Physical Address: 261 School Rd
Mailing Address: PO Box 228
Rhome, Texas 76078
Telephone: 817-636-2462

City Council

Mayor
Kenneth Crenshaw

Place 1
Jimmy Johnson

Mayor Pro-Tem,
Place 2
Michelle Tye

Place 3
Randall Loftis

Place 4
Kristi King

Place 5
Jeremy Finch

City Staff

City Administrator
Amanda DeGan

City Attorney
Carvan Adkins

City Secretary
Shaina Odom

Fire Chief
Scott Estes

Police Chief
Paul Bocconcelli

Public Works
Director
Jesus Dominguez

Community Services
Director
Julie Rutherford

MEETING OF THE RHOME CITY COUNCIL
Meeting Date: July 23, 2026
Regular Meeting: 6:00 p.m.

Meeting Location: Rhome Community Center, 261 School Road, Rhome, Texas 76078
LIVE Streaming: To be as accessible as possible, we MAY live stream the meeting pending any computer or link issues.

Microsoft Teams
Join the meeting now
teams.microsoft.com/l/meetup-join
Meeting ID: **280 962 265 754 175**
Teams Password: **gM7po3W8**
Call In: +1 323-673-4767
Access Code: **999 923 000#**

The Rhome City Council *may* conduct this meeting by video conference call in accordance with Section 551.127 of the Texas Open Meetings Act. A quorum of the City Council will be physically present at the address listed above and the public may attend the meeting at the same location.

1. **Call to Order and Establish a Quorum**
   Invocation
   Pledge of Allegiance to the American Flag
   Pledge of Allegiance to the Texas Flag
   Honor the Texas Flag; I pledge allegiance to thee, Texas, One state under God, One and indivisible

2. **Public Comments**
   a. *The Council is not permitted to take action or discuss any comments made to the Council at this time concerning an item not listed on the agenda. However, they may make a statement of fact regarding the item or policy. They may also ask that the item be placed on a future agenda or direct the City Administrator to contact the individual to address.*
   b. *Public Comments require the speaker to submit the sign-up form to the City Secretary prior to the meeting, are limited to 3 minutes, and the form must identify each subject the speaker plans to present.*
   c. *There will be no yielding of time to another person. Engaging in verbal attacks, or comments intended to insult or slander any individual shall be cause for removal from Council Chambers.*
   d. *If the writer of a Public Comment is unable to read their own comment, it should be given to a friend, family member, or associate, that is able to attend in person and read the statement in their stead.*

3. **Announcements from Mayor and Council Members**
    - Planning and Zoning Meeting – August 10, 2026
    - City Council Meeting – August 13, 2026 (Tentative)
    - City Council Meeting – August 27, 2026

4. **Consent Agenda**
   All items under this section are recommended for approval for the Consent Agenda. These items are of a routine nature and require only brief deliberation by Council. The Council reserves the right to remove any item from the Consent Agenda for further deliberation.
   a) Approval of Minutes of June 25, 2026 **(City Administrator)**

5. **Monthly Staff Reports and/or Board Minutes**
   All items under this section are for informational purposes only; no action will be taken by Council.
   a) Departments: Administration, Building & Development, Fire Rescue, Municipal Court, Police and Public Works **(Department Heads)**

6. **Regular Agenda**
   Discussion, review, and any necessary action for the following:
   a) Data Centers (Mayor Crenshaw)
   b) Loans to Improve Properties, CDBG Grants, USDA section 504 and Habitat for Humanity (Council Member Loftis)
   c) FY2024 Audit (City Administrator)
   d) Emergency Services District #5 Petition (City Administrator)

7. **Executive Session**

   Pursuant to the following designated section of the Texas Government Code, Annotated, Chapter 551 (Texas Open Meetings Act), the Council may convene into executive session to discuss the following:
   a) Section 551.071 Consultation with Attorney - pending or contemplated litigation, settlement offer or to seek advice from attorney.
   b) Section 551.072 Deliberation regarding Real Property - purchase, exchange, lease, or value of real property if deliberation in an open meeting would have detrimental effect on position of the governmental body in negotiations with a third person.
   c) Section 551.074 Personnel – discuss appointment, employment, evaluation, reassignment, duties, discipline or dismissal of a public officer or employee, or hear complaint or charge against officer or employee in executive session unless officer or employee requests a public hearing.
   d) Section 551.087 – Deliberations regarding Economic Development Negotiations – to discuss or deliberate regarding commercial or financial information the City has received from a business prospect that the City seeks to locate, stay, or expand in or near the City and with which the City is conducting economic development negotiations.

8. **Regular Agenda (Resume)**
   a) Action to be taken from Executive Session

9. **Future Agenda Items**
   (*Agenda items are due by 5 p.m. on Wednesday of the week prior to the Council meeting)*
   a) Short-term Rental Policy – Mayor Crenshaw
   b) Panhandling ordinance – Mayor Crenshaw – Council Member Shumake

c) Upcoming Budget for Trash Services - Council Member Johnson
d) Easements - Mayor Pro-Tem Tye

10. Adjourn

A quorum of Planning & Zoning Commissioners may be present at this meeting and its members may participate in the discussion of the items on the agenda over which they have responsibilities or authority.

A quorum of Parks & Recreation Board Members may be present at this meeting and its members may participate in the discussions of the items on the agenda over which they have responsibilities or authority.

**Pursuant to the Open Meetings Act, Chapter 551, Section 551.071 of the Texas Government Code, the Council may convene into executive session at any time during the meeting if a need rises for the City Council to seek advice from the City Attorney concerning any item on this agenda, to discuss pending and contemplated litigation, or a settlement offer, or to diseuss a matter in which the duty of the attorney to the City Council under the Texas Disciplinary Rules of Professional Conduct of the State Board of Texas clearly conflicts with Chapter 551.*

The Council may vote and / or act upon each of the items listed in this Agenda. Except for Public Presentation and Input and items in the agenda designated as public hearing or otherwise designated for public input, there will be no public input during the course of this meeting without express authorization from the presiding officer.

This facility is wheelchair accessible and accessible parking spaces are available. Requests for accommodations or interpretive services must be made 48 hours prior to the meeting. Please contact City Hall at 817-636-2462 for further information.

CERTIFICATION: I do hereby certify that the above City Council Agenda was posted on the designated bulletin board located at City Hall, 261 School Rd, Rhome, Texas by July 16, 2026.

Shaina Odom

Shaina Odom, TRMC
City Secretary

AGENDA ITEM 4
A

Physical Address: 261 School Rd
Mailing Address: PO Box 228
Rhome, Texas 76078
Telephone: 817-636-2462

City Council

Mayor
Kenneth Crenshaw

Place 1
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Mayor Pro-Tem,
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Fire Chief
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Police Chief
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Public Works
Director
Jesus Dominguez

Community Services
Director
Julie Rutherford

MINUTES OF THE RHOME CITY COUNCIL
Meeting Date: June 25, 2026
Regular Meeting: 6:00 p.m.

Meeting Location: Rhome Community Center, 261 School Road, Rhome, Texas 76078
LIVE Streaming: To be as accessible as possible, we MAY live stream the meeting pending any computer or link issues.

Microsoft Teams
Join the meeting now
teams.microsoft.com/l/meetup-join
Meeting ID: **248 549 495 760 904**
Teams Password: **tr6zM6x6**
Call In: +1 323-673-4767
Access Code: **789 030 608#**

The Rhome City Council *may* conduct this meeting by video conference call in accordance with Section 551.127 of the Texas Open Meetings Act. A quorum of the City Council will be physically present at the address listed above and the public may attend the meeting at the same location.

1. **Call to Order and Establish a Quorum**
   Invocation
   Pledge of Allegiance to the American Flag
   Pledge of Allegiance to the Texas Flag
   Honor the Texas Flag; I pledge allegiance to thee, Texas, One state under God, One and indivisible

2. **Public Comments**
   a. *The Council is not permitted to take action or discuss any comments made to the Council at this time concerning an item not listed on the agenda. However, they may make a statement of fact regarding the item or policy. They may also ask that the item be placed on a future agenda or direct the City Administrator to contact the individual to address.*
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   c. *There will be no yielding of time to another person. Engaging in verbal attacks, or comments intended to insult or slander any individual shall be cause for removal from Council Chambers.*
   d. *If the writer of a Public Comment is unable to read their own comment, it should be given to a friend, family member, or associate, that is able to attend in person and read the statement in their stead.*
      - No Comments

3. **Announcements from Mayor and Council Members**
   - City Offices Closed – July 3rd for Independence Day
   - Planning and Zoning Meeting July 6, 2026
   - City Council Meeting July 9, 2026

4. **Consent Agenda**

   All items under this section are recommended for approval for the Consent Agenda. These items are of a routine nature and require only brief deliberation by Council. The Council reserves the right to remove any item from the Consent Agenda for further deliberation.

   a) Approval of Minutes of June 11, 2026 **(City Administrator)**
   b) Motion: Mayor Pro-Tem Tye
   c) Second: Council Member Johnson
   d) Vote: All in Favor
   e) Result: Council approved June 11, 2026 City Council Minutes

5. **Monthly Staff Reports and/or Board Minutes**

   All items under this section are for informational purposes only; no action will be taken by Council.

   a) Departments: Administration, Building & Development, Fire Rescue, Municipal Court, Police and Public Works **(Department Heads)**

6. **Regular Agenda**

   Discussion, review, and any necessary action for the following:

   a) Water Conservation Efforts and Implementation within city limits (Council Member Finch)

   Council Member Finch reminded residents and Council to conserve water. He is requesting a notice to go out with the water bill. Encourage our residents and contract customers to make sure water is being conserved when possible. Loftis mentioned the Rhome Library has Upper Trinity Water District coming out for public information. Mayor Crenshaw reiterated saving of the water is extremely important. Mayor Pro-Tem Tye said she read an article a city partnered with a company to purchase rain barrels at a discounted price to collect water for lawns. No action was taken.

   b) Residential Occupancy Permits (Council Member Loftis)

   Mayor Crenshaw entered into Ex Session at 6:09 p.m. under Section 551.071. Reconvinced into regular session at 6:25 p.m.

   Council Member Loftis said he would like to see an uptick in Certificate of Occupancy issuance when properties change hands and inspections for rental properties. Staff received direction from Council to gather a list of properties that are substanard and work with City Attorney to gain compliance. No Action was taken.

   c) Unoccupied Building/Land Inventory including City owned property – (Mayor Pro-Tem Tye)

   Post three question survey online and bring back results to come back at the second meeting in July. Council will discuss getting an appraisal of the Police Department and Community Center Complex at future date. Update ordinances for Old City Hall building. No action was taken.

7. **Executive Session**

   Pursuant to the following designated section of the Texas Government Code, Annotated, Chapter 551 (Texas Open Meetings Act), the Council may convene into executive session to discuss the following:

a) Section 551.071 Consultation with Attorney - pending or contemplated litigation, settlement offer or to seek advice from attorney.
b) Section 551.072 Deliberation regarding Real Property - purchase, exchange, lease, or value of real property if deliberation in an open meeting would have detrimental effect on position of the governmental body in negotiations with a third person.
c) Section 551.074 Personnel – discuss appointment, employment, evaluation, reassignment, duties, discipline or dismissal of a public officer or employee, or hear complaint or charge against officer or employee in executive session unless officer or employee requests a public hearing.
d) Section 551.087 – Deliberations regarding Economic Development Negotiations – to discuss or deliberate regarding commercial or financial information the City has received from a business prospect that the City seeks to locate, stay, or expand in or near the City and with which the City is conducting economic development negotiations.

8. Regular Agenda (Resume)

a) Action to be taken from Executive Session

9. Future Agenda Items

(*Agenda items are due by 5 p.m. on Wednesday of the week prior to the Council meeting)*

a) Short-term Rental Policy – Mayor Crenshaw
b) Panhandling ordinance – Mayor Crenshaw
c) Upcoming Budget for Trash Services - Council Member Johnson
d) Easements - Mayor Pro-Tem Tye
e) Loans to Residents to Improve Property – Council Member Loftis
f) Abandoned Property Registry – Council Member Loftis
g) Data Centers – Mayor Crenshaw

10. Adjourn

Motion: Council Member Johnson
Second: Council Member Finch
Vote: All in Favor
Result: Meeting adjourned at 7:04 p.m.

_____

Kenneth Crenshaw
Mayor

ATTEST:

_____

Shaina Odom
City Secretary

When is a Certificate of Occupancy Required?

A CO is necessary in the following situations:

- New Construction: For any newly built structure.
- Alterations: When an existing building is remodeled or altered.
- Change of Use: If the building's use changes, such as converting a commercial space to residential.
- Ownership Changes: When there is a change in ownership or tenancy of the building.

Key Reasons for Occupancy Permits

- Safety Assurance: Occupancy permits require inspections to verify that homes and apartments are safe for residents. This includes checking essential systems such as:

  Electrical systems
  Plumbing systems
  Heating systems
  General building conditions

- Health Protection: By enforcing property maintenance codes, occupancy permits help maintain a healthy living environment for residents.

- Property Value Preservation: Ensuring that properties meet certain standards helps protect the financial investments of homeowners and landlords, contributing to overall neighborhood stability.

Inspection Process

The occupancy permit process typically involves the following steps:

- Application Submission: Residents must apply for an occupancy permit before moving in or renting out a property.
- Inspection: A city inspector evaluates the property to ensure compliance with safety and maintenance codes.
- Permit Issuance: If the property passes inspection, an occupancy permit is issued, allowing residents to legally occupy the space.

Prevalence of rental properties in Rhome

Currently it is estimated that 25% to 30% of properties in Crown Point are rentals. The same percentage or higher for Old Town and Bywell Estates.

New construction in the area could easily have the same rental percentages. A good share of the owners of these rental properties do not reside near Rhome.

Properties with debris and rubbish cannot be properly mowed and maintained, resulting in habitat for rodents and vermin.

"Problem" Structures in Rhome

- Property "A“ - Visible roof damage allowing entry of water. High potential for mold in living areas. Grandfathered septic system. Septic drainage issues resulting in public health nuisance.

- Property "B“ - Roof damage covered with tarp for > 2 years. Tarp is degraded and high potential for mold in living areas.

- Property "C“ - Appearance of renovation with intent to use as a rental property. Structure entrances not fully enclosed. Unknown state of structure and living conditions.

- Property "D“ - Property rented out with rodent and insect infestations. Owner took no action to resolve the issues.

- Property "E“ - Obvious health and safety issues. Needs condemnation.

- Property "F“ - Historic stone structure. Sentimental value to local residents. No funds for restoration by owner.

- Property "G“ - Tenant performed repairs to make the property "livable" with their own funds. No reimbursement from owner.

Current Ordinance

Sec 3.01.001 Certificate Of Occupancy

- Required. All residential or commercial building(s), or portions thereof, hereafter erected, structurally altered, occupied, used or undergoing a change in occupancy classification shall have a certificate of occupancy permit that has been issued by the city inspector stating that the building or proposed use of the building or premises complies with city ordinances and all other regulations pertaining to construction in the city.
- A new certificate of occupancy shall be required when there is a change of ownership of an operating business. The new owner may continue to operate the business until the new certificate of occupancy is issued. Upon inspection by the building official or designee, the owner shall make any necessary repairs within a time period determined by the building official to be reasonable.
- Fee. The fee for the certificate of occupancy shall be in the amount established by city council.

(Ordinance 2001-21 adopted 11/8/01; Ordinance adopting Code)

Select City Property Review

June 25, 2026

Lots on Old Mill





Lots on Old Mill



Old City Hall





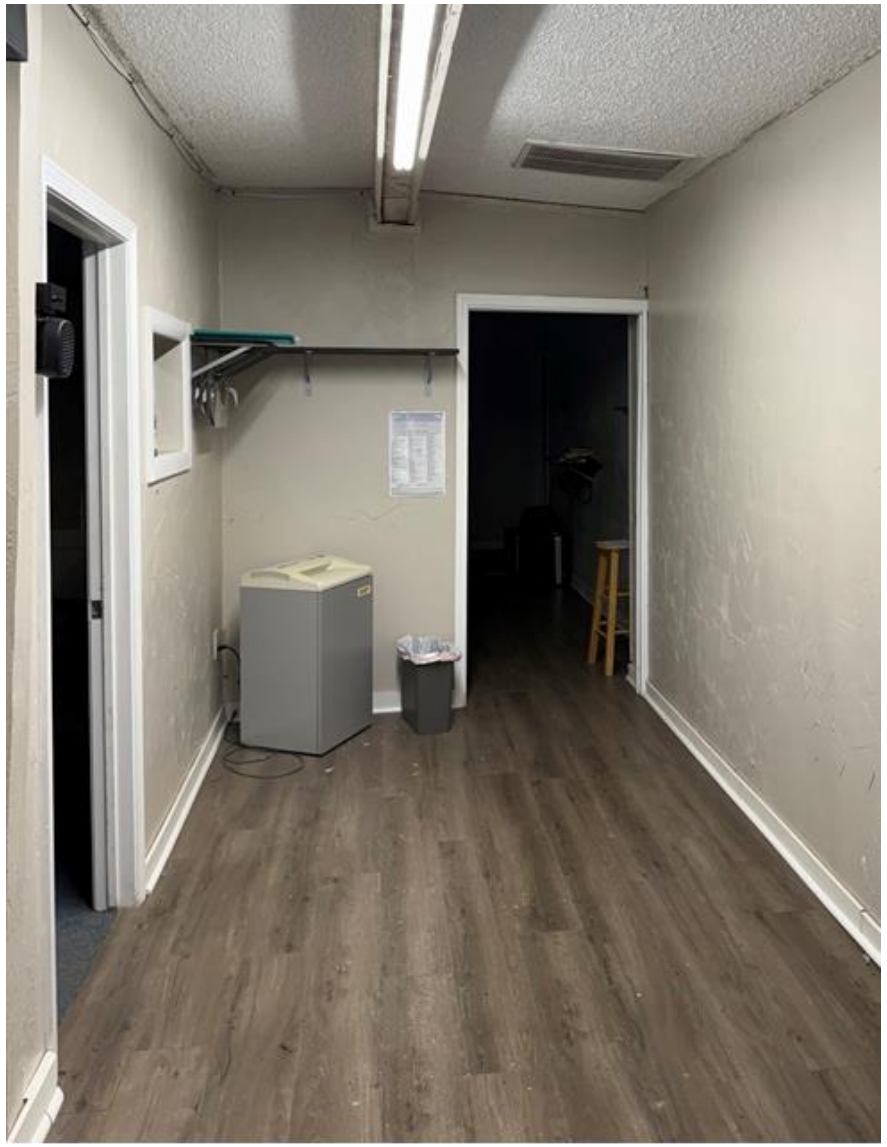
Old City Hall





Old Police Department





Old Police Department





Lot on PR 4906





Lot on PR 4906



Lot on PR 4906





Old School



Old School





Old School



Community Center



Community Center





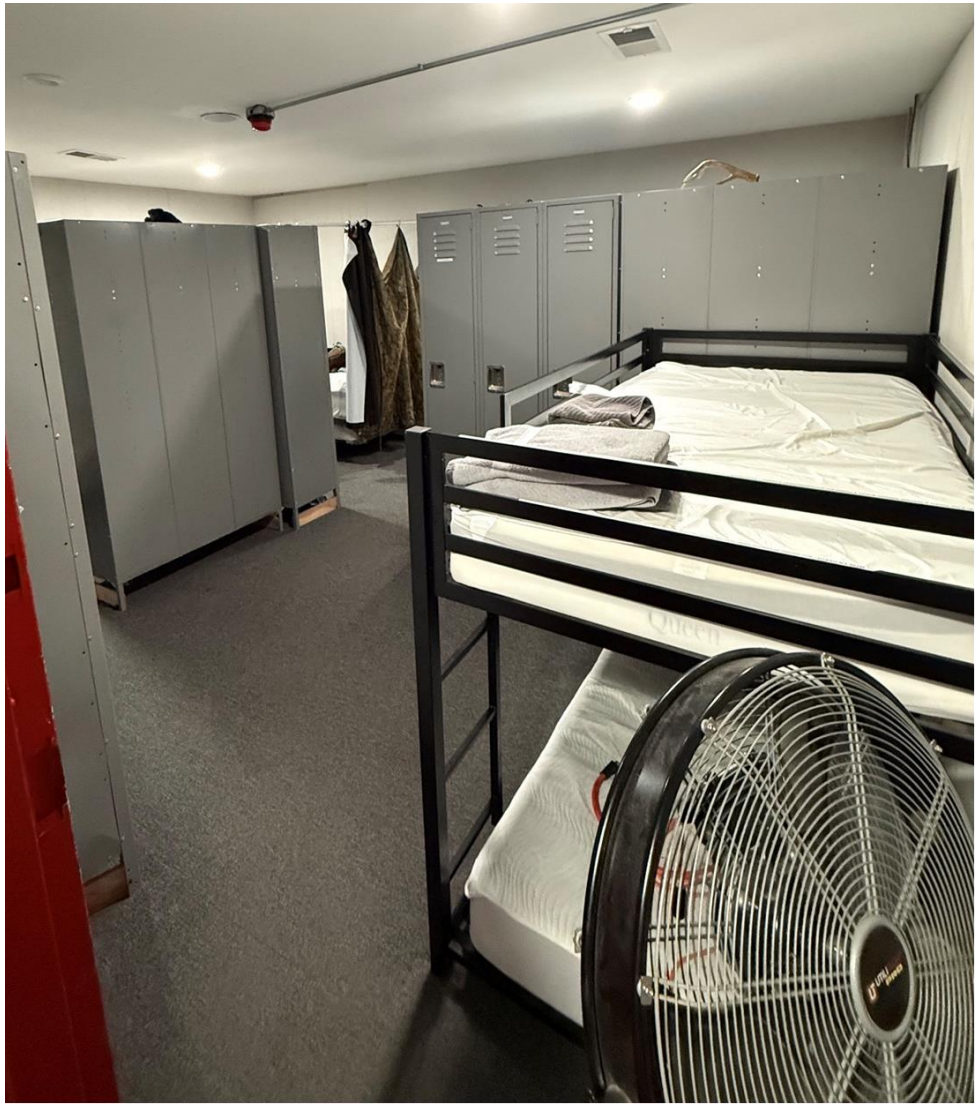
Community Center

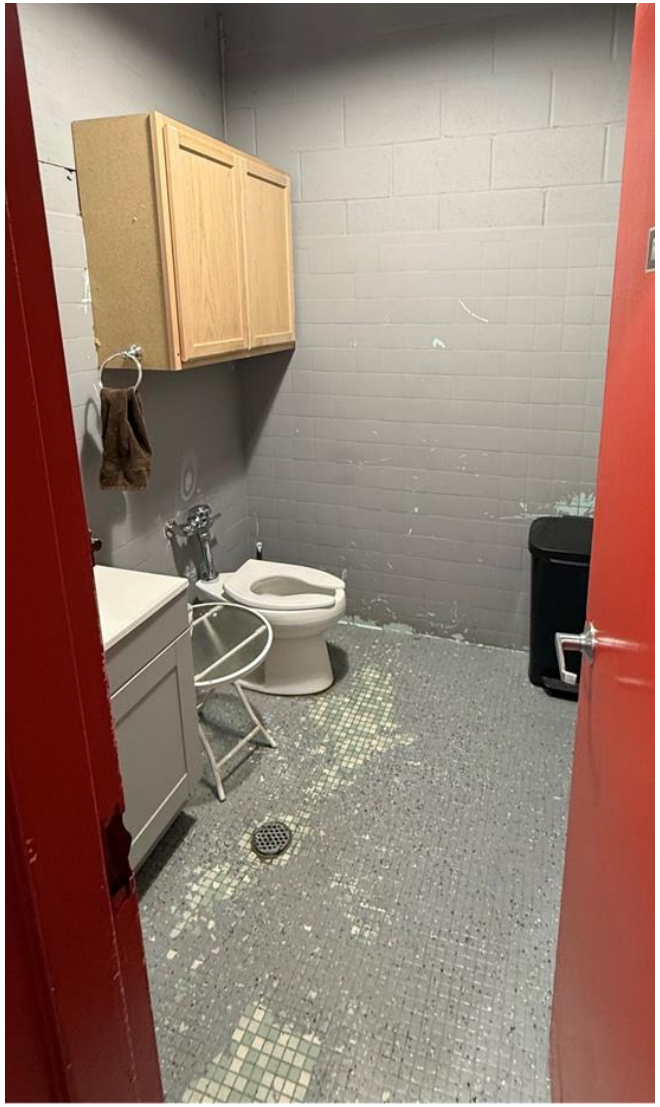


Fire Station



Fire Station





AGENDA ITEM 5

DEPARTMENT REPORTS:

POLICE DEPARTMENT: NO REPORT SUBMITTED

PUBLIC WORKS: NO REPORT SUBMITTED

FIRE DEPARTMENT: INCLUDED

ADMINISTRATION: INCLUDED

MUNICIPAL COURT: INCLUDED

Rhome Fire Rescue

Monthly Report – July 2026

1. Incident Summary (June 1–30, 2026)

Total Calls: *86*

Incident Type	**Number of Calls**
Structure Fires	11
Medical Emergencies	26
Motor Vehicle Accidents	12
Grass Fires	6
Lift Assists	4
Fire Investigations	1
Fire Alarm/CO	2
Vehicle Fires 0	
Other	5
Total: **68**Calls for service	

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2. Personnel Updates/Training

- Currently we have 2 members in Paramedic school
- We are currently accepting applications for our 4th annual fire academy.
- Assistant Chief Pierce has successfully completed year one of the Texas Fire Chiefs Academy.
- Engineer Berrier is in Fire Officer I class.

Hiring Status:
Currently at minimum staffing

3. Apparatus & Equipment

- Engine 317 is O/S due to a major water leak, unknown time when repaired. Still waiting on part to be built.

4. Station Facility Updates

    - Remodeling offices in fire side.

- Ongoing issues remain with the safety eyes due to **structural weakness in the bay door framing**.

    - The framing requires significant repair work.

5. Outdoor Warning Sirens Update: The siren at By Well is out of service due to a lightning strike. American Communications has investigated it and all the electronics are destroyed due to the strike. Estimated repairs are $32,000.00 dollars. I have reached out to the State for any help for grants. I will keep everyone informed.

Closing Statement

As always, thank you for your continued support of Rhome Fire Rescue.

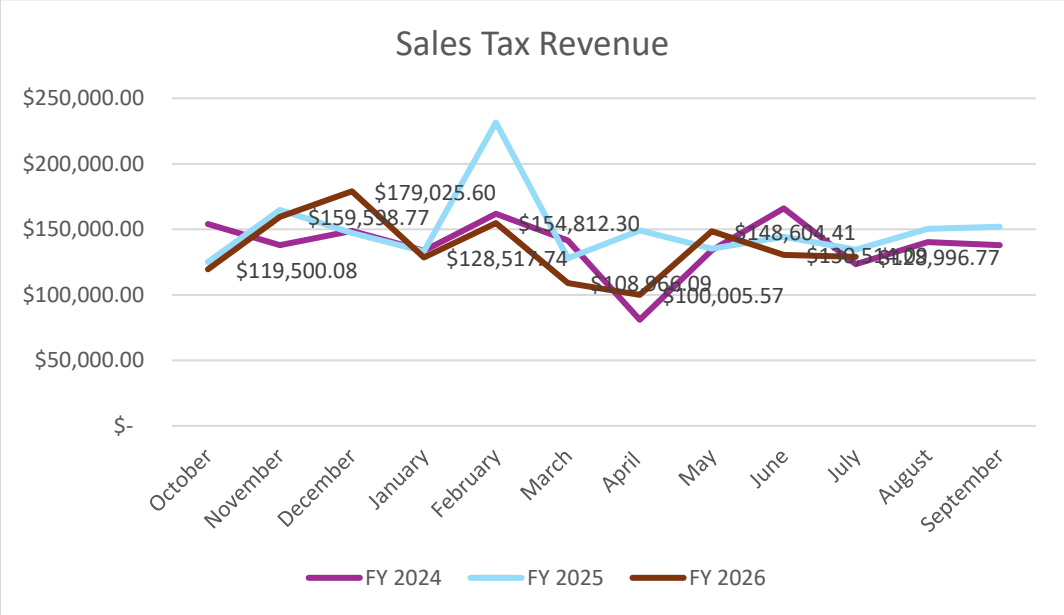
W. Scott Estes
Fire Chief / Fire Marshal
Rhome Fire Rescue

Financial Overview

Account Name	Balances as of July 1, 2026
Business Checking	$16,901,583.15
Fire Dept Savings	$85,276.60
General Fund Savings	$226,017.97
LOGIC	$393,377.38
Meter Deposits	$141,325.35
TOTAL	$17,747,580.45

Sales Tax Revenue Received by Fiscal Year and Month (not by accrual month)

Month Received	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
October	$83,748.34	$75,745.64	$87,240.35	$133,715.93	$154,027.58	$125,095.08	$119,500.08
November	$75,077.06	$84,636.19	$100,616.96	$135,029.18	$137,928.07	$164,741.65	$159,598.77
December	$87,313.44	$69,183.69	$109,601.99	$118,417.56	$148,766.16	$147,249.03	$179,025.60
January	$62,703.14	$80,355.58	$112,070.99	$119,211.81	$133,693.17	$133,128.54	$128,517.74
February	$81,459.72	$86,432.78	$118,263.75	$115,348.10	$161,908.57	$231,533.09	$154,812.30
March	$73,488.63	$56,025.15	$93,857.59	$95,262.56	$141,453.52	$127,867.10	$108,966.09
April	$61,205.25	$71,816.35	$121,488.55	$92,730.95	$81,003.18	$149,154.34	$100,005.57
May	$61,014.98	$104,220.79	$134,530.78	$110,396.67	$134,036.03	$135,285.19	$148,604.41
June	$71,595.88	$86,028.11	$127,257.66	$113,508.88	$165,994.03	$144,218.16	$130,514.09
July	$66,189.23	$99,504.10	$113,283.50	$130,600.97	$123,349.26	$134,518.96	$128,996.77
August	$81,658.50	$105,530.55	$135,847.46	$125,741.75	$140,273.91	$150,442.85	
September	$75,181.40	$96,366.36	$108,366.36	$141,617.17	$137,939.44	$152,003.34	
Total	**$880,635.57**	**$1,015,847.29**	**$1,362,425.94**	**$1,431,581.53**	**$1,660,372.92**	**$1,795,237.33**	



MUNICIPAL COURT – Council Report

COURT ACTIVITY	JUNE 2026	MARCH	APRIL	MAY
Monthly Violation Activity				
Violations issued:	97	120	95	57
Fines levied for violations issued this period:	$27,526.99	$32,384.00	$27,199.00	$15,930.00
Total volume of violations pending:	3767	4193	3793	3764
Citations closed:	78	354	501	87
Citations dismissed (best interest/compliance)	27	279	438	33
Private Collections Activity				
Total # of violations paid:	21	55	22	18
Total amount collected:	$5,867.05	$14,798.31	$6,014.40	$4,904.11
Less 30% owed to Private Collections (commission)	$1,358.34	$3,385.90	$1,399.47	$1,120.20
Court Fines/Fees/Costs Revenue				
Court Citation Revenue:	$18,501.71	$29,249.41	$21,990.93	$18,968.91
Court Security Fund Revenue:	$321.82	$549.07	$399.03	$330.16
Court Technology Fund Revenue:	$273.62	$453.37	$331.05	$271.09
Court Truancy Prevention/Diversion Fund Revenue:	$320.98	$556.82	$403.59	$335.85
Court Jury Fund Revenue:	$6.00	$10.70	$7.90	$6.50
Monthly Court Expenditures				
Contract Labor: Presiding Judge	$900.00	$600.00	$600.00	$600.00
Legal Fees (State's Attorney/Prosecutor)	pending	$3801.55		pending

AGENDA ITEM 6

“A”

NO MATERIALS PROVIDED DISCUSSION AT THE MEETING

AGENDA ITEM 6

“B”

NO MATERIALS PROVIDED DISCUSSION AT THE MEETING

AGENDA ITEM 6

“C”

Agenda Commentary
Meeting Date: July 23, 2026

Agenda Item: **Presentation and Discussion of the FY 2024 Audit Report**
Department: Administration
Contact: Amanda DeGan, City Administrator

Summary:

- The City of Rhome employs an independent auditing firm to assist the staff in verifying/auditing the financial position of the organization on an annual basis.
- The FY 2024 audit is complete and the representative from MWH Group will present the findings to Council.

Details / Recommendation: Staff recommends review and discussion of the audit material as presented by MWH Group.

Financial Impact: None at this time.

Council Motions: Motion to accept the audit as presented by MWH Group for the 2024 fiscal year.

Attachments(s):

MWH GROUP
CERTIFIED PUBLIC ACCOUNTANTS
CONSULTANTS

June 5, 2026

To the Honorable Mayor and
Members of the City Commission
City of Rhome, Texas

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Rhome, Texas for the year ended September 30, 2024. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards* as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated September 25, 2024. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City of Rhome, Texas are described in Note A to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2024. We noted no transactions entered into by the City of Rhome, Texas during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

During the year ended September 30, 2024, management identified material misstatements in the previously issued financial statements for the year ended September 30, 2023.
Specifically:

- In the Governmental Funds, a receivable related to Police and Fire Department contracted services in the amount of $235,135 was not recorded, resulting in an understatement of receivables and beginning net position.
- In the Utility Fund, two errors were identified:
    - A capital asset in the amount of $32,000 was not capitalized, resulting in an understatement of capital assets and beginning net position
    - A receivable related to utility billings in the amount of $40,331 was not recorded, resulting in an understatement of accounts receivable and beginning net position

Management has corrected these misstatements by restating the beginning net position of the respective funds in the accompanying financial statements in accordance with GASB Statement No. 100. We discussed with management the nature of these errors, the circumstances leading to their identification, and the corrective actions taken to prevent recurrence. Based on our audit procedures, we did not identify these matters as resulting from deficiencies in internal control over financial reporting.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the City's financial statements were:

> Management's estimate of the allowance for doubtful accounts is based on historical experience in collections. We evaluated the key factors and assumptions used to develop

the accounts receivable and allowance for doubtful accounts balances in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of the depreciable lives and residual value of capital assets is based on historical experience in collections. We evaluated the key factors and assumptions used to develop the depreciable lives and residual value of capital assets in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimates of its net pension liability and total OPEB liability are based on reports received from the Texas Municipal Retirement System (TMRS). The net pension liability and total OPEB liability reported by TMRS is based on actuarial valuations that utilize various assumptions including the remaining amortization period, discount rate, expected rates of investment return, salary increases, payroll growth rates and mortality rates. The financial statements of the TMRS plan were audited by CliftonLarsonAllen, LLP. These financial statements received unmodified opinions. We evaluated the audited financial statements, census data submitted by the City to TMRS and the City's controls over the census submission process that were used to develop the estimate of its net pension liability and total OPEB liability to determine that the estimate is reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure(s) affecting the financial statements was (were):

The disclosures of the defined benefit pension plan and postemployment benefits other than pensions (OPEB) in Notes 5 and 6 to the financial statements are based on various reports provided by TMRS. The reports are based on the audited financial statements of the pension plan and actuarial reports provided by a third party.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. The attached “adjusting journal entries report” summarizes misstatements detected as a result of audit procedures and corrected by management.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated June 5, 2026.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the City's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the City's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to Management's Discussion and Analysis, Budgetary Comparison Schedule – General Fund, Texas Municipal Retirement System Schedule of Changes in Net Pension Liability and Related Ratios, Texas Municipal Retirement System Schedule of Contributions, and Texas Municipal Retirement System Schedule of Changes in Total OPEB Liability and Related Ratios, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on Comparative Schedule of Revenues, Expenses, and Changes in Net Position, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

This information is intended solely for the information and use of the City Commission and management of the City of Rhome, Texas and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

MWH Group, P.C.

MWH GROUP, P.C.

Client: ***507800 - City of Rhome***
Engagement: ***09.24 - City of Rhome***
Period Ending: ***9/30/2024***
Trial Balance: ***D-00-00 - GASB Fund Trial Balance***
Workpaper: ***D-01a-02 - Adjusting Journal Entries Report***
Fund Level: ***All***
Index: ***All***

Account	Description	W/P Ref	Debit	Credit
Fund: 10	**General Fund**			
Adjusting Journal Entries JE # 17		**D-09-02**		
To record disposal and reclass proceeds.				
10-60690-50	Aurora Police Contract Expense		375.00	
10-40530-50	Aurora Police Contract Revenue			375.00
Total			**375.00**	**375.00**
Fund: 10	**Adjusting Journal Entries**		**375.00**	**375.00**
Fund: 10	**Total All Journal Entries**		**375.00**	**375.00**
Fund: 20	**Utility Fund**			
Adjusting Journal Entries JE # 6		**D-08-10**		
To adjust current year pension liability and related accounts in accordance with GASB 68.				
20-17100-00	Def Inflow & Outflow Pension		14,229.00	
20-17100-00	Def Inflow & Outflow Pension		5,689.00	
20-22000-00	Net Pension Liability		16,971.00	
20-61830-10	TMRS Retirement (ER)		10,893.88	
20-17100-00	Def Inflow & Outflow Pension			12,266.00
20-17100-00	Def Inflow & Outflow Pension			12,453.00
20-17100-00	Def Inflow & Outflow Pension			793.00
20-17100-00	Def Inflow & Outflow Pension			1,465.00
20-61830-10	TMRS Retirement (ER)			20,805.88
Total			**47,782.88**	**47,782.88**
Adjusting Journal Entries JE # 7				
To adjust opening balance of utility deferred inflow/outslow GL amount				
20-17100-00	Def Inflow & Outflow Pension		272.00	
20-61830-10	TMRS Retirement (ER)		275.00	
20-17110-00	Def Inflow & Outflow OPEB			275.00
20-61830-10	TMRS Retirement (ER)			272.00
Total			**547.00**	**547.00**
Adjusting Journal Entries JE # 9		**D-08-10**		
To adjust current year OPEB liability and related accounts in accordance with GASB 75.				
20-17110-00	Def Inflow & Outflow OPEB		579.00	
20-17110-00	Def Inflow & Outflow OPEB		184.00	
20-17110-00	Def Inflow & Outflow OPEB		373.00	
20-61830-10	TMRS Retirement (ER)		973.17	
20-17110-00	Def Inflow & Outflow OPEB			504.00
20-22020-00	Net OPEB Liability			984.00
20-61830-10	TMRS Retirement (ER)			621.17
Total			**2,109.17**	**2,109.17**
Fund: 20	**Adjusting Journal Entries**		**50,439.05**	**50,439.05**
Fund: 20	**Total All Journal Entries**		**50,439.05**	**50,439.05**
Fund: 97	**GASB Fund**			
Adjusting Journal Entries JE # 17		**D-09-02**		
To record disposal and reclass proceeds.				
90-24000-00-00	Accumulated Depreciation		4,304.00	
90-30000-00-00	Investment in GFA		11,836.00	
90-14000-00-00	Fixed Assets			16,140.00
Total			**16,140.00**	**16,140.00**
Adjusting Journal Entries JE # 18		**D-09-02**		
To adjust GFA for Aurora Contract expenses.				
90-14000-00-00	Fixed Assets		8,028.23	
90-24000-00-00	Accumulated Depreciation		2,291.38	
90-30000-00-00	Investment in GFA			10,319.61
Total			**10,319.61**	**10,319.61**
Fund: 97	**Adjusting Journal Entries**		**26,459.61**	**26,459.61**
Fund: 97	**Total All Journal Entries**		**26,459.61**	**26,459.61**
All Funds	**All Journal Entries**		**77,273.66**	**77,273.66**

CITY OF RHOME, TEXAS

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED SEPTEMBER 30, 2024

CITY OF RHOME, TEXAS
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2024

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Financial Section

MWH GROUP
CERTIFIED PUBLIC ACCOUNTANTS
CONSULTANTS

Independent Auditor's Report on Financial Statements

City Council
City of Rhome, Texas

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Rhome, Texas, as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the City of Rhome, Texas' basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Rhome, Texas, as of September 30, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of Matter – Restatement of Previously Issued Financial Statements

As discussed in Note 10 to the financial statements, the City has restated its previously issued financial statements for the year ended September 30, 2023 to correct material misstatements related to net position for Governmental Activities and Business-type Activities. Accordingly, the comparative 2023 financial statements presented herein have been adjusted. 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 City of Rhome, Texas' ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing*

Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, Texas Municipal Retirement System Schedule of Changes in Net Pension Liability and Related Ratios, and Texas Municipal Retirement System Schedule of Contributions, and Texas Municipal Retirement System Schedule of Changes in Total OPEB Liability and Related Ratios, on pages 5 through 12 and 41 through 45 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Rhome, Texas' basic financial statements. The accompanying Comparative Schedule of Revenues, Expenses, and Changes in Net Position – Proprietary Fund 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 Comparative Schedule of Revenues, Expenses, and Changes in Net Position are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 5, 2026, on our consideration of the City of Rhome, Texas' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Rhome, Texas' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Rhome, Texas' internal control over financial reporting and compliance.

Respectfully submitted,

MWH Group, P.C.

MWH GROUP, P.C.

Wichita Falls, Texas
June 5, 2026

CITY OF RHOME, TEXAS

CITY OFFICIALS

SEPTEMBER 30, 2024

MAYOR	Kenny Crenshaw
MAYOR PRO TEM	Michelle Tye
COUNCIL MEMBERS	Jimmy Johnson
	Randall Loftis
	Kristi King
	Kasey Shumake
CITY ADMINISTRATOR	Amanda DeGan
CITY SECRETARY	Shaina Odom
MUNICIPAL COURT JUDGE	Matthew King
ATTORNEY	Carvan Adkins Taylor, Olson, Adkins, Sralla, Elam LLP

Physical Address: 501 South Main Street
Mailing Address: PO Box 228
Rhome, Texas 76078
Telephone: 817-636-2462
www.cityofrhome.com cityadministrator@cityofrhome.com

MANAGEMENT'S DISCUSSION AND ANALYSIS

USING THIS ANNUAL REPORT

As management of the City of Rhome, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2024. The information provided here should be used in conjunction with the basic financial statements.

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

Financial Highlights

- At September 30, 2024, Government-Wide total assets and deferred outflows exceeded total liabilities and deferred inflows by $7,864,460 (net position), an increase of $619,224 over the prior period.
- Of the total Government-Wide Net Position, $3,334,585 is unrestricted and may be used to meet the government's ongoing obligations to its citizens and creditors.
- Total Governmental Funds ending fund balance is $2,984,714, an increase of $668,620 from the prior year. The unassigned General Fund balance is $2,453,032 or 81% of General Fund expenditures.
- The City's long-term debts total $3,041,225. Long-term debt borrowing is used by the City to acquire equipment and infrastructure that the City uses to provide services to its citizens.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Reporting the City as a Whole - Government-wide Financial Statements

The Statement of Net Position and the Statement of Activities

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

The Statement of Net Position (page 13) presents information on all of the City's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The Statement of Activities (page 14) presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported when the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes and earned but unused compensated absences). Capital grant funds are reported as revenues in the Statement of Activities.

The City provides two types of activities - Governmental activities and Business-type activities.

- Governmental activities - Most of the City's basic services are reported here, including animal control, code enforcement and inspection, fire, municipal court, parks, police, public works, and general administration. Property taxes, sales taxes, franchise fees, permit revenues, municipal court fines, storm water assessments and sanitation revenues finance most of these activities.

- Business-type activities - The City's water and sewer system is reported here. The City charges a user fee to customers to help cover all or most of the cost of certain services it provides.

Reporting the City's Most Significant Funds

Fund Financial Statements

The Fund financial statements begin on page 15 and provide detailed information about the most significant funds - not the City as a whole. The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements; however, the City Council may establish other funds to help it control and manage money for particular purposes. The City's fund types - *governmental and proprietary* - use different accounting approaches.

- Governmental funds - Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of the funds and the balances left at the end of the year that are available for spending. These funds are reported using the current financial resources measurement focus and are accounted for using the modified accrual method of accounting, which measures cash and all other financial assets that can be readily converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in a reconciliation at the bottom of the fund financial statements. The City's governmental funds include the general fund and the debt service fund.

- Proprietary funds - When the City charges customers for the services it provides, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. In fact, the City's water and sewer fund is the same as the business-type activities we report in the government-wide statements, but we provide more detail and additional information, such as cash flows, for proprietary funds.

Notes to 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. The notes to the financial statements begin on page 22 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position: The City's net position, the amount that the City's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources, was $7,864,460 ($4,950,642 for governmental activities and $2,913,818 for business-type activities) at September 30, 2024. See Table A-1 below.

Table A-1
Statement of Net Position

	Governmental Activities		Business-type Activities		Totals	
	2024	2023 (As Restated)	2024	2023 (As Restated)	2024	2023 (As Restated)
Current and other assets	$ 3,495,460	$ 3,078,462	$ 2,093,553	$ 2,317,600	$ 5,589,013	$ 5,396,062
Net pension asset	160,940	93,759	40,235	23,264	201,175	117,023
Capital assets, net	2,079,534	2,147,959	4,416,848	4,456,078	6,496,382	6,604,037
Total assets	5,735,934	5,320,180	6,550,636	6,796,942	12,286,570	12,117,122
Total deferred outflows of resources	92,971	141,351	22,620	34,782	115,591	176,133
Current and other liabilities	349,521	431,721	1,060,426	1,006,882	1,409,947	1,438,603
Long-term liabilities	497,838	833,691	2,588,965	2,706,033	3,086,803	3,539,724
Total liabilities	847,359	1,265,412	3,649,391	3,712,915	4,496,750	4,978,327
Total deferred inflows of resources	30,904	53,913	10,047	15,779	40,951	69,692
Net position						
Net investment in capital assets	1,828,569	1,557,452	2,186,062	2,107,240	4,014,631	3,664,692
Restricted	515,244	271,388	-	-	515,244	271,388
Unrestricted	2,606,829	2,313,366	727,756	995,790	3,334,585	3,309,156
Total net position	$ 4,950,642	$ 4,142,206	$ 2,913,818	$ 3,103,030	$ 7,864,460	$ 7,245,236

The largest portion of the City's net position (51%) reflects its investment in capital assets (e.g. land, buildings and improvements, vehicles and machinery and equipment); less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position (7%) represents resources that are subject to external restrictions on how they may be used. Unrestricted net position that may be used to meet the government's ongoing obligations to citizens and creditors was $3,334,585 at the end of the year.

At the end of the current fiscal year, the City is able to report positive balances in all three categories of net position, for the government as a whole, as well as for its separate categories – governmental and business-type activities.

Analysis of City's Operations

An analysis of the government-wide changes in net position is as follows:

Table A-2
Statement of Changes in Net Position

	Governmental Activities		Business-type Activities		Totals	
	2024	2023 (As Restated)	2024	2023 (As Restated)	2024	2023 (As Restated)
Revenues						
Program revenues:						
Charges for services	$ 940,462	$ 807,374	$ 1,695,484	$ 1,670,951	$2,635,946	$ 2,478,325
Operating grants & contributions	276,251	224,079	-	-	276,251	224,079
Capital grants & contributions	-	-	86,454	271,959	86,454	271,959
General revenues:						
Property taxes	936,231	973,676	-	-	936,231	973,676
Sales taxes	1,658,254	1,454,792	-	-	1,658,254	1,454,792
Hotel/motel taxes	20,852	20,048	-	-	20,852	20,048
Franchise fees	92,637	82,284	-	-	92,637	82,284
Interest income	2,399	2,452	19,563	16,422	21,962	18,874
Gain (loss) on disposals	(10,276)	74,741	-	-	(10,276)	74,741
Transfers	-	-	-	-	-	-
Total revenues	3,916,810	3,639,446	1,801,501	1,959,332	5,718,311	5,598,778
Expenses						
General Government	1,205,699	1,028,213	-	-	1,205,699	1,028,213
Public Safety	1,844,678	1,343,412	-	-	1,844,678	1,343,412
Cultural & Recreation	34,358	28,921	-	-	34,358	28,921
Interest on long-term debt	23,639	33,036	93,134	96,328	116,773	129,364
Water & Sewer	-	-	1,897,579	1,642,600	1,897,579	1,642,600
Total expenses	3,108,374	2,433,582	1,990,713	1,738,928	5,099,087	4,172,510
Increase (decrease) in net position	$ 808,436	$ 970,729	$ (189,212)	$ 220,404	$ 619,224	$ 1,426,268

Governmental activities revenues (before transfers) increased $277,362 (8%) compared to 2023. This growth was primarily driven by higher sales tax collections of $203,462 (14%) and increased charges for services of $133,088 (16%), partially offset by a higher loss on disposal of assets of $85,017 (114%), indicating increased losses compared to prior year.

Governmental activities expenditures increased $674,792 (28%) from 2023 to 2024. The largest increase occurred in Public Safety, which rose by $501,266 (37%), primarily driven by the expansion of the fire department.

In fiscal year 2024, water and sewer revenues decreased $157,831 (8%) due to the City's grant funding decrease of $185,505 (68%) during the year. Water and sewer operating expenses increased $254,979 (16%) over 2023 expenses. The increase in water and sewer expenses is primarily due to an increase in personnel costs of $111,656 and water purchases of $30,280. The increase in water purchases is due to the additional capacity needed to supply the wholesale water supply agreement, as detailed in note 11.

GOVERNMENTAL FUND ANALYSIS

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

At the end of the current fiscal year the City's governmental funds reported a combined ending fund balance of $2,984,714 which is an increase of $668,620 from the prior year. The components of the governmental fund balances are as follows:

Table A-3
Governmental Fund Balances

	2024	2023
Nonspendable:		
Prepaid expenses	$ 16,438	$ 35,743
Restricted funds:		
Court restricted funds	80,432	72,966
Police seizure	18,243	18,243
National Night Out	11,957	3,974
Hotel/Motel	140,072	136,649
Capital outlay	-	64,875
Fire	247,907	-
Debt service	16,633	39,556
Total restricted	515,244	336,263
Unassigned	2,453,032	1,944,088
Total Fund Balance	$ 2,984,714	$ 2,316,094

Proprietary funds - The City's proprietary fund statements (water and sewer fund) provide the same type of information found in the government-wide financial statements, but in more detail. The unrestricted net position of the water and sewer fund at September 30, 2024 was $727,756.

GENERAL FUND BUDGETARY HIGHLIGHTS

A general fund budget - actual summary for 2024 is provided in Table A-4 below:

Table A-4
General Fund Budgetary Highlights

	Budget	Actual	Variance
Revenues & other financing sources:			
Taxes	$ 2,267,296	$ 2,350,791	$ 83,495
Permits & fees	109,700	339,991	230,291
Municipal court	453,000	276,074	(176,926)
Charges for services	-	5,441	5,441
Intergovernmental	-	353,024	353,024
Donation revenues	3,900	22,529	18,629
Contract revenues	406,206	235,135	(171,071)
Miscellaneous revenues	6,500	133,821	127,321
Interest income	-	2,399	2,399
Proceeds from sale of capital assets	-	1,560	1,560
Total revenues & other financing sources	3,246,602	3,720,765	474,163
Expenditures & other financing uses:			
Administration	972,842	860,878	111,964
Municipal Court	307,071	151,293	155,778
Building development	177,750	157,655	20,095
Parks	18,000	6,617	11,383
Police	1,300,229	1,230,174	70,055
Fire Department	657,597	622,605	34,992
Total expenditures & other financing uses	3,433,489	3,029,222	404,267
Excess of revenues & other financing sources over expenditures & other financing uses	$ (186,887)	$ 691,543	$ 878,430

Actual fund basis revenues exceeded budgeted revenues by $474,163 (15%) primarily due to actual permits and fees revenues exceeding budgeted revenues by $230,291. Additionally, the City received unbudgeted grant funds of $353,024.

Actual fund basis expenditures were favorable to the budget by $404,267 (12%).

CAPITAL ASSETS

The City's investment in capital assets as of September 30, 2024, amounts to $6,496,382, net of accumulated depreciation. The investment in capital assets includes land, buildings, equipment, and infrastructure. Infrastructure includes streets, drainage, water, and sewer systems. The City's capital assets, net of accumulated depreciation, are as follows:

Table A-5
Capital Assets, Net of Accumulated Depreciation

	Governmental Activities		Business-type Activities		Totals	
	2024	2023	2024	2023 (As Restated)	2024	2023 (As Restated)
Land	$ 60,524	$ 60,524	$ 6,492	$ 6,492	$ 67,016	$ 67,016
Construction in progress	55,000	-	58,500	105,509	113,500	105,509
Buildings & parks equip.	447,325	510,270	-	-	447,325	510,270
Police, fire & public works equip.	670,918	686,981	526,945	128,504	1,197,863	815,485
Streets & infrastructure	845,767	890,184	-	-	845,767	890,184
Waterworks & sewer system	-	-	3,824,911	4,215,573	3,824,911	4,215,573
Totals	$ 2,079,534	$ 2,147,959	$ 4,416,848	$ 4,456,078	$ 6,496,382	$ 6,604,037

Additional information on the City's capital assets can be found in Note 3.

DEBT ADMINISTRATION

The City did not add any long-term debts in fiscal year 2024. Outstanding long-term debts are as follows:

Table A-6
Long-term Liabilities Outstanding

	Governmental Activities		Business-type Activities		Totals	
	2024	2023	2024	2023	2024	2023
Notes payable & finance purchases	$ 265,376	$ 379,918	$ 185,549	$ 219,886	$ 450,925	$ 599,804
Bonds payable	196,000	421,000	2,394,300	2,478,015	2,590,300	2,899,015
Totals	$ 461,376	$ 800,918	$ 2,579,849	$ 2,697,901	$ 3,041,225	$ 3,498,819

Additional information on the City's long-term debts can be found in Note 4.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Budgeted governmental fund revenues for fiscal year 2025 are $4,039,715, a $793,113 (24%) increase from 2024 budgeted revenues. The tax rate applied in the 2025 budget is $0.618768 per $100 valuation which is an increase of 0.283396 cents per $100 valuation from the rate applied in the 2024 budget.

Budgeted general fund expenditures for fiscal year 2025 are $4,118,235, an increase of $684,746 (17%) from 2024. Expenditures increased for bond principal and interest payments as voters approved an infrastructure bond in the May 2024 election. If these estimates are realized, fund balance in the General Fund is expected to decrease by $78,520 at the close of the fiscal year.

Water and sewer fund 2025 budgeted revenues are $1,519,100 and budgeted expenses are $1,597,883. If these estimates are realized, fund balance in the Utility Fund is expected to decrease by $78,783 at the close of the fiscal year.

REQUEST FOR INFORMATION

This financial report is designed to provide our citizens, customers, investors, and creditors with a general overview of the City of Rhome. If you have questions about this report or need any additional information, contact the City Secretary, at: 817-636-2462, or by email at citysecretary@cityofrhome.com.

Basic Financial Statements

CITY OF RHOME, TEXAS

STATEMENT OF NET POSITION
SEPTEMBER 30, 2024

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	$ 2,189,832	$ 511,971	$ 2,701,803
Accounts receivable, net	592,091	288,807	880,898
Prepaid expenses	19,053	6,505	25,558
Internal balances	-	-	-
Restricted cash & cash equivalents	694,484	1,286,270	1,980,754
Net pension asset	160,940	40,235	201,175
Capital assets:			
Land	60,524	6,492	67,016
Buildings, improvements, parks & office equipment	1,264,281	-	1,264,281
Police, fire & public works equipment	2,097,948	855,358	2,953,306
Infrastructure	2,012,868	-	2,012,868
Waterworks & sanitary sewer system	-	10,131,360	10,131,360
Construction in progress	55,000	58,500	113,500
Less: accumulated depreciation	(3,411,087)	(6,634,862)	(10,045,949)
Capital assets, net	2,079,534	4,416,848	6,496,382
Total assets	5,735,934	6,550,636	12,286,570
Deferred Outflows of Resources			
Deferred outflows of resources from pensions	90,192	21,926	112,118
Deferred outflows of resources from OPEB	2,779	694	3,473
Total deferred outflows of resources	92,971	22,620	115,591
Liabilities			
Accounts payable & accrued liabilities	142,358	115,650	258,008
Accrued interest	3,949	13,559	17,508
Unearned revenues	121,235	814,894	936,129
Compensated absences	81,979	13,573	95,552
Customer deposits	-	102,750	102,750
Long-term debt - due within one year	314,377	115,230	429,607
Long-term debt - due in more than one year	146,999	2,464,619	2,611,618
Total OPEB liability	36,462	9,116	45,578
Total liabilities	847,359	3,649,391	4,496,750
Deferred Inflows of Resources			
Deferred inflows of resources from pensions	23,641	8,231	31,872
Deferred inflows of resources from OPEB	7,263	1,816	9,079
Total deferred inflows of resources	30,904	10,047	40,951
Net Position			
Net investment in capital assets	1,828,569	2,186,062	4,014,631
Restricted for:			
Debt Service	16,633	-	16,633
Security, Technology, Seizure & NNO	110,632	-	110,632
Hotel/Motel Special Revenue	140,072	-	140,072
Fire	247,907	-	247,907
Unrestricted	2,606,829	727,756	3,334,585
Total net position	$ 4,950,642	$ 2,913,818	$ 7,864,460

The accompanying notes are an integral part of this statement.

CITY OF RHOME, TEXAS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2024

Functions/Programs	Expenses	Program Revenues: Fines, Fees, & Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities	Net (Expense) Revenue and Changes in Net Position: Business-type Activities	Net (Expense) Revenue and Changes in Net Position: Total
Governmental activities:							
General government	$ (1,205,699)	$ 472,883	$ 110,230	$ -	$ (622,586)	$ -	$ (622,586)
Public safety	(1,844,678)	467,379	166,021	-	(1,211,278)	-	(1,211,278)
Culture & recreation	(34,358)	200	-	-	(34,158)	-	(34,158)
Interest on long-term debt	(23,639)	-	-	-	(23,639)	-	(23,639)
Total governmental activities	(3,108,374)	940,462	276,251	-	(1,891,661)	-	(1,891,661)
Business-type activities:							
Water & sewer	(1,990,713)	1,695,484	-	86,454	-	(208,775)	(208,775)
Total primary government	$ (5,099,087)	$ 2,635,946	$ 276,251	$ 86,454	(1,891,661)	(208,775)	(2,100,436)
General revenues and transfers:							
Taxes:							
Property tax					936,231	-	936,231
Sales tax					1,658,254	-	1,658,254
Hotel occupancy tax					20,852	-	20,852
Franchise fees					92,637	-	92,637
Gain (loss) on disposals					(10,276)	-	(10,276)
Investment earnings					2,399	19,563	21,962
Total general revenues and transfers					2,700,097	19,563	2,719,660
Change in net position					808,436	(189,212)	619,224
Net position, beginning, as restated					4,142,206	3,103,030	7,245,236
Net position, ending					$ 4,950,642	$ 2,913,818	$ 7,864,460

CITY OF RHOME, TEXAS

BALANCE SHEET - GOVERNMENTAL FUNDS
SEPTEMBER 30, 2024

	General Fund	Debt Service Fund	Total
Assets:			
Cash	$ 2,867,683	$ 16,633	$ 2,884,316
Receivables:			
Sales taxes	289,837	-	289,837
Franchise fees	1,247	-	1,247
Developers	56,219	-	56,219
Other	218,778	-	218,778
Property taxes	16,371	9,640	26,011
Prepaid expenses	16,438	-	16,438
Due from other funds	-	-	-
Total assets	$ 3,466,573	$ 26,273	$ 3,492,846
Liabilities:			
Accounts Payable	$ 109,968	$ -	$ 109,968
Accrued Liabilities	32,391	-	32,391
Unearned Revenues	121,235	-	121,235
Total liabilities	263,594	-	263,594
Deferred inflows of resources:			
Unavailable revenue - property taxes	234,898	9,640	244,538
Fund balances:			
Nonspendable:			
Prepaid expenses	16,438	-	16,438
Restricted to:			
Court restricted funds	80,432	-	80,432
Police seizure	18,243	-	18,243
National Night Out	11,957	-	11,957
Hotel/motel special revenues	140,072	-	140,072
Fire	247,907	-	247,907
Debt service	-	16,633	16,633
Unassigned	2,453,032	-	2,453,032
Total fund balances	2,968,081	16,633	2,984,714
Total liabilities and fund balances	$ 3,466,573	$ 26,273	$ 3,492,846

The accompanying notes are an integral part of this statement.

CITY OF RHOME, TEXAS

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2024

Total fund balances - governmental funds balance sheet (Exhibit A-3)		$ 2,984,714
Amounts reported for governmental activities in the statement of net position (Exhibit A-1) are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the Fund Balance Sheet.		
Gross capital assets	$ 5,490,621	
Less accumulated depreciation	(3,411,087)	2,079,534
Property taxes receivable are not available to pay for current period expenditures and, therefore, are deferred in the Fund Balance Sheet.		244,538
The City's proportionate share of net pension asset as well as pension-related deferred outflows and deferred inflows of resources are recognized in the government-wide statements and include:		
Net pension asset	160,940	
Deferred outflows of resources from pensions	90,192	
Deferred inflows of resources from pensions	(23,641)	227,491
The City's proportionate share of total OPEB liability as well as OPEB-related deferred outflows and deferred inflows of resources are recognized in the government-wide statements and include:		
Total OPEB liability	(36,462)	
Deferred outflows of resources from OPEB	2,779	
Deferred inflows of resources from OPEB	(7,263)	(40,946)
Long-term liabilities and related balances are not due and payable in the current period and, therefore, are not reported in the Fund Balance Sheet. The long-term liabilities and related balances at year-end consisted of:		
Bonds payable	(196,000)	
Notes payable	(265,376)	
Premium on bond	2,615	
Accrued interest	(3,949)	
Compensated absences	(81,979)	(544,689)
Net position of governmental activities - statement of net position		$ 4,950,642

The accompanying notes are an integral part of this statement.

CITY OF RHOME, TEXAS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS FOR THE YEAR ENDED SEPTEMBER 30, 2024

	General Fund	Debt Service Fund	Total
Revenues:			
Property taxes	$ 595,640	$ 339,809	$ 935,449
Sales taxes	1,658,254	-	1,658,254
Hotel/motel taxes	4,260	-	4,260
Franchise fees	92,637	-	92,637
Permits & fees	339,991	-	339,991
Municipal court	276,074	-	276,074
Charges for services	5,441	-	5,441
Intergovernmental	353,024	-	353,024
Donation revenues	22,529	-	22,529
Contract revenues	235,135	-	235,135
Miscellaneous revenues	133,821	-	133,821
Interest income	2,399	-	2,399
Total revenues	3,719,205	339,809	4,059,014
Expenditures:			
General government	1,128,271	-	1,128,271
Public safety	1,633,488	-	1,633,488
Parks	6,617	-	6,617
Debt service - principal	-	339,542	339,542
Debt service - interest	-	23,190	23,190
Capital outlay	260,846	-	260,846
Total expenditures	3,029,222	362,732	3,391,954
Excess (deficiency) of revenues over (under) expenditures	689,983	(22,923)	667,060
Other financing sources (uses):			
Proceeds from sales of capital assets	1,560	-	1,560
Total other financing sources	1,560	-	1,560
Excess of revenues and other financing sources over expenditures	691,543	(22,923)	668,620
Fund balance, beginning	2,276,538	39,556	2,316,094
Fund balance, ending	$ 2,968,081	$ 16,633	$ 2,984,714

The accompanying notes are an integral part of this statement.

CITY OF RHOME, TEXAS

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED SEPTEMBER 30, 2024

Net change in fund balances - total governmental funds (Exhibit A-5)		$ 668,620
Amounts reported for governmental activities in the statement of activities (Exhibit A-2) are different because:		
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the costs of those assets are allocated over their useful lives as depreciation expense. The net difference between the two is as follows:		
Capital outlay during the year	260,846	
Depreciation expense during the year	(317,435)	(56,589)
Proceeds from the sale of capital assets are reported in governmental funds as other financing sources without regard to any cost basis adjustment. However, for governmental activities those proceeds are adjusted for any remaining cost basis of the assets that were disposed.		(11,836)
The issuance of long-term debt (e.g., bonds, notes) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. The net effect of these transactions are as follows:		
Issuance of long-term debt	-	
Repayment of long-term debt	339,542	339,542
Because property taxes receivable will not be collected for several months after the City's fiscal year ends, they are not considered 'available' revenues and are deferred in the governmental funds. Deferred revenues increased this year by:		(131,928)
Some expenses in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.		
Compensated absences	(37,047)	
Accrued interest on long-term debt	2,166	
Amortization of prepaid bond insurance	(2,613)	(37,494)
Changes in the proportionate share of net pension asset and total OPEB liability and related deferred inflows and outflows reported in the Statement of Activities do not provide for or require use of current financial resources and therefore are not reported as revenues or expenditures in the governmental funds. The net effect of these transactions is:		38,121
Change in net position of governmental activities - statement of activities		$ 808,436

The accompanying notes are an integral part of this statement.

CITY OF RHOME, TEXAS

STATEMENT OF NET POSITION
PROPRIETARY FUND
SEPTEMBER 30, 2024

Assets		
Current assets:		
Cash and cash equivalents	$	511,971
Accounts receivable, net		288,807
Prepaid expenses		6,505
Total current assets		807,283
Non-current assets:		
Capital assets:		
Land		6,492
Equipment		855,358
Waterworks & sanitary sewer system		10,131,360
Construction in progress		58,500
Less: accumulated depreciation		(6,634,862)
Total capital assets		4,416,848
Other non-current assets:		
Restricted cash		1,286,270
Net pension asset		40,235
Total non-current assets		5,743,353
Total assets		6,550,636
Deferred Outflows of Resources		
Deferred outflows of resources from pensions		21,926
Deferred outflows of resources from OPEB		694
Total deferred outflows of resources		22,620
Liabilities		
Current liabilities:		
Accounts payable		115,650
Accrued expenses		13,559
Accrued compensated absences		13,573
Unearned revenue		814,894
Customer deposits		102,750
Current maturities of long-term debt		115,230
Total current liabilities		1,175,656
Long-term liabilities:		
Long-term debt - less current maturities		2,464,619
Total OPEB liability		9,116
Total long-term liabilities		2,473,735
Total liabilities		3,649,391
Deferred Inflows of Resources		
Deferred inflows of resources from pensions		8,231
Deferred inflows of resources from OPEB		1,816
Total deferred inflows of resources		10,047
Net Position		
Net investment in capital assets		2,186,062
Unrestricted		727,756
Total net position	$	2,913,818

The accompanying notes are an integral part of this statement.

CITY OF RHOME, TEXAS

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION - PROPRIETARY FUND FOR THE YEAR ENDED SEPTEMBER 30, 2024

Operating revenues:	
Water, sewer, and trash service	$ 1,640,065
Other revenues	43,869
Total operating revenues	1,683,934
Operating expenses:	
Personnel	408,771
Professional fees	14,422
Repair & maintenance	250,112
Supplies & contract services	265,527
Travel & training	4,124
Utilities	66,411
Water purchases	438,646
Depreciation	449,566
Total operating expenses	1,897,579
Operating loss	(213,645)
Non-operating revenues (expenses):	
Investment income	19,563
Water tower lease	11,550
Developer contributions	36,597
Grant revenue	49,857
Interest expense	(93,134)
Total non-operating revenues (expenses)	24,433
Change in net position	(189,212)
Net position, beginning, as restated	3,103,030
Net position, ending	$ 2,913,818

The accompanying notes are an integral part of this statement.

CITY OF RHOME, TEXAS

STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2024

Cash Flows from Operating Activities:	
Cash received from customers	$ 1,724,214
Cash payments to employees for services	(412,704)
Cash payments to other suppliers for goods and services	(954,658)
Net cash provided by operating activities	356,852
Cash Flows from Capital and Related Financing Activities:	
Principal and interest paid on long-term debt	(211,186)
Purchases of capital assets	(410,336)
Developer contributions	-
Grant revenue	49,857
Net cash used by capital and related financing activities	(571,665)
Cash Flows from Investing Activities:	
Interest on investments	19,563
Tower lease income	11,550
Net cash provided by investing activities	31,113
Net decrease in cash and cash equivalents	(183,700)
Cash and cash equivalents, beginning	1,981,941
Cash and cash equivalents, ending	$ 1,798,241
Reconciliation of Operating Loss to Net Cash Provided by Operating Activities:	
Operating loss	$ (213,645)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation	449,566
(Increase) decrease in assets and deferred outflows of resources:	
Accounts receivable	40,021
Prepaid expenses	326
Deferred outflows of resources	12,162
Increase (decrease) in liabilities and deferred inflows of resources:	
Accounts payable	84,258
Accrued expenses	(718)
Compensated absences	6,342
Customer deposits	259
Pension and OPEB liability	(15,987)
Deferred inflows of resources from pensions	(5,732)
Net cash provided by operating activities	$ 356,852
Reconciliation of cash and cash equivalents to the statement of net position:	
Unrestricted cash and cash equivalents	$ 511,971
Restricted cash and cash equivalents	1,286,270
Total cash and cash equivalents	$ 1,798,241

The accompanying notes are an integral part of this statement.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Rhome, Texas (the City) was incorporated in the State of Texas under the provisions of the Home Rule Amendment to the State Constitution. The City operates under a Type A General Law form of government and provides the following services: animal control, code enforcement and inspection, fire, municipal court, parks, police, public works and general administrative services. In addition, the City owns and operates a water and sewer system.

The City's financial statements are prepared in accordance with generally accepted accounting principles accepted in the United States of America (GAAP) applicable to local governments. GAAP for local governments include those principles prescribed by the Governmental Accounting Standards Board (GASB). The more significant accounting policies of the City are discussed below:

A. FINANCIAL REPORTING ENTITY

As required by generally accepted accounting principles, the financial statements of the reporting entity include those of the City (the primary government) and its component units. The City does not currently have any component units.

B. BASIC FINANCIAL STATEMENTS-GOVERNMENT-WIDE STATEMENTS

The City's basic financial statements include both government-wide (reporting the City as a whole) and fund financial statements (reporting the City's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. The City's animal control, code enforcement, community center, fire, inspection, library, municipal court, parks, police, public works, sanitation and general administrative services are classified as governmental activities. The City's water and sewer services are classified as business-type activities.

In the government-wide Statement of Net Position governmental activities are presented on a consolidated basis and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The City's net position is reported in three parts- invested in capital assets, net of related debt; restricted net position; and unrestricted net position. The City first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net costs of each of the City's Functions (general government, public safety, culture, recreation and public works). The functions are also supported by general government revenues (property, sales and franchise taxes). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function (police, inspection). Operating grants include operating-specific and discretionary grants while capital grants reflect capital specific grants. Developer contributions for public works infrastructure are included in capital grants.

The net costs (by function) are normally covered by general revenue (property, sales, and franchise taxes).

The City does not allocate indirect costs.

This government-wide focus is more on the sustainability of the City as an entity and the change in the City's net position resulting from the current year's activities.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

C. BASIC FINANCIAL STATEMENTS - FUND FINANCIAL STATEMENTS

The financial transactions of the City are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The following fund types are used by the City:

1. Governmental Funds:

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the City:

General Fund - The General Fund is the general operating fund of the City. It is used to account for all financial resources not accounted for in other funds. All general tax revenues and other receipts that are not restricted by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures, fixed charges and capital improvement costs that are not paid through other funds are paid from the General Fund.

Debt Service Fund - The Debt Service Fund is used to account for the accumulation of financial resources for the payment of principal, interest and related costs on general long-term debt paid primarily from taxes levied by the City. The fund balance of the Debt Service Fund is reserved to signify the amounts that are restricted exclusively for debt service expenditures.

2. Proprietary Funds:

The focus of proprietary funds' measurement is upon determination of operating income, changes in net position, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to business in the private sector. The following is a description of the proprietary funds of the City:

Water and Sewer Fund - The Water and Sewer Fund is used to account for the operation of the City's water and sewer system for which a fee is charged to external customers for goods and services and the activity is (a) financed with debt secured by a pledge of the net revenues and (b) has the requirement that the cost of providing services, including capital costs, be recovered by user fees and charges.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result for providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses for the proprietary fund include the cost of personnel and contractual services, supplies, repairs, utilities and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

D. MEASUREMENT FOCUS/BASIS OF ACCOUNTING

Measurement focus refers to what is being measured; basis of accounting refers to when revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. Basis of accounting related to the timing of the measurements made, regardless of the measurement focus applied.

Government-wide financial statements and fund financial statements for proprietary funds are presented using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets and liabilities (whether current or non-current) are included on the statement of net position and the operating statements present increases (revenues) and decreases (expenses) in total assets. Under the accrual basis of accounting revenues are recognized when earned and expenses are recognized at the time the liability is incurred.

Governmental fund financial statements are presented using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available. "Measurable" means the amount of the transaction 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 (typical within 60 days after year end). The City considers property taxes, franchise fees, hotel/motel taxes and grants as available if collected within 60 days after year end. Sales taxes collected and held by the state at year end on behalf of the government are also recognized as revenue. All other governmental revenues are recognized when received.

Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized only when payment is due. When an expense is incurred for purposes for which both restricted and unrestricted resources are available the City first applies restricted resources.

E. FINANCIAL STATEMENT AMOUNTS

1. Cash and Cash Equivalents

The City maintains separate cash and cash equivalent accounts for each fund included in the primary government and its component units. Cash equivalents consist of highly-liquid investment with original maturities of three months or less. Cash equivalents include the City's accounts held at LOGIC.

2. Taxes

Property tax is levied each October 1 on the assessed (appraised) value as of the prior January 1 for all real and personal property located in the City. Taxes are due October 1, the levy date, and are delinquent after the following January 31. Property taxes are recorded as receivables in the period they are levied and available. For governmental fund financial reporting, delinquent taxes estimated not to be available are treated as deferred revenues at the time the taxes are assessed.

3. Prepaid Expenses

Prepaid expenses represent payments made by the City in the current year to provide services occurring in the subsequent year.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4. Interfund Receivable and Payables

Any residual balances outstanding between the governmental funds and business type funds are reported in the government-wide statement of net position as "interfund receivables."

5. Transfers Between Funds

Legally authorized transfers are treated as interfund transfers and are included in the results of operations of both Governmental and Proprietary Funds.

6. Capital Assets

Capital assets, which include land, buildings, equipment and infrastructure assets, are included in the applicable governmental or business-type activities column in the government-wide statement of net assets and in the fund financial statements for the proprietary funds. Capital assets purchased or acquired with an original cost of $1,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Costs incurred for repair and maintenance are expensed as incurred. Depreciation is provided on the straight-line basis over the following estimated useful lives:

Buildings & Improvements	15-40 years
Equipment	3-10 years
Water & Sewer System	20-40 years
Infrastructure	10-40 years

7. Compensated Absences

The City accrues accumulated unpaid vacation time when earned by the employee. The noncurrent portion (the amount estimated to be used in subsequent years) is maintained separately and represents a reconciling item between the fund and government-wide presentations. The total liability for compensated absences at September 30, 2024, was $95,552.

8. Deferred Outflows of Resources

The City reports decreases in net assets that relate to future periods as deferred outflows of resources in a separate section of its government-wide statement of net position. Deferred outflows of resources reported in this year's financial statement include (1) a deferred outflow of resources for contributions made to the City's retirement plan between the measurement date of the net pension liabilities from the plan and the end of the City's fiscal year (2) deferred outflows of resources related to changes in pension plan assumptions.

The deferred outflows for pension contributions will be recognized in the subsequent fiscal year. The deferred outflows related to assumptions changes will be amortized to pension expense over a closed period equal to the average of the expected remaining service lives of all employees participating in the plan. No deferred outflows of resources affect the governmental funds financial statements in the current year

9. Deferred Inflows of Resources

The City reports increases in net assets that relate to future periods as deferred inflows of resources. This separate financial statement element reflects an increase in net assets that applies to a future period(s).

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

9. Deferred Inflows of Resources (Cont'd.)

Deferred Inflows of resources reported in this year's financial statement include (1) deferred inflows of resources related to differences between the plans' expected and actual pension experience and (2) deferred inflows of resources related to differences in expected and actual pension investment earnings. The deferred inflows related to differences between the plans expected and actual experience will be amortized to pension expense over a closed period equal to the average of the expected remaining service lives of all employees participating in the plan. Deferred inflows related to differences in expected and actual pension investment earnings will be amortized to expense over a five-year period.

For revenues that are not considered available the City will not recognize the related revenues until they are available (collected no later than 60 days after the end of the City's fiscal year) under the modified accrual basis of accounting. Accordingly, unavailable revenues from property taxes are reported in the governmental funds balance sheet as deferred inflows of resources.

10. Equity Classifications

Government-wide Statements

Equity is classified as net position and displayed in three components:

a. Invested in capital assets, net of related debt - Consists of capital assets net of accumulated depreciation and reduced by outstanding balances of any bonds, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Any outstanding debt is reduced by any unspent debt proceeds at the end of the fiscal year before the reduction discussed above.

b. Restricted net position - Consists of net assets with constraints placed on the use either (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

c. Unrestricted net position - All other net assets that do not meet the criteria of "restricted" or "invested in capital assets, net of related debt."

Fund Statements

Governmental fund equity is classified as fund balance. Fund balance is further classified as nonspendable (prepaid expenses), restricted (by parties outside of the government or by enabling legislation), committed (by City Council ordinance or resolution) and unassigned.

11. Bad Debts

Bad debts in the proprietary fund are considered immaterial; therefore, the City uses the direct write-off method to record bad debts. The City anticipates collecting nearly 100% of delinquent property taxes; therefore, no allowance for uncollectable property taxes is included in the government-wide statement of net position.

12. Capitalized Interest

For proprietary fund reporting the City elected to implement GASB 89 effective with fiscal year 2019, therefore, the City expenses construction period interest costs as they are incurred.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

F: BUDGETS AND BUDGETARY ACCOUNTING

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

1. Prior to September 1, the City Secretary submits to the City Council a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.

2. Public hearings are conducted to obtain taxpayer comments.

3. Prior to October 1, the budget is legally enacted through the passage of an ordinance.

4. Budgets for the General Fund are adopted on a basis consistent with generally accepted accounting principles (GAAP).

5. Unused appropriations for all of the above annually budgeted funds lapse at the end of the fiscal year.

For the fiscal year ending September 30, 2024, none of the City's departments had expenditures that exceeded appropriations.

NOTE 2: DEPOSITS

At September 30, 2024, the City's cash and cash equivalents were made up of the following:

Held at local banks	$ 4,313,931
Held at LOGIC	368,626
	$ 4,682,557

Cash and cash equivalents include the City's investments in LOGIC, a Texas local government investment pool. These investment pool funds are readily available and are recorded at cost.

Deposit and Investment Risk Disclosures:

(1) Interest rate risk:

This is the risk that changes in interest rates will adversely affect the fair value of an investment. As of September 30, 2024, the City did not invest in any securities which are highly sensitive to interest rate fluctuations.

(2) Credit Risk:

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of an investment. As of September 30, 2024, all the City's investments were with LOGIC, which were rated *AAAm* by Standard & Poor's.

NOTE 2: DEPOSITS (CONT'D)

Deposit and Investment Risk Disclosures (Cont'd.):

(3) Concentration of credit risk:

This is the risk of loss attributable to the magnitude of the City's investment in a single issuer. As of September 30, 2024, the City had, as allowed by its investment policy, 100% of its investments with LOGIC.

(4) Custodial credit risk:

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the City will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of outside parties. At September 30, 2024, the City's bank balances (per bank) totaled $4,827,641. Of the bank balances, $974,591 was covered by FDIC insurance and the remaining $3,853,050 was secured by collateral held by the pledging Bank's agent in the name of the City. As such, the City was not exposed to custodial credit risk at September 30, 2024.

NOTE 3: CAPITAL ASSETS

Capital asset activity for the fiscal year ended September 30, 2024, is as follows:

Governmental Activities	Beginning Balance	Purchases	Retirements/ Transfers	Ending Balance
Capital Assets not being depreciated:				
Land	$ 60,524	$ -	$ -	$ 60,524
Construction in Progress	-	55,000	-	55,000
Total capital assets not being depreciated	60,524	55,000	-	115,524
Capital Assets Being Depreciated:				
Buildings, Improvements, Office Equip. & Parks	1,264,281	-	-	1,264,281
Police & Fire Equipment	1,908,242	205,846	(16,140)	2,097,948
Streets & Infrastructure	2,012,868	-	-	2,012,868
Total capital assets being depreciated	5,185,391	205,846	(16,140)	5,375,097
Less accumulated depreciation for:				
Buildings, Improvements, Office Equip. & Parks	(754,011)	(55,551)	(7,394)	(816,956)
Police & Fire Equipment	(1,221,261)	(217,467)	11,698	(1,427,030)
Streets & Drainage	(1,122,684)	(44,417)	-	(1,167,101)
Total accumulated depreciation	(3,097,956)	(317,435)	4,304	(3,411,087)
Total capital assets being depreciated, net	2,087,435	(111,589)	(11,836)	1,964,010
Total capital assets, net	$ 2,147,959	$ (56,589)	$ (11,836)	$ 2,079,534

Depreciation expense was charged to Governmental activities as follows:

Administration	$ 27,811
Fire	112,509
Parks	27,740
Police	104,958
Streets	44,417
Total depreciation expense	$ 317,435

NOTE 3: CAPITAL ASSETS (CONT'D)

Business-type Activities	Beginning Balance	Purchases	Retirements/ Transfers	Ending Balance
Capital assets not being depreciated:				
Land	$ 6,492	$ -	$ -	$ 6,492
Construction in Progress	105,509	26,500	(73,509)	58,500
Total capital assets not being depreciated	112,001	26,500	(73,509)	64,992
Capital Assets Being Depreciated:				
Equipment	462,895	383,836	8,627	855,358
Waterworks & Sewer System	10,131,360	-	-	10,131,360
Total capital assets being depreciated	10,594,255	383,836	8,627	10,986,718
Less accumulated deprecation for:				
Equipment	(334,391)	(58,904)	64,882	(328,413)
Waterworks & Sanitary Sewer System	(5,915,787)	(390,662)	-	(6,306,449)
Total accumulated depreciation	(6,250,178)	(449,566)	64,882	(6,634,862)
Total capital assets being depreciated, net	4,344,077	(65,730)	73,509	4,351,856
Total capital assets, net	$4,456,078	$ (39,230)	$ -	$4,416,848

Depreciation expense was charged to business-type activities as follows:

Water & Sewer	$ 449,566

NOTE 4: LONG-TERM DEBT

The following is a summary of the long-term debt transactions of the City for the year ended September 30, 2024:

Governmental Activities	Beginning	New Debt	Repayments	Ending	Current Portion
Notes Payable & Finance Purchases:					
Fire truck	$ 82,056	$ -	$ (12,330)	$ 69,726	$ 12,840
Admin/Fire equipment	70,694	-	(34,765)	35,929	35,929
Police vehicles - 2020	52,692	-	(25,961)	26,731	26,731
Police vehicles - 2022	174,476	-	(41,486)	132,990	42,877
Total	379,918	-	(114,542)	265,376	118,377
Bonds Payable:					
G.O. Refunding Bonds - 2016	390,000	-	(194,000)	196,000	196,000
Tax Notes - 2017	31,000	-	(31,000)	-	-
Total	421,000	-	(225,000)	196,000	196,000
Total Governmental Activities	$ 800,918	$ -	$ (339,542)	$ 461,376	$ 314,377

NOTE 4: LONG-TERM DEBT (CONT'D)

Business-type Activities	Beginning	New Debt	Repayments	Ending	Current Portion
Notes Payable & Finance Purchases:					
Public Works backhoe & vehicles	$ 219,886	$ -	$ (34,337)	$ 185,549	$ 35,230
Total	219,886	-	(34,337)	185,549	35,230
Bonds Payable and Premiums					
General Obligation Bond-2019	2,400,000	-	(80,000)	2,320,000	80,000
Bond issuance premiums	78,015	-	(3,715)	74,300	-
Total	2,478,015	-	(83,715)	2,394,300	80,000
Total Business-type Activities	$ 2,697,901	$ -	$ (118,052)	$ 2,579,849	$ 115,230

At September 30, 2024, the City's long-term debts consisted of the following:

Governmental Activities:

Notes Payable & Finance Contracts:	
Fire Truck, 4.132% interest, annual payments of $15,721, final payment due May 2029	$ 69,726
Admin & Fire Equipment, 3.35%, annual payments of $37,133, final payment due November 2024	35,929
2020 Police vehicles, 2.97% interest, annual payments of $27,526, final payment due April 2025	26,731
2022 Police vehicles, 3.35% interest, annual payments of $47,332, final payment due July 2027	132,990
Bonds Payable:	
General Obligation Refunding Bonds, Series 2016, due in annual installments through September 2025, bearing interest at 2.53%. The bond proceeds were used to fully refund the City's Series 2007 General Obligation Refunding Bonds	196,000
Total Governmental Activities	$ 461,376

NOTE 4: LONG-TERM DEBT (CONT'D)

Business-type Activities:

Notes Payable & Finance Contracts:	
Backhoe & vehicles, 2.6% interest, annual payments of $40,054, final payment due April 2029	$ 185,549
Bonds Payable:	
General Obligation Improvement Bonds, Series 2019, due in annual installments through August 2044 bearing interest at 3% to 4%. The bond proceeds will be used to improve and extend the City's water and sewer system.	2,320,000
Total Business-type Activities	$ 2,505,549

Annual debt service requirements to maturity for the long-term debts are as follows:

Governmental Activities:

General Obligation Bonds

Year	Principal	Interest	Total
2025	$ 196,000	$ 4,959	$ 200,959
Total	$ 196,000	$ 4,959	$ 200,959

Notes payable & Financed purchases

Year	Principal	Interest	Total
2025	$ 118,377	$ 9,334	$ 127,711
2026	57,684	5,369	63,053
2027	59,721	3,332	63,053
2028	14,498	1,223	15,721
2029	15,096	624	15,720
Total	$ 265,376	$ 19,882	$ 285,258

NOTE 4: LONG-TERM DEBT (CONT'D)

Business-type Activities:

General Obligation Bonds

Year	Principal	Interest	Total
2025	$ 80,000	$ 91,526	$ 171,526
2026	85,000	86,726	171,726
2027	85,000	84,176	169,176
2028	90,000	81,626	171,626
2029	90,000	78,026	168,026
2030-2034	510,000	332,730	842,730
2035-2039	625,000	222,130	847,130
2040-2044	755,000	88,267	843,267
Total	$ 2,320,000	$ 1,065,207	$ 3,385,207

Notes payable & Financed purchases

Year	Principal	Interest	Total
2025	$ 35,230	$ 4,824	$ 40,054
2026	36,146	3,908	40,054
2027	37,085	2,969	40,054
2028	38,050	2,004	40,054
2029	39,038	1,016	40,054
Total	$ 185,549	$ 14,721	$ 200,270

NOTE 5: RETIREMENT PLAN

A. Plan Description

The City participates as one of 936 plans in the defined benefit cash-balance plan administered by the Texas Municipal Retirement System (TMRS). TMRS is a statewide public retirement plan created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for employees of Texas participating cities. The TMRS Act places the general administration and management of TMRS with a six-member, Governor-appointed Board of Trustees; however, TMRS is not fiscally dependent on the State of Texas. TMRS issues a publicly available Annual Comprehensive Financial Report (Annual Report) that can be obtained at *tmrs.com*.

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

B. Benefits Provided

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

At retirement, the Member's benefit is calculated based on the sum of the Member's contributions, with interest, and the city-financed monetary credits with interest. The retiring Member may select one of seven monthly benefit payment options. Members may also choose to receive a portion of their benefit as a lump sum distribution in an amount equal to 12, 24 or 36 monthly payments, which cannot exceed 75% of the total Member contributions and interest.

NOTE 5: RETIREMENT PLAN (CONT'D)

The City has adopted the following plan provisions:

	Plan Year 2023	Plan Year 2022
Employee deposit rate	7.00%	7.00%
Matching ratio (City to employee)	2 to 1	2 to 1
Years required for vesting	5	5
Requirement eligibility (age/service)	60/5, 0/20	60/5, 0/20

At the December 31, 2023, valuation and measurement date, the following number of employees covered by the benefit terms was:

Inactive employees or beneficiaries currently receiving benefits	18
Inactive employees entitled to but not yet receiving benefits	22
Active employees	23
	63

C. Contributions

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

Employees for the City of Rhome were required to contribute 7% of their annual compensation during the fiscal year. The contribution rates for the City of Rhome were 6.41% and 6.14% in calendar years 2023 and 2022, respectively. The City's contributions to TMRS for the year ended September 30, 2024, were $102,948, and were equal to the required contributions.

D. Net Pension Liability or Assets

The City's Net Pension Liability (NPL) was measured as of December 31, 2023, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by actuarial valuation as of that date. The City currently has a net pension asset.

Actuarial Assumptions:

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

Inflation	2.50% per year
Overall payroll growth	2.75% per year, adjusted down for population declines, if any
Investment rate of return	6.75%, net of pension plan investment expense, including inflation

Salary increases are based on a service-related table. Mortality rates for active members are based on the PUB(10) mortality tables with 110% of the Public Safety table used for males and 100% of the General Employee table used for females. Mortality rates for healthy retirees and beneficiaries are based on the Gender-distinct 2019 Municipal Retirees of Texas mortality tables. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates for actives, healthy retirees and beneficiaries are projected on a fully generational basis by the most recent Scale MP-2021 to account for future mortality improvements. For disabled annuitants, the same

NOTE 5: RETIREMENT PLAN (CONT'D)

mortality tables for healthy retirees are used with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3.0% minimum mortality rate is applied, for males and females respectively, to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by the most recent Scale MP- 2021 to account for future mortality improvements subject to the 3% floor.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2018 to December 31, 2022. The assumptions were adopted in 2023 and first used in the December 31, 2023, actuarial valuation. The post-retirement mortality assumption for Annuity Purchase Rates (APRs) is based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined by best estimate ranges of expected returns for each major asset class. The long-term expected rate of return is determined by weighting the expected return for each major asset class by the respective target asset allocation percentage. The target allocation and best estimates of the expected return for each major asset class in fiscal year 2024 are summarized in the following table:

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Global Equity	35.0%	6.7%
Core Fixed Income	6.0%	4.7%
Non-Core Fixed Income	20.0%	8.0%
Other Public and Private Markets	12.0%	8.0%
Real Estate	12.0%	7.6%
Hedge Funds	5.0%	6.4%
Private Equity	10.0%	11.6%
Total	100.0%	

Discount Rate:

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

NOTE 5: RETIREMENT PLAN (CONT'D)

Changes in Net Pension Asset:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Asset (a) - (b)
Balance at December 31, 2022	$ 1,472,966	$ 1,589,989	$ (117,023)
Service Cost	184,715	-	184,715
Interest	103,895	-	103,895
Differences between expected and actual experience	3,191	-	3,191
Changes in assumptions	(8,961)	-	(8,961)
Contributions - employer	-	91,563	(91,563)
Contributions - employee	-	92,622	(92,622)
Net investment income	-	183,985	(183,985)
Benefit Payments, including refunds of employee contributions	(52,287)	(52,287)	-
Administrative expense	-	(1,171)	1,171
Other	-	(7)	7
Net Changes	230,553	314,705	(84,152)
Balance at December 31, 2023	$ 1,703,519	$ 1,904,694	$ (201,175)

The net pension liability is allocated to the governmental funds and the business-type funds based on actual wages paid during the fiscal year.

Sensitivity of the net pension (asset) liability to changes in the discount rate:

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

	1% Decrease in Discount Rate (5.75%)	Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
City's Net Pension Liability (Asset)	$ 58,278	$ (201,175)	$ (412,807)

Pension Plan Fiduciary Net Position:

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

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

For the year ended September 30, 2024, the City recognized pension expense of $51,587. This pension expense is allocated between the funds based on actual wages paid by each fund during the fiscal year.

NOTE 5: RETIREMENT PLAN (CONT'D)

At September 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to pension from the following Sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net
Differences between projected and actual investment earnings	$ 40,974	$ -	$ 40,974
Differences in assumptions	-	(6,160)	(6,160)
Differences between expected and actual economic experience	-	(25,712)	(25,712)
To be recognized in the future	40,974	(31,872)	$ 9,102
Contributions subsequent to the measurement date	71,144	-	
Total	$ 112,118	$ (31,872)	

The $71,144 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2024. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending December 31,	
2024	$ (13,013)
2025	6,268
2026	31,176
2027	(15,329)
2028	-
	$ 9,102

NOTE 6: POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

A. Benefit Plan Description

The City participates in the Texas Municipal Retirement System (TMRS) administered defined benefit group-term life insurance plan known as the Supplemental Death benefits Fund (SBDF). This is a voluntary program in which participating member cities may elect, by ordinance, to provide group-term life insurance coverage for their active members, including or not including retirees. The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employer's actual earnings, for the 12-month period preceding the month of death). The death benefit for retirees is considered another postemployment benefit (OPEB) and is a fixed amount of $7,500. As the SDBF covers both active and retiree participants, with no segregation of assets, the SBDF is considered to be an unfunded OPEB plan (i.e., no assets are accumulated).

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

NOTE 6: POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONT'D)

There are no assets accumulated in a trust that meets the criteria in paragraph 4 of GASB No. 75.

At the December 31, 2023, valuation and measurement date, the following number of employees were covered by the SBDF benefit plan:

Inactive employees or beneficiaries currently receiving benefits	9
Inactive employees entitled to but not yet receiving benefits	5
Active employees	23
	37

B. Total OPEB Liability

The City's Total OPEB Liability was measured as of December 31, 2023, and the Total OPEB Liability was determined by actuarial valuation as of that date.

Actuarial Assumptions:

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

Inflation	2.50%
Salary Increases	3.60% to 11.85% including inflation
Discount Rate	3.77%
Retiree's share of benefit costs	$ 0
Administrative expenses	All administrative expenses are paid through the Pension Trust and are accounted for under reporting requirements under GASB Statement NO. 68.
Mortality Rates-service retirees	2019 Municipal Retirees of Texas Morality Tables. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence).
Mortality Rates-disabled retirees	2019 Municipal Retirees of Texas Mortality Tables with a 4 year set-forward for males and a 3 year set-forward for females. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence) to account for future mortality improvements subject to the floor.

The discount rate was based on the Fidelity Index's "20-year Municipal GO AA index" rate as of December 31, 2023.

The actuarial assumptions used in the December 31, 2023, valuation were based on the results of an actuarial experience study for the period ending December 31, 2022.

NOTE 6: POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONT'D)

Changes in Total OPEB Liability:

Balance at December 31, 2022	$	40,905
Changes for the year		
Service Cost		2,779
Interest on total OPEB liability		1,694
Differences between expected and actual results		(1,950)
Changes in assumptions or other inputs		3,076
Benefit Payments *		(926)
Net Changes		4,673
Balance at December 31, 2023	$	45,578

* Due to SDBF being considered an unfunded OPEB plan under GASB No. 75, benefit payments are treated as being equal to employer's yearly contribution for retirees

Sensitivity of the OPEB liability to changes in the discount rate:

The following presents the Total OPEB liability of the City, calculated using the discount rate of 3.77%, as well as what the City's Total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower 2.77% or 1-percentage-point higher 4.77% than the current rate:

	1% Decrease in Discount Rate (2.77%)	Discount Rate (3.77%)	1% Increase in Discount Rate (4.77%)
Total OPEB Liability	$ 56,653	$ 45,578	$ 37,302

C. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended September 30, 2024, the City recognized OPEB expense of $2,087.

At September 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following Sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net
Differences between expected and actual experience	$ 577	$ -	$ 577
Differences in assumptions	-	(9,079)	(9,079)
To be recognized in the future	577	(9,079)	$ (8,502)
Contributions subsequent to the measurement date	2,896	-	
Total	$ 3,473	$ (9,079)	

The $2,896 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the OPEB

NOTE 6: POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONT'D)

liability for the year ending September 30, 2025. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending December 31,	
2024	$ (1,694)
2025	(1,562)
2026	(2,813)
2027	(2,533)
2028	100
Thereafter	-
	$ (8,502)

NOTE 7: RISK MANAGEMENT

The City is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City is a member of the Texas Municipal League Intergovernmental Risk Pool ("TMLIRP") which is a public entity insurance risk pool. Management believes coverage presently purchased from TMLIRP is sufficient to preclude significant uninsured losses to the City.

NOTE 8: ECONOMIC DEPENDENCY

The City is dependent upon the Walnut Creek Special Utility to provide water for the City. The cost of water purchased for the current fiscal year was $438,646.

NOTE 9: WHOLESALE WATER SUPPLY AGREEMENT AND COST SHARING AGREEMENT

The City of Rhome, Texas, entered into a Wholesale Water Supply Agreement effective December 10, 2021, with Rolling V Ranch Water Control and Improvement Districts No. 1 and No. 2 (the "Districts"). The agreement sets forth the terms under which the City will supply 409 gallons per minute of water capacity, enough to serve a maximum of 683 Living Unit Equivalents (LUEs), to the Districts. The agreement allows for an increase in the number of LUEs if the City acquires additional water capacity from Walnut Creek Special Utility District.

Upon the agreement's effective date, the City required the Districts to pay a capacity reservation fee of $1,000,000. This fee, paid to secure the 683 LUEs and any additional water from Walnut Creek SUD, is earmarked for projects to enhance and upgrade the water system. The fee was allocated between the Districts, with District No. 1 contributing $571,000 and District No. 2 contributing $429,000. The City received these funds in December 2021. In the City's financial statements, this amount has been recorded as unearned revenue, reflecting its intended use for future water system enhancements. During fiscal year 2024, the City recognized $36,597 as revenue on the Statement of Activities under business-type capital grants and contributions. The remaining balance of $814,894 is recorded as unearned revenue in business-type activities on the Statement of Net Position.

NOTE 10: RESTATEMENT OF BEGINNING NET POSITION

During the year ended September 30, 2024, the City identified an error in the previously issued financial statements of the Governmental Funds for the year ended September 30, 2023. A receivable in the amount of $235,135 was not recorded for Police and Fire Department contracted services. This error has been corrected by restating the beginning net position of the Governmental Fund in the accompanying financial statements in accordance with *GASB Statement No. 100.*

During the year ended September 30, 2024, the City identified two errors in the previously issued financial statements of the Utility Fund for the year ended September 30, 2023. First, a capital asset acquired in the prior year in the amount of $32,000 was not capitalized, which resulted in an understatement of capital assets and beginning net position of the Utility Fund. Second, a receivable related to utility billings in the prior year in the amount of $40,331 was not recorded, which resulted in an understatement of accounts receivable and beginning net position of the Utility Fund. These errors have been corrected by restating the beginning net position of the Utility Fund in the accompanying financial statements in accordance with *GASB Statement No. 100.*

The effect of these corrections on the Governmental Activities and Utility Fund's beginning net position is summarized below:

	Governmental Activities	Utility Fund / Business-type Activities
Beginning net position, as previously reported	$ 3,907,071	$ 3,030,699
Correction for previously unrecorded capital asset	-	32,000
Correction for previously unrecorded receivable	235,135	40,331
	$ 4,142,206	$ 3,103,030

NOTE 11: SUBSEQUENT EVENTS

The City has evaluated all events and transactions that occurred after September 30, 2024, through the date the financial statements were available to be issued. During this period there were no subsequent events requiring disclosure.

Required Supplementary Information

Required supplementary information includes financial information and disclosures required by the Governmental Accounting Standards Board but not considered a part of the basic financial statements.

CITY OF RHOME, TEXAS
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
Revenues:				
Property taxes	$ 843,917	$ 843,917	$ 595,640	$ (248,277)
Sales taxes	1,330,379	1,330,379	1,658,254	327,875
Hotel/motel taxes	18,000	18,000	4,260	(13,740)
Franchise fees	75,000	75,000	92,637	17,637
Permits & fees	109,700	109,700	339,991	230,291
Municipal court	453,000	453,000	276,074	(176,926)
Charges for services	-	-	5,441	5,441
Intergovernmental	-	-	353,024	353,024
Donation revenues	3,900	3,900	22,529	18,629
Contract revenues	376,206	406,206	235,135	(171,071)
Miscellaneous revenues	6,500	6,500	133,821	127,321
Interest income	-	-	2,399	2,399
Total revenues	3,216,602	3,246,602	3,719,205	472,603
Expenditures				
Administration	881,342	972,842	860,878	111,964
Municipal court	307,071	307,071	151,293	155,778
Building & development	177,750	177,750	157,655	20,095
Parks	18,000	18,000	6,617	11,383
Police	1,065,035	1,300,229	1,230,174	70,055
Fire department	657,597	657,597	622,605	34,992
Total expenditures	3,106,795	3,433,489	3,029,222	404,267
Excess of revenues over expenditures	109,807	(186,887)	689,983	876,870
Other financing sources (uses)				
Proceeds from sale of capital assets	-	-	1,560	1,560
Total other financing sources	-	-	1,560	1,560
Excess of revenues over expenditures	$ 109,807	$ (186,887)	$ 691,543	$ 878,430
Fund balance, beginning			2,276,538	
Fund balance, ending			$ 2,968,081	

Budget and Budgetary Accounting

The City Council adopts an annual budget for the general and utility funds. The general fund budget is legally adopted on a modified accrual basis. The budget for the utility fund is adopted under a basis consistent with GAAP, except that amortization and depreciation are not considered (working capital basis).

The following procedures are followed in establishing the budgetary data reflected in the Basic Financial Statements:

Prior to the beginning of the fiscal year, the City prepares a budget for the next succeeding fiscal year. The operating budget includes proposed expenditures and the means of financing them. A meeting of the City Council is then called for the purpose of adopting the proposed budget. At least ten days public notice of the meeting must have been given. Prior to the start of the fiscal year, the budget is legally enacted through passage of a resolution by the City Council.

Once a budget is approved, it can only be amended by approval of a majority of the members of City Council. As required by law, such amendments are made before the fact, are reflected in the official minutes of City Council and are not made after fiscal year end. All budget appropriations lapse at year end.

Budget Amendments

The budget was amended seven times during the year ended September 30, 2024.

CITY OF RHOME, TEXAS **EXHIBIT B-2**

TEXAS MUNICIPAL RETIREMENT SYSTEM
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
DECEMBER 31, 2023

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Total Pension Liability										
Service cost	$ 72,103	$ 78,251	$ 83,298	$ 91,818	$ 101,902	$ 119,811	$ 125,277	$ 138,582	$ 147,539	$ 184,715
Interest (on the Total Pension Liability)	52,201	53,980	60,103	68,456	75,022	78,907	78,581	88,332	95,266	103,895
Changes of benefit terms	-	-	-	-	-	-	-	-	-	-
Difference between expected and actual experience	(44,091)	(3,946)	19,175	(14,560)	(31,198)	(108,144)	6,205	(33,656)	(59,059)	3,191
Change of assumptions	-	32,250	-	-	-	(3,948)	-	-	-	(8,961)
Benefit payments, including refunds of employee contributions	(64,472)	(51,273)	(36,306)	(49,880)	(57,066)	(137,185)	(51,186)	(93,331)	(96,708)	(52,287)
Net Change in Total Pension Liability	15,741	109,262	126,270	95,834	88,660	(50,559)	158,877	99,927	87,038	230,553
Total Pension Liability - Beginning	741,916	757,657	866,919	993,189	1,089,023	1,177,683	1,127,124	1,286,001	1,385,928	1,472,966
Total Pension Liability - Ending (a)	$ 757,657	$ 866,919	$ 993,189	$ 1,089,023	$ 1,177,683	$ 1,127,124	$ 1,286,001	$ 1,385,928	$ 1,472,966	$ 1,703,519
Plan Fiduciary Net Position										
Contributions - Employer	$ 18,899	$ 25,693	$ 33,740	$ 41,944	$ 54,295	$ 65,133	$ 64,146	$ 62,787	$ 68,228	$ 91,563
Contributions - Employee	38,408	40,756	47,316	44,152	50,340	59,991	63,044	68,460	71,177	92,622
Net investment income	44,713	1,207	56,265	129,343	(32,904)	171,817	96,404	187,968	(121,717)	183,985
Benefit payments, including refunds of employee contributions	(64,472)	(51,273)	(36,306)	(49,880)	(57,066)	(137,185)	(51,186)	(93,331)	(96,708)	(52,287)
Administrative expenses	(467)	(736)	(637)	(671)	(636)	(973)	(625)	(871)	(1,054)	(1,171)
Other	(38)	(36)	(34)	(34)	(34)	(29)	(24)	7	1,257	(7)
Net Change in Plan Fiduciary Net Position	37,043	15,611	100,344	164,854	13,995	158,754	171,759	225,020	(78,817)	314,705
Plan Fiduciary Net Position - Beginning	781,426	818,469	834,080	934,424	1,099,278	1,113,273	1,272,027	1,443,786	1,668,806	1,589,989
Plan Fiduciary Net Position - Ending (b)	$ 818,469	$ 834,080	$ 934,424	$ 1,099,278	$ 1,113,273	$ 1,272,027	$ 1,443,786	$ 1,668,806	$ 1,589,989	$ 1,904,694
Net Pension (Asset) Liability - Ending (a) - (b)	$ (60,812)	$ 32,839	$ 58,765	$ (10,255)	$ 64,410	$ (144,903)	$ (157,785)	$ (282,878)	$ (117,023)	$ (201,175)
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	108.03%	96.21%	94.08%	100.94%	94.53%	112.86%	112.27%	120.41%	107.94%	111.81%
Covered Employee Payroll	548,684	582,224	609,349	654,905	719,138	857,021	900,625	977,994	1,016,809	1,323,175
Net Pension Liability as a Percentage of Covered Employee Payroll	-11.08%	5.64%	9.64%	-1.57%	8.96%	-16.91%	-17.52%	-28.92%	-11.51%	-15.20%

CITY OF RHOME, TEXAS **EXHIBIT B-3**

TEXAS MUNICIPAL RETIREMENT SYSTEM
SCHEDULE OF CONTRIBUTIONS
SEPTEMBER 30, 2024

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Actuarially Determined Contribution	$ 25,493	$ 29,384	$ 38,798	$ 50,495	$ 65,490	$ 63,976	$ 63,282	$ 63,805	$ 81,902	$ 102,948
Contribution in relation to the actuarially determined contribution	25,493	29,384	38,798	50,495	65,490	63,976	63,282	63,805	81,902	102,948
Contribution excess (deficiency)	-	-	-	-	-	-	-	-	-	-
Covered employee payroll	$ 579,095	$ 591,004	$ 642,108	$ 669,985	$ 863,061	$ 884,698	$ 970,090	$ 960,253	$ 1,212,970	$ 1,624,032
Contributions as a percentage of covered employee payroll	4.40%	4.97%	6.04%	7.54%	7.59%	7.23%	6.52%	6.64%	6.75%	6.34%

NOTES TO SCHEDULE OF CONTRIBUTIONS

Valuation Date:

Notes	Actuarially determined contribution rates are calculated as of December 31 and become effective in January 13 months later.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	N/A
Asset Valuation Method	10 Year smoothed market; 12% soft corridor
Inflation	2.50%
Salary Increases	3.60% to 11.85% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that vary by age. Last updated for the 2023 valuation pursuant to an experience study of the period ending 2022.
Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence). Pre-retirement: PUB(10) mortality tables, with the 110% of the Public Safety table used for males and the 100% of the General Employee table used for females. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence).

Other Information:

Notes	Adopted buyback provision.

CITY OF RHOME, TEXAS **EXHIBIT B-4**

TEXAS MUNICIPAL RETIREMENT SYSTEM
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
DECEMBER 31, 2023

	2017	2018	2019	2020	2021	2022	2023
Total OPEB Liability							
Service cost	$ 2,620	$ 3,164	$ 2,914	$ 4,053	$ 5,379	$ 5,999	$ 2,779
Interest	989	1,089	1,113	1,114	987	1,015	1,694
Changes of benefit terms	-	-	-	-	-	-	-
Difference between expected and actual experienc	-	(4,103)	(4,299)	(5,034)	(2,322)	9,699	(1,950)
Changes of assumptions	3,069	(2,698)	10,493	8,460	2,038	(27,650)	3,076
Benefit payments	(196)	(216)	(257)	(270)	(587)	(610)	(926)
Net Change in Total OPEB Liability	6,482	(2,764)	9,964	8,323	5,495	(11,547)	4,673
Total OPEB Liability - Beginning	24,952	31,434	28,670	38,634	46,957	52,452	40,905
Total OPEB Liability - Ending (a)	$ 31,434	$ 28,670	$ 38,634	$ 46,957	$ 52,452	$ 40,905	$ 45,578
Covered Employee Payroll	$ 654,905	$ 719,138	$ 857,021	$ 900,625	$ 977,994	$1,016,809	$1,323,175
Total OPEB Liability as a Percentage of Covered Employee Payroll	4.80%	3.99%	4.51%	5.21%	5.36%	4.02%	3.44%

NOTES TO SCHEDULE:

Changes of assumptions:

Changes of assumptions and other inputs reflect the change in the municipal bond rate index, which is used as a basis for the discount rate.

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB statement No. 75 to pay related benefits.

Other Supplementary Information

This section includes financial information and disclosures not required by the Governmental Accounting Standards Board and not considered a part of the basic financial statements. It may, however, include information which is required by other entities.

CITY OF RHOME, TEXAS **EXHIBIT C-1**

COMPARATIVE SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - PROPRIETARY FUND FOR THE YEARS ENDED SEPTEMBER 30, 2024 AND 2023

	2024	2023 (As Restated)
Operating revenues:		
Charges for services		
Water, sewer, and trash service	$ 1,640,065	$ 1,628,184
Other revenues	43,869	30,367
Total operating revenues	1,683,934	1,658,551
Operating expenses:		
Personnel		
Salaries & wages	325,372	236,877
Payroll taxes	25,143	17,440
Pension expense	11,841	17,836
Health insurance	46,415	24,962
Total personnel	408,771	297,115
Professional fees		
Engineering	14,422	1,318
Repair & maintenance		
Supplies	35,374	19,688
Equipment repairs	128,711	34,889
System maintenance	86,027	190,962
Total repair & maintenance	250,112	245,539
Supplies & contract services		
Dues & memberships	4,385	350
Contract labor	-	3,914
Office supplies	22,172	10,435
Postage	2,433	3,245
AMR cell fee	5,597	5,889
License & permits	2,500	3,963
Groundwater production fees	8,085	7,060
Testing	33,249	20,414
Bank fees	500	875
Ac Trash collection	119,236	114,863
Insurance - property & liability	27,393	28,323
Vehicle expenses	33,640	16,027
Uniforms	5,005	4,277
Miscellaneous	1,332	-
Total supplies & contract services	265,527	219,635
Travel & training		
Training	4,124	2,333
Utilities		
Telephone	7,417	4,517
Gas & electric	58,994	50,088
Total utilities	66,411	54,605

CITY OF RHOME, TEXAS **EXHIBIT C-1**

COMPARATIVE SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - PROPRIETARY FUND FOR THE YEARS ENDED SEPTEMBER 30, 2024 AND 2023

	2024	2023 (As Restated)
Water purchases	438,646	408,366
Depreciation	449,566	413,688
Total operating expenses	1,897,579	1,642,599
Operating income (loss)	(213,645)	15,952
Non-operating revenues (expenses):		
Investment income	19,563	16,422
Water tower lease	11,550	12,400
Developer contributions	36,597	223,509
Grant revenue	49,857	48,450
Interest expense	(93,134)	(96,329)
Total non-operating revenues (expenses)	24,433	204,452
Income (loss) before transfers	(189,212)	220,404
Transfers from General Fund	-	-
Change in net position	(189,212)	220,404
Net position, beginning, as restated	3,103,030	2,882,626
Net position, ending	$ 2,913,818	$ 3,103,030

Internal Control and Compliance

MWH GROUP
CERTIFIED PUBLIC ACCOUNTANTS
CONSULTANTS

Independent Auditors' Report

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

City Council
City of Rhome, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Rhome, Texas, as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise City of Rhome, Texas' basic financial statements and have issued our report thereon dated June 5, 2026.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered City of Rhome, Texas' 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 City of Rhome, Texas' internal control. Accordingly, we do not express an opinion on the effectiveness of City of Rhome, Texas' internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be a material weakness. 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 City of Rhome, Texas' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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*.

MWH GROUP, P.C. 624 Indiana P.O. Box 97000 Wichita Falls, TX 76307 (940) 723-1471 Fax (940) 723-2251 www.mwhpc.com

Purpose of This Report

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

Respectfully submitted,

MWH Group, P.C.

MWH GROUP, P.C.

June 5, 2026

CITY OF RHOME, TEXAS
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED SEPTEMBER 30, 2024

A. Summary of Auditor's Results - Financial Statements

Type of auditor's report issued:	Unmodified		
Internal control over financial reporting:			
Material weakness identified?	____ Yes	__X__ No	
Significant deficiency identified that is not considered to be material weaknesses?	_____ Yes	__X__ No	None reported
Noncompliance material to financial statements noted?	_____ Yes	__X__ No	

B. Financial Statement Findings

None reported.

AGENDA ITEM 6

“D”

Agenda Commentary
Meeting Date: July 23, 2026

Agenda Item: **Resolution to Oppose Inclusion in Emergency Services District No. 5**
Department: Administration
Contact: Amanda DeGan, City Administrator and Scott Estes, Fire Chief

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Summary:

- The creation of a new Emergency Services District (ESD) has been proposed for the southern area of Wise County.
- The ESD would duplicate the efforts of the existing Rhome Fire Rescue and Council has provided direction to Staff that the City oppose any inclusion in the District.
- The Resolution is to formalize the direction given by Council at the May meeting.

Details / Recommendation: Staff recommends approval of the Resolution. The City is currently operating a department that provides emergency services to our area that is valued by our residents and the surrounding community members. Inclusion in any ESD would be a duplication of services, divert resources, and result in longer response times for Rhome.

Financial Impact: None at this time.

Council Motions: Motion to approve the Resolution to oppose the City of Rhome city limits and the City's extra-territorial jurisdiction in Emergency Services District No. 5.

Attachments(s):

Resolution

CITY OF RHOME
RESOLUTION NO. 2026-07

A RESOLUTION OF THE CITY OF RHOME, TEXAS OPPOSING THE INCLUSION OF THE CITY AND THE CITY'S EXTRA-TERRITORIAL JURISDICTION (ETJ) IN THE PROPOSED EMERGENCY SERVICES DISTRICT NO. 5 FOR WISE COUNTY, TEXAS; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, the City of Rhome is a Type A General Law City with clear city boundary limits and a designation extra territorial jurisdiction (ETJ); and,

WHEREAS, the City of Rhome has committed to providing Fire-Emergency Services for our residents and surrounding community members; and,

WHEREAS, the City Council of the City of Rhome opposes any inclusion of the city or the city's ETJ in the proposed creation of Emergency Services District No 5; and,

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF RHOME, TEXAS:

The City of Rhome and its ETJ shall not be included in said District No. 5 as the city is committed to providing services for the community members and surrounding areas as well as cooperating in mutual aid with existing departments.

PASSED AND APPROVED this the 23rd day of July 2026.

Kenneth Crenshaw,
Mayor

[SEAL]

ATTEST:

Shaina Odom
City Secretary