

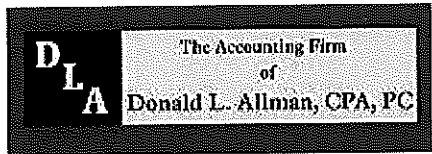
CITY OF MARLIN, TEXAS
Annual Financial Report

For the Year Ended
September 30, 2024

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

CITY OF MARLIN, TEXAS
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2024
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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, 2024, 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, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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.

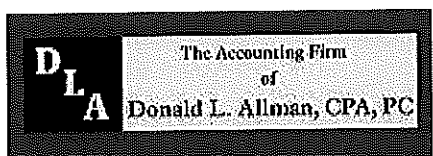
Responsibilities of Management for the Financial Statements

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.

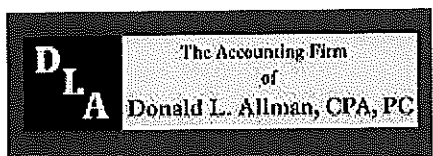
In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- 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.



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 September 2, 2025 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.

A handwritten signature in black ink, appearing to read 'DLA', with a long horizontal line extending to the right.

Donald L. Allman, CPA, PC

September 2, 2025
Georgetown, Texas

<p style="text-align: center;">CITY OF MARLIN, TEXAS MANAGEMENT'S DISCUSSION AND ANALYSIS</p>

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, 2024. 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, 2024, the City of Marlin decreased its net position by \$(673,833) for government-wide financial reporting. The General Fund had a net position increase of \$670,915 before transfers, and the Proprietary Fund had a net position decrease of \$(1,344,798) before transfers.
- For the year ended September 30, 2024, the City of Marlin decreased its net position by \$(1,311,605) 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 \$7,440,849 for the 2024 fiscal year, a \$(3,061,085) decrease over the prior year. Total expenses for the City of Marlin for fiscal year 2024 were \$8,114,732, an increase of \$375,893 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, 2024

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Current and Other Assets	\$ 5,946,470	\$ 7,281,010	\$ 11,827,172	\$ 14,968,570	\$ 17,773,642	\$ 22,249,580
Capital Assets, net	1,244,512	1,362,785	23,603,780	23,671,253	24,848,292	25,034,038
	<u>7,190,982</u>	<u>8,643,795</u>	<u>35,430,952</u>	<u>38,639,823</u>	<u>42,621,934</u>	<u>47,283,618</u>
Total Deferred Outflows	759,842	611,321	473,799	380,822	1,233,641	992,143
Other Liabilities	241,406	1,077,160	3,411,055	5,221,990	3,652,461	6,299,150
Long-term Liabilities	2,802,313	3,265,090	14,089,917	15,151,522	16,892,230	18,416,612
Total Liabilities	<u>3,043,719</u>	<u>4,342,250</u>	<u>17,500,972</u>	<u>20,373,512</u>	<u>20,544,691</u>	<u>24,715,762</u>
Total Deferred Inflows	851,852	590,620	531,400	367,864	1,383,252	958,484
Net Position:						
Net Investment in Cap As	2,093,710	1,953,654	15,950,845	13,247,556	18,044,555	15,201,210
Restricted	573,623	592,283	1,095,309	1,221,631	1,668,932	1,813,914
Unrestricted	<u>1,387,920</u>	<u>1,776,309</u>	<u>826,225</u>	<u>3,810,082</u>	<u>2,214,145</u>	<u>5,586,391</u>
Total Net Position	<u>4,055,253</u>	<u>4,322,246</u>	<u>17,872,379</u>	<u>18,279,269</u>	<u>21,927,632</u>	<u>22,601,515</u>

Table A-2
Changes in City's Net Position
September 30, 2024

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Program Revenues						
Charges for Services	\$ 1,392,273	\$ 1,522,765	\$ 2,599,745	\$ 5,541,529	\$ 3,992,018	\$ 7,064,294
Operating grants/donations	7,853	5,367	-	-	7,853	5,367
Capital grants	-	-	-	-	-	-
General Revenues						
Ad Valorem Taxes	1,999,646	1,731,499	-	-	1,999,646	1,731,499
Sales Tax	1,056,965	855,239	-	-	1,056,965	855,239
Franchise Taxes	208,960	221,868	-	-	208,960	221,868
Hotel / Motel Tax	52,832	73,300	-	-	52,832	73,300
Alcoholic Beverage taxes	1,761	3,875	-	-	1,761	3,875
Interest Income	-	307	6,135	32,066	6,135	32,373
Gain/(loss) on Sale	10,646	25,239	-	-	10,646	25,239
Miscellaneous/Other	104,033	488,880	-	-	104,033	488,880
Total Revenues	<u>4,834,969</u>	<u>4,928,339</u>	<u>2,605,880</u>	<u>5,573,595</u>	<u>7,440,849</u>	<u>10,501,934</u>
Program Expenses						
General Government	995,506	988,857	-	-	995,506	988,857
Public Safety	1,673,017	1,602,226	-	-	1,673,017	1,602,226
Highways & Streets	623,802	598,130	-	-	623,802	598,130
Sanitation	787,482	743,637	-	-	787,482	743,637
Culture & Recreational	78,306	46,163	-	-	78,306	46,163
Interest on LT Debt	5,941	11,418	262,424	105,922	268,365	117,340
Water & Sewer	-	-	3,688,254	3,642,486	3,688,254	3,642,486
Total Expenses	<u>4,164,054</u>	<u>3,990,431</u>	<u>3,950,678</u>	<u>3,748,408</u>	<u>8,114,732</u>	<u>7,738,839</u>
Increase (Decrease) in Net Position Before Transfers	670,915	937,908	(1,344,798)	1,825,187	(673,883)	2,763,095
Transfers In (Out)	<u>(937,908)</u>	<u>-</u>	<u>937,908</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in Net Position	<u>(266,993)</u>	<u>937,908</u>	<u>(406,890)</u>	<u>1,825,187</u>	<u>(673,883)</u>	<u>2,763,095</u>
Net Position - Beginning	4,322,246	3,384,338	18,279,269	16,454,082	22,601,515	19,838,420
Net Position - Ending	<u>4,055,253</u>	<u>4,322,246</u>	<u>17,872,379</u>	<u>18,279,269</u>	<u>21,927,632</u>	<u>22,601,515</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 2023/2024.

The City of Marlin's various departmental expenditures totaled \$4,164,054 for the year ended September 30, 2024. 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 \$1,750,410, Wastewater service charges were \$584,270, and Reconnect fees were \$0 for fiscal year 2024. Expenses for Water services were \$1,460,719, Wastewater service was \$555,445 and Public Works expenses were \$575,177. Revenues decreased \$(2,967,715) or 53%. Expenses increased \$202,270 or 5.4%.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At year end, the City of Marlin had invested \$24,848,292 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 a decrease of approximately \$(185,746) 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	
	2024	2023	2024	2023	2024	2023
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	1,545,719	1,120,161	1,959,695	1,534,137
Buildings and Improvements	68,460	71,052	47,200	51,831	115,660	122,883
Infrastructure	383,914	417,470	19,348,749	19,799,236	19,732,663	20,216,706
Machinery, Equipment and Vehicles	289,621	371,746	229,401	267,314	519,022	639,060
Total Capital Assets (Net of Depreciation)	1,244,512	1,362,785	23,603,780	23,671,253	24,848,292	25,034,038

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 \$17,662,160. A summary of long-term debt is as follows:

Table A-4
City's Long-Term Debt

	Governmental Activities		Business-type Activities		Total		Change
	2024	2023	2024	2023	2024	2023	2024-2023
Long Term - Debt							
Certificates of Obligation	\$ 2,765,000	\$ 2,875,000	\$ 14,869,000	\$ 15,695,000	\$ 17,634,000	\$ 18,570,000	(936,000)
Notes	-	18,931	-	-	-	18,931	(18,931)
Capital leases	28,160	54,043	-	-	28,160	54,043	(25,883)
Total Long-Term Debt	\$ 2,793,160	\$ 2,947,974	\$ 14,869,000	\$ 15,695,000	\$ 17,662,160	\$ 18,642,974	\$ (980,814)

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The City of Marlin has adopted an overall expenditure budget for FY2023/2024 totaling \$9,044,842 with overall revenues of \$9,044,842. Property tax rates for FY 2023/2024 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, 2024
Primary Government

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and equivalents	\$ 450,804	\$ 508,634	\$ 959,438
Receivables (net of allowance for uncollectibles):			
Property Taxes	649,048	-	649,048
Accounts	242,219	851,048	1,093,267
Due from Proprietary Fund	320,230	-	320,230
Inventory	-	93,961	93,961
Net Pension asset	68,188	43,446	111,634
Restricted assets:			
Cash and equivalents	573,623	1,095,309	1,668,932
Cash escrow	3,642,358	9,234,774	12,877,132
Capital assets:			
Non-depreciable	502,517	3,978,430	4,480,947
Depreciable, net	741,995	19,625,350	20,367,345
Total assets	<u>7,190,982</u>	<u>35,430,952</u>	<u>42,621,934</u>
Deferred outflows of resources			
Deferred amounts related to pension:	759,842	473,799	1,233,641
Total deferred outflows of resources	<u>759,842</u>	<u>473,799</u>	<u>1,233,641</u>
Liabilities			
Accounts payable	46,386	20,140	66,526
Other accrued liabilities	56,860	-	56,860
Due to General Fund	-	320,230	320,230
Deposits	-	180,976	180,976
Unearned Revenues	-	2,018,709	2,018,709
Long-term liabilities:			
Due within one year:			
Capital lease payable	28,160	-	28,160
Notes payable	-	-	-
Bonds payable	110,000	871,000	981,000
Due in more than one year:			
Compensated absences	39,540	24,849	64,389
Capital lease payable	-	-	-
Bonds payable	2,655,000	13,998,000	16,653,000
Notes payable	-	-	-
Net pension liability - TMRS	-	-	-
Net OPEB Liability	107,773	67,068	174,841
	-	-	-
Total liabilities	<u>3,043,719</u>	<u>17,500,972</u>	<u>20,544,691</u>
Deferred inflows of resources			
Deferred amounts related to pension:	851,852	531,400	1,383,252
Total deferred inflows of resources	<u>851,852</u>	<u>531,400</u>	<u>1,383,252</u>
Net Position			
Net investment in capital assets	2,093,710	15,950,845	18,044,555
Restricted for:			
City Park donation	-	-	-
Hotel Motel	285,278	-	285,278
Law Enforcement	489	-	489
Debt Service	140,640	1,095,309	1,235,949
Court restricted funds	65,463	-	65,463
Special Revenue funds	-	-	-
Capital Project Repairs	81,753	-	81,753
Unrestricted	1,387,920	826,225	2,214,145
Total net position	<u>\$ 4,055,253</u>	<u>\$ 17,872,379</u>	<u>\$ 21,927,632</u>

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, 2024

Program Activities	Program Revenues				Net (Expenses) Revenues and Changes in Net Position		
	Expenses	Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary government:							
Governmental activities:							
General government	\$ 995,506	\$ 140,947	\$ 5,367	\$ -	\$ (849,192)	\$ -	\$ (849,192)
Public safety & Court	1,673,017	608,873	2,486	-	(1,061,658)	-	(1,061,658)
Highways and streets	623,802	-	-	-	(623,802)	-	(623,802)
Culture and recreation	78,306	-	-	-	(78,306)	-	(78,306)
Sanitation services	787,482	642,453	-	-	(145,029)	-	(145,029)
Interest on long-term debt	268,365	-	-	-	(5,941)	(262,424)	(268,365)
Total governmental activities	4,426,478	1,392,273	7,853	-	(2,763,928)	(262,424)	(3,026,352)
Business-type activities:							
Water Sewer	3,688,254	2,599,745	-	-	-	(1,088,509)	(1,088,509)
Pension/OPEB expenses	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
Total business-type activities	3,688,254	2,599,745	-	-	-	(1,088,509)	(1,088,509)
Total primary government	8,114,732	3,992,018	7,853	-	(2,763,928)	(1,350,933)	(4,114,861)
General revenues:							
Taxes							
Property taxes					1,999,646	-	1,999,646
Sales taxes					1,056,965	-	1,056,965
Franchise fees					208,960	-	208,960
Hotel/motel occupancy & mixed beverage tax					54,593	-	54,593
Investment earnings					-	6,135	6,135
Gain (loss) on disposal of capital assets					10,646	-	10,646
Miscellaneous					104,033	-	104,033
Transfers					(937,908)	937,908	-
Total general revenues and transfers					2,496,935	944,043	3,440,978
Change in net position					(266,993)	(406,890)	(673,883)
Net position at beginning of the year, as previously reported					4,322,246	18,279,269	22,601,515
Net position at end of year					\$ 4,055,253	\$ 17,872,379	\$ 21,927,632

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FUND FINANCIAL STATEMENTS

**CITY OF MARLIN, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2024**

	General	Debt Service	Certificates of Obligation Series 2019A	Total Nonmajor Funds	Total Governmental Funds
Assets					
Cash and equivalents	\$ 334,295	-	\$ 116,509	\$ -	\$ 450,804
Receivables:	-				
Taxes	649,048	-			649,048
Accounts	235,864			6,355	242,219
Inventory	-				-
Prepaid Expense	-				-
Due from other funds	320,230	-		-	320,230
Due from Component Unit	-			-	-
Restricted assets:					
Cash and equivalents	-	140,640	3,642,358	433,523	4,216,521
Total assets	\$ 1,539,437	140,640	\$ 3,758,867	\$ 439,878	\$ 5,878,822
Liabilities					
Accounts payable	\$ 42,896			\$ 3,490	\$ 46,386
Accrued liabilities	56,860	-		-	56,860
Deposits	-			-	-
Due to other funds	(64,913)	-	64,913	-	-
Total liabilities	34,843	-	64,913	3,490	103,246
Deferred Inflows of Resources					
Unearned revenue - bond			827,611		827,611
Unavailable revenue-property taxes	649,048	-	-	-	649,048
Fund Balances					
Nonspendable:					
Inventory	-				-
City Park donation	-			-	-
Restricted for:					
Debt service	-	140,640		-	140,640
Contingency	-			-	-
Municipal Court	-			68,868	68,868
Hotel motel	-			285,278	285,278
Law Enforcement	-			489	489
Committed for:					
Capital Projects	-		2,866,343	81,753	2,948,096
Special Revenue				-	-
Unassigned reported in:					
General fund	855,546			-	855,546
Total fund balances	855,546	140,640	2,866,343	436,388	4,298,917
Total Liabilities, deferred inflows and Fund Balances	\$ 1,539,437	140,640	\$ 3,758,867	\$ 439,878	\$ 5,878,822

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, 2024

Fund balances - total governmental funds		4,298,917
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Differences between Government Wide and Governmental Funds accounting		827,071
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds:		
Governmental capital assets	5,082,167	
Less accumulated depreciation	3,837,655	1,244,512
Certain taxreceivables are not available to pay for current period expenditures and are not reported in the governmental funds balance sheet.		649,048
Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds balance sheet.		-
Compensated absences	(39,540)	
Capital lease & Note payable	(28,160)	
Net OPEB Liability	(107,773)	
Bonds Payable	(2,765,000)	
Net Pension Asset-TMRS	68,188	
Due to/Due from	-	(2,872,285)
Certain deferred inflows and outflows of resources are not reported in the governmental funds.		
Deferred outflows related to pensions	759,842	
Deferred inflows related to pensions	(851,852)	(92,010)
Net position of governmental activities		<u>\$ 4,055,253</u>

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, 2024

	General	Debt Service	Certificates of Obligation 2019 A	Total Nonmajor Funds	Total Governmental Funds
Revenues:					
Taxes					
Property	\$ 1,003,036			\$ -	\$ 1,003,036
Sales	1,056,965			-	1,056,965
Franchise fees	208,960			-	208,960
Hotel/motel occupancy	-			52,832	52,832
Sanitation revenues	642,453			-	642,453
Licenses and permits	140,947			-	140,947
Fines	590,688			18,185	608,873
Investment income	-	-	-	198	198
Grants and contributions	7,853		-	-	7,853
Miscellaneous	114,617		-	62	114,679
Total revenues	<u>3,765,519</u>	<u>-</u>	<u>-</u>	<u>71,277</u>	<u>3,836,796</u>
Expenditures					
Current:					
General government	940,507			52,113	992,620
Public safety	1,585,273			19,702	1,604,975
Highways and streets	552,873			-	552,873
Culture and recreation	78,306				78,306
Sanitation expenses	787,482				787,482
Capital outlay	33,482		-	-	33,482
Debt service:					
Principal	-	154,814		-	154,814
Interest and fiscal charges	-	5,941	-	-	5,941
Total expenditures	<u>3,977,923</u>	<u>160,755</u>	<u>-</u>	<u>71,815</u>	<u>4,210,493</u>
Excess (deficiency) of revenues over (under) expenditures	(212,404)	(160,755)	-	(538)	(373,697)
Other financing sources (uses)					
Transfers in	-	140,640	-	5,316	145,956
Transfers out	(1,083,864)		-	-	(1,083,864)
Total other financing sources (uses)	<u>(1,083,864)</u>	<u>140,640</u>	<u>-</u>	<u>5,316</u>	<u>(937,908)</u>
Net change in fund balances	(1,296,268)	(20,115)	-	4,778	(1,311,605)
Fund balances at beginning of year	2,151,814	160,755	2,866,343	431,610	5,610,522
	-				-
Fund balances at end of year	<u>855,546</u>	<u>140,640</u>	<u>2,866,343</u>	<u>436,388</u>	<u>4,298,917</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, 2024

Net change in fund balances - total governmental funds \$ (1,311,605)

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	33,482	
Depreciation of capital assets	(151,755)	(118,273)

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.	1,563
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Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	996,610
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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.	9,898
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Bond, loan and lease principal payments aren't expenses for government wide financial statements	154,814
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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

\$ (266,993)

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, 2024

	Utility	Brushy Creek	Total
	Fund	Fund	Funds
Assets			
Current assets			
Cash and equivalents	402,125	\$ 106,509	\$ 508,634
Accounts receivable (net)	851,048	-	\$ 851,048
Inventory	93,961	-	\$ 93,961
Restricted Cash	1,095,309		\$ 1,095,309
Cash held in escrow	9,234,774	0	9,234,774
Due from other funds	1,310,548	-	\$ 1,310,548
Total current assets	12,987,765	106,509	13,094,274
Net Pension Asset	43,446		43,446
Capital assets:			
Land and Construction in Progress	1,566,532	2,411,898	3,978,430
Buildings	185,249	-	185,249
Machinery, Equipment, Vehicles	1,227,728	-	1,227,728
Distribution and collection systems	38,886,469	-	38,886,469
Less: accumulated depreciation	(20,674,096)	-	(20,674,096)
Capital assets, net	21,191,882	2,411,898	23,647,226
Total assets	34,223,093	2,518,407	36,741,500
Deferred outflows of resources			
Less on bond refunding	-	-	-
Deferred amounts related to pensions	473,799	-	473,799
Total deferred outflows of resources	473,799	-	473,799
Liabilities			
Current liabilities:			
Accounts payable	20,140	-	20,140
Other accrued liabilities	-	-	-
Customer deposits payable	180,976	-	180,976
Due to other funds	320,230	1,310,548	1,630,778
Long-term debt, current	871,000	-	871,000
Total current liabilities	1,392,346	1,310,548	2,702,894
Long-term liabilities:			
Unearned Revenue	2,018,709		2,018,709
Compensated Absences	24,849	-	24,849
Long-term debt, net	13,998,000	-	13,998,000
Net OPEB Liability	67,068	-	67,068
Net pension liability	-	-	-
Total long-term liabilities	16,108,626	-	16,108,626
Total liabilities	17,500,972	1,310,548	18,811,520
Deferred inflows of resources			
Deferred amounts related to pensions	531,400	-	531,400
Total deferred inflows of resources	531,400	-	531,400
Net Position			
Net investment in capital assets	14,849,495	1,101,350	15,950,845
Restricted for Debt Service	1,095,309	-	1,095,309
Restricted for Infrastructure		-	-
Unrestricted	719,716	106,509	826,225
Total net position	16,664,520	\$ 1,207,859	\$ 17,872,379

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, 2024

	Utility Fund	Brushy Creek Fund	Total
Operating revenues:			
Charges for sales and services:			
Water services	1,750,410	\$ -	1,750,410
Wastewater services	584,270	-	584,270
Reconnect Fees	-	-	-
Penalties	76,801	-	76,801
Tap fees	5,400	-	5,400
Miscellaneous revenue	182,864	-	182,864
Total operating revenues	2,599,745	-	2,599,745
Operating expenses:			
Water Billing & Pension	390,675	-	390,675
Water Plant	1,460,719	-	1,460,719
Wastewater Plant	555,445	-	555,445
Public Works	575,177	133,207	708,384
Depreciation and amortization	573,031	-	573,031
Total operating expenses	3,555,047	133,207	3,688,254
Operating income (loss)	(955,302)	(133,207)	(1,088,509)
Nonoperating revenues (expense):			
Investment income	609	5,526	6,135
Other income/(expense)	-	-	-
Interest expense	(262,424)	-	(262,424)
Total nonoperating revenues (expense)	(261,815)	5,526	(256,289)
Income (loss) before transfers	(1,217,117)	(127,681)	(1,344,798)
Transfers in	937,908	-	937,908
Transfers out	-	-	-
Total other financing sources (uses)	937,908	-	937,908
Change in net position	(279,209)	(127,681)	(406,890)
Net position, beginning of year,	16,943,729	1,335,540	18,279,269
Prior Period Adjustment			-
Net position, end of year	16,664,520	\$ 1,207,859	\$ 17,872,379

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, 2024

	Utility Fund	Brushy Creek Fund	Total
Cash flows from operating activities:			
Cash received from customers	2,167,341	-	2,167,341
Cash payments to suppliers for goods and services	(1,777,707)	(133,207)	(1,910,914)
Cash payments to employees for services	(1,000,782)	-	(1,000,782)
Net cash provided by (used in) operating activities	(611,148)	(133,207)	(744,355)
Cash flows from non-capital financing activities			
Cash flows from capital			
Acquisition of capital assets	(425,558)	-	(425,558)
Other income	-	5,526	5,526
Interest paid	(262,424)	-	(262,424)
Principal payments	(871,000)	-	(871,000)
Net cash provided by (used in) capital and related financing activities	(1,558,982)	5,526	(1,553,456)
Cash flows from investing activities:			
Proceeds from 2023 Bond issues	-	-	-
Increase in Cash Escrow accounts	(312,358)		(312,358)
Interest on cash and investments	609	-	609
Net Cash provided by (used in) investing and related investing activities	(311,749)		(311,749)
Net increase (decrease) in cash and equivalents	(2,169,521)	(127,681)	(2,297,202)
Cash and equivalents, beginning of year	3,666,955	234,190	3,901,145
Cash and equivalents, end of year	1,497,434	\$ 106,509	\$ 1,603,943
Reconciliation of cash and equivalents:			
Unrestricted cash and equivalents	402,125	\$ 106,509	\$ 508,634
Restricted cash and investments	1,095,309	-	1,095,309
Total cash and equivalents	1,497,434	\$ 106,509	\$ 1,603,943

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, 2024**

	Utility Fund	Brushy Creek Fund	Total
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:			
Operating income (loss)	(955,302)	\$ (133,207)	\$ (1,088,509)
Adjustments to reconcile to net cash provided by operating activities:			
Depreciation and amortization	573,031	-	573,031
Increase (decrease) in cash resulting from changes in assets and liabilities:			
Accounts receivable	1,200,000	-	1,200,000
Accounts payable	(223,531)	-	(223,531)
Accrued liabilities	(63,506)	-	(63,506)
Unearned Revenue	(1,632,404)	-	-
Net Opeb Liability	1,377	-	1,377
Deferred outflows	163,536	-	163,536
Net pension liability/asset	232,674	-	232,674
Deferred inflows related to pensions	92,977	-	92,977
Net cash provided by (used in) operating activities	(611,148)	\$ (133,207)	888,049

CITY OF MARLIN, TEXAS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2024

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, 2024**

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, 2024

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, 2024 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, 2024.

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, 2024 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 1st on the assessed value listed as of the prior January 1st 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 1st of the year following the year in which imposed. On January 1st 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, 2024

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, 2024

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, 2024 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, 2024, 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, 2024

II. DEPOSITS AND INVESTMENTS (Continued)

As of September 30, 2024, 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 \$450,804 with \$573,623 restricted and \$3,642,348 in Escrow. Utility Funds cash in bank accounts was \$508,634 with \$1,095,309 restricted and \$9,234,774 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, 2024, 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:				
Hotel/motel	\$ 285,278	\$ -	\$ -	
Special Revenue	81,753	-	-	
Interest and sinking	140,640	1,095,309	-	
Law Enforcement	489	-	-	
City Park Donation	-	-	-	
Municipal Court	65,463	-	-	
Economic Development	-	-	1,809,038	
	<u>\$ 573,623</u>	<u>\$ 1,095,309</u>	<u>\$ 1,809,038</u>	

III. DISAGGREGATION OF RECEIVABLES

Receivables as of September 30, 2024, including the applicable allowances for uncollectible accounts, are as follows:

	Governmental Funds	Proprietary Funds
Receivables:		
Taxes		
Property	\$ 649,048	\$ -
Sales	99,519	
Hotel/motel occupancy	-	
Accounts	142,700	965,692
Grants	-	-
Less:		
Allowance for uncollectibles	-	(114,644)
Net total receivables	<u>\$ 891,267</u>	<u>\$ 851,048</u>

PRIOR PERIOD ADJUSTMENT

For fiscal years ending 9/30/22 and 9/30/23, the City of Marlin rebilled past due customers for water and sewer services. It has become apparent in fiscal year 9/30/24 that most of these balances for past due services are not collectible. For 9/30/24, \$1,200,000 was removed from accounts receivable balances in the proprietary fund, and \$1,200,000 was removed from deferred revenue in the proprietary fund.

**CITY OF MARLIN, TEXAS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2024**

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 2024 \$0.80798 The adjusted original tax roll was \$1,989,544 on total taxable assessed value of \$246,236,815.

Property taxes as of September 30, 2024, are as follows:

	General Fund
Current Taxes Receivable	\$122,111
Delinquent & Rollback Taxes Receivable	\$526,937
	<u>\$649,048</u>

CITY OF MARLIN, TEXAS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2024

V. FIXED ASSETS

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

	Beginning Balance	Additions/ Completions	Retirements/ Adjustments	Ending Balance
Governmental activities				
Capital assets not being depreciated				
Land	\$ 88,541	\$ -	\$ -	\$ 88,541
Construction in progress	413,976	-	-	413,976
Total capital assets not being depreciated	502,517	-	-	502,517
Capital assets being depreciated				
Buildings and Improvements	2,671,919	-	-	2,671,919
Infrastructure	867,956	-	-	867,956
Machinery, Equipment, Vehicles	1,006,293	33,482	-	1,039,775
Total at historical cost	4,546,168	33,482	-	4,579,650
Less: accumulated depreciation for:				
Buildings and Improvements	(2,600,867)	(2,592)	-	(2,603,459)
Infrastructure	(450,486)	(33,556)	-	(484,042)
Machinery, Equipment, Vehicles	(634,547)	(115,607)	-	(750,154)
Total accumulated depreciation	(3,685,900)	(151,755)	-	(3,837,655)
Total capital assets being depreciated, net	860,268	(118,273)	-	741,995
Governmental activities capital assets, net	\$ 1,362,785	\$ (118,273)	\$ -	\$ 1,244,512
Business-type activities				
Capital assets not being depreciated				
Land	\$ 2,432,711	\$ -	\$ -	\$ 2,432,711
Construction in progress	1,120,161	425,558	-	1,545,719
Total capital assets not being depreciated	3,552,872	425,558	-	3,978,430
Capital assets being depreciated				
Buildings	185,249	-	-	185,249
Machinery, Equipment, Vehicles	1,227,728	-	-	1,227,728
Distribution and collection systems	38,886,469	-	-	38,886,469
Total at historical cost	40,299,446	-	-	40,299,446
Less accumulated depreciation for:				
Building	(133,418)	(4,631)	-	(138,049)
Machinery, Equipment, Vehicles	(960,414)	(37,913)	-	(998,327)
Distribution and collection systems	(19,007,233)	(530,487)	-	(19,537,720)
Total accumulated depreciation	(20,101,065)	(573,031)	-	(20,674,096)
Total capital assets being depreciated, net	20,198,381	(573,031)	-	19,625,350
Business-type activities capital assets, net	\$23,751,253	\$ (147,473)	\$ -	\$ 23,603,780
General government		\$ 12,784		
Public safety		68,042		
Highways and streets		70,929		
Culture and recreation		-		
Total depreciation expense - Governmental activities		\$ 151,755		

CITY OF MARLIN, TEXAS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2024

VL LONG-TERM DEBT - Long-term debt for governmental and business-type activities for the year ended September 30, 2024 is as follows:

	Balance 9/30/2023	Additions	Retirements	Balance 9/30/2024	Due Within One Year	Long Term
<u>Governmental activities</u>						
Capital leases	\$ 54,043	\$ -	\$ (25,883)	\$ 28,160	\$ 28,160	\$ -
Notes Payable	18,931	-	(18,931)	-	-	-
Certificates of Obligation	2,875,000	-	(110,000)	2,765,000	110,000	2,655,000
Compensated absences	39,540	-	-	39,540	-	-
Net Pension Liability	303,487	-	(303,487)	-	-	-
OPEB Liability	109,972	-	(2,199)	107,773	-	-
	<u>\$ 3,400,973</u>	<u>\$ -</u>	<u>\$ (157,013)</u>	<u>\$ 2,804,540</u>	<u>\$ 110,000</u>	<u>\$ 2,655,000</u>

	Balance 9/30/2023	Additions	Retirements	Balance 9/30/2024	Due Within One Year	Long Term
<u>Business-type activities</u>						
Bonds, Notes and other payables						
Certificates of Obligation	15,695,000	-	(826,000)	14,869,000	871,000	13,998,000
Compensated absences	24,848	-	-	24,848	-	-
Net Pension Liability	189,228	-	(189,228)	-	-	-
OPEB Liability	68,445	-	(1,377)	67,068	-	-
	<u>\$ 15,977,521</u>	<u>\$ -</u>	<u>\$ (827,377)</u>	<u>\$ 14,960,916</u>	<u>\$ 871,000</u>	<u>\$ 13,998,000</u>

CITY OF MARLIN, TEXAS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2024

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
2025	871,000	224,309			110,000	
2026	876,000	216,739			110,000	-
2027	882,000	208,690			110,000	-
2028	892,000	200,267			110,000	
2029	207,000	107,588			110,000	
2030-2031	2,515,000	437,942			215,000	-
2032-2036	4,412,000	696,929	-	-	525,000	-
2037-2041	2,445,000	376,586			525,000	
2042-2046	1,169,000	80,174			525,000	
2047-2053	600,000	31,941	-	-	425,000	-
	<u>14,869,000</u>	<u>2,581,165</u>	<u>-</u>	<u>-</u>	<u>2,765,000</u>	<u>-</u>

Governmental Activities-General Fund

Year ending September 30	Capital Lease Payable	
	Principal	Interest
2025	28,160	2,480
2026	-	-
2027	-	-
	<u>28,160</u>	<u>2,480</u>

CITY OF MARLIN, TEXAS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2024

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, 2024, 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.tmrs.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, 2023 valuation and measurement date, the following employees were covered by the benefit terms.

Retirees and beneficiaries currently receiving benefits	53
Terminated members entitled to benefits but not yet receiving them	132
Active participants (vested and non-vested)	<u>56</u>

CITY OF MARLIN, TEXAS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2024

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 2023 and 2022 respectively. The city's contributions to TMRS for the year ended September 30, 2024 were \$223,528, and were equal to the required contributions.

D. Net Pension Liability

The city's Net Pension Liability (NPL) was measured as of December 31, 2023, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial assumptions:

The Total Pension Liability in the December 31, 2023 actuarial valuation was determined using the following actuarial assumptions:

Inflation 2.5% per year

Overall payroll growth 3.5-10.5% 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, 2023, 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, 2023, 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, 2023. These assumptions were first used in the December 31, 2023 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 2023 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, 2024

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, 2022	\$ 6,384,060	\$ 5,891,345	\$ 492,715
Changes for the year			
Service Cost	309,279	-	309,279
Interest	430,130	-	430,130
Change of benefit terms	-	-	-
Difference between expected & actual experience	(264,423)	-	(264,423)
Changes of assumptions	(49,982)	-	(49,982)
Contributions - employer	-	223,528	(223,528)
Contributions - employee	-	130,718	(130,718)
Net investment income	-	679,474	(679,474)
Benefit payments, including refunds of employee contributions	(332,805)	(332,805)	-
Administrative expense	-	(4,338)	4,338
Other charges	-	(29)	29
Net charges	\$ 92,199	\$ 696,548	\$ (604,349)
Balance at December 31, 2023	\$ 6,476,259	\$ 6,587,893	\$ (111,634)

**CITY OF MARLIN, TEXAS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2024**

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)	\$ 874,778	\$ (111,634)	\$ (904,102)

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.tnrs.com

**CITY OF MARLIN
SCHEDULE OF PENSION EXPENSE
SEPTEMBER 30, 2024**

1. Total Service Cost	\$ 309,279
2. Interest on the Total Pension Liability	430,130
3. Current Period Benefit Changes	-
4. Employee Contributions (Reduction of Expense)	(130,718)
5. Projected Earnings on Plan Investments (Reduction of Expense)	(397,666)
6. Administrative Expense	4,338
7. Other Changes in Fiduciary Net Position	30
8. Recognition of Current Year Outflow (Inflow) of Resources - Liabilities	(161,234)
9. Recognition of Current Year Outflow (Inflow) of Resources - Assets	(56,362)
10. Amortization of Prior Year Outflows (Inflows) of Resources - Liabilities	(37,991)
11. Amortization of Prior Year Outflows (Inflows) of Resources - Assets	18,743
12. Total Pension Expense	<u>\$ (21,451)</u>

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, 2024

X. PENSION PLAN (CONTINUED)

	Deferred Outflows of Resources	Deferred Inflows or Resources
Differences between expected and actual economic experience	\$ -	\$ (153,171)
Difference between projected and actual investment earnings	-	(225,447)
Contributions subsequent to the measurement date	-	-
	<u>\$ -</u>	<u>\$ (378,618)</u>

Year ended September 30	
2024	(112,646)
2025	51,227
2026	121,171
2027	(56,361)
2028	
Thereafter	
Total	<u>\$ 3,391</u>

XI. – SUPPLEMENTAL DEATH BENEFITS PLAN

The City also participates in the cost-sharing multiple-employer defined benefit group term life insurance plan operated by the Texas Municipal Retirement System (TMRS); known as the Supplemental Death Benefits Fund (SDBF). The City elected, by ordinance, to provide group-term life insurance coverage to both current and retired employees. The City may terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1.

The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death); retired employees are insured for \$7,500; this coverage is on "other postemployment benefit," or OPEB.

The City contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year; the intent is not to pre-fund retiree term life insurance during the employees' entire careers.

The City's contributions to the TMRS SDBF for the years ended 2023, 2022, and 2021 were \$1275, \$1275, and \$1,275 respectively, which equaled the required contributions each year.

**CITY OF MARLIN, TEXAS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2024**

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, 2023. These assumptions were adopted in 2019 and first used in the December 31, 2023 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, 2024

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>
Balance at 12/31/22	\$178,417
Changes for the year	
Service Cost	5,752
Interest on Total OPEB liability	7,115
Changes of benefit terms	0
Differences between expected and actual experience	(12,940))
Changes in assumption or other inputs	7,739
Benefit payments	(11,242)
Net changes	(3,576)
Total OPEB Liability – end of year	\$174,841
 Total OPEB Liability as a Percentage of Covered Payroll	 6.69%

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, 2024

XI – SUPPLEMENTAL DEATH BENEFITS PLAN

	1% Decrease in Discount Rate (2.77%)	Discount Rate (3.77%)	1% Increase in Discount Rate (4.77%)
Total OPEB liability	\$200,347	\$174,841	\$214,462

CITY OF MARLIN
SCHEDULE OF OPEB EXPENSE
SEPTEMBER 30, 2024

1.	Total Service Cost	\$ 5,752
2.	Interest on the Total OPEB Liability	7,115
3.	Changes in benefit terms	-
4.	Employer administrative costs	-
5.	Recognition of deferred outflows/inflows of resources	-
6.	Differences between expected and actual experience	(8,326)
7.	Changes in assumptions or other inputs	815
8.	Total OPEB Expense	<u>\$ 5,356</u>

CITY OF MARLIN, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER, 30, 2024

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 Outflows of Resources	Deferred Inflows or Resources
Difference in expected and actual experience	\$ -	\$ (18,271)
Change in assumptions (actuarial (gains) or losses)	-	(27,879)
Contributions subsequent to the measurement date	-	-
	<u>\$ -</u>	<u>\$ (46,150)</u>

Year ended September 30	
2024	(12,593)
2025	(15,906)
2026	(16,694)
2027	(957)
2028	-
Thereafter	
Total	<u>\$ (46,150)</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, 2024

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
Revenues:				
Taxes:				
Property	1,665,500	1,665,500	1,003,036	(662,464)
Sales	1,201,140	1,201,140	1,056,965	(144,175)
Franchise fees	234,400	234,400	208,960	(25,440)
Hotel Motel & Mixed Beverage tax	11,000	11,000	52,832	41,832
Sanitation revenues	718,200	718,200	642,453	(75,747)
Licenses and permits	221,432	221,432	140,947	(80,485)
Fines	200,000	200,000	608,873	408,873
Investment income	400	400	198	(202)
Grants & contributions	-	-	7,853	7,853
Miscellaneous	212,228	212,228	114,679	(97,549)
Total revenues	<u>4,464,300</u>	<u>4,464,300</u>	<u>3,836,796</u>	<u>(627,504)</u>
Expenditures:				
Current:				
General government	823,925	823,925	992,620	168,695
Public Safety	2,121,380	2,121,380	1,604,975	(516,405)
Streets	581,050	581,050	552,873	(28,177)
Sanitation	677,480	677,480	787,482	110,002
Cultural and recreational	30,290	30,290	78,306	48,016
Capital outlay	-	-	33,482	33,482
Debt Service				
Principal	-	-	154,814	154,814
Interest and fiscal charges	-	-	5,941	5,941
Total expenditures	<u>4,234,125</u>	<u>4,234,125</u>	<u>4,210,493</u>	<u>(23,632)</u>
Excess (deficiency) of revenues & expenses	<u>230,175</u>	<u>230,175</u>	<u>(373,697)</u>	<u>(603,872)</u>
Other financing sources (uses):				
Contingency	-	-	-	-
Transfers in	-	-	-	-
Transfers out	(230,675)	(230,675)	(937,908)	(707,233)
Total other financing sources (uses)	<u>(230,675)</u>	<u>(230,675)</u>	<u>(937,908)</u>	<u>(707,233)</u>
Net change in fund balances	<u>-</u>	<u>-</u>	<u>(1,311,605)</u>	<u>(1,311,605)</u>
Fund balances at beginning of year	<u>5,610,522</u>	<u>5,610,522</u>	<u>5,610,522</u>	<u>-</u>
Fund balances at end of year	<u>\$ 5,610,522</u>	<u>\$ 5,610,522</u>	<u>\$ 4,298,917</u>	<u>\$ (1,311,605)</u>

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, 2024

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
Operating revenues:				
Charges for sales and services:				
Water services	\$ 3,270,942	\$ 3,270,942	1,750,410	\$ (1,520,532)
Wastewater services	1,223,100	1,223,100	584,270	(638,830)
Reconnect Fees	4,500	4,500	5,400	900
Penalties	40,000	40,000	76,801	36,801
Tap fees	10,000	10,000	-	(10,000)
Miscellaneous revenue	32,000	32,000	182,864	150,864
Total operating revenues	<u>4,580,542</u>	<u>4,580,542</u>	<u>2,599,745</u>	<u>(1,980,797)</u>
Operating expenses:				
Water Billing	433,000	433,000	390,675	(42,325)
Water Plant	1,633,550	1,633,550	1,460,719	(172,831)
Wastewater Plant	727,101	727,101	555,445	(171,656)
Public Works	858,000	858,000	708,384	(149,616)
Depreciation and amortization	-	-	573,031	573,031
Total operating expenses	<u>3,651,651</u>	<u>3,651,651</u>	<u>3,688,254</u>	<u>36,603</u>
Operating income (loss)	<u>928,891</u>	<u>928,891</u>	<u>(1,088,509)</u>	<u>(2,017,400)</u>
Nonoperating revenues (expense):	-	-	-	-
Investment income	500	500	6,135	5,635
Other income/(expense)	-	-	-	-
Transfers In/(Out)	929,391	929,391	937,908	
Interest expense	-	-	(262,424)	(262,424)
Total nonoperating revenues (expense)	<u>(928,891)</u>	<u>(928,891)</u>	<u>681,619</u>	<u>1,610,510</u>
Income (loss) before transfers	<u>-</u>	<u>-</u>	<u>(406,890)</u>	<u>(406,890)</u>
Change in net position	-	-	(406,890)	
Net position, beginning of year,	18,279,269	18,279,269	18,279,269	-
Net position, end of year	<u>18,279,269</u>	<u>18,279,269</u>	<u>\$ 17,872,379</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 1st. 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)

	2016	2017	2018	2019	2020	2021	2022	2023
Total pension liability								
1. Service Cost	200,420	212,098	247,653	248,303	242,659	276,513	293,556	309,279
2. Interest	331,701	342,858	348,383	361,058	371,298	378,391	410,060	430,130
3. Changes of benefit terms	-	-	-	-	-	-	-	-
4. Difference expected and actual	(8,899)	(124,663)	(46,465)	(95,175)	(200,163)	129,376	(85,605)	(264,423)
5. Changes of assumptions	-	-	-	(3,036)	-	-	-	(49,982)
6. Benefit payments	(334,343)	(393,191)	(339,272)	(384,953)	(328,297)	(322,973)	(324,284)	(332,805)
7. Net change in pension liability	188,879	37,102	210,299	126,197	85,497	461,307	293,727	92,199
8. Beginning pension liability	4,981,052	5,169,931	5,207,033	5,417,332	5,543,529	5,629,026	6,090,333	6,384,060
9. Ending pension liability	5,169,931	5,207,033	5,417,332	5,543,529	5,629,026	6,090,333	6,384,060	6,476,259
Plan fiduciary net position							-	-
							-	-
							-	-
1. Contributions - employer	144,545	170,719	197,768	187,995	186,548	206,074	220,124	223,528
2. Contributions - employee	84,852	90,254	105,205	104,858	104,685	118,574	126,424	130,718
3. Net investment income	281,475	601,266	(143,771)	713,536	397,121	727,904	(460,480)	679,474
4. Benefit payments	(334,343)	(393,191)	(339,272)	(384,953)	(328,297)	(322,973)	(324,284)	(332,805)
5. Administrative Expense	(3,184)	(3,121)	(2,785)	(4,043)	(2,576)	(3,379)	(3,998)	(4,338)
6. Other	(172)	(158)	(146)	(121)	(101)	22	4,770	(29)
7. Net change in plan	173,173	465,769	(183,001)	617,272	357,380	726,222	(437,444)	696,548
8. Beginning net position	4,171,973	4,345,146	4,810,915	4,627,914	5,245,186	5,602,566	6,328,788	5,891,345
9. Ending Net Position	4,345,146	4,810,915	4,627,914	5,245,186	5,602,566	6,328,788	5,891,344	6,587,893
Net pension liability	824,785	396,118	789,418	298,343	26,460	(238,455)	492,716	(111,634)
Plan fiduciary net position % of the total pension liability.	84.05%	92.39%	85.43%	94.62%	99.53%	103.92%	92.28%	101.72%
Covered-employee payroll	\$ 1,697,032	\$ 1,805,088	\$ 2,104,100	2,097,152	2,093,694	2,371,471	2,528,474	2,614,366
Net pension liability as a % of covered employee payroll	48.60%	21.94%	37.52%	14.23%	1.26%	-10.06%	19.49%	-4.27%

City of Marlin
Schedule of Contributions
Last 10 Fiscal Years (will ultimately be displayed)
September 30, 2024

	2015	2016	2017	2018	2019	2020	2021	2022	2023
Actually Determined Contributions	110,909	128,183	143,763	170,719	200,425	184,343	214,819	220,124	223,528
Contributions in relation to actuarially determined contributions	110,909	128,183	143,763	170,719	200,425	184,343	214,819	220,124	223,528
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-
Covered employee payroll	1,582,155	1,529,623	1,697,032	1,805,088	2,138,843	2,008,090	2,410,873	2,528,474	2,614,366
Contributions as a percentage of covered employee payroll	7.01%	8.38%	8.47%	9.46%	9.37%	9.18%	8.91%	8.71%	8.55%

Notes to Schedule of Contributions

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, 2024**

	<u>Special Revenue</u>				
	<u>Hotel/Motel Tax</u>	<u>Court Security</u>	<u>Court Technology</u>	<u>Police Seizures</u>	<u>LEOSE</u>
Assets					
Cash and cash equivalents	\$ 279,691	\$ 34,212	\$ 39,422	-	4,001
Receivables net	6,355	-	-		
Total assets	<u>\$ 286,046</u>	<u>\$ 34,212</u>	<u>\$ 39,422</u>	<u>-</u>	<u>4,001</u>
Liabilities and fund balances					
Liabilities:					
Accounts payable	\$ 768	\$ -	\$ 2,115	-	107
Due to/Due from				-	3,405
Total liabilities	<u>768</u>	<u>-</u>	<u>2,115</u>	<u>-</u>	<u>3,512</u>
Fund balances:					
Restricted for:					
Municipal Court	-	34,212	37,307	-	
Hotel Motel	285,278	-	-	-	
Law Enforcement				-	489
Committed for:				-	
Capital Projects					
Special Revenues		-	-	-	
Total fund balances	<u>285,278</u>	<u>34,212</u>	<u>37,307</u>	<u>-</u>	<u>489</u>
Total liabilities and fund balances	<u>\$ 286,046</u>	<u>\$ 34,212</u>	<u>\$ 39,422</u>	<u>-</u>	<u>4,001</u>

**CITY OF MARLIN, TEXAS
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2024**

	Special Revenue				
	Juvenile Case Management	City Park Donation	Debt Service	Capital Projects	Total
Assets					
Cash and cash equivalents	\$ -	\$ -	\$ 140,640	81,753	579,719
Receivables net	-	-	-	-	6,355
Total assets	\$ -	\$ -	\$ 140,640	81,753	586,074
Liabilities and fund balances					
Liabilities:					
Cash Deficit	5,556				5,556
Accounts payable	\$ 500	\$ -	\$ -	-	3,490
Unearned revenue	-	-	-	-	-
Total liabilities	6,056	-	-	-	3,490
Fund balances:					
Restricted for:					
Municipal Court	-	-	-	-	71,519
Hotel Motel	-	-	-	-	285,278
Law Enforcement	(6,056)			-	(5,567)
City park donation		-		-	-
Capital Projects				81,753	81,753
Debt Service		-	140,640	-	140,640
Total fund balances	(6,056)	-	140,640	81,753	573,623
Total liabilities and fund balances	\$ -	\$ -	\$ 140,640	81,753	577,113

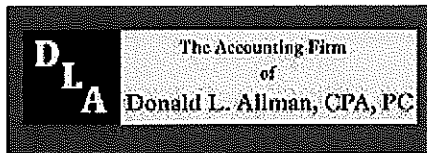
CITY OF MARLIN, TEXAS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES – NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	<u>Special Revenue</u>				
	<u>Hotel/Motel Tax</u>	<u>Court Security</u>	<u>Court Technology</u>	<u>Police Seizures</u>	<u>LEOSE</u>
Revenues:					
Hotel/motel occupancy taxes	\$ 52,832	\$ -	\$ -		
Miscellaneous income	62				
Investment income	-	55	-	-	3
Court fines and fees		9835	8110	-	
police fines	-	-	-	-	-
Total revenues	<u>52,894</u>	<u>9,890</u>	<u>8,110</u>	<u>-</u>	<u>3</u>
Expenditures:					
Current:					
Public Safety & Court	-	2,515	4,109	5,665	138
General Government	<u>52,113</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>52,113</u>	<u>2,515</u>	<u>4,109</u>	<u>5,665</u>	<u>138</u>
Excess (deficiency) of revenues over (under) expenditures	<u>781</u>	<u>7,375</u>	<u>4,001</u>	<u>(5,665)</u>	<u>(135)</u>
Transfers In/(Out)			-		
Net change in fund balances	781	7,375	4,001	(5,665)	(135)
Beginning Fund Balances	284,497	26,837	33,306	5,665	624
Ending Fund Balances	<u>\$ 285,278</u>	<u>\$ 34,212</u>	<u>\$ 37,307</u>	<u>-</u>	<u>489</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, 2024

	<u>Special Revenue</u>				
	Juvenile Case Management	City Park Maintenance	Debt Service	Capital Projects	Total
Revenues:					
Hotel/motel occupancy taxes	\$ -	\$ -	\$ -		52,832
Miscellaneous income					62
Investment income	20	-	-	123	198
Court fines and fees				-	17,945
Donations			-		-
police fines	240	-	-		240
Total revenues	260	-	-	123	71,277
Expenditures:					
Current:					
Debt Service: Principal			154,814		154,814
Debt Service: Interest			5,941		5,941
Public Safety	6,316		-		19,702
General Government	-	2,278	-	-	52,113
Total expenditures	6,316	2,278	160,755	-	232,570
Excess (deficiency) of revenues over (under) expenditures	(6,056)	(2,278)	-	123	(161,293)
Transfers In/(Out)	-		140,640	-	140,640
Net change in fund balances	(6,056)	(2,278)	(20,115)	123	(20,653)
Beginning Fund Balances	-	2,278	160,755	81,630	595,592
Ending Fund Balances	\$ (6,056)	\$ -	\$ 140,640	81,753	574,939

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, 2024, 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 September 2, 2025

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
September 2, 2025