arithmetic real rates return for each major assets class in fiscal year 2019 are summarized in the following table:

| <u>Asset Class</u> | <u>Target Allocation</u> | <u>Long-Term Expected Real Rate of Return (Arithmetic)</u> |
|-----------------------|--------------------------|--|
| Domestic Equity | 17.5% | 4.30% |
| International Equity | 17.5% | 6.10% |
| Core Fixed Income | 10.0% | 1.00% |
| Non-Core Fixed Income | 20.0% | 3.39% |
| Real Return | 10.0% | 0.38% |
| Real Estate | 10.0% | 4.44% |
| Absolute Return | 10.0% | 3.56% |
| Private Equity | <u>5.0%</u> | 7.75% |
| Total | 100.0% | |

Discount Rate

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

Changes in the Net Pension Liability (Asset)

| | Increase (Decrease) | | |
|---|-----------------------------------|---------------------------------------|---|
| | Total Pension Liability (a) | Plan Fiduciary Net Position (b) | Net Pension Liability (Asset) (a) - (b) |
| Balance at 12/31/2017 | \$ 21,259,069 | \$ 22,147,428 | \$(888,359) |
| Changes for the year: | | | |
| Service cost | 966,975 | - | 966,975 |
| Interest | 1,565,139 | - | 1,565,139 |
| Change in benefits terms including substantively automatic status | 1,941,094 | - | 1,941,094 |
| Difference between expected and actual experience | 127,487 | - | 127,487 |
| Contributions - employer | - | 381,858 | (381,858) |
| Contributions - employee | - | 466,494 | (466,494) |
| Net investment income | - | (662,832) | 662,832 |
| Benefit payments, including refunds of employee contributions | (992,773) | (992,773) | - |
| Administrative expense | - | (12,822) | 12,822 |
| Other changes | - | (670) | 670 |
| Net changes | <u>3,607,922</u> | <u>(820,745)</u> | <u>4,428,667</u> |
| Balance at 12/31/2018 | <u>\$ 24,866,991</u> | <u>\$ 21,326,683</u> | <u>\$ 3,540,308</u> |

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

Pension Plan Fiduciary Net Position

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

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

For the year ended September 30, 2019, the City recognized pension expense of \$3,087,222. At September 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|-----------------------------------|----------------------------------|
| Differences between expected and actual economic experience | \$ 93,400 | \$ 63,806 |
| Changes in actuarial assumptions | 23,256 | - |
| Difference between projected and actual investment earnings | 1,143,621 | - |
| Contributions subsequent to the measurement date | <u>521,603</u> | <u>-</u> |
| Total | <u>\$ 1,781,880</u> | <u>\$ 63,806</u> |

\$521,603 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, 2020. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expenses as follows:

| For the year ended September 30, | |
|-------------------------------------|------------|
| 2020 | \$ 411,664 |
| 2021 | 174,587 |
| 2022 | 178,662 |
| 2023 | 431,558 |

Defined Other Post-Employment Benefit Plans

Retiree Health Care Plan

Plan Description. The City provides health care benefits through a single-employer defined benefit OPEB, for all fulltime employees in an eligible class. All full-time employees of the City may participate in the retiree health plan upon retirement. Eligible retirees are required to pay 100% of the plan’s blended premium. The City’s GASB 75 liability is entirely attributable to the implicit rate subsidy.

Benefits Provided

Plan Participants

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

At the December 31, 2018 valuation and measurement date, the following employees were covered by the benefit terms:

| | |
|---|------------|
| Inactive Plan Members or Beneficiaries Currently Receiving Benefits | 3 |
| Active Plan Members | <u>106</u> |
| Total | <u>109</u> |

Normal Retirement Benefits

Members of the Texas Municipal Retirement System (TMRS) are eligible for normal retirement upon reaching age 60 with 5 years of service, or at any age with 20 years of service. The health care benefits are identical to the coverage offered to active employees.

Deferred Retirement Benefits

Employees who terminate service prior to retirement are not eligible for retiree medical coverage.

Death-in-Service Retirement Benefits

Surviving spouses of active employees who die while employed are allowed continued coverage through COBRA only.

Disability Retirement Benefits

Members who retire through disability retirement are eligible for retiree medical coverage.

Benefits for Spouses of Retired Employees

Spouses of eligible retirees are allowed coverage under the plan. Spouse coverage will end once the member is no longer covered.

Medicare – Eligible Provisions

Qualified retirees and eligible spouses are required to enroll in Medicare once eligible.

Dental and Vision Coverage

The City offers dental and vision coverage for retirees and their dependents. Retirees are 100% responsible for the dental and vision premiums.

Life Insurance Coverage

The City does not offer life insurance coverage for retirees and dependents.

Retiree Opt-out

The City does not provide any financial reward to retirees who opt-out.

Monthly Retiree Premiums Effective October 1, 2017

| Health Plan | Employee Only | Employee & Spouse | Employee & Child(ren) | Employee & Family |
|-------------|---------------|-------------------|-----------------------|-------------------|
| HSA | \$462 | \$925 | \$776 | \$1,123 |
| Plan 1 | \$541 | \$1,084 | \$912 | \$1,312 |

The City does not contribute to HSA accounts.

Actuarial Assumptions. The Total OPEB Liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions:

| | |
|-------------------------------------|---|
| Measurement year ended December 31, | 2018 |
| Actuarial cost method | Individual Entry-Age |
| Inflation rate | 2.50% per annum |
| Discount rate | 3.71 |
| Salary Increases | 3.50% to 10.5% including inflation |
| Demographic Assumptions | Based on the experience study covering the four year period ending December 31, 2014 as conducted for the Texas Municipal Retirement System (TMRS) |
| Mortality | For healthy retirees, the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment are used with male rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. |
| Health Care Trend Rates | Initial rate of 7.50% declining to an ultimate rate of 4.25% after 15 years |
| Participation Rates | 20% for retirees that are at least 50 years old at retirement; 0% for retirees that are less than 50 years old at retirement |

Discount Rate. The municipal bond rate is 3.71% (based on the daily rate closest to but not later than the measurement date of the Fidelity "20-Year Municipal GO AA Index"). The discount rate was 3.31% as of the prior measurement date.

Sensitivity of Total OPEB Liability to the Discount Rate Assumption. Regarding the sensitivity of the total OPEB liability to changes in the discount rate, the following presents the plan's total OPEB liability, calculated using a discount rate of 3.71%, as well as what the plan's total OPEB liability would be if it were calculated using a discount rate that is one percent lower or one percent higher:

| | <u>1% Decrease in Discount Rate (2.71%)</u> | <u>Current Discount Rate Assumption (3.71%)</u> | <u>1% Increase in Discount Rate (4.71%)</u> |
|----------------------|---|---|---|
| Total OPEB Liability | \$ 488,967 | \$ 445,530 | \$ 406,367 |

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

| | <u>1% Decrease in Discount Rate (2.71%)</u> | <u>Current Healthcare Trend Rate Assumption</u> | <u>1% Increase in Discount Rate (4.71%)</u> |
|----------------------|---|---|---|
| Total OPEB Liability | \$ 394,493 | \$ 445,530 | \$ 505,306 |

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources Related to OPEB. At September 30, 2019, the City reported a liability of \$445,530 for its Total OPEB Liability. The Total OPEB Liability was determined by an actuarial valuation as of December 31, 2018. For the year ended September 30, 2019, the City recognized OPEB expense of \$31,301. There were no changes of benefit terms that affected measurement of the Total OPEB Liability during the measurement period.

Changes in the Total OPEB Liability

| | <u>Total OPEB Liability</u> |
|---|---------------------------------|
| Balance at 12/31/2017 | \$ 438,374 |
| Changes for the year: | |
| Service cost | 16,302 |
| Interest | 14,688 |
| Difference between expected and actual experience | (1,378) |
| Changes of assumptions | (16,904) |
| Benefit payments | <u>(5,552)</u> |
| Net changes | <u>7,156</u> |
| Balance at 12/31/2018 | <u>\$ 445,530</u> |

At September 30, 2019, the City reported deferred outflows of resources related to other post-employment benefits from the following sources:

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|---|---|--|
| Differences between expected and actual economic experience | \$ - | \$ 1,215 |
| Changes in actuarial assumptions | 15,971 | 14,905 |
| Contributions subsequent to the measurement date | <u>5,181</u> | <u>-</u> |
| Totals | <u>\$ 21,152</u> | <u>\$ 16,120</u> |

\$5,181 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the Total OPEB Liability for the year ending September 30, 2020. Other amounts of the reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

| For the Year Ended September 30, | | |
|-------------------------------------|----|--------|
| 2020 | \$ | 311 |
| 2021 | | 311 |
| 2022 | | 311 |
| 2023 | | 311 |
| 2024 | | 311 |
| Thereafter | (| 1,704) |

TMRS Supplemental Death Benefits Fund

Plan Description. The City voluntarily participates in the Texas Municipal Retirement System Supplemental Death Benefits Fund (TMRS SDBF). The SDBF is a single-employer defined benefit Other Postemployment Benefit (OPEB) plan as defined by GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75. It is established and administered in accordance with the TMRS Act identically to the City’s pension plan.

Benefits Provided. The SDBF provides group-term life insurance to City employees who are active members in TMRS, including or not including retirees. The City Council opted into this program via an ordinance, and may terminate coverage under, and discontinue participation in, the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1.

Payments from this fund are similar to group-term life insurance benefits and are paid to the designated beneficiaries upon the receipt of an approved application for payment. The death benefit for active employees provides a lump-sum payment approximately equal to the employee’s annual salary (calculated based on the employee’s actual earnings for the 12-month period preceding the month of death). The death benefit for retirees is considered an other employment benefit and is a fixed amount of \$7,500.

The number of employees currently covered by the benefit terms is as follows:

| | |
|--|------------|
| Inactive employees or beneficiaries currently receiving benefits | 58 |
| Inactive employees entitled to but not yet receiving benefits | 20 |
| Active employees | <u>115</u> |
| Total | <u>193</u> |

Contributions. The City contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation, which was 0.19% for 2019 and 0.19% for 2018, of which 0.04% and 0.04%, respectively, represented the retiree-only portion for each year, as a percentage of annual covered payroll. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year; the intent is not to prefund retiree term life insurance during employees’ entire careers. The City’s contributions to the SDBF for the years ended September 30, 2019 and 2018 were \$2,868 and \$2,622, respectively, representing contributions for both active and retiree coverage, which equaled the required contributions each year.

Actuarial Assumptions. The Total OPEB Liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions:

| | |
|-------------------------------------|------------------------------------|
| Measurement year ended December 31, | 2018 |
| Inflation rate | 2.50% per annum |
| Discount rate | 3.71 |
| Actuarial cost method | Entry Age Normal Method |
| Projected salary increases | 3.50% to 10.5% including inflation |

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

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

Changes in assumptions reflect the annual change in the municipal bond rate. The actuarial assumptions used in the December 31, 2018 valuation were based on the results of an actuarial experience study for the period December 31, 2010 to December 31, 2014.

Discount Rate. The SDBF program is treated as an unfunded OPEB plan because the SDBF trust covers both actives and retirees and the assets are not segregated for these groups. As such, a single discount rate of 3.31% was used to measure the Total OPEB Liability. Because the plan is essentially a “pay-as-you-go” plan, the single discount rate is equal to the prevailing municipal bond rate. The source of the municipal bond rate was fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index’s “20-year Municipal GO AA Index” as of December 31, 2018.

Discount Rate Sensitivity Analysis. The following schedule shows the impact of the Total OPEB Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (3.71%) in measuring the Total OPEB Liability.

| | <u>1% Decrease in Discount Rate (2.71%)</u> | <u>Discount Rate (3.71%)</u> | <u>1% Increase in Discount Rate (4.71%)</u> |
|----------------------|---|------------------------------|---|
| Total OPEB Liability | \$ 446,406 | \$ 378,035 | \$ 325,148 |

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources Related to OPEBs. At September 30, 2019, the City reported a liability of \$378,035 for its Total OPEB Liability. The Total OPEB Liability was determined by an actuarial valuation as of December 31, 2018. For the year ended September 30, 2019, the City recognized OPEB expense of \$32,451. There were no changes of benefit terms that affected measurement of the Total OPEB Liability during the measurement period.

Changes in the Total OPEB Liability

| | <u>Total OPEB Liability</u> |
|--|---------------------------------|
| Balance at 12/31/2017 | \$ 352,907 |
| Changes for the year: | |
| Service cost | 14,661 |
| Interest | 11,880 |
| Difference between expected and actual | 26361 |
| Changes of assumptions | (25,108) |
| Benefit payments | <u>(2,666)</u> |
| Net changes | <u>25,128</u> |
| Balance at 12/31/2018 | <u>\$ 378,035</u> |

At September 30, 2019, the City reported deferred outflows of resources related to other post-employment benefits from the following sources:

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|--|---|--|
| Difference between expected and actual economic experience | \$ 21,222 | \$ - |
| Changes in actuarial assumptions | 17,733 | 20,214 |
| Contributions subsequent to the measurement date | <u>2,182</u> | <u>-</u> |
| Totals | <u>\$ 41,137</u> | <u>\$ 20,214</u> |

\$2,182 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the Total OPEB Liability for the year ending September 30, 2020. Other amounts of the reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

| <u>For the Year Ended September 30,</u> | |
|---|----------|
| 2020 | \$ 5,910 |
| 2021 | 5,910 |
| 2022 | 5,910 |
| 2023 | 981 |
| 2024 | 30 |

Risk Management

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

New Accounting Standards

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

Statement No. 84, Fiduciary Activities – This Statement improves guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The focus is generally on whether a government is controlling the assets of the fiduciary activity and on the beneficiaries with whom a fiduciary relationship exists. This Statement will become effective for the City in fiscal year 2020.

Statement No. 87, Leases – This Statement will improve the accounting and financial reporting for leases by governments by requiring recognition of certain lease assets and liabilities previously classified as operating leases. It establishes a single model for lease accounting based on the principle that leases are financing the right to use an underlying asset. Under the Statement a lessee is required to recognize a lease liability and an intangible right-to-use asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resource, enhancing the relevance and consistency of information about leasing activities. This Statement will become effective for the City in fiscal year 2021.

Subsequent Event

On October 1, 2019, the City issued \$2,185,000 of Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2019. The debt will be used for a water plant clarifier, wastewater plant planning and design, raw water intake repairs and floodproofing, and the payment of professional services.

THIS PAGE LEFT BLANK INTENTIONALLY

**REQUIRED
SUPPLEMENTARY INFORMATION**

THIS PAGE LEFT BLANK INTENTIONALLY

CITY OF MARBLE FALLS, TEXAS

SCHEDULE OF CHANGES IN NET PENSION LIABILITY
AND RELATED RATIOS

FOR THE YEAR ENDED SEPTEMBER 30, 2019

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

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

| <u>2016</u> | <u>2017</u> | <u>2018</u> |
|----------------------|----------------------|----------------------|
| \$ 750,228 | \$ 801,181 | \$ 966,975 |
| 1,281,912 | 1,350,616 | 1,565,139 |
| - | - | 1,941,094 |
| (153,085) | (46,914) | 127,487 |
| - | - | - |
| (864,720) | (908,687) | (992,773) |
| <u>1,014,335</u> | <u>1,196,196</u> | <u>3,607,922</u> |
| <u>19,048,538</u> | <u>20,062,873</u> | <u>21,259,069</u> |
| \$ <u>20,062,873</u> | \$ <u>21,259,069</u> | \$ <u>24,866,991</u> |
| | | |
| \$ 261,288 | \$ 358,624 | \$ 381,858 |
| 420,464 | 445,101 | 466,494 |
| 1,250,675 | 2,710,663 | (662,832) |
| (864,720) | (908,687) | (992,773) |
| (14,123) | (14,047) | (12,822) |
| (761) | (712) | (670) |
| <u>1,052,823</u> | <u>2,590,942</u> | <u>(820,745)</u> |
| <u>18,503,663</u> | <u>19,556,486</u> | <u>22,147,428</u> |
| \$ <u>19,556,486</u> | \$ <u>22,147,428</u> | \$ <u>21,326,683</u> |
| \$ <u>506,387</u> | \$ <u>(888,359)</u> | \$ <u>3,540,308</u> |
| | | |
| 97.48% | 104.18% | 85.76% |
| \$ 6,006,626 | \$ 6,358,583 | \$ 6,664,300 |
| | | |
| 8.43% | -13.97% | 53.12% |

CITY OF MARBLE FALLS, TEXAS

SCHEDULE OF CONTRIBUTIONS

FOR THE YEAR ENDED SEPTEMBER 30, 2019

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

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

NOTES TO SCHEDULE OF CONTRIBUTIONS

Valuation Date: Actuarially determined contribution rates are calculated as of December 31 and become effective in January 13 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 | 2.50% |
| Salary Increases | 3.50% to 10.50% including inflation |
| Investment Rate of Return | 6.75% |
| Retirement Age | Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2015 valuation pursuant to an experience study of the period 2010-2014. |
| 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 There were no benefit changes during the year.

| <u>2017</u> | <u>2018</u> | <u>2019</u> |
|----------------|----------------|----------------|
| \$ 334,622 | \$ 383,566 | \$ 623,026 |
| <u>334,622</u> | <u>383,566</u> | <u>623,026</u> |
| - | - | - |
| 6,278,742 | 6,554,197 | 7,169,326 |
| 5.33% | 5.85% | 8.69% |

CITY OF MARBLE FALLS, TEXAS

SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY
AND RELATED RATIOS
TEXAS MUNICIPAL RETIREMENT SYSTEM - SUPPLEMENTAL DEATH BENEFITS FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2019

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

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

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

CITY OF MARBLE FALLS, TEXAS

SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY
AND RELATED RATIOS
RETIREE INSURANCE BENEFITS PLAN

FOR THE YEAR ENDED SEPTEMBER 30, 2019

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

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

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

CITY OF MARBLE FALLS, TEXAS

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

FOR THE YEAR ENDED SEPTEMBER 30, 2019

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget - Positive (Negative) |
|-----------------------------------|-------------------|-------------------|-------------------|---|
| | Original | Final | | |
| REVENUE | | | | |
| Property taxes | \$ 2,430,307 | \$ 2,430,307 | \$ 2,267,850 | \$ (162,457) |
| Sales taxes | 6,844,280 | 6,844,280 | 7,136,935 | 292,655 |
| Franchise taxes | 623,647 | 623,647 | 591,561 | (32,086) |
| Mixed beverage taxes | 62,000 | 62,000 | 64,018 | 2,018 |
| Fines and forfeitures | 200,000 | 200,000 | 264,229 | 64,229 |
| Permits and fees | 437,365 | 437,365 | 266,120 | (171,245) |
| Intergovernmental | 274,650 | 384,720 | 362,653 | (22,067) |
| Interest on investments | 5,150 | 5,150 | 18,012 | 12,862 |
| Other | 125,675 | 125,675 | 157,191 | 31,516 |
| Total revenues | <u>11,003,074</u> | <u>11,113,144</u> | <u>11,128,569</u> | <u>15,425</u> |
| EXPENDITURES | | | | |
| GENERAL GOVERNMENT | | | | |
| Administration: | | | | |
| Personnel services | 631,220 | 631,220 | 599,487 | 31,733 |
| Supplies | 39,300 | 39,300 | 21,603 | 17,697 |
| Maintenance | 40,100 | 40,100 | 46,531 | (6,431) |
| Purchased and contracted services | 284,780 | 284,780 | 297,162 | (12,382) |
| Other services and charges | 45,500 | 40,000 | 42,064 | (2,064) |
| Total administration | <u>1,040,900</u> | <u>1,035,400</u> | <u>1,006,847</u> | <u>28,553</u> |
| Finance: | | | | |
| Personnel services | 351,262 | 351,262 | 369,190 | (17,928) |
| Supplies | 19,400 | 19,400 | 18,038 | 1,362 |
| Maintenance | 31,000 | 31,000 | 28,729 | 2,271 |
| Purchased and contracted services | 35,520 | 35,520 | 34,080 | 1,440 |
| Other services and charges | 9,000 | 9,000 | 5,516 | 3,484 |
| Total finance | <u>446,182</u> | <u>446,182</u> | <u>455,553</u> | <u>(9,371)</u> |
| Human resources: | | | | |
| Personnel services | 117,441 | 117,441 | 117,183 | 258 |
| Supplies | 3,750 | 3,750 | 2,638 | 1,112 |
| Maintenance | 16,700 | 16,700 | 16,280 | 420 |
| Purchased and contracted services | 5,630 | 5,630 | 6,110 | (480) |
| Other services and charges | 38,400 | 38,400 | 26,850 | 11,550 |
| Total human resources | <u>181,921</u> | <u>181,921</u> | <u>169,061</u> | <u>12,860</u> |

CITY OF MARBLE FALLS, TEXAS

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

FOR THE YEAR ENDED SEPTEMBER 30, 2019

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget - Positive (Negative) |
|---------------------------------------|------------------|------------------|-------------------|---|
| | Original | Final | | |
| EXPENDITURES (Continued) | | | | |
| GENERAL GOVERNMENT (Continued) | | | | |
| Mayor and City Council: | | | | |
| Personnel services | \$ 11,630 | \$ 11,630 | \$ 13,731 | \$(2,101) |
| Other services and charges | 12,000 | 12,000 | 14,041 | (2,041) |
| Total Mayor and City Council | <u>23,630</u> | <u>23,630</u> | <u>27,772</u> | <u>(4,142)</u> |
| Communication Services: | | | | |
| Personnel services | 714,410 | 716,910 | 723,325 | (6,415) |
| Supplies | 9,300 | 9,300 | 6,863 | 2,437 |
| Maintenance | 92,250 | 92,250 | 91,448 | 802 |
| Purchased and contracted services | 11,525 | 11,525 | 15,235 | (3,710) |
| Other services and charges | 13,300 | 13,300 | 14,362 | (1,062) |
| Total finance | <u>840,785</u> | <u>843,285</u> | <u>851,233</u> | <u>(7,948)</u> |
| Non-departmental: | | | | |
| Purchased and contracted services | 158,683 | 158,683 | 158,683 | - |
| Other services and charges | 27,500 | 50,000 | 75,000 | (25,000) |
| Total non-departmental | <u>186,183</u> | <u>208,683</u> | <u>233,683</u> | <u>(25,000)</u> |
| Total general government | <u>2,719,601</u> | <u>2,739,101</u> | <u>2,744,149</u> | <u>(5,048)</u> |
| PUBLIC SAFETY | | | | |
| Court: | | | | |
| Personnel services | 192,248 | 204,248 | 213,228 | (8,980) |
| Supplies | 16,660 | 17,460 | 25,289 | (7,829) |
| Purchased and contracted services | 26,825 | 26,825 | 17,417 | 9,408 |
| Other services and charges | 10,580 | 10,980 | 7,589 | 3,391 |
| Total court | <u>246,313</u> | <u>259,513</u> | <u>263,523</u> | <u>(4,010)</u> |
| Police department: | | | | |
| Personnel services | 2,380,140 | 2,380,140 | 2,360,337 | 19,803 |
| Supplies | 154,700 | 154,700 | 160,414 | (5,714) |
| Maintenance | 164,500 | 164,500 | 159,964 | 4,536 |
| Purchased and contracted services | 141,245 | 141,245 | 159,751 | (18,506) |
| Other operating | 70,850 | 70,850 | 47,760 | 23,090 |
| Total police department | <u>2,911,435</u> | <u>2,911,435</u> | <u>2,888,226</u> | <u>23,209</u> |

CITY OF MARBLE FALLS, TEXAS

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

FOR THE YEAR ENDED SEPTEMBER 30, 2019

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget - Positive (Negative) |
|-----------------------------------|------------------|------------------|-------------------|---|
| | Original | Final | | |
| EXPENDITURES (Continued) | | | | |
| PUBLIC SAFETY (Continued) | | | | |
| Fire department: | | | | |
| Personnel services | \$ 1,395,689 | \$ 1,531,250 | \$ 1,543,531 | \$ (12,281) |
| Supplies | 139,417 | 150,451 | 153,664 | (3,213) |
| Maintenance | 87,917 | 87,917 | 104,349 | (16,432) |
| Purchased and contracted services | 56,935 | 56,935 | 47,728 | 9,207 |
| Other operating | <u>41,850</u> | <u>41,850</u> | <u>45,218</u> | <u>(3,368)</u> |
| Total fire department | <u>1,721,808</u> | <u>1,868,403</u> | <u>1,894,490</u> | <u>(26,087)</u> |
| Engineering department: | | | | |
| Personnel services | 1,395,689 | 1,531,250 | 112,140 | 1,419,110 |
| Supplies | 139,417 | 150,451 | 4,398 | 146,053 |
| Maintenance | 87,917 | 87,917 | 7,596 | 80,321 |
| Purchased and contracted services | 56,935 | 56,935 | 28,634 | 28,301 |
| Other operating | <u>41,850</u> | <u>41,850</u> | <u>2,907</u> | <u>38,943</u> |
| Total fire department | <u>1,721,808</u> | <u>1,868,403</u> | <u>155,675</u> | <u>1,712,728</u> |
| Code enforcement: | | | | |
| Personnel services | 659,598 | 659,598 | 613,713 | 45,885 |
| Supplies | 37,775 | 37,775 | 41,712 | (3,937) |
| Repairs and maintenance | 29,380 | 29,380 | 30,234 | (854) |
| Purchased and contracted services | 25,632 | 25,632 | 23,524 | 2,108 |
| Other services and charges | <u>21,520</u> | <u>21,520</u> | <u>21,086</u> | <u>434</u> |
| Total code enforcement | <u>773,905</u> | <u>773,905</u> | <u>730,269</u> | <u>43,636</u> |
| Total public safety | <u>5,653,461</u> | <u>5,813,256</u> | <u>5,932,183</u> | <u>(118,927)</u> |
| PUBLIC WORKS | | | | |
| Streets: | | | | |
| Personnel services | 770,559 | 776,059 | 732,749 | 43,310 |
| Supplies | 50,100 | 100,105 | 93,737 | 6,368 |
| Maintenance | 475,000 | 551,500 | 490,073 | 61,427 |
| Purchased and contracted services | 120,550 | 156,050 | 199,711 | (43,661) |
| Other services and charges | <u>6,100</u> | <u>9,535</u> | <u>6,568</u> | <u>2,967</u> |
| Total streets | <u>1,422,309</u> | <u>1,593,249</u> | <u>1,522,838</u> | <u>70,411</u> |
| Total public works | <u>1,422,309</u> | <u>1,593,249</u> | <u>1,522,838</u> | <u>70,411</u> |

CITY OF MARBLE FALLS, TEXAS

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

FOR THE YEAR ENDED SEPTEMBER 30, 2019

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget - Positive (Negative) |
|--|---------------------|---------------------|---------------------|---|
| | Original | Final | | |
| EXPENDITURES (Continued) | | | | |
| CULTURE AND RECREATION | | | | |
| Parks and recreation: | | | | |
| Personnel services | \$ 700,107 | \$ 700,107 | \$ 687,731 | \$ 12,376 |
| Supplies | 47,250 | 47,250 | 51,257 | (4,007) |
| Maintenance | 150,000 | 150,000 | 184,339 | (34,339) |
| Purchased and contracted services | 132,300 | 132,300 | 106,200 | 26,100 |
| Other services and charges | <u>10,200</u> | <u>10,200</u> | <u>13,072</u> | <u>(2,872)</u> |
| Total parks and recreation | <u>1,039,857</u> | <u>1,039,857</u> | <u>1,042,599</u> | <u>(2,742)</u> |
| Cemetery: | | | | |
| Maintenance | 5,000 | 5,000 | 2,868 | 2,132 |
| Purchased and contracted services | 1,000 | 1,000 | 563 | 437 |
| Other services and charges | <u>100</u> | <u>100</u> | <u>6</u> | <u>94</u> |
| Total cemetery | <u>6,100</u> | <u>6,100</u> | <u>3,437</u> | <u>2,663</u> |
| Total culture and recreation | <u>1,045,957</u> | <u>1,045,957</u> | <u>1,046,036</u> | <u>(79)</u> |
| CAPITAL OUTLAY | <u>666,197</u> | <u>847,322</u> | <u>647,200</u> | <u>200,122</u> |
| DEBT SERVICE | | | | |
| Principal | 144,197 | 144,197 | 201,258 | (57,061) |
| Interest and fiscal charges | <u>14,220</u> | <u>14,220</u> | <u>41,561</u> | <u>(27,341)</u> |
| Total debt service | <u>158,417</u> | <u>158,417</u> | <u>242,819</u> | <u>(84,402)</u> |
| Total expenditures | <u>11,665,942</u> | <u>12,197,302</u> | <u>12,135,225</u> | <u>62,077</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | <u>(662,868)</u> | <u>(1,084,158)</u> | <u>(1,006,656)</u> | <u>77,502</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Debt proceeds | - | 395,000 | 375,900 | (19,100) |
| Premium on bond issuance | - | - | 13,832 | 13,832 |
| Transfers in | (454,500) | (454,500) | 419,848 | 874,348 |
| Transfers out | (30,000) | (30,000) | (115,700) | (85,700) |
| Proceeds from insurance | (10,000) | (47,567) | 470,677 | 518,244 |
| Proceeds from sale of capital assets | <u>(31,500)</u> | <u>(31,500)</u> | <u>44,845</u> | <u>76,345</u> |
| Total other financing sources | <u>(526,000)</u> | <u>(563,567)</u> | <u>1,209,402</u> | <u>1,772,969</u> |
| NET CHANGE IN FUND BALANCE | <u>(1,188,868)</u> | <u>(1,647,725)</u> | <u>202,746</u> | <u>1,850,471</u> |
| FUND BALANCE, BEGINNING | <u>1,989,716</u> | <u>1,989,716</u> | <u>1,989,716</u> | <u>-</u> |
| FUND BALANCE, ENDING | <u>\$ 800,848</u> | <u>\$ 341,991</u> | <u>\$ 2,192,462</u> | <u>\$ 1,850,471</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, 2019

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget - Positive (Negative) |
|---|---------------------|---------------------|---------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| Sales taxes | \$ 2,134,112 | \$ 2,190,857 | \$ 2,378,945 | \$ 188,088 |
| Permits and fees | 55,000 | 55,000 | 43,698 | (11,302) |
| Intergovernmental | - | 26,250 | 30,206 | 3,956 |
| Interest on investments | 13,300 | 13,300 | 33,051 | 19,751 |
| Other | 375,000 | 375,000 | 375,000 | - |
| Total revenues | <u>2,577,412</u> | <u>2,660,407</u> | <u>2,860,900</u> | <u>200,493</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Personnel services | 235,607 | 243,225 | 245,897 | (2,672) |
| Supplies | 4,500 | 4,500 | 3,002 | 1,498 |
| Maintenance | 27,700 | 27,700 | 17,386 | 10,314 |
| Purchased and contracted services | 534,010 | 555,910 | 326,561 | 229,349 |
| Other services and charges | 78,000 | 78,000 | 62,328 | 15,672 |
| Capital outlay | 1,076,000 | 1,480,000 | 1,186,787 | 293,213 |
| Debt service | | | | |
| Principal | 520,000 | 520,000 | 520,000 | - |
| Interest | 399,968 | 399,968 | 400,368 | (400) |
| Total expenditures | <u>2,875,785</u> | <u>3,309,303</u> | <u>2,762,329</u> | <u>546,974</u> |
| EXCESS OF REVENUES OVER EXPENDITURES | <u>(298,373)</u> | <u>(648,896)</u> | <u>98,571</u> | <u>747,467</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Sale of capital assets | (81,939) | 652,439 | 123,767 | (528,672) |
| Proceeds from insurance | - | 7,054 | 7,054 | - |
| Transfers out | (100,000) | (200,000) | (248,924) | (48,924) |
| Total other financing sources (uses) | <u>(181,939)</u> | <u>459,493</u> | <u>(118,103)</u> | <u>(577,596)</u> |
| NET CHANGE IN FUND BALANCE | <u>(480,312)</u> | <u>(189,403)</u> | <u>(19,532)</u> | <u>169,871</u> |
| FUND BALANCE, BEGINNING | <u>2,353,299</u> | <u>2,353,299</u> | <u>2,353,299</u> | <u>-</u> |
| FUND BALANCE, ENDING | <u>\$ 1,872,987</u> | <u>\$ 2,163,896</u> | <u>\$ 2,333,767</u> | <u>\$ 169,871</u> |

CITY OF MARBLE FALLS, TEXAS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

FOR THE YEAR ENDED SEPTEMBER 30, 2019

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.

**COMBINING AND
INDIVIDUAL FUND STATEMENTS**

THIS PAGE LEFT BLANK INTENTIONALLY

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

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

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

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

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

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

CAPITAL PROJECTS FUND

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

CITY OF MARBLE FALLS, TEXAS

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

SEPTEMBER 30, 2019

| | Special Revenue | | | |
|-------------------------------------|--------------------|----------------------|----------------------------|-----------------------|
| | Hotel/Motel Tax | Police Forfeiture | Trunked Radio System | Impact Fee Fund |
| ASSETS | | | | |
| Cash and investments | \$ 516,073 | \$ 45,923 | \$ 123,905 | \$ - |
| Other taxes receivable | 190,281 | - | - | - |
| Other receivable | - | - | 2,160 | - |
| Due from other funds | - | - | - | - |
| | <u>706,354</u> | <u>45,923</u> | <u>126,065</u> | <u>-</u> |
| LIABILITIES | | | | |
| Accounts payable | 11,264 | - | 10,022 | - |
| Accrued liabilities | - | - | - | - |
| Total liabilities | <u>11,264</u> | <u>-</u> | <u>10,022</u> | <u>-</u> |
| FUND BALANCES | | | | |
| Restricted | <u>695,090</u> | <u>45,923</u> | <u>116,043</u> | <u>-</u> |
| Total fund balances | <u>695,090</u> | <u>45,923</u> | <u>116,043</u> | <u>-</u> |
| Total liabilities and fund balances | <u>\$ 706,354</u> | <u>\$ 45,923</u> | <u>\$ 126,065</u> | <u>\$ -</u> |

| <u>Special Revenue</u> | | <u>Capital Projects</u> | | Total Nonmajor Governmental Funds |
|---------------------------------------|--------------------------------|---------------------------------|---------------------|--|
| <u>Building Security Fund</u> | <u>CDBG 2016 Grant</u> | <u>General Improvements</u> | | |
| \$ 1,626 | \$ 597 | \$ 325,831 | \$ 1,013,955 | |
| - | - | - | 190,281 | |
| - | - | - | 2,160 | |
| - | - | 226,092 | 226,092 | |
| <u>1,626</u> | <u>597</u> | <u>551,923</u> | <u>1,432,488</u> | |
| - | - | - | 21,286 | |
| 373 | - | - | 373 | |
| <u>373</u> | <u>-</u> | <u>-</u> | <u>21,659</u> | |
| <u>1,253</u> | <u>597</u> | <u>551,923</u> | <u>1,410,829</u> | |
| <u>1,253</u> | <u>597</u> | <u>551,923</u> | <u>1,410,829</u> | |
| <u>\$ 1,626</u> | <u>\$ 597</u> | <u>\$ 551,923</u> | <u>\$ 1,432,488</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, 2019

| | Special Revenue | | | |
|--|--------------------|----------------------|----------------------------|-----------------------|
| | Hotel/Motel Tax | Police Forfeiture | Trunked Radio System | Impact Fee Fund |
| REVENUES | | | | |
| Hotel/motel taxes | \$ 755,703 | \$ - | \$ - | \$ - |
| Fines and fees | - | 4,408 | - | 114,781 |
| Intergovernmental | - | - | 32,928 | - |
| Investment earnings | - | 1,020 | - | - |
| Total revenues | <u>755,703</u> | <u>5,428</u> | <u>32,928</u> | <u>114,781</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| General government | - | - | - | - |
| Public safety | - | 20,945 | 35,276 | - |
| Culture and recreation | 568,011 | - | - | - |
| Debt service: | | | | |
| Interest and fiscal charges | - | - | - | - |
| Capital outlay | 35,142 | - | - | - |
| Total expenditures | <u>603,153</u> | <u>20,945</u> | <u>35,276</u> | <u>-</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | <u>152,550</u> | <u>(15,517)</u> | <u>(2,348)</u> | <u>114,781</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Debt proceeds | - | - | - | - |
| Premium on bond issuance | - | - | - | - |
| Proceeds from insurance | - | 672 | - | - |
| Transfers in | - | - | 31,900 | - |
| Transfers out | <u>(135,692)</u> | <u>-</u> | <u>-</u> | <u>(114,781)</u> |
| Total other financing sources (uses) | <u>(135,692)</u> | <u>672</u> | <u>31,900</u> | <u>(114,781)</u> |
| NET CHANGE IN FUND BALANCES | 16,858 | (14,845) | 29,552 | - |
| FUND BALANCES, BEGINNING | <u>678,232</u> | <u>60,768</u> | <u>86,491</u> | <u>-</u> |
| FUND BALANCES, ENDING | \$ <u>695,090</u> | \$ <u>45,923</u> | \$ <u>116,043</u> | \$ <u>-</u> |

| <u>Special Revenue</u> | | <u>Capital Projects</u> | |
|-------------------------------|------------------------|-----------------------------|------------------------------------|
| <u>Building Security Fund</u> | <u>CDBG 2016 Grant</u> | <u>General Improvements</u> | <u>Nonmajor Governmental Funds</u> |
| \$ - | \$ - | \$ - | \$ 755,703 |
| 5,898 | - | - | 125,087 |
| - | - | - | 32,928 |
| - | - | 32,656 | 33,676 |
| <u>5,898</u> | <u>-</u> | <u>32,656</u> | <u>947,394</u> |
| 11,024 | - | - | 11,024 |
| - | - | - | 56,221 |
| - | - | - | 568,011 |
| - | - | 10,187 | 10,187 |
| - | - | 441,933 | 477,075 |
| <u>11,024</u> | <u>-</u> | <u>452,120</u> | <u>1,122,518</u> |
| (5,126) | - | (419,464) | (175,124) |
| - | - | 438,550 | 438,550 |
| - | - | 16,137 | 16,137 |
| - | - | - | 672 |
| - | - | - | 31,900 |
| - | - | - | (250,473) |
| <u>-</u> | <u>-</u> | <u>454,687</u> | <u>236,786</u> |
| (5,126) | - | 35,223 | 61,662 |
| <u>6,379</u> | <u>597</u> | <u>516,700</u> | <u>1,349,167</u> |
| \$ <u>1,253</u> | \$ <u>597</u> | \$ <u>551,923</u> | \$ <u>1,410,829</u> |

CITY OF MARBLE FALLS, TEXAS

COMBINING STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS

SEPTEMBER 30, 2019

| | <u>LaVentana PID Trust Fund</u> | <u>Gregg Ranch PID Trust Fund</u> | <u>Roper Ranch PID Trust Fund</u> | <u>Total Trust Funds</u> |
|---------------------------|-------------------------------------|---------------------------------------|---------------------------------------|------------------------------|
| ASSETS | | | | |
| Cash and cash equivalents | \$ <u>1,960</u> | \$ <u>119,988</u> | \$ <u>4,877</u> | \$ <u>126,825</u> |
| Total assets | <u>1,960</u> | <u>119,988</u> | <u>4,877</u> | <u>126,825</u> |
| LIABILITIES | | | | |
| Accounts payable | \$ <u>416</u> | \$ <u>124,750</u> | \$ <u>10,500</u> | \$ <u>135,666</u> |
| NET POSITION | | | | |
| Held in trust | \$ <u><u>1,544</u></u> | \$ <u><u>(4,762)</u></u> | \$ <u><u>(5,623)</u></u> | \$ <u><u>(8,841)</u></u> |

CITY OF MARBLE FALLS, TEXAS

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY NET POSITION

FOR THE YEAR ENDED SEPTEMBER 30, 2019

| | LaVentana PID Trust Fund | Gregg Ranch PID Trust Fund | Roper Ranch PID Trust Fund | Total Trust Funds |
|-----------------------------------|--------------------------------|----------------------------------|----------------------------------|----------------------|
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| ADDITIONS | | | | |
| Property tax assessment | \$ 10,915 | \$ 34,620 | \$ - | \$ 45,535 |
| Investment earnings | <u>10,878</u> | <u>-</u> | <u>-</u> | <u>10,878</u> |
| Total additions | <u>21,793</u> | <u>34,620</u> | <u>-</u> | <u>56,413</u> |
| DEDUCTIONS | | | | |
| Purchased and contracted services | 5,839 | 39,382 | 21,000 | 66,221 |
| Miscellaneous expense | <u>26,500</u> | <u>-</u> | <u>12,961</u> | <u>39,461</u> |
| Total deductions | <u>32,339</u> | <u>39,382</u> | <u>33,961</u> | <u>105,682</u> |
| CHANGE IN NET POSITION | (10,546) | (4,762) | (33,961) | (49,269) |
| NET POSITION, BEGINNING | <u>12,090</u> | <u>-</u> | <u>28,338</u> | <u>40,428</u> |
| NET POSITION, ENDING | \$ <u>1,544</u> | \$ <u>(4,762)</u> | \$ <u>(5,623)</u> | \$ <u>(8,841)</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, 2019

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget - Positive (Negative) |
|--|-------------------|-------------------|-------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| Hotel/motel taxes | \$ 700,000 | \$ 700,000 | \$ 755,703 | \$ 55,703 |
| Investment earnings | 100 | 100 | - | (100) |
| Other | 346,000 | 346,000 | - | (346,000) |
| Total revenues | <u>1,046,100</u> | <u>1,046,100</u> | <u>755,703</u> | <u>(290,397)</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Services | 380,000 | 504,189 | 458,111 | 46,078 |
| Other | 250 | 250 | 352 | (102) |
| Local assistance | 75,000 | 89,116 | 109,548 | (20,432) |
| Capital outlay | 70,000 | 90,000 | 35,142 | 54,858 |
| Bond issuance costs | 120,000 | 120,000 | - | 120,000 |
| Total expenditures | <u>645,250</u> | <u>803,555</u> | <u>603,153</u> | <u>200,402</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | <u>400,850</u> | <u>242,545</u> | <u>152,550</u> | <u>(89,995)</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers out | (500,268) | (500,268) | (135,692) | 364,576 |
| Total other financing sources (uses) | <u>(500,268)</u> | <u>(500,268)</u> | <u>(135,692)</u> | <u>364,576</u> |
| NET CHANGE IN FUND BALANCE | (99,418) | (257,723) | 16,858 | 274,581 |
| FUND BALANCE, BEGINNING | <u>678,232</u> | <u>678,232</u> | <u>678,232</u> | <u>-</u> |
| FUND BALANCE, ENDING | <u>\$ 578,814</u> | <u>\$ 420,509</u> | <u>\$ 695,090</u> | <u>\$ 274,581</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, 2019

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget - Positive (Negative) |
|--|------------------|------------------|-------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| Fines and fees | \$ - | \$ - | \$ 4,408 | \$ 4,408 |
| Investment earnings | 640 | 640 | 1,020 | 380 |
| Total revenues | <u>640</u> | <u>640</u> | <u>5,428</u> | <u>4,788</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Supplies | 30,000 | 30,000 | 14,445 | 15,555 |
| Other services and charges | <u>5,000</u> | <u>5,000</u> | <u>6,500</u> | <u>(1,500)</u> |
| Total expenditures | <u>35,000</u> | <u>35,000</u> | <u>20,945</u> | <u>14,055</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | <u>(34,360)</u> | <u>(34,360)</u> | <u>(15,517)</u> | <u>18,843</u> |
| OTHER FINANCING SOURCES | | | | |
| Proceeds from insurance | <u>-</u> | <u>-</u> | <u>672</u> | <u>(672)</u> |
| Total other financing sources | <u>-</u> | <u>-</u> | <u>672</u> | <u>(672)</u> |
| NET CHANGE IN FUND BALANCE | <u>(34,360)</u> | <u>(34,360)</u> | <u>(14,845)</u> | <u>19,515</u> |
| FUND BALANCE, BEGINNING | <u>60,768</u> | <u>60,768</u> | <u>60,768</u> | <u>-</u> |
| FUND BALANCE, ENDING | <u>\$ 26,408</u> | <u>\$ 26,408</u> | <u>\$ 45,923</u> | <u>\$ 19,515</u> |

STATISTICAL SECTION

THIS PAGE LEFT BLANK INTENTIONALLY

**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.

| Contents | Page |
|---|-------------|
| Financial Trends These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time. | 68 |
| Revenue Capacity These schedules contain trend information to help the reader assess the City's most significant local revenue resource. | 80 |
| 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. | 86 |
| 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. | 93 |
| 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. | 95 |

THIS PAGE LEFT BLANK INTENTIONALLY

CITY OF MARBLE FALLS, TEXAS

NET POSITION BY COMPONENT

LAST TEN FISCAL YEARS

| | 2010 | 2011 | 2012 | 2013 |
|---|----------------------|----------------------|----------------------|----------------------|
| Governmental activities: | | | | |
| Net investment in capital assets | \$ 19,625,996 | \$ 7,531,537 | \$ 8,371,582 | \$ 5,516,779 |
| Restricted | 4,511,331 | 12,632,168 | 5,224,633 | 4,240,608 |
| Unrestricted | (6,923,983) | (3,770,556) | (2,961,484) | 553,652 |
| Total governmental activities net position | \$ <u>17,213,344</u> | \$ <u>16,393,149</u> | \$ <u>10,634,731</u> | \$ <u>10,311,039</u> |
| Business-type activities: | | | | |
| Net investment in capital assets | \$ 17,228,744 | \$ 20,776,151 | \$ 19,131,868 | \$ 20,924,905 |
| Restricted | - | - | - | - |
| Unrestricted | (649,073) | (5,517,036) | (167,021) | (3,193,075) |
| Total business-type activities net position | \$ <u>16,579,671</u> | \$ <u>15,259,115</u> | \$ <u>18,964,847</u> | \$ <u>17,731,830</u> |
| Primary government: | | | | |
| Net investment in capital assets | \$ 36,854,740 | \$ 28,307,688 | \$ 27,503,450 | \$ 26,441,684 |
| Restricted | 4,511,331 | 12,632,168 | 5,224,633 | 4,240,608 |
| Unrestricted | (7,573,056) | (9,287,592) | (3,128,505) | (2,639,423) |
| Total primary government net position | \$ <u>33,793,015</u> | \$ <u>31,652,264</u> | \$ <u>29,599,578</u> | \$ <u>28,042,869</u> |

TABLE 1

| 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| \$ 5,047,808 | \$ 5,047,808 | \$ 3,569,454 | \$ 4,356,606 | \$ 4,808,202 | \$ 4,276,768 |
| 8,269,197 | 8,269,197 | 3,221,732 | 2,890,400 | 3,279,017 | 3,308,230 |
| (4,094,506) | (4,094,506) | 1,991,433 | 1,444,900 | 2,196,849 | 1,877,011 |
| <u>\$ 9,222,499</u> | <u>\$ 9,222,499</u> | <u>\$ 8,782,619</u> | <u>\$ 8,691,906</u> | <u>\$ 10,284,068</u> | <u>\$ 9,462,009</u> |
| \$ 19,702,970 | \$ 19,702,970 | \$ 15,476,859 | \$ 17,061,917 | \$ 16,806,620 | \$ 16,530,931 |
| - | - | - | - | - | - |
| (3,708,817) | (3,708,817) | (120,647) | (2,522,088) | (3,105,947) | (3,871,790) |
| <u>\$ 15,994,153</u> | <u>\$ 15,994,153</u> | <u>\$ 15,356,212</u> | <u>\$ 14,539,829</u> | <u>\$ 13,700,673</u> | <u>\$ 12,659,141</u> |
| \$ 24,750,778 | \$ 24,750,778 | \$ 19,046,313 | \$ 21,418,523 | \$ 21,614,822 | \$ 20,807,699 |
| 8,269,197 | 8,269,197 | 3,221,732 | 2,890,400 | 3,279,017 | 3,308,230 |
| (7,803,323) | (7,803,323) | 1,870,786 | (1,077,188) | (909,098) | (1,994,779) |
| <u>\$ 25,216,652</u> | <u>\$ 25,216,652</u> | <u>\$ 24,138,831</u> | <u>\$ 23,231,735</u> | <u>\$ 23,984,741</u> | <u>\$ 22,121,150</u> |

CITY OF MARBLE FALLS, TEXAS

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS

| | Fiscal Year | | | |
|---|----------------------|----------------------|----------------------|----------------------|
| | 2010 | 2011 | 2012 | 2013 |
| EXPENSES | | | | |
| Governmental activities: | | | | |
| General government | \$ 2,912,799 | \$ 2,448,150 | \$ 2,773,415 | \$ 2,736,605 |
| Public safety | 5,677,405 | 5,683,286 | 5,530,785 | 5,447,990 |
| Public works | 2,505,782 | 2,717,226 | 3,068,214 | 3,210,567 |
| Culture and recreation | 1,124,241 | 1,082,266 | 1,146,016 | 1,089,241 |
| Interest on long-term debt | 1,404,037 | 1,511,314 | 1,494,575 | 1,333,648 |
| Total governmental activities expenses | <u>13,624,264</u> | <u>13,442,242</u> | <u>14,013,005</u> | <u>13,818,051</u> |
| Business-type activities: | | | | |
| Water and wastewater | 4,421,786 | 4,755,391 | 4,873,802 | 5,086,736 |
| Total business-type activities expenses | <u>4,421,786</u> | <u>4,755,391</u> | <u>4,873,802</u> | <u>5,086,736</u> |
| Total primary government program expenses | <u>\$ 18,046,050</u> | <u>\$ 18,197,633</u> | <u>\$ 18,886,807</u> | <u>\$ 18,904,787</u> |
| PROGRAM REVENUES | | | | |
| Governmental activities: | | | | |
| Charges for services: | | | | |
| General government | \$ 544,704 | \$ 422,428 | \$ 343,192 | \$ 321,446 |
| Public safety | 48,202 | 125,453 | 143,310 | 130,912 |
| Public works | 17,710 | 48,583 | 76,662 | 39,043 |
| Culture and recreation | 111,208 | 127,151 | 121,577 | 113,650 |
| Total charges for services | <u>721,824</u> | <u>723,615</u> | <u>684,741</u> | <u>605,051</u> |
| Operating grants and contributions | 592,418 | 269,845 | 78,620 | 272,770 |
| Capital grants and contributions | - | - | - | 54,630 |
| Total governmental activities program revenues | <u>1,314,242</u> | <u>993,460</u> | <u>763,361</u> | <u>932,451</u> |
| Business-type activities: | | | | |
| Charges for services | 3,107,039 | 3,913,067 | 3,550,400 | 3,840,593 |
| Capital grants and contributions | 233,368 | - | 1,352,500 | 367,738 |
| Total business-type activities program revenues | <u>3,340,407</u> | <u>3,913,067</u> | <u>4,902,900</u> | <u>4,208,331</u> |
| Total primary government program revenues | <u>\$ 4,654,649</u> | <u>\$ 4,906,527</u> | <u>\$ 5,666,261</u> | <u>\$ 5,140,782</u> |

TABLE 2

| Fiscal Year | | | | | | |
|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|--|
| 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | |
| \$ 3,615,994 | \$ 3,909,769 | \$ 4,181,958 | \$ 4,205,152 | \$ 3,990,324 | \$ 4,516,426 | |
| 5,346,306 | 5,580,292 | 4,866,672 | 5,385,714 | 5,587,223 | 7,825,499 | |
| 3,236,700 | 3,222,080 | 3,220,604 | 3,433,441 | 3,630,999 | 3,868,741 | |
| 1,195,731 | 1,225,259 | 1,282,565 | 1,434,383 | 1,592,267 | 2,366,820 | |
| <u>1,355,703</u> | <u>1,484,261</u> | <u>1,285,496</u> | <u>1,736,608</u> | <u>1,288,511</u> | <u>1,418,977</u> | |
| <u>14,750,434</u> | <u>15,421,661</u> | <u>14,837,295</u> | <u>16,195,298</u> | <u>16,089,324</u> | <u>19,996,463</u> | |
| | | | | | | |
| <u>5,612,611</u> | <u>5,314,936</u> | <u>5,584,311</u> | <u>5,787,031</u> | <u>5,745,262</u> | <u>6,194,230</u> | |
| <u>5,612,611</u> | <u>5,314,936</u> | <u>5,584,311</u> | <u>5,787,031</u> | <u>5,745,262</u> | <u>6,194,230</u> | |
| | | | | | | |
| \$ <u>20,363,045</u> | \$ <u>20,736,597</u> | \$ <u>20,421,606</u> | \$ <u>21,982,329</u> | \$ <u>21,834,586</u> | \$ <u>26,190,693</u> | |
| | | | | | | |
| \$ 351,424 | \$ 318,716 | \$ 392,483 | \$ 420,557 | \$ 431,239 | \$ 444,108 | |
| 167,384 | 168,410 | 183,732 | 212,896 | 220,210 | 241,106 | |
| 66,125 | 136,919 | 145,689 | 233,880 | 167,184 | 190,251 | |
| <u>131,589</u> | <u>139,471</u> | <u>175,899</u> | <u>194,374</u> | <u>167,472</u> | <u>100,447</u> | |
| <u>716,522</u> | <u>763,516</u> | <u>897,803</u> | <u>1,061,707</u> | <u>986,105</u> | <u>975,912</u> | |
| | | | | | | |
| 499,805 | 201,338 | 236,577 | 222,627 | 665,202 | 250,167 | |
| <u>-</u> | <u>-</u> | <u>155,713</u> | <u>-</u> | <u>-</u> | <u>-</u> | |
| <u>1,216,327</u> | <u>964,854</u> | <u>1,290,093</u> | <u>1,284,334</u> | <u>1,651,307</u> | <u>1,226,079</u> | |
| | | | | | | |
| 4,106,512 | 4,091,722 | 4,340,250 | 4,966,903 | 5,162,432 | 5,158,479 | |
| <u>379,524</u> | <u>155,000</u> | <u>146,850</u> | <u>155,000</u> | <u>125,260</u> | <u>115,000</u> | |
| <u>4,486,036</u> | <u>4,246,722</u> | <u>4,487,100</u> | <u>5,121,903</u> | <u>5,287,692</u> | <u>5,273,479</u> | |
| | | | | | | |
| \$ <u>5,702,363</u> | \$ <u>5,211,576</u> | \$ <u>5,777,193</u> | \$ <u>6,406,237</u> | \$ <u>6,938,999</u> | \$ <u>6,499,558</u> | |

CITY OF MARBLE FALLS, TEXAS

CHANGES IN NET POSITION
(Continued)
LAST NINE FISCAL YEARS

| | Fiscal Year | | | |
|---|-----------------|-----------------|-----------------|-----------------|
| | 2010 | 2011 | 2012 | 2013 |
| NET (EXPENSE) REVENUES | | | | |
| Governmental activities | \$(12,310,022) | \$(12,448,782) | \$(13,249,644) | \$(12,885,600) |
| Business-type activities | (1,081,379) | (842,324) | 29,098 | (878,405) |
| Total primary government net expense | (13,391,401) | (13,291,106) | (13,220,546) | (13,764,005) |
| GENERAL REVENUES AND OTHER CHANGES IN NET POSITION | | | | |
| Governmental activities: | | | | |
| Taxes | | | | |
| Property | 3,995,373 | 4,034,744 | 4,074,096 | 4,104,048 |
| Sales | 5,819,527 | 5,877,763 | 6,014,725 | 6,754,361 |
| Franchise | 527,617 | 505,866 | 519,081 | 508,627 |
| Other | 502,606 | 421,209 | 418,000 | 637,407 |
| Investment earnings | 21,898 | 51,621 | 20,734 | 17,644 |
| Loss/gain on sale of assets | 225,856 | 215,384 | - | - |
| Miscellaneous | 309,554 | 43,166 | 116,511 | 183,678 |
| Transfers | (5,026,429) | 478,834 | (1,947,172) | 356,143 |
| Total governmental activities | 6,376,002 | 11,628,587 | 9,215,975 | 12,561,908 |
| Business-type activities: | | | | |
| Investment earnings | 2,643 | 602 | 4,713 | 1,531 |
| Loss/gain on sale of assets | 244,723 | - | - | - |
| Transfers | 5,026,429 | (478,834) | 1,947,172 | (356,143) |
| Total business-type activities | 5,273,795 | (478,232) | 1,951,885 | (354,612) |
| Total primary government | 11,649,797 | 11,150,355 | 11,167,860 | 12,207,296 |
| CHANGE IN NET POSITION | | | | |
| Governmental activities | (5,934,020) | (820,195) | (4,033,669) | (323,692) |
| Business-type activities | 4,192,416 | (1,320,556) | 1,980,983 | (1,233,017) |
| Total primary government | \$(1,741,604) | \$(2,140,751) | \$(2,052,686) | \$(1,556,709) |

TABLE 2

| Fiscal Year | | | | | |
|-----------------------|-----------------------|----------------------|----------------------|----------------------|-----------------------|
| 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
| \$(13,534,107) | \$(14,456,807) | \$(13,547,202) | \$(14,910,964) | \$(14,438,017) | \$(18,770,384) |
| <u>(1,126,575)</u> | <u>(1,068,214)</u> | <u>(1,097,211)</u> | <u>(665,128)</u> | <u>(457,570)</u> | <u>(920,751)</u> |
| <u>(14,660,682)</u> | <u>(15,525,021)</u> | <u>(14,644,413)</u> | <u>(15,576,092)</u> | <u>(14,895,587)</u> | <u>(19,691,135)</u> |
| 4,281,225 | 4,500,973 | 4,701,079 | 4,815,932 | 5,148,352 | 5,669,378 |
| 7,185,011 | 7,436,165 | 7,856,341 | 8,536,450 | 8,762,727 | 9,515,880 |
| 521,249 | 595,443 | 578,961 | 539,247 | 583,840 | 591,561 |
| 584,337 | 675,904 | 691,646 | 737,042 | 755,357 | 822,438 |
| 7,975 | 7,376 | 61,500 | 137,190 | 181,545 | 275,258 |
| 117,589 | 80,571 | 106,824 | 160,233 | 485,962 | - |
| 125,269 | 143,445 | 88,702 | 125,819 | 91,585 | 926,591 |
| 237,986 | <u>(1,337,745)</u> | <u>116,213</u> | <u>200,173</u> | <u>338,950</u> | <u>147,219</u> |
| <u>13,060,641</u> | <u>12,102,132</u> | <u>14,201,266</u> | <u>15,252,086</u> | <u>16,348,318</u> | <u>17,948,325</u> |
| 17,620 | 17,544 | 21,450 | 48,918 | 24,542 | 26,438 |
| - | - | - | - | - | - |
| <u>(237,986)</u> | <u>1,337,745</u> | <u>(91,213)</u> | <u>(200,173)</u> | <u>(338,950)</u> | <u>(147,219)</u> |
| <u>(220,366)</u> | <u>1,355,289</u> | <u>(69,763)</u> | <u>(151,255)</u> | <u>(314,408)</u> | <u>(120,781)</u> |
| <u>12,840,275</u> | <u>13,457,421</u> | <u>14,131,503</u> | <u>15,100,831</u> | <u>16,033,910</u> | <u>17,827,544</u> |
| (473,466) | (2,354,675) | 654,064 | 341,122 | 1,910,301 | (822,059) |
| <u>(1,346,941)</u> | <u>287,075</u> | <u>(1,166,974)</u> | <u>(816,383)</u> | <u>(771,978)</u> | <u>(1,041,532)</u> |
| <u>\$(1,820,407)</u> | <u>\$(2,067,600)</u> | <u>\$(512,910)</u> | <u>\$(475,261)</u> | <u>\$ 1,138,323</u> | <u>\$(1,863,591)</u> |

CITY OF MARBLE FALLS, TEXAS

FUND BALANCES
GOVERNMENTAL FUNDS

| | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> |
|------------------------------------|---------------------|----------------------|---------------------|---------------------|---------------------|
| General fund | | | | | |
| Non-spendable | \$ 1,319 | \$ 7,575 | \$ 2,881 | \$ 8,841 | \$ 13,229 |
| Assigned | - | - | - | - | - |
| Unassigned | <u>610,076</u> | <u>669,947</u> | <u>758,405</u> | <u>1,160,376</u> | <u>1,283,714</u> |
| Total general fund | \$ <u>611,395</u> | \$ <u>677,522</u> | \$ <u>761,286</u> | \$ <u>1,169,217</u> | \$ <u>1,296,943</u> |
| All other governmental funds | | | | | |
| Restricted | \$ - | \$ 12,632,168 | \$ 5,224,633 | \$ 4,273,668 | \$ 8,552,944 |
| Unassigned, reported in: | | | | | |
| Special revenue funds | 1,422,918 | (26,819) | (26,924) | (58,872) | (26,918) |
| Capital projects funds | 3,062,898 | (201,456) | (236,409) | (250,872) | (196,829) |
| Debt service funds | <u>(101,583)</u> | <u>-</u> | <u>(22,862)</u> | <u>21,328</u> | <u>-</u> |
| Total all other governmental funds | \$ <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> |

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 3

| <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> |
|---------------------|---------------------|---------------------|----------------------|----------------------|
| \$ 15,681 | \$ 1,248 | \$ 1,248 | \$ 5,792 | \$ 1,248 |
| - | - | - | - | 25,824 |
| <u>1,501,853</u> | <u>1,696,473</u> | <u>1,843,050</u> | <u>1,983,924</u> | <u>2,165,390</u> |
| <u>\$ 1,517,534</u> | <u>\$ 1,697,721</u> | <u>\$ 1,844,298</u> | <u>\$ 1,989,716</u> | <u>\$ 2,192,462</u> |
| \$ 7,125,338 | \$ 6,671,902 | \$ 9,650,051 | \$ 10,389,421 | \$ 11,458,080 |
| (242,145) | (223,746) | (10,298) | (187,390) | - |
| - | - | - | - | - |
| - | - | - | (80,737) | - |
| <u>\$ 6,883,193</u> | <u>\$ 6,448,156</u> | <u>\$ 9,639,753</u> | <u>\$ 10,121,294</u> | <u>\$ 11,458,080</u> |

CITY OF MARBLE FALLS, TEXAS

CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

| | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> |
|------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| REVENUES | | | | | |
| Taxes | \$ 10,863,137 | \$ 10,823,765 | \$ 11,001,107 | \$ 12,025,271 | \$ 12,590,100 |
| Intergovernmental | 581,306 | 311,455 | 182,098 | 364,980 | 636,107 |
| Charges for services | 367,448 | 352,602 | 332,242 | 309,488 | 380,285 |
| Fines | 331,153 | 314,459 | 241,594 | 226,467 | 196,119 |
| Investment earnings | 21,898 | 14,935 | 20,734 | 17,644 | 7,975 |
| Other revenues | <u>337,293</u> | <u>113,181</u> | <u>131,944</u> | <u>102,130</u> | <u>61,881</u> |
| Total revenues | <u>12,502,235</u> | <u>11,930,397</u> | <u>11,909,719</u> | <u>13,045,980</u> | <u>13,872,467</u> |
| EXPENDITURES | | | | | |
| General government | 2,286,980 | 1,733,341 | 1,821,845 | 2,273,190 | 2,464,981 |
| Public safety | 5,224,806 | 5,229,516 | 5,097,359 | 5,004,539 | 5,008,527 |
| Public works | 1,048,398 | 857,364 | 876,789 | 858,697 | 923,402 |
| Culture and recreation | 1,009,801 | 952,954 | 1,010,830 | 952,838 | 1,049,905 |
| Capital outlay | 7,901,676 | 2,597,077 | 6,046,967 | 1,625,889 | 4,171,869 |
| Debt service | | | | | |
| Principal | 1,935,000 | 1,645,000 | 1,990,000 | 2,180,000 | 2,045,000 |
| Interest | 1,290,891 | 1,455,753 | 1,479,735 | 1,318,475 | 1,245,728 |
| Bond issuance cost | <u>-</u> | <u>225,666</u> | <u>118,729</u> | <u>-</u> | <u>131,618</u> |
| Total expenditures | <u>20,697,552</u> | <u>14,696,671</u> | <u>18,442,254</u> | <u>14,213,628</u> | <u>17,041,030</u> |

TABLE 4

| | 2015 | 2016 | 2017 | 2018 | 2019 |
|----|-------------------|-------------------|-------------------|-------------------|-------------------|
| \$ | 13,219,657 | \$ 13,809,199 | \$ 14,627,627 | \$ 15,242,805 | \$ 16,568,141 |
| | 349,410 | 367,320 | 322,480 | 851,994 | 425,787 |
| | 358,531 | 427,991 | 484,352 | 469,572 | 309,818 |
| | 256,367 | 295,414 | 338,164 | 232,020 | 389,316 |
| | 7,376 | 61,500 | 137,190 | 181,545 | 275,258 |
| | <u>151,999</u> | <u>275,432</u> | <u>253,868</u> | <u>161,846</u> | <u>536,343</u> |
| | <u>14,343,340</u> | <u>15,236,856</u> | <u>16,163,681</u> | <u>17,139,782</u> | <u>18,504,663</u> |
| | 3,518,051 | 3,272,101 | 3,267,055 | 3,388,872 | 3,410,347 |
| | 5,308,174 | 4,699,878 | 5,123,752 | 5,219,200 | 5,988,404 |
| | 1,006,873 | 1,066,985 | 1,148,508 | 1,189,947 | 1,522,838 |
| | 1,074,557 | 1,154,898 | 1,283,656 | 1,421,830 | 1,614,047 |
| | 457,186 | 1,501,203 | 6,260,333 | 2,243,067 | 5,641,412 |
| | 2,580,000 | 2,769,860 | 3,128,669 | 3,322,964 | 3,421,258 |
| | 1,541,339 | 1,268,136 | 1,311,244 | 1,359,716 | 1,453,451 |
| | 400 | 51,892 | 387,363 | 4,600 | 34,900 |
| | <u>15,486,580</u> | <u>15,784,953</u> | <u>21,910,580</u> | <u>18,150,196</u> | <u>23,086,657</u> |

CITY OF MARBLE FALLS, TEXAS

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

| | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> |
|--|------------------|-------------------|-----------------|-----------------|------------------|
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | \$ (8,195,317) | \$ (2,766,274) | \$ (6,532,535) | \$ (1,167,648) | \$ (3,168,563) |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Bonds issued | 2,500,000 | 9,970,000 | 4,395,000 | - | 7,000,000 |
| Premium on bond issuance | - | 182,399 | 138,990 | - | 89,483 |
| Payment to escrow agent | - | - | (4,415,261) | - | - |
| Capital lease proceeds | - | - | - | - | - |
| Sale of asset proceeds | 225,856 | 220,828 | 154,536 | 145,721 | 263,675 |
| Proceeds from insurance | - | - | - | 120,529 | 74,090 |
| Transfers in | 1,327,300 | 1,648,719 | 1,248,269 | 941,946 | 1,022,775 |
| Transfers out | (1,823,729) | (1,169,885) | (645,941) | (585,803) | (809,789) |
| Total other financing sources (uses) | <u>2,229,427</u> | <u>10,852,061</u> | <u>875,593</u> | <u>622,393</u> | <u>7,640,234</u> |
| NET CHANGE IN FUND BALANCES | \$ (5,965,890) | \$ 8,085,787 | \$ (5,656,942) | \$ (545,255) | \$ 4,471,671 |
| DEBT SERVICE AS A PERCENTAGE OF NONCAPITAL EXPENDITURES | <u>25.21%</u> | <u>25.63%</u> | <u>25.63%</u> | <u>27.79%</u> | <u>25.75%</u> |

TABLE 4

| 2015 | 2016 | 2017 | 2018 | 2019 |
|----------------|---------------|----------------|----------------|----------------|
| \$(1,143,240) | \$(548,097) | \$(5,746,899) | \$(1,010,414) | \$(4,581,994) |
| - | 3,762,700 | 14,895,000 | - | 5,242,250 |
| - | 61,571 | 644,277 | - | 149,842 |
| - | (3,782,686) | (6,919,367) | - | - |
| - | - | 23,615 | 479,387 | - |
| 80,571 | 106,824 | 266,894 | 839,389 | 168,612 |
| - | 11,602 | 14,481 | 24,647 | 478,403 |
| 630,347 | 577,043 | 833,820 | 491,275 | 697,516 |
| (793,092) | (490,830) | (673,647) | (197,325) | (615,097) |
| (82,174) | 246,224 | 9,085,073 | 1,637,373 | 6,121,526 |
| \$(1,225,414) | \$(301,873) | \$ 3,338,174 | \$ 626,959 | \$ 1,539,532 |
| <u>30.39%</u> | <u>28.27%</u> | <u>28.53%</u> | <u>29.43%</u> | <u>22.93%</u> |

CITY OF MARBLE FALLS, TEXAS

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

LAST TEN FISCAL YEARS

| <u>Fiscal Year</u> | <u>Residential Property</u> | <u>Commercial Property</u> | <u>Industrial Property</u> | <u>Less: Tax-exempt Property</u> |
|--------------------|-----------------------------|----------------------------|----------------------------|----------------------------------|
| 2010 | \$ 431,611,806 | \$ 299,990,332 | \$ 15,323,397 | \$ 52,294,519 |
| 2011 | 449,282,544 | 303,980,627 | 13,900,757 | 59,117,775 |
| 2012 | 461,541,079 | 317,371,849 | 18,047,379 | 69,888,903 |
| 2013 | 474,425,723 | 316,912,217 | 17,386,158 | 75,820,498 |
| 2014 | 507,944,535 | 345,561,505 | 16,636,105 | 81,886,092 |
| 2015 | 546,541,560 | 362,210,449 | 19,205,994 | 101,114,663 |
| 2016 | 669,887,911 | 369,579,204 | 20,393,671 | 149,103,303 |
| 2017 | 716,529,053 | 374,129,771 | 19,187,025 | 164,271,764 |
| 2018 | 818,119,036 | 400,002,343 | 28,583,160 | 194,893,192 |
| 2019 | 920,286,236 | 451,953,511 | 29,142,848 | 211,205,527 |

Source: Burnet County Tax Appraisal

Note: Total Direct Tax Rate includes totals of City, School and County Tax Rates.
See Table 6 for individual rates.

TABLE 5

| <u>Total Taxable Assessed Value</u> | <u>Total Direct Tax Rate</u> | <u>Estimated Actual Taxable Value</u> |
|---|--------------------------------------|---|
| \$ 694,631,016 | 2.2742 | \$ 638,671,384 |
| 708,046,153 | 2.3135 | 617,612,731 |
| 727,071,404 | 2.3159 | 625,782,678 |
| 732,903,600 | 2.3234 | 625,665,424 |
| 788,256,053 | 2.3423 | 675,881,626 |
| 826,843,340 | 2.3519 | 691,359,702 |
| 910,757,483 | 2.3399 | 725,164,073 |
| 945,574,085 | 2.3343 | 743,445,866 |
| 1,051,811,347 | 2.3180 | 815,061,904 |
| 1,190,177,068 | 2.2816 | 933,743,351 |

CITY OF MARBLE FALLS, TEXAS

TABLE 6

DIRECT AND OVERLAPPING PROPERTY TAX RATES

LAST TEN FISCAL YEARS

| Fiscal Year | City Direct Rates | | | Overlapping Rates | |
|-------------|-------------------|---------------------------------|-------------------|------------------------------|---------------|
| | Basic Rate | General Obligation Debt Service | Total Direct Rate | Marble Falls School District | Burnet County |
| 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 |
| 2016 | 0.6483 | 34,741,998 | 2.3399 | 1.2800 | 0.3969 |
| 2017 | 0.6340 | 40,464,984 | 2.3180 | 1.2786 | 0.3969 |
| 2018 | 0.6150 | 37,193,430 | 2.2816 | 1.2686 | 0.3900 |
| 2019 | 0.6100 | 40,165,499 | 2.8259 | 1.1986 | 0.3582 |

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

TABLE 7

PRINCIPAL PROPERTY TAXPAYERS

CURRENT YEAR

| Taxpayer | 2019 | | 2010 | |
|----------------------------------|------------------------|---|------------------------|---|
| | Taxable Assessed Value | Percentage of Total City Taxable Assessed Value | Taxable Assessed Value | Percentage of Total City Taxable Assessed Value |
| Worldmark the Club | \$ 16,030,944 | 14.07% | \$ 9,604,358 | 15.31% |
| NE Marble Falls LP | 15,963,033 | 14.01% | 7,877,472 | 12.56% |
| HTA- Marble Falls MOB LLC | 14,321,840 | 12.57% | 7,503,163 | 11.96% |
| Bray Spaar Partnership | 13,382,146 | 11.74% | 6,593,997 | 10.51% |
| Huber Carbonates LLC | 11,283,734 | 9.90% | 6,832,580 | 10.89% |
| Perdernaes Electric Co-Op | 10,472,729 | 9.19% | 5,916,379 | 9.43% |
| Wal-Mart Stores Inc 01-0781 | 9,562,721 | 8.39% | 4,935,878 | 7.87% |
| Homestead Mormon Mill LP | 8,221,087 | 7.21% | 4,743,066 | 7.56% |
| L Dor V Dor LLC | 8,003,212 | 7.02% | 4,393,289 | 7.00% |
| Heritage Hotels Marble Falls Ltd | <u>6,712,461</u> | <u>5.89%</u> | <u>4,339,883</u> | <u>6.92%</u> |
| | <u>\$ 113,953,907</u> | <u>100.00%</u> | <u>\$ 62,740,065</u> | <u>100.00%</u> |

Source: Burnet County Appraisal office

CITY OF MARBLE FALLS, TEXAS

TABLE 8

PROPERTY TAX LEVIES AND COLLECTIONS

LAST TEN FISCAL YEARS

| Fiscal Year Ended | Taxes Levied for the Fiscal Year | Collected With the Fiscal Year of the Levy | | Collections in Subsequent Years | Total Collections to Date | |
|-------------------|----------------------------------|--|--------------------|---------------------------------|---------------------------|--------------------|
| | | Amount | Percentage of Levy | | Amount | Percentage of Levy |
| 2010 | \$ 3,913,952 | \$ 3,857,118 | 98.55% | \$ 56,834 | \$ 3,913,952 | 100.00% |
| 2011 | 3,931,482 | 3,909,526 | 98.39% | 21,956 | 3,931,482 | 100.00% |
| 2012 | 4,021,309 | 3,953,241 | 98.30% | 68,068 | 4,021,309 | 100.00% |
| 2013 | 4,050,862 | 3,995,294 | 98.63% | 55,568 | 4,050,862 | 100.00% |
| 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% |
| 2016 | 4,673,677 | 4,657,916 | 99.66% | 15,761 | 4,673,677 | 100.00% |
| 2017 | 4,792,210 | 4,781,916 | 99.79% | - | 4,781,916 | 99.79% |
| 2018 | 5,119,048 | 5,079,790 | 99.23% | - | 5,079,790 | 99.23% |
| 2019 | 5,653,905 | 5,580,013 | 98.69% | 37,321 | 5,617,334 | 99.35% |

CITY OF MARBLE FALLS, TEXAS

TABLE 9

**MAJOR SOURCE OF REVENUE
SALES TAX HISTORY**

| <u>Fiscal Year</u> | <u>Revenue</u> | <u>Tax Rate</u> |
|--------------------|----------------|-----------------|
| 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% |
| 2015-16 | 7,856,341 | 8.25% |
| 2016-17 | 8,536,450 | 8.25% |
| 2017-18 | 8,762,727 | 8.25% |
| 2018-19 | 9,515,880 | 8.25% |

CITY OF MARBLE FALLS, TEXAS

RATIOS OF OUTSTANDING DEBT BY TYPE

LAST TEN FISCAL YEARS

| Fiscal Year | General Obligation Bonds | Governmental Activities | | | | Business-type Activities |
|-------------|--------------------------|-------------------------|---------------|---------------|----------------------|--------------------------|
| | | Tax Notes | Notes Payable | Capital Lease | Premiums / Discounts | Water Revenue Bonds |
| 2010 | \$ 28,075,000 | \$ 950,000 | \$ - | \$ - | \$ - | \$ 17,700,000 |
| 2011 | 35,860,000 | 600,000 | - | - | - | 17,515,000 |
| 2012 | 35,130,000 | 295,000 | - | - | - | 16,790,000 |
| 2013 | 33,155,000 | 90,000 | - | - | - | 16,035,000 |
| 2014 | 38,115,000 | - | - | - | 611,836 | 19,730,000 |
| 2015 | 36,735,000 | - | - | - | 558,633 | 17,770,000 |
| 2016 | 34,177,840 | - | - | - | 564,158 | 24,757,160 |
| 2017 | 39,332,840 | - | - | 391,781 | 1,132,144 | 23,712,160 |
| 2018 | 36,167,840 | - | - | 713,204 | 1,025,590 | 22,627,160 |
| 2019 | 36,970,090 | 1,170,000 | - | 561,946 | 1,071,639 | 23,374,910 |

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

See Table 15 for personal income and population data.

TABLE 10

| Business-type Activities | | Business-type Activities | | | Total Primary Government | Percentage of Personal Income | Per Capita |
|-----------------------------|------------------|--------------------------|-------------------------|------|--------------------------------|-------------------------------------|---------------|
| Tax Notes | Notes Payable | Capital Lease | Premiums / Discounts | | | | |
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ 46,725,000 | 0.001 | 6,072 |
| - | - | - | - | - | 53,975,000 | 0.002 | 7,497 |
| - | - | - | - | - | 52,215,000 | 0.002 | 7,252 |
| - | - | - | - | - | 49,280,000 | 0.001 | 8,136 |
| - | - | - | 201,462 | - | 58,658,298 | 0.001 | 9,256 |
| - | - | - | 594,262 | - | 55,657,895 | 0.002 | 8,864 |
| - | - | - | 1,121,098 | - | 60,620,256 | 0.002 | 9,584 |
| - | - | - | 1,046,931 | - | 65,615,856 | 0.002 | 10,257 |
| - | - | 318,890 | 972,764 | - | 61,825,448 | 0.002 | 8,954 |
| - | - | 266,257 | 979,280 | - | 64,394,122 | 0.001 | 9,289 |

CITY OF MARBLE FALLS, TEXAS

TABLE 11

RATIOS OF GENERAL BONDED DEBT OUTSTANDING

LAST TEN FISCAL YEARS

| Fiscal Year | General Bonded Debt Outstanding | | Percentage of Actual Taxable Value of Property | Per Capita |
|-------------|---------------------------------|---------------|--|------------|
| | General Obligation Bonds | Total | | |
| 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 | 38,115,000 | 5.64% | 6,292.72 |
| 2015 | 37,293,633 | 37,293,633 | 5.39% | 5,885.06 |
| 2016 | 34,741,998 | 34,741,998 | 4.79% | 5,533.05 |
| 2017 | 40,464,984 | 40,464,984 | 5.44% | 6,397.63 |
| 2018 | 37,193,430 | 37,193,430 | 4.56% | 5,814.20 |
| 2019 | 38,041,729 | 38,041,729 | 4.07% | 5,487.84 |

Notes:

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

See Table 5 for property value data.

Population data can be found in Table 15.

CITY OF MARBLE FALLS, TEXAS

TABLE 12

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

AS OF SEPTEMBER 30, 2019

| <u>Government Unit</u> | <u>Debt Outstanding</u> | <u>Estimated Percentage Applicable</u> | <u>Estimated Share of Direct and Overlapping Debt</u> |
|--|-------------------------|--|---|
| Debt repaid with property taxes | | | |
| Marble Falls Independent School District | \$ 101,665,000 | 24.52% | \$ 24,928,258 |
| Burnet County General Obligation Debt | 24,080,000 | 16.14% | <u>3,886,512</u> |
| Subtotal overlapping debt | | | <u>28,814,770</u> |
| City direct debt | 63,565,919 | 100.000% | <u>63,565,919</u> |
| Subtotal direct debt | | | <u>63,565,919</u> |
| Total direct and overlapping debt | | | \$ <u>92,380,689</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

| | 2010 | 2011 | 2012 | 2013 |
|--|-----------------------|-----------------------|-----------------------|-----------------------|
| Debt limit | \$ 638,075,046 | \$ 572,437,375 | \$ 577,490,755 | \$ 575,499,669 |
| Total net debt applicable to limit | <u>28,075,000</u> | <u>35,860,000</u> | <u>33,340,000</u> | <u>33,155,000</u> |
| Legal debt margin | <u>\$ 610,000,046</u> | <u>\$ 536,577,375</u> | <u>\$ 544,150,755</u> | <u>\$ 542,344,669</u> |
| Total net debt applicable to the limit as a percentage of debt limit. | 4.40% | 6.26% | 5.77% | 5.76% |

Legal Debt Margin Calculation for Fiscal Year 2019

| | |
|---|-----------------------|
| Assessed value | \$ 837,800,028 |
| Debt applicable to limit: | |
| General obligation bonds | |
| Less: Amount set aside for repayment of general obligation debt | <u>38,041,729</u> |
| Total net debt applicable to limit | <u>(38,041,729)</u> |
| Legal debt margin | \$ <u>799,758,299</u> |

Note:

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

TABLE 13

| 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| \$ 600,546,263 | \$ 635,518,195 | \$ 672,759,187 | \$ 837,800,028 | \$ 837,800,028 | \$ 837,800,028 |
| <u>38,115,000</u> | <u>37,293,633</u> | <u>34,741,998</u> | <u>39,332,840</u> | <u>37,193,430</u> | <u>38,041,729</u> |
| <u>\$ 562,431,263</u> | <u>\$ 598,224,562</u> | <u>\$ 638,017,189</u> | <u>\$ 798,467,188</u> | <u>\$ 800,606,598</u> | <u>\$ 799,758,299</u> |
| 6.35% | 5.87% | 5.164% | 4.695% | 4.439% | 4.541% |

CITY OF MARBLE FALLS, TEXAS

TABLE 14

PLEDGED REVENUE COVERAGE
LAST TEN FISCAL YEARS

| Fiscal Year | Water Revenue Bonds | | | | | Coverage |
|-------------|-------------------------|--------------------------|-----------------------|--------------|--------------|----------|
| | Utility Service Charges | Less: Operating Expenses | Net Available Revenue | Debt Service | | |
| | | | | Principal | Interest | |
| 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 |
| 2016 | 4,261,258 | 2,855,403 | 1,405,855 | 450,140 | 667,024 | 1.26 |
| 2017 | 4,815,277 | 2,915,508 | 1,899,769 | 2,250,000 | 953,714 | 0.59 |
| 2018 | 5,095,938 | 3,034,187 | 2,061,751 | 2,455,000 | 920,068 | 0.61 |
| 2019 | 5,041,932 | 3,510,616 | 1,531,316 | 2,700,000 | 925,662 | 0.42 |

Notes: Details regarding the City's outstanding debt can be found in the notes to the financial statements. Operating expenses do not include interest, depreciation, or amortization expenses.

CITY OF MARBLE FALLS, TEXAS

TABLE 15

DEMOGRAPHIC AND ECONOMIC STATISTICS

LAST TEN FISCAL YEARS

| <u>Calendar Year</u> | <u>Population</u> | <u>Personal Income</u> | <u>Per Capita Personal Income</u> | <u>Unemployment Rate</u> |
|----------------------|-------------------|------------------------|-----------------------------------|--------------------------|
| 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% |
| 2016 | 6,325 | 39,713 | 22,254 | 3.6% |
| 2017 | 6,397 | 54,170 | 23,377 | 3.6% |
| 2018 | 6,905 | 59,434 | 24,994 | 1.7% |
| 2019 | 6,932 | 64,953 | 26,169 | 2.2% |

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

Unemployment rate obtained from Texas Workforce Commission website.

CITY OF MARBLE FALLS, TEXAS

TABLE 16

PRINCIPAL EMPLOYERS
CURRENT AND NINE YEARS AGO

| Employer | 2019 | | 2010 | |
|------------------------|--------------|-------------------------------------|--------------|-------------------------------------|
| | Employees | Percentage of Total City Employment | Employees | Percentage of Total City Employment |
| Marble Falls ISD | 685 | 21.69% | 649 | 37.54% |
| Horseshoe Bay Resort | 662 | 20.96% | ** | ** |
| Baylor Scott & White | 573 | 18.14% | ** | ** |
| H.E.B. Grocery Company | 324 | 10.26% | 200 | 11.57% |
| Wal-Mart Corporation | 285 | 9.02% | 360 | 20.82% |
| Lowe's | 140 | 4.43% | 100 | 5.78% |
| City of Marble Falls | 137 | 4.34% | 127 | 7.35% |
| Granite Mesa | 115 | 3.64% | 83 | 4.80% |
| Gibraltar | 127 | 4.02% | 119 | 6.88% |
| The Home Depot | 110 | 3.48% | 91 | 5.26% |
| Total | <u>3,158</u> | <u>100.00%</u> | <u>1,729</u> | <u>100.00%</u> |

Source: Marble Falls Economic Development Corporation and personal telephone interviews

** Data not available for employer in 2010.

THIS PAGE LEFT BLANK INTENTIONALLY

CITY OF MARBLE FALLS, TEXAS

FULLTIME EQUIVALENT CITY GOVERNMENT EMPLOYEES
BY FUNCTION/PROGRAM

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

Source: Various Departments

TABLE 17

| <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> |
|-------------|-------------|-------------|-------------|-------------|
| 4 | 4 | 4 | 4 | 4 |
| 4 | 4 | 4 | 4 | 4 |
| 4 | 4 | 5 | 4 | 4 |
| 4 | 4 | 5 | 5 | 5 |
| - | - | - | - | - |
| 1 | 1 | 1 | 1 | 1 |
| 2 | 2 | 3 | 3.5 | 3.5 |
| 19 | 19 | 20 | 21 | 22 |
| 12 | 12 | 12 | 13 | 13 |
| 15 | 15 | 15 | 15 | 18 |
| 11 | 11 | 11 | 11 | 11 |
| 9 | 9 | 9 | 11 | 11 |
| 11 | 11 | 12 | 13 | 12 |
| <u>10</u> | <u>10</u> | <u>10</u> | <u>10</u> | <u>10</u> |
| <u>106</u> | <u>106</u> | <u>111</u> | <u>116</u> | <u>119</u> |

CITY OF MARBLE FALLS, TEXAS

OPERATING INDICATORS BY FUNCTION/PROGRAM

LAST TEN FISCAL YEARS

| Function/Program | 2010 | 2011 | 2012 | 2013 |
|--|---------|---------|---------|---------|
| General government | | | | |
| Building permits issued | 662 | 564 | 564 | 259 |
| Building inspections conducted | 1,201 | 1,108 | 3,289 | 1,515 |
| Police | | | | |
| Physical arrests | 661 | 993 | 959 | 934 |
| Parking violations | 26 | 22 | 35 | 31 |
| Traffic violations | 2,508 | 1,650 | 1,062 | 2,101 |
| Fire | | | | |
| Emergency responses | 765 | 821 | 821 | 1,215 |
| Fires extinguished | 9 | 12 | 12 | 10 |
| Inspections | 849 | 771 | 840 | 239 |
| Other public works | | | | |
| Street resurfacing (miles) | 3 | 4 | 2 | 1 |
| Tonnage to repair potholes | 1,993 | 1,240 | 600 | 160 |
| Parks and recreation | | | | |
| Community center admissions | 130 | 139 | 240 | 186 |
| Library | | | | |
| Volumes in collection | 44,323 | 43,512 | 43,512 | 39,590 |
| Total volumes borrowed | 148,999 | 149,229 | 149,229 | 198,785 |
| Water | | | | |
| New connections | 593 | 1,131 | 490 | 582 |
| Water main breaks | 210 | 208 | 200 | 104 |
| Average daily consumption (thousands of gallons) | 1,233 | 1,445 | 1,500 | 1,500 |
| Peak daily consumption (thousands of gallons) | 2,058 | 2,397 | 2,400 | 2,132 |
| Wastewater | | | | |
| Average daily sewage treatment (thousands of gallons) | 625 | 636 | 675 | 820 |

Source: Various City departments

TABLE 18

| 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|---------|---------|---------|---------|---------|---------|
| 259 | 641 | 793 | 726 | 726 | 931 |
| 1,377 | 938 | 2,700 | 1,479 | 1,751 | 1,761 |
| 837 | 718 | 739 | 665 | 503 | 712 |
| 25 | 20 | 12 | 25 | 7 | 217 |
| 1,762 | 998 | 1,317 | 1,195 | 1,278 | 2,436 |
| 1,234 | 1,291 | 1,538 | 1,746 | 1,601 | 1,665 |
| 6 | 4 | 7 | 40 | 49 | 50 |
| 211 | 357 | 392 | 309 | 597 | 886 |
| 2 | 5 | 2 | 1 | 2 | 5 |
| 150 | 204 | 500 | 450 | 475 | 477 |
| 160 | 191 | 266 | 213 | 191 | 121 |
| 39,590 | 41,109 | 40,594 | 41,851 | 40,507 | 40,614 |
| 198,785 | 106,585 | 136,317 | 114,200 | 117,698 | 116,778 |
| 582 | 590 | 497 | 424 | 538 | 26 |
| 125 | 108 | 150 | 110 | 126 | 75 |
| 1,522 | 1,416 | 1,352 | 1,419 | 1,421 | 1,211 |
| 2,005 | 2,066 | 2,555 | 2,800 | 2,458 | 2,145 |
| 860 | 998 | 981 | 1,024 | 1,189 | 1,021 |

CITY OF MARBLE FALLS, TEXAS

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM

LAST TEN FISCAL YEARS

| Function/Program | 2010 | 2011 | 2012 | 2013 | 2014 |
|--|-------|-------|-------|-------|-------|
| Police | | | | | |
| Stations | 1 | 1 | 1 | 1 | 1 |
| Patrol units | 25 | 25 | 25 | 11 | 15 |
| Fire | | | | | |
| Stations | 1 | 1 | 1 | 1 | 1 |
| Public works | | | | | |
| Streets (miles) | 60 | 60 | 60 | 62 | 62 |
| Highways (miles) | 14 | 14 | 14 | 15.2 | 15.2 |
| Streetlights | 448 | 448 | 448 | 448 | 448 |
| Traffic signals | 14 | 14 | 14 | 14 | 14 |
| Parks and recreation | | | | | |
| Acreage | 123 | 123 | 123 | 127 | 127 |
| Playgrounds | 6 | 6 | 6 | 6 | 4 |
| Baseball/softball diamonds | 8 | 8 | 8 | 8 | 4 |
| Soccer/football fields | 9 | 3 | 3 | 3 | 8 |
| Community centers | 1 | 1 | 1 | 1 | 1 |
| Water | | | | | |
| Water mains (miles) | 83 | 83 | 83 | 84 | 84 |
| Fire hydrants | 544 | 544 | 544 | 544 | 544 |
| Storage capacity (thousands of gallons) | 2,939 | 2,739 | 2,739 | 2,939 | 2,939 |
| Wastewater | | | | | |
| Sanitary sewers (miles) | 63 | 63 | 63 | 63 | 63 |
| Storm sewers (miles) | 12 | 12 | 12 | 12 | 12 |
| Treatment capacity (thousands of gallons) | 980 | 980 | 980 | 980 | 980 |

Source: Various City departments

TABLE 19

| 2015 | 2016 | 2017 | 2018 | 2019 |
|-------|-------|-------|-------|-------|
| 1 | 1 | 1 | 1 | 1 |
| 15 | 15 | 15 | 27 | 33 |
| 1 | 1 | 1 | 1 | 1 |
| 62 | 64 | 64 | 65 | 66 |
| 15.2 | 15.2 | 15.2 | 15.2 | 15.2 |
| 595 | 599 | 599 | 606 | 617 |
| 14 | 15 | 15 | 15 | 17 |
| 130 | 130 | 150 | 153 | 158 |
| 4 | 4 | 4 | 6 | 6 |
| 4 | 4 | 4 | 4 | 4 |
| 8 | 8 | 8 | 8 | 8 |
| 1 | 2 | 2 | 2 | 2 |
| 95 | 95 | 96 | 98 | 98 |
| 582 | 589 | 606 | 626 | 634 |
| 3,479 | 3,419 | 3,419 | 3,488 | 3,488 |
| 68 | 68 | 68 | 68 | 68 |
| 12 | 12 | 12 | 12 | 12 |
| 980 | 1,500 | 1,500 | 1,500 | 1,500 |

COMPLIANCE SECTION

THIS PAGE LEFT BLANK INTENTIONALLY



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Marble Falls, Texas, as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise City of Marble Falls, Texas' basic financial statements, and have issued our report thereon date February 12, 2020.

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

OFFICE LOCATIONS

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



Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Marble Falls, Texas' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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.

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

Waco, Texas
February 12, 2020