

Agenda of Special Board Meeting

The Board of Trustees

Marathon ISD

Preparing Each Student for a Successful Future as a Lifelong Learner

A Special Board Meeting of the Board of Trustees of Marathon ISD will be held January 15, 2025, beginning at 6:00 PM in the Marathon High School Library.

The subjects to be discussed or considered or upon which any formal action may be taken are listed below. Items do not have to be taken in the same order as shown on this meeting notice. Unless removed from the consent agenda, items identified within the consent agenda will be acted on at one time.

- I. Call Meeting to Order
- II. Pledge of Allegiance to the American and Texas Flags
- III. Board Prayer and Moment of Silence
- IV. Public Comment
- V. Budget Amendments 2
- VI. Review and Possible Action of Resolution needed in order to correct certain 3
2023 Tax Statements.
- VII. Presentation of 2023-2024 Audit Financial and Compliance Report 5
- VIII. Review and Take Possible Action on the 2023-2024 Audit Financial and Compliance Report.
- IX. Upcoming Events
- X. Adjourn

The Marathon ISD seven-member Board of Trustees is focused on student achievement and the overall success of the school district.

**Marathon ISD
Budget Amendments**

							BA No.	
Account Number					Description		Debit	Credit
<i>Teacher Housing Water Sewer</i>								
198	00	3700	00	000	500000	Budgetary Fund Balance/Committed Funds	\$ 9,577.00	
198	81	6629	00	999	599000	Teacher Housing		\$ 9,577.00
<i>Teacher Housing Purchase</i>								
198	00	3700	00	000	500000	Budgetary Fund Balance/Committed Funds	\$ 201,157.00	
198	81	6629	00	999	599000	Teacher Housing		\$ 201,157.00
							\$ 210,734.00	\$ 210,734.00

Prepared by:

Marcus Celaya, Business Manager

Approved

President, Board of Trustees

Denied

Secretary, Board of Trustees

Resolution and Order to Correct Certain Tax Statements

A RESOLUTION OF THE MARATHON INDEPENDENT SCHOOL DISTRICT TO ORDER THE CORRECTION OF TAX CALCULATIONS FOR CERTAIN PROPERTY WITHIN THE MARATHON INDEPENDENT SCHOOL DISTRICT IN BREWSTER COUNTY, TEXAS.

BE IT RESOLVED AND ORDERED BY THE BOARD OF TRUSTEES OF THE MARATHON INDEPENDENT SCHOOL DISTRICT:

Whereas, Tex. Tax Code §11.26 provides a limitation on the total annual amount of ad valorem taxes imposed by a school district on the residence homestead of an individual 65 years of age or older or on the residence homestead of an individual who is disabled; and

Whereas, Tex. Tax Code §11.26 was recently amended to provide additional tax relief and lower the limitation referenced above to account for tax rate compression as well as increases to the dollar amount of residential homestead exemptions; and

Whereas, the Board of Trustees of the Marathon Independent School District has been informed by the Brewster County Appraisal District that a software programming error by an appraisal district vendor led to the miscalculation of the limitation in tax year 2023 for the residence homestead of those individuals who were 65 years of age or older or were disabled; and

Whereas, the Board of Trustees of the Marathon Independent School District received and considered a *Motion to Correct the Mathematical Computation of a Tax* as authorized by Tex. Tax Code §26.15(c); and

Whereas, the Brewster County Appraisal District and the Brewster County Tax Assessor's Office determined a total tax adjustment amount of no more than \$9,351.72 to correct this issue for tax year 2023.

Whereas, a quorum of the Board of Trustees of the Marathon Independent School District met in a duly posted, open meeting and found that the motion is well taken and should be granted in order to correct the 2023 tax limitation provided by Tex. Tax Code §11.26.

NOW, THEREFORE, BE IT RESOLVED AND ORDERED by the Board of Trustees of the Marathon Independent School District:

Pursuant to Tex. Tax Code §26.15(c), the Board of Trustees hereby orders changes to the District's 2023 tax roll to correct errors in the mathematical computation of the tax levied and imposed on the residence homestead of those individuals age 65 or older or disabled that qualified for a §11.26 limitation in tax year 2023.

PASSED, APPROVED, ADOPTED, AND ORDERED this 15th day of January, 2025.

President of the Board of Trustees
Marathon Independent School District

ATTEST:

Secretary of the Board of Trustees
Marathon Independent School District

MARATHON INDEPENDENT SCHOOL DISTRICT
Annual Financial Report
Year Ended August 31, 2024

TABLE OF CONTENTS

	<u>Page</u>	<u>Exhibit</u>
CERTIFICATE OF THE BOARD	1	
 FINANCIAL SECTION		
Independent Auditor’s Report	2-4	
Management’s Discussion and Analysis	5-9	
<u>Basic Financial Statements</u>		
Government-Wide Financial Statements		
Statement of Net Position	10	A-1
Statement of Activities	11-12	B-1
Fund Financial Statements		
Balance Sheet - Governmental Funds	13-14	C-1
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	15	C-2
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	16-17	C-3
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities	18	C-4
Statement of Fiduciary Net Position - Fiduciary Funds	19	D-1
Statement of Changes in Fiduciary Fund Net Position - Fiduciary Funds	20	D-2
Notes to the Financial Statements	21-42	
<u>Required Supplementary Information</u>		
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund		
	43	E-1
Schedule of the District's Proportionate Share of the Net Pension Liability - Teacher Retirement System of Texas		
	44-45	E-2
Schedule of District’s Contributions for Pensions- Teacher Retirement System of Texas		
	46-47	E-3
Schedule of the District's Proportionate Share of the Net OPEB Liability - Teacher Retirement System of Texas		
	48-49	E-4
Schedule of District’s Contributions for Other Postemployment Benefits (OPEB) - Teacher Retirement System of Texas		
	50-51	E-5
Notes to the Required Supplementary Information	52	
<u>Other Supplementary Information</u>		
Required TEA Schedules		
Schedule of Delinquent Taxes Receivable	53-54	F-1
Use of Funds Report - Select State Allotment Programs	55	F-2
 COMPLIANCE AND INTERNAL CONTROLS SECTION		
Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	56-57	
Schedule of Findings and Questioned Costs	58	

CERTIFICATE OF THE BOARD

MARATHON INDEPENDENT SCHOOL DISTRICT
Name of School District

BREWSTER
County

022-902
County -
District
Number

We, the undersigned, certify that the attached annual financial report of the above-named School District was reviewed and

X approved ___ disapproved for the year ended August 31, 2024, at a meeting of the Board of Trustees of such School District
(Check One)

on the _____ day of _____, 20__.

Marina Aguilar
Signature of Board Secretary

Cheyenne Marta
Signature of Board President

If the Board of Trustees disapproved the annual financial report, the reason(s) for disapproving it is (are) (attach list as necessary):

FINANCIAL SECTION



A Limited Liability Partnership

Michael E. Oliphant, CPA
Wayne Barr, CPA
Cathryn A. Pitcock, CPA
Megan Solsbery, CPA

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Members of
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Texas Society of CPAs

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Marathon Independent School District
P.O. Box 416
Marathon, TX 79842-0416

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Marathon Independent School District as of and for the year ended August 31, 2024, and the related notes to the financial statements, which collectively comprise the Marathon Independent School District's 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, each major fund, and the aggregate remaining fund information of the Marathon Independent School District as of August 31, 2024, and the respective changes in financial position 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 Marathon Independent School District 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.

Emphasis of Matter

The District adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 100, *Accounting Changes and Error Corrections—an amendment of GASB Statement No. 62*, described in Note I., O. to the financial statements. Our opinion is not modified with respect to this matter.

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 Marathon Independent School District's 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 auditing standards generally accepted in the United States of America 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 auditing standards generally accepted in the United States of America 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 Marathon Independent School District's 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 Marathon Independent School District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Marathon Independent School District's basic financial statements. The other supplementary information listed in the table of contents is presented for purposes of additional analysis and is 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 accompanying other supplementary information is 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 December 30, 2024, on our consideration of the Marathon Independent School District's 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 Marathon Independent School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Marathon Independent School District's internal control over financial reporting and compliance.

Eckert & Company, LLP

December 30, 2024



Marathon ISD
"Home of the Mustangs"
P.O. Box 416
109 N. 5th Street
Marathon, Texas 79842

Ivonne Durant, Ed. D, Superintendent

Phone: 432-386-4431
Fax: 432-386-4395

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the Marathon Independent School District's financial performance provides an overview of the District's financial activities for the year ended August 31, 2024. It should be read in conjunction with the District's basic financial statements and independent auditor's report.

Financial Highlights

The District's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at the end of the current year by \$3,176,545 (net position). Of this amount, \$1,562,520 (unrestricted) may be used to meet the District's ongoing obligations.

The District's total net position increased by \$181,383 or 6%. This amount consists of a \$196,313 increase attributable to current year operations and a \$14,930 decrease attributable to prior period adjustments described in Note IV., H to the financial statements. The District's statement of activities shows total revenues of \$2,141,581 and total expenses of \$1,945,268.

The total fund balance of the General Fund is \$2,279,650 which is an increase of \$168,840 or 8% compared to the prior year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements consist of government-wide financial statements, fund financial statements, and notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

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

The statement of net position presents information on all of the District's assets/deferred outflows of resources and liabilities/deferred inflows of resources, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of activities presents information showing how the District's net position changed during the current year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future years.

MANAGEMENT'S DISCUSSION AND ANALYSIS - Continued

Overview of the Financial Statements - Continued

The governmental activities of the District include all activities related to public elementary and secondary education within the jurisdiction of the District.

The District has no component units.

Fund Financial Statements - A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into two categories: governmental funds and fiduciary funds.

Governmental Funds - Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the current year.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, the Special Revenue Fund - Permian Basin Area Foundation Grant, and the Special Revenue Fund - Educate Texas Grant Fund all of which are considered to be a major funds. Data from other governmental funds are combined into a single, aggregated presentation.

The District adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for this fund to demonstrate compliance with the budget.

Fiduciary Funds - Fiduciary Funds account for assets held by the District in a trustee capacity or resources held for the benefit of parties outside the government. Fiduciary Funds are not reflected in the government-wide financial statements because the resources of those Funds are not available to support the District's own programs.

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

MANAGEMENT’S DISCUSSION AND ANALYSIS - Continued

Government-Wide Financial Analysis

Net Position - A summary of the District’s net position is presented below:

	Governmental Activities	
	August 31,	
	2024	2023
Current and Other Assets	\$ 2,462,322	\$ 2,261,255
Capital Assets	<u>1,614,025</u>	<u>1,536,788</u>
Total Assets	<u>\$ 4,076,347</u>	<u>\$ 3,798,043</u>
Deferred Outflows of Resources	<u>\$ 570,648</u>	<u>\$ 355,186</u>
Other Liabilities	\$ 148,118	\$ 112,020
Long-Term Liabilities Outstanding	<u>910,352</u>	<u>599,919</u>
Total Liabilities	<u>\$ 1,058,470</u>	<u>\$ 711,939</u>
Deferred Inflows of Resources	<u>\$ 411,980</u>	<u>\$ 446,128</u>
Net Position		
Net Investment in Capital Assets	\$ 1,614,025	\$ 1,536,788
Unrestricted	<u>1,562,520</u>	<u>1,458,374</u>
Total Net Position	<u>\$ 3,176,545</u>	<u>\$ 2,995,162</u>

A large portion of the District's net position (\$1,614,025) reflects the District's investment in capital assets. These capital assets are used to provide public elementary and secondary education within the jurisdiction of the District; consequently, these assets are not available for future spending. The remaining balance of unrestricted net position (\$1,562,520) may be used to meet the District’s ongoing obligations.

MANAGEMENT'S DISCUSSION AND ANALYSIS - Continued

Government-Wide Financial Analysis - Continued

Governmental Activities - Governmental activities increased the District's net position by \$196,313 and \$99,724 for the fiscal years ended August 31, 2024 and 2023, respectively. Key elements of these increases are as follows:

CHANGES IN NET POSITION

	Governmental Activities	
	Year Ended August 31,	
	2024	2023
Revenues		
Program Revenues		
Charges for Services	\$ 10,000	\$ 5,500
Grants and Contributions	177,816	153,836
General Revenues		
Maintenance and Operations Taxes	999,662	1,123,956
State Aid - Formula Grants	771,525	538,594
Other	182,578	114,361
Total Revenues	\$ 2,141,581	\$ 1,936,247
Expenses		
Instruction and Instructional-Related Services	\$ 1,070,262	\$ 937,764
Instructional and School Leadership	106,173	101,421
Support Services - Student (Pupil)	118,826	131,114
Administrative Support Services	245,673	268,925
Support Services - Nonstudent Based	355,451	356,674
Ancillary Services	957	713
Intergovernmental Charges	47,926	39,912
Total Expenses	\$ 1,945,268	\$ 1,836,523
Change in Net Position	\$ 196,313	\$ 99,724
Net Position - Beginning	2,995,162	2,904,588
Adjustments and Restatements	(14,930)	(9,150)
Net Position - Ending	\$ 3,176,545	\$ 2,995,162

MANAGEMENT'S DISCUSSION AND ANALYSIS - Continued

Financial Analysis of the District's Funds

The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds - The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. The unassigned fund balance may serve as a useful measure of the District's net resources available for spending at the end of the current year.

The District's governmental funds reported combined ending fund balances of \$2,280,935, an increase of \$168,840 or 8% in comparison with the prior year. This fund balance is reported as follows:

General Fund \$2,279,650. Of this balance \$4,429 is nonspendable representing prepayments, \$255,369 is committed for future construction, \$150,000 is committed for furniture and equipment, \$250,000 is committed for technology, and \$100,000 is committed for security.

Special Revenue Funds \$1,285. The balance is committed for use by the Campus Activity Funds of the District.

General Fund Budget

The original budget for the General Fund was \$2,085,741 and the final amended budget was \$2,110,741 which represents a \$25,000 increase in appropriations. Variances between the original budget and the final amended budget are reflected in Exhibit E-1 in the required supplementary information section of the audit report.

The District has adopted a budget for the General Fund in the amount of \$1,997,365 for the fiscal year 2025, which is a decrease of \$113,376 from the fiscal year 2024.

Capital Assets and Debt

Capital Assets - Financial statement footnote III., D. discloses the District's capital asset activity for the year ended August 31, 2024.

Long-Term Debt - Financial statement footnote III., G. discloses the District's debt activity for the year ended August 31, 2024.

Requests for Information

The financial report is designed to provide a general overview of the District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to: Dr. Ivonne Durant, Superintendent, Marathon Independent School District, P.O. Box 416, Marathon, TX 79842-0416.

Basic Financial Statements

MARATHON INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
AUGUST 31, 2024

EXHIBIT A-1

Data Control Codes	Primary Government Governmental Activities
ASSETS	
1110 Cash and Cash Equivalents	\$ 2,311,449
1220 Property Taxes - Delinquent	57,119
1230 Allowance for Uncollectible Taxes	(23,850)
1240 Due from Other Governments	113,173
1290 Other Receivables, Net	2
1410 Prepayments	4,429
Capital Assets:	
1510 Land	112,180
1520 Buildings, Net	1,378,850
1530 Furniture and Equipment, Net	109,891
1580 Construction in Progress	13,104
1000 Total Assets	4,076,347
DEFERRED OUTFLOWS OF RESOURCES	
1705 Deferred Outflow Related to TRS Pension	468,058
1706 Deferred Outflow Related to TRS OPEB	102,590
1700 Total Deferred Outflows of Resources	570,648
LIABILITIES	
2110 Accounts Payable	24,001
2150 Payroll Deductions and Withholdings	838
2160 Accrued Wages Payable	65,640
2200 Accrued Expenses	1,438
2300 Unearned Revenue	56,201
Noncurrent Liabilities:	
2540 Net Pension Liability (District's Share)	753,402
2545 Net OPEB Liability (District's Share)	156,950
2000 Total Liabilities	1,058,470
DEFERRED INFLOWS OF RESOURCES	
2605 Deferred Inflow Related to TRS Pension	35,777
2606 Deferred Inflow Related to TRS OPEB	376,203
2600 Total Deferred Inflows of Resources	411,980
NET POSITION	
3200 Net Investment in Capital Assets	1,614,025
3900 Unrestricted	1,562,520
3000 Total Net Position	\$ 3,176,545

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

MARATHON INDEPENDENT SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2024

Data Control Codes	1	Program Revenues	
		3	4
	Expenses	Charges for Services	Operating Grants and Contributions
Primary Government:			
GOVERNMENTAL ACTIVITIES:			
11 Instruction	\$ 1,033,847	\$ -	\$ 69,573
12 Instructional Resources and Media Services	23,984	-	23,163
13 Curriculum and Instructional Staff Development	12,431	-	2,683
23 School Leadership	106,173	-	2,271
31 Guidance, Counseling, and Evaluation Services	4,928	-	130
33 Health Services	1,964	-	-
34 Student (Pupil) Transportation	13,904	-	-
35 Food Services	23,267	-	15,196
36 Extracurricular Activities	74,763	-	4,204
41 General Administration	245,673	-	5,617
51 Facilities Maintenance and Operations	194,164	10,000	6,917
52 Security and Monitoring Services	8,600	-	-
53 Data Processing Services	152,687	-	5,599
61 Community Services	957	-	-
93 Payments Related to Shared Services Arrangements	6,600	-	-
99 Other Intergovernmental Charges	41,326	-	-
[TP] TOTAL PRIMARY GOVERNMENT:	\$ 1,945,268	\$ 10,000	\$ 135,353

Data	General Revenues:
Control	Taxes:
Codes	MT Property Taxes, Levied for General Purposes
	SF State Aid - Formula Grants
	IE Investment Earnings
	MI Miscellaneous Local and Intermediate Revenue
	TR Total General Revenues
	CN Change in Net Position
	NB Net Position - Beginning
	PA Adjustments and Restatements
	NE Net Position - Ending

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

		Net (Expense) Revenue and Changes in Net Position	
<u>5</u>		<u>6</u>	
Capital Grants and Contributions		Governmental Activities	
\$	-	\$	(964,274)
	-		(821)
	-		(9,748)
	-		(103,902)
	-		(4,798)
	-		(1,964)
	-		(13,904)
	-		(8,071)
	-		(70,559)
	-		(240,056)
	42,463		(134,784)
	-		(8,600)
	-		(147,088)
	-		(957)
	-		(6,600)
	-		(41,326)
\$	<u>42,463</u>		<u>(1,757,452)</u>

999,662
771,525
136,476
<u>46,102</u>
<u>1,953,765</u>
196,313
2,995,162
<u>(14,930)</u>
<u>\$ 3,176,545</u>

MARATHON INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
AUGUST 31, 2024

Data Control Codes	10 General Fund	Permian Basin Area Foundation	Educate Texas Grant Fund
ASSETS			
1110 Cash and Cash Equivalents	\$ 2,263,686	\$ 23,000	\$ 23,478
1220 Property Taxes - Delinquent	57,119	-	-
1230 Allowance for Uncollectible Taxes	(23,850)	-	-
1240 Due from Other Governments	109,617	-	-
1260 Due from Other Funds	3,556	-	-
1290 Other Receivables	2	-	-
1410 Prepayments	4,429	-	-
1000 Total Assets	<u>\$ 2,414,559</u>	<u>\$ 23,000</u>	<u>\$ 23,478</u>
LIABILITIES			
2110 Accounts Payable	\$ 22,418	\$ -	\$ 1,583
2150 Payroll Deductions and Withholdings Payable	838	-	-
2160 Accrued Wages Payable	65,640	-	-
2170 Due to Other Funds	-	-	-
2200 Accrued Expenditures	1,438	-	-
2300 Unearned Revenue	11,306	23,000	21,895
2000 Total Liabilities	<u>101,640</u>	<u>23,000</u>	<u>23,478</u>
DEFERRED INFLOWS OF RESOURCES			
2601 Unavailable Revenue - Property Taxes	33,269	-	-
2600 Total Deferred Inflows of Resources	<u>33,269</u>	<u>-</u>	<u>-</u>
FUND BALANCES			
Nonspendable Fund Balance:			
3430 Prepaid Items	4,429	-	-
Committed Fund Balance:			
3510 Construction	255,369	-	-
3530 Capital Expenditures for Equipment	150,000	-	-
3545 Other Committed Fund Balance	350,000	-	-
3600 Unassigned Fund Balance	1,519,852	-	-
3000 Total Fund Balances	<u>2,279,650</u>	<u>-</u>	<u>-</u>
4000 Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 2,414,559</u>	<u>\$ 23,000</u>	<u>\$ 23,478</u>

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

Other Funds	Total Governmental Funds
\$ 1,285	\$ 2,311,449
-	57,119
-	(23,850)
3,556	113,173
-	3,556
-	2
-	4,429
<u>\$ 4,841</u>	<u>\$ 2,465,878</u>
\$ -	\$ 24,001
-	838
-	65,640
3,556	3,556
-	1,438
-	56,201
<u>3,556</u>	<u>151,674</u>
-	33,269
<u>-</u>	<u>33,269</u>
-	4,429
-	255,369
-	150,000
1,285	351,285
-	1,519,852
<u>1,285</u>	<u>2,280,935</u>
<u>\$ 4,841</u>	<u>\$ 2,465,878</u>

MARATHON INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION
AUGUST 31, 2024

EXHIBIT C-2

Total Fund Balances - Governmental Funds	\$	2,280,935
1 Capital assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds. The net effect of including the beginning balances of capital assets (net of depreciation) is to increase net position.		1,536,788
2 Current year capital outlays are expenditures in the fund financial statements, but they are shown as increases in capital assets in the government-wide financial statements. The net effect of including capital outlays is to increase net position.		162,834
3 Depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position.		(85,597)
4 Included in the items related to debt are the recognition of the District's proportionate share of the net pension liability required by GASB 68 and related deferred resources outflows and deferred resources inflows. The net effect of these adjustments is to decrease net position.		(321,121)
5 Included in the items related to debt are the recognition of the District's proportionate share of the net other postemployment benefits liability required by GASB 75 and related deferred resources outflows and deferred resources inflows. The net effect of these adjustments is to decrease net position.		(430,563)
6 Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to the accrual basis of accounting. These include recognizing unavailable revenue from property taxes as revenue and eliminating interfund transactions. The net effect of these reclassifications and recognitions is to increase net position.		33,269
29 Net Position of Governmental Activities	\$	<u>3,176,545</u>

MARATHON INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED AUGUST 31, 2024

Data Control Codes	10 General Fund	Permian Basin Area Foundation	Educate Texas Grant Fund
REVENUES:			
5700 Total Local and Intermediate Sources	\$ 1,196,111	\$ 19,000	\$ 22,105
5800 State Program Revenues	841,640	-	-
5900 Federal Program Revenues	15,196	-	-
5020 Total Revenues	<u>2,052,947</u>	<u>19,000</u>	<u>22,105</u>
EXPENDITURES:			
Current:			
0011 Instruction	915,864	19,000	1,247
0012 Instructional Resources and Media Services	821	-	18,163
0013 Curriculum and Instructional Staff Development	9,748	-	-
0023 School Leadership	92,805	-	-
0031 Guidance, Counseling, and Evaluation Services	4,720	-	-
0033 Health Services	1,964	-	-
0034 Student (Pupil) Transportation	13,904	-	-
0035 Food Services	21,293	-	-
0036 Extracurricular Activities	69,602	-	2,695
0041 General Administration	228,460	-	-
0051 Facilities Maintenance and Operations	228,147	-	-
0052 Security and Monitoring Services	8,600	-	-
0053 Data Processing Services	224,366	-	-
0061 Community Services	957	-	-
Intergovernmental:			
0093 Payments to Fiscal Agent/Member Districts of SSA	6,600	-	-
0099 Other Intergovernmental Charges	41,326	-	-
6030 Total Expenditures	<u>1,869,177</u>	<u>19,000</u>	<u>22,105</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>183,770</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES (USES):			
7915 Transfers In	6,096	-	-
8911 Transfers Out (Use)	(6,096)	-	-
7080 Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
1200 Net Change in Fund Balances	183,770	-	-
0100 Fund Balance - September 1 (Beginning)	2,110,810	-	-
1300 Adjustments and Restatements	(14,930)	-	-
3000 Fund Balance - August 31 (Ending)	<u>\$ 2,279,650</u>	<u>\$ -</u>	<u>\$ -</u>

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

Other Funds	Total Governmental Funds
\$ 5,000	\$ 1,242,216
44,368	886,008
11,958	27,154
61,326	2,155,378
9,275	945,386
5,000	23,984
2,683	12,431
-	92,805
-	4,720
-	1,964
-	13,904
-	21,293
-	72,297
-	228,460
44,368	272,515
-	8,600
-	224,366
-	957
-	6,600
-	41,326
61,326	1,971,608
-	183,770
-	6,096
-	(6,096)
-	-
-	183,770
1,285	2,112,095
-	(14,930)
\$ 1,285	\$ 2,280,935

MARATHON INDEPENDENT SCHOOL DISTRICT
 RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED AUGUST 31, 2024

EXHIBIT C-4

Total Net Change in Fund Balances - Governmental Funds	\$	183,770
Current year capital outlays are expenditures in the fund financial statements, but they are shown as increases in capital assets in the government-wide financial statements. The net effect of including capital outlays is to increase net position.		162,834
Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease net position.		(85,597)
Current year changes due to GASB 68 include adjustments to net pension liability, deferred resources outflows, deferred resources inflows, and the corresponding effect on pension expense. The net effect of these adjustments is to decrease net position.		(110,043)
Current year changes due to GASB 75 include adjustments to the net other postemployment benefits liability, deferred resources outflows, deferred resources inflows, and the corresponding effect on other postemployment benefits expense. The net effect of these adjustments is to increase net position.		49,220
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to the accrual basis of accounting. These include recognizing unavailable revenue from property taxes as revenue, adjusting current year revenue to show the revenue earned from the current year's tax levy, and eliminating interfund transactions. The net effect of these reclassifications and recognitions is to decrease net position.		(3,871)
Change in Net Position of Governmental Activities	<u>\$</u>	<u>196,313</u>

MARATHON INDEPENDENT SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
AUGUST 31, 2024

	Private Purpose Trust Fund	Custodial Fund
ASSETS		
Cash and Cash Equivalents	\$ -	\$ 8,128
Other Receivables	-	300
Restricted Assets	46,111	-
Total Assets	<u>46,111</u>	<u>\$ 8,428</u>
NET POSITION		
Restricted for Student Organizations	-	8,428
Restricted for Scholarships	46,111	-
Total Net Position	<u>\$ 46,111</u>	<u>\$ 8,428</u>

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

MARATHON INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED AUGUST 31, 2024

	Private Purpose Trust Fund	Custodial Fund
ADDITIONS:		
Miscellaneous Revenue - Student Activities	\$ -	\$ 9,741
Investment Earnings	1,979	-
Contributions and Donations	6,250	750
Total Additions	<u>8,229</u>	<u>10,491</u>
DEDUCTIONS:		
Student Organizations	-	4,945
Scholarships	9,282	-
Total Deductions	<u>9,282</u>	<u>4,945</u>
Change in Fiduciary Net Position	(1,053)	5,546
Total Net Position - September 1 (Beginning)	47,164	2,882
Total Net Position - August 31 (Ending)	<u>\$ 46,111</u>	<u>\$ 8,428</u>

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

MARATHON INDEPENDENT SCHOOL DISTRICT
Notes to the Financial Statements
August 31, 2024

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Marathon Independent School District is a public educational agency operating under the applicable laws and regulations of the State of Texas. The District prepares its basic financial statements in conformity with accounting principles generally accepted in the United States of America applicable to state and local governments. Additionally, the District complies with the requirements of the Texas Education Agency's *Financial Accountability System Resource Guide* (the *Resource Guide*) and the requirements of contracts and grants of agencies from which it receives funds.

A. Reporting Entity

The District is governed by the Board of Trustees, a seven-member group, which is elected by the public and has governance responsibilities, including fiscal accountability, over all activities related to public elementary and secondary education within the jurisdiction of the Marathon Independent School District (the primary government). There are no component units included within the reporting entity.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities include programs supported primarily by taxes, State foundation funds, grants, and other intergovernmental revenues.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges for services - payments from parties that purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment of the District and (2) grants and contributions - payments from organizations outside the District that are restricted to meeting the operational or capital requirements of a particular function or segment of the District. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

All interfund transactions between governmental funds are eliminated in the government-wide financial statements. Interfund activities between governmental funds and fiduciary funds remain as due to/due froms on the government-wide statement of net position.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as other funds.

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 the fiduciary fund financial statements. Revenues are recognized when they are earned and become measurable, and expenses are recognized when they become measurable and a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues 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 in the balance sheet. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected

MARATHON INDEPENDENT SCHOOL DISTRICT
Notes to the Financial Statements - Continued
August 31, 2024

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation - Continued

within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

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 unearned revenue until related and authorized expenditures have been made.

The government reports the following major governmental funds:

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

The Special Revenue Fund - Permian Basin Foundation Grant which accounts for resources used to increase education opportunities for students.

The Special Revenue Fund - Educate Texas Grant which accounts for resources used to increase opportunities and improve outcomes for students.

Additionally, the government reports the following fund types:

Special Revenue Funds - These Funds account for resources restricted to, or committed for, specific purposes by the District or a grantor in a special revenue fund. Most federal and some state financial assistance is accounted for in a special revenue fund, and sometimes unused balances must be returned to the grantor at the close of specified project periods.

Fiduciary Funds account for assets held by the District in a trustee capacity or resources held for the benefit of parties outside the government. Fiduciary Funds are not reflected in the government-wide financial statements because the resources of those Funds are not available to support the District's own programs.

The District has the following Fiduciary Funds:

Private Purpose Trust Fund - This Fund accounts for resources used to provide scholarships for former students.

Custodial Fund - This Fund reports resources that are held by the District for other parties. This Fund is used to account for the District's student activity funds.

D. Interfund Receivables and Payables

Activity between individual funds may result in amounts owed between funds which are classified as Due To and From Other Funds. Other than amounts due to or from fiduciary funds these balances are eliminated in the statement of net position.

MARATHON INDEPENDENT SCHOOL DISTRICT
Notes to the Financial Statements - Continued
August 31, 2024

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

E. Receivables and Payables

Receivables are stated at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

The District believes that sufficient detail of receivable and payable balances is provided in the financial statements to avoid the obscuring of significant components by aggregation. Therefore, no disclosure is provided which disaggregates those balances.

There are no significant receivables which are not scheduled for collection within one year.

F. Prepayments

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

G. Capital Assets

Capital assets are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 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 costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

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

<u>Assets</u>	<u>Years</u>
Buildings and Improvements	30-50
Vehicles	10
Furniture and Equipment	7-10

H. Restricted Assets

Restricted assets for the Private Purpose Trust Fund consist of cash held to provide scholarships for former students.

I. 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, the face amount of debt issued is reported as other financing sources.

MARATHON INDEPENDENT SCHOOL DISTRICT
Notes to the Financial Statements - Continued
August 31, 2024

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

J. Pensions

In accordance with accounting guidance prescribed by GASB Statement No. 68, the fiduciary net position of the Teacher Retirement System of Texas (TRS) has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, and information about assets, liabilities, and additions to/deductions from TRS's fiduciary net position. Benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

K. Other Postemployment Benefits (OPEB)

In accordance with accounting guidance prescribed by GASB Statement No. 75, the fiduciary net position of the Teacher Retirement System of Texas (TRS) TRS-Care plan has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to other postemployment benefits, OPEB expense, and information about assets, liabilities, and additions to/deductions from TRS-Care's fiduciary net position. Benefit payments are recognized when due and payable in accordance with the benefit terms. There are no investments as this is a pay-as-you-go plan, and all cash is held in a cash account.

L. Compensated Absences

The District's policy does not permit employees to accumulate unused vacation and sick leave to be paid to the employees upon separation from service.

M. Net Position on the Statement of Net Position

Net position on the statement of net position includes the following:

Net Investment in Capital Assets - This component of net position represents capital assets net of accumulated depreciation.

Unrestricted - This is the difference between assets/deferred outflows of resources and liabilities/deferred inflows of resources that is not reported as Net Investment in Capital Assets.

N. Fund Balances/Equity

In the fund financial statements, governmental funds report the following classifications of fund balance:

Nonspendable - Amounts that cannot be spent either because they are not in a spendable form or because they are legally or contractually required to be maintained intact.

Committed - Amounts that can be used only for specific purposes determined by a formal action of the Board of Trustees, the District's highest level of decision-making authority. Commitments may be modified or rescinded only through formal action by the Board of Trustees.

Unassigned - Amounts that have not been assigned to other funds or restricted, committed, or assigned to a specific purpose within the General Fund.

MARATHON INDEPENDENT SCHOOL DISTRICT
Notes to the Financial Statements - Continued
August 31, 2024

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

N. Fund Balances/Equity - Continued

The details of the fund balances are included in the governmental funds balance sheet.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board of Trustees has provided otherwise in its commitment or assignment actions.

Restricted net position for the Private Purpose Trust Fund represents funds held to provide scholarships for former students, and restricted net position for the Custodial Fund represents funds held by the District in a custodial capacity for student organizations.

O. Implementation of New Accounting Standard

The District implemented the provisions of GASB Statement No. 100, *Accounting Changes and Error Corrections—an amendment of GASB Statement No. 62*. This Statement establishes accounting and financial reporting requirements for (a) accounting changes and (b) the correction of an error in previously issued financial statements (error correction). The District determined there was no impact upon its financial position, results of operations, or cash flows upon adoption.

P. Property Tax Revenues

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all property located in the District in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed.

The District recognizes as tax revenues those taxes that are measurable and available. Measurable means the amount can be determined, and available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The District considers property taxes as available if they are collected within the current period.

Allowances for uncollectibles are based upon historical experience. Uncollectible personal property taxes are periodically reviewed and written off, but the District is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature.

Q. Interfund Transfers

Permanent relocations of resources between funds of the reporting entity are classified as interfund transfers. For purposes of the statement of activities, all interfund transfers between individual governmental funds have been eliminated.

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budget

Formal budgetary accounting is employed for all required governmental fund types and is presented on the modified accrual basis of accounting consistent with generally accepted accounting principles.

MARATHON INDEPENDENT SCHOOL DISTRICT
Notes to the Financial Statements - Continued
August 31, 2024

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY - Continued

A. Budget - Continued

The official school budget is prepared for adoption for required governmental fund types prior to August 20 of the preceding fiscal year for the subsequent fiscal year beginning September 1. The budget is formally adopted by the Board of Trustees at a public meeting held at least ten days after public notice has been given.

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund. The remaining Special Revenue Funds adopt project-length budgets which do not correspond to the District's fiscal year. Each annual budget is presented on the modified accrual basis of accounting which is consistent with generally accepted accounting principles. The budget was amended throughout the year by the Board of Trustees. Such amendments are before the fact and are reflected in the official minutes of the Board.

III. DETAIL NOTES ON ALL ACTIVITIES AND FUNDS

A. Deposits and Investments

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

In compliance with the Public Funds Investment Act, the District has adopted a deposit and investment policy.

Custodial Credit Risk - Deposits: In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits and investments in certificates of deposit may not be returned to it. The District's policy does not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits and investments, other than the following: The State of Texas requires that a financial institution secure deposits and investments made by state and local governments by pledging securities in excess of the highest cash balance of the government. The District is not exposed to custodial credit risk for its deposits since they are covered by depository insurance and pledged securities held by a third party in the District's name.

Concentration of Credit Risk: The investment policy of the District contains no limitations on the amount that can be invested in any one issuer. Investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent five percent or more of the total entity investments represent a concentration risk. The District is not exposed to this risk as described in the preceding paragraph.

Credit Risk: Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized rating agencies are designed to give an indication of credit risk. At August 31, 2024, the District was not significantly exposed to credit risk.

MARATHON INDEPENDENT SCHOOL DISTRICT
Notes to the Financial Statements - Continued
August 31, 2024

III. DETAIL NOTES ON ALL ACTIVITIES AND FUNDS - Continued

A. Deposits and Investments - Continued

Interest Rate Risk: Not applicable

Foreign Currency Risk: Not applicable

At August 31, 2024, the District's investments with respective maturities and credit ratings consisted of the following:

	<u>Fair Value</u>	<u>Percent</u>	<u>Weighted Average Maturity</u>	<u>Credit Rating</u>
<u>Public Funds Investment Pools</u>				
Lone Star				
Corporate Overnight Fund	\$ 30,510	2%	39 Days	AAAm
Government Overnight Fund	<u>1,953,996</u>	<u>98%</u>	23 Days	AAAm
Total Public Funds Investment Pools	<u>\$ 1,984,506</u>	<u>100%</u>		

Public Funds Investment Pools

Public funds investment pools in Texas (“Pools”) are established under the authority of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and are subject to the provisions of the Public Funds Investment Act, Chapter 2256 of the Texas Government Code. In addition to other provisions of the Act designed to promote liquidity and safety of principal, the Act requires Pools to: 1) have an advisory board composed of participants in the Pool and other persons who do not have a business relationship with the Pool and are qualified to advise the Pool; 2) maintain a continuous rating of no lower than AAA or AAAM or an equivalent rating by at least one nationally recognized rating service; and 3) maintain the market value of its underlying investment portfolio within one half of one percent of the value of its shares.

The District’s investment in Pools is reported at an amount determined by the fair value per share of the Pool’s underlying portfolio, unless the Pool is 2a7-like, in which case they are reported at share value. A 2a7-like pool is one which is not registered with the Securities and Exchange Commission as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC’s Rule 2a-7 of the Investment Company Act of 1940.

B. Due from Other Governments

The District participates in a variety of federal and state programs from which it receives grants to partially or fully finance certain activities. In addition, the District receives entitlements from the State through the School Foundation and Per Capita Programs. Amounts due from other governments are summarized as follows:

	<u>State Entitlements</u>	<u>Federal Grants</u>	<u>Total</u>
General Fund	\$ 108,791	\$ 826	\$ 109,617
Special Revenue Funds	<u>0</u>	<u>3,556</u>	<u>3,556</u>
Totals	<u>\$ 108,791</u>	<u>\$ 4,382</u>	<u>\$ 113,173</u>

MARATHON INDEPENDENT SCHOOL DISTRICT
Notes to the Financial Statements - Continued
August 31, 2024

III. DETAIL NOTES ON ALL ACTIVITIES AND FUNDS - Continued

C. Interfund Balances and Transfers

1. The following is a summary of amounts due from and due to other funds:

	Due From	Due To	Purpose
General Fund			
Nonmajor Governmental Funds	\$ 3,556	\$ 0	Operating Advance
Nonmajor Governmental Funds			
General Fund	0	3,556	Operating Advance
Totals	\$ 3,556	\$ 3,556	

All amounts due are expected to be repaid within one year.

2. Interfund transfers consist of the following:

Transfers From	Transfers To	Amount	Purpose
General Fund	General Fund - Child Nutrition	\$ 6,096	Subsidize Food Services

D. Capital Assets

Capital asset activity for the year ended August 31, 2024, was as follows:

Governmental Activities	Beginning Balance	Additions	Deletions	Ending Balance
Capital Assets				
Land	\$ 112,180	\$ 0	\$ 0	\$ 112,180
Buildings and Improvements	2,516,380	141,735	0	2,658,115
Furniture and Equipment	421,451	7,995	0	429,446
Construction in Progress	0	13,104	0	13,104
Total Capital Assets	\$ 3,050,011	\$ 162,834	\$ 0	\$ 3,212,845
Less Accumulated Depreciation				
Buildings and Improvements	\$ (1,221,615)	\$ (57,650)	\$ 0	\$ (1,279,265)
Furniture and Equipment	(291,608)	(27,947)	0	(319,555)
Total Accumulated Depreciation	\$ (1,513,223)	\$ (85,597)	\$ 0	\$ (1,598,820)
Governmental Activities Capital Assets, Net	\$ 1,536,788	\$ 77,237	\$ 0	\$ 1,614,025

MARATHON INDEPENDENT SCHOOL DISTRICT
Notes to the Financial Statements - Continued
August 31, 2024

III. DETAIL NOTES ON ALL ACTIVITIES AND FUNDS - Continued

D. Capital Assets - Continued

Depreciation expense was charged to governmental activities functions as follows:

Instruction	\$ 56,756
School Leadership	5,947
Guidance, Counseling, and Evaluation Services	150
Food Services	841
Extracurricular Activities	1,736
General Administration	9,242
Facilities Maintenance and Operations	5,376
Data Processing Services	<u>5,549</u>
Total	<u><u>\$ 85,597</u></u>

E. Deferred Outflows and Inflows of Resources

A deferred outflow of resources is a consumption of a government’s net position (a decrease in assets in excess of any related decrease in liabilities or an increase in liabilities in excess of any related increase in assets) by the government that is applicable to a future reporting period.

A deferred inflow of resources is an acquisition of a government’s net position (an increase in assets in excess of any related increase in liabilities or a decrease in liabilities in excess of any related decrease in assets) by the government that is applicable to a future reporting period.

Deferred outflows and inflows of resources are reported as described below:

Deferred Outflows (Statement of Net Position)

District's proportionate share of Teacher Retirement System of Texas (TRS) pension plan deferred outflows as detailed in financial statement footnote IV., A.

District's proportionate share of Teacher Retirement System of Texas (TRS) OPEB plan deferred outflows as detailed in financial statement footnote IV., B.

Deferred Inflows (Statement of Net Position)

District's proportionate share of Teacher Retirement System of Texas (TRS) pension plan deferred inflows as detailed in financial statement footnote IV., A.

District's proportionate share of Teacher Retirement System of Texas (TRS) OPEB plan deferred inflows as detailed in financial statement footnote IV., B.

Deferred Inflows (Balance Sheet - Governmental Funds)

Unavailable revenue - property taxes.

MARATHON INDEPENDENT SCHOOL DISTRICT
Notes to the Financial Statements - Continued
August 31, 2024

III. DETAIL NOTES ON ALL ACTIVITIES AND FUNDS - Continued

F. Unearned Revenue

Unearned revenue at year end consisted of the following:

	General Fund	Special Revenue Funds	Total
Grant Funds	\$ 11,306	\$ 44,895	\$ 56,201

G. Long-Term Debt

The District's long-term liabilities consist of net pension liability and net other postemployment benefits liability. The current requirements for the net pension liability and net other postemployment benefits liability are accounted for in the General and Special Revenue Funds.

The following is a summary of changes in long-term debt for the year ended August 31, 2024:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<u>Governmental Activities</u>					
Net Pension Liability	\$ 382,530	\$ 427,251	\$ 56,379	\$ 753,402	\$ -
Net OPEB Liability	217,389	0	60,439	156,950	-
Totals	\$ 599,919	\$ 427,251	\$ 116,818	\$ 910,352	\$ -

H. Outstanding Encumbrances

There were no outstanding encumbrances that were provided for in the subsequent year's budget.

I. Revenues from Local and Intermediate Sources

Local and intermediate source revenues consist of the following:

	General Fund	Special Revenue Funds	Total
Property Taxes	\$ 1,011,297	\$ 0	\$ 1,011,297
Other Local Sources	184,814	46,105	230,919
Totals	\$ 1,196,111	\$ 46,105	\$ 1,242,216

MARATHON INDEPENDENT SCHOOL DISTRICT
Notes to the Financial Statements - Continued
August 31, 2024

III. DETAIL NOTES ON ALL ACTIVITIES AND FUNDS - Continued

J. General Fund Federal Source Revenues

<u>Program or Source</u>	<u>Federal Assistance Listing Number</u>	<u>Amount</u>
School Breakfast Program	10.553	\$ 11,701
Supply Chain Assistance Grant	10.555	<u>3,495</u>
Total		<u>\$ 15,196</u>

IV. OTHER INFORMATION

A. Defined Benefit Pension Plan

Summary of Significant Accounting Policies - The fiduciary net position of the Teacher Retirement System of Texas (TRS) has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, and information about assets, liabilities, and additions to/deductions from TRS fiduciary net position. Benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Plan Description - The Marathon Independent School District participates in a cost-sharing multiple-employer defined benefit pension plan that has a special funding situation. The plan is administered by the Teacher Retirement System of Texas (TRS). It is a defined benefit pension plan established and administered in accordance with the Texas Constitution, Article XVI, Section 67 and Texas Government Code, Title 8, Subtitle C. The Pension Trust Fund is a qualified pension trust under Section 401(a) of the Internal Revenue Code. The Texas Legislature establishes benefits and contribution rates within the guidelines of the Texas Constitution. The pension's Board of Trustees does not have the authority to establish or amend benefit terms.

All employees of public, state-supported educational institutions in Texas who are employed for one-half or more of the standard workload and who are not exempted from membership under Texas Government Code, Title 8, Section 822.002 are covered by the System.

Pension Plan Fiduciary Net Position - Detailed information about the Teacher Retirement System's fiduciary net position is available in a separately-issued Annual Comprehensive Financial Report that includes financial statements and required supplementary information. That report may be obtained on the Internet at http://www.trs.texas.gov/pages/about_publication.aspx; by writing to TRS at 1000 Red River Street, Austin, Texas 78701-2698; or by calling (512)542-6592.

Benefits Provided - TRS provides service and disability retirement, as well as death and survivor benefits to eligible employees (and their beneficiaries) of public and higher education in Texas. The pension formula is calculated using 2.3% (multiplier) times the average of the five highest annual creditable salaries times years of credited service to arrive at the annual standard annuity except for members who are grandfathered, the three highest annual salaries are used. The normal service retirement is at age 65 with 5 years of credited service or when the sum of the member's age and years of credited service equals 80 or more years. Early retirement is at age 55 with 5 years of service credit or earlier than 55 with 30 years of service credit. There are additional provisions for early retirement if the sum of the member's age and years of service

MARATHON INDEPENDENT SCHOOL DISTRICT
Notes to the Financial Statements - Continued
August 31, 2024

IV. OTHER INFORMATION - Continued

A. Defined Benefit Pension Plan - Continued

credit total at least 80, but the member is less than age 60 or 62 depending on date of employment, or if the member was grandfathered under a previous rule. There are no automatic postemployment benefit changes; including automatic COLAs. Ad hoc postemployment benefit changes, including ad hoc COLAs can be granted by the Texas Legislature as noted in the Plan description above.

Texas Government Code Section 821.006 prohibits benefit improvements, if, as a result of the particular action, the time required to amortize TRS unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or, if the amortization period already exceeds 31 years, the period would be increased by such action. Actuarial implications of the funding provided in the manner are determined by the System's actuary.

Contributions - Contribution requirements are established or amended pursuant to Article 16, Section 67 of the Texas Constitution which requires the Texas Legislature to establish a member contribution rate of not less than 6% of the member's annual compensation and a state contribution rate of not less than 6% and not more than 10% of the aggregate annual compensation paid to members of the System during the fiscal year.

Employee contribution rates are set in state statute, Texas Government Code Section 825.402. The TRS Pension Reform Bill (Senate Bill 12) of the 86th Texas Legislature amended Texas Government Code 825.402 for member contributions and increased employee and employer contribution rates for fiscal years 2019 through 2025.

The following table shows contribution rates by type of contributor for the fiscal years 2023 and 2024:

Contribution Rates		
	<u>2023</u>	<u>2024</u>
Member	8.00%	8.25%
Non-Employer Contributing Entity (State)	8.00%	8.25%
Employers	8.00%	8.25%
District's 2024 Employer Contributions		\$ 53,611
District's 2024 Member Contributions		67,457
District's 2023 NECE On-Behalf Contributions		47,754

Contributors to the plan include members, employers, and the State of Texas as the only non-employer contributing entity. The State is the employer for senior colleges, medical schools, and state agencies including TRS. The State contributes to the plan in accordance with state statutes and the General Appropriations Act (GAA).

As the non-employer contributing entity for public education, the State of Texas contributes to the retirement system an amount equal to the current employer contribution rate times the aggregate annual compensation of all participating members of the Pension Trust Fund during that fiscal year reduced by the amounts described below which are paid by the employers. Employers (public schools, junior colleges, other entities, or the State of Texas as the employer for senior universities and medical schools) are required to pay the employer contribution rate in the following instances:

- On the portion of the member's salary that exceeds the statutory minimum for members entitled to the statutory minimum under Section 21.402 of the Texas Education Code.
- During a new member's first 90 days of employment.
- When any or all of an employee's salary is paid by federal funding sources, a privately sponsored source, from non-educational and general, or local funds.

MARATHON INDEPENDENT SCHOOL DISTRICT
Notes to the Financial Statements - Continued
August 31, 2024

IV. OTHER INFORMATION - Continued

A. Defined Benefit Pension Plan - Continued

In addition to the employer contributions listed above, there is a surcharge an employer is subject to:

- All public schools, charter schools, and regional education service centers must contribute 1.8% of the member’s salary beginning in fiscal year 2023, gradually increasing to 2% in fiscal year 2025. This surcharge amount is 1.9% for fiscal year 2024.
- When employing a retiree of the Teacher Retirement System the employer shall pay both the member contribution and the state contribution as an employment after retirement surcharge.

Actuarial Assumptions -

The total pension liability in the August 31, 2022 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	August 31, 2022 Rolled Forward to August 31, 2023
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Fair Value
Single Discount Rate	7.00%
Long-Term Expected Rate	7.00%
Municipal Bond Rate as of August 2023	4.13% The source for the rate is the Fixed Income Market Data/ Yield Curve/Data Municipal Bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-Year Municipal GO AA Index"
Last Year Ending August 31 in Projection Period (100 Years)	2122
Inflation	2.30%
Salary Increases	2.95% to 8.95% Including Inflation
Ad hoc Postemployment Benefit Changes	None

The actuarial methods and assumptions used in the determination of the total pension liability are the same assumptions used in the actuarial valuation as of August 31, 2022. For a full description of these assumptions please see the TRS actuarial valuation report dated November 22, 2022.

Discount Rate - A single discount rate of 7% was used to measure the total pension liability. The single discount rate was based on the expected rate of return on pension plan investments of 7%. The projection of cash flows used to determine this single discount rate assumed that contributions from active members, employers, and the non-employer contributing entity will be made at the rates set by the Legislature during the 2019 session. It is assumed that future employer and state contributions will be 9.50% of payroll in fiscal year 2024 increasing to 9.56% in fiscal year 2025 and thereafter. This includes all employer and state contributions for active and rehired retirees.

Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all future benefit payments of current plan members. 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.

MARATHON INDEPENDENT SCHOOL DISTRICT
Notes to the Financial Statements - Continued
August 31, 2024

IV. OTHER INFORMATION - Continued

A. Defined Benefit Pension Plan - Continued

The long-term expected rate of return on pension plan investments is 7%. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the System's target asset allocation as of August 31, 2023, are presented in the following Asset Allocations table:

<u>Asset Class¹</u>	<u>Target Allocation² %</u>	<u>Long-Term Expected Geometric Real Rate of Return³</u>	<u>Expected Contribution to Long-Term Portfolio Returns</u>
Global Equity			
USA	18.0%	4.0%	1.0%
Non-U.S. Developed	13.0%	4.5%	0.9%
Emerging Markets	9.0%	4.8%	0.7%
Private Equity	14.0%	7.0%	1.5%
Stable Value			
Government Bonds	16.0%	2.5%	0.5%
Absolute Return	0.0%	3.6%	0.0%
Stable Value Hedge Funds	5.0%	4.1%	0.2%
Real Return			
Real Estate	15.0%	4.9%	1.1%
Energy, Natural Resources, and Infrastructure	6.0%	4.8%	0.4%
Commodities	0.0%	4.4%	0.0%
Risk Parity	8.0%	4.5%	0.4%
Asset Allocation Leverage			
Cash	2.0%	3.7%	0.0%
Asset Allocation Leverage	-6.0%	4.4%	-0.1%
Inflation Expectation			2.3%
Volatility Drag ⁴			-0.9%
Expected Return	100.0%		8.0%

¹ Absolute Return includes Credit Sensitive Investments.

² Target Allocation are based on the FY 2023 policy model.

³ Capital Market Assumptions come from Aon Hewitt (as of June 30, 2023).

⁴ The volatility drag results from the conversion between arithmetic and geometric mean returns.

MARATHON INDEPENDENT SCHOOL DISTRICT
Notes to the Financial Statements - Continued
August 31, 2024

IV. OTHER INFORMATION - Continued

A. Defined Benefit Pension Plan - Continued

Discount Rate Sensitivity Analysis - The following table presents the District's net pension liability of the plan using the discount rate of 7%, and what the net pension liability would be if it were calculated using a discount rate that is 1% lower (6%) or 1% higher (8%) than the current rate:

	1% Decrease in Discount Rate (6%)	Discount Rate (7%)	1% Increase in Discount Rate (8%)
District's Proportionate Share of the Net Pension Liability	\$ 1,126,378	\$ 753,402	\$ 443,273

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At August 31, 2024, the Marathon Independent School District reported a net pension liability of \$753,402 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's Proportionate Share of the Collective Net Pension Liability	\$ 753,402
State's Proportionate Share that is Associated with the District	638,153
Total	\$ 1,391,555

The net pension liability was measured as August 31, 2022 and rolled forward to August 31, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The employer's proportion of the net pension liability was based on the employer's contributions to the plan relative to the contributions of all employers to the plan for the period September 1, 2022 through August 31, 2023.

At August 31, 2023, the employer's proportion of the collective net pension liability was 0.0010968092% which was an increase of 0.0004524660% from its proportion measured as of August 31, 2022.

Changes of Actuarial Assumptions Since the Prior Actuarial Valuation - The actuarial assumptions and methods are the same as used in the determination of the prior year's net pension liability.

Changes of Benefit Terms - The Texas 2023 Legislature passed legislation that provides a one-time stipend to certain retired teachers. The stipend was paid to retirees beginning in September of 2023. The Legislature appropriated funds to pay for this one-time stipend so there will be no impact on the net pension liability of TRS. In addition, the Legislature also provided for a cost-of-living adjustment (COLA) to retirees, which was approved during the November 2023 election, which will be paid in January 2024. Therefore, this contingent liability was not reflected as of August 31, 2023.

For the year ended August 31, 2024, the Marathon Independent School District recognized pension expense of \$96,356 and revenue of \$96,356 for support provided by the State in the government-wide statement of activities.

MARATHON INDEPENDENT SCHOOL DISTRICT
Notes to the Financial Statements - Continued
August 31, 2024

IV. OTHER INFORMATION - Continued

A. Defined Benefit Pension Plan - Continued

At August 31, 2024, the Marathon Independent School District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Actuarial Experience	\$ 26,844	\$ 9,123
Changes in Actuarial Assumptions	71,257	17,438
Net Difference Between Projected and Actual Investment Earnings	109,638	-
Changes in Proportion and Difference Between the Employer's Contributions and the Proportionate Share of Contributions	206,708	9,216
Contributions Paid to TRS Subsequent to the Measurement Date	53,611	-
Totals	\$ 468,058	\$ 35,777

The net amounts of the employer's balances of deferred outflows and inflows (not including the deferred contribution paid subsequent to the measurement date) of resources related to pensions will be recognized by the District in pension expense as follows:

Year Ending August 31,	Pension Expense Amount
2025	\$ 83,805
2026	65,893
2027	133,842
2028	67,930
2029	27,200
Thereafter	0

B. Defined Other Postemployment Benefit Plans

Summary of Significant Accounting Policies - The fiduciary net position of the Teacher Retirement System of Texas (TRS) TRS-Care Plan has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to other postemployment benefits, OPEB expense, and information about assets, liabilities and additions to/deductions from TRS-Care's fiduciary net position. Benefit payments are recognized when due and payable in accordance with the benefit terms. There are no investments as this is a pay-as-you-go plan and all cash is held in a cash account.

MARATHON INDEPENDENT SCHOOL DISTRICT
Notes to the Financial Statements - Continued
August 31, 2024

IV. OTHER INFORMATION - Continued

B. Defined Other Postemployment Benefit Plans - Continued

Plan Description - The Marathon Independent School District participates in the Texas Public School Retired Employees Group Insurance Program (TRS-Care). It is a multiple-employer, cost-sharing defined other postemployment benefit (OPEB) plan that has a special funding situation. The TRS-Care program was established in 1986 by the Texas Legislature.

The TRS Board of Trustees administers the TRS-Care program and the related fund in accordance with Texas Insurance Code Chapter 1575. The Board of Trustees is granted the authority to establish basic and optional group insurance coverage for participants as well as to amend benefit terms as needed under Chapter 1575.052. The Board may adopt rules, plans, procedures, and orders reasonably necessary to administer the program, including minimum benefits and financing standards.

OPEB Plan Fiduciary Net Position - Detailed information about the TRS-Care’s fiduciary net position is available in the separately-issued TRS Annual Comprehensive Financial Report that includes financial statements and required supplementary information. That report may be obtained on the Internet at http://www.trs.texas.gov/pages/about_publication.aspx; by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698; or by calling (512) 542-6592.

Benefits Provided - TRS-Care provides health insurance coverage to retirees from public schools, charter schools, regional education service centers, and other educational districts who are members of the TRS pension plan. Optional dependent coverage is available for an additional fee.

Eligible non-Medicare retirees and their dependents may enroll in TRS-Care Standard, a high-deductible health plan. Eligible Medicare retirees and their dependents may enroll in TRS-Care Medicare Advantage medical plan and the TRS-Care Medicare Rx prescription drug plan. To qualify for TRS-Care coverage, a retiree must have at least 10 years of service credit in the TRS pension system. There are no automatic postemployment benefit changes, including automatic COLAs.

The premium rates for retirees are presented in the following table:

TRS-Care Monthly Premium Rates

	<u>Medicare</u>	<u>Non-Medicare</u>
Retiree or Surviving Spouse	\$ 135	\$ 200
Retiree and Spouse	529	689
Retiree or Surviving Spouse and Children	468	408
Retiree and Family	1,020	999

Contributions - Contribution rates for the TRS-Care plan are established in state statute by the Texas Legislature, and there is no continuing obligation to provide benefits beyond each fiscal year. The TRS-Care plan is currently funded on a pay-as-you-go basis and is subject to change based on available funding. Funding for TRS-Care is provided by retiree premium contributions and contributions from the State, active employees, and school districts based upon public school district payroll. The TRS Board of Trustees does not have the authority to set or amend contribution rates.

MARATHON INDEPENDENT SCHOOL DISTRICT
Notes to the Financial Statements - Continued
August 31, 2024

IV. OTHER INFORMATION - Continued

B. Defined Other Postemployment Benefit Plans - Continued

Texas Insurance Code, Section 1575.202 establishes the state’s contribution rate which is 1.25% of the employee’s salary. Section 1575.203 establishes the active employee’s rate which is 0.65% of pay. Section 1575.204 establishes an employer contribution rate of not less than 0.25% or not more than 0.75% of the salary of each active employee of the public or charter school. The actual employer contribution rate is prescribed by the Legislature in the General Appropriations Act. The following table shows contributions to the TRS-Care plan by type of contributor:

Contribution Rates		
	<u>2023</u>	<u>2024</u>
Active Employee	0.65%	0.65%
Non-Employer Contributing Entity (State)	1.25%	1.25%
Employers	0.75%	0.75%
Federal/Private Funding Remitted by Employers	1.25%	1.25%
District's 2024 Employer Contributions		\$ 8,972
District's 2024 Member Contributions		5,315
District's 2023 NECE On-Behalf Contributions		7,421

In addition to the employer contributions listed above, there is an additional surcharge all TRS employers are subject to (regardless of whether or not they participate in the TRS-Care OPEB program). When hiring a TRS retiree, employers are required to pay to TRS-Care a monthly surcharge of \$535 per retiree.

TRS-Care received supplemental appropriations from the State of Texas as the non-employer contributing entity in the amount of \$21.3 million in fiscal year 2023 provided by Rider 14 of the Senate Bill GAA of the 87th Legislature. These amounts were re-appropriated from amounts received by the pension and TRS-Care funds in excess of the state's actual obligation and then transferred to TRS-Care.

Actuarial Assumptions - The actuarial valuation was performed as of August 31, 2022. Update procedures were used to rolled forward the total OPEB liability to August 31, 2023. The actuarial valuation was determined using the following actuarial assumptions.

The actuarial valuation of the OPEB plan offered through TRS-Care is similar to the actuarial valuation performed for the pension plan, except that the OPEB valuation is more complex. The demographics assumptions were updated based on the experience study performed for TRS for the period ending August 31, 2021. The following assumptions and other inputs used for members of TRS-Care are based on an established pattern of practice and are identical to the assumptions used in the August 31, 2022 TRS pension actuarial valuation that was rolled forward to August 31, 2023:

Rates of Mortality	Rates of Disability
Rates of Retirement	General Inflation
Rates of Termination	Wage Inflation

MARATHON INDEPENDENT SCHOOL DISTRICT
Notes to the Financial Statements - Continued
August 31, 2024

IV. OTHER INFORMATION - Continued

B. Defined Other Postemployment Benefit Plans - Continued

The active mortality rates were based on PUB(2010), Amount-Weighted, Below-Median Income, Teacher male and female tables (with a two-year set forward for males). The post-retirement mortality rates for healthy lives were based on the 2021 TRS of Texas Healthy Pensioner Mortality Tables. The rates were projected on a fully generational basis using the ultimate improvement rates from mortality projection scale MP-2021.

The following table discloses the actuarial methods and assumptions that were applied to this measurement period:

Valuation Date	August 31, 2022 Rolled Forward to August 31, 2023
Actuarial Cost Method	Individual Entry Age Normal
Inflation	2.30%
Single Discount Rate	4.13% as of August 31, 2023
Aging Factors	Based on Plan Specific Experience
Expenses	Third-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claims costs.
Salary Increases	2.95% to 8.95% Including Inflation
Ad hoc Postemployment Benefit Changes	None

The initial medical trend rates were 8.50% for Medicare retirees and 7.25% for non-Medicare retirees. There was an initial prescription drug trend rate of 8.25% for all retirees. The initial trend rates decrease to an ultimate trend rate of 4.25% over a period of 13 years.

Discount Rate - A single discount rate of 4.13% was used to measure the total OPEB liability. There was an increase of 0.22% in the discount rate since the previous year. Because the investments are held in cash and there is no intentional objective to advance fund the benefits, the Single Discount Rate is equal to the prevailing municipal bond rate. The source of the municipal bond rate is the Fidelity “20-year Municipal GO AA Index” as of August 31, 2023, using the Fixed Income Market Data/Yield Curve/ Data Municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds.

Sensitivity of the Net OPEB Liability

Discount Rate Sensitivity Analysis - The following schedule shows the impact of the net OPEB liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (4.13%) in measuring the net OPEB liability:

	<u>1% Decrease in Discount Rate (3.13%)</u>	<u>Discount Rate (4.13%)</u>	<u>1% Increase in Discount Rate (5.13%)</u>
District's Proportionate Share of the Net OPEB Liability	<u>\$ 184,855</u>	<u>\$ 156,950</u>	<u>\$ 134,180</u>

MARATHON INDEPENDENT SCHOOL DISTRICT
Notes to the Financial Statements - Continued
August 31, 2024

IV. OTHER INFORMATION - Continued

B. Defined Other Postemployment Benefit Plans - Continued

Healthcare Cost Trend Rates Sensitivity Analysis - The following presents the net OPEB liability of the plan using the assumed healthcare cost trend rate, as well as what the net OPEB liability would be if it were calculated using a trend rate that is 1% lower or 1% higher than the assumed healthcare cost trend rate:

	<u>1% Decrease</u>	<u>Current Healthcare Cost Trend Rate</u>	<u>1% Increase</u>
District's Proportionate Share of the Net OPEB Liability	<u>\$ 129,241</u>	<u>\$ 156,950</u>	<u>\$ 192,599</u>

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs - At August 31, 2024, the Marathon Independent School District reported a liability of \$156,950 for its proportionate share of the TRS's net OPEB liability. This liability reflects a reduction for State OPEB support provided to the District. The amount recognized by the District as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the District were as follows:

District's Proportionate Share of the Collective Net OPEB Liability	\$ 156,950
State's Proportionate Share that is Associated with the District	<u>189,385</u>
Total	<u>\$ 346,335</u>

The net OPEB liability was measured as of August 31, 2022 and rolled forward to August 31, 2023, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The employer's proportion of the net OPEB liability was based on the employer's contributions to OPEB relative to the contributions of all employers to the plan for the period September 1, 2022 through August 31, 2023.

At August 31, 2023, the employer's proportion of the collective net OPEB liability was 0.0007089544% which was a decrease of 0.0001989513% from its proportion measured as of August 31, 2022.

Changes of Actuarial Assumptions Since the Prior Actuarial Valuation - The following were changes to the actuarial assumptions or other inputs that affected measurement of the total OPEB liability (TOL) since the prior measurement period:

- The single discount rate change from 3.91% as of August 31, 2022 to 4.13% as of August 31, 2023, accompanied by revised demographic and economic assumptions based on the TRS experience study.

Changes of Benefit Terms - There were no changes of benefit terms since the prior measurement date.

For the year ended August 31, 2024, the Marathon Independent School District recognized OPEB expense of \$(40,486) and revenue of \$(40,486) for support provided by the State.

MARATHON INDEPENDENT SCHOOL DISTRICT
Notes to the Financial Statements - Continued
August 31, 2024

IV. OTHER INFORMATION - Continued

B. Defined Other Postemployment Benefit Plans - Continued

At August 31, 2024, the Marathon Independent School District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to other postemployment benefits from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Actuarial Experience	\$ 7,101	\$ 132,044
Changes in Actuarial Assumptions	21,423	96,105
Net Difference Between Projected and Actual Investment Earnings	68	-
Changes in Proportion and Difference Between the Employer's Contributions and the Proportionate Share of Contributions	65,026	148,054
Contributions Paid to TRS Subsequent to the Measurement Date	<u>8,972</u>	<u>-</u>
Totals	<u>\$ 102,590</u>	<u>\$ 376,203</u>

The net amounts of the employer's balances of deferred outflows and inflows (not including the deferred contribution paid subsequent to the measurement date) of resources related to OPEBs will be recognized by the District in OPEB expense as follows:

<u>Year Ending August 31,</u>	<u>OPEB Expense Amount</u>
2025	\$ (53,304)
2026	(46,105)
2027	(36,360)
2028	(30,312)
2029	(34,805)
Thereafter	(81,699)

C. Medicare Part D

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003 established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. Under Medicare Part D, TRS-Care receives retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. For the years ended August 31, 2024, August 31, 2023, and August 31, 2022, the subsidy payments received by TRS-Care on behalf of the District were \$4,319, \$4,199, and \$3,966, respectively. These payments are recorded as equal revenues and expenditures in the governmental funds financial statements.

D. Health Care Coverage

The District participates in TRS-Active Care sponsored by the Teacher Retirement System of Texas. TRS-Active Care (the Plan) provides health care coverage to employees (and their dependents) of participating public education entities. Optional life and long-term care insurance are also provided to active members and retirees. Authority for the Plan can be found in

MARATHON INDEPENDENT SCHOOL DISTRICT
Notes to the Financial Statements - Continued
August 31, 2024

IV. OTHER INFORMATION - Continued

D. Health Care Coverage - Continued

the Texas Insurance Code, Title 8, Subtitle H, Chapter 1579 and in the Texas Administrative Code, Title 34, Part 3, Chapter 41. The Plan began operations on September 1, 2002. This is a premium-based plan. Payments are made on a monthly basis for all covered employees.

E. Risk Management

The District's risk management program includes coverage, through various third-party insurance providers, to protect the District against losses related to torts, errors and omissions, theft and damage or destruction of property, errors and omissions, injuries to employees, and natural disasters. For the year ended August 31, 2024, there were no significant reductions in coverage from the previous fiscal year, and there were no significant settlements exceeding insurance coverage for each of the past three fiscal years.

F. Contingencies

The District participates in numerous state and federal grant programs which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, refunds of any money received may be required, and the collectibility of any related receivable may be impaired. In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying combined financial statements for such contingencies.

G. Shared Services Arrangement

The District participates in a shared services arrangement for a cooperative education program with several other school districts. The District does not account for revenues or expenditures in this program and does not disclose them in these financial statements. The Alpine Independent School District is the fiscal agent manager and is responsible for all financial activities of the shared services arrangement.

H. Adjustments to Net Position/Fund Balances

The financial statements reflect the following prior period adjustments:

	August 31, 2023 as Previously Reported	Prior Year Correction (A)	August 31, 2023 as Restated
Government-Wide			
Governmental Activities	<u>\$ 2,995,162</u>	<u>\$ (14,930)</u>	<u>\$ 2,980,232</u>
Governmental Funds			
Major Funds			
General Fund	<u>\$ 2,110,810</u>	<u>\$ (14,930)</u>	<u>\$ 2,095,880</u>

(A) Correction of prior year due to state.

I. Subsequent Events

The District's management has evaluated subsequent events through December 30, 2024, the date which the financial statements were available for issue.

Required Supplementary Information

MARATHON INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - GENERAL FUND
 FOR THE YEAR ENDED AUGUST 31, 2024

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 1,151,254	\$ 1,167,254	\$ 1,196,111	\$ 28,857
5800 State Program Revenues	834,273	834,273	841,640	7,367
5900 Federal Program Revenues	26,200	26,200	15,196	(11,004)
5020 Total Revenues	2,011,727	2,027,727	2,052,947	25,220
EXPENDITURES:				
Current:				
0011 Instruction	983,712	975,412	915,864	59,548
0012 Instructional Resources and Media Services	1,800	1,800	821	979
0013 Curriculum and Instructional Staff Development	17,074	17,074	9,748	7,326
0023 School Leadership	104,317	100,876	92,805	8,071
0031 Guidance, Counseling, and Evaluation Services	10,818	7,818	4,720	3,098
0033 Health Services	5,547	5,547	1,964	3,583
0034 Student (Pupil) Transportation	19,750	19,750	13,904	5,846
0035 Food Services	24,214	24,214	21,293	2,921
0036 Extracurricular Activities	88,351	88,351	69,602	18,749
0041 General Administration	257,351	256,751	228,460	28,291
0051 Facilities Maintenance and Operations	230,949	255,949	228,147	27,802
0052 Security and Monitoring Services	22,000	22,000	8,600	13,400
0053 Data Processing Services	223,344	229,085	224,366	4,719
0061 Community Services	1,000	1,000	957	43
Debt Service:				
0071 Principal on Long-Term Liabilities	35,000	35,000	-	35,000
Intergovernmental:				
0091 Contracted Instructional Services Between Schools	6,000	12,000	-	12,000
0093 Payments to Fiscal Agent/Member Districts of SSA	6,000	6,600	6,600	-
0099 Other Intergovernmental Charges	38,500	41,500	41,326	174
6030 Total Expenditures	2,075,727	2,100,727	1,869,177	231,550
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	(64,000)	(73,000)	183,770	256,770
OTHER FINANCING SOURCES (USES):				
7915 Transfers In	10,014	10,014	6,096	(3,918)
7949 Proceeds of SBITAs	39,000	39,000	-	(39,000)
8911 Transfers Out (Use)	(10,014)	(10,014)	(6,096)	3,918
7080 Total Other Financing Sources (Uses)	39,000	39,000	-	(39,000)
1200 Net Change in Fund Balances	(25,000)	(34,000)	183,770	217,770
0100 Fund Balance - September 1 (Beginning)	2,110,810	2,110,810	2,110,810	-
1300 Adjustments and Restatements	-	-	(14,930)	(14,930)
3000 Fund Balance - August 31 (Ending)	\$ 2,085,810	\$ 2,076,810	\$ 2,279,650	\$ 202,840

MARATHON INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR THE YEAR ENDED AUGUST 31, 2024

	FY 2024 Plan Year 2023	FY 2023 Plan Year 2022	FY 2022 Plan Year 2021
District's Proportion of the Net Pension Liability (Asset)	0.001096809%	0.000644343%	0.000567112%
District's Proportionate Share of Net Pension Liability (Asset)	\$ 753,402	\$ 382,530	\$ 144,423
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	638,153	736,510	371,438
Total	<u>\$ 1,391,555</u>	<u>\$ 1,119,040</u>	<u>\$ 515,861</u>
District's Covered Payroll	\$ 776,362	\$ 941,113	\$ 968,697
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	97.04%	40.65%	14.91%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	73.15%	75.62%	88.79%

Note: GASB Codification, Vol. 2, P20.183 requires that the information on this schedule be data from the period corresponding with the periods covered as of the measurement dates of August 31, 2023 for year 2024, August 31, 2022 for year 2023, August 31, 2021 for year 2022, August 31, 2020 for year 2021, August 31, 2019 for year 2020, August 31, 2018 for year 2019, August 31, 2017 for year 2018, August 31, 2016 for year 2017, August 31, 2015 for year 2016 and August 31, 2014 for year 2015.

FY 2021 Plan Year 2020	FY 2020 Plan Year 2019	FY 2019 Plan Year 2018	FY 2018 Plan Year 2017	FY 2017 Plan Year 2016	FY 2016 Plan Year 2015	FY 2015 Plan Year 2014
0.000548251%	0.000593408%	0.000468037%	0.000527123%	0.000795624%	0.00051222%	0.0003192%
\$ 293,632	\$ 308,472	\$ 257,619	\$ 168,545	\$ 300,655	\$ 181,056	\$ 85,263
781,117	650,256	616,817	475,544	503,557	453,139	357,478
<u>\$ 1,074,749</u>	<u>\$ 958,728</u>	<u>\$ 874,436</u>	<u>\$ 644,089</u>	<u>\$ 804,212</u>	<u>\$ 634,195</u>	<u>\$ 442,741</u>
\$ 940,818	\$ 816,750	\$ 671,379	\$ 806,399	\$ 732,231	\$ 634,145	\$ 611,766
31.21%	37.77%	38.37%	20.90%	41.06%	28.55%	13.94%
75.54%	75.24%	73.74%	82.17%	78.00%	78.43%	83.25%

MARATHON INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DISTRICT'S CONTRIBUTIONS FOR PENSIONS
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR THE YEAR ENDED AUGUST 31, 2024

	2024	2023	2022
Contractually Required Contribution	\$ 53,611	\$ 57,435	\$ 29,677
Contribution in Relation to the Contractually Required Contribution	(53,611)	(57,435)	(29,677)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 817,663	\$ 776,362	\$ 941,113
Contributions as a Percentage of Covered Payroll	6.56%	7.40%	3.15%

Note: GASB Codification, Vol. 2, P20.183 requires that the data in this schedule be presented as of the District's respective fiscal years as opposed to the time periods covered by the measurement dates ending August 31 of the preceding year.

	2021	2020	2019	2018	2017	2016	2015
\$	24,207	\$ 22,282	\$ 20,770	\$ 15,436	\$ 17,276	\$ 25,149	15,166
	(24,207)	(22,282)	(20,770)	(15,436)	(17,276)	(25,149)	(15,166)
\$	-	\$ -	\$ -	\$ -	\$ -	\$ -	-
\$	968,697	\$ 940,818	\$ 816,750	\$ 671,379	\$ 806,399	\$ 732,231	634,145
	2.50%	2.37%	2.54%	2.30%	2.14%	3.43%	2.39%

MARATHON INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR THE YEAR ENDED AUGUST 31, 2024

	FY 2024 Plan Year 2023	FY 2023 Plan Year 2022	FY 2022 Plan Year 2021
District's Proportion of the Net Liability (Asset) for Other Postemployment Benefits	0.000708954%	0.000907906%	0.000952988%
District's Proportionate Share of Net OPEB Liability (Asset)	\$ 156,950	\$ 217,389	\$ 367,610
State's Proportionate Share of the Net OPEB Liability (Asset) Associated with the District	189,385	265,180	492,516
Total	<u>\$ 346,335</u>	<u>\$ 482,569</u>	<u>\$ 860,126</u>
District's Covered Payroll	\$ 776,362	\$ 941,113	\$ 968,697
District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	20.22%	23.10%	37.95%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	14.94%	11.52%	6.18%

Note: GASB Codification, Vol. 2, P50.238 states that the information on this schedule should be determined as of the measurement date. The amounts for FY 2024 are for the measurement date of August 31, 2023. The amounts for FY 2023 are for the measurement date of August 31, 2022. The amounts reported for FY 2022 are for measurement date August 31, 2021. The amounts reported for FY 2021 are for the measurement date of August 31, 2020. The amounts for FY 2020 are for the measurement date August 31, 2019. The amounts for FY 2019 are for the measurement date August 31, 2018. The amounts for FY 2018 are based on the August 31, 2017 measurement date.

This schedule shows only the years for which this information is available. Additional information will be added until 10 years of data are available and reported.

FY 2021 Plan Year 2020	FY 2020 Plan Year 2019	FY 2019 Plan Year 2018	FY 2018 Plan Year 2017
0.000951097%	0.000877948%	0.000739429%	0.000877667%
\$ 361,555	\$ 415,193	\$ 369,203	\$ 381,664
485,843	551,698	603,962	660,251
<u>\$ 847,398</u>	<u>\$ 966,891</u>	<u>\$ 973,165</u>	<u>\$ 1,041,915</u>
\$ 940,818	\$ 816,750	\$ 671,379	\$ 803,699
38.43%	50.83%	54.99%	47.49%
4.99%	2.66%	1.57%	0.91%

MARATHON INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DISTRICT'S CONTRIBUTIONS FOR OTHER POSTEMPLOYMENT BENEFITS (OPEB)
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR THE YEAR ENDED AUGUST 31, 2024

	2024	2023	2022
Contractually Required Contribution	\$ 8,972	\$ 6,143	\$ 7,371
Contribution in Relation to the Contractually Required Contribution	(8,972)	(6,143)	(7,371)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 817,663	\$ 776,362	\$ 941,113
Contributions as a Percentage of Covered Payroll	1.10%	0.79%	0.78%

Note: GASB Codification, Vol. 2, P50.238 requires that the data in this schedule be presented as of the District's respective fiscal years as opposed to the time periods covered by the measurement dates ending August 31 of the preceding year.

Information in this schedule should be provided only for the years where data is available. Eventually 10 years of data should be presented.

	2021	2020	2019	2018
\$	7,445	\$ 7,221	\$ 6,231	\$ 5,091
	(7,445)	(7,221)	(6,231)	(5,091)
\$	-	\$ -	\$ -	\$ -
\$	968,697	\$ 940,818	\$ 816,750	\$ 671,379
	0.77%	0.77%	0.76%	0.76%

MARATHON INDEPENDENT SCHOOL DISTRICT
Notes to the Required Supplementary Information
August 31, 2024

Note A - TRS Pension Plan

Changes of Benefit Terms

The Texas 2023 Legislature passed legislation that provides a one-time stipend to certain retired teachers. The stipend was paid to retirees beginning in September of 2023. The Legislature appropriated funds to pay for this one-time stipend so there will be no impact on the net pension liability of TRS. In addition, the Legislature also provided for a cost-of-living adjustment (COLA) to retirees which was approved during the November 2023 election, which will be paid January 2024. Therefore, this contingent liability was not reflected as of August 31, 2023.

Changes of Assumptions

There were no changes of assumptions since the prior measurement date.

Note B - TRS OPEB Plan

Changes of Benefit Terms

There were no changes of benefit terms since the prior measurement date.

Changes of Assumptions

The single discount rate changed from 3.91% as of August 31, 2022, to 4.13% as of August 31, 2023. This change decreased the total OPEB liability.

Other Supplementary Information

MARATHON INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF DELINQUENT TAXES RECEIVABLE
 FOR THE YEAR ENDED AUGUST 31, 2024

Last 10 Years Ended August 31	(1) (2)		(3) Assessed/Appraised Value for School Tax Purposes
	Tax Rates		
	Maintenance	Debt Service	
2015 and prior years	Various	Various	\$ Various
2016	1.170000	0.000000	83,958,794
2017	1.170000	0.000000	88,838,601
2018	1.170000	0.000000	91,688,586
2019	1.170000	0.000000	96,658,236
2020	1.068300	0.000000	96,457,868
2021	1.051600	0.000000	95,505,461
2022	0.979000	0.000000	107,042,552
2023	0.942900	0.000000	119,549,081
2024 (School year under audit)	0.812000	0.000000	123,279,597
1000 TOTALS			
8000 Total Taxes Refunded Under Section 26.1115, Tax Code			

(10) Beginning Balance 9/1/2023	(20) Current Year's Total Levy	(31) Maintenance Collections	(32) Debt Service Collections	(40) Entire Year's Adjustments	(50) Ending Balance 8/31/2024	(99) Taxes Refunded Under Section 26.1115c
\$ 15,679	\$ -	\$ 312	\$ -	\$ (90)	\$ 15,277	
1,961	-	22	-	-	1,939	
3,091	-	550	-	-	2,541	
3,022	-	500	-	-	2,522	
2,180	-	587	-	-	1,593	
2,637	-	764	-	-	1,873	
6,340	-	1,881	-	-	4,459	
8,418	-	2,650	-	-	5,768	
16,384	-	10,001	-	-	6,383	
-	1,001,030	986,266	-	-	14,764	
<u>\$ 59,712</u>	<u>\$ 1,001,030</u>	<u>\$ 1,003,533</u>	<u>\$ -</u>	<u>\$ (90)</u>	<u>\$ 57,119</u>	

\$ -

MARATHON INDEPENDENT SCHOOL DISTRICT
 USE OF FUNDS REPORT - SELECT STATE ALLOTMENT PROGRAMS
 FOR THE YEAR ENDED AUGUST 31, 2024

Section A: Compensatory Education Programs

AP1	Did your district expend any state compensatory education program state allotment funds during the district's fiscal year?	Yes
AP2	Does the district have written policies and procedures for its state compensatory education program?	Yes
AP3	Total state allotment funds received for state compensatory education programs during the district's fiscal year.	52360
AP4	Actual direct program expenditures for state compensatory education programs during the district's fiscal year. (PICs 24,26,28,29,30)	76693

Section B: Bilingual Education Programs

AP5	Did your district expend any bilingual education program state allotment funds during the district's fiscal year?	No
AP6	Does the district have written policies and procedures for its bilingual education program?	Yes
AP7	Total state allotment funds received for bilingual education programs during the district's fiscal year.	0
AP8	Actual direct program expenditures for bilingual education programs during the district's fiscal year. (PIC 25)	0

COMPLIANCE AND INTERNAL CONTROLS SECTION



A Limited Liability Partnership

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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*

Board of Trustees
Marathon Independent School District
P.O. Box 416
Marathon, TX 79842-0416

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, each major fund, and the aggregate remaining fund information of the Marathon Independent School District as of and for the year ended August 31, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 30, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Marathon Independent School District's internal control over financial reporting (internal control) as a basis for designing 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 Marathon Independent School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Marathon Independent School District's 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 District'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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Marathon Independent School District's financial statements are free of 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 financial statements. 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 District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Eckert & Company, LLP

December 30, 2024

MARATHON INDEPENDENT SCHOOL DISTRICT
 Schedule of Findings and Questioned Costs
 Year Ended August 31, 2024

A. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued

Unmodified

Internal Control Over Financial Reporting

Material weaknesses identified?

 Yes X No

Significant deficiencies identified that are not considered to be material weaknesses?

 Yes X None Reported

Noncompliance material to financial statements noted?

 Yes X No

B. Findings - Financial Statements Audit

None

C. Findings - State Compliance

None