NEW ISSUE-BOOK-ENTRY-ONLY

Ratings: "AA" (BAM Insured)
"AA-" S&P (Underlying)
(See: "OTHER PERTINENT INFORMATION – Ratings", "BOND INSURANCE," AND "BOND INSURANCE GENERAL RISKS")

OFFICIAL STATEMENT
September 3, 2024

In the opinion of Bickerstaff Heath Delgado Acosta LLP, Bond Counsel, under existing statutes, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Certificates is excludable from gross income of the holders thereof for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended, and will not constitute a specific item of tax preference under Section 57 of the Code for purposes of calculating the alternative minimum tax imposed on individuals. Bond Counsel is of the further opinion that in the case of certain corporate holders of the Certificates, all or a portion of the interest on the Certificates may be included in the calculation of the alternative minimum tax imposed on certain corporations as a result of the inclusion of interest on the Certificates in adjusted financial statement income. Bond Counsel expresses no opinion on any other federal tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Certificates.

$15,525,000
CITY OF MARBLE FALLS, TEXAS
(A political subdivision of the State of Texas located in Burnet County, Texas)
COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION, SERIES 2024

Dated Date: September 1,2024 **Due: February 1, as shown on inside cover page**

The $15,525,000 City of Marble Falls, Texas Combination Tax and Revenue Certificates of Obligation, Series 2024 (the "Certificates") are being issued pursuant to Subchapter C, Chapter 271, Texas Local Government Code (the "Certificates of Obligation Act of 1971"), as amended, an ordinance (the "Ordinance") adopted by the City Council of the City of Marble Falls, Texas (the "City" or "Issuer") on September 3, 2024, and the City's Home Rule Charter. (See "THE CERTIFICATES - Authority for Issuance" herein.)

The Certificates constitute direct and general obligations of the Issuer payable from the proceeds of an annual ad valorem tax levied upon all taxable property within the City, within the limitations prescribed by law, and are further payable from and secured by a lien on and pledge, not to exceed $1,000, of the Surplus Revenues (identified and defined in the Ordinance), derived from the operation of the City's Water and Sewer System (the "System"). (See "THE CERTIFICATES - Security for Payment" and "THE CERTIFICATES – Tax Rate Limitation" herein.)

Interest on the Certificates will accrue from September 1,2024 (the "Dated Date") and will be payable on February 1 and August 1 of each year, commencing February 1, 2025, until stated maturity or prior redemption, and will be calculated on the basis of a 360-day year of twelve 30-day months. The definitive Certificates will be issued as fully registered obligations in book-entry form only and when issued will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository. Book-entry interests in the Certificates will be made available for purchase in denominations of $5,000 or integral multiples thereof. Purchasers of the Certificates ("Beneficial Owners") will not receive physical delivery of certificates representing their interest in the Certificates purchased. So long as DTC or its nominee is the registered owner of the Certificates, the principal of and interest on the Certificates will be payable by BOKF, NA, Dallas, Texas, as Paying Agent Registrar to the securities depository, which will in turn remit such principal and interest to its participants, which will in turn remit such principal and interest to the Beneficial Owners of the Certificates. (See "BOOK-ENTRY-ONLY SYSTEM" herein.)

Proceeds from the sale of the Certificates will be used for the purpose of paying contractual obligations of the City to be incurred for (1) planning, designing, constructing, extending, equipping, and improving, and acquiring real property and interests in real property for, the City's water and wastewater systems including a new wastewater treatment plant, pump stations, groundwater prospecting systems, purple pipe extensions, direct potable reuse systems, water storage, water and wastewater lines, and raw water and flood mitigation systems; (2) designing, constructing, improving, paving, resurfacing, acquiring, extending, and expanding, including acquiring any land, easements and right of way for, streets, transportation facilities, bridges, sidewalks, drainage, traffic improvements, landscaping, parking and lighting; (3) planning, designing, constructing, extending, equipping, and improving, and acquiring real property and interests in real property for, the City's park system including field improvements and hike and bike trails; (4) amending, supplementing, and updating the City's parks master plan; (5) amending, supplementing, and updating the City's Downtown Master Plan; (6) planning, designing, constructing, equipping, replacing, improving, and installing lighting for the City of Marble Falls downtown; (7) planning, designing, constructing, extending, and equipping, and acquiring real property and interests in real property for, improvements and updates to the City's Lakeside Pavilion; (8) planning, designing, constructing, extending, equipping and renovating the City's Fire Station No. 1, including adding overhead bay doors;(9) acquiring a new fire ladder truck; and (10) costs of financing the aforementioned projects (including related professional services and costs of issuance). (See "THE CERTIFICATES - Use of Proceeds" herein.)

The scheduled payment of principal of and interest on the Certificates when due will be guaranteed under a municipal bond insurance policy to be issued by BUILD AMERICA MUTUAL ASSURANCE COMPANY (See "BOND INSURANCE" herein).

SEE INSIDE COVER PAGE FOR STATED MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES, INITIAL YIELDS, CUSIP NUMBERS, AND REDEMPTION PROVISIONS FOR THE CERTIFICATES

The Certificates are offered for delivery, when, as and if issued and received by the initial purchasers named below (the "Purchasers") and subject to the approving opinion of the Attorney General of the State of Texas and the approval of certain legal matters by Bickerstaff Heath Delgado Acosta LLP, Austin, Texas, Bond Counsel. (See Appendix C – Form of Legal Opinion of Bond Counsel.) It is expected that the Certificates will be available for initial delivery through DTC on or about September 26, 2024.

$15,525,000
CITY OF MARBLE FALLS, TEXAS
(A political subdivision of the State of Texas located in Burnet County, Texas)
COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION, SERIES 2024

MATURITY SCHEDULE
(Due February 1)

CUSIP Prefix No. 566022[(1)]

$13,730,000 Serial Certificates

Stated Maturity 2/1	Principal Amount	Interest Rate	Initial Yield	CUSIP No. Suffix [(1)]	Stated Maturity 2/1	Principal Amount	Interest Rate	Initial Yield	CUSIP No. Suffix [(1)]
2025	$ 345,000	5.000%	2.840%	H93	2037	$ 745,000	5.000%	3.250% [(2)]	K57
2026	60,000	5.000%	2.770%	J26	2038	780,000	5.000%	3.320% [(2)]	K65
2027	455,000	5.000%	2.750%	J34	2039	820,000	4.000%	3.860% [(2)]	K73
2028	480,000	5.000%	2.750%	J42	2040	855,000	4.000%	3.940% [(2)]	K81
2029	500,000	5.000%	2.730%	J59	2041	885,000	4.000%	4.000%	K99
2030	525,000	5.000%	2.780%	J67	2042	925,000	4.000%	4.030%	L23
2031	555,000	5.000%	2.860%	J75	2043	960,000	4.000%	4.060%	L31
2032	580,000	5.000%	2.940%	J83	2044	1,000,000	4.000%	4.080%	L49
2033	610,000	5.000%	3.000%	J91	2045	200,000	4.000%	4.100%	L56
2034	640,000	5.000%	3.060% [(2)]	K24	2046	210,000	4.000%	4.120%	L64
2035	675,000	5.000%	3.130% [(2)]	K32	2047	220,000	4.000%	4.140%	L72
2036	705,000	5.000%	3.190% [(2)]	K40					

$1,795,000 Term Certificates

$460,000 4.000% Term Certificates due February 1, 2049 and priced to yield 4.170% CUSIP Suffix L98
$500,000 4.125% Term Certificates due February 1, 2051 and priced to yield 4.200% CUSIP Suffix M30
$835,000 4.125% Term Certificates due February 1, 2054 and priced to yield 4.230% CUSIP Suffix M63

(Interest to accrue from Dated Date)

The Issuer reserves the right to redeem the Certificates maturing on and after February 1, 2034, in whole or in part, in principal amounts of $5,000 or any integral multiple thereof, on February 1, 2033, or any date thereafter, at the redemption price of par plus accrued interest to the date fixed for redemption, as further described herein. Additionally, the Certificates maturing February 1, 2049, February 1, 2051 and February 1, 2054 (the "Term Certificates") will also be subject to mandatory sinking fund redemption. (See "THE CERTIFICATES - Redemption Provisions" herein.)

[(1)] CUSIP numbers are included solely for the convenience of the owner of the Certificates. CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services ("CGS"), managed by FactSet Research Systems on behalf of The American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services. None of the City, the Financial Advisor, or the Purchaser is responsible for the selection or the correctness of the CUSIP numbers set forth herein.

[(2)] Yield calculated based on the assumption that the Certificates denoted and sold at premium will be redeemed on February 1, 2033, the earliest date of redemption for the Certificates, at a price of par plus accrued interest to the date of redemption.

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CITY OF MARBLE FALLS, TEXAS

ELECTED OFFICIALS

Name	Years Served	Term Expires (May)
Dave Rhodes [1] Mayor	15	2025
Craig Magerkurth Mayor Pro-Tem, Place 6	7	2025
Griff Morris[2] Councilmember, Place 1	9	2026
Karlee Cauble Councilmember, Place 2	1	2025
Lauren Haltom Councilmember, Place 3	2	2026
Bryan Walker Councilmember, Place 4	3	2025
Richard Westerman Councilmember, Place 5	1	2026

(1) Previously served as councilmember for 14 years.
(2) Served as Mayor 1993-1997.

ADMINISTRATION

Name	Position	Length of Service (Years)
Mike Hodge	City Manager	9
Jeff Lazenby	Director of Finance	2
Christina McDonald	City Secretary	29
Josh Brockman-Weber	City Attorney	1

CONSULTANTS AND ADVISORS

Bond Counsel.. Bickerstaff Heath Delgado Acosta LLP
Austin, Texas

Certified Public Accountants .... Patillo, Brown & Hill, L.L.P.
Waco, Texas

Financial Advisor .... SAMCO Capital Markets, Inc.
San Antonio, Texas

For Additional Information Please Contact:

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Mr. Jeff Lazenby, Director of Finance
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Telephone: (830) 693-3615
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afriedman@samcocapital.com

USE OF INFORMATION IN THE OFFICIAL STATEMENT

No dealer, broker, salesman, or other person has been authorized by the Issuer to give any information, or to make any representation other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by the Issuer. This Official Statement is not to be used in connection with an offer to sell or the solicitation of an offer to buy in any state in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer or solicitation.

The information and expressions of opinion herein contained are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the information or opinions set forth herein after the date of this Official Statement. See "CONTINUING DISCLOSURE OF INFORMATION" for a description of the Issuer's undertaking to provide certain information on a continuing basis.

IN CONNECTION WITH THE OFFERING OF THE CERTIFICATES, THE PURCHASER MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE THE MARKET PRICE OF THE CERTIFICATES AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

The Financial Advisor has provided the following sentence for inclusion in this Official Statement. The Financial Advisor has reviewed the information in this Official Statement in accordance with its responsibilities to the Issuer and, as applicable, to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Financial Advisor does not guarantee the accuracy or completeness of such information.

THE CERTIFICATES ARE EXEMPT FROM REGISTRATION WITH THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION AND CONSEQUENTLY HAVE NOT BEEN REGISTERED THEREWITH. THE REGISTRATION, QUALIFICATION, OR EXEMPTION OF THE CERTIFICATES IN ACCORDANCE WITH APPLICABLE SECURITIES LAW PROVISIONS OF THE JURISDICTIONS IN WHICH THE CERTIFICATES HAVE BEEN REGISTERED, QUALIFIED, OR EXEMPTED SHOULD NOT BE REGARDED AS A RECOMMENDATION THEREOF.

None of the City, its Financial Advisor, or the Purchaser makes any representation or warranty with respect to the information contained in this Official Statement regarding the Depository Trust Company or its book-entry-only system, or the insurer, if any, and its municipal bond insurance policy described herein (or incorporated by reference) under the heading "BOND INSURANCE, and "BOND INSURANCE GENERAL RISKS", as such information has been provided by DTC and the bond insurer, respectively.

The agreements of the City and others related to the Certificates are contained solely in the contracts described herein. Neither this Official Statement nor any other statement made in connection with the offer or sale of the Certificates is to be construed as constituting an agreement with the Purchaser of the Certificates. INVESTORS SHOULD READ THE ENTIRE OFFICIAL STATEMENT, INCLUDING ALL APPENDICES ATTACHED HERETO, TO OBTAIN INFORMATION ESSENTIAL TO MAKING AN INFORMED INVESTMENT DECISION.

THIS OFFICIAL STATEMENT CONTAINS "FORWARD-LOOKING" STATEMENTS WITHIN THE MEANING OF SECTION 21E OF THE SECURITIES AND EXCHANGE ACT OF 1934, AS AMENDED. SUCH STATEMENTS MAY INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE THE ACTUAL RESULTS, PERFORMANCE AND ACHIEVEMENTS TO BE DIFFERENT FROM THE FUTURE RESULTS, PERFORMANCE AND ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. INVESTORS ARE CAUTIONED THAT THE ACTUAL RESULTS COULD DIFFER MATERIALLY FROM THOSE SET FORTH IN THE FORWARD-LOOKING STATEMENTS. SEE "FORWARD-LOOKING STATEMENTS" HEREIN.

NEITHER THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THE CERTIFICATES OR PASSED UPON THE ADEQUACY OR ACCURACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

References to website addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such websites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement for purposes of, and as that term is defined in, the Rule.

Build America Mutual Assurance Company ("BAM") makes no representation regarding the Certificates or the advisability of investing in the Certificates. In addition, BAM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding BAM, supplied by BAM and presented under the heading "Bond Insurance" and "APPENDIX E - Specimen Municipal Bond Insurance Policy".

TABLE OF CONTENTS

The cover page, subsequent pages hereof, and appendices attached hereto, are part of this Official Statement.

SELECTED DATA FROM THE OFFICIAL STATEMENT

The selected data is subject in all respects to the more complete information and definitions contained or incorporated in this Official Statement. The offering of the Certificates to potential investors is made only by means of this entire Official Statement. No person is authorized to detach this page from this Official Statement or to otherwise use it without the entire Official Statement.

The Issuer	The City of Marble Falls, Texas (the "City" or "Issuer") is a market and tourist center located on U.S. Highway 281. The City is located in the middle of the Texas Hill Country on the Colorado River, 47 miles northwest of Austin, 85 miles north of San Antonio, Texas in the middle of the Highland Lakes area, the largest chain of lakes in Texas. The City is a home rule municipality operating under its home rule charter (the "Charter") since August 9, 1986. The City's Charter was last amended November 8, 2016. The Charter provides that the City will operate under the council/manager form of government pursuant to the laws of the State of Texas. The City Manager, appointed by the seven-member elected City Council, is the chief administrative officer of the City. The City's estimated 2024 population is 8,274 (See "APPENDIX B – General Information Regarding the City of Marble Falls and Burnet County, Texas" herein.)
The Certificates	The Certificates are being issued pursuant to Subchapter C, Chapter 271, Texas Local Government Code (the "Certificates of Obligation Act of 1971"), as amended, Chapter 1502, Texas Government Code, as amended, an ordinance (the "Ordinance") adopted by the City Council of the City on September 3, 2024, and the City's Charter. (See "THE CERTIFICATES - Authority for Issuance" herein.)
Paying Agent/Registrar	The initial Paying Agent/Registrar is BOKF, NA, Dallas, Texas.
Security	The Certificates constitute direct and general obligations of the Issuer payable primarily from the proceeds of an annual ad valorem tax levied upon all taxable property within the City, within the limitations prescribed by law, and are further payable from and secured by a lien on and pledge, not to exceed $1,000, of the Surplus Revenues (identified and defined in the Ordinance), derived from the operation of the City's Water and Sewer System (the "System"). (See "THE CERTIFICATES - Security for Payment" and "THE CERTIFICATES – Tax Rate Limitation" herein.)
Redemption Provisions	The Issuer reserves the right, at its sole option, to redeem Certificates stated to mature on and after February 1, 2034, in whole or in part, in principal amounts of $5,000 or any integral multiple thereof, on February 1, 2033, or any date thereafter, at the redemption price of par plus accrued interest to the date fixed for redemption. Additionally, the Certificates maturing February 1, 2049, February 1, 2051 and February 1, 2054 (the "Term Certificates") will also be subject to mandatory sinking fund redemption. (See "THE CERTIFICATES - Redemption Provisions" herein.)
Tax Matters	In the opinion of Bond Counsel, the interest on the Certificates is excludable from gross income of the owners thereof for purposes of federal income taxation under existing law, subject to matters discussed herein under "TAX MATTERS". (See "TAX MATTERS" and "APPENDIX C - Form of Legal Opinion of Bond Counsel" herein.)
Use of Proceeds	Proceeds from the sale of the Certificates will be used for the purpose of paying contractual obligations of the City to be incurred for (1) planning, designing, constructing, extending, equipping, and improving, and acquiring real property and interests in real property for, the City's water and wastewater systems including a new wastewater treatment plant, pump stations, groundwater prospecting systems, purple pipe extensions, direct potable reuse systems, water storage, water and wastewater lines, and raw water and flood mitigation systems; (2) designing, constructing, improving, paving, resurfacing, acquiring, extending, and expanding, including acquiring any land, easements and right of way for, streets, transportation facilities, bridges, sidewalks, drainage, traffic improvements, landscaping, parking and lighting; (3) planning, designing, constructing, extending, equipping, and improving, and acquiring real property and interests in real property for, the City's park system including field improvements and hike and bike trails; (4) amending, supplementing, and updating the City's parks master plan; (5) amending, supplementing, and updating the City's Downtown Master Plan; (6) planning, designing, constructing, equipping, replacing, improving, and installing lighting for the City of Marble Falls downtown; (7) planning, designing, constructing, extending, and equipping, and acquiring real property and interests in real property for, improvements and updates to the City's Lakeside Pavilion; (8) planning, designing, constructing, extending, equipping and renovating the City's Fire Station No. 1, including adding overhead bay doors; (9) acquiring a new fire ladder truck; and (10) costs of financing the aforementioned projects. (See "THE CERTIFICATES - Use of Proceeds" herein.)

Ratings	The Certificates are rated "AA" (stable outlook) by S&P Global Ratings, a division of S&P Global ("S&P"), by virtue of a municipal bond insurance policy to be issued by Build America Mutual Assurance Company. S&P has assigned an underlying, unenhanced rating of "AA-" to the Certificates without regard to credit enhancement. An explanation of the significance of such ratings may be obtained from S&P. (See "OTHER PERTINENT INFORMATION - Ratings" herein.)
Bond Insurance	The scheduled payment of principal of and interest on the Certificates when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the Certificates by Build America Mutual Assurance Company ("BAM"). (See "BOND INSURANCE" and "BOND INSURANCE GENERAL RISKS" herein.)
Payment Record	The City has never defaulted on the payment of its general obligation or revenue indebtedness.
Future Bond Issues	The City does not anticipate the issuance of additional debt in the next 12 months.
Delivery	When issued, anticipated on or about September 26, 2024.
Legality	Delivery of the Certificates is subject to the approval by the Attorney General of the State of Texas and the rendering of an opinion as to legality of the Certificates by Bickerstaff Heath Delgado Acosta LLP, Austin, Texas, Bond Counsel.

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OFFICIAL STATEMENT

RELATING TO

CITY OF MARBLE FALLS, TEXAS

$15,525,000
COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION, SERIES 2024

INTRODUCTORY STATEMENT

This Official Statement provides certain information in connection with the issuance by the City of Marble Falls, Texas (the "City" or the "Issuer") of its $15,525,000 Combination Tax and Revenue Certificates of Obligation, Series 2024 (the "Certificates") identified on the cover page hereof.

The Issuer is a political subdivision of the State of Texas (the "State") and a home rule municipal corporation organized and existing under the Constitution and laws of the State and its Home Rule Charter. Unless otherwise indicated, capitalized terms used in this Official Statement have the same meanings assigned to such terms in the ordinance authorizing the Certificates (the "Ordinance") adopted on the date of the sale of the Certificates by the City Council of the City (the "City Council"). Included in this Official Statement are descriptions of the Certificates and certain information about the Issuer and its finances. ***ALL DESCRIPTIONS OF DOCUMENTS CONTAINED HEREIN ARE SUMMARIES ONLY AND ARE QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO EACH SUCH DOCUMENT***. Copies of such documents may be obtained upon request from the Issuer or its Financial Advisor, SAMCO Capital Markets, Inc., 1020 NE Loop 410, Suite 640, San Antonio, Texas 78209, via electronic mail or upon payment of reasonable copying, handling, and delivery charges.

All financial and other information presented in this Official Statement has been provided by the City from its records, except for information expressly attributed to other sources. The presentation of information, including tables of receipts from taxes and other sources, is intended to show recent historic information, and is not intended to indicate future or continuing trends in financial position or other affairs of the City. No representation is made that past experience, as is shown by financial and other information, will necessarily continue or be repeated in the future.

This Official Statement speaks only as to its date, and the information contained herein is subject to change. A copy of the Final Official Statement pertaining to the Certificates will be deposited with the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access ("EMMA") system. See "CONTINUING DISCLOSURE OF INFORMATION" herein for a description of the City's undertaking to provide certain information on a continuing basis.

THE CERTIFICATES

General Description of the Certificates

The Certificates are dated September 1, 2024 (the "Dated Date"), will mature on the dates and in the principal amounts and will bear interest at the rates set forth on the inside cover page of this Official Statement. The Certificates will be registered and issued in denominations of $5,000 or any integral multiple thereof. The Certificates will bear interest from the Dated Date, or from the most recent date to which interest has been paid or duly provided for, and will be paid semiannually on February 1 and August 1 of each year, commencing February 1, 2025 until stated maturity or prior redemption. Principal of and interest on the Certificates are payable in the manner described herein under "BOOK-ENTRY-ONLY SYSTEM". In the event the Book-Entry-Only System is discontinued, the interest on the Certificates payable on an interest payment date will be payable to the registered owner as shown on the security register maintained by BOKF, NA, Dallas, Texas, as the initial Paying Agent/Registrar, as of the Record Date (defined below), by check, mailed first-class, postage prepaid, to the address of such person on the security register or by such other method acceptable to the Paying Agent/Registrar requested by and at the risk and expense of the registered owner. In the event the Book-Entry-Only System is discontinued, principal of the Certificates will be payable at stated maturity or prior redemption upon presentation and surrender thereof at the corporate trust office of the Paying Agent/Registrar.

If the date for the payment of the principal of or interest on the Certificates is a Saturday, Sunday, a legal holiday or a day when banking institutions in the city where the Paying Agent/Registrar is located are authorized by law or executive order to close, then the date for such payment will be the next succeeding day which is not a Saturday, Sunday, legal holiday or a day on which banking institutions are authorized to close; and payment on such date will have the same force and effect as if made on the original date payment was due.

Initially, the Certificates will be registered and delivered only to Cede & Co., the nominee of The Depository Trust Company ("DTC"), New York, New York, pursuant to the Book-Entry-Only System described below. No physical delivery of the Certificates will be made to the beneficial owners. Principal of, premium, if any, and interest on the Certificates will be payable by the Paying Agent/Registrar to Cede & Co. which will distribute the amounts received to the beneficial owners of the Certificates. Such Book-Entry-Only System may change the method and timing of payment of the Certificates and the method of transfer. See "BOOK-ENTRY-ONLY SYSTEM" herein.

Authority for Issuance

The Certificates are being issued pursuant to the Certificate of Obligation Act of 1971, Sections 271.041 through 271.064, Texas Local Government Code, as amended, Chapter 1502, Texas Government Code, as amended, the Ordinance, and the City's Home Rule Charter.

Security for Payment

Limited Pledge of Ad Valorem Taxes. The Certificates are general obligations of the City, payable from its collection of an ad valorem tax levied annually, within the legal limitations imposed by law, upon all taxable property located in the City, as provided in the Ordinance. (See "AD VALOREM PROPERTY TAXATION" and "THE CERTIFICATES – Tax Rate Limitation" herein.)

Limited Revenue Pledge Benefiting the Certificates. Solely to comply with State law allowing the Certificates to be sold for cash, the Certificates are further secured by a lien on and pledge of the Surplus Revenues derived from the operation of the Issuer's Water and Sewer System (the "System") not to exceed $1,000 during the entire period the Certificates or interest thereon remain outstanding.

Tax Rate Limitation

All taxable property within the City is subject to the assessment, levy and collection by the City of a continuing, direct annual ad valorem tax sufficient to provide for the payment of principal of and interest on all ad valorem tax-supported debt within the limits prescribed by law. Article XI, Section 5, of the Texas Constitution is applicable to the City, and limits its maximum ad valorem tax rate to $2.50 per $100 of taxable assessed valuation. Administratively, the Attorney General of the State will permit allocation of $1.50 of the $2.50 maximum tax rate for all debt service on ad valorem tax-supported debt, as calculated at the time of issuance.

Redemption Provisions

The Issuer reserves the right, at its sole option, to redeem Certificates stated to mature on and after February 1, 2034, in whole or in part, in principal amounts of $5,000 or any integral multiple thereof, on February 1, 2033, or any date thereafter, at the par value thereof plus accrued interest to the date fixed for redemption.

Mandatory Sinking Fund Redemption

The Certificates maturing on February 1, 2049, February 1, 2051 and February 1, 2054 (the "Term Certificates") will also be subject to mandatory sinking fund redemption. The Term Certificates are subject to mandatory sinking fund redemption in part prior to their stated maturity, and will be redeemed by the Issuer at the redemption prices equal to the principal amounts thereof plus interest accrued thereon to the redemption dates, on the dates and in the principal amounts shown in the following schedule:

Term Certificate February 1, 2049

Redemption Date	Principal Amount
February 1, 2048	$225,000
February 1, 2049*	235,000

Term Certificate February 1, 2051

Redemption Date	Principal Amount
February 1, 2050	$245,000
February 1, 2051*	255,000

Term Certificate February 1, 2054

Redemption Date	Principal Amount
February 1, 2052	$265,000
February 1, 2053	280,000
February 1, 2054*	290,000

* Payable at Stated Maturity

The principal amount of Term Certificates required to be redeemed on any mandatory redemption date pursuant to the operation of the mandatory sinking fund redemption provisions shall be reduced, at the option of the City, by the principal amount of any Term Certificates which, at least forty-five (45) days prior to a mandatory redemption date (1) shall have been acquired by the City at a price not exceeding the principal amount of such Term Certificates plus accrued interest to the date of purchase thereof, and delivered to the Paying Agent/Registrar for cancellation, (2) shall have been purchased and canceled by the Paying Agent/Registrar at the request of the City at a price not exceeding the principal amount of such Term Certificates plus accrued interest to the date of purchase, or (3) shall have been redeemed pursuant to the optional redemption provisions and not theretofore credited against a mandatory redemption requirement.

The Issuer reserves the right to give notice of its election or direction to optionally redeem Certificates conditioned upon the occurrence of subsequent events. Such notice may state (i) that the redemption is conditioned upon the deposit of moneys and/or authorized securities, in an amount equal to the amount necessary to effect the redemption, with the Paying Agent/Registrar, or such other entity as may be authorized by law, no later than the redemption date or (ii) that the Issuer retains the right to rescind such notice at any time prior to the scheduled redemption date if the Issuer delivers a certificate of the Issuer to the Paying Agent/Registrar instructing the Paying Agent/Registrar to rescind the redemption notice, and such notice of redemption shall be of no effect if such moneys and/or authorized securities are not so deposited or if the notice is rescinded. The Paying Agent/Registrar shall give prompt notice of any such rescission of a conditional notice of redemption to the affected owners. Any Certificates subject to conditional redemption where redemption has been rescinded shall remain outstanding.

ANY NOTICE OF REDEMPTION SO MAILED SHALL BE CONCLUSIVELY PRESUMED TO HAVE BEEN DULY GIVEN IRRESPECTIVE OF WHETHER RECEIVED BY THE CERTIFICATEHOLDER, AND, PROVIDED THAT PROVISION FOR PAYMENT OF THE REDEMPTION PRICE IS MADE AND ANY OTHER CONDITIONS TO REDEMPTION ARE SATISFIED, INTEREST ON THE REDEEMED CERTIFICATES SHALL CEASE TO ACCRUE FROM AND AFTER SUCH REDEMPTION DATE NOTWITHSTANDING THAT A CERTIFICATE HAS NOT BEEN PRESENTED FOR PAYMENT.

Certificates of a denomination larger than $5,000 may be redeemed in part ($5,000 or any integral multiple thereof). Any Certificate to be partially redeemed must be surrendered in exchange for one or more new Certificates of the same stated maturity and interest rate for the unredeemed portion of the principal.

The Paying Agent/Registrar and the Issuer, so long as a Book-Entry-Only System is used for the Certificates, will send any notice of redemption, notice of proposed amendment to the Ordinance or other notices with respect to the Certificates only to DTC. Any failure by DTC to advise any DTC participant, or of any DTC participant or indirect participant to notify the Beneficial Owner, will not affect the validity of the redemption of the Certificates called for redemption or any other action premised on any such notice. Redemption of portions of the Certificates by the Issuer will reduce the outstanding principal amount of such Certificates held by DTC. In such event, DTC may implement, through its Book-Entry-Only System, a redemption of such Certificates held for the account of DTC participants in accordance with its rules or other agreements with DTC participants and then DTC participants and indirect participants may implement a redemption of such Certificates from the Beneficial Owners. Any such selection of Certificates to be redeemed will not be governed by the Ordinance and will not be conducted by the Issuer or the Paying Agent/Registrar. Neither the Issuer nor the Paying Agent/Registrar will have any responsibility to DTC participants, indirect participants or the persons for whom DTC participants act as nominees, with respect to the payments on the Certificates or the providing of notice to DTC participants, indirect participants, or Beneficial Owners of the selection of portions of the Certificates for redemption. (See "BOOK-ENTRY-ONLY SYSTEM" herein.)

Use of Proceeds

Proceeds from the sale of the Certificates will be used for the purpose of paying contractual obligations of the City to be incurred for ((1) planning, designing, constructing, extending, equipping, and improving, and acquiring real property and interests in real property for, the City's water and wastewater systems including a new wastewater treatment plant, pump stations, groundwater prospecting systems, purple pipe extensions, direct potable reuse systems, water storage, water and wastewater lines, and raw water and flood mitigation systems; (2) designing, constructing, improving, paving, resurfacing, acquiring, extending, and expanding, including acquiring any land, easements and right of way for, streets, transportation facilities, bridges, sidewalks, drainage, traffic improvements, landscaping, parking and lighting; (3) planning, designing, constructing, extending, equipping, and improving, and acquiring real property and interests in real property for, the City's park system including field improvements and hike and bike trails; (4) amending, supplementing, and updating the City's parks master plan; (5) amending, supplementing, and updating the City's Downtown Master Plan; (6) planning, designing, constructing, equipping, replacing, improving, and installing lighting for the City of Marble Falls downtown; (7) planning, designing, constructing, extending, and equipping, and acquiring real property and interests in real property for, improvements and updates to the City's Lakeside Pavilion; (8) planning, designing, constructing, extending, equipping and renovating the City's Fire Station No. 1, including adding overhead bay doors; (9) acquiring a new fire ladder truck; and (10) costs of financing the aforementioned projects (including related professional services and costs of issuance)..

Sources and Uses

Sources	
Par Amount of the Certificates	$ 15,525,000.00
Accrued Interest on the Certificates	48,556.86
Net Premium	813,586.60
Total Sources of Funds	$ 16,387,143.46
Uses	
Project Fund Deposit	$ 16,000,000.00
Purchaser's Discount (Includes Bond Insurance Premium)	180,910.99
Interest and Sinking Fund Deposit	48,556.86
Costs of Issuance	157,675.61
Total Uses	$ 16,387,143.46

Payment Record

The Issuer has never defaulted on the payment of its bonded indebtedness.

Amendments

The Issuer may amend the Ordinance without the consent of or notice to any registered owners in any manner not detrimental to the interests of the registered owners, including the curing of any ambiguity, inconsistency, or formal defect or omission therein. In addition, the Issuer may, with the written consent of the holders of a majority in aggregate principal amount of the Certificates then outstanding affected thereby, amend, add to, or rescind any of the provisions of the Ordinance; except that, without the consent of the registered owners of all of the Certificates affected, no such amendment, addition, or rescission may (1) make any change in the maturity of any of the outstanding Certificates; (2) reduce the rate of interest borne by any of the outstanding Certificates; (3) reduce the amount of the principal or maturity value of, or redemption premium, if any, payable on any outstanding Certificates; (4) modify the terms of payment or of interest or redemption premium on outstanding Certificates or any of them or impose any condition with respect to such payment; or (5) change the minimum percentage amount of the Certificates necessary to be held by registered owners for consent to such amendment.

Defeasance

The Ordinance provides for the defeasance of the Certificates when payment of the principal of and premium, if any, on such Certificates, plus interest thereon to the due date thereof (whether such due date be by reason of maturity, redemption, or otherwise), is provided by irrevocably depositing with a paying agent (or other financial institution permitted by applicable law), in trust (1) money sufficient to make such payment and/or (2) Defeasance Securities that mature as to principal and interest in such amounts and at such times to ensure the availability, without reinvestment, of sufficient money to make such payment, and all necessary and proper fees, compensation and expenses of the paying agent for such Certificates. The Ordinance provides that the term "Defeasance Securities" means any securities and obligations now or hereafter authorized by State law that are eligible to discharge obligations such as the Certificates. Current State law permits defeasance with the following types of securities: (a) direct, noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America, (b) noncallable obligations of an agency or instrumentality of the United States of America, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date the governing body of the City approves the proceedings authorizing the issuance of refunding bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than "AAA" or its equivalent, (c) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state and that, on the date the governing body of the City approves the proceedings authorizing the issuance of refunding bonds, have been refunded and are rated as to investment quality by a nationally recognized investment rating firm not less than "AAA" or its equivalent, (d) any other then authorized securities or obligations under applicable state laws that may be issued to defease obligations such as the Certificates. There is no assurance that the current law will not be changed in a manner which would permit investments other than those described above to be made with amounts deposited to defease the Certificates. Because the Ordinance does not contractually limit such investments, registered owners will be deemed to have consented to defeasance with such other investments, notwithstanding the fact that such investments may not be of the same investment quality as those currently permitted under State law.

Upon such deposit as described above, such Certificates shall no longer be regarded to be outstanding or unpaid. After firm banking and financial arrangements for the discharge and final payment of the Certificates have been made as described above, all rights of the City to initiate proceedings to call the Certificates for redemption or take any other action amending the terms of the Certificates are extinguished; provided, however, the City has the option, to be exercised at the time of the defeasance of the Certificates, to call for redemption at an earlier date those Certificates which have been defeased to their maturity date, if the City (i) in the proceedings providing for the firm banking and financial arrangements, expressly reserves the right to call the Certificates for redemption, (ii) gives notice of the reservation of that right to the owners of the Certificates immediately following the making of the firm banking and financial arrangements, and (iii) directs that notice of the reservation be included in any redemption notices that it authorizes.

Default and Remedies

The Ordinance establishes specific events of default with respect to the Certificates. If the City defaults in the payment of principal, interest, or redemption price on the Certificates when due, or if it fails to make payments into any fund or funds created in the Ordinance, or defaults in the observation or performance of any other covenants, conditions, or obligations set forth in the Ordinance, the registered owners may seek a writ of mandamus to compel City officials to carry out their legally imposed duties with respect to the Certificates, if there is no other available remedy at law to compel performance of the Certificates or the Ordinance and the City's obligations are not uncertain or disputed. The issuance of a writ of mandamus is controlled by equitable principles, so rests with the discretion of the court, but may not be arbitrarily refused. There is no acceleration of maturity of the Certificates in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. The Ordinance does not provide for the appointment of a trustee to represent the interest of the Certificate holders upon any failure of the City to perform in accordance with the terms of the Ordinance, or upon any other condition and accordingly all legal actions to enforce such remedies would have to be undertaken at the initiative of, and be financed by, the registered owners.

On June 30, 2006, the Texas Supreme Court (the "Court") ruled in *Tooke v. City of Mexia*, 197 S.W.3d 325 (Tex. 2006) that a waiver of sovereign immunity must be provided for by statute in "clear and unambiguous" language. In so ruling, the Court declared that statutory language such as "sue and be sued", in and of itself, did not constitute a clear and unambiguous waiver of sovereign immunity. Because it is not clear that the Texas Legislature has effectively waived the City's immunity from suit for money damages, a registered owner may not be able to bring such a suit against the City for breach of the Certificates or the Ordinance. In *Tooke*, the Court noted the enactment in 2005 of sections 271.151-.160, Texas Local Government Code (the "Local Government Immunity Waiver Act"), which, according to the Court, waives "immunity from suit for contract claims against most local governmental entities in certain circumstances." The Local Government Immunity Waiver Act covers cities and relates to contracts entered into by cities for providing goods or services to cities. The City is not aware of any Texas court construing the Local Government Immunity Waiver Act in the context of whether contractual undertakings of local governments that relate to their borrowing powers are contracts covered by the Local Government Immunity Waiver Act. As noted above, the Ordinance provides that holders of Certificates may exercise the remedy of mandamus to enforce the obligations of the City under the Ordinance. Neither the remedy of mandamus nor any other type of injunctive relief was at issue in *Tooke*, and it is unclear whether *Tooke* will be construed to have any effect with respect to the exercise of mandamus, as such remedy has been interpreted by State courts. In general, State courts have held that a writ of mandamus may be issued to require public officials to perform ministerial acts that clearly pertain to their duties. State courts have held that a ministerial act is defined as a legal duty that is prescribed and defined with a precision and certainty that leaves nothing to the exercise of discretion or judgment, though mandamus is not available to enforce purely contractual duties. However, mandamus may be used to require a public officer to perform legally-imposed ministerial duties necessary for the performance of a valid contract to which the State or a political subdivision of the State is a party (including the payment of monies due under a contract).

In *Wasson Interests, Ltd. v. City of Jacksonville*, 489 S.W. 3d 427 (Tex. 2016), the Court addressed whether the distinction between governmental and proprietary acts (as found in tort-based causes of action) applies to breach of contract claims against municipalities. The Court analyzed the rationale behind the Proprietary-Governmental Dichotomy to determine that "a city's proprietary functions are not done pursuant to the 'will of the people'" and protecting such municipalities "via the [S]tate's immunity is not an efficient way to ensure efficient allocation of [S]tate resources". While the Court recognized that the distinction between governmental and proprietary functions is not clear, it held that the proprietary- governmental dichotomy applies in a contract claims context. The Court reviewed *Wasson* again in June 2018 and clarified that to determine whether governmental immunity applies to a breach of contract claim, the proper inquiry is whether the municipality was engaged in a governmental or proprietary function when it entered into the contract, not at the time of the alleged breach. Therefore, in regard to municipal contract cases (as in tort claims), it is incumbent on the courts to determine whether a function was proprietary or governmental based upon the statutory guidance at the time of inception of the contractual relationship. Notwithstanding the foregoing case law, such sovereign immunity issues have not been adjudicated in relation to bond matters (specifically, in regard to the issuance of municipal debt). Each situation will be prospectively evaluated based on the facts and circumstances surrounding the contract in question to determine if a suit, and subsequently, a judgement, is justiciable against a municipality.

Furthermore, the City is eligible to seek relief from its creditors under Chapter 9 of the U.S. Bankruptcy Code ("Chapter 9"). Although Chapter 9 provides for the recognition of a security interest represented by a specifically pledged source of revenues, the pledge of ad valorem taxes in support of a general obligation of a bankrupt entity is not specifically recognized as a security interest under Chapter 9. Chapter 9 also includes an automatic stay provision that would prohibit, without Bankruptcy Court approval, the prosecution of any other legal action by creditors or Certificate holders of an entity which has sought protection under Chapter 9. Therefore, should the City avail itself of Chapter 9 protection from creditors, the ability to enforce would be subject to the approval of the Bankruptcy Court (which could require that the action be heard in Bankruptcy Court instead of other federal or state court); and the Bankruptcy Code provides for broad discretionary powers of a Bankruptcy Court in administering any proceeding brought before it. The opinion of Bond Counsel will note that the enforceability of the Certificates may be affected by bankruptcy, insolvency, or other law affecting creditor's rights generally and by matters involving the exercise of equitable or judicial discretion.

REGISTRATION, TRANSFER AND EXCHANGE

Paying Agent/Registrar

The initial Paying Agent/Registrar is BOKF, NA, Dallas, Texas. In the Ordinance, the Issuer retains the right to replace the Paying Agent/Registrar. If the Paying Agent/Registrar is replaced by the Issuer, the new Paying Agent/Registrar shall accept the previous Paying Agent/Registrar's records and act in the same capacity as the previous Paying Agent/Registrar. Any successor Paying Agent/Registrar, selected at the sole discretion of the Issuer, shall be a national or state banking association or corporation organized and doing business under the laws of the United States of America or of any state, authorized under such laws to exercise trust powers, shall be subject to supervision or examination by federal or state authority, and registered as a transfer agent with the United States Securities and Exchange Commission. Upon a change in the Paying Agent/Registrar for the Certificates, the Issuer agrees to promptly cause written notice thereof to be sent to each registered owner of the Certificates affected by the change by United States mail, first-class, postage prepaid.

The Certificates will be issued in fully registered form in multiples of $5,000 for any one stated maturity, and principal and semiannual interest will be paid by the Paying Agent/Registrar. Interest will be paid by check or draft mailed on each interest payment date by the Paying Agent/Registrar to the registered owner at the last known address as it appears on the Paying Agent/Registrar's books or by such other method, acceptable to the Paying Agent/Registrar, requested by and at the risk and expense of the registered owner. Principal will be paid to the registered owner at stated maturity or prior redemption upon presentation to the Paying Agent/Registrar; provided however, that so long as DTC's Book-Entry-Only System is used, all payments will be made as described under "BOOK-ENTRY-ONLY SYSTEM" herein. If the date for the payment of the principal of or interest on the Certificates shall be a Saturday, Sunday, a legal holiday or a day when banking institutions in the city where the Paying Agent/ Registrar is located are authorized to close, then the date for such payment shall be the next succeeding day which is not such a day, and payment on such date shall have the same force and effect as if made on the date payment was due.

Record Date

The record date ("Record Date") for determining the registered owner entitled to receive the interest payable on a Certificate on any interest payment date means the fifteenth (15^{th}) calendar day of the month next preceding each interest payment date. In the event of a non-payment of interest on a scheduled payment date, and for 30 days thereafter, a new record date for such interest payment will be established by the Paying Agent/Registrar. (See "REGISTRATION, TRANSFER AND EXCHANGE - Special Record Date for Interest Payment" herein.)

Special Record Date for Interest Payment

In the event of a non-payment of interest on a scheduled payment date, and for 30 days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the Issuer. Notice of the Special Record Date and of the scheduled payment date of the past due interest (the "Special Payment Date" which shall be 15 days after the Special Record Date) shall be sent at least five business days prior to the Special Record Date by United States mail, first class, postage prepaid, to the address of each registered owner of a Certificate appearing on the registration books of the Paying Agent/Registrar at the close of business on the last day next preceding the date of mailing of such notice.

Future Registration

In the event the Certificates are not in the Book-Entry-Only System, the Certificates may be transferred, registered, and assigned on the registration books of the Paying Agent/Registrar only upon presentation and surrender thereof to the Paying Agent/Registrar, and such registration and transfer shall be without expense or service charge to the registered owner, except for any tax or other governmental charges required to be paid with respect to such registration and transfer. A Certificate may be assigned by the execution of an assignment form on the Certificate or by other instrument of transfer and assignment acceptable to the Paying Agent/Registrar. A new Certificate or Certificates will be delivered by the Paying Agent/Registrar in lieu of the Certificates being transferred or exchanged at the corporate trust office of the Paying Agent/Registrar, or sent by United States registered mail to the new registered owner at the registered owner's request, risk and expense. New Certificates issued in an exchange or transfer of Certificates will be delivered to the registered owner or assignee of the registered owner in not more than three (3) business days after the receipt of the Certificates to be canceled in the exchange or transfer and the written instrument of transfer or request for exchange duly executed by the registered owner or his duly authorized agent, in form satisfactory to the Paying Agent/Registrar. New Certificates registered and delivered in an exchange or transfer shall be in denominations of $5,000 for any one stated maturity or any integral multiple thereof and for a like aggregate principal amount, series and rate of interest as the Certificate or Certificates surrendered for exchange or transfer. (See "BOOK-ENTRY-ONLY SYSTEM" herein for a description of the system to be utilized in regard to ownership and transferability of the Certificates.)

Limitation on Transfer of Certificates

Neither the Issuer nor the Paying Agent/Registrar shall be required to transfer or exchange any Certificate called for redemption, in whole or in part, within forty-five (45) days of the date fixed for redemption; provided, however, such limitation is not applicable to an exchange by the registered owner of the unredeemed balance of a Certificate.

Replacement Certificates

The Issuer has agreed to replace mutilated, destroyed, lost, or stolen Certificates upon surrender of the mutilated Certificates to the Paying Agent/Registrar, or receipt of satisfactory evidence of such destruction, loss, or theft, and receipt by the Issuer and Paying Agent/Registrar of security or indemnity as may be required by either of them to hold them harmless. The Issuer may require payment of taxes, governmental charges, and other expenses in connection with any such replacement.

BOOK-ENTRY-ONLY SYSTEM

This section describes how ownership of the Certificates is to be transferred and how the principal of, premium, if any, and interest on the Certificates are to be paid to and credited by DTC while the Certificates are registered in its nominee name. The information in this section concerning DTC and the Book-Entry-Only System has been provided by DTC for use in disclosure documents such as this Official Statement. The City, the Financial Advisor, and the Purchaser believe the source of such information to be reliable, but take no responsibility for the accuracy or completeness thereof.

The City cannot and does not give any assurance that (1) DTC will distribute payments of debt service on the Certificates, or redemption or other notices, to DTC Participants, (2) DTC Participants or others will distribute debt service payments paid to DTC or its nominee (as the registered owner of the Certificates), or redemption or other notices, to the Beneficial Owners, or that they will do so on a timely basis, or (3) DTC will serve and act in the manner described in this Official Statement. The current rules applicable to DTC are on file with the United States Securities and Exchange Commission, and the current procedures of DTC to be followed in dealing with DTC Participants are on file with DTC.

DTC will act as securities depository for the Certificates. The Certificates will be issued as fully registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered certificate will be issued for each maturity of the Certificates, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation, and Fixed Income

Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of "AA+". The DTC Rules applicable to its Participants are on file with the United States Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Certificates under the DTC system must be made by or through Direct Participants, which will receive a credit for the Certificates on DTC's records. The ownership interest of each actual purchaser of each Certificate ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction.

Transfers of ownership interests in the Certificates are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive physical certificates representing their ownership interests in Certificates, except in the event that use of the book-entry system for the Certificates is discontinued.

To facilitate subsequent transfers, all Certificates deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Certificates with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in Beneficial Ownership. DTC has no knowledge of the actual Beneficial Owners of the Certificates; DTC's records reflect only the identity of the Direct Participants to whose accounts such Certificates are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Certificates may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Certificates, such as redemptions, tenders, defaults, and proposed amendments to the Certificate documents. For example, Beneficial Owners of Certificates may wish to ascertain that the nominee holding the Certificates for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Certificates within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Certificates unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Certificates are credited on the record date (identified in a listing attached to the Omnibus Proxy).

All payments on the Certificates will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or the Paying Agent/Registrar, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, the Paying Agent/Registrar, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. All payments on the Certificates to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) are the responsibility of the City or the Paying Agent/Registrar, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Certificates at any time by giving reasonable notice to the Issuer or Paying Agent/Registrar. Under such circumstances, in the event that a successor depository is not obtained, physical certificates are required to be printed and delivered. The Issuer may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, physical certificates will be printed and delivered to the holder of such Certificates and will be subject to transfer, exchange and registration provisions as set forth in the Ordinance and summarized under "REGISTRATION, TRANSFER AND EXCHANGE" hereinabove.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the City, the Financial Advisor, and the Purchaser believe to be reliable, but none of the City, the Financial Advisor, or the Purchaser take responsibility for the accuracy thereof.

So long as Cede & Co. is the registered owner of the Certificates, the Issuer will have no obligation or responsibility to the DTC. Participants or Indirect Participants, or the persons for which they act as nominees, with respect to payment to or providing of notice to such Participants, or the persons for which they act as nominees.

Use of Certain Terms in Other Sections of this Official Statement

In reading this Official Statement it should be understood that while the Certificates are in the Book-Entry-Only System, references in other sections of this Official Statement to registered owners should be read to include the person for which the Participant acquires an interest in the Certificates, but (i) all rights of ownership must be exercised through DTC and the Book-Entry-Only System, and (ii) except as described above, payment or notices that are to be given to registered owners under the Ordinance will be given only to DTC.

Effect of Termination of Book-Entry-Only System

In the event that the Book-Entry-Only System is discontinued by DTC or the use of the Book-Entry-Only System is discontinued by the City, printed certificates will be issued to the holders and the Certificates will be subject to transfer, exchange and registration provisions as set forth in the Ordinance and summarized under "REGISTRATION, TRANSFER AND EXCHANGE – Future Registration" above.

BOND INSURANCE

BOND INSURANCE POLICY

Concurrently with the issuance of the Certificates, Build America Mutual Assurance Company ("BAM") will issue its Municipal Bond Insurance Policy for the Certificates (the "Policy"). The Policy guarantees the scheduled payment of principal of and interest on the Certificates when due as set forth in the form of the Policy included as an exhibit to this Official Statement.

The Policy is not covered by any insurance security or guaranty fund established under New York, California, Connecticut or Florida insurance law.

BUILD AMERICA MUTUAL ASSURANCE COMPANY

BAM is a New York domiciled mutual insurance corporation and is licensed to conduct financial guaranty insurance business in all fifty states of the United States and the District of Columbia. BAM provides credit enhancement products solely to issuers in the U.S. public finance markets. BAM will only insure municipal bonds, as defined in Section 6901 of the New York Insurance Law, which are most often issued by states, political subdivisions, integral parts of states or political subdivisions or entities otherwise eligible for the exclusion of income under section 115 of the U.S. Internal Revenue Code of 1986, as amended. No member of BAM is liable for the obligations of BAM.

The address of the principal executive offices of BAM is: 200 Liberty Street, 27th Floor, New York, New York 10281, its telephone number is: 212-235-2500, and its website is located at: www.buildamerica.com.

BAM is licensed and subject to regulation as a financial guaranty insurance corporation under the laws of the State of New York and in particular Articles 41 and 69 of the New York Insurance Law.

BAM's financial strength is rated "AA/Stable" by S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P"). An explanation of the significance of the rating and current reports may be obtained from S&P at www.standardandpoors.com. The rating of BAM should be evaluated independently. The rating reflects S&P's current assessment of the creditworthiness of BAM and its ability to pay claims on its policies of insurance. The above rating is not a recommendation to buy, sell or hold the Certificates, and such rating is subject to revision or withdrawal at any time by S&P, including withdrawal initiated at the request of BAM in its sole discretion. Any downward revision or withdrawal of the above rating may have an adverse effect on the market price of the Certificates. BAM only guarantees scheduled principal and scheduled interest payments payable by the issuer of the Certificates on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the Policy), and BAM does not guarantee the market price or liquidity of the Certificates, nor does it guarantee that the rating on the Certificates will not be revised or withdrawn.

Capitalization of BAM

BAM's total admitted assets, total liabilities, and total capital and surplus, as of June 30, 2024 and as prepared in accordance with statutory accounting practices prescribed or permitted by the New York State Department of Financial Services were $486.0 million, $232.7 million and $253.3 million, respectively.

BAM is party to a first loss reinsurance treaty that provides first loss protection up to a maximum of 15% of the par amount outstanding for each policy issued by BAM, subject to certain limitations and restrictions.

BAM's most recent Statutory Annual Statement, which has been filed with the New York State Insurance Department and posted on BAM's website at www.buildamerica.com, is incorporated herein by reference and may be obtained, without charge, upon request to BAM at its address provided above (Attention: Finance Department). Future financial statements will similarly be made available when published.

BAM makes no representation regarding the Certificates or the advisability of investing in the Certificates. In addition, BAM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding BAM, supplied by BAM and presented under the heading "BOND INSURANCE".

Additional Information Available from BAM

Credit Insights Videos. For certain BAM-insured issues, BAM produces and posts a brief Credit Insights video that provides a discussion of the obligor and some of the key factors BAM's analysts and credit committee considered when approving the credit for insurance. The Credit Insights videos are easily accessible on BAM's website at www.buildamerica.com/videos. (The preceding website address is provided for convenience of reference only. Information available at such address is not incorporated herein by reference.)

Credit Profiles. Prior to the pricing of bonds that BAM has been selected to insure, BAM may prepare a pre-sale Credit Profile for those bonds. These pre-sale Credit Profiles provide information about the sector designation (e.g. general obligation, sales tax); a preliminary summary of financial information and key ratios; and demographic and economic data relevant to the obligor, if available. Subsequent to closing, for any offering that includes bonds insured by BAM, any pre-sale Credit Profile will be updated and superseded by a final Credit Profile to include information about the gross par insured by CUSIP, maturity and coupon. BAM pre-sale and final Credit Profiles are easily accessible on BAM's website at www.buildamerica.com/credit-profiles. BAM will produce a Credit Profile for all bonds insured by BAM, whether or not a pre-sale Credit Profile has been prepared for such bonds. (The preceding website address is provided for convenience of reference only. Information available at such address is not incorporated herein by reference.)

Disclaimers. The Credit Profiles and the Credit Insights videos and the information contained therein are not recommendations to purchase, hold or sell securities or to make any investment decisions. Credit-related and other analyses and statements in the Credit Profiles and the Credit Insights videos are statements of opinion as of the date expressed, and BAM assumes no responsibility to update the content of such material. The Credit Profiles and Credit Insight videos are prepared by BAM; they have not been reviewed or approved by the issuer of or the underwriter for the Certificates, and the issuer and underwriter assume no responsibility for their content.

BAM receives compensation (an insurance premium) for the insurance that it is providing with respect to the Certificates. Neither BAM nor any affiliate of BAM has purchased, or committed to purchase, any of the Certificates, whether at the initial offering or otherwise.

BOND INSURANCE GENERAL RISKS

The following are risk factors relating to bond insurance.

In the event of default on the payment of principal or interest with respect to the Certificates when all or some becomes due, any owner of the Certificates shall have a claim under the Policy for such payments. The payment of principal and interest in connection with mandatory or optional prepayment of the Certificates by the City which is recovered by the City from the Bond owner as a voidable preference under applicable bankruptcy law may be covered by the Policy, however, such payments will be made by the Bond Insurer at such time and in such amounts as would have been due absent such prepayment by the City unless the Bond Insurer chooses to pay such amounts at an earlier date.

Payment of principal and interest is not subject to acceleration, but other legal remedies upon the occurrence of non-payment do exist. See "THE CERTIFICATES – Default and Remedies". The Bond Insurer may direct and must consent to any remedies that the Paying Agent/Registrar exercises and the Bond Insurer's consent may be required in connection with amendments to any applicable Bond documents.

In the event the Bond Insurer is unable to make payment of principal and interest as such payments become due under the Policy, the Certificates are payable solely from moneys pledged pursuant to the Ordinance. In the event the Bond Insurer becomes obligated to make payments with respect to the Certificates, no assurance is given that such event will not adversely affect the market price of the Certificates or the marketability (liquidity) for the Certificates.

If a Policy is acquired, the long-term ratings on the Certificates are dependent in part on the financial strength of the Bond Insurer and its claim paying ability. The Bond Insurer's financial strength and claims paying ability are predicated upon a number of factors which could change over time. No assurance is given that the long-term ratings of the Bond Insurer and of the ratings on the Certificates insured by the Bond Insurer will not be subject to downgrade and such event could adversely affect the market price of the Certificates or the marketability (liquidity) for the Certificates. See "OTHER PERTINENT INFORMATION - Ratings" herein.

The obligations of the Bond Insurer are general obligations of the Bond Insurer and in an event of default by the Bond Insurer, the remedies available to the Paying Agent/Registrar may be limited by applicable bankruptcy law or other similar laws related to insolvency of insurance companies.

None of the City, the Financial Advisor, or the Purchaser have made independent investigation into the claims-paying ability of any potential Bond Insurer and no assurance or representation regarding the financial strength or projected financial strength of any potential Bond Insurer is given. Thus, when making an investment decision, potential investors should carefully consider the ability of the City to pay principal and interest on the Certificates and the claims-paying ability of any potential Bond Insurer, particularly over the life of the Certificates.

Claims-Paying Ability and Financial Strength of Municipal Bond Insurers

Moody's Investor Services, Inc., S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC business, and Fitch Ratings, Inc. have downgraded and/or placed on negative watch the claims-paying ability and financial strength of most providers of municipal bond insurance. Additional downgrades or negative changes in the rating outlook for all bond insurers is possible.

In addition, past events in the credit markets have had substantial negative effects on the bond insurance business. These developments could be viewed as having a material adverse effect on the claims-paying ability of such bond insurers, including any bond insurer of the Certificates. Thus, when making an investment decision, potential investors should carefully consider the ability of any such bond insurer to pay principal and interest on the Certificates and the claims-paying ability of any such bond insurer, particularly over the life of the Certificates.

INVESTMENT POLICIES

The Issuer invests its investable funds in investments authorized by State law in accordance with investment policies approved by the City Council of the Issuer. Both State law and the Issuer's investment policies are subject to change.

Legal Investments

Under State law, the City is authorized to invest in obligations meeting the requirements of the Texas Public Funds Investment Act, Texas Government Code, Chapter 2256, as amended (the "PFIA") which may include : (1) obligations, including letters of credit, of the United States or its agencies and instrumentalities, including the Federal Home Loan Banks; (2) direct obligations of the State or its agencies and instrumentalities; (3) collateralized mortgage obligations issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States; (4) other obligations, the principal and interest of which are unconditionally guaranteed or insured by, or backed by the full faith and credit of, the State or the United States or their respective agencies and instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation (the "FDIC") or by the explicit full faith and credit of the United States; (5) obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than "A" or its equivalent; (6) bonds issued, assumed, or guaranteed by the State of Israel; (7) interest-bearing banking deposits that are guaranteed or insured by the FDIC or the National Credit Union Share Insurance Fund (the "NCUSIF") or their respective successors; (8) interest-bearing banking deposits, other than those described in clause (7), that (i) are invested through a broker or institution with a main office or branch office in this State and selected by the City in compliance with the PFIA, (ii) the broker or institution arranges for the deposit of the funds in one or more federally insured depository institutions, wherever located, for the City's account, (iii) the full amount of the principal and accrued interest of the banking deposits is insured by the United States or an instrumentality of the United States, and (iv) the City appoints as its custodian of the banking deposits, in compliance with the PFIA, the institution in clause (8)(i) above, a bank, or a broker-dealer; (9) certificates of deposit and share certificates meeting the requirements of the PFIA (i) that are issued by an institution that has its main office or a branch office in the State and are guaranteed or insured by the FDIC or the NCUSIF, or their respective successors, or are secured as to principal by obligations described in clauses (1) through (8), above, or secured in accordance with Chapter 2257, Texas Government Code, or in any other manner and amount provided by law for City deposits, or (ii) where (a) the funds are invested by the City through a broker or institution that has a main office or branch office in the State and selected by the City in compliance with the PFIA, (b) the broker or institution arranges for the deposit of the funds in one or more federally insured depository institutions, wherever located, for the account of the City, (c) the full amount of the principal and accrued interest of each of the certificates of deposit is insured by the United States or an instrumentality of the United States; and (d) the City appoints, in compliance with the PFIA, the institution in clause (9)(ii)(a) above, a bank, or broker-dealer as custodian for the City with respect to the certificates of deposit; (10) fully collateralized repurchase agreements that have a defined termination date, are secured by a combination of cash and obligations described by clause (1) which are pledged to the City, held in the City's name, and deposited at the time the investment is made with the City or with a third party selected and approved by the City, and are placed through a primary government securities dealer, as defined by the Federal Reserve, or a financial institution doing business in the State; (11) certain bankers' acceptances with a stated maturity of 270 days or less, if the short-term obligations of the accepting bank, or of the holding company of which the bank is the largest subsidiary, are rated not less than "A-1" or "P-1" or the equivalent by at least one nationally recognized credit rating agency; (12) commercial paper with a stated maturity of 365 days or less that is rated at least "A-1" or "P-1" or an equivalent by either (i) two nationally recognized credit rating agencies, or (ii) one nationally recognized credit rating agency if the commercial paper is fully secured by an irrevocable letter of credit issued by a United States or state bank; (13) no-load mutual funds registered with and regulated by the Securities and Exchange Commission and complies with Securities and Exchange Commission Rule 2a-7; (14) no-load mutual funds that are registered and regulated by the Securities and Exchange Commission that have a weighted maturity of less than two years and either (i) have a duration of one year or more and are invested exclusively in obligations approved in this paragraph, or (ii) have a duration of less than one year and the investment portfolio is limited to investment grade securities, excluding asset backed securities; (15) guaranteed investment contracts that have a defined termination date and are secured by obligations described in clause (1), excluding obligations which the City is explicitly prohibited from investing in, and in an amount at least equal to the amount of bond proceeds invested under such contract; and (16) securities lending programs if (i) the securities loaned under the program are 100% collateralized, including accrued income, (ii) a loan made under the program allows for termination at any time, (iii) a loan made under the program is either secured by (a) obligations described in clauses (1) through (8) above, (b) irrevocable letters of credit issued by a state or national bank that is continuously rated by a nationally recognized investment rating firm at not less than "A" or its equivalent, or (c) cash invested in obligations described in clauses (1) through (8) above, clauses (12) through (14) above, or an authorized investment pool, (iv) the terms of a loan made under the program require that the securities being held as collateral be pledged to the City, held in the City's name, and deposited at the time the investment is made with the City or with a third party designated by the City, (v) a loan made under the program is government securities dealer or a financial institution doing business in the State, and (vi) the agreement to lend securities has a term of one year or less.

The City may invest in such obligations directly or through government investment pools that invest solely in such obligations provided that the pools are rated no lower than "AAA" or "AAA-m" or an equivalent by at least one nationally recognized rating service or no lower than investment grade by at least one nationally recognized rating service with a weighted average maturity no greater than 90 days. The City may also contract with an investment management firm registered under the Investment Advisers Act of 1940 (15 U.S.C. Section 80b-1 et seq.) or with the State Securities Board to provide for the investment and management of its public funds or other funds under its control for a term up to two years, but the City retains ultimate responsibility as fiduciary of its assets. In order to renew or extend such a contract, the City must do so by order, ordinance, or resolution. The City is specifically prohibited from investing in: (1) obligations whose payment represents the coupon payments on the outstanding principal balance of the underlying mortgage-backed security collateral and pays no principal; (2) obligations whose payment represents the principal stream of cash flow from the underlying mortgage-backed security and bears no interest; (3) collateralized mortgage obligations that have a stated final maturity of greater than 10 years; and (4) collateralized mortgage obligations the interest rate of which is determined by an index that adjusts opposite to the changes in a market index.

Investment Policies

Under State law, the Issuer is required to invest its funds under written investment policies that primarily emphasize safety of principal and liquidity; that address investment diversification, yield, maturity, and the quality and capability of investment management; and that includes a list of authorized investments for Issuer funds, maximum allowable stated maturity of any individual investment, the maximum average dollar-weighted maturity allowed for pooled fund groups, and the methods to monitor the market price of investments acquired with public funds and the requirement for settlement of all transactions, except investment pool funds and mutual funds, on a delivery versus payment basis and procedures to monitor rating changes in investments acquired with public funds and the liquidation of such investments consistent with the PFIA. All Issuer funds must be invested consistent with a formally adopted "Investment Strategy Statement" that specifically addresses each funds' investment. Each Investment Strategy Statement will describe its objectives concerning (1) suitability of investment type, (2) preservation and safety of principal, (3) liquidity, (4) marketability of each investment, (5) diversification of the portfolio, and (6) yield.

Under State law, Issuer investments must be made "with judgment and care, under prevailing circumstances, that a person of prudence, discretion, and intelligence would exercise in the management of the person's own affairs, not for speculation, but for investment, considering the probable safety of capital and the probable income to be derived." At least quarterly the investment officers of the Issuer shall submit an investment report detailing: (1) the investment position of the Issuer, (2) that all investment officers jointly prepared and signed the report, (3) the beginning market value, any additions and changes to market value and the ending value of each pooled fund group, (4) the book value and market value of each separately listed asset at the beginning and end of the reporting period, (5) the maturity date of each separately invested asset, (6) the account or fund or pooled fund group for which each individual investment was acquired, and (7) the compliance of the investment portfolio as it relates to: (a) adopted investment strategy statements and (b) state law. No person may invest Issuer funds without express written authority from the City Council.

Additional Provisions

Under State law, the Issuer is additionally required to: (1) annually review its adopted policies and strategies; (2) adopt an ordinance or resolution stating that it has reviewed its investment policy and investment strategies and records any changes made to either its investment policy or investment strategy in the said ordinance or resolution; (3) require any investment officers with personal business relationships or relatives with firms seeking to sell securities to the City to disclose the relationship and file a statement with the Texas Ethics Commission and the City Council; (4) require the qualified representative of firms offering to engage in an investment transaction with the Issuer to: (a) receive and review the Issuer's investment policy, (b) acknowledge that reasonable controls and procedures have been implemented to preclude investment transactions conducted between the Issuer and the business organization that are not authorized by the Issuer's investment policy (except to the extent that this authorization is dependent on an analysis of the makeup of the Issuer's entire portfolio or requires an interpretation of subjective investment standards), and (c) deliver a written statement in a form acceptable to the Issuer and the business organization attesting to these requirements; (5) perform an annual audit of the management controls on investments and adherence to the Issuer's investment policy; (6) provide specific investment training for the Treasurer, Chief Financial Officer, or other investment officers; (7) restrict reverse repurchase agreements to not more than 90 days and restrict the investment of reverse repurchase agreement funds to no greater than the term of the reverse repurchase agreement; (8) restrict the investment in no-load mutual funds in the aggregate to no more than 15% of the Issuer's monthly average fund balance, excluding bond proceeds and reserves and other funds held for debt service, and to invest no portion of bond proceeds, reserves and funds held for debt service to no more than 15% of the entity's monthly average fund balance, excluding bond proceeds and reserves and other funds held for debt service in such mutual funds; (9) require local government investment pools to confirm to the new disclosure, rating, net asset value, yield calculation, and advisory board requirements; and (10) at least annually review, revise, and adopt a list of qualified brokers that are authorized to engage in investment transactions with the Issuer.

Current Investments (1) **TABLE 1**

As of March 30, 2024, the City held investments as follows:

Investment Type	Amount	Percentage
Demand Deposits	$ 6,634,911	12.13%
Logic	40,255,373	73.62%
Texas Class	7,789,946	14.25%
	$ 54,680,230	100.00%

As of such date, the market value of such investments (as determined by the Issuer by reference to published quotations, dealer bids, and comparable information) was approximately 100% of their book value. No funds of the Issuer are invested in derivative securities, *i.e.*, securities whose rate of return is determined by reference to some other instrument, index, or commodity.

______

(1) Unaudited.

AD VALOREM PROPERTY TAXATION

The following is a summary of certain provisions of State law as it relates to ad valorem taxation and is not intended to be complete. Reference is made to Title 1 of the Texas Tax Code, as amended (the "Property Tax Code"), for identification of property subject to ad valorem taxation, property exempt or which may be exempted from ad valorem taxation if claimed, the appraisal of property for ad valorem tax purposes, and the procedures and limitations applicable to the levy and collection of ad valorem taxes.

Valuation of Taxable Property

The Property Tax Code provides for countywide appraisal and equalization of taxable property values and establishes in each county of the State an appraisal district and an appraisal review board ("Appraisal Review Board") responsible for appraising property for all taxing units within the county. The appraisal of property within the City is the responsibility of the Burnet Central Appraisal District (the "Appraisal District"). Except as described below, the Appraisal District is required to appraise all property within the Appraisal District on the basis of 100% of its market value and is prohibited from applying any assessment ratios. In determining market value of property, the Appraisal District is required to consider the cost method of appraisal, the income method of appraisal and the market data comparison method of appraisal, and use the method the chief appraiser of the Appraisal District considers most appropriate.

State law provides that eligible owners of both agricultural land and open-space land, including open-space land devoted to farm or ranch purposes or open-space land devoted to timber production, may elect to have such property appraised for property taxation on the basis of its productive capacity ("Productivity Value"). The same land may not be qualified as both agricultural and open-space land.

The value placed upon property within the Appraisal District is subject to review by an Appraisal Review Board, consisting of three members appointed by the Board of Directors of the Appraisal District. The Appraisal District is required to review the value of property within the Appraisal District at least once every three years. The City may require annual review at its own expense, and is entitled to challenge the determination of appraised value of property within the City by petition filed with the Appraisal Review Board.

The appraisal values set by the Appraisal District are subject to review and change by the Appraisal Review Board. The appraisal rolls, as approved by the Appraisal Review Board, are used by taxing units, such as the City, in establishing their tax rolls and tax rates. See "AD VALOREM PROPERTY TAXATION – Issuer and Taxpayer Remedies."

State Mandated Homestead Exemptions

State law grants, with respect to each taxing unit in the State, various exemptions for disabled veterans and their families, surviving spouses of members of the armed services killed in action and surviving spouses of first responders killed or fatally wounded in the line of duty.

Local Option Homestead Exemptions

The governing body of a taxing unit, including a city, county, school district, or special district, at its option may grant: (1) an exemption of up to 20% of the market value of all homesteads (but not less than $5,000) and (2) an additional exemption of the market value of the homesteads of persons 65 years of age or older and the disabled. Each taxing unit decides if it will offer the local option homestead exemptions and at what percentage or dollar amount, as applicable.

Local Option Freeze for the Elderly and Disabled

The governing body of a county, municipality or junior college district may, at its option, provide for a freeze on the total amount of ad valorem taxes levied on the homesteads of persons 65 years of age or older or of disabled persons above the amount of tax imposed in the year such residence qualified for such exemption. Also, upon voter initiative, an election may be held to determine by majority vote whether to establish such a freeze on ad valorem taxes. Once the freeze is established, the total amount of taxes imposed on such homesteads cannot be increased except for certain improvements, and such freeze cannot be repealed or rescinded.

Personal Property

Tangible personal property (furniture, machinery, supplies, inventories, etc.) used in the "production of income" is taxed based on the property's market value. Taxable personal property includes income-producing equipment and inventory. Intangibles such as goodwill, accounts receivable, and proprietary processes are not taxable. Tangible personal property not held or used for production of income, such as household goods, automobiles or light trucks, and boats, is exempt from ad valorem taxation unless the governing body of a taxing unit elects to tax such property.

Freeport and Goods-In-Transit Exemptions

Certain goods detained in the State for 175 days or less for the purpose of assembly, storage, manufacturing, processing or fabrication ("Freeport Property") are exempt from ad valorem taxation unless a taxing unit took official action to tax Freeport Property before April 1, 1990 and has not subsequently taken official action to exempt Freeport Property. Decisions to continue to tax Freeport Property may be reversed in the future; decisions to exempt Freeport

Property are not subject to reversal. Certain goods, principally, inventory, that is stored for the purposes of assembling, storing, manufacturing, processing or fabricating the goods in a location that is not owned by the owner of the goods and are transferred from that location to another location within 175 days ("Goods-in-Transit"), are exempt from ad valorem taxation unless a taxing unit takes official action by January 1 of the year preceding a tax year, after holding a public hearing, to tax Goods-in-Transit beginning the following tax year. Goods-in-Transit and Freeport Property do not include oil, natural gas or petroleum products, and Goods-in-Transit does not include special inventories such as motor vehicles or boats in a dealer's retail inventory. A taxpayer may receive only one of the Goods-in-Transit or Freeport Property exemptions for items of personal property.

Other Exempt Property

Other major categories of exempt property include property owned by the State or its political subdivisions if used for public purposes, property exempt by federal law, property used for pollution control, farm products owned by producers, property of nonprofit corporations used for scientific research or educational activities benefitting a college or university, designated historic sites, solar and wind-powered energy devices, and certain classes of intangible personal property.

Temporary Exemption for Qualified Property Damaged by a Disaster

The Property Tax Code entitles the owner of certain qualified (i) tangible personal property used for the production of income, (ii) improvements to real property, and (iii) manufactured homes located in an area declared by the governor to be a disaster area following a disaster and is at least 15 percent damaged by the disaster, as determined by the chief appraiser, to an exemption from taxation of a portion of the appraised value of the property. The amount of the exemption ranges from 15 percent to 100 percent based upon the damage assessment rating assigned by the chief appraiser. Except in situations where the territory is declared a disaster on or after the date the taxing unit adopts a tax rate for the year in which the disaster declaration is issued, the governing body of the taxing unit is not required to take any action in order for the taxpayer to be eligible for the exemption. If a taxpayer qualifies for the exemption after the beginning of the tax year, the amount of the exemption is prorated based on the number of days left in the tax year following the day on which the governor declares the area to be a disaster area. For more information on the exemption, reference is made to Section 11.35 of the Tax Code. Section 11.35 of the Tax Code was enacted during the 2019 legislative session, and there is no historical judicial precedent for how the statute will be applied. Texas Attorney General Opinion KP-0299, issued on April 13, 2020, concluded a court would likely find the Texas Legislature intended to limit the temporary tax exemption to apply to property physically harmed as a result of a declared disaster.

Tax Increment Reinvestment Zones and Chapter 380 Economic Development Agreements.

A city or county, by petition of the landowners or by action of its governing body, may create one or more tax increment financing reinvestment zones ("TIRZ") within its boundaries, and other overlapping taxing units may agree to contribute taxes levied against the "Incremental Value" in the TIRZ to finance or pay for project costs, as defined in Chapter 311, Texas Government Code, general located within the TIRZ. At the time of the creation of the TIRZ, a "base value" for the real property in the TIRZ is established and the difference between any increase in the assessed valuation of taxable real property in the TIRZ in excess of the base value is known as the "Incremental Value," and during the existence of the TIRZ, all or a portion of the taxes levied by each participating taxing unit against the Incremental Value in the TIRZ are restricted to paying project and financing costs within the TIRZ and are not available for the payment of other obligations of such taxing units. The City has created two TIRZs for the promotion of economic development.
Cities are also authorized, pursuant to Chapter 380 of the Texas Local Government Code ("Chapter 380"), to establish programs to promote State or local economic development and to stimulate business and commercial activity. In accordance with programs established pursuant to Chapter 380, a City may make loans or grant public funds for economic development purposes; however, no obligations secured by ad valorem taxes may be issued for such purposes unless approved by the voters of the City. The City has entered into one such Chapter 380 agreement in recent years.

Tax Abatement Agreements

Taxing units may also enter into tax abatement agreements to encourage economic development. Under the agreements, a property owner agrees to construct certain improvements on its property. The taxing unit, in turn, agrees not to levy a tax on all or part of the increased value attributable to the improvements until the expiration of the agreement. The abatement agreement could last for a period of up to 10 years. The City has entered into two tax abatement agreements.

Public Hearing and Maintenance and Operations Tax Rate Limitations

The following terms as used in this section have the meanings provided below:

"adjusted" means lost values are not included in the calculation of the prior year's taxes and new values are not included in the current year's taxable values.

"de minimis rate" means the maintenance and operations tax rate that will produce the prior year's total maintenance and operations tax levy (adjusted) from the current year's values (adjusted), plus the rate that produces an additional $500,000 in tax revenue when applied to the current year's taxable value, plus the debt service tax rate.

"no-new-revenue tax rate" means the combined maintenance and operations tax rate and debt service tax rate that will produce the prior year's total tax levy (adjusted) from the current year's total taxable values (adjusted).

"special taxing unit" means a city for which the maintenance and operations tax rate proposed for the current tax year is 2.5 cents or less per $100 of taxable value.

"unused increment rate" means the cumulative difference between a city's voter-approval tax rate and its actual tax rate for each of the tax years 2020 through 2022, which may be applied to a city's tax rate in tax years 2021 through 2023 without impacting the voter-approval tax rate.

"voter-approval tax rate" means the maintenance and operations tax rate that will produce the prior year's total maintenance and operations tax levy (adjusted) from the current year's values (adjusted) multiplied by 1.035, plus the debt service tax rate, plus the "unused increment rate".

The City's tax rate consists of two components: (1) a rate for funding of maintenance and operations expenditures in the current year (the "maintenance and operations tax rate"), and (2) a rate for funding debt service in the current year (the "debt service tax rate"). Under State law, the assessor for the City must submit an appraisal roll showing the total appraised, assessed, and taxable values of all property in the City to the City Council by August 1 or as soon as practicable thereafter.

A city must annually calculate, and prominently post on its internet website, its voter-approval tax rate and no-new-revenue tax rate in accordance with forms prescribed by the State Comptroller and provide notice of such rates to each owner of taxable property within the city and the county tax assessor-collector for each county in which all or part of the city is located. A city must adopt a tax rate before the later of September 30 or the 60th day after receipt of the certified appraisal roll, except that a tax rate that exceeds the voter-approval tax rate must be adopted not later than the 71st day before the next occurring November uniform election date. If a city fails to timely adopt a tax rate, the tax rate is statutorily set as the lower of the no-new-revenue tax rate for the current tax year or the tax rate adopted by the city for the preceding tax year.

As described below, the Property Tax Code provides that if a city adopts a tax rate that exceeds its voter-approval tax rate or, in certain cases, its de minimis rate, an election must be held to determine whether or not to reduce the adopted tax rate to the voter-approval tax rate.

A city may not adopt a tax rate that exceeds the lower of the voter-approval tax rate or the no-new-revenue tax rate until each appraisal district in which such city participates has delivered notice to each taxpayer of the estimated total amount of property taxes owed and the city has held a public hearing on the proposed tax increase.

For cities with a population of 30,000 or more as of the most recent federal decennial census, if the adopted tax rate for any tax year exceeds the voter-approval tax rate, that city must conduct an election on the next occurring November uniform election date to determine whether or not to reduce the adopted tax rate to the voter-approval tax rate.

For cities with a population less than 30,000 as of the most recent federal decennial census, if the adopted tax rate for any tax year exceeds the greater of (i) the voter-approval tax rate or (ii) the de minimis rate, the city must conduct an election on the next occurring November uniform election date to determine whether or not to reduce the adopted tax rate to the voter-approval tax rate. However, for any tax year during which a city has a population of less than 30,000 as of the most recent federal decennial census and does not qualify as a special taxing unit, if a city's adopted tax rate is equal to or less than the de minimis rate but greater than both (a) the no-new-revenue tax rate, multiplied by 1.08, plus the debt service tax rate or (b) the city's voter-approval tax rate, then a valid petition signed by at least three percent of the registered voters in the city would require that an election be held to determine whether or not to reduce the adopted tax rate to the voter-approval tax rate.

Any city located at least partly within an area declared a disaster area by the Governor of the State or the President of the United States during the current year may calculate its voter-approval tax rate using a 1.08 multiplier, instead of 1.035, until the earlier of (i) the second tax year in which such city's total taxable appraised value exceeds the taxable appraised value on January 1 of the year the disaster occurred, or (ii) the third tax year after the tax year in which the disaster occurred.

State law provides cities and counties in the State the option of assessing a maximum one-half percent (1/2%) sales and use tax on retail sales of taxable items for the purpose of reducing its ad valorem taxes, if approved by a majority of the voters in a local option election. If the additional sales and use tax for ad valorem tax reduction is approved and levied, the no-new-revenue tax rate and voter-approval tax rate must be reduced by the amount of the estimated sales tax revenues to be generated in the current tax year. The City has authorized the additional one-half cent sales and use tax for property tax reduction. See "APPENDIX A – Municipal Sales Tax Collections".

The calculations of the no-new-revenue tax rate and voter-approval tax rate do not limit or impact the City's ability to set a debt service tax rate in each year sufficient to pay debt service on all of the City's tax-supported debt obligations, including the Certificates.

Reference is made to the Property Tax Code for definitive requirements for the levy and collection of ad valorem taxes and the calculation of the various defined tax rates.

Debt Tax Rate Limitation

All taxable property within the City is subject to the assessment, levy and collection by the City of a continuing, direct annual ad valorem tax sufficient to provide for the payment of principal of and interest on all ad valorem tax-supported debt within the limits prescribed by law. Article XI, Section 5, of the

Texas Constitution is applicable to the City, and limits its maximum ad valorem tax rate to $2.50 per $100 of taxable assessed valuation. Administratively, the Attorney General of the State of Texas will permit allocation of $1.50 of the $2.50 maximum tax rate for all debt service on ad valorem tax-supported debt, as calculated at the time of issuance.

Issuer and Taxpayer Remedies

Under certain circumstances, the City and its taxpayers may appeal the determinations of the Appraisal District by timely initiating a protest with the Appraisal Review Board. Additionally, taxing units such as the City may bring suit against the Appraisal District to compel compliance with the Property Tax Code.

Owners of certain property with a taxable value of at least $50 million and situated in a county with a population of one million or more as of the most recent federal decennial census may additionally protest the determinations of appraisal district directly to a three-member special panel of the appraisal review board, selected by a State district judge, consisting of highly qualified professionals in the field of property tax appraisal.

The Property Tax Code sets forth notice and hearing procedures for certain tax rate increases by the City and provides for taxpayer referenda that could result in the repeal of certain tax increases. See "AD VALOREM PROPERTY TAXATION – Public Hearing and Maintenance and Operations Tax Rate Limitations." The Property Tax Code also establishes a procedure for notice to property owners of reappraisals reflecting increased property value, appraisals which are higher than renditions, and appraisals of property not previously on an appraisal roll.

City's Rights in the Event of Tax Delinquencies

Taxes levied by the City are a personal obligation of the owner of the property as of January 1 of the year for which the tax is imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all State and local taxes, penalties, and interest ultimately imposed for the year on the property. The lien exists in favor of the State and each local taxing unit, including the City, having power to tax the property. Personal property, under certain circumstances, is subject to seizure and sale for the payment of delinquent taxes.

At any time after taxes on property become delinquent, the City may file suit to foreclose the lien securing payment of the tax, to enforce personal liability for the tax, or both. In filing a suit to foreclose a tax lien on real property, the City must join other taxing units that have claims for delinquent taxes against all or part of the same property.

Collection of delinquent taxes may be adversely affected by the amount of taxes owed to other taxing units, by the effects of market conditions on the foreclosure sale price, by taxpayer redemption rights (a taxpayer may redeem property within two (2) years after the purchaser's deed issued at the foreclosure sale is filed in the county records) or by bankruptcy proceedings which restrict the collection of taxpayer debts.

Federal bankruptcy law provides that an automatic stay of actions by creditors and other entities, including governmental units, goes into effect with the filing of any petition in bankruptcy. The automatic stay prevents governmental units from foreclosing on property and prevents liens for post-petition taxes from attaching to property and obtaining secured creditor status unless, in either case, an order lifting the stay is obtained from the bankruptcy court. In many cases, post-petition taxes are paid as an administrative expense of the estate in bankruptcy or by order of the bankruptcy court.

Levy and Collection of Taxes

The City is responsible for the collection of its taxes, unless it elects to transfer such functions to another governmental entity. Taxes are due October 1, or when billed, whichever comes later, and become delinquent after January 31 of the following year. Taxpayers 65 years old or older, disabled veterans or an unmarried surviving spouse of a disabled veteran are permitted by State law to pay taxes on homesteads in four installments with the first installment due before February 1 of each year and the final installment due before August 1. A delinquent tax incurs a penalty of six percent (6%) of the amount of the tax for the first calendar month it is delinquent, plus one percent (1%) for each additional month or portion of a month the tax remains unpaid prior to July 1 of the year in which it becomes delinquent. If the tax is not paid by July 1 of the year in which it becomes delinquent, the tax incurs a total penalty of twelve percent (12%) regardless of the number of months the tax has been delinquent and incurs an additional penalty of up to twenty percent (20%) if imposed by the City. The delinquent tax also accrues interest at a rate of one percent (1%) for each month or portion of a month it remains unpaid. The Property Tax Code also makes provision for the split payment of taxes, discounts for early payment and the postponement of the delinquency date of taxes for certain taxpayers. Furthermore, the City may provide, on a local option basis, for the split payment, partial payment, and discounts for early payment of taxes under certain circumstances. See "AD VALOREM PROPERTY TAXATION – Temporary Exemption for Qualified Property Damaged by a Disaster" herein for a discussion of the applicability of this section of the Property Tax Code.

TAX MATTERS

Tax Exemption

In the opinion of Bickerstaff Heath Delgado Acosta LLP, Bond Counsel, under existing statutes, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and continuing compliance by the City with the covenants contained in the Ordinance and the Arbitrage and Tax Certificate, interest on the Certificates is excludable from gross income of the holders thereof for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and will not constitute a specific item of tax preference under Section 57 of the Code for purposes of calculating the alternative minimum tax imposed on individuals. In the case of certain corporate holders of the

Certificates, all or a portion of the interest on the Certificates may be included in the calculation of the alternative minimum tax imposed on certain corporations as a result of the inclusion of interest on the Certificates in adjusted financial statement income.

In rendering its opinion, Bond Counsel has relied on the City's covenants contained in the Ordinance and the City's covenants contained in the Arbitrage and Tax Certificate, that it will comply with the applicable requirements of the Code, relating to, inter alia, the use and investment of proceeds of the Certificates and rebate to the United States Treasury of specified arbitrage earnings, if any, under Section 148(f) of the Code. Failure of the City to comply with such covenants could result in the interest on the Certificates being subject to federal income tax from the date of issue of the Certificates. Bond Counsel has not undertaken to monitor compliance with such covenants or to advise any party as to changes in the law after the date of issuance of the Certificates that may affect the tax-exempt status of the interest.

Except as stated above, Bond Counsel will express no opinion as to any federal, state or local tax consequences resulting from the receipt or accrual of interest on, or acquisition, ownership or disposition of, the Certificates.

Bond Counsel's opinions are based on existing law, which is subject to change. Such opinions are further based on Bond Counsel's knowledge of facts as of the date thereof. As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation. Bond Counsel assumes no duty to update or supplement its opinions to reflect any facts or circumstances that may thereafter come to Bond Counsel's attention or to reflect any changes in any law that may thereafter occur or become effective. Moreover, Bond Counsel's opinions are not a guarantee of result and are not binding on the Internal Revenue Service (the "Service"); rather, such opinions represent Bond Counsel's legal judgment based upon its review of existing law and in reliance upon the representations and covenants referenced above that it deems relevant to such opinions.

The Service has an ongoing audit program to determine compliance with rules that relate to whether interest on state or local obligations is includable in gross income for federal income tax purposes. No assurance can be given whether or not the Service will commence an audit of the Certificates. If an audit is commenced, in accordance with its current published procedures the Service is likely to treat the City as the taxpayer and the Registered Owners may not have a right to participate in such audit. Public awareness of any future audit of the Certificates could adversely affect the value and liquidity of the Certificates during the pendency of the audit regardless of the ultimate outcome of the audit.

Collateral Federal Income Tax Consequences

Prospective purchasers of the Certificates should be aware that the ownership of the Certificates may result in collateral federal income tax consequences to certain taxpayers including, without limitation, holders who may be deemed to have incurred or continued indebtedness to acquire or carry tax-exempt obligations, holders of certain interests in a financial asset securitization investment trust, controlled foreign corporations, property and casualty insurance companies, individual recipients of Social Security or Railroad Retirement benefits, individuals who otherwise qualify for the earned income credit, and to individuals and families that qualify for a premium assistance credit amount under Section 36B of the Code. The Code denies the earned income credit to an individual who is otherwise eligible if the aggregate amount of disqualified income of the taxpayer for the taxable year exceeds certain limits set forth in Sections 32(i) and (j) of the Code. Interest on the Certificates will constitute disqualified income for this purpose. The Code also provides that for years beginning after December 31, 2010, the earned income credit is phased out if the modified adjusted gross income of the taxpayer exceeds certain amounts. Interest on the Certificates will be included in determining the modified adjusted gross income of the taxpayer. Section 36B of the Code provides that the amount of the premium assistance credit amount is in part determined by the household income. Section 36B(d) of the Code provides that household income consists of the modified adjusted gross income of the taxpayer and certain other individuals. Modified adjusted gross income means adjusted gross income increased by certain amounts, including interest received or accrued by the taxpayer which is exempt from tax, such as the interest on the Certificates. These categories of prospective purchasers should consult their own tax advisors as to the applicability of these consequences. Prospective purchasers of the Certificates should also be aware that, under the Code, taxpayers are required to report on their returns the amount of tax-exempt interest, such as interest on the Certificates, received or accrued during the year.

Section 884 of the Code imposes on certain foreign corporations a branch profits tax equal to thirty percent (30%) of the "dividend equivalent amount" for the taxable year. Interest on the Certificates received or accrued by a foreign corporation subject to the branch profits tax may be included in computing the "dividend equivalent amount" of such corporation.

In addition, passive investment income, including interest on the Certificates, may be subject to federal income taxation under Section 1375 of the Code for any S corporation that has Subchapter C earnings and profits at the close of the taxable year, if more than twenty-five percent (25%) of the gross receipts of such S corporation is passive investment income.

In addition, attention is called to the fact that Section 265(b)(1) of the Code eliminates the interest deduction otherwise allowable with respect to indebtedness deemed incurred by banks, thrift institutions and other financial institutions to purchase or to carry tax-exempt obligations acquired after August 7, 1986 other than designated "qualified tax-exempt obligations" as defined in Section 265(b)(3) of the Code.

Tax Accounting Treatment of Discount and Premium on Certain Certificates

The initial public offering price of certain Certificates (the "Discount Certificates") may be less than the amount payable on such Certificates at maturity. An amount equal to the difference between the initial public offering price of a Discount Certificate (assuming that a substantial amount of the Discount Certificates of that maturity are sold to the public at such price) and the amount payable at maturity constitutes original issue discount to the initial purchaser of such Discount Certificate. A portion of such original issue discount allocable to the holding period of such Discount Certificate by the initial purchaser will, upon the disposition of such Discount Certificate (including by reason of its payment at maturity), be treated as interest excludable from gross income, rather than as taxable gain, for federal income tax purposes, on the same terms and conditions as those for other interest on the Certificates described above under "Tax Exemption." Such interest is considered to be accrued actuarially in accordance with the constant interest method over the life of a Discount Certificate, taking into account the semiannual compounding of accrued interest, at the yield to maturity on such Discount Certificate and generally will be allocated to an original purchaser in a different amount from the amount of the payment denominated as interest actually received by the original purchaser during the tax year. However, such interest may be required to be taken into account in determining the alternative minimum taxable income of a corporation, for purposes of calculating a corporation's alternative minimum tax imposed by Section 55 of the Code, and the amount of the branch profits tax applicable to certain foreign corporations doing business in the United States, even though there will not be a corresponding cash payment. In addition, the accrual of such interest may result in certain other collateral federal income tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, S corporations with "subchapter C" earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise qualifying for earned income tax credit, owners of an interest in a FASIT, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations. Moreover, in the event of the redemption, sale or other taxable disposition of a Discount Certificate by the initial owner prior to maturity, the amount realized by such owner in excess of the basis of such Discount Certificate in the hands of such owner (adjusted upward by the portion of the original issue discount allocable to the period for which such Discount Certificate was held) is includable in gross income. Owners of Discount Certificates should consult with their own tax advisors with respect to the determination of accrued original issue discount on Discount Certificates for federal income tax purposes and with respect to the state and local tax consequences of owning and disposing of Discount Certificates. It is possible that, under applicable provisions governing determination of state and local income taxes, accrued interest on Discount Certificates may be deemed to be received in the year of accrual even though there will not be a corresponding cash payment.

The initial public offering price of certain Certificates (the "Premium Certificates") may be greater than the amount payable on such Certificates at maturity. An amount equal to the difference between the initial public offering price of a Premium Certificate (assuming that a substantial amount of the Premium Certificates of that maturity are sold to the public at such price) and the amount payable at maturity constitutes premium to the initial purchaser of such Premium Certificates. The basis for federal income tax purposes of a Premium Certificate in the hands of such initial purchaser must be reduced each year by the amortizable bond premium, although no federal income tax deduction is allowed as a result of such reduction in basis for amortizable bond premium. Such reduction in basis will increase the amount of any gain (or decrease the amount of any loss) to be recognized for federal income tax purposes upon a sale or other taxable disposition of a Premium Certificate. The amount of premium which is amortizable each year by an initial purchaser is determined by using such purchaser's yield to maturity. Purchasers of the Premium Certificates should consult with their own tax advisors with respect to the determination of amortizable bond premium on Premium Certificates for federal income tax purposes and with respect to the state and local tax consequences of owning and disposing of Premium Certificates.

State, Local and Foreign Taxes

Investors should consult their own tax advisors concerning the tax implications of the purchase, ownership or disposition of the Certificates under applicable state or local laws. Foreign investors should also consult their own tax advisors regarding the tax consequences unique to investors who are not United States persons.

Changes in Federal and State Tax Law

From time to time, there are legislative proposals in the United States Congress and in the states that, if enacted, could alter or amend the federal and State tax matters referred to above or adversely affect the market value or marketability of the Certificates. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, it would apply to bonds issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value or marketability of the Certificates.

Prospective purchasers of the Certificates should consult with their own tax advisors regarding any other federal income tax legislation, whether currently pending or proposed, regulatory initiatives or litigation. The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Certificates and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any pending legislation, regulatory initiatives or litigation.

CONTINUING DISCLOSURE OF INFORMATION

In the Ordinance, the City has made the following agreement for the benefit of the holders and beneficial owners of the Certificates. The City is required to observe the agreement for so long as it remains an obligated person with respect to the Certificates within the meaning of the Securities and Exchange Commission's Rule 15c2-12 (the "Rule"). Under the agreement, the City will be obligated to provide certain updated financial information and operating data annually and timely notice of certain specified events to the Municipal Securities Rulemaking Board (the "MSRB"). The information provided to the MSRB will be available to the public free of charge via the Electronic Municipal Market Access ("EMMA") system through an internet website accessible at www.emma.msrb.org., as described below under "Availability of Information from MSRB" below.

Annual Reports

The Issuer will provide certain updated financial information and operating data to the MSRB annually. The information to be updated includes all quantitative financial information and operating data with respect to the Issuer of the general type included in Table 1 hereof and Tables 1 through 14 of Appendix A to this Official Statement. The Issuer will update and provide this information within six months after the end of each fiscal year ending in or after 2024. The Issuer will additionally provide audited financial statements when and if available, and in any event, within 12 months after the end of each fiscal year ending in and after 24 If the audit of such financial statements is not complete within 12 months after any such fiscal year end, then the Issuer will file unaudited financial statements within such 12 month period and audited financial statements for the applicable fiscal year, when and if the audit report on such statements becomes available. Any such financial statements will be prepared in accordance with the accounting principles described in APPENDIX D or such other accounting principles as the Issuer may be required to employ from time to time pursuant to State law or regulation. The City will provide the updated information to the MSRB in an electronic format, which will be available through EMMA to the general public without charge.

The City may provide updated information in full text or may incorporate by reference certain other publicly available documents, as permitted by the Rule.

The Issuer's current fiscal year end is September 30. Accordingly, it must provide updated financial information and operating data by March 31 of each year and the audited financial statements must be provided by September 30 of each year, unless the Issuer changes its fiscal year. If the Issuer changes its fiscal year, it will notify the MSRB of the change.

Notice of Certain Events

The City will also provide timely notices of certain events to the MSRB. The City will provide notice of any of the following events with respect to the Certificates to the MSRB in a timely manner (but not in excess of ten business days after the occurrence of the event): (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB), or other material notices or determinations with respect to the tax status of the Certificates, or other material events affecting the tax status of the Certificates; (7) modifications to rights of holders of the Certificates, if material; (8) redemption calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Certificates, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership, or similar event of the City, which shall occur as described below; (13) the consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of its assets, other than in the ordinary course of business, the entry into of a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) appointment of a successor or additional trustee or the change of name of a trustee, if material to a decision to purchase or sell Certificates; (15) incurrence of a Financial Obligation of the City, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the City, any of which affect security holders, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the City, any of which reflect financial difficulties. The term "material" when used in this paragraph shall have the meaning as ascribed to it under federal securities laws. In addition, the City will provide timely notice of any failure by the City to provide annual financial information in accordance with their agreement described above under "Annual Reports". Neither the Certificates nor the Ordinance make provisions for liquidity enhancement or debt service reserves.

For these purposes, any event described in clause (12) in the immediately preceding paragraph is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the City in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the City, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the City. As used in this section, the term "Financial Obligation" means a (i) debt obligation, (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation, or (iii) guarantee of a debt obligation or any such derivative instrument; provided that "financial obligation" shall not include municipal securities as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule. The City intends the words used in the above clauses (15) and (16) and in the definition of Financial Obligation above to have the meanings ascribed to them in SEC Release No. 34-83885 dated August 20, 2018.

Availability of Information from MSRB

The City has agreed to provide the foregoing information only to the MSRB. All documents provided by the City to the MSRB described above under "Annual Reports" and "Notice of Certain Events" will be in an electronic format and accompanied by identifying information as prescribed by the MSRB. This information will be available from the MSRB via its EMMA system at www.emma.msrb.org.

Limitations and Amendments

The Issuer has agreed to update information and to provide notices of certain events only as described above. The Issuer has not agreed to provide other information that may be relevant or material to a complete presentation of its financial results of operations, condition, or prospects or agreed to update any information that is provided, except as described above. The Issuer makes no representation or warranty concerning such information or concerning its usefulness to a decision to invest in or sell Certificates at any future date. The Issuer disclaims any contractual or tort liability for damages resulting in whole or in part from any breach of its continuing disclosure agreement or from any statement made pursuant to its agreement, although holders or beneficial owners of Certificates may seek a writ of mandamus to compel the Issuer to comply with its agreement.

The Issuer may amend its continuing disclosure agreement to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the Issuer, if the agreement, as amended, would have permitted an underwriter to purchase or sell Certificates in the offering described herein in compliance with the Rule, taking into account any amendments or interpretations of the Rule to the date of such amendment, as well as such changed circumstances, and either the holders of a majority in aggregate principal amount of the outstanding Certificates consent or any person unaffiliated with the Issuer (such as nationally recognized bond counsel) determines that the amendment will not materially impair the interests of the beneficial owners of the Certificates. The Issuer may also repeal or amend these provisions if the SEC amends or repeals the applicable provisions of the Rule or any court of final jurisdiction enters judgment that such provisions of the Rule are invalid, and the Issuer also may amend the provisions of the continuing disclosure agreement in its discretion in any other manner or circumstance, but in either case only if and to the extent that the provisions of this sentence would not prevent an underwriter from lawfully purchasing or selling Certificates in the primary offering of the Certificates giving effect to (a) such provisions as so amended and (b) any amendments or interpretations of the Rule. If the Issuer amends its agreement, it must include with the next financial information and operating data provided in accordance with its agreement described above under "Annual Reports" an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of information and data provided.

Compliance with Prior Undertakings

Except as described below, during the past five years, the City has complied in all material respects with its continuing disclosure agreements in accordance with the Rule.

Due to an administrative oversight, the City did not file notice of its Incurrence of Financial Obligation of the Issuer on time. The City issued its Combination Tax and Surplus Revenue Certificates of Obligation, Taxable Series A, Combination Tax and Surplus Revenue Certificates of Obligation, Series 2023B and Combination Tax and Surplus Revenue Certificates of Obligation, Taxable Series 2023C on June 21, 2023, but did not disclose such issuances on EMMA until July 12, 2023. The City filed a Notice of Failure to timely file with EMMA on August 3, 2023. The City has since put procedures in place to ensure that it timely files its Incurrence of Financial Obligation notices moving forward.

The City recognizes that the audit for September 30, 2022 was not completed by the March 31, 2023 deadline. The City filed the draft income statement with the required tables on March 28, 2023. On May 1, 2023, upon the audit's completion, the City filed the audit on EMMA. The City believes they are in full compliance with the Rule.

LEGAL MATTERS

Legal Opinions and No-Litigation Certificate

The Issuer will furnish the Purchaser a complete transcript of proceedings incident to the authorization and issuance of the Certificates, including the unqualified approving legal opinion of the Attorney General of the State of Texas to the effect that the Certificates are valid and legally binding obligations of the Issuer, and based upon examination of such transcript of proceedings, the approval of certain legal matters by Bond Counsel, to the effect that the Certificates, issued in compliance with the provisions of the Ordinance, are valid and legally binding obligations of the Issuer and, subject to the qualifications set forth herein under "TAX MATTERS". The form of Bond Counsel's opinion is attached hereto in APPENDIX C. The customary closing papers, including a certificate to the effect that no litigation of any nature has been filed or is then pending to restrain the issuance and delivery of the Certificates or which would affect the provision made for their payment or security, or in any manner questioning the validity of the Certificates will also be furnished. Bond Counsel was not requested to participate, and did not take part, in the preparation of the Official Notice of Sale, the Official Bid Form and the Official Statement, and such firm has not assumed any responsibility with respect thereto or undertaken independently to verify any of the information contained therein, except that, in its capacity as Bond Counsel, such firm has reviewed the information describing the Certificates in the Official Statement to verify that such description conforms to the provisions of the Ordinance. The legal fees to be paid Bond Counsel for services rendered in connection with the issuance of the Certificates are contingent on the sale and initial delivery of the Certificates. The legal opinion of Bond Counsel will accompany the Certificates deposited with DTC or will be printed on the definitive Certificates in the event of the discontinuance of the Book-Entry-Only System.

Bond Counsel was engaged by, and only represents, the City in connection with the issuance of the Certificates. The various legal opinions to be delivered concurrently with the delivery of the Certificates express the professional judgment of the attorneys rendering the opinions as to the legal issues explicitly addressed therein. In rendering a legal opinion, the attorney does not become an insurer or guarantor of the expression of professional judgment, of the transaction opined upon, or of the future performance of the parties to the transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

Litigation

In the opinion of various officials of the Issuer, there is no litigation or other proceeding pending against or, to their knowledge, threatened against the Issuer in any court, agency, or administrative body (either state or federal) wherein an adverse decision would materially adversely affect the financial condition of the Issuer.

Legal Investments and Eligibility to Secure Public Funds in Texas

Section 1201.041 of the Public Security Procedures Act (Chapter 1201, Texas Government Code) provides that the Certificates are negotiable instruments governed by Chapter 8, as amended, Texas Business and Commerce Code, and are legal and authorized investments for insurance companies, fiduciaries, and trustees, and for the sinking funds of municipalities or other political subdivisions or public agencies of the State. For political subdivisions in Texas which have adopted investment policies and guidelines in accordance with the PFIA, the Certificates must have to be assigned a rating of at least "A" or its equivalent as to investment quality by a national rating agency before such obligations are eligible investments for sinking funds and other public funds. (See "OTHER PERTINENT INFORMATION – Ratings" herein.) In addition, various provisions of the Texas Finance Code provide that, subject to a prudent investor standard, the Certificates are legal investments for state banks, savings banks, trust companies with at least $1 million of capital, and savings and loan associations.

The City has made no investigation of other laws, rules, regulations or investment criteria which might apply to such institutions or entities or which might limit the suitability of the Certificates for any of the foregoing purposes or limit the authority of such institutions or entities to purchase or invest in the Certificates for such purposes. The City has made no review of laws in other states to determine whether the Certificates are legal investments for various institutions in those states.

FORWARD LOOKING STATEMENTS

The statements contained in this Official Statement, and in any other information provided by the City, that are not purely historical, are forward-looking statements, including statements regarding the City's expectations, hopes, intentions, or strategies regarding the future. Readers should not place undue reliance on forward-looking statements. All forward-looking statements included in this Official Statement are based on information available to the City on the date hereof, and the City assumes no obligation to update any such forward-looking statements. It is important to note that the City's actual results could differ materially from those in such forward-looking statements.

The forward-looking statements herein are necessarily based on various assumptions and estimates and are inherently subject to various risks and uncertainties, including risks and uncertainties relating to the possible invalidity of the underlying assumptions and estimates and possible changes or developments in social, economic, business, industry, market, legal, and regulatory circumstances and conditions and actions taken or omitted to be taken by third parties, including customers, suppliers, business partners and competitors, and legislative, judicial and other governmental authorities and officials. Assumptions related to the foregoing involve judgments with respect to, among other things, future economic, competitive, and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and many of which are beyond the control of the City. Any of such assumptions could be inaccurate and, therefore, there can be no assurance that the forward-looking statements included in this Official Statement will prove to be accurate.

OTHER PERTINENT INFORMATION

Registration and Qualification of Certificates for Sale

The sale of the Certificates has not been registered under the Securities Act of 1933, as amended, in reliance upon exemptions provided in such Act; the Certificates have not been qualified under the Securities Act of Texas in reliance upon exemptions contained therein; nor have the Certificates been qualified under the securities acts of any other jurisdiction. The Issuer assumes no responsibility for qualification of the Certificates under the securities laws of any jurisdiction in which they may be sold, assigned, pledged, hypothecated or otherwise transferred. This disclaimer of responsibility for qualification for sale or other disposition of the Certificates shall not be construed as an interpretation of any kind with regard to the availability of any exemption from securities registration or qualification provisions.

Ratings

S&P Global Ratings, a division of S&P Global Inc. ("S&P") has assigned a rating of "AA" to the Certificates based solely upon the municipal bond insurance policy to be issued by the Bond Insurer on the date of initial delivery of the Certificates and an underlying rating of "AA-" to the Certificates without regard to credit enhancement. An explanation of the ratings may be obtained from S&P. The ratings of the Certificates by S&P reflect only the view of S&P at the time the ratings are given, and the Issuer makes no representations as to the appropriateness of the ratings. There is no assurance that the ratings will continue for any given period of time, or that the ratings will not be revised downward or withdrawn entirely by S&P, if, in the judgment of S&P, circumstances so warrant. Any such downward revision or withdrawal of the ratings may have an adverse effect on the market price of the Certificates.

Authenticity of Financial Information

The financial data and other information contained herein have been obtained from the Issuer's records, audited financial statements and other sources that are believed to be reliable. All of the summaries of the statutes, documents, and the Ordinance contained in this Official Statement are made subject to all of the provisions of such statutes, documents, and the Ordinance. These summaries do not purport to be complete statements of such provisions and reference is made to such documents for further information. All information contained in this Official Statement is subject, in all respects, to the complete body of information contained in the original sources thereof and no guaranty, warranty or other representation is made concerning the accuracy or completeness of the information herein. In particular, no opinion or representation is rendered as to whether any projection will approximate actual results, and all opinions, estimates and assumptions, whether or not expressly identified as such, should not be considered statements of fact.

References to website addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such websites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement for purposes of, and as that term is defined in, the Rule.

Initial Purchaser

After requesting competitive bids for the Certificates, the City accepted the bid of Robert W. Baird & Co., Incorporated (the "Purchaser") to purchase the Certificates at the interest rates shown on the inside cover page of this Official Statement at a price of $16,157,675.61 (representing the par amount of the Certificates, plus a net original issue reoffering premium of $813,586.60, less a Purchaser's discount of $180,910.99), plus accrued interest on the Certificates from their Dated Date to their date of initial delivery. The City can give no assurance that any trading market will be developed for the City after their sale by the City to the Purchaser. The City has no control over the price at which the Certificates are subsequently sold and the initial yield at which the Certificates will be priced and reoffered will be established by and will be the responsibility of the Purchaser.

Certification of the Official Statement

At the time of payment for and delivery of the Certificates, the Purchaser will be furnished a certificate, executed by proper officials of the City, acting in their official capacity, to the effect that to the best of their knowledge and belief: (a) the descriptions and statements of or pertaining to the City contained in its Official Statement, and any addenda, supplement or amendment thereto, on the date of such Official Statement, on the date of sale of said Certificates and the acceptance of the best bid therefor, and on the date of the delivery, were and are true and correct in all material respects; (b) insofar as the City and its affairs, including its financial affairs, are concerned, such Official Statement did not and does not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; (c) insofar as the descriptions and statements, including financial data, of or pertaining to entities, other than the City, and their activities contained in such Official Statement are concerned, such statements and data have been obtained from sources which the City believes to be reliable and the City has no reason to believe that they are untrue in any material respect; and (d) there has been no material adverse change in the financial condition of the City since the date of the last audited financial statements of the City.

Financial Advisor

SAMCO Capital Markets, Inc. is employed as a Financial Advisor to the Issuer in connection with the issuance of the Certificates. In this capacity, the Financial Advisor has compiled certain data relating to the Certificates and has drafted this Official Statement. The Financial Advisor has not independently verified any of the data contained herein or conducted a detailed investigation of the affairs of the Issuer to determine the accuracy or completeness of this Official Statement. Because of its limited participation, the Financial Advisor assumes no responsibility for the accuracy or completeness of any of the information contained herein. The fees for the Financial Advisor are contingent upon the issuance, sale and initial delivery of the Certificates.

The Financial Advisor has provided the following sentence for inclusion in this Official Statement. The Financial Advisor has reviewed the information in this Official Statement in accordance with its responsibilities to the City and, as applicable, to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Financial Advisor does not guarantee the accuracy or completeness of such information.

Authorization of the Official Statement

This Official Statement was approved as to form and content and the use thereof in the offering of the Certificates was authorized, ratified and approved by the City Council on the date of sale, and the Purchaser will be furnished, upon request, at the time of payment for and the delivery of the Certificates, a certified copy of such approval, duly executed by the proper officials of the Issuer.

The Ordinance approved the form and content of this Official Statement, and any addenda, supplement or amendment thereto issued on behalf of the Issuer, and authorized its further use in the reoffering of the Certificates by the Purchaser in accordance with the provisions of the Rule.

CITY OF MARBLE FALLS, TEXAS

/s/ Dave Rhodes
Mayor
City of Marble Falls, Texas

ATTEST:

/s/ Christina McDonald
City Secretary
City of Marble Falls, Texas

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APPENDIX A

FINANCIAL INFORMATION RELATING TO THE CITY OF MARBLE FALLS, TEXAS

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FINANCIAL INFORMATION OF THE ISSUER

ASSESSED VALUATION **TABLE 1**

2024 Market Value of Taxable Property (100% of Market Value)	$	2,024,728,154
Less Exemptions:		
Optional Over 65 or Disabled	$	34,432,474
Veterans' Exemptions		23,802,663
Freeport Exemptions		911,424
Open-Space Land and Timberland		121,385,402
Pollution Control		457,001
Homestead		6,478,092
Loss to 10% HO Cap		67,404,964
TOTAL EXEMPTIONS	$	254,872,020
2024 Assessed Value of Taxable Property	$	1,769,856,134
Less: Freeze Adjustment		205,931,518
2024 Freeze Adjusted Certified Assessed Value of Taxable Property	$	1,563,924,616

Source: Burnet Central Appraisal District.

GENERAL OBLIGATION BONDED DEBT

(as of September 1, 2024)

General Obligation Debt Principal Outstanding

Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2013	$	1,930,000
Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2014		2,350,000
General Obligation Refunding Bonds, Series 2014		3,850,000
General Obligation Refunding Bonds, Series 2015		3,980,000
Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2016		5,075,000
General Obligation Refunding Bonds, Series 2017		3,105,000
Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2017		865,000
Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2018		4,295,000
Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2019		1,655,000
General Obligation Refunding Bonds, Series 2020		3,325,000
General Obligation Refunding Bonds, Series 2020A		1,170,000
Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2020		4,930,000
Combination Tax and Surplus Revenue Certificates of Obligation, Taxable Series 2021		16,481,000
Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2021		2,520,000
General Obligation Refunding Bonds, Series 2021		650,000
Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2022		7,175,000
Combination Tax and Surplus Revenue Certificates of Obligation, Taxable Series 2023A		960,000
Combination Tax and Surplus Revenue Certificates of Obligation, Series 2023B		1,585,000
Combination Tax and Surplus Revenue Certificates of Obligation, Taxable Series 2023C		985,000
Combination Tax and Revenue Certificates of Obligation, Series 2023D		22,045,000
Tax Notes, Series 2023		1,065,000
Combination Tax and Revenue Certificates of Obligation, Series 2024 (the "Certificates")		15,525,000
Total Gross General Obligation Debt	$	105,521,000
Less: Self Supporting Debt		
Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2013 (100% Water and Sewer)	$	1,930,000
Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2014 (25.10% Water and Sewer)		590,000
General Obligation Refunding Bonds, Series 2014 (100% Water and Sewer)		3,850,000
General Obligation Refunding Bonds, Series 2015 (59.67% Water and Sewer)		2,375,000
Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2016 (100% Water and Sewer)		5,075,000
Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2018 (33.64% Water and Sewer, 24.80% EDC, 7.68% HOT and 9.78% TIRZ)		3,260,000
Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2019 (100% Water and Sewer)		1,655,000
General Obligation Refunding Bonds, Series 2020A (26.07% Water and Sewer and 43.16% HOT)		810,000
Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2020 (15.52% Water and Sewer)		765,000
Combination Tax and Surplus Revenue Certificates of Obligations, Taxable Series 2021 (93.93% Water and Sewer)		15,481,000
Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2021 (39.08% Water and Sewer)		985,000
Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2022 (48.92% Water and Sewer)		3,510,000
Combination Tax and Surplus Revenue Certificates of Obligation, Taxable Series 2023A (100% Water and Sewer)		960,000
Combination Tax and Surplus Revenue Certificates of Obligation, Series 2023B (100% Water and Sewer)		1,585,000
Combination Tax and Surplus Revenue Certificates of Obligation, Taxable Series 2023C (100% Water and Sewer)		985,000
Combination Tax and Revenue Certificates of Obligation, Series 2023D (53.57% Water and Sewer)		11,810,000
The Certificates (31.47% Water and Sewer and 12.37% TIRZ)		6,805,000
Total Self-Supporting Debt	$	62,431,000
Total Net General Obligation Debt Outstanding	$	43,090,000
2024 Freeze Adjusted Taxable Value	$	1,563,924,616
Ratio of Total Gross General Obligation Debt to 2024 Freeze Adjusted Taxable Value		6.75%
Ratio of Net General Obligation Debt to 2024 Freeze Adjusted Taxable Value		2.76%

Population: 1990 - 4,007; 2000 - 4,959; 2010 - 6,077; est. 2024 -8,274
Per Capita 2024 Freeze Adjusted Taxable Value - $189,016.75
Per Capita Gross General Obligation Debt Principal - $12,753.32
Per Capita Net General Obligation Debt Principal - $5,207.88

CITY DEBT OBLIGATIONS - CAPITAL LEASE AND NOTES PAYABLE **TABLE 2**

A summary of leases payable as of September 30, 2023 are as follows:

Purpose of Lease	Interest Rate	Initial Year of Lease	Amount of Initial Liability	Interest Current Year	Amounts Outstanding 9/30/22	Amounts Due Within One Year
Right to Use:						
Engineering copier	2.18%	2022	$ 5,597	$ 95	$ 3,365	$ 1,819
Development services copier	2.09%	2022	12,238	202	8,010	3,049
Visitor center copier	0.43%	2022	2,702	8	1,355	902
City hall pitney bowes mail machine	0.69%	2022	3,542	19	2,312	706
Fire Truck	0.69%	2023	862,870	-	769,569	67,812
Total			$ 886,949	$ 324	$ 784,611	$ 74,288

Annual lease payments to maturity are as follows:

Year Ending	Lease Payable		
30-Sep	Principal	Interest	Totals
2024	$ 74,288	$ 25,701	$ 9,999
2025	73,800	25,424	99,224
2026	72,992	22,888	95,880
2027	73,151	20,330	93,481
2028	75,604	17,696	93,300
2029-2032	414,776	42,500	457,276
Total	$ 784,611	$ 154,539	$ 939,150

Source: The Issuer's Comprehensive Annual Financial Report for the Fiscal Year Ended September 30, 2023.

GENERAL OBLIGATION DEBT SERVICE REQUIREMENTS

Fiscal Year Ending Sept. 30	Current Total Outstanding Debt[(a)]	The Certificates Principal	The Certificates Interest	The Certificates Total	Combined Debt Service[(a)]	Less: Self-Supporting Debt	Total Net Debt Service
2025	$ 8,990,493	$ 345,000	$ 632,326	$ 977,326	$ 9,967,818	$ 4,769,478	$ 5,198,340
2026	8,974,526	60,000	680,469	740,469	9,714,995	4,714,389	5,000,605
2027	8,626,707	455,000	667,594	1,122,594	9,749,301	4,790,156	4,959,145
2028	8,010,114	480,000	644,219	1,124,219	9,134,333	5,164,672	3,969,660
2029	7,352,509	500,000	619,719	1,119,719	8,472,228	5,161,754	3,310,473
2030	7,361,689	525,000	594,094	1,119,094	8,480,782	5,166,692	3,314,091
2031	6,309,501	555,000	567,094	1,122,094	7,431,595	4,120,216	3,311,379
2032	6,139,627	580,000	538,719	1,118,719	7,258,346	4,007,846	3,250,500
2033	5,446,075	610,000	508,969	1,118,969	6,565,044	4,006,094	2,558,950
2034	4,973,145	640,000	477,719	1,117,719	6,090,864	3,562,314	2,528,550
2035	4,505,221	675,000	444,844	1,119,844	5,625,065	3,308,765	2,316,300
2036	4,496,775	705,000	410,344	1,115,344	5,612,119	3,300,419	2,311,700
2037	3,955,268	745,000	374,094	1,119,094	5,074,362	2,760,474	2,313,888
2038	3,951,133	780,000	335,969	1,115,969	5,067,102	2,754,567	2,312,534
2039	3,728,087	820,000	300,069	1,120,069	4,848,156	2,603,584	2,244,572
2040	3,722,657	855,000	266,569	1,121,569	4,844,225	2,602,819	2,241,406
2041	3,357,399	885,000	231,769	1,116,769	4,474,168	2,535,249	1,938,919
2042	3,113,334	925,000	195,569	1,120,569	4,233,903	2,456,741	1,777,163
2043	2,544,640	960,000	157,869	1,117,869	3,662,509	2,182,409	1,480,100
2044	638,000	1,000,000	118,669	1,118,669	1,756,669	1,078,369	678,300
2045	638,000	200,000	94,669	294,669	932,669	932,669	-
2046	638,000	210,000	86,469	296,469	934,469	934,469	-
2047	633,000	220,000	77,869	297,869	930,869	930,869	-
2048	633,000	225,000	68,969	293,969	926,969	926,969	-
2049	633,000	235,000	59,769	294,769	927,769	927,769	-
2050	633,000	245,000	50,016	295,016	928,016	928,016	-
2051	634,000	255,000	39,703	294,703	928,703	928,703	-
2052	60,000	265,000	28,978	293,978	353,978	353,978	-
2053	70,000	280,000	17,738	297,738	367,738	367,738	-
2054	-	290,000	5,981	295,981	295,981	295,981	-
Total	$ 110,768,899	$ 15,525,000	$ 9,296,841	$ 24,821,841	$ 135,590,740	$ 78,574,165	$ 57,016,575

(a) *Includes self-supporting debt.*

TAX ADEQUACY (Includes Self-Supporting Debt)

2024 Freeze Adjusted Taxable Value	$ 1,563,924,616	
Maximum Annual Debt Service Requirements (Fiscal Year Ending 9-30-2025)	9,967,818	*
Indicated required I&S Fund Tax Rate at 98% Collections to produce Maximum Debt Service requirements	$ 0.6504	*

* *Inlcudes the Certificates.*

Note: Above computations are exclusive of investment earnings, delinquent tax collections and penalties and interest on delinquent tax collections.

TAX ADEQUACY (Excludes Self-Supporting Debt)

2024 Freeze Adjusted Taxable Value	$ 1,563,924,616	
Maximum Annual Debt Service Requirements (Fiscal Year Ending 9-30-2025)	5,198,340	*
Indicated required I&S Fund Tax Rate at 98% Collections to produce Maximum Debt Service requirements	$ 0.33917	*

* *Inlcudes the Certificates.*

Note: Above computations are exclusive of investment earnings, delinquent tax collections and penalties and interest on delinquent tax collections.

GENERAL OBLIGATION PRINCIPAL REPAYMENT SCHEDULE

FYE 9/30	Principal Repayment Schedule: Currently Outstanding Principal [(a)]	The Certificates	Total	Principal Unpaid at End of Year	Percent of Principal Retired (%)
2025	$ 6,479,000	$ 345,000	$ 6,824,000	98,697,000	6.5%
2026	6,639,000	60,000	6,699,000	91,998,000	12.8%
2027	6,474,000	455,000	6,929,000	85,069,000	19.4%
2028	6,053,000	480,000	6,533,000	78,536,000	25.6%
2029	5,593,000	500,000	6,093,000	72,443,000	31.3%
2030	5,793,000	525,000	6,318,000	66,125,000	37.3%
2031	4,913,000	555,000	5,468,000	60,657,000	42.5%
2032	4,898,000	580,000	5,478,000	55,179,000	47.7%
2033	4,352,000	610,000	4,962,000	50,217,000	52.4%
2034	4,011,000	640,000	4,651,000	45,566,000	56.8%
2035	3,661,000	675,000	4,336,000	41,230,000	60.9%
2036	3,766,000	705,000	4,471,000	36,759,000	65.2%
2037	3,336,000	745,000	4,081,000	32,678,000	69.0%
2038	3,441,000	780,000	4,221,000	28,457,000	73.0%
2039	3,321,000	820,000	4,141,000	24,316,000	77.0%
2040	3,412,000	855,000	4,267,000	20,049,000	81.0%
2041	3,143,000	885,000	4,028,000	16,021,000	84.8%
2042	2,993,000	925,000	3,918,000	12,103,000	88.5%
2043	2,508,000	960,000	3,468,000	8,635,000	91.8%
2044	638,000	1,000,000	1,638,000	6,997,000	93.4%
2045	638,000	200,000	838,000	6,159,000	94.2%
2046	638,000	210,000	848,000	5,311,000	95.0%
2047	633,000	220,000	853,000	4,458,000	95.8%
2048	633,000	225,000	858,000	3,600,000	96.6%
2049	633,000	235,000	868,000	2,732,000	97.4%
2050	633,000	245,000	878,000	1,854,000	98.2%
2051	634,000	255,000	889,000	965,000	99.1%
2052	60,000	265,000	325,000	640,000	99.4%
2053	70,000	280,000	350,000	290,000	99.7%
2053	-	290,000	290,000	-	100.0%
Total	$ 89,996,000	$ 15,525,000	$ 105,521,000		

[(a)] *Includes self-supporting debt*

TAXABLE ASSESSED VALUATION FOR TAX YEARS 2015-2024 **TABLE 3**

Tax Year	Net Taxable Assessed Valuation	Change From Preceding Year: Amount ($)	Percent
2015	$ 722,853,679	$ 33,319,100	4.83%
2016	742,774,764	19,921,085	2.76%
2017	815,061,904	72,287,140	9.73%
2018	931,394,413	116,332,509	14.27%
2019	990,040,027	58,645,614	6.30%
2020	1,037,479,456	47,439,429	4.79%
2021	1,100,845,257	63,365,801	6.11%
2022	1,366,722,758	265,877,501	24.15%
2023	1,648,940,389	282,217,631	25.64%
2024	1,769,856,134	120,915,745	8.85%

Source: Burnet Central Appraisal District.

PRINCIPAL TAXPAYERS 2023* **TABLE 4**

Name	Type of Business/Property	2023 Net Taxable Assessed Value	% of Total 2023 Assessed Valuation
M Oaks Ranch Partners LLC	Hospitality	$ 30,773,428	1.87%
Panther Hollow Apartments LLC	Apartments	20,873,451	1.27%
Worldmark The Club	Lodging	17,625,033	1.07%
Huber Carbonates LLC	Stone Quarry	14,480,530	0.88%
HTA-Marble Falls Mob LLC	Healthcare	13,721,520	0.83%
Homestead MormonMill LP	Commercial Real Estate	13,400,000	0.81%
Bray SPAAR Partnership	General Contractor	13,000,000	0.79%
Pedernales Electric Co-Op	Utility	11,556,124	0.70%
Walmart Inc	Retail	10,912,721	0.66%
Riverboat Gamblers LLC	Real Estate	9,921,768	0.60%
		$ 156,264,575	9.48%

Source: Burnet Central Appraisal District.

CLASSIFICATION OF ASSESSED VALUATION **TABLE 5**

	2024	% of Total	2023	% of Total	2022	% of Total
Real, Residential, Single-Family	$ 884,066,587	43.66%	$ 805,248,142	42.24%	$ 613,217,334	39.47%
Real, Residential, Multi-Family	155,309,185	7.67%	116,038,297	6.09%	108,790,662	7.00%
Real, Vacant Lots/Tracts	105,806,210	5.23%	103,250,565	5.42%	85,371,897	5.49%
Real, Acreage (Land Only)	121,832,820	6.02%	103,899,660	5.45%	87,731,382	5.65%
Real, Farm and Ranch Improvements	49,370,196	2.44%	76,781,718	4.03%	49,822,221	3.21%
Real, Commercial and Industrial	550,881,868	27.21%	550,214,217	28.86%	469,494,862	30.22%
Real & Tangible, Personal Utilities	13,467,618	0.67%	9,741,035	0.51%	8,687,533	0.56%
Tangible Personal, Commercial & Industrial	125,511,055	6.20%	122,139,363	6.41%	115,067,396	7.41%
Tangible Personal, Mobile Homes	4,436,606	0.22%	4,471,453	0.23%	3,306,785	0.21%
Real Property, Inventory	1,938,709	0.10%	1,968,019	0.10%	1,252,359	0.08%
Special Inventory	12,107,300	0.60%	12,628,743	0.66%	10,913,697	0.70%
Total Appraised Value	$ 2,024,728,154	100.00%	$ 1,906,381,212	100.00%	$ 1,553,656,128	100.00%
Less:						
Optional Over 65 or Disabled	$ 34,432,474		$ 32,527,054		$ 30,151,270	
Veterans' Exemptions	23,802,663		12,595,638		10,518,954	
Freeport Exemptions	911,424		744,586		842,205	
Open-Space Land and Timberland	121,385,402		103,442,742		87,248,268	
Pollution Control	457,001		224,483		282,702	
Homestead	6,478,092		5,974,010		5,716,636	
Loss to 10% HO Cap	67,404,964		101,932,310		52,173,335	
Net Taxable Assessed Valuation	$ 1,769,856,134		$ 1,648,940,389		$ 1,366,722,758	
Freeze Taxable*	$ 205,931,518		$ 172,239,590		$ 143,741,495	
Freeze Adjusted Taxable	$ 1,563,924,616		$ 1,476,700,799		$ 1,222,981,263	

Source: Burnet Central Appraisal District.
Includes Transfer Adjustment of $129,809.

TAX DATA **TABLE 6**

Tax Year	Net Taxable Assessed Valuation	Tax Rate	Tax Levy	% of Collections Current	% of Collections Total	Year Ended
2015	$ 722,853,679	0.648300	4,686,260	98.13	98.75	9/30/2016
2016	742,774,764	0.648300	4,815,409	98.97	101.04	9/30/2017
2017	815,061,904	0.634000	5,167,492	98.58	101.43	9/30/2018
2018	931,394,413	0.615000	5,728,076	94.97	95.59	9/30/2019
2019	990,040,027	0.610000	6,039,244	99.03	99.94	9/30/2020
2020	1,037,479,456	0.610000	6,328,625	95.44	96.31	9/30/2021
2021	1,100,845,257	0.599000	6,594,063	97.28	97.28	9/30/2022
2022	1,366,722,758	0.557700	7,622,213	98.49	98.78	9/30/2023
2023	1,648,940,389	0.540000	8,904,278	96.50	99.88	9/30/2024*
2024	1,769,856,134	-	-	(In process of collection)		9/30/2025

*Collections as of July 31, 2024.

TAX RATE DISTRIBUTION **TABLE 7**

	2023	2022	2021	2020	2019
General Fund	$ 0.200900	$ 0.210000	$ 0.247700	$ 0.256500	$ 0.256900
I & S Fund	0.339100	0.347700	0.351300	0.353500	0.353100
Total Tax Rate	$ 0.540000	$ 0.557700	$ 0.599000	$ 0.610000	$ 0.610000

Source: Texas Municipal Report published by the Municipal Advisory Council of Texas, the Burnet Central Appraisal District, the Issuer's Comprehensive Annual Financial Report for the Fiscal Year Ended September 30, 2023, and information supplied by the Issuer.

MUNICIPAL SALES TAX COLLECTIONS **TABLE 8**

The Issuer has adopted the provisions of Chapter 321, as amended, Texas Tax Code, authorizing the City to levy a 1% sales tax. In addition, some issuers are subject to a property tax relief and/or an economic and industrial development sales tax. The Issuer approved a ½¢ sales tax for economic development in 1987 and a ½¢ sales tax for property tax relief in 1990. The City's total sales tax rate is 2%. Net collections on calendar year basis are as follows:

Calendar Year	Total Collected	% of Ad Valorem Tax Levy	Equivalent of Ad Valorem Tax Rate
2015	$ 7,426,438	158.47%	1.027
2016	7,886,178	163.77%	1.062
2017	8,609,400	166.61%	1.056
2018	8,837,584	154.29%	0.949
2019	9,520,123	157.64%	0.962
2020	10,030,099	158.49%	0.967
2021	12,030,050	182.44%	1.093
2022	13,918,618	182.61%	1.018
2023	14,284,597	160.42%	0.866
2024	9,550,373	(Through August 2024)	

Source: State Comptroller's Office of the State of Texas.

OVERLAPPING DEBT INFORMATION

(As of September 1, 2024)

The following table indicates the indebtedness, defined as outstanding bonds payable from ad valorem taxes, of governmental entities overlapping the City and the estimated percentages and amounts of such indebtedness attributable to property within the City. Expenditures of the various taxing bodies overlapping the territory of the Issuer are paid out of ad valorem taxes levied by these taxing bodies on properties overlapping the Issuer. These political taxing bodies are independent of the Issuer and may incur borrowings to finance their expenditures. The following statements of direct and estimated overlapping ad valorem tax bonds was developed from information contained in the "Texas Municipal Reports" published by the Municipal Advisory Council of Texas. Except for the amounts relating to the Issuer, the Issuer has not independently verified the accuracy or completeness of such information, and no person should rely upon such information as being accurate or complete. Furthermore, certain of the entities listed below may have authorized or issued additional obligations since the date stated below, and such entities may have programs requiring the authorization and/or issuance of substantial amounts of additional obligations, the amount of which cannot be determined.

Taxing Body	Gross Debt (As of 9/1/2024)	% Overlapping	Amount Overlapping
Burnet County	$ 23,620,000	12.35%	$ 2,917,070
Marble Falls Independent School District	62,425,000	25.75%	16,074,438
Total Gross Overlapping Debt			$ 18,991,508
City of Marble Falls			$ 105,521,000 *
Total Gross Direct and Overlapping Debt			$ 124,512,508 *
Ratio of Gross Direct and Overlapping Debt to 2024 Freeze Adjusted Taxable Value			7.96% *
Per Capita Gross Direct and Overlapping Debt			$ 15,049 *

Note: The above figures show Gross General Obligation Debt for the Issuer. The Issuer's Net General Obligation Debt is $43,090,000. Calculations on the basis of Net General Obligation Debt would change the above figures as follows:

Total Net Direct and Overlapping Debt	$ 62,081,508 *
Ratio of Net Direct and Overlapping Debt to 2024 Freeze Adjusted Taxable Value	3.97% *
Per Capita Net Direct and Overlapping Debt	$7,503.20 *

Source: Texas Municipal Reports published by the Municipal Advisory Council of Texas

* *Includes the Certificates.*

ASSESSED VALUATION AND TAX RATE OF OVERLAPPING ISSUERS

Governmental Subdivision	2024 Assessed Valuation	% of Actual	2024 Tax Rate
Marble Falls ISD	$ 7,116,364,669	100%	$0.9122
Burnet County *	14,242,716,228	100%	0.3766 **

Source: Texas Municipal Reports published by the Municipal Advisory Council of Texas.

* 2024 tax rate expected to be adopted September 10, 2024.

** 2023 tax rate.

AUTHORIZED BUT UNISSUED GENERAL OBLIGATION BONDS OF DIRECT AND OVERLAPPING GOVERNMENTAL SUBDIVISIONS

Issuer	Date of Authorization	Purpose	Amount Authorized	Issued To-Date	Unissued
Marble Falls ISD	None				
Burnet County	None				
Marble Falls, City of	None				

Source: Texas Municipal Reports published by the Municipal Advisory Council of Texas.

GENERAL FUND COMPARATIVE STATEMENT OF REVENUES AND EXPENDITURES **TABLE 9**

The following statements set forth in condensed form reflect the historical operations of the Issuer. Such summary has been prepared for inclusion herein based upon information obtained from the Issuer's audited financial statements and records. Reference is made to such statements for further and complete information.

	Fiscal Year Ended				
	9/30/2023	9/30/2022	9/30/2021	9/30/2020	9/30/2019
Fund Balance - Beginning of Year	$ 7,778,951	$ 6,891,283	$ 2,064,617	$ 2,192,462	$ 1,989,716
Revenues	$ 17,458,579	$ 16,238,636	$ 14,416,747	$ 12,223,775	$ 11,128,569
Expenditures	18,348,148	14,713,586	12,562,929	13,574,212	12,135,225
Excess (Deficit) of Revenues Over Expenditures	$ (889,569)	$ 1,525,050	$ 1,853,818	$ (1,350,437)	$ (1,006,656)
Other Financing Sources (Uses):					
Sale of Capital Assets	$ 81,106	$ 11,744	$ 85,602	$ 89,986	$ 44,845
Issuance of debt	$ 37,500	$ 35,000	$ 1,801,764		
Capital Lease Proceeds	862,870	21,377	-	$ 532,272	$ 375,900
Proceeds from Insurance	26,064	9,100	23,730	36,702	484,509
Operating Transfers In	828,855	835,451	1,215,869	1,152,015	419,848
Operating Transfers Out	(722,117)	(380,407)	(154,117)	(588,383)	(115,700)
Total Other Financing Sources (Uses):	$ 1,114,278	$ 532,265	$ 2,972,848	$ 1,222,592	$ 1,209,402
Prior Period Adjustment	$ -	$ (1,169,647)			
Fund Balance - End of Year	$ 8,003,660	$ 7,778,951	$ 6,891,283	$ 2,064,617	$ 2,192,462

Source: The Issuer's Comprehensive Annual Financial Reports and information provided by the Issuer.

* *The City anticipates closing the fiscal year ending September 30, 2024 with an unaudited general fund balance of $7,467,000 due to one time purchases: communication officer workstation in the amount of $25,700, animal control facility improvements of $10,000, facility maintenance*

EMPLOYEE'S PENSION PLAN AND OTHER POST-EMPLOYMENT BENEFITS **TABLE 10**

Information regarding the City's Pension Plan can be found within the City's 2023 Annual Financial Report.

UTILITY PLANT IN SERVICE **TABLE 11**

(As of September 30, 2023)

Land	$ 851,508
Construction in Progress	-
Buildings & Improvements	74,362,642
Machines and Equipment	2,951,987
Total	$ 78,166,137
Less: Accumulated Depreciation	(35,968,188)
Net Property, Plant and Equipment	$ 42,197,949

Source: The Issuer's Comprehensive Annual Financial Report for the fiscal year ended September 30, 2023.

WATERWORKS AND SEWER SYSTEM OPERATING STATEMENT **TABLE 12**

The following condensed statements have been compiled using accounting principles customarily employed in the determination of net revenues available for debt service, and in all instances exclude depreciation, transfers, garbage, bad debt, debt service payments and expenditures identified as capital.

	Fiscal Year Ended				
	9/30/2023	9/30/2022	9/30/2021	9/30/2020	9/30/2019
Revenues	$ 9,763,096	$ 7,638,013	$ 6,575,676	$ 6,050,691	$ 5,184,917
Expenses	4,128,521	3,769,650	3,119,194	3,319,391	3,510,616
Net Revenue Available for Debt Service	$ 5,634,575	$ 3,868,363	$ 3,456,482	$ 2,731,300	$ 1,674,301
Customer Count:					
Water	3,711	3,500	3,387	3,401	3,352
Sewer	2,938	2,850	2,855	2,711	2,691

Source: The Issuer's Comprehensive Annual Financial Reports.

WATERWORKS AND SEWER SYSTEM DEBT *

On November 30, 2022 the City issued $565,000 Anticipation Notes, Series 2022 with a pledge of the Surplus Revenues of the System.

Fiscal Year	Anticipation Notes, Series 2022		
Ending Sept. 30	Principal	Interest	Total
2024	$ 110,000	$ 17,659	$ 127,659
2025	115,000	13,666	128,666
2026	120,000	9,411	129,411
2027	125,000	4,863	129,863
	$ 470,000	$ 45,599	$ 515,599

** Does not include issues with both a general obligation and utility system revenue pledge.*

(Effective January 1, 2024)

New Rates

Monthly Minimum Base Charges

Meter Size (inches)	Inside City Rate	Outside City Rate
3/4"	$ 28.92	$ 34.71
1"	41.23	49.47
1 1/2"	73.85	88.62
2"	127.64	153.16
3"	273.28	327.94
4"	483.85	580.62
6"	N/A	1,027.66

Total Comsumption (Gallons)	Rate per 1,000 Gallons	
0 - 10,000	$ 5.48	6.58
10,001 - 30,000	6.69	8.03
30,001 +	8.18	9.82

Sprinkler/Irrigation

Total Comsumption (Gallons)	Rate per 1,000 Gallons
0 - 10,000	$ 4.58
10,001 - 30,000	4.70
30,001 +	4.88

SEWER RATES **TABLE 14**

(Effective January 1, 2024)

New Rates

Minimum Base Charges

Meter Size (inches)	Inside City Rat	utside City Rate
3/4"	$ 28.92	$ 34.71
1"	41.23	49.47
1 1/2"	73.85	88.62
2"	127.64	153.16
3"	273.28	327.94
4"	483.85	580.62
6"	-	1,027.66

Total Comsumption (Gallons)	Rate per 1,000 Gallons	
0 - 10,000	$ 5.48	6.58
10,001 - 30,000	6.69	8.03
30,001 +	8.18	9.82

Sprinkler/Irrigation

Total Comsumption (Gallons)	Rate per 1,000 Gallons
0 - 10,000	$ 4.58
10,001 - 30,000	4.70
30,001 +	4.88

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APPENDIX B

GENERAL INFORMATION REGARDING THE CITY OF MARBLE FALLS AND BURNET COUNTY, TEXAS

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CITY OF MARBLE FALLS, TEXAS

Location

The City of Marble Falls, Texas (the "City") is located in the heart of the Texas Hill Country on U.S. 281. The City is 47 miles northwest of Austin and 85 miles north of San Antonio. The City lies immediately north of Lake Marble Falls, one of a chain of lakes created by dams on the Colorado River, collectively known as the Highland Lakes. The six Highland lakes – Buchanan, Inks, LBJ, Marble Falls, Travis and Austin – form the largest chain of lakes in Texas.

Government

The City is a Home Rule municipal corporation operating under its own charter since August 9, 1986. The charter provides that the City will operate under the council/manager form of government pursuant to the laws of the State of Texas. The City Council consists of the Mayor and six Council-Members, all elected at large for two year terms and for no more than three consecutive terms. The City Council appoints the City Manager, who is the City's chief administrative officer.

Population

Calendar Year	City of Marble Falls
2014	6,079
2015	6,140
2016	6,251
2017	6,507
2018	6,932
2019	6,944
2020	7,114
2021	7,151
2022	7,300
2023	7,573
2024	8,274

Source: US Census Bureau

Economy

The City is a market and tourist center. Nearby Granite Mountain is the site of a quarry where commercial granite is recovered in vast quantities. Located in the middle of Highland Lakes, the City lies adjacent to hundreds of miles of waterways which offers tourists all types of recreational activity. Horseshoe Bay is a resort on Lake LBJ approximately five miles from the City. Among the seven golf courses located within a 20-mile radius of the City are 54 holes designed by Robert Trent Jones at Horseshoe Bay. Tourists are also attracted to the natural beauty of the Texas Hill Country surrounding the City.

Principal Employers

Employer	Employees	Percentage of Total City Employment
Marble Falls ISD	694	21.89%
Baylor Scott & White	588	18.55%
H.E.B. Grocery Company	450	14.20%
Wal-Mart Corporation	255	8.045
City of Marble Falls	143	4.51%
Lowe's	122	3.85%
Home Depot Company	121	3.82%
Johnson Sewell Ford Lincoln	107	3.38%
Granite Mesa	105	3.31%
Pedernales Electric Coop	100	3.15%

Source: The Issuer's Comprehensive Financial Report for Fiscal Year Ended September 30, 2023.

BURNET COUNTY, TEXAS

Location

Burnet County, Texas (the "County" or "Burnet County") was created in 1852 from parts of Bell, Williamson and Travis Counties, Texas and named after David G. Burnet, provisional president of the Republic of Texas. Its county seat is Burnet, which is located in the center of the County, with Marble Falls to the South, Bertram to the East. Burnet is named as "The Bluebonnet Capital of Texas". Burnet County is traversed by U.S. Highways 183 and 281, State Highways 29 and 71 and six farm-to-market roads.

Activities that attract tourists to the County include hunting, fishing, water sports, Longhorn Caverns and Inks Lake State Park.

Minerals produced in the County include stone, graphite, sand and gravel. The Texas Almanac designates cattle, sheep, and goats as principal sources of agricultural income. Wholesale and retail trades also make significant contributions to the economy of the County.

Recreation in Burnet County includes scenic drives, visits to lakes (Buchanan, Inks, LBJ, Marble Falls or Travis) and trips to Inks Lake State Park or Longhorn Caverns State Park. There are ample opportunities for hunting and fishing.

Principal Employers

Employer	Employees	Percentage of Total County Employment
Marble Falls ISD	695	3.03%
Horseshoe Bay Resort & Marriott	670	2.89%
Baylor, Scott & White	524	2.50%
Burnet CISD	500	2.20%
H.E.B. Grocery	440	1.92%
Burnet County	400	1.75%
Wal-Mart Stores, Inc.	380	1.66%
City of Burnet	183	0.66%
Stealth Products	150	0.62%
Entegris	130	0.57%

Source: Burnet County Comprehensive Financial Report for Fiscal Year Ended September 30, 2023.

Labor Force Statistics (1)

	2024 (2)	2023 (3)	2022 (3)	2021 (3)
Civilian Labor Force	28,085	26,549	25,625	24,777
Total Employed	27,182	25,729	24,856	23,840
Total Unemployed	903	820	769	937
% Unemployment	3.2%	3.1%	3.0%	3.8%

(1) Source: Texas Workforce Commission.
(2) As of July 2024.
(3) Average annual statistics.

APPENDIX C

FORM OF LEGAL OPINION OF BOND COUNSEL

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$15,525,000
CITY OF MARBLE FALLS, TEXAS
COMBINATION TAX AND REVENUE
CERTIFICATES OF OBLIGATION
SERIES 2024

WE HAVE ACTED AS BOND COUNSEL in connection with the issuance by the City of Marble Falls, Texas (the “City”) of its $15,525,000 aggregate original principal amount of Combination Tax and Revenue Certificates of Obligation, Series 2024, dated September 1, 2024 (the "Certificates").

IN OUR CAPACITY AS BOND COUNSEL, we have examined the Certificates for the sole purpose of rendering an opinion with respect to the legality and validity of the Ordinance (as defined below) and the Certificates under the Constitution and laws of the State of Texas, and with respect to the excludability of the interest on the Certificates from gross income for federal income tax purposes. We have not been requested to investigate or verify, and have not investigated or verified, any records, data or other material relating to the financial condition or capabilities of the City.

WE HAVE EXAMINED the applicable and pertinent provisions of the Constitution and laws of the State of Texas and the Home Rule Charter of the City. We have also examined applicable provisions of the Internal Revenue Code of 1986, as amended (the “Code”), court decisions, Treasury Regulations, and published rulings of the Internal Revenue Service as we have deemed relevant, a transcript of certified proceedings of the City and other pertinent instruments authorizing and relating to the issuance of the Certificates, including (1) the ordinance (the “Ordinance”) authorizing the issuance of the Certificates, (2) the registered Initial Certificate numbered I-1, and (3) the Arbitrage and Tax Certificate of the City.

BASED ON OUR EXAMINATION, we are of the opinion that:

1. The Certificates are valid and legally binding obligations of the City enforceable in accordance with their terms, except as their enforceability may be limited by bankruptcy, insolvency, or other laws affecting creditors' rights generally and as may be affected by matters involving the exercise of equitable or judicial discretion.

2. The Certificates are secured by and payable from the levy of a direct and continuing annual ad valorem tax upon all taxable property within the City, within limits prescribed by law, sufficient for said purposes, and a limited pledge, not to exceed $1,000, of the Surplus Revenues of the City’s Water and Sewer System, as provided in the Ordinance.

3. Interest on the Certificates is excludable from gross income for federal income tax purposes pursuant to Section 103 of the Code and will not constitute a specific item of tax preference under Section 57 of the Code for purposes of calculating the alternative minimum tax imposed on individuals.

In rendering this opinion, we have assumed continuing compliance by the City with the covenants contained in the Ordinance and the Arbitrage and Tax Certificate, that it will comply with the applicable requirements of the Code, including requirements relating to, *inter alia*, the use and investment of proceeds of the Certificates and rebate to the United States Treasury of specified arbitrage earnings, if any, under Section 148(f) of the Code. Failure of the City to comply with such covenants could result in the interest on the Certificates being subject to federal income tax from the date of issue. We have not undertaken to monitor compliance with such covenants or to advise any party as to changes in the law after the date hereof that may affect the tax-exempt status of the interest on the Certificates.

The opinions set forth above are based on existing law, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement these opinions to reflect any facts or circumstances that may hereafter come to our attention or to reflect any changes in any law that may hereafter occur or become effective. Moreover, our opinions are not a guarantee of result and are not binding on the Internal Revenue Service; rather, such opinions represent our legal judgment based upon our review of existing law and in reliance upon the representations and covenants referenced above that we deem relevant to such opinions. We observe that the City has covenanted in the Ordinance not to take any action, or omit to take any action within its control, that if taken or omitted, respectively, may result in the treatment of interest on the Certificates as includable in gross income for federal income tax purposes.

Respectfully,

APPENDIX D

FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

(Independent Auditor's Report, General Financial Statements and Notes to the Financial Statements – not intended to be a complete statement of the Issuer's financial condition. Reference is made to the complete Annual Financial Report for further information.)

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PATTILLO, BROWN & HILL, L.L.P.
401 West State Highway 6
Waco, Texas 76710
254.772.4901 | pbhcpa.com

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Marble Falls, Texas, as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the City of Marble Falls, Texas' basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Marble Falls, Texas, as of September 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

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

Other Information included in the Annual Comprehensive Financial Report

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

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

Other Reporting Required by *Government Auditing Standards*

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

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

Waco, Texas
March 19, 2024

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MANAGEMENT'S
DISCUSSION AND ANALYSIS

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MANAGEMENT'S DISCUSSION AND ANALYSIS

As Management of the City of Marble Falls, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2023. This information is not intended to be a complete statement of the City's financial condition. We recommend and encourage readers to consider the information presented here in conjunction with the accompanying transmittal letter and basic financial statements.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the City of Marble Falls exceeded its liabilities and deferred inflows of resources as of September 30, 2023, by $55,028,092 (net position). Of this amount, $3,321,236 is unrestricted net position.
- The City's net position increased by $9,779,743.
- As of the close of the current fiscal year, the City of Marble Falls governmental funds reported combined ending fund balances of $50,924,289. $8,003,660 of this amount is unassigned and available for use within the City's fund designation and policy.
- As of September 30, 2023, unassigned fund balance for the General Fund was $8,003,660 or 43.62% of total General Fund expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide Financial Statements

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

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

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

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

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

Fund Financial Statements

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

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

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

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

Reporting the City's Fiduciary Responsibility

The City is the trustee, or fiduciary, for the LaVentana Public Improvement District Trust Fund, Gregg Ranch Public Improvement District Trust Fund, Thunder Rock PID Trust Fund and Thousand Oaks PID Trust Fund. All of the City's fiduciary activities are reported in separate Statements of Fiduciary Net Position and Changes in Fiduciary Net Position. The activities of this fund are excluded from the City's government-wide financial statements because the City cannot use these assets to finance its operations. The City is responsible for ensuring that the assets reported in this fund are used for their intended purpose. The basic fiduciary fund financial statements can be found on pages 24 – 25 of this report.

Notes to the Financial Statements

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

Other Information

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The City's net position exceed liabilities by $55.0 million as of September 30, 2023. The largest portion of the City's net position reflects its investments in capital assets (e.g., land, building, equipment, improvements, construction in progress and infrastructure), less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; therefore, these assets are not available for future spending. It should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

CITY OF MARBLE FALLS' NET POSITION

	Governmental Activities		Business-type Activities		Totals	
	2023	2022	2023	2022	2023	2022
Current and other assets	$ 56,495,934	$ 39,848,522	$ 53,335,742	$ 32,578,999	$ 109,831,676	$ 72,427,521
Capital assets	45,007,469	42,675,731	42,197,949	40,151,885	87,205,418	82,827,616
Total assets	101,503,403	82,524,253	95,533,691	72,730,884	197,037,094	155,255,137
Deferred outflows of resources	3,318,930	1,377,974	735,223	529,032	4,054,153	1,907,006
Current liabilities	9,691,459	9,466,236	17,571,635	16,719,066	27,263,094	26,185,302
Noncurrent liabilities	61,833,019	44,982,763	56,494,149	38,639,221	118,327,168	83,621,984
Total liabilities	71,524,478	54,448,999	74,065,784	55,358,287	145,590,262	109,807,286
Deferred inflows of resources	415,656	1,827,237	57,237	279,271	472,893	2,106,508
Net position:						
Net investment,						
in capital assets	5,737,308	5,949,304	21,891,218	16,928,614	27,628,526	22,877,918
Restricted	24,078,330	18,210,356	-	-	24,078,330	18,210,356
Unrestricted	3,066,561	3,466,331	254,675	693,744	3,321,236	4,160,075
Total net position	$ 32,882,199	$ 27,625,991	$ 22,145,893	$ 17,622,358	$ 55,028,092	$ 45,248,349

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

Analysis of the City's Operations

The following table provides a summary of the City's operations for the year ended September 30, 2023. Governmental activities increased the City of Marble Falls' net position by $5,256,208, accounting for a 19.0% increase in net position. Primary factors attributing to the increase compared to the prior year include sales tax growth of 4% or $543,361 and general property tax growth of 17% or $1,120,396 due to increased valuations and additions to the tax roll. Expenses in governmental activities were higher compared to the prior year in the general government and public safety function, due to personnel services. The City approved a 5% cost of living adjustment.

Results for the current fiscal year in the City's business-type activities increased the City's net position by $4,523,535 accounting for a 25.7% increase in net position. The operating grants and contributions increased due to the EDA and CDBG grants. Charges for services increased by $730,447, primarily due to an increase in water and wastewater rates. Total expenses increased by $1,014,542 or 16%. The City's cost of living adjustment and capital asset additions increased the depreciation expenses.

CITY OF MARBLE FALLS' CHANGES IN NET POSITION

	Governmental Activities		Business-type Activities		Totals	
	2023	2022	2023	2022	2023	2022
Revenues:						
Program revenues:						
Charges for services	$ 2,910,409	$ 2,478,417	$ 8,259,630	$ 7,529,182	$ 11,170,039	$ 10,007,599
Operating grants and contributions	1,701,870	1,030,867	1,423,803	1,109,727	3,125,673	2,140,594
Capital grants and contributions	356,291	756,411	-	-	356,291	756,411
General revenues:						
Property taxes	7,590,955	6,470,559	-	-	7,590,955	6,470,559
Sales taxes	14,304,544	13,761,183	-	-	14,304,544	13,761,183
Franchise taxes	674,305	599,968	-	-	674,305	599,968
Other taxes	725,325	1,052,812	-	-	725,325	1,052,812
Investment earnings	1,873,697	266,866	1,503,466	108,831	3,377,163	375,697
Gain on sale of assets	-	2,359,352	-	-	-	2,359,352
Miscellaneous	94,719	444,818	-	-	94,719	444,818
Total revenues	30,232,115	29,221,253	11,186,899	8,747,740	41,419,014	37,968,993
Expenses:						
General government	7,207,565	6,676,218	-	-	7,207,565	6,676,218
Public safety	9,760,595	9,221,922	-	-	9,760,595	9,221,922
Public works	1,894,188	1,964,553	-	-	1,894,188	1,964,553
Culture and recreation	3,311,337	2,640,598	-	-	3,311,337	2,640,598
Interest on long-term debt	1,979,562	1,414,123	-	-	1,979,562	1,414,123
Water and wastewater	-	-	7,486,024	6,471,482	7,486,024	6,471,482
Total expenses	24,153,247	21,917,414	7,486,024	6,471,482	31,639,271	28,388,896
Increases (decreases) in net position before transfers	6,078,868	7,303,839	3,700,875	2,276,258	9,779,743	9,580,097
Transfers	(822,660)	(694,959)	822,660	694,959	-	-
Change in net position	5,256,208	6,608,880	4,523,535	2,971,217	9,779,743	9,580,097
Net position, beginning	27,625,991	23,119,560	17,622,358	14,651,141	45,248,349	37,770,701
Prior period adjustment	-	(2,102,449)	-	-	-	(2,102,449)
Net position, ending	$ 32,882,199	$ 27,625,991	$ 22,145,893	$ 17,622,358	$ 55,028,092	$ 45,248,349

Government Funds

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

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

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

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

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

Proprietary Fund

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

General Fund Budgetary Highlights

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

The variance between the final amended budget and actual expenditures was a negative $1,753,191. General Government actual expenditures were above budgeted expenditures by $709,256. Additionally, Public Works expenditures were above budgeted expenditures by $17,249, due mainly to increased maintenance costs.

Capital Assets

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

CITY OF MARBLE FALLS' CAPITAL ASSETS AT YEAR-END

	Governmental Activities		Business-type Activities		Totals	
	2023	2022	2023	2022	2023	2022
Land	$ 12,721,209	$ 10,520,042	$ 851,508	$ 851,508	$ 13,572,717	$ 11,371,550
Buildings and improvements	75,658,164	74,602,609	74,362,642	70,758,455	150,020,806	145,361,064
Equipment	9,484,328	8,236,748	2,951,987	2,413,316	12,436,315	10,650,064
Right to use - equipment	887,099	-	-	-	887,099	-
Construction in progress	1,795,550	1,623,853	-	-	1,795,550	1,623,853
Less: accumulated depreciation	(55,538,881)	(52,307,521)	(35,968,188)	(33,871,394)	(91,507,069)	(86,178,915)
Total capital assets, net	$ 45,007,469	$ 42,675,731	$ 42,197,949	$ 40,151,885	$ 87,205,418	$ 82,827,616

Debt Administration

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

OUTSTANDING DEBT AT YEAR-END

	Governmental Activities		Business-type Activities		Totals	
	2023	2022	2023	2022	2023	2022
Bonds	$ 43,516,539	$ 39,561,746	$ 40,380,097	$ 42,247,280	$ 83,896,636	$ 81,809,026
Total	$ 43,516,539	$ 39,561,746	$ 40,380,097	$ 42,247,280	$ 83,896,636	$ 81,809,026

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

	Moody's Investors Service	Standard & Poor's
General Obligation Bonds	A3	AA-

During the year the City issued new debt. Additional information on the City's long term-debt can be found in the notes to financial statements of this report on pages 36 – 39.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The entire area surrounding the City of Marble Falls continues to experience solid growth. The City's population is estimated to be in excess of 7,943 in 2024. The City is continuing to focus on Economic Development initiatives and infrastructure improvements. The City's financial management policies sets the guideline to maintain the fund balance and net position of the various operating funds at levels sufficient to protect the City's creditworthiness as well as its financial position from unforeseeable emergencies.

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

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

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

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

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

BASIC
FINANCIAL STATEMENTS

CITY OF MARBLE FALLS, TEXAS

STATEMENT OF NET POSITION

SEPTEMBER 30, 2023

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

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

CITY OF MARBLE FALLS, TEXAS

STATEMENT OF NET POSITION

SEPTEMBER 30, 2023

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

CITY OF MARBLE FALLS, TEXAS

STATEMENT OF ACTIVITIES

FOR THE FISCAL YEAR ENDED SEPTEMBER, 30 2023

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

General revenues:
Taxes:
Property, levied for general purposes
Property, levied for debt service
Sales
Franchise
Hotel motel
Mixed bevarage
Investment earnings
Miscellaneous
Transfers
Total general revenues and transfers

Change in net position

Net position, beginning

Net position, ending

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

CITY OF MARBLE FALLS, TEXAS

BALANCE SHEET - GOVERNMENTAL FUNDS

SEPTEMBER 30, 2023

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

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

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

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

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

Net position of governmental activities

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

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

CITY OF MARBLE FALLS, TEXAS

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

FOR THE FISCAL YEAR ENDED SEPTEMBER, 30 2023

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

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

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

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CITY OF MARBLE FALLS, TEXAS

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

FOR THE YEAR ENDED SEPTEMBER 30, 2023

Amounts reported for governmental activities in the Statement of Activities (pages 12 - 13) are different because:	
Net change in fund balances - total governmental funds (pages 16 - 17)	$ 16,868,373
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	2,826,395
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(75,828)
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.	(13,477,021)
Certain pension expenditures are not expended in the government-wide financial statements and recorded as deferred resource outflows. This item relates to contributions made after the measurement date. Additionally, a portion of the City's unrecognized deferred resource outflows related to the pension liability were amortized.	(279,794)
Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue (expense) of certain internal service funds is reported with governmental activities.	31,783
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	(637,700)
Change in net position of governmental activities (pages 12 - 13)	$ 5,256,208

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

CITY OF MARBLE FALLS, TEXAS

STATEMENT OF NET POSITION
PROPRIETARY FUNDS

SEPTEMBER 30, 2023

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

CITY OF MARBLE FALLS, TEXAS

STATEMENT OF NET POSITION
PROPRIETARY FUNDS

SEPTEMBER 30, 2023

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

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

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CITY OF MARBLE FALLS, TEXAS

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

FOR THE YEAR ENDED SEPTEMBER 30, 2023

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

CITY OF MARBLE FALLS, TEXAS

STATEMENT OF CASH FLOWS
PROPRIETARY FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2023

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

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

CITY OF MARBLE FALLS, TEXAS

STATEMENT OF CASH FLOWS
PROPRIETARY FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2023

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

CITY OF MARBLE FALLS, TEXAS

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS

SEPTEMBER 30, 2023

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

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

CITY OF MARBLE FALLS, TEXAS

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY NET POSITION

FOR THE YEAR ENDED SEPTEMBER 30, 2023

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

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

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

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

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

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

Government-wide Fund Financial Statements

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

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

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

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

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

The City reports the following major governmental funds:

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

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

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

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

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

The City reports the following major enterprise fund:

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

Additionally, the City reports the following fund types:

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

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

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

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Water and Utility Enterprise Fund are charges to customers for sales and services. Operating expenses for the enterprise fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

Assets, Liabilities, and Net Position or Equity

Cash and Investments

Cash and investments include cash on hand, deposits with financial institutions, certificates of deposit, and privately managed public funds investment pools (LOGIC & Texas Class).

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

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

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

Receivables and Payables

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

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

All trade and property tax receivables are shown net of an allowance for uncollectibles. Trade accounts receivable in excess of 180 days comprise the trade accounts receivable allowance for uncollectibles. The property tax receivable allowance is equal to 10 percent of outstanding property taxes at September 30, 2023.

Ad valorem property taxes attach as enforceable liens as of January 1. The City's property tax is levied each October 1 on the assessed value listed on the previous January 1 for all real and personal property located in the City. Property taxes are payable on October 1 and are considered delinquent on February 1. The adjusted tax levy for October 2022 was $7,447,090. The tax assessment of October 1, 2022 sets a tax levy at $0.5577 per $100 of assessed valuation at 100% of assumed market value. Of this amount, $0.3477 was allocated to debt service.

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

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

Inventories and Prepaid Items

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

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

Capital Assets

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

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

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

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

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

Compensated Absences

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

Long-term Obligations

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

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

Leases

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

- The City uses the interest rate charged by the lessor as the discount rate, if available. When the interest rate charged by the lessor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for leases.

- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the City is reasonably certain to exercise.

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

Lessee

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

Pensions

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

Other Post-Employment Benefits

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

Deferred Outflows / Inflows of Resources

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

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

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

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

Net Position

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

Estimates

The preparation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual amounts could differ from those estimates.

2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Position

The governmental fund balance sheet includes a reconciliation between *fund balance – total governmental funds* and *net position – governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains, "Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds." The details of this $(64,333,695) difference are as follows:

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

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

The governmental fund statement of revenue, expenditures and changes in fund balances includes a reconciliation between *net changes in fund balances – total governmental fund* and *changes in net position of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains, "Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense." The details of this $2,826,395 difference are as follows:

Capital outlay	$ 6,482,705
Depreciation expense	(3,656,310)
Net adjustment to decrease *net changes in fund balances - total governmental funds* to arrive at *changes in net* position *of governmental activities*	$ 2,826,395

Another element of that reconciliation states, "Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds." The details of this ($75,828) difference are as follows:

Property taxes	$ (2,287)
Grants	140,250
Municipal court	(213,791)
Net adjustment to increase *net changes in fund balances - total governmental funds* to arrive at *changes in net* position *of governmental activities*	$ (75,828)

Another element of that reconciliation states, "The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities." The details of this $(13,477,021) difference are as follows:

General obligation debt payments	$ 4,255,000
Tax note payments	(1,635,000)
Financing arrangement	(184,481)
Leases	(763,204)
Issuance of sales tax revenue bond	(14,365,000)
Premium	(757,028)
OPEB - TMRS supplemental death benefit	(3,914)
OPEB - Retiree health plan	(23,394)
Net adjustment to decrease *net changes in fund balances - total governmental funds* to arrive at *changes in net position of governmental activities*	$ (13,477,021)

3. DETAILED NOTES ON ALL FUNDS

Deposits and Investments

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

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

The Public Funds Investment Act (government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports and establishment of appropriate policies. Among other things, it requires the City to adopt, implement and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, and (9) bid solicitation preferences for certificates of deposit. Statutes authorize the City to invest in (1) obligations of the U. S. Treasury, certain U. S. agencies, and the State of Texas; (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) bankers acceptances, (7) mutual funds, (8) investment pools, (9) guaranteed investment contracts, and (10) common trust funds. The Act also requires the City to have independent auditors perform test procedures related to investment practices as provided by the Act. The City is in substantial compliance with the requirements of the Act and with local policies.

<u>Public Funds Investment Pools</u>

Public funds investment pools in Texas ("Pools") are established under the authority of the Interlocal Cooperation Act Chapter 79 of the Texas Government Code and are subject to the provisions of the Public Funds Investment Act (the "Act"), Chapter 2256 of the Texas Government Code. In addition to other provisions of the Act designed to promote liquidity and safety of principal, the Act requires Pools to: 1) have an advisory board composed of participants in the pool and other persons who do not have a business relationship with the pool and are qualified to advise the pool; 2) maintain a continuous rating of no lower than AAA or AAAm or an equivalent rating by at least one nationally recognized rating service; and 3) maintain the market value of its underlying investment portfolio within one-half of one percent of the value of its shares.

The City's investments in Pools are reported at an amount determined by the fair value per share of the Pool's underlying portfolio, unless the Pool is 2a7-like, in which case they are reported at share value. A 2a7-like pool is one which is not registered with the Securities and Exchange Commission ("SEC") as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940.

Custodial Credit Risk. In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. State and City statutes require that all deposits in financial institutions be fully collateralized by U. S. Government Obligations or its agencies and instrumentalities or direct obligations of Texas or its agencies and instrumentalities that have a fair value of not less than the principal amount of deposits. As of September 30, 2023, the majority of the City's deposit balance was collateralized with securities held by the pledging financial institution. The remaining balance was covered by FDIC insurance.

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

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

Receivables

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

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

Capital Assets

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

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

Business-type activities:				
Capital assets, not being depreciated:				
Land	$ 851,508	$ -	$ -	$ 851,508
Total assets not being depreciated	851,508	-	-	851,508
Capital assets, being depreciated:				
Buildings and improvements	70,758,455	3,604,187	-	74,362,642
Machinery and equipment	2,413,316	538,671	-	2,951,987
Total capital assets being depreciated	73,171,771	4,142,858	-	77,314,629
Less accumulated depreciation:				
Buildings and improvements	(32,515,932)	(1,864,188)	-	(34,380,120)
Machinery and equipment	(1,355,462)	(232,606)	-	(1,588,068)
Total accumulated depreciation	(33,871,394)	(2,096,794)	-	(35,968,188)
Total capital assets being depreciated, net	39,300,377	2,046,064	-	41,346,441
Business-type activities capital assets, net	$ 40,151,885	$ 2,046,064	$ -	$ 42,197,949

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

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

Interfund Receivables, Payables and Transfers

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

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

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

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

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

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

Long-term Debt

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

Bonds Payable and Tax Notes

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

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

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

Year Ending September 30,	Governmental Activities Principal	Governmental Activities Interest	Business-type Activities Principal	Business-type Activities Interest
2024	$ 3,155,000	$ 1,715,613	$ 2,380,000	$ 1,292,008
2025	3,425,000	1,608,557	2,050,000	1,217,396
2026	3,455,000	1,494,639	2,110,000	1,149,868
2027	3,427,840	1,372,063	2,247,160	1,083,599
2028	2,985,000	1,238,824	2,625,000	998,567
2029-2033	11,597,250	4,616,903	11,487,750	3,505,645
2034-2038	10,185,000	2,334,095	7,065,000	1,842,108
2039-2043	8,835,000	572,479	5,905,000	568,054
Total	$ 47,065,090	$ 14,953,172	$ 35,869,910	$ 11,657,245

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

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

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

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

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

Lease Obligations

A summary of leases payable as of September 30, 2023 are as follows:

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

Annual lease payments to maturity are as follows:

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

Debt Issuance

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

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

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

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

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

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

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

Federal Arbitrage

General obligation bonds, combination tax and revenue bonds and certificates of obligation are subject to the provisions of the Internal Revenue Code of 1986 related to arbitrage and interest income tax regulations under those provisions.

Changes in Long-term Liabilities

Long-term liability activity for the year ended September 30, 2023, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities					
General obligation and Tax Revenue bonds	$ 10,652,250	$ 14,365,000	$ 805,000	$ 24,212,250	$ 905,000
General obligation and Tax Revenue bonds - Private Placement	3,165,000	-	200,000	2,965,000	205,000
General obligation refunding bond	10,947,840	-	1,475,000	9,472,840	1,520,000
General obligation refunding bond - Private Placement	2,685,000	-	730,000	1,955,000	440,000
Sales tax revenue bond	14,425,000	-	1,045,000	13,380,000	730,000
Tax notes - Private Placement	350,000	1,905,000	270,000	1,985,000	560,000
Premium from issuance of bonds	1,641,449	757,026	170,603	2,227,872	-
Financing arrangements	1,241,092	556,300	371,819	1,425,573	387,034
Leases	21,407	862,870	99,666	784,611	74,288
Compensated absences	951,072	326,402	194,950	1,082,524	270,631
Governmental activities long-term liabilities	$ 46,080,110	$ 18,772,598	$ 5,362,038	$ 59,490,670	$ 5,091,953
Business-type activities					
Tax and revenue bonds	$ 21,669,910	$ 15,925,000	$ 1,725,000	$ 35,869,910	$ 2,380,000
Tax and revenue bonds - Private Placement	17,714,000	3,665,000	669,000	20,710,000	804,000
Premium from issuance of bonds	996,187	866,905	97,182	1,765,910	-
Financing arrangements	108,734	196,800	51,806	253,728	89,010
Compensated absences	163,024	42,749	32,605	173,168	43,292
Business-type activities long-term liabilities	$ 40,651,855	$ 20,696,454	$ 2,575,593	$ 58,772,716	$ 3,316,302

Accrued Compensated Absences

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

Net Pension Liability and Other Post Employment Benefit (OPEB)

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

Pledged Revenues

Marble Falls Economic Development Corporation

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

Fund Balance

As of September 30, 2023, governmental fund balance is composed of the following:

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

Defined Benefit Pension Plan

Plan Descriptions. The City of Marble Falls participates as one of 901 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agency multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Sections 401(a) of the Internal Revenue Code. TMRS issues a publicly available annual comprehensive financial report (ACFR) that can be obtained at *www.tmrs.org*.

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

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

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

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

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

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

Employees covered by benefit terms

At the December 31, 2022 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	105
Inactive employees entitled to but not yet receiving benefits	87
Active employees	134
	326

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

Employees for the City were required to contribute 7.0% of their annual gross earnings during the fiscal year. The contribution rates for the City were 14.42% and 14.31% in calendar years 2023 and 2022, respectively. The city's contributions to TMRS for the year ended September 30, 2023, were $1,377,316 and were equal to the required contributions.

Net Pension Liability. The City's Net Pension Liability (NPL) was measured as of December 31, 2022, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial assumptions

The Total Pension Liability in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	3.50 to 11.50% per year including inflation
Investment Rate of Return	6.75%, net of pension plan investment expense, including inflation

Salary increases are based on a service-related table. Mortality rates for active members are based on the PUB(10) mortality tables with the Public Safety table used for males and the General Employee table used for females. Mortality rates for healthy retirees and beneficiaries are based on the Gender-distinct 2019 Municipal Retirees of Texas mortality tables. The rates for actives, healthy retirees and beneficiaries are projected on a fully generational basis by Scale UMP to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees is used with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3.0% minimum mortality rate is applied, for males and females respectively, to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2014 to December 31, 2018. They were adopted in 2019 and first used in the December 31, 2019 actuarial valuation. The post-retirement mortality assumption for Annuity Purchase Rates (APRs) is based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive). The target allocation and best estimates of arithmetic real rates return for each major assets class in fiscal year 2023 are summarized in the following table:

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

Discount Rate

The discount rate used to measure the Total Pension Liability was 7.6%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statue. 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 12/31/20201	$ 33,196,155	$ 29,863,238	$ 3,332,917
Changes for the year:			
Service cost	1,367,485	-	1,367,485
Interest	2,235,642	-	2,235,642
Change in benefits terms including substantively automatic status	-	-	-
Difference between expected and actual experience	507,050	-	507,050
Contributions - employer	-	1,251,286	(1,251,286)
Contributions - employee	-	634,354	(634,354)
Net investment income	-	(2,177,953)	2,177,953
Benefit payments, including refunds of employee contributions	(1,518,560)	(1,518,560)	-
Administrative expense	-	(18,864)	18,864
Other changes	-	22,510	(22,510)
Net changes	2,591,617	(1,807,227)	4,398,844
Balance at 12/31/2022	$ 35,787,772	$ 28,056,011	$ 7,731,761

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

	1% Decrease in Discount Rate (5.75%)	Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
City's net pension liability/ (asset)	$ 12,920,624	$ 7,731,761	$ 3,503,412

Pension Plan Fiduciary Net Position

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

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

For the year ended September 30, 2023, the City recognized pension expense of $1,666,642. At September 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 504,193	$ -
Changes in actuarial assumptions	-	-
Difference between projected and actual investment earnings	1,902,244	-
Contributions subsequent to the measurement date	1,008,713	-
Total	$ 3,415,150	$ -

$1,008,713 reported as deferred outflows of resources related to pension resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2024. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expenses as follows:

For the year ended September 30,	
2024	$ 338,521
2025	646,317
2026	582,854
2027	838,745
Thereafter	-

Defined Other Post-Employment Benefit Plans

Retiree Health Care Plan

Plan Description. The City provides health care benefits through a single-employer defined benefit OPEB, for all fulltime employees in an eligible class. All full-time employees of the City may participate in the retiree health plan upon retirement. Eligible retirees are required to pay 100% of the plan's blended premium. The City's GASB 75 liability is entirely attributable to the implicit rate subsidy. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

Benefits Provided

Plan Participants

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

At the December 31, 2022 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	3
Active Plan Members	119
Total	122

Normal Retirement Benefits

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

Deferred Retirement Benefits

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

Death-in-Service Retirement Benefits

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

Disability Retirement Benefits

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

Benefits for Spouses of Retired Employees

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

Medicare – Eligible Provisions

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

Dental and Vision Coverage

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

Life Insurance Coverage

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

Retiree Opt-out

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

Monthly Retiree Premiums Effective October 1, 2021

Health Plan	Employee Only	Employee & Spouse	Employee & Child(ren)	Employee & Family
HSA	$473	$948	$795	$1,152
Plan 1	$555	$1,112	$936	$1,346

The City does not contribute to retiree HSA accounts.

Actuarial Assumptions. The Total OPEB Liability in the December 31, 2021 actuarial valuation rolled forward to December 31, 2022 was determined using the following actuarial assumptions:

Measurement year ended December 31,	2022
Actuarial cost method	Individual Entry-Age
Inflation rate	2.50% per annum
Discount rate	4.05% as of December 31, 2022
Salary Increases	3.50% to 11.5% including inflation
Demographic Assumptions	Based on the experience study covering the four year period ending December 31, 2018 as conducted for the Texas Municipal Retirement System (TMRS)
Mortality	For healthy retirees, the gender-distinct 2019 Municipal Retireees of Texas mortality tables are used. The rates are projected on a fully generational basis using the ultimate mortality improvement rates in the MP tables to account for future mortality improvements.
Health Care Trend Rates	Initial rate of 7.00% declining to an ultimate rate of 4.15% after 13 years
Participation Rates	25% for retirees that are at least 50 years old at retirement; 0% for retirees that are less than 50 years old at retirement

Discount Rate. The discount rate changed from 1.84% as of December 31, 2021 to 4.05% as of December 31, 2022.

Sensitivity of Total OPEB Liability to the Discount Rate Assumption. Regarding the sensitivity of the total OPEB liability to changes in the discount rate, the following presents the plan's total OPEB liability, calculated using a discount rate of 4.05%, as well as what the plan's total OPEB liability would be if it were calculated using a discount rate that is one percent lower or one percent higher:

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

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

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

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources Related to OPEB. At September 30, 2023, the City reported a liability of $360,364 for its Total OPEB Liability. The Total OPEB Liability was determined by an actuarial valuation as of December 31, 2021 that was rolled forward to December 31, 2022. For the year ended September 30, 2023, the City recognized OPEB expense of $25,647. There were no changes of benefit terms that affected measurement of the Total OPEB Liability during the measurement period.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at 12/31/2021	$ 408,106
Changes for the year:	
Service cost	43,683
Interest	7,857
Difference between expected and actual experience	(886)
Changes of assumptions	(92,548)
Benefit payments	(5,848)
Net changes	(47,742)
Balance at 12/31/2022	$ 360,364

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ -	$ 136,031
Changes in actuarial assumptions	80,557	148,105
Contributions subsequent to the measurement date	4,386	-
Totals	$ 84,943	$ 284,136

$4,386 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the Total OPEB Liability for the year ending September 30, 2024. Other amounts of the reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

For the Year Ended September 30,	
2024	$ (25,893)
2025	(25,893)
2026	(27,233)
2027	(27,190)
2028	(31,756)
Thereafter	(65,614)

TMRS Supplemental Death Benefits Fund

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

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

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

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

Inactive employees or beneficiaries currently receiving benefits	73
Inactive employees entitled to but not yet receiving benefits	19
Active employees	134
Total	226

Contributions. The City contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation, which was 0.34% for 2023 and 0.22% for 2022, of which 0.15% and 0.13%, respectively, represented the retiree-only portion for each year, as a percentage of annual covered payroll. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year; the intent is not to prefund retiree term life insurance during employees' entire careers. The City's contributions to the SDBF for the years ended September 30, 2023 and 2022 were $29,402 and $16,243, respectively, representing contributions for both active and retiree coverage, which equaled the required contributions each year.

Actuarial Assumptions. The Total OPEB Liability in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions:

Measurement year ended December 31,	2022
Inflation rate	2.50% per annum
Discount rate	4.05%
Actuarial cost method	Entry Age Normal Method
Projected salary increases	3.50% to 11.5% including inflation

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

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

Changes in assumptions reflect the annual change in the municipal bond rate. The actuarial assumptions used in the December 31, 2022 valuation were based on the results of an actuarial experience study for the period December 31, 2014 to December 31, 2018.

Discount Rate. The SDBF program is treated as an unfunded OPEB plan because the SDBF trust covers both actives and retirees and the assets are not segregated for these groups. As such, a single discount rate of 4.05% was used to measure the Total OPEB Liability. Because the plan is essentially a "pay-as-you-go" plan, the single discount rate is equal to the prevailing municipal bond rate. The source of the municipal bond rate was fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-year Municipal GO AA Index" as of December 31, 2022.

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

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

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

Changes in the Total OPEB Liability

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

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

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

$23,644 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the Total OPEB Liability for the year ending September 30, 2024. Other amounts of the reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

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

Risk Management

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

New Accounting Standards

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

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

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

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

REQUIRED
SUPPLEMENTARY INFORMATION

CITY OF MARBLE FALLS, TEXAS

SCHEDULE OF CHANGES IN NET PENSION LIABILITY
AND RELATED RATIOS

FOR THE YEAR ENDED SEPTEMBER 30, 2023

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

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

2017	2018	2019	2020	2021	2022
$ 801,181	$ 966,975	$ 1,094,985	$ 1,122,394	$ 1,240,239	$ 1,367,485
1,350,616	1,565,139	1,725,798	1,812,561	2,089,797	2,235,642
-	1,941,094	674,344	-	2,477,245	-
(46,914)	127,487	(383,270)	99,742	286,310	507,050
-	-	59,245	-	-	-
(908,687)	(992,773)	(1,042,897)	(1,407,273)	(1,520,056)	(1,518,560)
1,196,196	3,607,922	2,128,205	1,627,424	4,573,535	2,591,617
20,062,873	21,259,069	24,866,991	26,995,196	28,622,620	33,196,155
21,259,069	24,866,991	26,995,196	28,622,620	33,196,155	35,787,772
358,624	381,858	680,345	822,639	845,349	1,251,286
445,101	466,494	508,282	525,888	544,647	634,354
2,710,663	(662,832)	3,292,624	1,876,360	3,458,371	(2,177,953)
(908,687)	(992,773)	(1,042,897)	(1,407,273)	(1,520,057)	(1,518,560)
(14,047)	(12,822)	(18,630)	(12,154)	(16,015)	(18,864)
(712)	(670)	(560)	(475)	111	22,510
2,590,942	(820,745)	3,419,164	1,804,985	3,312,406	(1,807,227)
19,556,486	22,147,428	21,326,683	24,745,847	26,550,832	29,863,238
$ 22,147,428	$ 21,326,683	$ 24,745,847	$ 26,550,832	$ 29,863,238	$ 28,056,011
$ (888,359)	$ 3,540,308	$ 2,249,349	$ 2,071,788	$ 3,332,917	$ 7,731,761
104.18%	85.76%	91.67%	92.76%	89.96%	78.40%
$ 6,358,583	$ 6,664,300	$ 7,261,173	$ 7,512,681	$ 7,780,671	$ 8,660,450
-13.97%	53.12%	30.98%	27.58%	42.84%	89.28%

CITY OF MARBLE FALLS, TEXAS

SCHEDULE OF CONTRIBUTIONS TO NET PENSION LIABILITY

FOR THE YEAR ENDED SEPTEMBER 30, 2023

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

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

NOTES TO SCHEDULE OF CONTRIBUTIONS

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

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	14 years
Asset Valuation Method	10 Year smoothed fair value; 12% soft corridor
Inflation	2.50%
Salary Increases	3.50% to 11.50% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2019 valuation pursuant to an experience study of the period 2014 - 2018
Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP. Pre-retirement: PUB(10) mortality tables, with the Public Safety table used for males and the General Employee table used for females. The rates are projected on a fully generational basis with scale UMP.

Other Information

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

CITY OF MARBLE FALLS, TEXAS

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

FOR THE YEAR ENDED SEPTEMBER 30, 2023

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

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

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

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

CITY OF MARBLE FALLS, TEXAS

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

FOR THE YEAR ENDED SEPTEMBER 30, 2022

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

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

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

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

CITY OF MARBLE FALLS, TEXAS

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

FOR THE YEAR ENDED SEPTEMBER 30, 2023

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

CITY OF MARBLE FALLS, TEXAS

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

FOR THE YEAR ENDED SEPTEMBER 30, 2023

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

CITY OF MARBLE FALLS, TEXAS

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

FOR THE YEAR ENDED SEPTEMBER 30, 2023

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

CITY OF MARBLE FALLS, TEXAS

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

FOR THE YEAR ENDED SEPTEMBER 30, 2023

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

CITY OF MARBLE FALLS, TEXAS

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

ECONOMIC DEVELOPMENT CORPORATION FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2023

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

Budgetary Information

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

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

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

Excess of expenditures over appropriations

Expenditures in the General Government function of the General Fund exceeded appropriations by $709,256. This overage was funded with greater than anticipated revenues.

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

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

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

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

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

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APPENDIX E

SPECIMEN MUNICIPAL BOND INSURANCE POLICY

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BAM

MUNICIPAL BOND INSURANCE POLICY

ISSUER: [NAME OF ISSUER]

MEMBER: [NAME OF MEMBER]

BONDS: $__________ in aggregate principal amount of [NAME OF TRANSACTION] [and maturing on]

Policy No: _____

Effective Date: _________

Risk Premium: $__________
Member Surplus Contribution: $_________
Total Insurance Payment: $_________

BUILD AMERICA MUTUAL ASSURANCE COMPANY ("BAM"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") for the Bonds named above (as set forth in the documentation providing for the issuance and securing of the Bonds), for the benefit of the Owners or, at the election of BAM, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the first Business Day following the Business Day on which BAM shall have received Notice of Nonpayment, BAM will disburse (but without duplication in the case of duplicate claims for the same Nonpayment) to or for the benefit of each Owner of the Bonds, the face amount of principal of and interest on the Bonds that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by BAM, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of such principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in BAM. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by BAM is incomplete, it shall be deemed not to have been received by BAM for purposes of the preceding sentence, and BAM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, any of whom may submit an amended Notice of Nonpayment. Upon disbursement under this Policy in respect of a Bond and to the extent of such payment, BAM shall become the owner of such Bond, any appurtenant coupon to such Bond and right to receipt of payment of principal of or interest on such Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under such Bond. Payment by BAM either to the Trustee or Paying Agent for the benefit of the Owners, or directly to the Owners, on account of any Nonpayment shall discharge the obligation of BAM under this Policy with respect to said Nonpayment.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent (as defined herein) are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity (unless BAM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration) and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment made to an Owner by or on behalf of the Issuer of principal or interest that is Due for Payment, which payment has been recovered from such Owner pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means delivery to BAM of a notice of claim and certificate, by certified mail, email or telecopy as set forth on the attached Schedule or other acceptable electronic delivery, in a form satisfactory to BAM, from and signed by an Owner, the Trustee or the Paying Agent, which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount, (d) payment instructions and (e) the date such claimed amount becomes or became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer, the Member or any other person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

BAM may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee, the Paying Agent, the Member and the Issuer specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee, the Paying Agent, the Member or the Issuer (a) copies of all notices required to be delivered to BAM pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to BAM and shall not be deemed received until received by both and (b) all payments required to be made by BAM under this Policy may be made directly by BAM or by the Insurer's Fiscal Agent on behalf of BAM. The Insurer's Fiscal Agent is the agent of BAM only, and the Insurer's Fiscal Agent shall in no event be liable to the Trustee, Paying Agent or any Owner for any act of the Insurer's Fiscal Agent or any failure of BAM to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, BAM agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to BAM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy. This Policy may not be canceled or revoked.

This Policy sets forth in full the undertaking of BAM and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW. THIS POLICY IS ISSUED WITHOUT CONTINGENT MUTUAL LIABILITY FOR ASSESSMENT.

In witness whereof, BUILD AMERICA MUTUAL ASSURANCE COMPANY has caused this Policy to be executed on its behalf by its Authorized Officer.

BUILD AMERICA MUTUAL ASSURANCE COMPANY

By: ____
Authorized Officer

Notices (Unless Otherwise Specified by BAM)

Email:
 claims@buildamerica.com
Address:
 200 Liberty Street, 27th floor
 New York, New York 10281
Telecopy:
 212-962-1524 (attention: Claims)

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Financial Advisory Services
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