

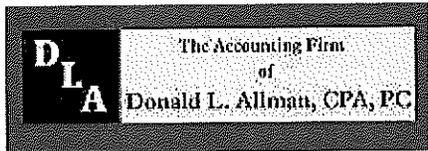
**CITY OF MARLIN, TEXAS**  
**Annual Financial Report**

**For the Year Ended**  
**September 30, 2022**

Donald, L. Allman, CPA, PC  
*Certified Public Accountant*  
*Georgetown, Texas*

**CITY OF MARLIN, TEXAS**  
**ANNUAL FINANCIAL REPORT**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2022**  
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CERTIFIED PUBLIC ACCOUNTANT

### **Independent Auditor's Report**

To the Honorable Mayor and Members of the City Council  
City of Marlin, Texas

#### **Report on the Audit of the Financial Statements**

##### ***Opinions***

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Marlin, Texas as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the City of Marlin, Texas' basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Marlin, Texas, as of September 30, 2022, 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 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 Marlin, 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.

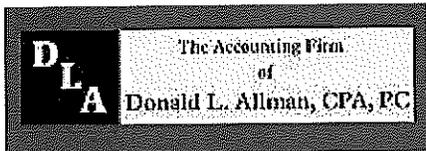
##### ***Responsibilities of Management for the Financial Statements***

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 Marlin, 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 generally accepted auditing



CERTIFIED PUBLIC ACCOUNTANT

### INDEPENDENT AUDITOR'S REPORT (Continued)

standards 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 the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

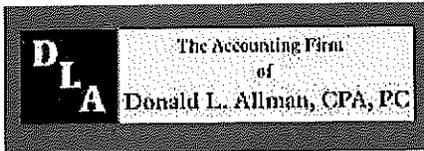
In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- 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 Marlin, 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 Marlin, 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 and budgetary comparison information on pages 6-10 and 45-46 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.



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CERTIFIED PUBLIC ACCOUNTANT

**INDEPENDENT AUDITOR'S REPORT (Continued)**

***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Marlin, Texas' basic financial statements. The accompanying combining and individual nonmajor fund financial statements and schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 nonmajor fund financial statements 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 Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated February 8, 2024 on our consideration of the City of Marlin, 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 Marlin, 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 City of Marlin, Texas' internal control over financial reporting and compliance.

  
Donald L. Allman, CPA, PC

February 8, 2024  
Georgetown, Texas

**CITY OF MARLIN, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

This section of the City of Marlin's annual financial report presents our discussion and analysis of the City's financial performance during the fiscal year ended September 30, 2022. Please read it in conjunction with the City of Marlin's financial statements, which follow this section.

**FINANCIAL HIGHLIGHTS**

- For the year ended September 30, 2022, the City of Marlin increased its net position by \$1,849,222 for government-wide financial reporting. The General Fund had a net position decrease of \$(165,990) before transfers, and the Proprietary Fund had a net position increase of \$2,015,212 before transfers.
- For the year ended September 30, 2022, the City of Marlin decreased its net position by \$(408,913) for Governmental Funds accounting. Governmental funds accounting is the General Fund on more of a cash basis of reporting with fixed assets expensed rather than capitalized and depreciated.
- The City of Marlin reported total revenues of \$9,018,544 for the 2022 fiscal year, a \$1,083,648 increase over the prior year. Total expenses for the City of Marlin for fiscal year 2022 were \$7,169,322, an increase of \$930,180 over the prior year.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This annual report consists of three parts – management's discussion and analysis (this section), the *basic financial* statements, and *required supplementary information*. The basic financial statements include two types of statements that present different views of the City of Marlin.

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the City of Marlin's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the government, reporting the City of Marlin's operations in more detail than the government-wide statements.
- The governmental funds statements tell how general government services were financed in the short-term as well as what remains for future spending.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements.

## Government-wide Statements

The government-wide statements report information about the City of Marlin as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

The two government-wide statements report the City of Marlin's net position and how they have changed. Net position – the difference between the City of Marlin's assets and liabilities – are one way to measure the City of Marlin's financial health or position. Over time, increases or decreases in the City of Marlin's net position are an indicator of whether its financial health is improving or deteriorating, respectively.

The government-wide financial statements of the City of Marlin include the *governmental activities* and *business-type activities*. *Governmental activities* are activities supported primarily by taxes and user charges. Most of the City of Marlin's basic services are included here, such as public safety, highways and streets, parks and recreation, planning, economic development, and general administration. *Business-type activities* are activities undertaken by the City that are operated much like a private business.

## FINANCIAL ANALYSIS OF THE CITY OF MARLIN AS A WHOLE

Our analysis here focuses on the net position (Table I) and changes in net position (Table II) of the City's governmental and business-type activities.

**Table A-1  
City's Net Position  
September 30, 2022**

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Current and Other Assets	\$ 6,514,686	\$ 6,743,637	\$ 10,464,280	\$ 8,775,157	\$ 16,978,966	\$ 15,518,794
Capital Assets, net	1,458,106	1,461,420	23,805,370	23,762,400	25,263,476	25,223,820
	<u>7,972,792</u>	<u>8,205,057</u>	<u>34,269,650</u>	<u>32,537,557</u>	<u>42,242,442</u>	<u>40,742,614</u>
Total Deferred Outflows	184,416	124,514	114,700	77,567	299,116	202,081
Other Liabilities	1,239,959	1,005,142	5,200,855	4,156,088	6,440,814	5,161,230
Long-term Liabilities	3,142,009	3,608,771	12,486,048	13,917,077	15,628,057	17,525,848
<b>Total Liabilities</b>	<u>4,381,968</u>	<u>4,613,913</u>	<u>17,686,903</u>	<u>18,073,165</u>	<u>22,068,871</u>	<u>22,687,078</u>
Total Deferred Inflows	390,902	165,330	243,365	103,089	634,267	268,419
Net Position:						
Net Investment in Cap As	1,965,185	952,875	12,666,673	11,171,504	14,631,858	12,124,379
Restricted	617,027	1,150,784	820,922	565,734	1,437,949	1,716,518
Unrestricted	802,126	1,446,669	2,826,644	2,701,632	3,628,770	4,148,301
Total Net Position	<u>3,384,338</u>	<u>3,550,328</u>	<u>16,314,239</u>	<u>14,438,870</u>	<u>19,698,577</u>	<u>17,989,198</u>

**Table A-2**  
**Changes in City's Net Position**  
**September 30, 2022**

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
<b>Program Revenues</b>						
Charges for Services	\$ 1,083,816	\$ 850,715	\$ 5,123,412	\$ 3,355,638	\$ 6,207,228	\$ 4,206,353
Operating grants/donations	12,465	824,010	-	-	12,465	824,010
Capital grants	8,047	3,841	-	91,724	8,047	95,565
General Revenues						
Ad Valorem Taxes	1,640,963	1,505,897	-	-	1,640,963	1,505,897
Sales Tax	765,069	911,222	-	-	765,069	911,222
Franchise Taxes	267,696	179,288	-	-	267,696	179,288
Hotel / Motel Tax	50,509	43,648	-	-	50,509	43,648
Alcoholic Beverage taxes	4,244	3,273	-	-	3,273	-
Interest Income	11,194	3,118	28,273	841	39,467	3,959
Gain/(loss) on Sale	5,042	-	-	-	5,042	-
Miscellaneous/Other	17,814	164,954	-	-	17,814	164,954
<b>Total Revenues</b>	<b>3,866,859</b>	<b>4,489,966</b>	<b>5,151,685</b>	<b>3,448,203</b>	<b>9,018,544</b>	<b>7,934,896</b>
<b>Program Expenses</b>						
General Government	852,379	524,606	-	-	852,379	524,606
Public Safety	1,641,952	1,596,943	-	-	1,641,952	1,596,943
Highways & Streets	696,411	496,927	-	-	696,411	496,927
Sanitation	681,648	601,854	-	-	-	-
Culture & Recreational	140,081	147,659	-	-	140,081	147,659
Interest on LT Debt	20,378	26,469	108,815	-	129,193	26,469
Water & Sewer	-	-	3,027,658	2,844,684	3,027,658	2,844,684
<b>Total Expenses</b>	<b>4,032,849</b>	<b>3,394,458</b>	<b>3,136,473</b>	<b>2,844,684</b>	<b>7,169,322</b>	<b>6,239,142</b>
Increase (Decrease) in Net Position Before Transfers	(165,990)	1,095,508	2,015,212	603,519	1,849,222	1,699,027
Transfers In (Out)	-	-	-	-	-	-
Change in Net Position	(165,990)	1,095,508	2,015,212	603,519	1,849,222	1,699,027
Net Position - Beginning	3,550,328	2,454,820	14,438,870	13,835,351	17,989,198	16,290,171
Net Position - Ending	<u>3,384,338</u>	<u>3,550,328</u>	<u>16,454,082</u>	<u>14,438,870</u>	<u>19,838,420</u>	<u>17,989,198</u>

## Governmental Activities

The City of Marlin's primary revenue sources are sales taxes, and property taxes. These revenue sources made up approximately 62% of governmental fund revenues for fiscal year 2021/2022.

The City of Marlin's various departmental expenditures totaled \$4,032,849 for the year ended September 30, 2022. The majority of the costs for the City's governmental activities were related to public safety and to other general governmental costs.

## Business-Type Activities

Water service Fees were \$3,054,389, Wastewater service charges were \$1,079,826, and Reconnect fees were \$703,421 for fiscal year 2022. Expenses for Water services were \$1,523,530, Wastewater service was \$337,089 and Public Works expenses were \$631,363. Revenues increased \$1,703,482 or 49%. Expenses increased \$291,789 or 10%.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

At year end, the City of Marlin had invested \$25,263,476 in a broad range of capital assets for its governmental and Business activities, including land, equipment and buildings (see Table III below). This amount is net of accumulated depreciation and represents an increase of approximately \$39,656 over the prior year. The change during the year primarily reflects improvements made and depreciation expense on assets placed in service.

**Table A-3**  
**City's Capital Assets**  
**(In thousands of dollars)**

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Capital Assets (Net of Depreciation)						
Land	\$ 88,541	\$ 88,541	\$ 2,432,711	\$ 2,432,711	\$ 2,521,252	\$ 2,521,252
Construction in Progress	413,976	413,976	797,190	371,032	1,211,166	785,008
Buildings and Improvements	73,644	76,236	56,462	59,991	130,106	136,227
Infrastructure	451,026	484,582	20,327,016	20,848,656	20,778,042	21,333,238
Machinery, Equipment and Vehicles	430,919	398,085	191,991	50,010	622,910	448,095
Total Capital Assets (Net of Depreciation)	1,458,106	1,461,420	23,805,370	23,762,400	25,263,476	25,223,820

## Long Term Debt

Long-term debt at year end for governmental activities and Business-type activities consisted of Certificates of Obligation, Notes Payable, and Capital leases totaling \$16,215,279. A summary of long-term debt is as follows:

**Table A-4**  
**City's Long-Term Debt**  
**(In thousands of dollars)**

	Governmental Activities		Business-type Activities		Total		Change 2022-2021
	2022	2021	2022	2021	2022	2021	
Long Term - Debt							
Certificates of Obligation	\$ 2,935,000	\$ 2,995,000	\$ 13,080,000	\$ 13,790,000	\$ 16,015,000	\$ 16,785,000	(770,000)
Notes	122,446	219,872	-	-	122,446	219,872	(97,426)
Capital leases	77,833	190,297	-	-	77,833	190,297	(112,464)
<b>Total Long-Term Debt</b>	<b>\$ 3,135,279</b>	<b>\$ 3,405,169</b>	<b>\$ 13,080,000</b>	<b>\$ 13,790,000</b>	<b>\$ 16,215,279</b>	<b>\$ 17,195,169</b>	<b>\$ (979,890)</b>

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

The City of Marlin has adopted an overall expenditure budget for FY2021/2022 totaling \$7,548,447 with overall revenues of \$7,548,447. Property tax rates for FY 2021/2022 per \$100 property valuation are \$0.92 with a slight increase from the prior year.

## CONTACTING THE CITY OF MARLIN'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the City of Marlin's finances and to demonstrate the City of Marlin's accountability for the money it receives. If you have questions about this report or need additional financial information contact the City of Marlin' Finance Department at 101 Fortune Street, Marlin, TX 76661.



**GOVERNMENT-WIDE STATEMENTS**

**CITY OF MARLIN, TEXAS**  
**STATEMENT OF NET POSITION**  
**SEPTEMBER 30, 2022**  
Primary Government

	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
Cash and equivalents	\$ 956,869	\$ 1,593,074	\$ 2,549,943
Receivables (net of allowance for uncollectibles):			
Property Taxes	796,969	-	796,969
Accounts	288,663	2,272,366	2,561,029
Due from Proprietary Fund	320,230	-	320,230
Due from Component unit	-	-	-
Inventory	-	93,961	93,961
Net Pension asset	146,914	91,541	238,455
Restricted assets:			
Cash and equivalents	362,683	820,922	1,183,605
Cash escrow	3,642,358	5,592,416	9,234,774
Capital assets:			
Non-depreciable	502,517	3,229,901	3,732,418
Depreciable, net	955,589	20,575,469	21,531,058
<b>Total assets</b>	<b>7,972,792</b>	<b>34,269,650</b>	<b>42,242,442</b>
<b>Deferred outflows of resources</b>			
Deferred amounts related to pensions:	184,416	114,700	299,116
<b>Total deferred outflows of resources</b>	<b>184,416</b>	<b>114,700</b>	<b>299,116</b>
<b>Liabilities</b>			
Accounts payable	167,821	325,315	493,136
Salaries payable	27,226	-	27,226
Other accrued liabilities	29,996	8,221	38,217
Due to General Fund	-	320,230	320,230
Deposits	-	180,976	180,976
Unearned Revenues	827,611	3,651,113	4,478,724
Long-term liabilities:			
Due within one year:			
Capital lease payable	23,790		23,790
Notes payable	103,515		103,515
Bonds payable	60,000	715,000	775,000
Due in more than one year:			
Compensated absences	39,540	24,849	64,389
Capital lease payable	54,043		54,043
Bonds payable	2,875,000	12,365,000	15,240,000
Notes payable	18,931		18,931
Net pension liability - TMRS	-		-
Net OPEB Liability	154,495	96,199	250,694
	-	-	-
<b>Total liabilities</b>	<b>4,381,968</b>	<b>17,686,903</b>	<b>22,068,871</b>
<b>Deferred inflows of resources</b>			
Deferred amounts related to pensions:	390,902	243,365	634,267
<b>Total deferred inflows of resources</b>	<b>390,902</b>	<b>243,365</b>	<b>634,267</b>
<b>Net Position</b>			
Net investment in capital assets	1,965,185	12,666,673	14,631,858
Restricted for:			
City Park donation	2,278	-	2,278
Hotel Motel	292,122	-	292,122
Law Enforcement	15,451	-	15,451
Debt Service	198,723	820,922	1,019,645
Court restricted funds	26,928	-	26,928
Special Revenue funds	-	139,843	139,843
Capital Project Repairs	81,525	-	81,525
Unrestricted	802,126	2,826,644	3,628,770
<b>Total net position</b>	<b>\$ 3,384,338</b>	<b>\$ 16,454,082</b>	<b>\$ 19,838,420</b>

The notes to the Financial Statements are an integral part of this statement.



**CITY OF MARLIN, TEXAS  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

Program Activities	Primary Government						Total
	Expenses	Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	
<b>Primary government:</b>							
Governmental activities:							
General government	\$ 852,379	\$ 40,806	\$ 12,465	\$ 8,047	\$ (791,061)	\$ -	\$ (791,061)
Public safety & Court	1,641,952	356,614	-	-	(1,285,338)	-	(1,285,338)
Highways and streets	696,411	-	-	-	(696,411)	-	(696,411)
Culture and recreation	140,081	-	-	-	(140,081)	-	(140,081)
Sanitation services	681,648	686,396	-	-	4,748	-	4,748
Interest on long-term debt	129,193	-	-	-	(20,378)	(108,815)	(129,193)
Total governmental activities	4,141,664	1,083,816	12,465	8,047	(2,928,521)	(108,815)	(3,037,336)
Business-type activities:							
Water Sewer	3,018,267	5,123,412	-	-	-	2,105,145	2,105,145
Pension/OPEB expenses	9,391	-	-	-	-	(9,391)	-
Total business-type activities	3,027,658	5,123,412	-	-	-	2,095,754	2,095,754
<b>Total primary government</b>	<b>7,169,322</b>	<b>6,207,228</b>	<b>12,465</b>	<b>8,047</b>	<b>(2,928,521)</b>	<b>1,986,939</b>	<b>(941,582)</b>
<b>General revenues:</b>							
Taxes							
Property taxes					1,640,963	-	1,640,963
Sales taxes					765,069	-	765,069
Franchise fees					267,696	-	267,696
Hotel/motel occupancy & mixed beverage tax					54,753	-	54,753
Investment earnings					11,194	28,273	39,467
Gain (loss) on disposal of capital assets					5,042	-	5,042
Miscellaneous					17,814	-	17,814
Transfers					-	-	-
Total general revenues and transfers					2,762,531	28,273	2,790,804
Change in net position					(165,990)	2,015,212	1,849,222
Net position at beginning of the year, as previously reported					3,550,328	14,438,870	17,989,198
Net position at end of year					\$ 3,384,338	\$ 16,454,082	\$ 19,838,420

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## **FUND FINANCIAL STATEMENTS**

**CITY OF MARLIN, TEXAS  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2022**

	General	Debt Service	Certificates of Obligation Series 2019A	Total Nonmajor Funds	Total Governmental Funds
<b>Assets</b>					
Cash and equivalents	\$ 646,814	198,723	\$ 111,332	\$ -	\$ 956,869
Receivables:	-				
Taxes	796,969	-			796,969
Accounts	282,308			6,355	288,663
Inventory	-				-
Prepaid Expense	-				-
Due from other funds	320,230	-		-	320,230
Due from Component Unit	-			-	-
Restricted assets:					
Cash and equivalents	-		3,642,358	362,683	4,005,041
<b>Total assets</b>	<b>\$ 2,046,321</b>	<b>198,723</b>	<b>\$ 3,753,690</b>	<b>\$ 369,038</b>	<b>\$ 6,367,772</b>
<b>Liabilities</b>					
Accounts payable	\$ 166,663			\$ 1,158	\$ 167,821
Salaries/Payroll taxes payable	27,226			-	27,226
Accrued liabilities	29,996	-		-	29,996
Deposits	-			-	-
Due to other funds	(64,913)	-	64,913	-	-
<b>Total liabilities</b>	<b>158,972</b>	<b>-</b>	<b>64,913</b>	<b>1,158</b>	<b>225,043</b>
<b>Deferred Inflows of Resources</b>					
Unearned revenue - bond			827,611		827,611
Unavailable revenue-property taxes	633,907	-	-	-	633,907
<b>Fund Balances</b>					
<b>Nonspendable:</b>					
Inventory	-				-
City Park donation	-			2,278	2,278
<b>Restricted for:</b>					
Debt service	-	198,723		-	198,723
Contingency	-			-	-
Municipal Court	-			27,207	27,207
Hotel motel	-			247,367	247,367
Law Enforcement	-			9,459	9,459
<b>Committed for:</b>					
Capital Projects	-		2,861,166	81,569	2,942,735
Special Revenue	-			-	-
<b>Unassigned reported in:</b>					
General fund	1,253,442			-	1,253,442
<b>Total fund balances</b>	<b>1,253,442</b>	<b>198,723</b>	<b>2,861,166</b>	<b>367,880</b>	<b>4,681,211</b>
<b>Total Liabilities, deferred inflows and Fund Balances</b>	<b>\$ 2,046,321</b>	<b>198,723</b>	<b>\$ 3,753,690</b>	<b>\$ 369,038</b>	<b>\$ 6,367,772</b>

The notes to the Financial Statements are an integral of this statement.

**CITY OF MARLIN, TEXAS**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE**  
**STATEMENT OF NET POSITION**  
**SEPTEMBER 30, 2022**

Fund balances - total governmental funds		4,681,211
<p>Amounts reported for governmental activities in the Statement of Net Position are different because:</p>		
<p>Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds:</p>		
Governmental capital assets	4,989,428	
Less accumulated depreciation	3,531,322	1,458,106
<p>Certain tax receivables are not available to pay for current period expenditures and are not reported in the governmental funds balance sheet.</p>		
		633,907
<p>Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds balance sheet.</p>		
Compensated absences	(39,540)	
Capital lease & Note payable	(200,279)	
Net OPEB Liability	(154,495)	
Bonds Payable	(2,935,000)	
Net Pension Asset-TMRS	146,914	
	-	(3,182,400)
<p>Certain deferred inflows and outflows of resources are not reported in the governmental funds.</p>		
Deferred outflows related to pensions	184,416	
Deferred inflows related to pensions	(390,902)	(206,486)
Net position of governmental activities		\$ 3,384,338

The notes to the Financial Statements are an integral part of this statement.

**CITY OF MARLIN, TEXAS**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2022**

	General	Debt Service	Certificates of Obligation 2019 A	Total Nonmajor Funds	Total Governmental Funds
<b>Revenues:</b>					
Taxes					
Property	\$ 1,634,522			\$ -	\$ 1,634,522
Sales	765,069			-	765,069
Franchise fees	267,696			-	267,696
Hotel/motel occupancy	-			50,509	50,509
Sanitation revenues	686,396			-	686,396
Licenses and permits	40,806			-	40,806
Fines	341,421			15,193	356,614
Investment income	11,194	-	10,389	62	21,645
Grants and contributions	20,512		-	-	20,512
Miscellaneous	22,856		-	13,692	36,548
Total revenues	<u>3,790,472</u>	<u>-</u>	<u>10,389</u>	<u>79,456</u>	<u>3,880,317</u>
<b>Expenditures</b>					
Current:					
General government	731,796			95,264	827,060
Public safety	1,544,999			23,871	1,568,870
Highways and streets	632,027			-	632,027
Culture and recreation	140,081				140,081
Sanitation expenses	681,648				681,648
Capital outlay	73,308		73,628	-	146,936
Debt service:					
Principal	-	269,980		-	269,980
Interest and fiscal charges	-	20,378	2,250	-	22,628
Total expenditures	<u>3,803,859</u>	<u>290,358</u>	<u>75,878</u>	<u>119,135</u>	<u>4,289,230</u>
Excess (deficiency) of revenues over (under) expenditures	(13,387)	(290,358)	(65,489)	(39,679)	(408,913)
Other financing sources (uses)					
Transfers in	-	366,521	37,280	-	403,801
Transfers out	(403,801)		-	-	(403,801)
Total other financing sources (uses)	<u>(403,801)</u>	<u>366,521</u>	<u>37,280</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(417,188)	76,163	(28,209)	(39,679)	(408,913)
Fund balances at beginning of year	1,670,630	122,560	2,889,375	407,559	5,090,124
Fund balances at end of year	<u>1,253,442</u>	<u>198,723</u>	<u>2,861,166</u>	<u>367,880</u>	<u>4,681,211</u>

The notes to the Financial Statements are an integral part of this statement.

**CITY OF MARLIN, TEXAS**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES**  
**EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2022**

Net change in fund balances - total governmental funds \$ (408,913)

because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense:

Expenditures for capital assets	146,936	
Depreciation of capital assets	(150,250)	(3,314)

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds and are instead deferred. This amount represents the net change in unavailable tax revenue. (6,441)

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.

Net Pension expense, net OPEB expense, net increase or decrease in deferred outflows of resources, and increase or decrease in deferred inflows of resources are not recognized in governmental funds accounting. (37,680)

Bond, loan and lease principal payments aren't expenses for government wide financial statements 290,358

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not included as expenditures in governmental funds.

	-	
Change in net position of governmental activities		\$ (165,990)

The notes to the Financial Statements are an integral part of this statement.

**CITY OF MARLIN, TEXAS**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**SEPTEMBER 30, 2022**

	Total		
	Utility Fund	Brushy Creek Fund	Enterprise Funds
<b>Assets</b>			
Current assets			
Cash and equivalents	1,518,695	\$ 74,379	\$ 1,593,074
Accounts receivable (net)	2,272,366	-	\$ 2,272,366
Inventory	93,961	-	\$ 93,961
Restricted Cash	681,079	139,843	\$ 820,922
Cash held in escrow	5,592,416	0	5,592,416
Due from other funds	1,310,548	-	\$ 1,310,548
Total current assets	<u>11,469,065</u>	<u>214,222</u>	<u>11,683,287</u>
Net Pension Asset	91,541		91,541
Capital assets:			
Land and Construction in Progress	818,003	2,411,898	3,229,901
Buildings	185,249	-	185,249
Machinery, Equipment, Vehicles	1,114,492	-	1,114,492
Distribution and collection systems	38,886,469	-	38,886,469
Less: accumulated depreciation	(19,610,741)	-	(19,610,741)
Capital assets, net	<u>21,393,472</u>	<u>2,411,898</u>	<u>23,896,911</u>
Total assets	<u>32,954,078</u>	<u>2,626,120</u>	<u>35,580,198</u>
<b>Deferred outflows of resources</b>			
Less on bond refunding	-	-	-
Deferred amounts related to pensions	114,700	-	114,700
Total deferred outflows of resources	<u>114,700</u>	<u>-</u>	<u>114,700</u>
<b>Liabilities</b>			
Current liabilities:			
Accounts payable	325,315	-	325,315
Other accrued liabilities	8,221	-	8,221
Customer deposits payable	180,976	-	180,976
Due to other funds	320,230	1,310,548	1,630,778
Long-term debt, current	715,000	-	715,000
Total current liabilities	<u>1,549,742</u>	<u>1,310,548</u>	<u>2,860,290</u>
Long-term liabilities:			
Unearned Revenue	3,651,113	-	3,651,113
Compensated Absences	24,849	-	24,849
Long-term debt, net	12,365,000	-	12,365,000
Net OPEB Liability	96,199	-	96,199
Net pension liability	-	-	-
Total long-term liabilities	<u>16,137,161</u>	<u>-</u>	<u>16,137,161</u>
Total liabilities	<u>17,686,903</u>	<u>1,310,548</u>	<u>18,997,451</u>
<b>Deferred inflows of resources</b>			
Deferred amounts related to pensions	243,365	-	243,365
Total deferred inflows of resources	<u>243,365</u>	<u>-</u>	<u>243,365</u>
<b>Net Position</b>			
Net investment in capital assets	11,565,323	1,101,350	12,666,673
Restricted for Debt Service	820,922	-	820,922
Restricted for Infrastructure		139,843	139,843
Unrestricted	2,752,265	74,379	2,826,644
Total net position	<u>15,138,510</u>	<u>\$ 1,315,572</u>	<u>\$ 16,454,082</u>

The notes to the Financial Statements are an integral part of this statement.

**CITY OF MARLIN, TEXAS**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2022**

	Utility Fund	Brushy Creek Fund	Total
Operating revenues:			
Charges for sales and services:			
Water services	3,054,389	\$ -	3,054,389
Wastewater services	1,079,826	-	1,079,826
Reconnect Fees	703,421	-	703,421
Penalties	221,077	-	221,077
Tap fees	10,100	-	10,100
Miscellaneous revenue	54,599	-	54,599
Total operating revenues	<u>5,123,412</u>	<u>-</u>	<u>5,123,412</u>
Operating expenses:			
Water Billing	240,307	-	240,307
Water Plant	1,283,223	-	1,283,223
Wastewater Plant	336,221	868	337,089
Public Works	631,363	-	631,363
Depreciation and amortization	535,676	-	535,676
Total operating expenses	<u>3,026,790</u>	<u>868</u>	<u>3,027,658</u>
Operating income (loss)	<u>2,096,622</u>	<u>(868)</u>	<u>2,095,754</u>
Nonoperating revenues (expense):			
Investment income	27,558	715	28,273
Other income/(expense)	-	-	-
Interest expense	(108,815)	-	(108,815)
Total nonoperating revenues (expense)	<u>(81,257)</u>	<u>715</u>	<u>(80,542)</u>
Income (loss) before transfers	<u>2,015,365</u>	<u>(153)</u>	<u>2,015,212</u>
Transfers in	-	-	-
Transfers out	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Change in net position	<u>2,015,365</u>	<u>(153)</u>	<u>2,015,212</u>
Net position, beginning of year,	13,123,145	1,315,725	14,438,870
Net position, end of year	<u>15,138,510</u>	<u>\$ 1,315,572</u>	<u>\$ 16,454,082</u>

The notes to the Financial Statements are an integral part of this statement.

**CITY OF MARLIN, TEXAS  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

	Utility Fund	Brushy Creek Fund	Total
Cash flows from operating activities:			
Cash received from customers	3,354,107	-	3,354,107
Cash payments to suppliers for goods and services	(1,568,608)	(868)	(1,569,476)
Cash payments to employees for services	(913,726)	-	(913,726)
Net cash provided by (used in) operating activities	871,773	(868)	870,905
Cash flows from non-capital financing activities			
Cash released from Escrow	754,245		754,245
Transfers in		-	-
Transfers out	-	-	-
Net cash provided by (used in)	754,245	-	754,245
Cash flows from capital			
Acquisition of capital assets	(578,646)	-	(578,646)
Other expense	-	-	-
Other income	-	-	-
Interest paid	(108,815)	-	(108,815)
Principal payments	(710,000)	-	(710,000)
Net cash provided by (used in) capital and related financing activities	(1,397,461)	-	(1,397,461)
Cash flows from investing activities:			
Interest on cash and investments	27,558	715	28,273
Net increase (decrease) in cash and equivalents	256,115	(153)	255,962
Cash and equivalents, beginning of year	1,943,659	214,375	2,158,034
Cash and equivalents, end of year	2,199,774	\$ 214,222	\$ 2,413,996
Reconciliation of cash and equivalents:			
Unrestricted cash and equivalents	1,518,695	\$ 74,379	\$ 1,593,074
Restricted cash and investments	681,079	139,843	820,922
Total cash and equivalents	2,199,774	\$ 214,222	\$ 2,413,996

The notes to the Financial Statements are an integral part of this statement.

**CITY OF MARLIN, TEXAS  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

	Utility Fund	Brushy Creek Fund	Total
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:			
Operating income (loss)	2,096,622	\$ (868)	\$ 2,095,754
Adjustments to reconcile to net cash provided by operating activities:			
Depreciation and amortization	535,676	-	535,676
Increase (decrease) in cash resulting from changes in assets and liabilities:			
Accounts receivable	(1,769,305)	-	(1,769,305)
Inventory	0	-	-
Accounts payable	217,228	-	217,228
Accrued liabilities	(7,675)	-	(7,675)
Due to other funds	(6,351)	-	(6,351)
Customer deposits	6,292	-	6,292
Net Opeb Liability	4,128	-	4,128
Deferred outflows	37,133	-	37,133
Net pension liability/asset	(101,699)	-	(101,699)
Deferred inflows related to pensions	(140,276)	-	(140,276)
Net cash provided by (used in) operating activities	871,773	\$ (868)	870,905

**CITY OF MARLIN, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED SEPTEMBER 30, 2022**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. REPORTING ENTITY**

The City of Marlin, Texas (the "City") is a home rule municipality incorporated in 1866 organized and existing under the provisions of the Constitution of the State of Texas. The City operates under a Mayor and City council ("Council") form of government and provides the following services: public safety, highways and streets, parks and recreation, planning, economic development, water, wastewater and general administrative services.

**B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

The Statement of Net Position and the Statement of Activities are government-wide financial statements. They report information on all of the City's activities with most of the inter-fund activities removed. Governmental activities include programs supported primarily by taxes and permits, licenses and donations. Business-type activities include operations that 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 were offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (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 revenues are reported instead as general revenue.

All inter-fund transactions between governmental funds are eliminated on the government-wide statements. Inter-fund activities between governmental funds and proprietary funds are not eliminated and appear on the government-wide Statement of Net Position, the Governmental Fund Balance Sheet, and Proprietary Fund Statement of Net Position as due to/due from other.

The fund statements provide reports on the financial condition and results of operations for three fund categories; governmental funds, proprietary funds, and fiduciary funds, although the City currently has no fiduciary funds. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues result from providing goods and services in connection with a proprietary fund's ongoing operations. All other revenues are non-operating. Operating expenses can be tied specifically to the production of the goods and services, such as materials and labor and direct overhead. Other expenses are non-operating.

**CITY OF MARLIN, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED SEPTEMBER 30, 2022**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are proprietary fund and the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. 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. With this measurement focus, only current assets, current liabilities and fund balances are included on the balance sheet. Operating statements of these funds present net increases and decreases in current assets (i.e., revenues and other financing sources and expenditures and other financing uses).

The modified accrual basis of accounting recognizes revenues in the accounting period in which they become both measurable and available, and it recognizes expenditures in the accounting period in which the fund liability is incurred, if measurable. However, debt service expenditures as well as expenditures related to compensated absences, are recorded only when payment is due.

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

Grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant. Accordingly, when such funds are received, they are recorded as deferred revenues until related and authorized expenditures have been made. If balances have not been expended by the end of the project period, grantors sometimes require the City to refund all or part of the unused amount.

Proprietary Fund Types are accounted for on a flow of economic resources measurement focus and utilize the accrual basis of accounting. This basis of accounting recognizes revenues in the accounting period in which they are earned and become measurable and expenses in the accounting period in which they are incurred and become measurable. The City applies all GASB pronouncements as well as the Financial Accounting standards Board pronouncements issued on or before November 30, 1989, unless these pronouncements conflict or contradict GASB pronouncements. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the Statement of Net Position. The fund equity is segregated into net investment in capital assets, restricted net position, and unrestricted net position.

**CITY OF MARLIN, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED SEPTEMBER 30, 2022**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. FUND ACCOUNTING**

The City reports the following major governmental funds:

- **General Fund** – The General Fund is the City’s primary operating fund. It is used to account for all financial resources of the general government except those required to be accounted for in another fund.
- **Debt Service Fund** – The Debt Service Fund includes debt service taxes and other revenues collected to retire bond principal and to pay interest due.
- **Capital Projects Fund** – The Capital Projects Fund is used to account for the City’s capital projects, including the construction of the City’s water/wastewater collection and treatment system.

The City reports the following major proprietary/enterprise fund:

- **Water Fund** – The City accounts for water services provided to customers in the Water Fund..
- **Sewer Fund** – The City accounts for wastewater collection and wastewater treatment services provided to customers in the Sewer Fund.

**E. OTHER ACCOUNTING POLICIES**

**Accrued Compensated Absences** – The City has recorded the value of earned but unused compensated absences (vacation and comp time) from its governmental fund activities by employees as an accrued liability in the Statement of Net Position. The annual budgets of the operating funds provide funding for these benefits as they become payable and costs are expenses as the liability is liquidated. There was a balance of \$39,540 in accrued compensated absences at September 30, 2022 related to the City’s governmental fund activities. There was a balance of \$24,849 compensated absences liability for proprietary fund activities at September 30, 2022.

**Deposits and Investments** – State statutes authorize the City to invest in U.S. Treasury and agency securities, commercial paper, money market mutual funds, bankers’ acceptances, repurchase agreements, and government investment pools. The City’s local investment policy allows the City to invest in obligations of the United States government, certificates of deposit, certain mutual funds, and certain statewide investment pools. Investments for the City are reported at fair value. Investments at September 30, 2022 all consisted of certificates of deposit at local banks. All investments are considered to be Level 2 investments.

**Receivables and Payables** – All outstanding balances between funds are reported as “due to/from other funds.” All accounts receivable are shown net of an allowance for uncollectibles.

**Inventories** – The City generally does not report inventories of supplies such as consumable maintenance and operating items due to the value of these items on hand at any given date being deemed immaterial to the financial statements.

**Property Taxes** - Property taxes are levied by October 1<sup>st</sup> on the assessed value listed as of the prior January 1<sup>st</sup> for all real and business personal property in conformity with the Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1<sup>st</sup> of the year following the year in which imposed. On January 1<sup>st</sup> of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed.

**CITY OF MARLIN, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED SEPTEMBER 30, 2022**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. OTHER ACCOUNTING POLICIES (Continued)**

**Property Taxes (Continued)** – Property tax revenues are considered available when they become due or past due and receivable within the current period.

**Capital Assets** – Capital assets which include leasehold improvements, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$2,500 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The City chose not to report the initial capitalization of general infrastructure assets retroactive to October 1, 2003, as permitted by GASB Statement No. 34, *Basic Financial Statements for State and Local Governments* for smaller governments. The City reports acquired or constructed general infrastructure assets in the Statement of Net Position subsequent to October 1, 2003 in the period they acquire or construct those assets.

Capital assets of the City are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	30-40
Improvements other than Buildings	2-20
Equipment	7-10
Infrastructure	5-40
Vehicles	5

**Long-term Obligations** – In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position. In the fund financial statements, governmental fund types recognize proceeds and repayments during the current period. The face amount of debt issued is reported as other financing sources. Principal and interest payments are reported as expenditures.

**Fund Equity** – In the fund financial statements, governmental funds report restrictions of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Commitments of fund balance are recorded to denote required usage of fund balance amounts as determined by the City Council. Assignments of fund balance are made by the City Council or the City Manager and reflect planned usages of fund balance amounts.

**Recently Issued and Adopted Accounting Pronouncements** – GASB Statement No. 63, *Financial Reporting of Deferred Outflows or Resources; Deferred Inflows or Resources, and Net Position*, provides guidance for reporting the financial statement elements of deferred outflows of resources, deferred inflows or resources, and net position in a statement of financial position and related disclosures. The statement of net assets is renamed the statement of net position and includes the following elements: easements, deferred outflows of resources, liabilities, deferred inflows of resources, and net position. GASB Statement No. 63 became effective for fiscal years beginning after December 15, 2011 and was implemented in fiscal year 2013.

**CITY OF MARLIN, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED SEPTEMBER 30, 2022**

**I SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. OTHER ACCOUNTING POLICIES (Continued)**

GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows or resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. GASB Statement No. 65 is effective for fiscal years beginning after December 15, 2012 and was implemented in fiscal year 2013.

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

**II. DEPOSITS AND INVESTMENTS**

As of September 30, 2022 the primary government had the following investments:

**Custodial Credit Risk** – For deposits, custodial credit risk is the risk that, in the event of a bank failure, the City’s deposits may not be returned to it. The City’s policy requires that deposits with banks be insured by the Federal Deposit Insurance Corporation (“FDIC”) or fully collateralized as required by the Public Funds Investment Act. At September 30, 2022, the City’s deposits with financial institutions were entirely covered by FDIC insurance or pledged collateral held by the agent bank in the City’s name.

**Interest Rate Risk** – To limit the City’s exposure to interest rate risk, the City’s investment policy limits the maximum allowable stated maturities as follows:

Certificates of Deposit	90 days
No-load Money Market Mutual Funds	90 days
United States Treasury Securities	3 years

Also, the maximum weighted average maturity for the portfolio as a whole cannot exceed 365 days.

**Credit Risk** – The City’s general investments policy is to apply the prudent-person rule: Investments are made as a prudent person would be expected to act, with discretion and intelligence, to see reasonable income, preserve capital, and, in general, avoid speculative investments. Further, the City’s investment policy limits authorized investments to the following: (a) direct obligations of the United States government, (b) mutual funds offered by the City’s depository bank rated no lower than MA or at an equivalent rating by at least one nationally recognized rating service, and (c) statewide investment pools rated no lower than MA or MA-m or at an equivalent rating by at least one nationally recognized rating service.

**CITY OF MARLIN, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED SEPTEMBER 30, 2022**

**II. DEPOSITS AND INVESTMENTS (Continued)**

As of September 30, 2022, cash deposits were with a depository bank in interest bearing accounts. The carrying amounts of the City's General Funds cash in bank accounts was \$956,869 with \$362,683 restricted and \$3,642,348 in Escrow. Utility Funds cash in bank accounts was \$1,593,074 with \$820,922 restricted and \$5,592,416 in Escrow.

Some of the cash account balances in certain accounts exceeded the FDIC coverage limit of \$250,000, which puts those assets at risk in the event of bank failure.

However, as of September 30, 2022, the City's depository bank for these funds had pledged securities sufficient to cover the amount above FDIC limits.

The following shows a breakdown of the allocation of restricted cash to the various funds:

Restricted for:			
City Park donation	2,278	-	2,278
Hotel Motel	292,122	-	292,122
Law Enforcement	15,451	-	15,451
Debt Service	198,723	820,922	1,019,645
Court restricted funds	26,928	-	26,928
Special Revenue funds	-	139,843	139,843
Capital Project Repairs	81,525	-	81,525

**III. DISAGGREGATION OF RECEIVABLES**

Receivables as of September 30, 2022, including the applicable allowances for uncollectible accounts, are as follows:

	Governmental Funds	Proprietary Funds
Receivables:		
Taxes		
Property	\$ 827,204	\$ -
Sales	172,138	
Hotel/motel occupancy	6,355	
Accounts	131,290	2,462,441
Grants	-	-
Less:		
Allowance for uncollectibles	(51,355)	(190,076)
Net total receivables	\$ 1,085,632	\$ 2,272,365

**CITY OF MARLIN, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED SEPTEMBER 30, 2022**

**IV. PROPERTY TAXES**

Sec. 4. CITIES AND TOWNS WITH POPULATION OF 5,000 OR LESS: CHARTERED BY GENERAL LAW; TAXES; FINES, FORFEITURES, AND PENALTIES. Cities and towns having a population of five thousand or less may be chartered alone by general law. They may levy, assess and collect such taxes as may be authorized by law, but no tax for any purpose shall ever be lawful for any one year which shall exceed one and one-half per cent of the taxable property of such city; and all taxes shall be collectible only in current money, and all licenses and occupation taxes levied, and all fines, forfeitures and penalties accruing to said cities and towns shall be collectible only in current money.

The City is permitted, by Article XI, Section 5 of the State of Texas Constitution and the City Charter, to levy property taxes up to \$1.50 per \$100 of assessed valuation for general governmental services. Within the \$1.50 maximum levy, there is no legal limit upon the amount of property taxes which can be levied for debt service. The City's Ad Valorem Tax Rate for 2022 \$0.92 The adjusted original tax roll was \$1,511,286 on total taxable assessed value of \$164,270,217.

Property taxes as of September 30, 2022, are as follows:

	<b>General Fund</b>
Current Taxes Receivable	<u>\$149,941</u>
Delinquent & Rollback Taxes Receivable	\$647,028
	<u>\$796,969</u>
	<u><u>\$796,969</u></u>

**CITY OF MARLIN, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED SEPTEMBER 30, 2022**

**V. FIXED ASSETS**

Capital asset activity for the City of Marlin for the year ended September 30, 2022, was as follows:

	Beginning Balance	Additions/ Completions	Retirements/ Adjustments	Ending Balance
<u>Governmental activities</u>				
<u>Capital assets not being depreciated</u>				
Land	\$ 88,541	\$ -	\$ -	\$ 88,541
Construction in progress	413,976	-	-	413,976
Total capital assets not being depreciated	<u>502,517</u>	<u>-</u>	<u>-</u>	<u>502,517</u>
<u>Capital assets being depreciated</u>				
Buildings and Improvements	2,671,919	-	-	2,671,919
Infrastructure	867,956	-	-	867,956
Machinery, Equipment, Vehicles	800,100	146,936	-	947,036
Total at historical cost	<u>4,339,975</u>	<u>146,936</u>	<u>-</u>	<u>4,486,911</u>
Less: accumulated depreciation for:				
Buildings and Improvements	(2,595,683)	(2,592)	-	(2,598,275)
Infrastructure	(383,374)	(33,556)	-	(416,930)
Machinery, Equipment, Vehicles	(402,015)	(114,102)	-	(516,117)
Total accumulated depreciation	<u>(3,381,072)</u>	<u>(150,250)</u>	<u>-</u>	<u>(3,531,322)</u>
Total capital assets being depreciated, net	<u>958,903</u>	<u>(3,314)</u>	<u>-</u>	<u>955,589</u>
Governmental activities capital assets, net	<u>\$ 1,461,420</u>	<u>\$ (3,314)</u>	<u>\$ -</u>	<u>\$ 1,458,106</u>
<u>Business-type activities</u>				
<u>Capital assets not being depreciated</u>				
Land	\$ 2,432,711	\$ -	\$ -	\$ 2,432,711
Construction in progress	371,032	426,158	-	797,190
Total capital assets not being depreciated	<u>2,803,743</u>	<u>426,158</u>	<u>-</u>	<u>3,229,901</u>
<u>Capital assets being depreciated</u>				
Buildings	185,249	-	-	185,249
Machinery, Equipment, Vehicles	962,004	152,488	-	1,114,492
Distribution and collection systems	38,886,469	-	-	38,886,469
Total at historical cost	<u>40,033,722</u>	<u>152,488</u>	<u>-</u>	<u>40,186,210</u>
Less accumulated depreciation for:				
Building	(125,258)	(3,529)	-	(128,787)
Machinery, Equipment, Vehicles	(911,994)	(10,507)	-	(922,501)
Distribution and collection systems	(18,037,813)	(521,640)	-	(18,559,453)
Total accumulated depreciation	<u>(19,075,065)</u>	<u>(535,676)</u>	<u>-</u>	<u>(19,610,741)</u>
Total capital assets being depreciated, net	<u>20,958,657</u>	<u>(383,188)</u>	<u>-</u>	<u>20,575,469</u>
Business-type activities capital assets, net	<u>\$23,762,400</u>	<u>\$ 42,970</u>	<u>\$ -</u>	<u>\$ 23,805,370</u>
General government		\$ 12,784		
Public safety		73,082		
Highways and streets		64,384		
Culture and recreation		-		
Total depreciation expense - Governmental activities		<u>\$ 150,250</u>		

**CITY OF MARLIN, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED SEPTEMBER 30, 2022**

**VI. LONG-TERM DEBT** - Long-term debt for governmental and business-type activities for the year ended September 30, 2022 is as follows:

	Balance 9/30/2021	Additions	Retirements	Balance 9/30/2022	Due Within One Year	Long Term
<u>Governmental activities</u>						
Capital leases	\$ 190,297	\$ -	\$ (112,464)	\$ 77,833	\$ 23,790	\$ 54,043
Notes Payable	219,872	-	(97,426)	122,446	103,515	18,931
Certificates of Obligation	2,995,000	-	(60,000)	2,935,000	60,000	2,875,000
Compensated absences	39,540	-	-	39,540	-	-
Net Pension Liability	16,302	-	(16,302)	-	-	-
OPEB Liability	147,760	6,735	-	154,495	-	-
	<u>\$ 3,608,771</u>	<u>\$ -</u>	<u>\$ (173,728)</u>	<u>\$ 3,096,986</u>	<u>\$ 163,515</u>	<u>\$ 2,893,931</u>

	Balance 9/30/2021	Additions	Retirements	Balance 9/30/2022	Due Within One Year	Long Term
<u>Business-type activities</u>						
Bonds, Notes and other payables	13,790,000	-	(710,000)	13,080,000	715,000	12,365,000
Certificates of Obligation	24,848	-	-	24,848	-	-
Compensated absences	10,158	-	(10,158)	-	-	-
Net Pension Liability	92,071	4,128	-	96,199	-	-
OPEB Liability	\$ 13,917,077	\$ -	\$ (710,000)	\$ 13,201,047	\$ 715,000	\$ 12,365,000

**CITY OF MARLIN, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED SEPTEMBER 30, 2022**

Future debt service requirements for governmental activities are as follows:

Year ending September 30	Business-type Activities				Governmental Activities	
	Bonds Payable		Notes Payable		Bonds Payable	
	Principal	Interest	Principal	Interest	Principal	Interest
2023	715,000	105,922	103,515	4,567	60,000	-
2024	755,000	102,748	18,931	1,183	110,000	-
2025	760,000	99,373			110,000	-
2026	770,000	95,761			110,000	-
2027	770,000	91,920			110,000	-
2028-2031	3,120,000	325,879			435,000	-
2032-2036	3,670,000	296,533	-	-	525,000	-
2037-2041	1,545,000	143,816			525,000	-
2042-2046	650,000	7,645			525,000	-
2047-2050	325,000	-	-	-	425,000	-
	<u>13,080,000</u>	<u>1,269,597</u>	<u>122,446</u>	<u>5,750</u>	<u>2,935,000</u>	<u>-</u>

Governmental Activities-General Fund

Year ending September 30	Capital Lease Payable	
	Principal	Interest
2023	23,790	6,851
2024	25,883	4,758
2025	28,160	2,480
2026	-	-
2027	-	-
	<u>77,833</u>	<u>14,089</u>

**CITY OF MARLIN, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED SEPTEMBER 30, 2022**

**VII. RISK MANAGEMENT**

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omission, injuries to employees; and natural disasters. The City has joined together with governments in the State of Texas to form the Texas Municipal League Intergovernmental Risk Pool (the 'Pool'), a public entity risk pool currently operating as a common risk management insurance program for liability, property and workers' compensation coverages. The City pays a quarterly contribution to the pool for its insurance coverage. The agreement for formation of the Pool provides that the Pool will be self-sustaining through member contributions and will reinsure through commercial companies for claims in excess of specific limits. The Pool has published its own financial report, which can be obtained by writing the Texas Municipal League Intergovernmental Risk Pool, 1821 Rutherford Lane, Austin, Texas 78754-5128.

**VIII. LITIGATION**

As of September 30, 2022, the City was not a party to any litigation that would have a material effect on these financial statements.

**IX. SUBSEQUENT EVENTS**

The City has evaluated subsequent events as of February 8, 2024, the date the financial statements were available to be issued.

**X. PENSION PLAN**

**Plan Description**

The City of Marlin participates as one of 860 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent 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 Section 401(a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual report (CAFR) that can be obtained at [www.tmr.com](http://www.tmr.com).

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

B. 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 one of seven payment options. Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24 or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest.

Employees covered by benefit terms.

At the December 31, 2021 valuation and measurement date, the following employees were covered by the benefit terms.

Retirees and beneficiaries currently receiving benefits	54
Terminated members entitled to benefits but not yet receiving them	119
Active participants (vested and non-vested)	56

**CITY OF MARLIN, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED SEPTEMBER 30, 2022**

**X. PENSION PLAN (CONTINUED)**

C. Contributions

The contribution rate for the employees in TMRS is 5%, 6% and 7% of employee gross earnings, and the City matching percentages are either 100%, 150% or 200%, both as adopted by the governing body of the City. Under the state law governing TMRS, the contribution rate for each city is annually determined by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Employees for the City of Marlin were required to contribute 5% of their annual gross earnings during the fiscal year. The contribution rates for the City of Marlin employees were 7% and 7% in calendar years 2022 and 2021 respectively. The city's contributions to TMRS for the year ended September 30, 2022 were \$206,074, and were equal to the required contributions.

D. Net Pension Liability

The city's Net Pension Liability (NPL) was measured as of December 31, 2021, 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, 2021 actuarial valuation was determined using the following actuarial assumptions:

Inflation 2.5% per year

Overall payroll growth 3.5-10.5% per year

Investment Rate of Return 6.75% net of pension plan investment expense, including inflation

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Table, with male rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis by scale BB on account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Disabled Retiree Mortality Table is used, with slight adjustments.

Actuarial assumptions used in the December 31, 2021, valuation were based on the results of actuarial experience studies. The experience study in TMRS was for the period January 1, 2016 through December 31, 2021, first used in the December 31, 2017 valuation. Healthy post-retirement mortality rates and annuity purchase rates were updated based on a Mortality Experience Investigation Study covering 2015 through 2019, and dated December 31, 2021. These assumptions were first used in the December 31, 2021 valuation, along with a change to the Entry Age Normal (EAN) actuarial cost method. Assumptions are reviewed annually. No additional changes were made for the 2020 valuation.

The long-term expected rate of return on pension plan investments is 6.75%. The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the TMRS Board of Trustees. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan 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. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

**CITY OF MARLIN, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED SEPTEMBER 30, 2022**

**X. PENSION PLAN (CONTINUED)**

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

Discount Rate

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

**City of Marlin**

<i>Changes in the Net Pension Liability</i>	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a)-(b)
Balance at December 31, 2020	\$ 5,629,026	\$ 5,602,566	\$ 26,460
Changes for the year			
Service Cost	276,513	-	276,513
Interest	378,391	-	378,391
Change of benefit terms	-	-	-
Difference between expected & actual experience	129,376	-	129,376
Changes of assumptions	-	-	-
Contributions - employer	-	206,074	(206,074)
Contributions - employee	-	118,574	(118,574)
Net investment income	-	727,904	(727,904)
Benefit payments, including refunds of employee contributions	(322,973)	(322,973)	-
Administrative expense	-	(3,379)	3,379
Other charges	-	22	(22)
Net charges	\$ 461,307	\$ 726,222	\$ (264,915)
Balance at December 31, 2021	\$ 6,090,333	\$ 6,328,788	\$ (238,455)

**CITY OF MARLIN, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED SEPTEMBER 30, 2022**

**X. PENSION PLAN (CONTINUED)**

Sensitivity of the net pension liability to changes in the discount rate.

The following presents the net pension liability of the City, calculated using the discount rate of 6.75%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (5.75%) or 1 percentage point 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)	\$ 680,165	\$ (238,455)	\$ (972,940)

**Pension Plan Fiduciary Net Position**

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

**CITY OF MARLIN  
SCHEDULE OF PENSION EXPENSE  
SEPTEMBER 30, 2022**

1.	Total Service Cost	\$ 276,513
2.	Interest on the Total Pension Liability	378,391
3.	Current Period Benefit Changes	-
4.	Employee Contributions (Reduction of Expense)	(118,574)
5.	Projected Earnings on Plan Investments (Reduction of Expense)	(378,173)
6.	Administrative Expense	3,379
7.	Other Changes in Fiduciary Net Position	(23)
8.	Recognition of Current Year Outflow (Inflow) of Resources - Liabilities	62,804
9.	Recognition of Current Year Outflow (Inflow) of Resources - Assets	(69,946)
10.	Amortization of Prior Year Outflows (Inflows) of Resources - Liabilities	(107,592)
11.	Amortization of Prior Year Outflows (Inflows) of Resources - Assets	(56,734)
12.	Total Pension Expense	\$ (9,955)

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

Actuarial calculations are based on the benefits provided under the terms of the substantive plan in effect at the time of each valuation and reflect a long-term perspective. Consistent with that perspective, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.



**CITY OF MARLIN, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED SEPTEMBER 30, 2022**

**XI. SUPPLEMENTAL DEATH BENEFITS PLAN (CONTINUED)**

TMRS records indicate the following percentages contributed by the City (as employer contributions) for the following fiscal years ending:

Plan/ Calendar Year	Annual Required Contribution (Rate)	Actual Contribution Made (Rate)	Percentage of ARC Contributed
2017	N/A	N/A	100%
2018	N/A	N/A	100%
2019	0.00%	0.00%	100%
2020	0.00%	(city to provide)	(city to provide)
2021	0.00%	(city to provide)	(city to provide)

**Net Other Post Employment Benefits Liability.**

**Actuarial Assumptions**

Actuarial assumptions were developed from the actuarial investigation of the experience of TMRS over the four year period from December 31, 2015 to December 31, 2021. These assumptions were adopted in 2019 and first used in the December 31, 2021 valuation.

All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68.

The Mortality Experience Investigation Study covering 2015 through 2019 is used as the basis for the post-retirement mortality assumption for healthy annuitants and Annuity Purchase Rate (APRs). Mortality Rates for service employees uses the RP2000 Combined Mortality Table 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 with scale BB to account for future mortality improvements subject to the 3% floor.

**CITY OF MARLIN, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER, 30, 2022**

**XI – SUPPLEMENTAL DEATH BENEFITS PLAN**

Inflation	2.50% per year
Overall payroll growth	3.50 to 10.5% per year including inflation
Discount rate	2.75%

**Changes in the Net Other Post Employment Benefits Liability**

	Increase (Decrease)
	<u>Total OPEB Liability</u>
<b>Balance at 12/31/20</b>	<b>\$239,831</b>
Changes for the year	
Service Cost	10,672
Interest on Total OPEB liability	4,806
Changes of benefit terms	0
Differences between expected and actual experience	(1,267)
Changes in assumption or other inputs	6,375
Benefit payments	(9,723)
Net changes	10,863
Total OPEB Liability – end of year	\$250,694
Total OPEB Liability as a Percentage of Covered Payroll	10.57%

**Sensitivity of the Total OPEB Liability to Changes in the Discount Rate**

The following presents the total OPEB liability of the City, calculated using the current discount rate of 3.31% as well as what the City’s total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.31%) or -1 percentage point higher (4.31%) than the current rate. Because the SDBF is considered an unfunded trust, the relevant discount rate to calculate the total OPEB liability is based on the Fidelity Index’s 20 year Municipal GO AA Index.

**CITY OF MARLIN, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER, 30, 2022**

**XI – SUPPLEMENTAL DEATH BENEFITS PLAN**

	1% Decrease in Discount Rate (1.00%)	Discount Rate (2.00%)	1% Increase in Discount Rate (3.00%)
Total OPEB liability	\$297,254	\$250,694	\$214,462

**CITY OF MARLIN**  
**SCHEDULE OF OPEB EXPENSE**  
**SEPTEMBER 30, 2022**

1. Total Service Cost	\$ 10,672
2. Interest on the Total OPEB Liability	4,806
3. Changes in benefit terms	-
4. Employer administrative costs	-
5. Recognition of deferred outflows/inflows of resources	-
6. Differences between expected and actual experience	(3,867)
7. Changes in assumptions or other inputs	13,102
8. Total OPEB Expense	<u>\$ 24,713</u>

**CITY OF MARLIN, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER, 30, 2022**

**XI – SUPPLEMENTAL DEATH BENEFITS PLAN**

**Other Information**

Due to the SDBF being considered an unfunded OPEB plan, benefit payments are treated as being equal to the employer’s yearly contributions for retirees. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75 to pay related benefits. In order to determine the retiree portion of the City’s Supplemental Death Benefit Plan contributions (that which is considered OPEB), the City should perform the following calculation:

Total covered payroll \* retiree Portion of SDB Contribution (Rate)

	Deferred <u>Outflows of Resources</u>	Deferred <u>Inflows or Resources</u>
Difference in expected and actual experience	\$ -	\$ (8,888)
Change in assumptions (actuarial (gains) or losses)	30,463	-
Contributions subsequent to the measurement date	-	-
	<u>\$ 30,463</u>	<u>\$ (8,888)</u>
Year ended September 30		
2022	7,503	
2023	9,183	
2024	4,101	
2025	788	
2026	-	
Thereafter		
Total	<u>\$ 21,575</u>	

**REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF MARLIN, TEXAS**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL – GENERAL FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2022**

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
Revenues:				
Taxes:				
Property	1,647,865	1,647,865	1,634,522	(13,343)
Sales	800,000	800,000	765,069	(34,931)
Franchise fees	187,468	187,468	267,696	80,228
Hotel Motel & Mixed Beverage tax	10,500	10,500	50,509	40,009
Sanitation revenues	683,700	683,700	686,396	2,696
Licenses and permits	89,550	89,550	40,806	(48,744)
Fines	416,802	416,802	356,614	(60,188)
Investment income	400	400	21,645	21,245
Grants & contributions	-	-	20,512	20,512
Miscellaneous	111,162	111,162	36,548	(74,614)
Total revenues	<u>3,947,447</u>	<u>3,947,447</u>	<u>3,880,317</u>	<u>(67,130)</u>
Expenditures:				
Current:				
General government	682,113	682,113	827,060	144,947
Public Safety	1,852,861	1,852,861	1,568,870	(283,991)
Streets	711,393	711,393	632,027	(79,366)
Sanitation	677,480	677,480	681,648	4,168
Cultural and recreational	23,600	23,600	140,081	116,481
Capital outlay			146,936	146,936
Debt Service				
Principal	-	-	269,980	269,980
Interest and fiscal charges	-	-	22,628	22,628
Total expenditures	<u>3,947,447</u>	<u>3,947,447</u>	<u>4,289,230</u>	<u>341,783</u>
Excess (deficiency) of revenues over (under) expens	-	-	(408,913)	(408,913)
Other financing sources (uses):				
Contingency	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	-	-	(408,913)	(408,913)
Fund balances at beginning of year	<u>5,090,124</u>	<u>5,090,124</u>	<u>5,090,124</u>	<u>-</u>
Fund balances at end of year	\$ 5,090,124	\$ 5,090,124	\$ 4,681,211	\$ (408,913)

See Notes to Required Supplementary Information.

**CITY OF MARLIN, TEXAS**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL – PROPRIETARY FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2022**

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
Operating revenues:				
Charges for sales and services:				
Water services	\$ 2,500,000	\$ 2,500,000	3,054,389	\$ 554,389
Wastewater services	930,000	930,000	1,079,826	149,826
Reconnect Fees	-	-	703,421	703,421
Penalties	167,000	167,000	221,077	54,077
Tap fees	-	-	10,100	10,100
Miscellaneous revenue	-	-	54,599	54,599
Total operating revenues	<u>3,597,000</u>	<u>3,597,000</u>	<u>5,123,412</u>	<u>1,526,412</u>
Operating expenses:				
Water Billing	381,085	381,085	240,307	(140,778)
Water Plant	1,498,707	1,498,707	1,283,223	(215,484)
Wastewater Plant	722,926	722,926	337,089	(385,837)
Public Works	998,282	998,282	631,363	(366,919)
Depreciation and amortization	-	-	535,676	535,676
Total operating expenses	<u>3,601,000</u>	<u>3,601,000</u>	<u>3,027,658</u>	<u>(573,342)</u>
Operating income (loss)	<u>(4,000)</u>	<u>(4,000)</u>	<u>2,095,754</u>	<u>2,099,754</u>
Nonoperating revenues (expense):	-	-	-	-
Investment income	500	500	28,273	27,773
Other income/(expense)	3,500	3,500	-	(3,500)
Interest expense	-	-	(108,815)	(108,815)
Total nonoperating revenues (expense)	<u>4,000</u>	<u>4,000</u>	<u>(80,542)</u>	<u>(84,542)</u>
Income (loss) before transfers	<u>-</u>	<u>-</u>	<u>2,015,212</u>	<u>2,015,212</u>
Transfers in			-	
Transfers out			-	
Total other financing sources (uses)	-	-	-	-
Change in net position	-	-	<u>2,015,212</u>	
Net position, beginning of year,	14,438,870	14,438,870	<u>14,438,870</u>	-
Net position, end of year	14,438,870	14,438,870	<u>\$ 16,454,082</u>	

**CITY OF MARLIN, TEXAS**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**YEAR ENDED SEPTEMBER 30, 2022**

**NOTE 1 – BUDGETS AND BUDGETARY ACCOUNTING**

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

- Prior to the beginning of each fiscal year, the City Manager submits to the Mayor & City Council a proposed budget for the fiscal year beginning on the following October 1<sup>st</sup>. The operating budget includes proposed expenditures and the means of financing those expenditures.
- Public hearings are conducted at which all interested persons' comments concerning the budget are heard.
- The budget is legally enacted by the City Council. Budgetary control is maintained at the fund level.
- Budget revisions are made during the year.

An annual budget in accordance with generally accepted accounting principles is adopted for the general fund. Actual expenditures and operating transfers out may not legally exceed budget appropriations at the individual fund level. Appropriations lapse at the close of the fiscal year to the extent that they have not been expended or encumbered.



**City of Marlin**  
**Schedule of Changes in Net Pension Liability and Related Ratios**  
**Last ten years (will ultimately be displayed)**

<b>Total pension liability</b>	2016	2017	2018	2019	2020	2021		
1. Service Cost	200,420	212,098	247,653	248,303	242,659	276,513	-	-
2. Interest	331,701	342,858	348,383	361,058	371,298	378,391	-	-
3. Changes of benefit terms	-	-	-	-	-	-	-	-
4. Difference expected and actual	(8,899)	(124,663)	(46,465)	(95,175)	(200,163)	129,376	-	-
5. Changes of assumptions	-	-	-	(3,036)	-	-	-	-
6. Benefit payments	(334,343)	(393,191)	(339,272)	(384,953)	(328,297)	(322,973)	-	-
7. Net change in pension liability	188,879	37,102	210,299	126,197	85,497	461,307	-	-
8. Beginning pension liability	4,981,052	5,169,931	5,207,033	5,417,332	5,543,529	5,629,026	-	-
9. Ending pension liability	5,169,931	5,207,033	5,417,332	5,543,529	5,629,026	6,090,333	-	-
<b>Plan fiduciary net position</b>							-	-
1. Contributions - employer	144,545	170,719	197,768	187,995	186,548	206,074	-	-
2. Contributions - employee	84,852	90,254	105,205	104,858	104,685	118,574	-	-
3. Net investment income	281,475	601,266	(143,771)	713,536	397,121	727,904	-	-
4. Benefit payments	(334,343)	(393,191)	(339,272)	(384,953)	(328,297)	(322,973)	-	-
5. Administrative Expense	(3,184)	(3,121)	(2,785)	(4,043)	(2,576)	(3,379)	-	-
6. Other	(172)	(158)	(146)	(121)	(101)	22	-	-
7. Net change in plan	173,173	465,769	(183,001)	617,272	357,380	726,222	-	-
8. Beginning net position	4,171,973	4,345,146	4,810,915	4,627,914	5,245,186	5,602,566	-	-
9. Ending Net Position	4,345,146	4,810,915	4,627,914	5,245,186	5,602,566	6,328,788	-	-
<b>Net pension liability</b>	824,785	396,118	789,418	298,343	26,460	(238,455)	-	-
<b>Plan fiduciary net position % of the total pension liability.</b>	84.05%	92.39%	85.43%	94.62%	99.53%	103.92%	0.00%	0.00%
<b>Covered-employee payroll</b>	\$1,697,032	\$1,805,088	\$2,104,100	2,097,152	2,093,694	2,371,471	-	-
<b>Net pension liability as a % of covered employee payroll</b>	48.60%	21.94%	37.52%	14.23%	1.26%	-10.06%	0.00%	0.00%

**City of Marlin**  
**Schedule of Contributions**  
**Last 10 Fiscal Years (will ultimately be displayed)**  
**September 30, 2022**

	2015	2016	2017	2018	2019	2020	2021
Actually Determined Contribution	\$ 110,909	\$ 128,183	\$ 143,763	170,719	200,425	184,343	214,8
Contributions in relation to the actuarially determined contribution	110,909	128,183	143,763	170,719	200,425	184,343	214,8
Contribution deficiency (excess)	-	-	-	-	-	-	-
Covered employee payroll	\$1,582,155	\$1,529,623	\$1,697,032	1,805,088	2,138,843	2,008,090	2,410,8
Contributions as a percentage of covered employee payroll	7.01%	8.38%	8.47%	9.46%	9.37%	9.18%	8.9

**Notes to Schedule of Contributions**

Valuation Date determined 12/31/2021  
Notes

**Methods and Assumptions Used to Determine contribution Rates:**

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level percentage of Payroll, Closed
Remaining Amortization Period	25 years
Asset Valuation Method	10 Year smoothed market; 12% soft corridor
Inflation	2.50%
Salary Increases	3.50% to 10.50%, including inflation
Investment Rate of Return	6.75%
Retirement Age	Experienced-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 RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB

**Other Information**

Notes

There were not benefit changes during the year.

GASB 68 requires 10 fiscal years of data to be provided in this schedule. As GASB 68 has been initially adopted for the 2015 fiscal year, historical data is not presented.

## OTHER INFORMATION

**CITY OF MARLIN, TEXAS  
COMBINING BALANCE SHEET  
NON-MAJOR GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2022**

	Hotel/Motel Tax	Court Security	Court Technology	Police Seizures	LEOSE
<b>Assets</b>					
Cash and cash equivalents	\$ 241,156	\$ 22,370	\$ 5,851	4,129	969
Receivables net	6,355	-	-		
<b>Total assets</b>	<b>\$ 247,511</b>	<b>\$ 22,370</b>	<b>\$ 5,851</b>	<b>4,129</b>	<b>969</b>
<b>Liabilities and fund balances</b>					
Liabilities:					
Accounts payable	\$ 144	\$ 99	\$ 915	-	-
Unearned revenue	-	-	-	-	-
<b>Total liabilities</b>	<b>144</b>	<b>99</b>	<b>915</b>	<b>-</b>	<b>-</b>
Fund balances:					
Restricted for:					
Municipal Court	-	22,271	4,936	-	
Hotel Motel	247,367	-	-	-	
Law Enforcement				4,129	969
Committed for:					
Capital Projects				-	
Special Revenues		-	-	-	
<b>Total fund balances</b>	<b>247,367</b>	<b>22,271</b>	<b>4,936</b>	<b>4,129</b>	<b>969</b>
<b>Total liabilities and fund balances</b>	<b>\$ 247,511</b>	<b>\$ 22,370</b>	<b>\$ 5,851</b>	<b>4,129</b>	<b>969</b>

**CITY OF MARLIN, TEXAS  
COMBINING BALANCE SHEET  
NON-MAJOR GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2022**

	Juvenile Case Management	City Park Donation	Debt Service	Capital Projects	Total
<b>Assets</b>					
Cash and cash equivalents	\$ 4,361	\$ 2,278	\$ 198,723	81,569	561,406
Receivables net	-	-	-		6,355
<b>Total assets</b>	<b>\$ 4,361</b>	<b>\$ 2,278</b>	<b>\$ 198,723</b>	<b>81,569</b>	<b>567,761</b>
<b>Liabilities and fund balances</b>					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ -	-	1,158
Unearned revenue	-	-	-	-	-
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,158</b>
Fund balances:					
Restricted for:					
Municipal Court	-	-	-	-	27,207
Hotel Motel	-	-	-	-	247,367
Law Enforcement	4,361	-	-	-	9,459
City park donation	-	2,278	-	-	2,278
Capital Projects	-	-	-	81,569	81,569
Debt Service	-	-	198,723	-	198,723
<b>Total fund balances</b>	<b>4,361</b>	<b>2,278</b>	<b>198,723</b>	<b>81,569</b>	<b>566,603</b>
<b>Total liabilities and fund balances</b>	<b>\$ 4,361</b>	<b>\$ 2,278</b>	<b>\$ 198,723</b>	<b>81,569</b>	<b>567,761</b>

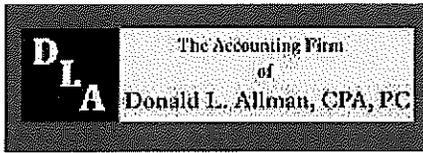
**CITY OF MARLIN, TEXAS**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCES – NON-MAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2022**

	Hotel/Motel Tax	Court Security	Court Technology	Police Seizures	LEOSE
Revenues:					
Hotel/motel occupancy taxes	\$ 50,509	\$ -	\$ -		
Investment income	-	11	3	-	1
Court fines and fees		5581	718	-	
police fines	-	-	-	927	983
Total revenues	<u>50,509</u>	<u>5,592</u>	<u>721</u>	<u>927</u>	<u>984</u>
Expenditures:					
Current:					
Public Safety & Court	-	198	16,653		1,521
General Government	95,264	-	-	-	-
Total expenditures	<u>95,264</u>	<u>198</u>	<u>16,653</u>	<u>-</u>	<u>1,521</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(44,755)</u>	<u>5,394</u>	<u>(15,932)</u>	<u>927</u>	<u>(537)</u>
Transfers In/(Out)					
Net change in fund balances	(44,755)	5,394	(15,932)	927	(537)
Beginning Fund Balances	292,122	16,877	20,868	3,202	1,506
Ending Fund Balances	<u>\$ 247,367</u>	<u>\$ 22,271</u>	<u>\$ 4,936</u>	<u>4,129</u>	<u>969</u>

**CITY OF MARLIN, TEXAS**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCES – NON-MAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2022**

	Juvenile Case Management	City Park Maintenance	Debt Service	Capital Projects	Total
<b>Revenues:</b>					
Hotel/motel occupancy taxes	\$ -	\$ -	\$ -		50,509
Investment income	3	-	-	44	62
Court fines and fees				-	6,299
Donations			-		-
police fines	6,984	-	-		8,894
Total revenues	<u>6,987</u>	<u>-</u>	<u>-</u>	<u>44</u>	<u>65,764</u>
<b>Expenditures:</b>					
Current:					
Debt Service: Principal			269,980		269,980
Debt Service: Interest			20,378		20,378
Public Safety	5,499		-		23,871
General Government	-	-	-	-	95,264
Total expenditures	<u>5,499</u>	<u>-</u>	<u>290,358</u>	<u>-</u>	<u>409,493</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,488</u>	<u>-</u>	<u>-</u>	<u>44</u>	<u>(343,729)</u>
Transfers In/(Out)			366,521	-	366,521
Net change in fund balances	1,488	-	76,163	44	22,792
Beginning Fund Balances	2,873	2,278	122,560	81,525	543,811
Ending Fund Balances	<u>\$ 4,361</u>	<u>\$ 2,278</u>	<u>\$ 198,723</u>	<u>81,569</u>	<u>566,603</u>

**REPORTS REQUIRED BY GOVERNMENT AUDITING STANDARDS**



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CERTIFIED PUBLIC ACCOUNTANT

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

Honorable Mayor and City Council Members  
City of Marlin, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Marlin, Texas, as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the City of Marlin, Texas' basic financial statements, and have issued our report thereon dated February 8, 2024.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City of Marlin, Texas' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Marlin, Texas' internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Marlin, Texas' internal control.

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

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

**Compliance and Other Matters**

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

**Purpose of this Report**

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

Donald L. Allman, CPA, PC

Georgetown, TX  
February 8, 2024