City of Reno

Annual Financial Report

For the Year Ended September 30, 2024

Malnory, McNeal & Company, PC

Certified Public Accountants

CITY OF RENO, TEXAS

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED SEPTEMBER 30, 2024

City of Reno, Texas
Annual Financial Report
For The Year Ended September 30, 2024

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Financial Section

Independent Auditor's Report

To the City Council Members
City of Reno, Texas
160 Blackburn Street
Reno, Texas 75462

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 Reno, Texas ("the City") as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City 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, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 preparations 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’s ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditors’ 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 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*, issued by the Comptroller General of the United States, 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's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, and budgetary comparison information and Schedule of Change's in Net Pension Liability and Related Ratios, Schedule of Pension Contributions, Schedule of the Changes in Total OPEB Liability and Related Ratios and Schedule of OPEB Contributions identified as Required Supplementary Information in the table of contents be presented to supplement the basic financial statements. Such information, 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 Reno's basic financial statements. The Supplementary Information is the responsibility of management and is derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepting in the United States of America by us and other auditors. In our opinion, the Supplementary Information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued our report dated April 14, 2025, on our consideration of City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City's internal control over financial reporting and compliance.

Malnory, McNeal & Company PC

April 14, 2025
Paris, Texas

Certified Public Accountants

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the City of Reno, Texas, annual financial report presents our discussion and analysis of the City's financial performance during the fiscal year ended September 30, 2024. Please read it in conjunction with the City's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The City's total combined net assets were $8,898,443 September 30, 2024.
- During the year, the City's expenses were $1,163,608 less than the $3,126,588 in taxes and other revenues for governmental activities.
- The total cost of the City's programs increased from the previous year.
- The general fund reported a fund balance this year of $1,282,516.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

- The first two statements are *government-wide-financial statements* that provide both *long-term* and *short-term* information about the City's overall financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the government, reporting the City's operations in more detail than the government-wide statement*s.*
- *The governmental funds* statements tell how *general government* services were financed in the *short term* as well as what remains for future spending.
- *Proprietary fund* statements offer *short*- and *long-term* financial information about the activities the government operates *like businesses*.
- *Fiduciary fund* statements provide information about the financial relationships in which the City acts solely as a *trustee or agent* for the benefit of others, to whom the resources in question belong.

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

The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

Government-wide Statements

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

The two government-wide statements report the City's net assets and how they have changed. Net assets—the difference between the City's assets and liabilities—is one way to measure the City's financial health or *position*.

- Over time, increases or decreases in the City's net assets are an indicator of whether its financial health is improving or deteriorating, respectively.

- To assess the overall health of the City, one needs to consider additional nonfinancial factors such as changes in the City's tax base.

The government-wide financial statements of the City include the *Governmental activities*. Most of the City's basic services are included here, such as general government, public safety, highways and streets, sanitation, economic development, culture and recreation, and interest on long-term debt. Property taxes and grants finance most of these activities.

Fund Financial Statements

The fund financial statements provide more detailed information about the City's most significant *funds*—not the City as a whole. Funds are accounting devices that the City uses to keep track of specific sources of funding and spending for particular purposes.

- Some funds are required by State law and by bond covenants.

- The City Council establishes other funds to control and manage money for particular purposes or to show that it is properly using certain taxes and grants.

The City has the following kinds of funds:

- *Governmental funds*—Most of the City's basic services are included in governmental funds, which focus on (1) how *cash and other financial assets* that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed *short-term* view that 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. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statement, or on the subsequent page, that explain the relationship (or differences) between them.

- *Proprietary funds*—Services for which the City charges customers a fee is generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long-term and short-term financial information.

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

Net assets. The City's combined net assets were $8,898,443. (See Table A-1)

	Governmental Activities			Total		
	2023	2024	2023	2024	2023	2024
Current assets:						
Cash and equivalents	1,730,052	1,501,596	755,242	4,036,232	2,468,943	5,537828
Other receivables	69,290	70,326	133,053	134,551	183,512	204,877
Inventories	--	--	13,687	10,980	12,456	10,980
Due from W&S	102,000	102,000	--	--	--	102,000
Total current assets:	1,901,342	1,674,989	901,982	4,181,763	2,664,911	5,855,685
Noncurrent assets:						
Land	307,250	535,818	5,127	5,127	312,377	540,945
Infrastructure	1,666,553	1,899,156	--	--	1,666,553	1,899,156
Buildings	894,933	894,933	390,000	390,000	1,284,933	1,284,933
Right to use Asset	--	52,643	--	--	--	52,643
Furniture and Equip.	1,188,126	2,119,419	853,384	853,384	1,969,563	2,972,803
Water and Sewer	0		7,953,97	7,953,973	7,924,604	7,953,973
Less accumulated depr.	1,843,134	1,957,770	5,204,54	5,393,264	6,776,813	7,351,034
Prepaid Expense	720,161	1,067	--	--	720,161	1,067
Total noncurrent assets	2,933,889	3,545,266	3,997,93	3,809,220	7,101,378	7,354,486
Net Pension Asset	46,135	87,056	20,146	38,015	295,075	125,071
Bond Issue Cost				125,326		125,326
Total Assets	4,881,366	5,306,244	4,920,06	8,154,324	9,855,753	13,460,568
OPEB Expense	105,704	6,083	50,057	993	12,861	7,076
Relating to Pension	9,822	64,939	2,626	32,256	41,456	97,195
Total Deferred Outflows	115,526	71,022	52,683	33,249	54,317	104,271
Current liabilities:						
Accounts payable	11,648	26,447	839	17,930	62,013	44,377
Accrued Interest	2,576	1,717	4,973	66,358	8,410	68,075
Meter deposits payable	--	--	78,234	82,539	74,529	82,539
Unearned Revenue	829,911	45,626	--	--	829,911	45,626
Due to other funds			102,000	102,000		102,000
Total current liabilities	844,135	73,790	186,046	268,827	979,805	342,617
Long-term liabilities:						
Compensated absences	33,953	50,830	20,057	19,351	56,266	70,181
Due within one year	66,486	58,010	291,086	106,350	343,289	164,360
Bonds, leases, notes	171,500	154,133	541,500	3,861,656	1,070,572	4,015,789
Total Long term liabilities	338,328	262,973	852,643	3,987,357	1,856,833	4,250,330
Net OPEB Liability	11,548	14,359	5,041	6,268	26,040	20,627
Total Liabilities	1,127,622	351,122	1,043,73	4,262,452	2,475,972	4,613,574

Deferred Inflows of Resources:						
Relating to Pension	31,609	26,731	13,548	11,563	152,701	38,294
Relating to OPEB	12,624	10,768	4,570	3,760	9,319	14,528
Total Deferred inflows	44,233	37,499	18,028	15,323	162,020	52,822
Net Assets:						
Invested in capital	1,975,742	3,329,927	3,474,34	3,514,539	5,874,195	6,844,466
Restricted for:						
Debt Service	184,960	157,484	--	--	184,960	157,484
Reno Crime Control	186,983	57.380	--	--	186,983	57,380
Other Purposes	104,909	44,661	--	--	104,909	44,661
Unrestricted	1,372,443	1,399,193	--	395,259		1,794,452
Total Net Assets	3,825,037	4,988,645	3910988	3,909,798	7,736,025	8,898,443

The $1,399,193 of unrestricted net asset represents resources available to fund the programs of the City next year.

Changes in net assets

Governmental Activities. The City's total revenues were $3,126,588. Thirty-eight percent of the City's revenue came from property taxes. Nine percent relates to charges for services, twenty-five percent comes from grant revenue and twenty-eight percent came from all other revenues.

The total cost of all programs and services was $1,759,185 and forty-three percent of these costs are for services.

Table A-2

Changes in City's Net Position

	Governmental Activities		Business-type Activities		Total	
	2023	2024	2023	2024	2023	2024
Revenues:						
Property Tax	1,085,954	1,192,223	--	--	1,085,954	1,192,223
Sales Tax	609,590	618,852	--	--	609,590	618,852
Franchise Tax	160,438	174,731	--	--	160,438	174,731
Municipal Court Receipts	22,210	39,749	--	--	22,210	39,749
Investment Earnings	10,514	18,849	11,428	24,037	21,942	42,886
Charges for Services	282,280	293,370	1,057,023	1,039,308	1,339,303	1,332,678
Grant Revenues	--	784,285	--	--	0	784,285
Sale of Capital Assets	--	--	--	--	0	0
Other	8,480	4,529	--	--	8,480	4,529
Total Revenues	2,179,466	3,126,588	1,068,451	1,063,345	3,247,917	4,189,933
Expenses:						
General Government	890,138	976,692	--	--	890,138	976,692
Public Safety	668,364	761,017	--	--	668,364	761,017
Criminal Justice	16,381	12,316	--	--	16,381	12,316
Debt Service—Bond Agent Fees	795	1,325	--	--	795	1,325
Interest on Long-term Debt	14,788	7,835	--	--	14,788	7,835
Water and Sewer expense	--	--	1,193,505	1,268,330	1,193,505	1,268,330
Total Expenses	1,590,466	1,759,185	1,193,505	1,268,330	3,674,777	3,027,515
Increase in Net Position before Transfers	589,000	1,367,403	(125,054)	(204,985)	463,946	1,162,418
Transfers In (Out)	(159,148)	-203,795	159,148	203,795	0	0
Increase (Decrease) in Net Position	429,852	1,163,608	34,094	(1,190)	463,946	1,162,418
Net Position – Beginning	3,395,185	3,825,037	3,876,894	3,910,988	7,272,079	7,736,025
Net Position—Ending	3,825,037	4,988,645	3,910,988	3,909,798	7,736,025	8,898,443

- Property tax rates for 2023-2024 decreased from .478 to .461.
- The City collected an additional $106,269 in property taxes.
- The Table A-3 presents the cost of each of the City's largest functions as well as each function's net cost (total cost less fees generated by the activities and intergovernmental aid). The net cost reflects what was funded by state revenues as well as local tax dollars.
- The cost of all *governmental* activities this year was $1,759,185.
- However, the amount that our taxpayers paid for these activities through property taxes was only 1.1 million.
- $293 thousand was paid by those who directly benefited from the programs.

Table A-3

Cost of Selected City Functions, Net

	Total Cost of Services		Net Cost of Services	
	2023	2024	2023	2024
General	890,138	976,692	(607,858)	(683,322)
Public Safety	684,745	773,333	(684,745)	(773,333)
Debt Service	15,583	9,160	(15,583)	(9,160)

Business-type Activities

Revenues of the City's business-type activities were $1,063,345 and the total operating expenses were $1,268,330.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

Revenues from governmental fund types totaled $3.1 million, an increase from the preceding year.

General Fund Budgetary Highlights

Over the course of the year, the City revised its general fund budget for payroll increase, trash collection and contract labor to demolish two houses.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of 2024, the city had invested $7.3 million in a broad range of capital assets, including land, equipment, buildings, and vehicles. (See Table A-4.) This amount represents a net increase (including additions and deductions) over prior year.

Table A-4

City's Capital Assets

	Governmental Activities		Business-type Activities		Total	
	2023	2024	2023	2024	2023	2024
Land	307,250	535,818	5,127	5127	312,377	540,945
Infrastructure	1,666,553	1,899,156	--	--	1,666,553	1,899,156
Buildings and improvements	894,933	894,933	390,000	390,000	1,284,933	1,284,933
Furniture and Equipment	1,188,126	2,119,419	853,384	853,384	2,041,510	2,972,803
Right to use Asset	--	52,643	--	--	--	52,643
Water and Sewer Facilities			7,953,973	7,953,973	7,953,973	7,953,973
Totals at historical cost	4,056,862	5,501,969	9,202,484	9,202,484	13,259,346	14,704,453
Deprecation DE	1,843,134	1,957,770	5,204,549	5,393,264	7,047,683	7,351,034
Net capital assets	2,213,728	3,544,199	3,997,935	3,809,220	6,211,663	7,353,419

Long Term Debt

At year-end the city had $4,083,824 in bonds and notes outstanding as shown in Table A-5. More detailed information about the City's debt is presented in the notes to the financial statements.

Table A-5

City's Long-Term Debt

	Governmental Activities		Business-type Activities		Total	
	2023	2024	2023	2024	2023	2024
Note Payable	19,186	--	15,386	--	34,572	--
Bonds payable	218,800	171,500	817,200	3,801,500	1,036,000	3,973,000
Right to Use Lease	--	40,643	--	--	--	40,643
Compensated Absence	33,953	50,830	20,059	19,351	54,012	70,181
Total Long-Term Debt	271,939	262,973	852,645	3,820,851	1,112,584	4,083,824

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The property's appraised value for the 2025 budget year slightly increased over the previous year. The Maintenance and Operation tax rate decreased to a rate of .3620 from .3680.

The general operating budget for 2024-2025 year was adopted for $2,684,738.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the City of Reno, Texas, 160 Blackburn Street, Reno, Texas, telephone number 903-785-6581.

Basic Financial Statements

CITY OF RENO, TEXAS

STATEMENT OF NET POSITION
SEPTEMBER 30, 2024

	Governmental Activities	Business-type Activities	Total
ASSETS:			
Cash and Cash Equivalents	$ 1,501,596	$ 4,036,232	$ 5,537,828
Receivables (net of allowances for uncollectibles):	70,326	134,551	204,877
Due from Water and Sewer Fund	102,000	--	102,000
Inventories	--	10,980	10,980
Capital Assets (net of accumulated depreciation):			
Land	535,818	5,127	540,945
Infrastructure	1,580,107	--	1,580,107
Buildings and Improvements	326,872	281,450	608,322
Furniture and Equipment	1,058,630	67,052	1,125,682
Water and Sewer Facility	--	3,455,591	3,455,591
Right to Use Assets	42,772	--	42,772
Prepaid expenses	1,067	--	1,067
Capitalized Bond Issue Cost	--	125,326	125,326
Net Pension Asset	87,056	38,015	125,071
Total Assets	5,306,244	8,154,324	13,460,568
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred Outflows Related to Pension	64,939	32,256	97,195
Deferred Outflows Related to OPEB	6,083	993	7,076
Total Deferred Outflows of Resources	71,022	33,249	104,271
LIABILITIES:			
Accounts Payable	26,447	17,930	44,377
Accrued Interest Payable	1,717	66,358	68,075
Due to Other Funds	--	102,000	102,000
Meter Deposit Payable	--	82,539	82,539
Unearned Revenue	45,626	--	45,626
Noncurrent Liabilities-			
Compensated Absences Payable	50,830	19,351	70,181
Due within one year	58,010	106,350	164,360
Due in more than one year	154,133	3,861,656	4,015,789
Net OPEB Liability	14,359	6,268	20,627
Total Liabilities	351,122	4,262,452	4,613,574
DEFERRED INFLOWS OF RESOURCES:			
Deferred Inflows relating to pension	26,731	11,563	38,294
Deferred Inflows of Resources relating to OPEB	10,768	3,760	14,528
Total Deferred Inflows of Resources	37,499	15,323	52,822
NET POSITION:			
Net Investment in Capital Assets	3,329,927	3,514,539	6,844,466
Restricted For:			
Debt Service	157,484	--	157,484
Reno Crime Control and Prevention	57,380	--	57,380
Other Purposes	44,661	--	44,661
Unrestricted	1,399,193	395,259	1,794,452
Total Net Position	$ 4,988,645	$ 3,909,798	$ 8,898,443

The accompanying notes are an integral part of this statement.

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

		Program Revenues
Functions/Programs	Expenses	Charges for Services
PRIMARY GOVERNMENT:		
Governmental Activities:		
General Government	$ 976,692	$ 293,370
Public Safety	761,017	--
Criminal Justice	12,316	--
Debt Service--Bond Agent Fees	1,325	--
Interest on Long-term Debt	7,835	--
Total Governmental Activities	1,759,185	293,370
Business-type Activities:		
Water and Sewer	1,268,330	1,039,308
Total Business-type Activities	1,268,330	1,039,308
Total Primary Government	$ 3,027,515	$ 1,332,678

General Revenues:
Property Taxes
Sales Taxes
Franchise Taxes
Municipal Court
Unrestricted Investment Earnings
Grant Revenues
Other
Transfers
Total General Revenues and Transfers
Change in Net Position
Net Position - Beginning
Net Position - Ending

The accompanying notes are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Position		
Governmental Activities	Business-type Activities	Total
$ (683,322)		$ (683,322)
(761,017)		(761,017)
(12,316)		(12,316)
(1,325)		(1,325)
(7,835)		(7,835)
(1,465,815)		(1,465,815)
--	$ (229,022)	(229,022)
--	(229,022)	(229,022)
(1,465,815)	(229,022)	(1,694,837)
1,192,223	--	1,192,223
618,852	--	618,852
174,731	--	174,731
39,749	--	39,749
18,849	24,037	42,886
784,285	--	784,285
4,529	--	4,529
(203,795)	203,795	--
2,629,423	227,832	2,857,255
1,163,608	(1,190)	1,162,418
3,825,037	3,910,988	7,736,025
$ 4,988,645	$ 3,909,798	$ 8,898,443

CITY OF RENO, TEXAS

BALANCE SHEET - GOVERNMENTAL FUNDS
SEPTEMBER 30, 2024

	General Fund	Reno Crime Control & Prevention	Other Governmental Funds	Total Governmental Funds
ASSETS AND OTHER DEBITS				
Assets:				
Cash and Cash Equivalents	$ 1,210,407	$ 58,736	$ 232,455	$ 1,501,598
Receivables (net of allowances for uncollectibles):	65,353	--	4,973	70,326
Due from Other Funds	102,000	--	--	102,000
Due from State	--	--	--	--
Prepaid items	1,067	--	--	1,067
Total Assets and Other Debits	1,378,827	58,736	237,428	1,674,991
LIABILITIES AND FUND BALANCES:				
Liabilities:				
Accounts Payable	$ 25,091	$ 1,356	$ --	$ 26,447
Unearned Revenue	45,626	--	--	45,626
Total Liabilities	70,717	1,356	--	72,073
DEFERRED INFLOWS OF RESOURCES:				
Deferred Revenues - Property tax	25,594	--	4,973	30,567
Total Deferred Inflows of Resources	25,594	--	4,973	30,567
Fund Balances:				
Restricted for:				
Restricted for Long-Term Debt	--	--	157,484	157,484
Restricted for Other	--	57,380	44,661	102,041
Committed for Cemetery	--	--	30,310	30,310
Unassigned	1,282,516	--	--	1,282,516
Total Fund Balance	1,282,516	57,380	232,455	1,572,351
Total Liabilities and Fund Balance	$ 1,378,827	$ 58,736	$ 237,428	$ 1,674,991

The accompanying notes are an integral part of this statement.

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

Total fund balances - governmental funds balance sheet	$	1,572,351
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not reported in the funds.		3,544,199
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.		30,566
Payables for bond principal which are not due in the current period are not reported in the funds.		(171,500)
Payables for right to use lease liability which are not due in the current period are not reported in the funds.		(40,643)
Payables for debt interest which are not due in the current period are not reported in the funds.		(1,718)
Payables for compensated absences which are not due in the current period are not reported in the funds.		(50,830)
Recognition of the City's proportionate share of the net pension asset is not reported in the funds.		87,056
Deferred Resource Outflows related to the pension plan are not reported in the funds.		64,939
Deferred Resource Inflows related to the pension plan are not reported in the funds.		(26,731)
Recognition of the City's proportionate share of the net OPEB liability is not reported in the funds.		(14,359)
Deferred Resource Outflows related to the OPEB plan are not reported in the funds.		6,083
Deferred Resource Inflows related to the OPEB plan are not reported in the funds.		(10,768)
Net position of governmental activities - Statement of Net Position	$	4,988,645

The accompanying notes are an integral part of this statement.

CITY OF RENO, TEXAS

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

	General Fund	Reno Crime Control & Prevention	Other Governmental Funds	Total Governmental Funds
Revenue:				
Taxes:				
General Property Taxes	$ 998,391	$ --	$ 194,025	$ 1,192,416
General Sales and Use Taxes	413,570	205,282	--	618,852
Franchise Taxes	174,731	--	--	174,731
Refuse Collection	263,190	--	--	263,190
License and Permits	6,138	--	--	6,138
Intergovernmental	784,285	--	--	784,285
Municipal Court	39,749	--	--	39,749
Investment Earnings	15,958	1,176	1,716	18,850
Other	4,529	--	24,041	28,570
Total revenues	2,700,541	206,458	219,782	3,126,781
Expenditures:				
General Government	2,090,139	--	550	2,090,689
Criminal Justice	12,316	--	--	12,316
Public Safety	603,435	388,704	--	992,139
Debt Service:				
Principal on Long Term Debt	--	--	47,300	47,300
Interest on Long Term Debt	--	--	8,694	8,694
Bond Issuance Costs and Fees	--	--	1,325	1,325
Total Expenditures	2,705,890	388,704	57,869	3,152,463
Excess (Deficiency) of Revenues Over (Under) Expenditures	(5,349)	(182,246)	161,913	(25,682)
Other Financing Sources (Uses):				
Transfers Out	(83,095)	--	(120,700)	(203,795)
Proceeds from a Lease	--	52,643	--	52,643
Total Other Financing Sources (Uses)	(83,095)	52,643	(120,700)	(151,152)
Net Change in Fund Balances	(88,444)	(129,603)	41,213	(176,834)
Fund Balances - Beginning	1,370,960	186,983	191,242	1,749,185
Fund Balances - Ending	$ 1,282,516	$ 57,380	$ 232,455	$ 1,572,351

The accompanying notes are an integral part of this statement.

CITY OF RENO, TEXAS

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

Net change in fund balances - total governmental funds	$	(176,834)
Amounts reported for governmental activities in the Statement of Activities ("SOA") are different because:		
Capital outlays are not reported as expenses in the SOA.		1,445,107
Depreciation of capital assets used in governmental activities is not reported in the funds.		(114,636)
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.		(193)
Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA.		47,300
Repayment of loan principal is an expenditure in the funds but is not an expense in the SOA.		19,186
Repayment of right to use lease principal is an expenditure in the funds but is not an expense in the SOA.		12,000
Proceeds of leases do not provide revenue in the SOA, but are reported as current resources in the funds.		(52,643)
(Increase) decrease in accrued interest from beginning of period to end of period.		859
Compensated absences are reported as the amount earned in the SOA but as the amount paid in the funds.		(16,877)
Pension expense relating to GASB 68 is recorded in the SOA but not in the funds.		5,034
OPEB expense relating to GASB 75 is recorded in the SOA but not in the funds.		(4,695)
Change in net position of governmental activities - Statement of Activities	$	1,163,608

The accompanying notes are an integral part of this statement.

CITY OF RENO, TEXAS

STATEMENT OF NET POSITION
ENTERPRISE FUND
SEPTEMBER 30, 2024

	Enterprise Fund
	Water and Sewer Fund
ASSETS:	
Current Assets:	
Cash and Cash Equivalents	$ 4,036,232
Receivables (net of allowances for uncollectibles):	134,551
Inventories	10,980
Total Current Assets	4,181,763
Noncurrent Assets:	
Prepaid Bond Issue Cost	125,326
Land	5,127
Building	390,000
Machinery and Equipment	853,384
Water and Sewer Facility	7,953,973
Less Accumulated Depreciation	(5,393,264)
Net Pension Asset	38,015
Total Noncurrent Assets	3,972,561
Total Assets	8,154,324
DEFERRED OUTFLOWS OF RESOURCES:	
Relating to Pension Expense	32,256
Relating to OPEB Expense	993
Total Deferred Outflows of Resources	$ 33,249
LIABILITIES:	
Current Liabilities:	
Accounts Payable	$ 17,930
Due To Other Funds	102,000
Customer Deposits Payable	82,539
Accrued Interest Payable	66,358
Certificate of Obligations-Current	106,350
Total Current Liabilities	375,177
Noncurrent Liabilities:	
Compensated Absences Payable	19,351
Certificate of Obligations Payable	3,861,656
Net OPEB Liability	6,268
Total Noncurrent Liabilities	3,887,275
Total Liabilities	4,262,452
DEFERRED INFLOWS OF RESOURCES:	
Deferred Inflows Relating to Pension	11,563
Deferred Inflows of Resources relating to OPEB	3,760
Total Deferred Inflows of Resources	15,323
NET ASSETS:	
Unrestricted Net Assets	3,909,798
Total Net Assets	$ 3,909,798

The accompanying notes are an integral part of this statement.

CITY OF RENO, TEXAS

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

	Enterprise Fund: Water and Sewer Fund
OPERATING REVENUES:	
Water Sales	$ 565,545
Sewer Charges	433,104
Service Charges	3,500
Other Services	37,159
Total Operating Revenues	1,039,308
OPERATING EXPENSES:	
Personnel Costs	451,712
Water Purchases	250,959
Repair and Maintenance	100,773
Office Expenses	19,487
Telephone and Utilities	98,801
Advertising Dues and Subscriptions	2,195
Testing and Supplies	33,220
Insurance	22,441
Training and Education	97
Services and Rentals	17,477
Safety Equipment	387
Contract Labor	6,152
Other	2,367
Capital Outlay	--
Depreciation Expense	188,715
Amortization Expense	--
Total Operating Expenses	1,194,783
Operating Income	(155,475)
NON-OPERATING REVENUES (EXPENSES):	
Interest Revenue	24,037
Interest Expense	(73,547)
Total Non-operating Revenues (Expenses)	(49,510)
Income before Transfers	(204,985)
Interfund Transfers In	203,795
Interfund Transfers Out	--
	203,795
Change in Net Assets	(1,190)
Total Net Assets - Beginning	3,910,988
Net Assets - Ending	$ 3,909,798

The accompanying notes are an integral part of this statement.

CITY OF RENO, TEXAS

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

		Enterprise Funds System Funds
Cash Flows from Operating Activities:		
Cash Received from Customers	$	1,042,115
Cash Payments to Employees for Services		(452,331)
Cash Payments to Other Suppliers for Goods and Services		(535,514)
Other Operating Cash Receipts (Payments)		--
Net Cash Provided (Used) by Operating Activities		54,270
Cash Flows from Non-capital Financing Activities:		
Proceeds (Payments) from (for) Borrowings		--
Operating Grants Received		--
Transfers From (To) Primary Government		203,795
Transfers From (To) Other Funds		--
Net Cash Provided (Used) by Non-capital Financing Activities		203,795
Cash Flows from Capital and Related Financing Activities:		
Proceeds from Issuance of Long-term Debt		3,300,000
Bond Principal Paid		(275,700)
Note Principal Paid		(15,386)
Acquisition or Construction of Capital Assets		--
Interest Paid		(10,026)
Net Cash Provided (Used) for Capital and Related Financing Activities		2,998,888
Cash Flows from Investing Activities:		
Purchase of Investment Securities		--
Proceeds from Sale and Maturities of Securities		--
Interest and Dividends on Investments		24,037
Net Cash Provided (Used) for Investing Activities		24,037
Net Increase (Decrease) in Cash and Cash Equivalents		3,280,990
Cash and Cash Equivalents at Beginning of Year		755,242
Cash and Cash Equivalents at End of Year	$	4,036,232
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Operating Income (Loss)	$	(156,431)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities		
Depreciation		188,715
Provision for Uncollectible Accounts		--
Change in Assets and Liabilities:		
Decrease (Increase) in Receivables		(1,498)
Decrease (Increase) in Inventories		2,707
Decrease (Increase) in Prepaid Expenses		--
Increase (Decrease) in Accounts Payable		17,091
Increase (Decrease) in Customer Deposits		4,305
Increase (Decrease) in Pension Expense		(1,963)
Increase (Decrease) in OPEB Liability		2,050
Increase (Decrease) in Compensated Absences Payable		(706)
Increase (Decrease) in Unearned Revenue		--
Total Adjustments		210,701
Net Cash Provided (Used) by Operating Activities	$	54,270

The accompanying notes are an integral part of this statement.

A. Summary of Significant Accounting Policies

The combined financial statements of City of Reno, Texas (the "City") have been prepared in conformity with accounting principles applicable to governmental units which are generally accepted in the United States of America. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

1. Reporting Entity

The City's basic financial statements include the accounts of all its operations. The City evaluated whether any other entity should be included in these financial statements. The criteria for including organizations as component units within the City's reporting entity, as set forth in GASB Statement No. 14, "The Financial Reporting Entity," include whether:

- the organization is legally separate (can sue and be sued in its name)
- the City holds the corporate powers of the organization
- the City appoints a voting majority of the organization's board
- the City is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the City
- there is fiscal dependency by the organization on the City
- the exclusion of the organization would result in misleading or incomplete financial statements
- the economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the City
- the City or the component unit, is entitled to, or has ability to otherwise access, a majority of the economic resources received or held by the component unit.
- the economic resources received or held by component unit are significant to the City

The City also evaluated each legally separate, tax-exempt organization whose resources are used principally to provide support to the City to determine if its omission from the reporting entity would result in financial statements which are misleading or incomplete. GASB Statement No. 14 requires inclusion of such an organization as a component unit when: 1) The economic resources received or held by the organization are entirely or almost entirely for the direct benefit of the City, its component units or its constituents; and 2) The City or its component units is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the organization; and 3) Such economic resources are significant to the City.

Based on these criteria, the City has one component unit, the Reno Crime Control and Prevention District. Additionally, the City is not a component unit of any other reporting entity as defined by the GASB statement.

2. Basis of Presentation, Basis of Accounting

a. Basis of Presentation

Government-wide Statements: The statement of net position and the statement of activities include the financial activities of the overall government. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the governmental and business-type activities of the City. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the City and for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. The City does not allocate indirect expenses in the statement of activities. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the City's funds, with separate statements presented for each fund category. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

The City reports the following major governmental funds:

General Fund: This is the City's primary operating fund. It accounts for all financial resources of the City except those required to be accounted for in another fund.

Reno Crime Control and Prevention: This is a component unit to the City of Reno. This fund is to account for the accumulation of resources for, and the payment of, transactions involving the Crime Control and Prevention fund.

The City reports the following major enterprise funds:

Water and Sewer Fund: The System fund is used to account for operations that are financed and operated in a manner similar to private business enterprises, where the governing body has decided that the determination of revenues earned, cost incurred, and/or net income is necessary for management accountability.

In addition, the City reports the following fund types:

Debt Service Fund is to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

Special Revenue Funds are used to account for the proceeds of specific revenue, other than major capital projects and major special revenue funds that are legally restricted to expenditures for specified purposes. These funds consist of the Texas Recreational Trails Grant and Union Grove Cemetery.

b. Measurement Focus, Basis of Accounting

Government-wide and Proprietary Fund Financial Statements: These financial statements are reported using the economic resources measurement focus. The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The City does not consider revenues collected after its year-end to be available in the current period. Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the State are recognized under the susceptible-to-accrual concept. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available. Expenditures are recorded when the related fund liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, lease liabilities and claims and judgments, are recorded only when the obligation has matured and is due and payable shortly after year-end. General capital asset acquisitions, including entering into contracts giving the City the right to use lease assets, are reported as expenditures in governmental funds. Issuance of long-term debt and financing through leases and subscription-based information technology arrangements are reported as other financing sources.

When the City incurs an expenditure or expense for which both restricted and unrestricted resources may be used, it is the City's policy to use restricted resources first, then unrestricted resources.

Under GASB Statement No. 20, "Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting," all proprietary funds will continue to follow Financial Accounting Standards Board ("FASB") standards issued on or before November 30, 1989. However, from that date forward, proprietary funds will have the option of either 1) choosing not to apply future FASB standards (including amendments of earlier pronouncements), or 2) continuing to follow new FASB pronouncements unless they conflict with GASB guidance. The City has chosen to apply future FASB standards.

3. Financial Statement Amounts

   a. Cash and Cash Equivalents

   For purposes of the statement of cash flows, highly liquid investments are considered to be cash equivalents if they have a maturity of three months or less when purchased.

   b. Property Taxes

   Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. Property tax revenues are considered available when they become due or past due and receivable within the current period.

Allowances for uncollectible tax receivables within the General and Debt Service Funds are based upon historical experience in collecting property taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the City is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature.

c. Inventories and Prepaid Items

The City records purchases of supplies as expenditures, utilizing the purchase method of accounting for inventory.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

d. Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated fixed assets are recorded at their estimated fair value at the date of the donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. A capitalization threshold of $5,000 is used.

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

Asset Class	Estimated Useful Lives
Infrastructure	30
Buildings	50
Building Improvements	20
Vehicles	2-15
Office Equipment	3-15
Computer Equipment	3-15

e. Receivable and Payable Balances

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

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

f. Pensions

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

g. Other Post-Employment Benefits (OPEB)

The total OPEB liability of the Texas Municipal Retirement System (TMRS) has been determined using the flow of economic resource measurement focus and full accrual basis of accounting. This includes for purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to other post-employment benefits and OPEB expense. Benefit payments are recognized when due and payable in accordance with the benefit terms. There are no investments as this is a pay-as-you-go plan and all cash is held in a cash account.

h. Interfund Activity

Interfund activity results from loans, services provided, reimbursements or transfers between funds. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures or expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers In and Transfers Out are netted and presented as a single "Transfers" line on the government-wide statement of activities. Similarly, interfund receivables and payables are netted and presented as a single "Internal Balances" line of the government-wide statement of net position.

i. Fund Balances - Governmental Funds

Fund balances of the governmental funds are classified as follows:

Nonspendable Fund Balance - represents amounts that cannot be spent because they are either not in spendable form (such as inventory or prepaid insurance) or legally required to remain intact (such as notes receivable or principal of a permanent fund).

Restricted Fund Balance - represents amounts that are constrained by external parties, constitutional provisions or enabling legislation.

Committed Fund Balance - represents amounts that can only be used for a specific purpose because of a formal action by the City's City Council. Committed amounts cannot be used for any other purpose unless the City Council *removes* those constraints by taking the same type of formal action. Committed fund balance amounts may be used for other purposes with appropriate due process by the City Council. Commitments are typically done through adoption and amendment of the budget. Committed fund balance amounts differ from restricted balances in that the constraints on their use do not come from outside parties, constitutional provisions, or enabling legislation.

Assigned Fund Balance - represents amounts which the City intends to use for a specific purpose, but that do not meet the criteria to be classified as restricted or committed. Intent may be stipulated by the City Council or by an official or body to which the City Council delegates the authority. Specific amounts that are not restricted or committed in a special *revenue,* capital projects, debt service or permanent fund are assigned for purposes in accordance with the nature of their fund type or the fund's primary purpose. Assignments within the general fund *conveys* that the intended use of those amounts is for a specific purpose that is narrower than the general purposes of the City itself.

Unassigned Fund Balance - represents amounts which are unconstrained in that they may be spent for any purpose. Only the general fund reports a positive unassigned fund balance. Other governmental funds might report a negative balance in this classification because of overspending for specific purposes for which amounts had been restricted, committed or assigned.

When an expenditure is incurred for a purpose for which both restricted and unrestricted fund balance is available, the City considers restricted funds to *have* been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the City considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds.

The city's financial goal is to maintain sufficient balance in the operating fund along with sufficient working capital and a margin of safety to address local and regional emergencies without borrowing. The city shall strive to maintain a yearly fund balance in the general operating fund in which the total fund balance is twenty-five (25) percent of the total operating expenditures, and the unassigned fund balance is twenty-five (25) percent of the total expenditures.

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

j. Compensated Absences

On retirement or death of certain employees, the City pays any accrued vacation leave, compensatory time, and any accrued holiday time in a lump sum to such employee or his/her beneficiary. See compensated absences balances activity at Note G.

k. Use of Estimates

The preparation of financial statements in conformity with GAAP requires the use of management's estimates.

l. Leases

The City recognizes a lease liability right-to-use lease assets in the government-wide and general fund financial statements.

The City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease right-to-use assets were initially measured as the initial amount of the lease liability. Subsequently, the lease right-to-use assets are amortized on a straight-line basis over its useful life.

Key estimates and judgements related to leases include how the City determines (1) the discount rate is uses to discount the expected lease payments to present value, (2) lease term and (3) lease payments.

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

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

The City monitors changes in circumstances that would require a re-measurement of leases and will re-measure the lease assets and liabilities if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the Statement of Net Position.

4. Implementation of New Standards

In the current fiscal year, the City implemented the following new standards. The applicable provisions of the new standards are summarized below. Implementation is reflected in the financial statements and the notes to the financial statements.

GASB Statement No. 99, *Omnibus*

GASB 99 is an Omnibus statement that addresses a variety of practice issues identified during the implementation an application of certain GASB statements and accounting and financial reporting for financial guarantees. It reiterates some of the specific guidance for variable payments and the updating of variable payments. The statement aims to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues.

The requirement related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

GASB Statement No. 100, *Accounting Changes and Error Corrections – an Amendment of GASB Statement No. 62*

The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error correction to provide more understandable, reliable, relevant, consistent, and comparable information for making decision or assessing accountability.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter. The District implemented this Statement during the current year.

5. Upcoming Accounting Pronouncements

GASB Statement No. 101, *Compensated Absences,* will better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. The objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for fiscal year beginning after December 15, 2023, and all reporting periods thereafter.

B. Compliance and Accountability

1. Finance-Related Legal and Contractual Provisions

In accordance with GASB Statement No. 38, "Certain Financial Statement Note Disclosures," violations of finance related legal and contractual provisions, if any, are reported below, along with actions taken to address such violations:

Violation	Action Take
Cash Unsecured	Management is aware and is working with their Financial Institution
Budget Violation	General Fund – General Government expenses were greater than budget due to Grant expenses that were approved in prior year and recognized in the current year.

2. Deficit Fund Balance or Fund Net Position of Individual Funds

Following are funds having deficit fund balances or fund net position at year end, if any, along with remarks which address such deficits:

Fund Name	Amount	Remarks
None reported	Not applicable	Not applicable

C. Deposits and Investments

The City's funds are required to be deposited and invested under the terms of a depository contract. The depository bank deposits for safekeeping and trust with the City's agent bank approved pledged securities in an amount sufficient to protect City funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation ("FDIC") insurance.

Cash Deposits

At September 30, 2024, the carrying amount of the City's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was $5,535,867 and the bank balance was $5,772,668. The City's cash deposits at September 30, 2024 and on the highest date were not entirely covered by FDIC insurance or by pledged collateral held by the City's agent bank in the City's name. Management, along with their Financial Institution are aware and have put procedures in place to mitigate this problem going forward.

Investments

The City is required by Government Code Chapter 2256, The Public Funds Investment Act, to adopt, implement, and publicize an investment policy. That policy must be written; primarily emphasize safety of principal and liquidity; address investment diversification, yield, and maturity and the quality and capability of investment management; and include a list of the types of authorized investments in which the investing entity's funds may be invested; and the maximum allowable stated maturity of any individual investment owned by the entity.

The Public Funds Investment Act ("Act") requires an annual audit of investment practices. Audit procedures in this area conducted as a part of the audit of the general-purpose financial statements disclosed that in the areas of investment practices, management reports and establishment of appropriate policies, the City adhered to the requirements of the Act. Additionally, investment practices of the City were in accordance with local policies.

The Act determines the types of investments which are allowable for the City. These include, with certain restrictions, (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas, (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) bankers acceptances, (7) mutual funds, (8) investment pools, (9) guaranteed investment contracts, and (10) common trust funds.

The City's investments at September 30, 2024 are shown below.

Investment or Investment Type	Maturity		Fair Value
TexPool	N/A	$	1,961
Total Investments	N/A	$	1,961

Due to the immediate availability of the funds, the City's temporary investments at September 30, 2024 are included in cash and cash equivalents. Local government investments pools are recorded at amortized cost which approximates fair value. TexPool does not have any limitations or restrictions on withdrawals such as notice periods or maximum transaction amounts. The pools do not impose any liquidity fees or redemption gates.

Analysis of Specific Deposit and Investment Risks:

GASB Statement No. 40 requires a determination as to whether the City was exposed to the following specific investment risks at year end and if so, the reporting of certain related disclosures:

a. Credit Risk

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

At September 30, 2024, the City's investments, other than those which are obligations of or guaranteed by the U. S. Government, are rated as to credit quality as follows: AAAm.

b. Custodial Credit Risk

Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the City's name.

Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by either the counterparty or the counterparty's trust department or agent but not in the City's name. At year end, the City was not exposed to custodial credit risk.

c. Concentration of Credit Risk

This risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. At year end, the City was not exposed to concentration of credit risk.

d. Interest Rate Risk

This is the risk that changes in interest rates will adversely affect the fair value of an investment. At year end, the City was not exposed to interest rate risk.

e. Foreign Currency Risk

This is the risk that exchange rates will adversely affect the fair value of an investment. At year end, the City was not exposed to foreign currency risk.

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

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

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

TexPool

The City invests in the Texas Local Government Investment Pool (TexPool), which is a local government investment pool that was established in conformity with the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and operates under the Public Funds Investment Act, Chapter 2256 of the Texas Government Code. The State Comptroller of Public Accounts oversees TexPool. Federated Investors, Inc. is the administrator and investment manager of TexPool under a contract with the State Comptroller. In accordance with the Public Funds Investment Act, the State Comptroller has appointed the TexPool investment Advisory Board to advise with respect to texPool. The board is composed equally of participants in TexPool Portfolios and other persons who do not have a business relationship with TexPool Portfolios and are qualified to advise in respect to TexPool Portfolios. The Advisory Board members review the investment policy and management fee structure. TexPool is rated AAAm by Standard & Poor's and operates in a manner consistent with the SEC's

Rule 2a7 of the Investment Company Act of 1940. All investments are stated at amortized cost, which usually approximates the market value of the securities. The stated objective of TexPool is to maintain a stable average $1.00 per unit net asset value; however, the $1.00 net asset value is not guaranteed or insured. The financial statements can be obtained from the Texas Trust Safekeeping Trust Company website at .

D. Capital Assets

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

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental Activities:				
Capital assets not being depreciated:				
Land	$ 307,250	$ 228,568	$ --	$ 535,818
Total capital assets not being depreciated	307,250	228,568	--	535,818
Capital assets being depreciated:				
Infrastructure	1,666,553	232,603	--	1,899,156
Buildings and improvements	894,933	--	--	894,933
Equipment	1,188,126	931,293	--	2,119,419
Right to Use Asset	--	52,643	--	52,643
Total capital assets being depreciated	3,749,612	1,216,539	--	4,966,151
Less accumulated depreciation for:				
Infrastructure	(281,236)	(37,813)	--	(319,049)
Buildings and improvements	(548,875)	(19,186)	--	(568,061)
Equipment	(1,013,023)	(47,766)	--	(1,060,789)
Right-to-Use Equipment	--	(9,871)	--	(9,871)
Total accumulated depreciation	(1,843,134)	(114,636)	--	(1,957,770)
Total accumulated depreciation, net	1,906,478	1,101,903	--	3,008,381
Governmental activities capital assets, net	$ 2,213,728	$ 1,330,471	$ --	$ 3,544,199

With the implementation of Governmental Accounting Standards Board Statement No. 87, Leases, a lease meeting the criteria for this Statement requires the lease to recognize a lease liability and an right to use asset. The camera lease meets this definition and is presented in the table above as a Right-to-use Asset.

	Beginning Balances	Increases	Decreases	Ending Balances
Business-type activities:				
Capital assets not being depreciated:				
Land	$ 5,127	$ --	$ --	$ 5,127
Total capital assets not being depreciated	5,127	--	--	5,127
Capital assets being depreciated:				
Buildings and improvements	390,000	--	--	390,000
Equipment	853,384	--	--	853,384
Water and Sewer System	7,953,973	--	--	7,953,973
Total capital assets being depreciated	9,197,357	--	--	9,197,357
Less accumulated depreciation for:				
Buildings and improvements	(91,000)	(17,550)	--	(108,550)
Equipment	(774,133)	(12,199)	--	(786,332)
Water and Sewer System	(4,339,416)	(158,966)	--	(4,498,382)
Total accumulated depreciation	(5,204,549)	(188,715)	--	(5,393,264)
Total capital assets being depreciated, net	3,992,808	(188,715)	--	3,804,093
Business-type activities capital assets, net	$ 3,997,935	$ (188,715)	$ --	$ 3,809,220

Depreciation was charged the following governmental activities:

General Government	$	114,636
	$	114,636

E. Interfund Balances and Activity

Transfers To and From Other Funds

Transfers to and from other funds at September 30, 2024, consisted of the following:

Transfer In	Transfer Out	Amount	Reason
Water and Sewer Fund	General Fund	$ 83,095	ARPA expense reimbursement
Water and Sewer Fund	Debt Service	120,700	Debt Service Payments
	Total	$ 203,795	

F. Short-Term Debt Activity

The City had no accounts for short-term debts for maintenance purposes through the General Fund.

G. Long-Term Obligations

The City has entered into a continuing disclosure undertaking to provide Annual Reports and Material Event Notices to the State Information Depository of Texas, which is the Municipal Advisory Council. This information is required under SEC Rule 15c2-12 to enable investors to analyze the financial condition and operations of the City.

1. Long-Term Obligation Activity

General Obligation Bonds

$220,000 Certificate of Obligation Bonds, Series 2018 due in annual installments of $29,000 to $35,000 through June 15, 2025. Interest is payable semi-annually at a fixed rate of 3.40%. The bonds were issued for the purpose to purchase land for the extension to the city park. The bonds are payable to the registered owner through the services of Lamar National Bank, Paris, Texas. The unpaid balance as of September 30, 2024, was $35,000.

$600,000 Certificate of Obligation Bonds, Series 2017 due in annual installments of $33,000 to $48,000 through October 15, 2032. Interest is payable semi-annually at a fixed rate of 2.720%. The bonds were issued for the purpose to construction of public works building and other construction cost as listed on notice of intention. The bonds are payable to the registered owner through the services of ZB, National Association, dba Amegy Bank. The unpaid balance as of September 30, 2024, was $390,000. The debt is divided between the general fund and the enterprise fund.

$350,000 Certificate of Obligation Bonds, Series 2021 due in annual installments of $20,000 to $27,000 through January 2036. Interest is payable semi-annually at a fixed rate of 1.99%. The bonds were issued for the purpose of water system repairs and improvements. The bonds are payable to the registered owner through the services of Lamar National Bank, Paris, Texas. The unpaid balance as of September 30, 2024, was $288,000.

Water and Sewer Revenue Bonds and Certificates of Obligations $1,145,000 Combination Tax and Revenue Certificates of Obligation, Series 2004, due in annual installments of $35,000 to $125,000 through January 1, 2024. Interest is payable semi-annually at rates ranging from 3.00% to 3.6%. As of September 30, 2024, the balance was paid in full. The City is required to deposit in the Interest and Sinking Fund from the surplus revenues of the Water and Sewer System each month an amount of not less than 1/12 of the annual debt service on the Certificates of Obligation.

$900,000 Combination Tax and Revenue Certificate of Obligation, Series 2005, due in annual installments of $30,000 to $105,000 through January 2024. Interest is payable semi-annually at rates at 3.15%. As of September 30, 2024, the balance was paid in full. The City is required to deposit in the Interest and Sinking Fund from the surplus revenues of the Water and Sewer System each month an amount of not less than 1/12 of the annual debt service on the Certificates of Obligation.

Certificates of Obligation, Series 2024 in the amount of $3,260,000, due in annual installments of $60,000 to $215,000 through September 2049. Interest is payable semi-annually at rates ranging from 4.125% to 5.500%. The unpaid balance as of September 30, 2024, was $3,260,000.

Other Long Term Debt Liabilities

A $44,464 loan for the purchase of a 2021 Chevrolet Silverado with payments due in annual installments with an interest rate of 3.856%. The payments will be $15,979 beginning December 28, 2021 and the vehicle will be used as collateral for the loan. The balance was paid in full at September 30, 2024.

A $55,450 loan for the purchase of a 2021 Chevrolet Tahoe with payments due in annual installments with an interest rate of 3.856%. The annual payments will be $19,927 and will begin January 5, 2022. The vehicle will be used as collateral. The balance was paid in full at September 30, 2024

Long-term obligations include debt and other long-term liabilities. Changes in long-term obligations for the year ended September 30, 2024, are as follows:

During the fiscal year, the City of Reno made all of their debt payments in a timely manner and adhered to the debt covenants related to their debt.

Governmental activities:	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Note Payable – 2021 Tahoe	19,186	--	19,186	--	--
Certificate of Obligations, Series 2017	149,800	--	13,300	136,500	13,650
Certificate of Obligations, Series 2018	69,000	--	34,000	35,000	35,000
Right to Use Lease Liability	--	52,643	12,000	40,643	9,360
Compensated Absences	33,953	16,877	--	50,830	--
Total Governmental activities	$ 271,939	$ 69,520	$ 78,486	$ 262,973	$ 58,010

Business-type activities	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Note Payable – 2021 Silverado	$ 15,386	$ --	$ 15,386	$ --	$ --
Combination CO, Series 2004	125,000	--	125,000	--	--
Certificate of Obligations, Series 2005	105,000	--	105,000	--	--
General Obligation Bonds, Series 2017	278,200	--	24,700	253,500	25,350
Certificates of Obligations Series 2021	309,000	--	21,000	288,000	21,000
Certificates of Obligations Series 2024		3,260,000	--	3,260,000	60,000
Compensated Absences	20,059	--	708	19,351	--
Total Business-type activities	$ 852,645	$ 3,260,000	$ 291,794	$ 3,820,851	$ 106,350

2. Debt Service Requirements

Debt service requirements on long-term debt at September 30, 2024, are as follows:

	Governmental Activities		Business-Type Activities	
	General Obligation		General Obligation	
Year ending September 30,	Principal	Interest	Principal	Interest
2025	$ 48,650	$ 4,903	$ 106,350	$ 178,075
2026	14,000	3,641	118,000	165,769
2027	14,350	2,961	123,650	160,774
2028	14,700	2,570	130,300	155,476
2029	15,050	2,171	135,950	149,876
2030	15,400	1,761	137,600	143,973
2031-2035	49,350	2,704	727,650	625,270
2036-2040	--	--	692,000	459,800
2041-2045	--	--	825,000	295,650
2046-2049	--	--	805,000	92,475
	$ 171,500	$ 20,411	$ 3,801,500	$ 2,427,138

A summary of lease payables, as of September 30, 2024 for governmental activities are as follows:

Purpose of Lease	Interest Rate	Initial Year of Lease	Amount of Initial Liability	Amount Outstanding 9/30/2024	Amounts Due Within One Year
Governmental Activities					
Right to Use Equipment	*5.50%	2023	52,643	40,643	9,360

The City leases cameras for the Police Department, beginning in December 2023 for a term of five years. Lease did not have a stated interest rate. For the purpose of calculating the liability the City's current borrowing rate on their new bond debt was used. The City will not acquire the equipment at the end of the five years, however they will have the option to renew.

The future principal and interest lease payments as of September 30, 2024, are as follows for governmental activities:

Years ended September 30,		Principal		Interest
2025	$	9,360	$	2,640
2026		9,875		2,125
2027		10,418		1,582
2028		10,990		1,010
Total		40,643		7,357

The Tax Recovery Act of 1986 established regulations for the rebated to the federal government of arbitrage earnings on certain local bonds issued after December 31, 1985, and all local governmental bonds issued after August 31, 1986. Issuing governments must calculate any rebate due on a annual basis and remit the amount due at least every five years. The City currently has no cumulative rebate liability.

H. Risk Management

The City is exposed to various risks of loss related to torts, theft, damage or destruction of assets, errors and omissions, injuries to employees, and natural disasters. During fiscal year 2020 the City obtained general liability coverage at a cost that is considered to be economically justifiable by joining together with other governmental entities in the State as a member of the Texas Municipal League Intergovernmental Risk Pool ("TML"). TML is a self-funded pool operating as a common risk management and insurance program. The City pays an annual premium to TML for its above insurance coverage. The agreement for the formation of TML provides that TML will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of acceptable risk levels; however, each category of coverage has its own level of reinsurance. The City continues to carry commercial insurance for other risks of loss. There were no significant reductions in commercial insurance coverage in the past fiscal year and settled claims resulting from these risks have not exceeded coverage in any of the past three fiscal years.

I. Pension Plan

1. Plan Description

The City participates as one of 935 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 the 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 (ACRF) that can be obtained at trms.com.

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

2. 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 Partial 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.

Employees covered by benefit terms:

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

Inactive employees or beneficiaries currently receiving benefits	2
Inactive employees entitled to but not yet receiving benefits	9
Active employees	15
Total covered employees	26

3. Contributions

The contribution rates for employees in TMRS are either 5%, 6%, or 7% of Members'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 were required to contribute 5.0% of their annual gross earnings during the fiscal year. The contribution rates for the City were 5.18% and 5.23% in calendar years 2023 and 2024, respectively. The City's contributions to TMRS for the year ended September 30, 2024 were $44,002 and were equal to the required contributions.

4. Net Pension Liability (Asset)

The City's Net Pension Liability (NPL) was measured as of December 31,2022, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. They were adopted in 2023 and first used in the December 31, 2023 actuarial valuation.

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 expenses, 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 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 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 weighing 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 2022 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Public Equities	35%	6.8%
Core Fixed Income	6%	4.7%
Non-Core Fixed	20%	8.0%
Other Public and Private Markets	12%	8.0%
Real Estate	12%	7.6%
Hedge Funds	5%	6.4%
Private Equity	10%	11.6%
Total	100%	

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 the Member 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 Members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

Changes in Net Pension Liability (Asset)	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) – (b)
Balance at 12/31/2022	$ 1,534,621	$ 1,600,903	$ (66,282)
Changes for the year			
Service Cost	94,781	--	94,781
Interest	106,291	--	106,291
Change of benefit terms	--	--	--
Difference between expected and actual experiences	18,096	--	18,096
Changes in assumptions	(6,291)	--	(6,291)
Contributions - employer	--	43,833	(43,833)
Contributions - employee	--	44,002	(44,002)
Net investment income	--	185,020	(185,020)
Benefit payments, including refunds of employee contributions	(14,657)	(14,657)	--
Administrative expense	--	(1,179)	1,179
Other changes	--	(10)	10
Net Changes	198,220	257,009	(58,789)
Balance at 12/31/2023	1,732,841	1,857,912	(125,071)

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

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

	1% Decrease in Discount Rate (5.75%)	Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
City’s net pension liability (asset)	$ 145,209	$ (125,074)	$ (346,545)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's Fiduciary Net Position is available in the Schedule of Changes in Fiduciary Net Position (a separately issued report), by Participating City. That report may be obtained on the Internet at http://www.trms.com.

5. 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 $37,446.

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

		Deferred Outflows of Resources		Deferred Inflows of Resources
Differences between expected and actual economic experience (net of current year amortization)	$	22,765	$	32,725
Changes in actuarial assumptions		--		5,569
Difference between projected and actual investment earnings (net of current year amortization)		40,030		--
Contributions subsequent to the measurement date		34,400		--
Total	$	97,195	$	38,294

There was $617 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 ended Dec. 31:		
2025	$	4,711
2026	$	5,105
2027	$	24,946
2028	$	(12,077)
2029	$	1,816
Thereafter	$	--

J. Health Care Coverage

During the year ended September 30, 2024, employees of the City were covered by a health insurance plan (the Plan). The City paid premiums of $912.95 per month per employee to the Plan. All premiums were paid to a third-party administrator, acting on behalf of the licensed insurer. The Plan was authorized by Article 3.51-2, Texas Insurance Code and was documented by contractual agreement. The contract between the City and the third-party administrator is renewable December 31, 2024, and terms of coverage and premium costs are included in the contractual provisions. The contract dates cover the time period from January 1 to December 31 annually. Latest financial statements are available for the year ended December 31, 2024, have been filed with the Texas State Board of Insurance, Austin, Texas, and are public records.

K. Postemployment Benefits Other Than Pension

1. Plan Description

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

2. Employees covered by benefit terms:

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

Inactive employees or beneficiaries currently receiving benefits	1
Inactive employees entitled to but not yet receiving benefits	3
Active employees	15
Total covered employees	19

3. Benefits Provided

   Payments from the fund are similar to group-term life insurance benefits and are paid to the designated beneficiaries upon receipt of an approved application for payment. The death benefit for active employees provides a lump-sum approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death); retired employees are insured for $15,000; this coverage is an "other postemployment benefit, " or OPEB.

4. Contributions

   Contributions are made monthly based on the covered payroll of employee members of the participating member city. The contractually required contribution rate is determined annually for each city. The rate is based on the mortality and service experience of all employees covered by the SDBF and the demographics specific to the workforce of the city. There is a one-year delay between the actuarial valuation that serves as the basis for the employer contribution rate and the calendar year when the goes into effect. The contributions to the SDBF are pooled for investment purposes with those of the Pension Trust Fund. The TMRS Act requires the Pension Trust Fund to allocate investment income to the SDBF on an annual basis. The funding policy of this plan is to assure that adequate resources are available to meet all death benefit payments for the upcoming year; the intent is not to prefund retiree term life insurance during employees’ entire careers. As such, contributions are utilized to fund active member deaths on a pay-as-you go basis; any excess contributions and investment income over payments then become net position available for benefits.

   Employees of the City were not required to contribute any percentage of their gross earnings during the fiscal year. The contribution rates for the City were 0.09%, and 0.21% for the calendar years ending in 2023 and 2024, respectively. The City's contributions to the TMRS SDBF for the years ended 2024, were $1,650 and were equal to the required contributions.

5. Actuarial Assumptions

   The total OPEB liability in the December 31, 2023 valuation were based on the results of an actual experience study for the period ending December 31, 2022.

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

Inflation	2.50%
Salary Increases	3.60% to 11.85% including inflation.
Discount rate*	3.77%
Retirees’ share of benefit-related costs	$0

Administrative expenses	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements of GASB Statement No. 68.
Mortality rates – service retirees	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).
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 Scale UMP 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.

6. Schedule of Changes in the Total OPEB Liability:

Total OPEB Liability		Increase (Decrease) Total OPEB Liability (a)
Balance at 12/31/2022	$	16,589
Changes for the year		
Service cost		1,936
Interest		709
Change of benefit terms		--
Difference between expected/actual experience		257
Changes of assumptions		1,223
Contributions – employer		--
Contributions – employee		--
Net investment income		--
Benefit payments, including refunds of employee contributions		(87)
Administrative expense		--
Other changes		--
Net Changes		4,038
Balance at 12/31/2023	$	20,627

7. Discount Rate Sensitivity Analysis

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%
City's total OPEB liability	$	26,322	$	20,627	$	16,377

Detailed information about the OPEB plan's Total OPEB Liability is available in a separately issued TMRS financial report. The report may be obtained on the internet at www.tmrs.com.

8. 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 in the amount of $1,513.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 226	$ 5,081
Changes in actuarial assumptions	6,233	9,447
Contributions subsequent to the measurement date	617	N/A
Total	$ 7,076	$ 14,528

There was $617 reported as deferred outflows of resources related to OPEBs resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability for the year ending September 30, 2025. Other amounts reported as deferred outflows and inflows of resources related to OPEBs will be recognized in pension expense as follows:

Year ended Dec. 31,	
2025	$ (1,112)
2026	$ (1,342)
2027	$ (1,224)
2028	$ (1,253)
2029	$ (1,402)
Thereafter	$ (1,736)

L. Water Contract

In 2017, the City entered into a contract with Lamar County Water Supply District to provide potable treated water for resale to City customers. The contract, which expires in twenty-five years, provides that the City obtain all of its water from the District and also provides that the District may revise charges for services from time to time. As of September 30, 2019, water cost was $3.00 per 1,000 gallons. There were not any changes as of September 30, 2024.

M. Commitments and Contingencies

1. Contingencies

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

In September 2022 the City of Reno received $415,365 as the final payment in a total allocation of $829,000 as a result of the American Rescue Plan Act of 2021. This bill provides additional relief to address the continued impact of COVID-19 on the economy, public health, state and local governments, individuals, and businesses. At September 30, 2024, the City had expended $808,531 of those funds. The remaining $20,469 has been approved by the City Council to purchase a generator, meeting the deadline to have all funds allocated by December 31, 2024.

2. Litigation

No reportable litigation was pending against the City at September 30, 2024.

N. Subsequent Events

Management has evaluated subsequent events through April 14, 2025, the date the financials were available for release, and noted nothing 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 RENO, TEXAS **EXHIBIT B-1**

GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
Revenue:				
Taxes:				
General Property Taxes	$ 927,870	$ 927,870	$ 998,391	$ 70,521
General Sales and Use Taxes	420,000	420,000	413,570	(6,430)
Franchise Taxes	150,000	150,000	174,731	24,731
Refuse Collection	240,000	240,000	263,190	23,190
License and Permits	10,000	10,000	6,138	(3,862)
Intergovernmental	74,000	74,000	784,285	710,285
Municipal Court	18,000	18,000	39,749	21,749
Investment Earnings	7,500	--	15,958	15,958
Other	700	700	4,529	3,829
Total revenues	1,848,070	1,840,570	2,700,541	859,971
Expenditures:				
General Government	1,055,936	1,093,998	2,090,139	(996,141)
Criminal Justice	21,400	21,400	12,316	9,084
Public Safety	687,639	687,639	603,435	84,204
Total Expenditures	1,764,975	1,803,037	2,705,890	(902,853)
Excess (Deficiency) of Revenues Over (Under) Expenditures	83,095	37,533	(5,349)	(42,882)
Other Financing Sources (Uses):				
Transfers Out	(83,095)	(83,095)	(83,095)	--
Total Other Financing Sources (Uses)	(83,095)	(83,095)	(83,095)	--
Net Change in Fund Balances	--	(45,562)	(88,444)	(42,882)
Fund Balances - Beginning	1,291,351	1,291,351	1,370,960	79,609
Fund Balances - Ending	$ 1,291,351	$ 1,245,789	$ 1,282,516	$ 36,727

Exhibit B-2

City of Reno, Texas
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

Plan Year Ended December 31,

	2023	2022	2021	2020	2019
Total Pension Liability					
Service cost	$ 94,781	$ 79,606	$ 78,285	$ 72,925	$ 69,641
Interest (on the total pension liability)	106,291	94,467	89,246	80,910	70,728
Changes of benefit terms	-	-	-	-	-
Difference between expected and actual experience	18,096	8,161	(61,170)	(7,665)	15,743
Change of assumptions	(6,290)	-	-	-	(2,328)
Benefit payments, including refunds of employee contributions	(14,657)	(14,657)	(44,679)	(6,019)	(3,140)
Net Change in Total Pension Liability	198,221	167,577	61,682	140,151	150,644
Total Pension Liability - Beginning	1,534,621	1,367,044	1,305,362	1,165,211	1,014,567
Total Pension Liability - Ending (a)	$ 1,732,842	$ 1,534,621	$ 1,367,044	$ 1,305,362	$ 1,165,211
Plan Fiduciary Net Position					
Contributions - employer	$ 43,833	$ 37,541	$ 37,848	$ 30,146	$ 27,541
Contributions - employee	44,002	36,752	36,962	34,269	33,037
Net investment income	185,020	(121,062)	187,931	98,014	165,247
Benefit payments, including refunds of employee contributions	(14,657)	(14,657)	(44,679)	(6,019)	(3,140)
Administrative expense	(1,179)	(1,050)	(877)	(633)	(932)
Other	(8)	1,253	6	(25)	(28)
Net Change in Plan Fiduciary Net Position	257,011	(61,223)	217,191	155,752	221,725
Plan Fiduciary Net Position - Beginning	1,600,902	1,662,125	1,444,928	1,289,177	1,067,452
Plan Fiduciary Net Position - Ending (b)	$ 1,857,913	$ 1,600,902	$ 1,662,119	$ 1,444,929	$ 1,289,177
Net Pension Liability - Ending (a) - (b)	$ (125,071)	$ (66,281)	$ (295,075)	$ (139,567)	$ (123,966)
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	107.22%	104.32%	121.58%	110.69%	110.64%
Covered Payroll	$ 880,049	$ 735,046	$ 739,234	$ 685,384	$ 660,734
Net Pension Liability as a Percentage of Covered Payroll	-14.21%	-9.02%	-39.92%	-20.36%	-18.76%

	2018	2017	2016	2015	2014
Total Pension Liability					
Service cost	$ 59,949	$ 58,541	$ 58,179	$ 48,051	$ 47,973
Interest (on the total pension liability)	61,919	52,114	46,990	41,412	36,406
Changes of benefit terms	-	-	-	-	-
Difference between expected and actual experience	7,628	37,742	(26,303)	(4,444)	(6,600)
Change of assumptions	-	-	-	19,920	-
Benefit payments, including refunds of employee contributions	(4,546)	(3,140)	(3,140)	(7,746)	(4,888)
Net Change in Total Pension Liability	124,950	145,257	75,726	97,193	72,891
Total Pension Liability - Beginning	889,617	744,360	668,634	571,441	498,550
Total Pension Liability - Ending (a)	$ 1,014,567	$ 889,617	$ 744,360	$ 668,634	$ 571,441
Plan Fiduciary Net Position					
Contributions - employer	$ 21,402	$ 20,308	$ 17,216	$ 14,986	$ 8,544
Contributions - employee	28,385	27,614	27,417	23,101	21,797
Net investment income	(31,611)	123,016	53,585	1,124	39,895
Benefit payments, including refunds of employee contributions	(4,546)	(3,140)	(3,140)	(7,746)	(4,888)
Administrative expense	(610)	(637)	(605)	(685)	(416)
Other	(32)	(32)	(33)	(34)	(34)
Net Change in Plan Fiduciary Net Position	12,988	167,129	94,440	30,746	64,898
Plan Fiduciary Net Position - Beginning	1,054,465	887,336	792,895	762,149	697,251
Plan Fiduciary Net Position - Ending (b)	$ 1,067,453	$ 1,054,465	$ 887,335	$ 792,895	$ 762,149
Net Pension Liability - Ending (a) - (b)	$ (52,886)	$ (164,848)	$ (142,975)	$ (124,261)	$ (190,708)
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	105.21%	118.53%	119.21%	118.58%	133.37%
Covered Payroll	$ 567,695	$ 552,277	$ 548,337	$ 462,029	$ 435,942
Net Pension Liability as a Percentage of Covered Payroll	-9.32%	-29.85%	-26.07%	-26.89%	-43.75%

Exhibit B-3

City of Reno, Texas
SCHEDULE OF PENSION CONTRIBUTIONS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Fiscal Year Ended September 30,									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	$ 46,309	$ 43,983	$ 39,525	$ 26,619	$ 26,031	$ 2,144	$ 19,531	$ 17,726	$ 13,110	$ -
Contributions in relation to actuarially determined contribution	(46,309)	(43,983)	(39,525)	(26,619)	(26,031)	(2,144)	(19,531)	(17,726)	(13,110)	-
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 919,235	$ 842,478	$ 760,095	$ 682,751	$ 639,841	$ 552,642	$ 548,936	$ 537,549	$ 435,942	$ -
Contributions as a percentage of covered payroll	5.04%	5.22%	5.20%	3.90%	4.07%	0.39%	3.56%	3.30%	3.01%	0.00%

City of Reno, Texas
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Plan Year Ended December 31,						
	2023	2022	2021	2020	2019	2018	2017
Total OPEB Liability							
Service cost	$ 1,936	$ 2,940	$ 2,587	$ 1,851	$ 1,255	$ 1,249	$ 1,049
Interest (on the total OPEB liability)	709	506	530	573	617	584	528
Changes of benefit terms	-	-	-	-	-	-	-
Difference between expected and actual experience	257	(1,132)	(3,287)	(1,356)	(2,828)	(1,043)	2,020
Change of assumptions	1,223	(11,691)	1,043	4,312	4,912	(1,780)	-
Benefit payments, including refunds of employee contributions	(87)	(74)	(74)	(70)	(66)	-	-
Net Change in Total OPEB Liability	4,038	(9,451)	799	5,310	3,890	(990)	3,597
Total OPEB Liability - Beginning	16,589	26,040	25,241	19,931	16,041	17,031	13,434
Total OPEB Liability - Ending	$ 20,627	$ 16,589	$ 26,040	$ 25,241	$ 19,931	$ 16,041	$ 17,031
Covered Payroll	$ 880,049	$ 735,046	$ 739,234	$ 685,384	$ 660,734	$ 567,595	$ 552,277
Total OPEB Liability as a Percentage of Covered Payroll	2.34%	2.26%	3.52%	3.68%	3.02%	2.83%	3.08%

City of Reno

SCHEDULE OF OPEB CONTRIBUTIONS

FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Measurement Year Ended September 30,						
	2023	2022	2021	2020	2019	2018	2017
Actuarially determined contribution	$ 617	$ 662	$ 591	$ 685	$ 683	$ 607	$ 475
Contributions in relation to actuarially determined contribution	(617)	(662)	(591)	(685)	(683)	(607)	(475)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 880,049	$ 735,004	$ 739,234	$ 685,384	$ 660,734	$ 567,695	$ 552,277
Contributions as a percentage of covered payroll	0.07%	0.09%	0.08%	0.10%	0.10%	0.11%	0.09%

Budgetary Data
The official budget was prepared for adoption for the General Fund. The following procedures are followed in establishing the budgetary data reflected in financial statements.

a Prior to beginning of the fiscal year, the City prepares a budget for the next succeeding fiscal year beginning. The operating budget includes proposed expenditures and the means of financing them.

b. 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.

c. Prior to the start of the fiscal year, the budget is legally enacted through passage of an ordinance by the City Council.

Once a budget is approved, it can be amended only by approval of a majority of the City Council. Amendments are presented to the City Council at its regular meetings. Each amendment must have the City Council's approval. As required by law, such amendments are made before the fact, are reflected in the official minutes of the City Council and are not made after fiscal year end. During the year, the budget was amended as necessary. There were significant amendments passed during the fiscal year. The budget is prepared on the modified accrual basis.

Encumbrances for goods or purchased services are documented by purchase orders or contracts. Under Texas law, appropriations lapse at September 30, and encumbrances outstanding at that time are to be either cancelled or appropriately provided for in the subsequent year's budget. There were no end-of-year outstanding encumbrances that were provided for in the subsequent year's budget.

The legal level of budgetary control (level at which the governing body must approve any over expenditure) is at the category level. Categories are defined as: General Government, Criminal Justice, Public Safety and Debt Service.

Excess of Expenditures Over Appropriations in Major Governmental Funds The City expenditures exceeded appropriations in the following major governmental funds in the noted categories:

Fund	Category
General Fund	General Government

The budgets for the General fund was adopted on a basis consistent with generally accepted accounting principles (GAAP) on the modified accrual basis of accounting.

The City Council works diligently to keep expenditures within the budgeted appropriations. In the current fiscal year, the City recognized expenditures that had been approved in previous fiscal years but by accounting standards must be recognized as expense in the current year. In addition, the corresponding grant revenue is reported in the same manner.

Valuation Date:	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	2.5%
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 retirment: 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:	There were no benefit changes during the year.

City of Reno
NOTES TO SCHEDULE OF OPEB CONTRIBUTIONS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

Valuation Date:	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	N/A
Amortization Method	N/A
Remaining Amortization Period	N/A
Asset Valuation Method	N/A
Inflation	2.50%
Salary Increases	3.50% to 11.50% including inflation
Investment Rate of Return	2.00%
Retirement Age	N/A
Mortality	Mortality rates - service retirees: 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). 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.

Other Information:	There were no benefit changes during the year.

CITY OF RENO, TEXAS

EXHIBIT C-1

DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Budget	Actual	Variance Positive (Negative)
Revenue:			
Taxes:			
General Property Taxes	$ 180,361	$ 194,025	$ 13,664
Investment Earnings	1,000	1,468	468
Total revenues	181,361	195,493	14,132
Expenditures:			
Debt Service:			
Principal on Long Term Debt	181,361	47,300	134,061
Interest on Long Term Debt	--	8,694	(8,694)
Bond Issuance Costs and Fees	--	1,325	(1,325)
Total Expenditures	181,361	57,319	124,042
Excess (Deficiency) of Revenues Over (Under) Expenditures	--	138,174	138,174
Other Financing Sources (Uses):			
Transfers Out	--	(120,700)	120,700
Total Other Financing Sources (Uses)	--	(120,700)	120,700
Net Change in Fund Balances	--	17,474	17,474
Fund Balances - Beginning	140,010	140,010	--
Fund Balances - Ending	$ 140,010	$ 157,484	$ 17,474

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.

Independent Auditor's Report on Internal Control over Financial Reporting and On Compliance and Other Matters Based on an Audit of Financial Statements performed In Accordance With *Government Auditing Standards*

City Council Members
City of Reno, Texas
160 Blackburn Street
Reno, Texas 75462

Members of the City Council Members:

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 Reno, Texas (the City), as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise City's basic financial statements, and have issued our report thereon dated April 14, 2025.

Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards,* and which are described in the accompanying Schedule of Findings and Responses as item 2024-001.

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.

Malnory, McNeal & Company PC

Certified Public Accountants

April 14, 2025
Paris, Texas

Findings 2024-001

Criteria:
Under the Texas Government Code Sec. 2257.022, a deposit of public funds must be secured by eligible security in an amount not less than the amount of deposit of public funds.

Condition:
We noted that the City's combined cash balance in the bank exceeded the amount covered by pledged securities and FDIC insurance on the following dates: June 27, 2024 through the end of the fiscal year, September 30, 2024. In addition, the City's cash remained unsecured through February 1, 2025.

Cause:
The City and their Financial Institution failed to monitor the balances against the pledged securities and therefore allowed the cash balance to exceed the pledged amount. Action was quickly taken by the Financial Institution to remedy the compliance violation.

Effect:
The cash balances of the City were not entirely covered by FDIC insurance or pledged securities on the dates listed above.

Recommendation:
The City should monitor the cash balances to determine if more coverage is needed. Excess funds should be transferred to pooled investment accounts. Additional pledged securities may be necessary.

Views of Elected Officials:
The City Secretary and the City Mayor agree with the findings and recommendations and a plan of corrective action has been developed.

CITY OF RENO, TEXAS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

Finding/Recommendation	Current Status	Management's Explanation If Not Implemented
Not Applicable		