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**City Of Royse City, Texas**

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**Annual  
Financial Report**

**Fiscal Year Ended September 30, 2024**

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# **City of Royse City, Texas**

## **Independent Auditor's Report and Financial Statements**

**September 30, 2024**

**Carl Alsbrook  
City Manager**

**Shannon Raymond  
Assistant City Manager/CFO**

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## **Independent Auditor's Report**

The Honorable Mayor  
and Members of the City Council  
City of Royse City, Texas

### ***Opinions***

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Royse City, Texas (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 accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, 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 (GAAS). 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 the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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 GAAS, 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, budgetary comparison, pension, and other postemployment benefit information be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, 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's basic financial statements. The combining and individual fund financial statements and budgetary comparison schedules as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the combining and individual fund financial statements and budgetary comparison schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

***Forvis Mazars, LLP***

**Dallas, Texas  
April 18, 2025**

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**City of Royse City, Texas**  
**Management's Discussion and Analysis**  
**For the Year Ended September 30, 2024**

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As management of the City of Royse City, Texas (City), we offer the readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ending September 30, 2024. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the City's financial statements, which follow this narrative.

***Financial Highlights***

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$179,446,637 (net position). Of this amount, \$118,609,480, or 66.10 percent, represents the City's investment in capital assets, less any related outstanding debt used to acquire those assets. The amount of net position restricted for debt service, capital projects, impact fees, and other purposes is \$33,670,038 or 18.76 percent. Total unrestricted net position is \$27,167,119 or 15.14 percent.
- The government's total net position increased by \$75,950,669, or 73.39 percent, over the prior year. The \$68,867,609, or 138.45 percent, increase in net investment capital assets represents capital expenditures less depreciation, retirement of current debt, unspent bond proceeds and capital contributions. The \$2,369,533, or 7.57 percent, increase in restricted net position represents the change in resources that are subject to external restrictions on their use. The \$4,713,527 or 20.99 percent, increase in unrestricted net position represents the change in resources available to fund City programs to citizens.
- The City's governmental funds combined ending fund balance of \$59,576,110 was an increase of 44.50 percent, or \$18,345,932, from the prior year ending fund balance of \$41,230,178.
- At the end of the current fiscal year, the unassigned fund balance for the General Fund amounts to \$6,878,940 and was 39.02 percent of total General Fund expenditures for the fiscal year.

***Overview of the Financial Statements***

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The basic financial statements present two different views of the City through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains required and other supplemental information that will enhance the reader's understanding of the financial condition of the City.

**Basic Financial Statements.** The first two statements (pages 17-19) in the basic financial statements are the government-wide financial statements. They provide both short and long-term information about the City's financial status.

**City of Royse City, Texas**  
**Management's Discussion and Analysis**  
**For the Year Ended September 30, 2024**

The next statements (pages 20-29) are fund financial statements. These statements focus on the activities of the individual parts of the City's government. These statements provide more detail than the government-wide statements. There are two parts to the Fund financial statements: 1) the Governmental Fund financial statements and 2) the Proprietary Fund financial statements.

The next section of the basic financial statements is the notes, beginning on page 30. The notes to the financial statements explain in detail some of the data contained in those statements. After the notes, required supplementary information (pages 66-72) is provided to show details about the City's budgetary information for the General Fund, and various information on the pension and OPEB plans. Supplemental information (pages 74-108) is also included to provide combining nonmajor fund financial statements, individual financial statements of the component unit, and information about the City's budgetary comparison for the Debt Service Fund, Bonds Capital Projects Fund, and non-major Special Revenue Funds that have approved budgets.

**Government-Wide Financial Statements.** The *government-wide financial statements* are designed to provide the reader with a broad overview of the City's finances, similar in format to a financial statement of a private-sector business. The government-wide statements provide short and long-term information about the City's financial status as a whole.

The Statement of Net Position presents information on all of the City's assets, liabilities and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. The Statement of Net Position combines governmental fund's current financial resources (short-term spendable resources) with capital assets and long-term obligations. In order to assess the overall health or financial condition of the City, other non-financial factors should also be taken into consideration. These include changes in the City's property tax base and the condition of the City's infrastructure.

The Statement of Activities presents information showing how the City's net position changed during the most recent fiscal year. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. All changes in net position are reported as soon as the underlying event giving rise to the changes occurs, regardless of the timing related to cash flows.

Thus, revenues and expenses are reported in these statements for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned, but not unused, vacation leave, if material value).

The government-wide statements are divided into three categories: 1) governmental activities; 2) business-type activities; and 3) component unit. The governmental activities include most of the City's basic services such as public safety, public services, parks and recreation, and general administration. Property taxes, sales tax, licenses and permits, and franchise fees finance most of the activities. The business-type activities are those that the City charges a fee to customers to help it cover all or most of the cost of certain services it provides. The City's water and sewer systems are reported as business-type activities. The final category is the component unit. The City includes one separate legal entity in its report – the Royse City Community Development Corporation. Although legally separate, this "component unit" is important because the City is financially accountable for them.

**City of Royse City, Texas  
Management's Discussion and Analysis  
For the Year Ended September 30, 2024**

The government-wide financial statements can be found on pages 17-19 of this report.

**Fund Financial Statements.** The fund financial statements provide a more detailed look at the City's most significant funds. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Some funds are required to be established by state law and by bond covenants. However, the City Council established many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money. The City, like all other governmental entities in Texas, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the General Statutes or the City's budget ordinance. All of the City's funds can be divided into two categories: governmental funds and proprietary funds.

**Governmental Funds.** *Governmental funds* are used to account for those functions reported as governmental activities in the government-wide financial statements. Most of the City's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flows in and out, and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called *modified accrual accounting* which provides a short-term spending focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the City's programs.

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

The City maintains twenty-nine individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund, Debt Service Fund, Bonds Capital Projects Fund, ARPA Grant Fund, and General Capital/CIP Fund which are considered major funds. Data from the other twenty-four governmental funds are combined into a single aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements in the combining and individual fund statements and schedules section of this report.

The City adopts an annual budget for its General Fund, Debt Service Fund, Bonds Capital Projects Fund, and certain Special Revenue Funds as required by the General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the City, the management of the City, and the decisions of the Council about which services to provide and how to pay for them. It also authorizes the City to obtain funds from identified sources to finance these current period activities. The budgetary statements and schedules provided for the funds demonstrates how well the City complied with the budget ordinance and whether the City succeeded in providing the services as planned when the budget was adopted. The budgetary comparison schedules use the budgetary basis of accounting and is presented using the same format, language, and classifications as the legal budget document. The statement shows four columns: 1) original budget; 2) the final budget as amended by the Council; 3) the actual resources, charges for appropriations, and ending balances in the funds; and 4) the difference or variance between the final budget and the actual resources and charges.

The Governmental Fund financial statements can be found on pages 20-23 of this report.

**Proprietary Funds.** The City maintains two types of proprietary funds, enterprise funds and internal service funds. The City uses enterprise funds to account for charges to customers for the services it provides. Internal service funds are used to account for the accumulation and allocation of costs internally among the City's various functions. The City uses internal service funds to account for funding vehicle, equipment, IT capital purchases and risk management with transfers from the operating funds. These services are generally reported in proprietary

**City of Royse City, Texas**  
**Management's Discussion and Analysis**  
**For the Year Ended September 30, 2024**

funds. Proprietary funds are reported in the same way activities are reported in the statement of net position and the statement of activities. In fact, the proprietary funds provide the same type of information as the government-wide financial statements, only contain more detail, such as cash flow statements. The City has one enterprise fund, the Water and Sewer Fund, which is considered a major fund, and three internal service funds, the Technology Replacement Fund, the Vehicle Replacement Fund, and the Risk Management Fund, which are all considered nonmajor funds.

The basic proprietary fund financial statements can be found on pages 24-28 of this report.

**Notes to the Financial Statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 30 of this report.

**Other Information.** In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information concerning the City's budgetary information for the General Fund and progress in funding its obligations to provide pension and OPEB benefits to its employees. Required supplementary information can be found on pages 66-72 of this report.

The combining and individual statements and budgetary schedules referred to earlier in connection with nonmajor funds, are presented immediately following the required supplementary information on pensions. Combining and individual fund statements and schedules can be found on pages 74-108 of this report.

**City of Royse City, Texas**  
**Management's Discussion and Analysis**  
**For the Year Ended September 30, 2024**

**Government-Wide Overall Financial Analysis**

As noted earlier, net position over time may serve as a useful indicator of a government's financial position. The assets and deferred outflows of resources of the City exceeded liabilities and deferred inflows of resources by \$179,446,637 as of September 30, 2024. The City's net position increased by \$75,950,669, or 73.39 percent for the fiscal year ended September 30, 2024.

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Current and other assets	\$ 71,659,305	\$ 53,345,121	\$ 67,697,062	\$ 45,749,787	\$ 139,356,367	\$ 99,094,908
Capital and subscription assets	90,505,161	44,852,462	57,570,832	26,536,305	148,075,993	71,388,767
<b>Total assets</b>	<b>162,164,466</b>	<b>98,197,583</b>	<b>125,267,894</b>	<b>72,286,092</b>	<b>287,432,360</b>	<b>170,483,675</b>
Deferred outflows of resources	1,646,859	1,984,575	328,209	397,377	1,975,068	2,381,952
Current liabilities	9,710,494	9,623,907	6,221,657	3,142,946	15,932,151	12,766,853
Long-term liabilities	62,872,859	40,958,225	30,867,464	15,320,072	93,740,323	56,278,297
<b>Total liabilities</b>	<b>72,583,353</b>	<b>50,582,132</b>	<b>37,089,121</b>	<b>18,463,018</b>	<b>109,672,474</b>	<b>69,045,150</b>
Deferred inflows of resources	279,945	314,062	8,372	10,447	288,317	324,509
Net position						
Net investment in capital assets	68,181,508	29,401,342	50,427,972	20,340,529	118,609,480	49,741,871
Restricted	15,458,597	12,797,108	18,211,441	18,503,397	33,670,038	31,300,505
Unrestricted	7,307,922	7,087,514	19,859,197	15,366,078	27,167,119	22,453,592
<b>Total net position</b>	<b>\$ 90,948,027</b>	<b>\$ 49,285,964</b>	<b>\$ 88,498,610</b>	<b>\$ 54,210,004</b>	<b>\$ 179,446,637</b>	<b>\$ 103,495,968</b>

**Net Investment in Capital Assets.** A large portion of the City's net position, \$118,609,480, or 66.10 percent, reflects the City's investment in capital and subscription assets (e.g., land, buildings, machinery, and equipment) less any related debt still outstanding that was issued to acquire those items. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities.

**Restricted Net Position.** The restricted net position of \$33,670,038, or 18.76 percent, of total net position, represents resources that are subject to external restrictions on their use or restrictions by enabling legislation.

**Unrestricted Net Position.** Unrestricted net position in the amount of \$27,167,119, or 15.14 percent is available to fund the City's programs to its citizens and obligations to its creditors.

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

**City of Royse City, Texas  
Management's Discussion and Analysis  
For the Year Ended September 30, 2024**

The City's overall net position increased \$75,950,669 from the prior fiscal year. The reasons for this overall increase are discussed in the following sections for governmental activities and business-type activities.

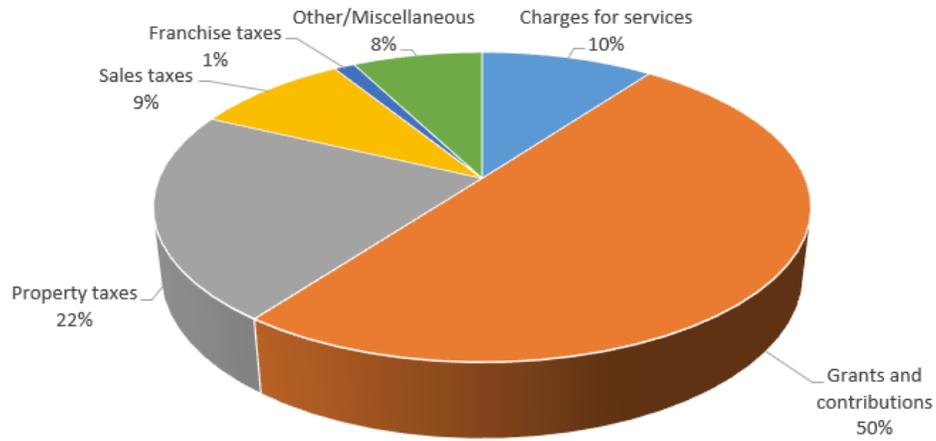
***City of Royse City's Changes in Net Position***

**Governmental Activities.** During the current fiscal year, net position for governmental activities increased \$41,662,063 from the prior fiscal year for an ending balance of \$90,948,027. The increase in the overall position of governmental activities is largely attributed to capital contributions of recently completed neighborhood infrastructure and an increase in property taxes related to the City's continued growth.

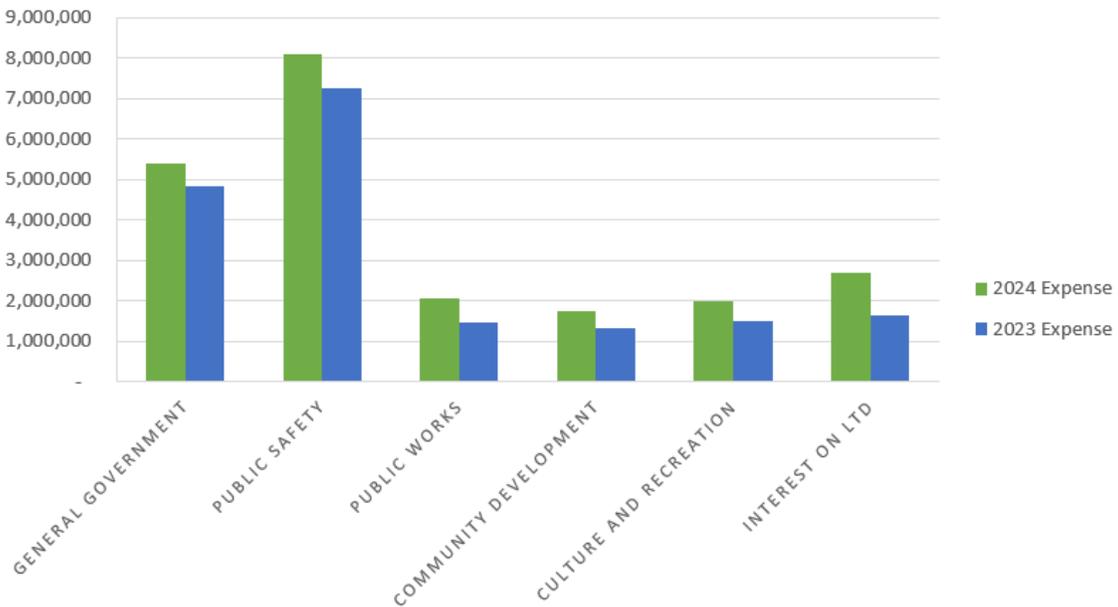
	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
<b>Revenues</b>						
Program Revenues						
Charges for services	\$ 6,394,668	\$ 5,587,030	\$ 16,688,728	\$ 16,082,049	\$ 23,083,396	\$ 21,669,079
Operating grants and contributions	389,910	320,113	-	-	389,910	320,113
Capital grants and contributions	31,239,326	-	28,783,854	953,626	60,023,180	953,626
General Revenues						
Property taxes	13,753,242	10,919,627	-	-	13,753,242	10,919,627
Sales taxes	5,752,130	5,307,870	-	-	5,752,130	5,307,870
Franchise taxes	769,385	686,974	-	-	769,385	686,974
Beverage taxes	37,724	35,128	-	-	37,724	35,128
Hotel motel taxes	128,447	116,467	-	-	128,447	116,467
Interest income	4,338,103	2,454,160	1,782,066	1,389,894	6,120,169	3,844,054
Miscellaneous	357,071	347,065	-	-	357,071	347,065
Total revenues	63,160,006	25,774,434	47,254,648	18,425,569	110,414,654	44,200,003
<b>Expenses</b>						
General government	5,391,634	4,845,678	-	-	5,391,634	4,845,678
Public safety	8,143,216	7,247,882	-	-	8,143,216	7,247,882
Public works	2,069,749	1,462,791	-	-	2,069,749	1,462,791
Community development	1,738,763	1,300,728	-	-	1,738,763	1,300,728
Culture and recreation	1,978,068	1,507,591	-	-	1,978,068	1,507,591
Interest on long-term debt	2,676,513	1,643,438	-	-	2,676,513	1,643,438
Water and sewer services	-	-	12,466,042	9,616,970	12,466,042	9,616,970
Total expenses	21,997,943	18,008,108	12,466,042	9,616,970	34,463,985	27,625,078
Increase in net position before transfers	41,162,063	7,766,326	34,788,606	8,808,599	75,950,669	16,574,925
Transfers	500,000	(230,000)	(500,000)	230,000	-	-
<b>Increase in Net Position</b>	41,662,063	7,536,326	34,288,606	9,038,599	75,950,669	16,574,925
<b>Net Position, Beginning</b>	49,285,964	41,749,638	54,210,004	45,171,405	103,495,968	86,921,043
<b>Net Position, Ending</b>	<u>\$ 90,948,027</u>	<u>\$ 49,285,964</u>	<u>\$ 88,498,610</u>	<u>\$ 54,210,004</u>	<u>\$ 179,446,637</u>	<u>\$ 103,495,968</u>

**City of Royse City, Texas  
 Management's Discussion and Analysis  
 For the Year Ended September 30, 2024**

**Program Revenues by Source – Governmental Activities**



**Revenues and Expenses – Governmental Activities**

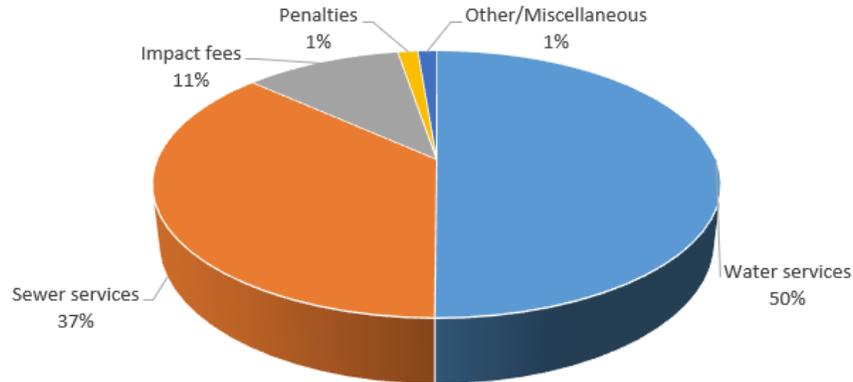


**City of Royse City, Texas  
 Management’s Discussion and Analysis  
 For the Year Ended September 30, 2024**

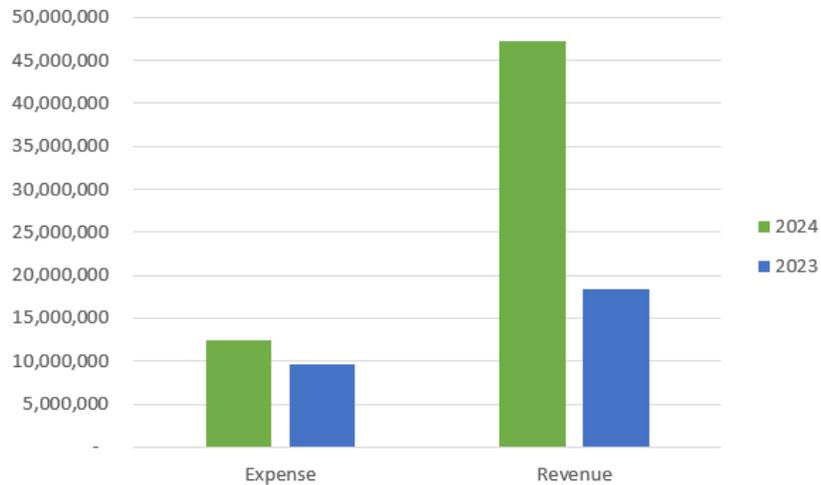
**Business-type Activities.** Business-type activities increased the City’s net position by \$34,288,606 compared to \$9,038,599 in fiscal year 2023. Key elements of this change are as follows:

- An increase in developer contributions which will fluctuate from year to year and increases in expenses due to increased cost of personnel, water purchases and interceptor services.

**Program Revenues by Source – Business-type Activities**



**Revenues and Expenses –Business-type Activities**



**City of Royse City, Texas  
Management's Discussion and Analysis  
For the Year Ended September 30, 2024**

***Financial Analysis of the City's Funds***

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Funds.** The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for discretionary use for a particular purpose by either an external party, the City itself, or a group or individual that has been delegated authority to assign resources for use for particular purposes by the City Council.

At September 30, 2024, the City's governmental funds reported combined fund balances of \$59,576,110, an increase of \$18,345,932 or 44.50 percent. The components of total fund balances are as follows:

- Restricted fund balance of \$52,031,032 or 87.34 percent, consists of amounts restricted by external laws or contractual obligations as follows: \$1,276,803 for debt service; \$41,271,103 for construction projects; \$4,922,927 for roadway fees; \$27,330 for public safety; \$170,865 for municipal courts; \$408,576 for tourism; \$2,045,755 for public improvement; and \$1,907,673 for community development.
- Assigned fund balance of \$666,138 or 1.12 percent, consists of amounts that are constrained by City Council, or the City Manager as follows: \$525,000 for general government, \$7,293 for the senior center; \$30,638 for parks and recreation; \$6,551 for public safety; \$60,162 for main street, and \$36,494 for animal control and for the animal shelter.
- Unassigned fund balance, \$6,878,940, or 11.55 percent, represents residual available fund balances that have not been restricted, or assigned, by management, City Council, or otherwise.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$6,878,940 compared to \$5,751,152 at the end of the prior fiscal year. As a measure of the General Fund's liquidity, it may be useful to compare the unassigned fund balance to total fund expenditures. Unassigned fund balance represents 39.02 percent of total General Fund expenditures.

The fund balance of the City's General Fund increased by \$802,788 during the fiscal year. The increase was due to increases in property tax collections, franchise tax collections, sales tax collections, fines and forfeitures collections, licenses and permits and intergovernmental revenue offset by transfers out for capital outlay.

The Debt Service Fund had a decrease in fund balance during the current year of \$231,709. This was mainly attributed to an increase in principal and interest expenditures related to the debt issuance.

The Bonds Capital Projects Fund had an increase in fund balance during the current fiscal year of \$15,384,602 which was primarily due to the issuance of Series 2023 Bonds offset somewhat by expenditures for capital projects. The City is using the debt proceeds to fund these projects, which will be completed in future years.

**City of Royse City, Texas  
Management's Discussion and Analysis  
For the Year Ended September 30, 2024**

The ARPA Grant Fund had a minimal increase in fund balance during the current fiscal year of \$555 which was primarily due to the increase in investment income.

The General Capital/CIP Fund had a decrease in fund balance during the current fiscal year of \$493,403 which was primarily due to transfers from the General Fund offset by capital outlay expenditures.

**Proprietary Funds.** The City's proprietary fund statements provide essentially the same type of information found in the government-wide statements, but in more detail. Unrestricted net position of the enterprise fund at the end of the fiscal year amounted to \$19,859,197.

***General Fund Budgetary Highlights***

***Original Budget Compared to Final Budget.*** The City amends the adopted budget whenever necessary to account for various changes that become known throughout the fiscal year. There was one budget amendment in FY2024. The budget amendment was to adjust appropriations across several funds.

***Final Budget Compared to Actual Results.*** For the fiscal year 2023-2024, General Fund actual revenues of \$19,322,446 exceeded budgeted revenues of \$18,706,100, a positive variance of \$616,346. The main reasons for this variance were greater than expected property tax \$(201,326) and investment income \$(263,345). As for General Fund expenditures, the City spent \$17,630,647, a \$32,013 difference between budget expenditures of \$17,662,660. The main surplus from this budget occurred in general government and culture and recreation which spent \$106,712 and \$96,412, respectively, less than the budgeted amount.

***Capital Asset and Debt Administration***

***Capital Assets.*** The City's investment in capital and subscription assets for its governmental and business-type activities as of September 30, 2024 amounts to \$148,075,993 (net of accumulated depreciation). These assets include land, buildings, improvements, infrastructure, machinery and equipment, subscription assets and construction in progress. The City's governmental capital assets increased by 101.78 percent and the business-type capital assets increased by 116.95 percent.

Major capital asset transactions during the year include the following:

- \$60,023,178 was dedicated from newly constructed neighborhood infrastructure.
- \$12,603,154 was spent for construction in progress related to the Police Department.
- \$3,538,033 was spent on water/sewer projects.
- \$2,063,067 was spent to acquire land and facilities, including remodel of Senior Center and temporary Development Services offices.

**City of Royse City, Texas**  
**Management's Discussion and Analysis**  
**For the Year Ended September 30, 2024**

**Capital Assets (Net of Accumulated Depreciation)**

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Land	\$ 3,242,727	\$ 2,832,275	\$ 1,625,440	\$ 1,602,440	\$ 4,868,167	\$ 4,434,715
Construction in progress	27,051,855	13,950,722	3,740,664	758,866	30,792,519	14,709,588
Buildings and improvements	63,583,932	30,418,099	39,551	39,551	63,623,483	30,457,650
Machinery and equipment	7,076,416	6,669,371	1,239,447	1,218,397	8,315,863	7,887,768
Infrastructure and systems	-	-	62,136,039	32,861,172	62,136,039	32,861,172
Subscription assets	368,237	139,058	118,318	118,318	486,555	257,376
Accumulated depreciation	(10,818,006)	(9,157,063)	(11,328,627)	(10,062,439)	(22,146,633)	(19,219,502)
<b>Total</b>	<b>\$ 90,505,161</b>	<b>\$ 44,852,462</b>	<b>\$ 57,570,832</b>	<b>\$ 26,536,305</b>	<b>\$ 148,075,993</b>	<b>\$ 71,388,767</b>

More detailed information about the City's capital assets can be found in *Note 6* on pages 46-47 of this report.

**Long-term Debt.** As of September 30, 2024, the City had total long-term debt outstanding of \$89,241,569, an increase of 37,302,052, or 71.82 percent, from the prior year. All outstanding debt is backed by the full faith and credit of the government.

**Outstanding Bonded Debt**

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
General obligation bonds	\$ 1,976,857	\$ 2,550,000	\$ 4,693,143	\$ 5,505,000	\$ 6,670,000	\$ 8,055,000
Certificates of obligation	32,436,000	9,856,000	24,019,000	8,064,000	56,455,000	17,920,000
Private placement - certificates of obligation	22,900,000	24,005,000	-	-	22,900,000	24,005,000
Subscription liabilities	216,750	64,221	27,956	54,707	244,706	118,928
Premiums (discounts) on long term debt	1,373,606	669,367	1,598,257	1,171,222	2,971,863	1,840,589
<b>Total</b>	<b>\$ 58,903,213</b>	<b>\$ 37,144,588</b>	<b>\$ 30,338,356</b>	<b>\$ 14,794,929</b>	<b>\$ 89,241,569</b>	<b>\$ 51,939,517</b>

More detailed information about the City's long-term debt is presented in *Note 7*, on pages 48-53 of the financial statements.

**City of Royse City, Texas  
Management's Discussion and Analysis  
For the Year Ended September 30, 2024**

***Economic Factors and Next Year's Budgets and Rates***

Royse City continues to see consistent residential growth and increased commercial interest. While interest rate hikes have slowed permit issuance over the previous record-high years, residential developers continue to build new phases of development keeping a healthy lot inventory available. Hunt County Regional hospital construction is nearing completion in Royse City and medical office interest is high. The retail shopping environment continues to evolve, with Lowe's beginning construction of a new storefront. New shopping areas are under construction and others are planned in FY25-26.

Royse City has enjoyed a thriving downtown for several years; where the small-town community and relationships are fostered and maintained – a true illustration of “A Friendly Touch of Texas.” Royse City is a designated Texas Main Street City and is recognized as a nationally accredited program. A number of small businesses and restaurants make Main Street home, and the city hosts several events downtown throughout the year.

The largest single revenue source in the fiscal year 2025 General Fund Budget is property taxes, which account for 40% of total revenues. Assessed property values in Royse City increased approximately \$160 million from the prior year. Council lowered the tax rate to \$0.5780 per \$100 valuation for the fiscal year 2025. Sales tax revenue remains the City's second largest revenue source, making up 32% of General Fund Revenues. Sales tax was budgeted with a modest 5% increase.

The FY25 Annual Budget was prepared being mindful of the continuing need to address growth pressures to staffing and infrastructure. The renovation and remodel of City Hall is underway. Road reconstruction and expansion projects remain priority. The first phase of reconstruction of Josephine Street is underway and will be completed this year. Additional downtown street projects are being engineered. Construction of a new water tower, wastewater interceptor lines and waterline extensions are underway. New positions were authorized in the police department, fire department, parks, community development, finance, and public works. Additionally, bathroom facilities will be installed at the downtown Spraypark in FY25. With an eye towards the future, a Parks Master Plan and Citywide Comprehensive Plan will kick-off in FY25.

Water/Sewer Fund expenditures continue to be impacted by increased wholesale water rates and sewer treatment charges and sewer construction projects. A sewer treatment plant expansion and several infrastructure projects are under various levels of design and construction. Rate adjustments from the most recent rate study and ordinance approval will continue implementation through FY25.

***Requests for Information***

This report is designed to provide an overview of the City's finances for all those with an interest in the government's finances. Questions concerning the information found in this report or requests for additional financial information should be addressed to the City of Royse City, Finance Director, P.O. Box 638, Royse City, Texas 75189.

## **Basic Financial Statements**

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**City of Royse City, Texas**  
**Statement of Net Position**  
**September 30, 2024**

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Royse City Community Development Corporation
<b>Assets and Deferred Outflows of Resources</b>				
<b>Assets</b>				
Cash and cash equivalents	\$ 69,502,819	\$ 30,538,837	\$ 100,041,656	\$ 11,239,100
Receivables (net of allowances for uncollectibles)	1,920,582	2,481,917	4,402,499	364,717
Lease receivable	235,218	-	235,218	143,731
Lease interest receivable	686	-	686	407
Note receivable	-	-	-	250,000
Due from other governments	-	2,600,642	2,600,642	-
Restricted cash and cash equivalents	-	32,075,666	32,075,666	-
Capital assets not being depreciated	30,294,582	5,366,104	35,660,686	921,130
Capital and subscription assets, net of accumulated depreciation/amortization	60,210,579	52,204,728	112,415,307	135,056
Total assets	162,164,466	125,267,894	287,432,360	13,054,141
<b>Deferred Outflows of Resources</b>				
Deferred outflows of resources – Pension	1,606,990	243,572	1,850,562	59,793
Deferred outflows of resources – OPEB	25,264	3,829	29,093	940
Deferred loss on refunding	14,605	80,808	95,413	-
Total deferred outflows of resources	1,646,859	328,209	1,975,068	60,733
Total assets and deferred outflows of resources	\$ 163,811,325	\$ 125,596,103	\$ 289,407,428	\$ 13,114,874

**City of Royse City, Texas**  
**Statement of Net Position**  
**September 30, 2024**

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Royse City Community Development Corporation
<b>Liabilities, Deferred Inflows of Resources and Net Position</b>				
<b>Liabilities</b>				
Accounts payable	\$ 3,066,096	\$ 2,859,476	\$ 5,925,572	\$ 247
Accrued liabilities	557,951	62,237	620,188	23,410
Accrued interest payable	275,975	144,936	420,911	16,866
Unearned revenue	3,650,149	2,130,807	5,780,956	-
Other liabilities	129,323	-	129,323	-
Escrow deposits	2,031,000	-	2,031,000	-
Customer deposits	-	1,024,201	1,024,201	-
<b>Noncurrent Liabilities:</b>				
Due within one year:				
Compensated absences	57,528	2,737	60,265	125
Certificates of obligation	1,505,000	480,000	1,985,000	-
Bonds payable	589,574	840,426	1,430,000	83,123
Private placement – certificates of obligation	955,000	-	955,000	-
Subscription liabilities	79,596	27,956	107,552	-
Due in more than one year:				
Compensated absences	517,752	24,636	542,388	1,124
Certificates of obligation	32,183,726	24,703,546	56,887,272	-
Bonds payable	1,508,163	4,286,428	5,794,591	3,011,223
Private placement - certificates of obligation	21,945,000	-	21,945,000	-
Arbitrage liabilities	332,338	37,625	369,963	-
Subscription liabilities	137,154	-	137,154	-
Net pension liability	2,922,541	442,968	3,365,509	108,743
Total OPEB liability	139,487	21,142	160,629	5,190
Total noncurrent liabilities	62,872,859	30,867,464	93,740,323	3,209,528
Total liabilities	72,583,353	37,089,121	109,672,474	3,250,051
<b>Deferred Inflows of Resources</b>				
Deferred inflows of resources – Pension	3,047	462	3,509	113
Deferred inflows of resources – OPEB	52,189	7,910	60,099	1,942
Deferred inflows of resources – Lease related	224,709	-	224,709	134,815
Total deferred inflows of resources	279,945	8,372	288,317	136,870
<b>Net Position</b>				
Net investment in capital assets	68,181,508	50,427,972	118,609,480	2,038,160
Restricted for:				
Debt service	1,276,803	-	1,276,803	-
Capital projects	4,698,668	3,250,000	7,948,668	-
Impact fees	4,922,927	14,961,441	19,884,368	-
Other purposes	4,560,199	-	4,560,199	7,689,793
Unrestricted	7,307,922	19,859,197	27,167,119	-
Total net position	90,948,027	88,498,610	179,446,637	9,727,953
Total liabilities, deferred inflows of resources and net position	\$ 163,811,325	\$ 125,596,103	\$ 289,407,428	\$ 13,114,874

**City of Royse City, Texas**  
**Statement of Activities**  
**Year Ended September 30, 2024**

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position			Component Unit
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	
<b>Primary Government:</b>								
Governmental activities:								
General government	\$ 5,391,634	\$ 267,921	\$ 2,338	\$ -	\$ (5,121,375)	\$ -	\$ (5,121,375)	\$ -
Public safety	8,143,216	838,145	5,365	-	(7,299,706)	-	(7,299,706)	-
Public works	2,069,749	1,310,727	-	31,239,326	30,480,304	-	30,480,304	-
Community development	1,738,763	3,859,011	380,567	-	2,500,815	-	2,500,815	-
Culture and recreation	1,978,068	118,864	1,640	-	(1,857,564)	-	(1,857,564)	-
Interest and fiscal charges	2,676,513	-	-	-	(2,676,513)	-	(2,676,513)	-
Total governmental activities	21,997,943	6,394,668	389,910	31,239,326	16,025,961	-	16,025,961	-
Business-type activities:								
Water and wastewater	12,466,042	16,688,728	-	28,783,854	-	33,006,540	33,006,540	-
Total business-type activities	12,466,042	16,688,728	-	28,783,854	-	33,006,540	33,006,540	-
Total primary government	\$ 34,463,985	\$ 23,083,396	\$ 389,910	\$ 60,023,180	\$ 16,025,961	\$ 33,006,540	\$ 49,032,501	\$ -
<b>Component Unit:</b>								
Royse City Community Development Corporation	1,201,390	77,821	-	-				(1,123,569)
Total component unit	\$ 1,201,390	\$ 77,821	\$ -	\$ -				\$ (1,123,569)
<b>General Revenues</b>								
Property taxes					13,753,242	-	13,753,242	-
Sales taxes					5,752,130	-	5,752,130	2,396,234
Franchise taxes					769,385	-	769,385	-
Beverage taxes					37,724	-	37,724	-
Hotel motel taxes					128,447	-	128,447	-
Investment earnings					4,338,103	1,782,066	6,120,169	316,152
Miscellaneous					357,071	-	357,071	-
Gain on sale of capital assets					-	-	-	1,141,984
Transfers					500,000	(500,000)	-	-
Total general revenues and transfers					25,636,102	1,282,066	26,918,168	3,854,370
Change in net position					41,662,063	34,288,606	75,950,669	2,730,801
Net position, beginning of year					49,285,964	54,210,004	103,495,968	6,997,152
Net position, end of year					\$ 90,948,027	\$ 88,498,610	\$ 179,446,637	\$ 9,727,953

**City of Royse City, Texas**  
**Balance Sheet**  
**Governmental Funds**  
**September 30, 2024**

	General	Debt Service	Bonds Capital Projects Fund	ARPA Grant Fund	General Capital/CIP Fund	Total Nonmajor Funds	Total Governmental Funds
<b>Assets</b>							
Cash and cash equivalents	\$ 7,650,273	\$ 1,277,059	\$ 31,611,095	\$ 3,650,735	\$ 6,466,850	\$ 16,563,306	\$ 67,219,318
Receivables (net of allowance for uncollectibles)	1,824,348	84,673	-	-	-	11,561	1,920,582
Lease receivable	235,218	-	-	-	-	-	235,218
Lease interest receivable	686	-	-	-	-	-	686
Due from other funds	-	-	6,894	-	-	-	6,894
<b>Total assets</b>	<b>\$ 9,710,525</b>	<b>\$ 1,361,732</b>	<b>\$ 31,617,989</b>	<b>\$ 3,650,735</b>	<b>\$ 6,466,850</b>	<b>\$ 16,574,867</b>	<b>\$ 69,382,698</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>							
<b>Liabilities</b>							
Accounts payable	\$ 1,278,763	\$ 400	\$ 1,506,363	\$ -	\$ 6,627	\$ 197,584	\$ 2,989,737
Accrued liabilities	534,600	-	-	-	-	23,351	557,951
Unearned revenue	-	-	-	3,650,149	-	-	3,650,149
Escrow deposits	-	-	-	-	-	2,031,000	2,031,000
Due to other funds	-	6,894	-	-	-	-	6,894
Other liabilities	129,323	-	-	-	-	-	129,323
<b>Total liabilities</b>	<b>1,942,686</b>	<b>7,294</b>	<b>1,506,363</b>	<b>3,650,149</b>	<b>6,627</b>	<b>2,251,935</b>	<b>9,365,054</b>
<b>Deferred Inflows of Resources</b>							
Unavailable revenue – property taxes	91,924	77,635	-	-	-	-	169,559
Unavailable revenue – fines	47,266	-	-	-	-	-	47,266
Lease related	224,709	-	-	-	-	-	224,709
<b>Total deferred inflows of resources</b>	<b>363,899</b>	<b>77,635</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>441,534</b>
<b>Fund Balances</b>							
Restricted	-	1,276,803	30,111,626	586	6,460,223	14,181,794	52,031,032
Assigned	525,000	-	-	-	-	141,138	666,138
Unassigned	6,878,940	-	-	-	-	-	6,878,940
<b>Total fund balances</b>	<b>7,403,940</b>	<b>1,276,803</b>	<b>30,111,626</b>	<b>586</b>	<b>6,460,223</b>	<b>14,322,932</b>	<b>59,576,110</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 9,710,525</b>	<b>\$ 1,361,732</b>	<b>\$ 31,617,989</b>	<b>\$ 3,650,735</b>	<b>\$ 6,466,850</b>	<b>\$ 16,574,867</b>	<b>\$ 69,382,698</b>

**City of Royse City, Texas**  
**Reconciliation of the Balance Sheet - Governmental Funds**  
**to the Statement of Net Position**  
**September 30, 2024**

Amounts reported for governmental activities in the statement of net position are different because:

Total fund balance – governmental funds		\$ 59,576,110
Capital and subscription assets \$101,323,167 net of accumulated depreciation/amortization of \$10,818,006, used in governmental activities are not current financial resources and, therefore, are not reported in the fund financial statements.		90,505,161
Differences between expected and actual experiences, assumption changes, net differences between projected and actual earnings, and contributions subsequent to the measurement date for the postretirement benefits (pension and OPEB) are recognized as deferred outflows of resources and deferred inflows of resources on the statement of net position.		
Deferred outflows – pension related	1,606,990	
Deferred outflows – OPEB related	25,264	
Deferred inflows – pension related	(3,047)	
Deferred inflows – OPEB related	<u>(52,189)</u>	
Total deferred outflows and inflows related to postemployment benefits		1,577,018
Internal service funds are used by management to charge the cost of technology and vehicle replacement to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.		2,207,142
Long-term liabilities that are not due and payable in the current period, and therefore, are not reported in the funds.		
Certificates of obligation and related premium	(33,688,726)	
Bonds payable, net	(2,097,737)	
Private placement – certificates of obligation	(22,900,000)	
Arbitrage liabilities	(332,338)	
Subscription liabilities	(216,750)	
Compensated absences	(575,280)	
Accrued interest payable	(275,975)	
Net pension liability	(2,922,541)	
Total OPEB liability	<u>(139,487)</u>	
Total long-term liabilities		(63,148,834)
Revenues in the statements of activities that do not provide current financial resources are not reported as revenue in the fund financial statements.		216,825
Governmental funds report the effect of refundings and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.		
Deferred amount on refunding		<u>14,605</u>
Net position of governmental activities		<u>\$ 90,948,027</u>

**City of Royse City, Texas**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**Year Ended September 30, 2024**

	General	Debt Service	Bonds Capital Projects Fund	ARPA Grant Fund	General Capital/CIP Fund	Total Nonmajor Funds	Total Governmental Funds
<b>Revenues</b>							
Taxes:							
Property	\$ 7,556,326	\$ 5,656,805	\$ -	\$ -	\$ -	483,788	\$ 13,696,919
Franchise	769,385	-	-	-	-	-	769,385
Sales	5,752,130	-	-	-	-	-	5,752,130
Beverage	37,724	-	-	-	-	-	37,724
Hotel motel	-	-	-	-	-	128,447	128,447
Fines and forfeitures	638,778	-	-	-	-	71,881	710,659
Licenses and permits	2,317,411	-	-	-	-	-	2,317,411
Charges for services	1,215,574	-	-	-	-	-	1,215,574
Impact fees	-	-	-	-	-	1,211,391	1,211,391
Development fees	-	-	-	-	-	934,111	934,111
Contributions and donations	-	-	-	-	-	35,447	35,447
Intergovernmental	354,463	-	-	-	-	-	354,463
Investment income	653,345	190,825	3,084,600	555	60,622	319,534	4,309,481
Miscellaneous	27,310	-	-	-	-	294,777	322,087
<b>Total revenues</b>	<b>19,322,446</b>	<b>5,847,630</b>	<b>3,084,600</b>	<b>555</b>	<b>60,622</b>	<b>3,479,376</b>	<b>31,795,229</b>
<b>Expenditures</b>							
Current:							
General government	4,704,738	-	-	-	-	349,135	5,053,873
Public safety	7,473,614	-	-	-	38,482	8,351	7,520,447
Public works	996,856	-	-	-	61,554	186,154	1,244,564
Community development	1,727,627	-	-	-	-	-	1,727,627
Culture and recreation	1,830,938	-	-	-	-	28,637	1,859,575
Debt service:							
Principal	76,650	3,903,143	-	-	-	-	3,979,793
Interest	-	2,176,196	-	-	-	-	2,176,196
Bond issuance costs	-	-	200,338	-	-	-	200,338
Capital outlay	820,224	-	13,121,136	-	2,197,589	-	16,138,949
<b>Total expenditures</b>	<b>17,630,647</b>	<b>6,079,339</b>	<b>13,321,474</b>	<b>-</b>	<b>2,297,625</b>	<b>572,277</b>	<b>39,901,362</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>1,691,799</b>	<b>(231,709)</b>	<b>(10,236,874)</b>	<b>555</b>	<b>(2,237,003)</b>	<b>2,907,099</b>	<b>(8,106,133)</b>
<b>Other Financing Sources (Uses)</b>							
Transfers in	629,715	-	-	-	1,743,600	-	2,373,315
Transfers out	(1,747,905)	-	-	-	-	(24,000)	(1,771,905)
Bonds issued	-	-	25,621,476	-	-	-	25,621,476
SBITAs issued	229,179	-	-	-	-	-	229,179
<b>Total other financing sources (uses)</b>	<b>(889,011)</b>	<b>-</b>	<b>25,621,476</b>	<b>-</b>	<b>1,743,600</b>	<b>(24,000)</b>	<b>26,452,065</b>
<b>Net Change in Fund Balances</b>	<b>802,788</b>	<b>(231,709)</b>	<b>15,384,602</b>	<b>555</b>	<b>(493,403)</b>	<b>2,883,099</b>	<b>18,345,932</b>
<b>Fund Balances, Beginning of Year</b>	<b>6,601,152</b>	<b>1,508,512</b>	<b>14,727,024</b>	<b>31</b>	<b>6,953,626</b>	<b>11,439,833</b>	<b>41,230,178</b>
<b>Fund Balances, End of Year</b>	<b>\$ 7,403,940</b>	<b>\$ 1,276,803</b>	<b>\$ 30,111,626</b>	<b>\$ 586</b>	<b>\$ 6,460,223</b>	<b>\$ 14,322,932</b>	<b>\$ 59,576,110</b>

**City of Royse City, Texas**  
**Reconciliation of the Statement of Revenues, Expenditures and**  
**Changes in Fund Balances - Governmental Funds to the Statement of Activities**  
**For the Year Ended September 30, 2024**

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Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances – total governmental funds		\$ 18,345,932
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation/amortization expense. This is the amount by which capital outlays of \$16,138,949 exceeded depreciation/amortization of \$1,690,387 in the current year.		14,448,562
Certain revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the governmental funds. This amount is the net change in deferred inflows of resources.		61,845
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net position.		
Donation of capital assets	31,239,326	
Disposal of capital assets	<u>(35,189)</u>	
		31,204,137
Bond and other debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of bond and other debt principal is an expenditure in the governmental funds, but repayment reduces long-term liabilities in the Statement of Net Position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.		
Issuance of long-term debt, including premium	(25,621,476)	
Issuance of SBITA	(229,179)	
Principal paid on long-term debt	<u>3,979,793</u>	
		(21,870,862)
The internal service funds are used by management to charge the costs of technology and vehicle replacement to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities.		(84,981)
Some expenses reported in the statement of activities do/(do not) require the use of current financial resources and, therefore, are/(are not) reported as expenditures in the governmental funds.		
Accrued interest on long-term debt	(74,771)	
Arbitrage liability	(332,338)	
Amortization of bond premiums	112,237	
Amortization of deferred amounts of refunding	(5,107)	
Compensated absences	(66,476)	
Changes in pension liabilities and related deferred outflows and inflows of resources	(67,133)	
Changes in OPEB liabilities and related deferred outflows and inflows of resources	<u>(8,982)</u>	
		<u>(442,570)</u>
Change in net position of governmental activities		<u>\$ 41,662,063</u>

**City of Royse City, Texas**  
**Statement of Net Position**  
**Proprietary Funds**  
**September 30, 2024**

	<b>Enterprise Fund</b>	<b>Internal Service Funds</b>
	<b>Water and Sewer Fund</b>	
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 30,538,837	\$ 2,283,501
Receivables (net of allowance for doubtful accounts)	2,481,917	-
Due from other governments	2,600,642	-
Restricted cash and cash equivalents	32,075,666	-
Total current assets	<u>67,697,062</u>	<u>2,283,501</u>
<b>Capital and subscription assets</b>		
Land	1,625,440	-
Buildings	39,551	-
Machinery and equipment	1,239,447	-
Infrastructure	62,136,039	-
Construction in progress	3,740,664	-
Subscription assets	118,318	-
Accumulated depreciation	<u>(11,328,627)</u>	<u>-</u>
Total noncurrent assets	<u>57,570,832</u>	<u>-</u>
Total assets	<u>125,267,894</u>	<u>2,283,501</u>
<b>Deferred Outflows of Resources</b>		
Deferred outflows of resources – Pension	243,572	-
Deferred outflows of resources – OPEB	3,829	-
Deferred loss on refunding	<u>80,808</u>	<u>-</u>
Total deferred outflows of resources	<u>328,209</u>	<u>-</u>

**City of Royse City, Texas**  
**Statement of Net Position**  
**Proprietary Funds**  
**September 30, 2024**

	<u>Enterprise Fund</u>	<u>Internal Service Funds</u>
	<u>Water and Sewer Fund</u>	
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable	\$ 2,859,476	\$ 76,359
Accrued liabilities	62,237	-
Accrued interest payable	144,936	-
Escrow deposits	2,130,807	-
Customer deposits	1,024,201	-
Compensated absences	2,737	-
Certificates of obligation	480,000	-
Bonds payable	840,426	-
Subscription liabilities	27,956	-
	<u>7,572,776</u>	<u>76,359</u>
<b>Noncurrent liabilities</b>		
Compensated absences	24,636	-
Certificates of obligation, net	24,703,546	-
Bonds payable, net	4,286,428	-
Arbitrage liabilities	37,625	-
Net pension liability	442,968	-
Total OPEB liability	21,142	-
	<u>29,516,345</u>	<u>-</u>
Total noncurrent liabilities	<u>29,516,345</u>	<u>-</u>
Total liabilities	<u>37,089,121</u>	<u>76,359</u>
<b>Deferred Inflows of Resources</b>		
Deferred inflows of resources – Pension	462	-
Deferred inflows of resources – OPEB	7,910	-
	<u>8,372</u>	<u>-</u>
Total deferred inflows of resources	<u>8,372</u>	<u>-</u>
<b>Net Position</b>		
Net investment in capital assets	50,427,972	-
Restricted for:		
Capital projects	3,250,000	-
Impact fees	14,961,441	-
Unrestricted	19,859,197	2,207,142
	<u>88,498,610</u>	<u>2,207,142</u>
Total net position	<u>\$ 88,498,610</u>	<u>\$ 2,207,142</u>

**City of Royse City, Texas**  
**Statement of Revenues, Expenses and Changes in Net Position**  
**Proprietary Funds**  
**Year Ended September 30, 2024**

	<b>Enterprise Fund</b>	
	<b>Water and Sewer Fund</b>	<b>Internal Service Funds</b>
<b>Operating Revenues</b>		
Charges for services - water	\$ 8,940,175	\$ -
Charges for services - sewer	6,533,520	-
Impact fees	1,903,462	-
Penalties	243,195	-
Miscellaneous	228,715	-
Total operating revenues	<u>17,849,067</u>	<u>-</u>
<b>Operating Expenses</b>		
Personnel services	1,506,406	-
Materials and supplies	316,137	-
Repairs and maintenance	1,251,291	-
Water purchases	3,242,367	-
Contractual services	1,295,818	-
Interceptor services	3,587,835	-
Depreciation	1,266,188	-
Other expense	-	47,177
Total operating expenses	<u>12,466,042</u>	<u>47,177</u>
<b>Operating Income (Loss)</b>	<u>5,383,025</u>	<u>(47,177)</u>
<b>Nonoperating Revenues (Expenses)</b>		
Investment earnings	1,782,066	28,622
Interest expense	(1,160,339)	-
Insurance proceeds	-	34,984
Total nonoperating revenues (expenses)	<u>621,727</u>	<u>63,606</u>
<b>Income (Loss) Before Transfers and Capital Contributions</b>	6,004,752	16,429
Capital contributions	28,783,854	-
Transfers in	-	4,305
Transfers out	<u>(500,000)</u>	<u>(105,715)</u>
<b>Change in Net Position</b>	34,288,606	(84,981)
<b>Net Position, Beginning of Year</b>	<u>54,210,004</u>	<u>2,292,123</u>
<b>Net Position, End of Year</b>	<u>\$ 88,498,610</u>	<u>\$ 2,207,142</u>

**City of Royse City, Texas**  
**Statement of Cash Flows - Proprietary Funds**  
**For the Year Ended September 30, 2024**

	<b>Business-type Activities</b>	<b>Governmental Activities</b>
	<b>Water and Sewer Fund</b>	<b>Internal Service Funds</b>
<b>Operating Activities</b>		
Other operating receipts (payments)	\$ -	\$ 11,057
Receipts from customers and development	17,560,346	-
Receipt of customer deposits	95,875	-
Payments to suppliers for goods and services	(10,291,650)	(27,226)
Payments to employees for salaries and benefits	(1,491,728)	-
	<u>5,872,843</u>	<u>(16,169)</u>
Net cash provided by (used in) operating activities		
<b>Noncapital and Related Financing Activities</b>		
Transfers from other funds	-	4,305
Transfers to other funds	(500,000)	(105,715)
	<u>(500,000)</u>	<u>(101,410)</u>
Net cash (used in) operating activities		
<b>Capital and Related Financing Activities</b>		
Acquisition and construction of capital and subscription assets	(1,585,034)	-
Proceeds from issuance of debt	17,078,862	-
Principal paid on capital and subscription debt	(1,408,608)	-
Interest and fiscal charges paid on capital and subscription debt	(1,092,903)	-
Developer deposits	1,511,328	-
Insurance proceeds	-	34,984
	<u>14,503,645</u>	<u>34,984</u>
Net cash provided by capital and related financing activities		
<b>Investing Activities</b>		
Interest on investments	1,782,066	28,622
	<u>1,782,066</u>	<u>28,622</u>
Net cash provided by investing activities		
Net increase (decrease) in cash and cash equivalents	21,658,554	(53,973)
<b>Cash and Cash Equivalents, Beginning of Year (Including \$25,437,197 Reported as Restricted Assets)</b>	<u>40,955,949</u>	<u>2,337,474</u>
<b>Cash and Cash Equivalents, End of Year (Including \$32,075,066 Reported as Restricted Assets)</b>	<u>\$ 62,614,503</u>	<u>\$ 2,283,501</u>

**City of Royse City, Texas**  
**Statement of Cash Flows - Proprietary Funds**  
**For the Year Ended September 30, 2024**

	<b>Business-type Activities</b>	<b>Governmental Activities</b>
	<b>Water and Sewer Fund</b>	<b>Internal Service Funds</b>
<b>Reconciliation of Operating Income (loss) to Net Cash Provided by (Used In) Operating Activities</b>		
Operating income (loss)	\$ 5,383,025	\$ (47,177)
Adjustment to reconcile operating income (loss) to net cash provided by (used in) operating activities:		
Depreciation	1,266,188	-
(Increases) decreases in assets and deferred outflows of resources:		
Accounts receivable and unbilled revenue	(288,721)	-
Deferred outflows of resources	50,413	-
Increases (decreases) in liabilities and deferred inflows of resources:		
Accounts payable	(603,207)	31,008
Accrued liabilities	5,005	-
Customer deposits	95,875	-
Compensated absences	3,141	-
Pension liability	(39,561)	-
OPEB liability	2,760	-
Deferred inflows of resources	(2,075)	-
	<u>489,818</u>	<u>31,008</u>
Total adjustments	489,818	31,008
Net cash provided by (used in) operating activities	<u>\$ 5,872,843</u>	<u>\$ (16,169)</u>
<b>Schedule of Non-cash Capital and Related Financing Activities</b>		
Construction in progress payments in accounts payable	\$ 2,187,711	\$ -
Developer contributions	28,783,854	-

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## **Notes to Basic Financial Statements**

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## **Note 1. Summary of Significant Accounting Policies**

The City of Royse City, Texas (the “City”) is a municipal corporation governed by an elected mayor and a six-member council and provides the following services to the citizens of the City as authorized by its charter: public safety (police and fire), public works, parks and recreation, public services, water and wastewater utilities, and general administrative services.

The accounting and reporting policies of the City relating to the funds included in the accompanying basic financial statements conform to accounting principles generally accepted in the United States of America (“GAAP”) applicable to state and local governments. Generally accepted accounting principles for local governments include those principles prescribed by the Governmental Accounting Standards Boards (GASB) and the American Institute of Certified Public Accountants in the publication entitled *State and Local Governments – Audit and Accounting Guide*. The City’s significant accounting policies are described below:

### ***Description of Government-wide Financial Statements***

The government-wide financial statements (*i.e.*, the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component unit. Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from business-type activities, which rely to a significant extent on fees and charges to external customers for support. Likewise, the primary government is reported separately from legally separate component unit for which the primary government is financially accountable.

### ***Reporting Entity***

The City is a municipal corporation governed by an elected mayor and six-member Governing Council (Council). The accompanying financial statements present the government and its component unit, an entity for which the government is considered to be financially accountable. The City (the primary government) is financially accountable if it appoints a voting majority of the organization’s governing board and (1) is able to impose its will on the organization or (2) there is a potential for the organization to provide specific financial benefit to or impose specific financial burden on the City. Additionally, the City is required to consider other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City’s financial statements to be misleading or incomplete. The financial statements are formatted to allow the user to clearly distinguish between the primary government and its component unit.

**Discretely Presented Component Unit.** The Royse City Community Development Corporation (“CDC”). The CDC is governed by a board of seven members, all of whom are appointed by the City Council of the City and whom can be removed from office by the City Council at its will. The CDC has the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the City. The CDC incorporated in the state of Texas in 1998. The nature and significance of the relationship between the primary government and the CDC is such that exclusion would cause the City’s financial statements to be misleading or incomplete. Separate financial statements for CDC as of and for the year ended September 30, 2024 are not issued.

### ***Basis of Presentation***

#### ***Government-wide Financial Statements***

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds, while business-type activities incorporate data from the City’s enterprise funds. Separate financial statements are provided for governmental funds and proprietary funds.

**City of Royse City, Texas**  
**Notes to Financial Statements**  
**September 30, 2024**

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The government-wide Statement of Activities demonstrates the degree to which the direct expenses of a function category (Police, Fire, Public Works, etc.) or program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or program. Program revenues include a) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provide by a given function or program, b) grants and contributions that are restricted to meeting the operations requirements of a particular function or program, c) grants and contributions that are restricted to meeting the capital requirements of a particular function or program. Taxes and other items not properly included among program revenues are reported instead as general revenues.

The net cost (by function) is normally covered by general revenue (property and sales taxes, franchise taxes, and interest income).

***Fund Financial Statements***

The fund financial statements provide information about the City's funds, including its internal service funds. Separate statements for each fund category—governmental and proprietary—are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

The City reports the following major governmental funds:

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

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

The *Bonds Capital Projects Fund* is used to account for the City's funds received through the sale of general obligation bonds for the acquisition or construction of general major capital facilities.

The *ARPA Grant Fund* is used to account for the collection of ARPA funds and recognize intergovernmental revenues and eligible expenditures.

The *General Capital/CIP Fund* is used to account for the accumulation of resources for the acquisition or construction of general major capital assets. This fund is designated as a major fund.

**City of Royse City, Texas**  
**Notes to Financial Statements**  
**September 30, 2024**

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The focus of proprietary funds measurement is upon determination of operating income, changes in net position, financial position and cash flows, which is similar to businesses.

The City reports the following major business-type fund:

The *Water and Sewer Fund* is used to account for the operations of the water distribution system and the wastewater treatment plants, wastewater pumping stations, and collection systems, as well as the accumulation of resources for the development of land.

Additionally, the City reports the following fund types:

The nonmajor *Special Revenue Funds* and nonmajor *Capital Projects Funds* are used to account for specific revenue sources that are legally restricted to expenditures for specified purposes.

The *Internal Service Funds – Technology Replacement, Vehicle Replacement, Risk Management* – are used to account for funding vehicle, equipment, IT capital purchases, and claims management with transfers from the operating funds.

During the course of operations, the City has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds. Further, certain activity occurs during the year involving transfers of resources between funds reported at gross amounts as transfers in/out. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements.

***Measurement Focus, Basis of Accounting***

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of recognition in the financial statements of various kinds of transactions or events.

The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they have been earned and they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

**City of Royse City, Texas**  
**Notes to Financial Statements**  
**September 30, 2024**

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However, debt service principal and interest expenditures on general long-term debt, as well as expenditures related to compensated absences, claims and judgments, and postemployment benefits are recognized later based on specific accounting rules applicable to each, generally when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and financing through leases are reported as other financing sources.

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the City.

***Budgetary Policy and Control***

The City adopts an “appropriated budget” of governmental fund types on the modified accrual basis of accounting by department. The City is required to present the adopted and final amended budgeted revenues and expenditures. The City compares the final amended budget to actual revenues and expenditures.

The following procedures are followed in establishing the budgetary data:

- Public hearings are conducted to obtain taxpayer comments.
- The operating budget for the fiscal year is legally enacted through passage of an ordinance prior to October 1.
- The City Manager is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the City Council. Therefore, the fund level is the legal level of control.

Budgets for the General Fund, Debt Service Fund, Bonds Capital Projects Fund and certain Special Revenue Funds are legally adopted on a basis consistent with generally accepted accounting principles. The City did not adopt budgets for certain Special Revenue Funds. These unbudgeted Special Revenue Funds were as follows:

- Jury Fund
- ARPA Grant
- Battle of the Badges
- Union Square Public Improvement District
- Waterscape Public Improvement District
- Special Escrow
- Animal Shelter New Building Fund
- Waterscape TIRZ

General Capital/CIP Fund and Nonmajor Capital Project Funds are not budgeted since project length financial plans usually extend into two or more fiscal years, making comparisons misleading.

Budgeted amounts are as originally adopted or as amended by the City Council. Any budgeted amounts appropriated at fiscal year-end and not spent automatically lapse.

***Assets, Liabilities, Deferred Outflow/Inflows of Resources, and Net Position/Fund Balance***

***Cash and Cash Equivalents***

The City's cash and cash equivalents include cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. For purposes of the statement of cash flows, the City's proprietary funds consider their demand deposits and all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

***Investments***

Investments held by the City that have a remaining maturity of greater than one year from purchase are carried at fair value. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties.

All investments are recorded at fair value based on quoted market prices, except for investment pools, which are recorded at net asset value (NAV). NAV approximates fair value. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties.

***Restricted Assets***

Assets are reported as restricted when limitations on their use change the nature of normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other governments, or are imposed by law through constitutional provisions or enabling legislation.

Restricted assets in the proprietary fund represent cash and cash equivalents and investments set aside for capital projects, customer deposits, and impact fees.

Impact fees are the capital recovery fees that are, by law, restricted to the project these funds may be used to support.

Customer's deposits received for water and sewer services are, by law, to be considered restricted assets. These activities are included in the proprietary fund.

***Business-type Activities***

Capital projects	\$ 18,840,024
Impact fees	12,211,441
Customer deposits	<u>1,024,201</u>
<b>Total Restricted Assets</b>	<b><u>\$ 32,075,666</u></b>

***Lease Receivable***

The City and the CDC are lessors for noncancellable leases related to cellular towers and building space. The City and CDC recognize a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements.

At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

**City of Royse City, Texas**  
**Notes to Financial Statements**  
**September 30, 2024**

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Key estimates and judgments include how the City determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The City uses the lessee’s rate, or the rate disclosed in the agreement. If the rate is not readily available, the City uses its incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

**Capital Assets**

Capital assets, which include land, buildings, equipment, and improvements, purchased or acquired, are reported in the applicable governmental or business-type activities column in the government-wide financial statements and proprietary fund types. The City defines capital assets as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if historical cost is not available. Donated capital assets are recorded at acquisition value at the date of donation. Acquisition value is the price that would be paid to acquire an asset with equivalent service potential on the date of the donation. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed.

Land and construction in progress are not depreciated. The other tangible and intangible property, plant, equipment, and infrastructure of the primary government are depreciated/amortized using the straight-line method over the following estimated useful lives:

<b>Capital Asset Class</b>	<b>Lives (in Years)</b>
Buildings and improvements	7-50
System infrastructure	20-40
Vehicles	4-20
Office furniture and equipment	5
Machinery and equipment	10

**Subscription Assets**

Subscription assets with an initial cost of more than \$5,000 are initially recorded at the initial measurement of the subscription liability, plus subscription payments made at or before the commencement of the subscription-based information technology arrangement (SBITA) term, less any SBITA vendor incentives received from the SBITA vendor at or before the commencement of the SBITA term, plus capitalizable initial implementation costs. Subscription assets are amortized on a straight-line basis over the shorter of the SBITA term or the useful life of the underlying IT asset.

**Unearned Revenue**

In the governmental activities and ARPA Grant Fund, unearned revenue of \$3,650,149 represents intergovernmental monies received in advance as part of the COVID-19-Coronavirus State and Local Fiscal Recovery Funds program during fiscal year 2024 and 2023. The City did not spend any of these funds as of September 30, 2024 and will recognize revenue as qualifying expenses are incurred.

### ***Escrow Deposits***

The City collects and holds money from approved developer agreements and other private construction commitments assessed during the permitting process. The escrow deposits are either refunded once the developer has completely fulfilled their commitment or applied to revenue to reimburse for the City's cost in completing the obligation.

### ***Compensated Absences***

It is the City's policy to permit employees to accumulate earned but unused paid time off (PTO) and overtime not paid (compensation time). The City's policy permits pay to a separating employee with at least six months of continuous service unused vacation leave not to exceed 120 hours. The City's policy also permits sick leave pay to a separating employee with five years of service with the City and eligibility to retire with TMRS. A separating employee that meets the criteria for sick leave pay may receive 25 percent of the available sick leave balance. The rate of pay will be determined by the salary rate in effect at the time of separation. As such, there is an accrual for all PTO that meets the aforementioned thresholds at the close of the fiscal year end in the government-wide and proprietary fund financial statements.

### ***Long-term Debt***

In the government-wide financial statements, and proprietary funds in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds, are reported as debt service expenditures.

### ***Subscription Liability***

The City contracts for noncancellable subscriptions of information technology software. The City recognizes a subscription liability and an intangible subscription asset (subscription asset) in the government-wide financial statements. The City recognizes subscription liabilities with an initial, individual value of \$5,000 or more.

At the commencement of a subscription, the City measures the subscription liability at the present value of payments expected to be made during the subscription term. Subsequently, the subscription liability is reduced by the principal portion of subscription payments made.

Key estimates and judgments related to subscriptions include how the City determines (1) the discount rate it uses to discount the expected subscription payments to present value, (2) subscription term, and (3) subscription payments.

- The City uses the interest rate charged by the subscription-based information technology arrangement (SBITA) vendor as the discount rate. When the interest rate charged by the SBITA vendor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for subscriptions.
- The subscription term includes the noncancellable period of the subscription. Subscription payments included in the measurement of the subscription liability are composed of fixed payments and purchase option price that the City is reasonably certain to exercise.

The City monitors changes in circumstances that would require a remeasurement of its subscription and will

**City of Royse City, Texas**  
**Notes to Financial Statements**  
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remeasure the subscription asset and liability if certain changes occur that are expected to significantly affect the amount of the subscription liability.

Subscription assets are reported with capital, lease and subscription assets and subscription liabilities are reported with long-term liabilities on the statement of net position.

***Pensions***

For purposes of measuring the net pension liability, pension related deferred outflows and inflows of resources, and pension expense, City specific information about its Fiduciary Net Position in the Texas Municipal Retirement System (TMRS) and additions to/deductions from the City'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.

***Defined Benefit Other Postemployment Benefits***

The City participates in the Texas Municipal Retirement System Supplemental Death Benefit Fund (TMRS SDBF), which is an optional single-employer defined benefit life insurance plan that is administered by TMRS. It provides death benefits to active and, if elected, retired employees of participating employers. Contribution rates are determined annually for each participating municipality as a percentage of that City's covered payroll. The death benefit for retirees is considered another postemployment benefit (OPEB). The OPEB program is an unfunded trust because the SDBF trust covers both actives and retirees and is not segregated. The Total OPEB Liability of the plan has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the Total OPEB Liability, deferred inflows and outflows of resources, and OPEB expense. Benefit payments are recognized when due and payable in accordance with the benefit terms.

***Deferred Outflows/Inflows of Resources***

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure/reduction of net pension liability or total OPEB liability) until then.

The City has the following items that qualify for reporting in this category:

- Pension contributions after measurement date – These contributions are deferred and recognized as a reduction of the pension liability or increase in pension asset in the subsequent fiscal year end.
- Difference in expected and actual experience – pension and OPEB – This difference is deferred and amortized over the average remaining service life of all participants in the pension plan and recorded as a component of pension expense beginning with the period in which they are incurred.
- Difference in assumption changes – pension and OPEB – This difference is deferred and amortized over the average remaining service life of all participants in the pension and OPEB plan and recorded as a component of pension and OPEB expense beginning with the period in which they are incurred.

**City of Royse City, Texas**  
**Notes to Financial Statements**  
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- Difference in projected and actual earnings on pension plan investments – This difference is deferred and amortized as a component of pension expense on a closed basis over a five-year period beginning with the period in which the difference occurred.
- Deferred charges on refunding – A deferred charge refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of financial position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows or resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue/increase of net pension liability or total OPEB liability) until that time. The City has the following items that qualify for reporting in this category:

- Difference in expected and actual experience – pension and OPEB – This difference is deferred and amortized over the average remaining service life of all participants in the pension and OPEB plan and recorded as a component of pension and OPEB expense beginning with the period in which they are incurred.
- Difference in assumption changes – OPEB – This difference is deferred and amortized over the average remaining service life of all participants in the pension and OPEB plan and recorded as a component of pension and OPEB expense beginning with the period in which they are incurred.
- Unavailable revenue – This arises only under a modified accrual basis of accounting. Accordingly, unavailable revenue is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes and fines and forfeitures.
- Leases – Represents the initial value of the lease receivable under GASB 87 systematically reduced and recognized as lease revenue over the term of the lease. This deferred inflow is recorded at both the fund level and government-wide financial statements.

### ***Net Position***

Net position represents the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources of governmental and business-type activities and proprietary funds. The government-wide and proprietary fund financials utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted, and unrestricted.

- Net Investment in Capital Assets – This amount consists of capital assets, net of accumulated depreciation/amortization and reduced by outstanding balances of bonds, notes, and other debt, that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are included in this component of net position.
- Restricted Net Position – This amount is restricted by external parties such as creditors, grantors, contributors, or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.
- Unrestricted Net Position – This amount is the net position that does not meet the definition of “net investment in capital assets” or “restricted net position.”

Sometimes the City will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City’s policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

***Fund Balance Policies and Classifications***

In the fund financial statements, governmental funds report fund balance into classifications that comprise a hierarchy based on the extent to which the City is bound to honor constraints on the specific purpose for which amount in those funds can be spent. The classifications of fund balance are Nonspendable, Restricted, Committed, Assigned, and Unassigned.

- **Nonspendable:** This classification includes amounts that cannot be spent because they are either: (a) not in spendable form or (b) are legally or contractually required to remain intact.
- **Restricted:** This classification includes amounts for which constraints have been placed on the use of the resources either: (a) externally imposed by creditors, grantors, contributors, or laws and regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.
- **Committed:** This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action (ordinance) by the highest level of decision-making authority, namely the City Council, prior to the end of the reporting period. These amounts cannot be used for any other purpose unless the City Council removes or changes the specified use by taking the same type of formal action that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.
- **Assigned:** This classification includes amounts that are constrained by the City's intent to be used for specific purposes but are neither restricted nor committed. This intent can be expressed by the City Council or through the City Council delegating this responsibility to the City Manager. Assigned fund balances are constrained by intent to be used for specific purposes but are neither restricted nor committed. Assignments are made by the City management based on the City Council's direction.
- **Unassigned:** This classification represents the residual net resources in excess of the other classifications. The General Fund is the only fund that can report a positive unassigned fund balance. In other governmental funds it is not appropriate to report a positive unassigned fund balance. However, in governmental funds other than the general fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assigned, to those purposes, it may be necessary to report a negative unassigned fund balance in that fund.

When both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance) are available for specified expenditures, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted fund balance to have been depleted before using any of the components of unassigned fund balance. Further, when the components of unassigned fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

The City has established a formal policy to maintain a minimum reserve balance for the General Fund equal to 25 percent of budgeted expenditures. As of September 30, 2024, the City was in compliance with this policy as unassigned fund balance in the General Fund was equal to 39.02 percent of current year expenditures.

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	General Fund	Debt Service	Capital Projects Fund	ARPA Grant Fund	General Capital/CIP Fund	Nonmajor Governmental Funds
Restricted for						
Debt service	\$ -	\$ 1,276,803	\$ -	\$ -	\$ -	\$ -
Capital projects	-	-	30,111,626	586	6,460,223	4,698,668
Roadway fees	-	-	-	-	-	4,922,927
Police	-	-	-	-	-	27,330
Municipal court use	-	-	-	-	-	170,865
Hotel motel use	-	-	-	-	-	408,576
Public improvement	-	-	-	-	-	2,045,755
Community development	-	-	-	-	-	1,907,673
Assigned						
General government	525,000	-	-	-	-	-
Senior center	-	-	-	-	-	7,293
Parks and recreation	-	-	-	-	-	30,638
Public safety	-	-	-	-	-	6,551
Public works	-	-	-	-	-	60,162
Animal control	-	-	-	-	-	36,494
Unassigned	6,878,940	-	-	-	-	-
Total	<u>\$ 7,403,940</u>	<u>\$ 1,276,803</u>	<u>\$ 30,111,626</u>	<u>\$ 586</u>	<u>\$ 6,460,223</u>	<u>\$ 14,322,932</u>

**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 benefitting 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 Statements of Activities.

**Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires the City's management to make estimates and assumptions that affect reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources at the date of the financial statements and the reported changes in net position during the reporting period. Actual results may differ from those estimates.

**Program and General Revenues**

Amounts reported as program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment.

All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the water fund and sewer fund and internal service funds are charges to customers for sales and services. The water and sewer fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds and internal service funds include the cost of sales and

**City of Royse City, Texas**  
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services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

***Future Financial Reporting Requirements***

The GASB has issued the following potentially significant statements which the City has not yet adopted, and which require adoption subsequent to September 30, 2024. The City will evaluate the potential impact, if any, on the City’s net position.

<b>Statement No.</b>	<b>Title</b>	<b>Adoption Required</b>
101	<i>Compensated Absences</i>	September 30, 2025
102	<i>Certain Risk Disclosures</i>	September 30, 2025
103	<i>Financial Reporting Model Improvements</i>	September 30, 2026
104	<i>Disclosure of Certain Capital Assets</i>	September 30, 2026

**Note 2. Deposits and Investments**

The City’s funds (including the funds of its component unit) 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 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 banks dollar amount of Federal Deposit Insurance Corporation (FDIC) insurance.

***Cash and Cash Equivalents***

At September 30, 2024, the carrying amount of the City’s deposits (cash and interest-bearing savings accounts) was \$20,605,863 and the bank balances totaled \$21,577,920. At September 30, 2024, the carrying amount of the Corporation’s cash and cash equivalents was \$11,239,100 and the bank balances totaled \$10,974,643.

***Custodial Credit Risk***

There is risk that, in the event of a bank failure, the City’s deposits may not be returned. Both the City’s investment policy and the Texas Public Funds Investment Act requires that all deposits of the City that exceed the Federal Depository Insurance Corporation (FDIC) coverage levels are collateralized with securities held by a third-party custodian in the City’s name. As of September 30, 2024, the value of the City’s deposits and investments not insured through the FDIC have been fully collateralized and meet the requirements of the City’s policy and state statutes.

***Investments***

The City’s investment policies are governed by state statutes. The City’s investment policies further limit state statutes such that eligible investments include the following:

1. Obligations of the United States or its agencies and instrumentalities with a maximum maturity of not greater than five years.
2. Direct obligations of the state of Texas or its agencies and instrumentalities.
3. Other obligations, the principal and interest of which are unconditionally guaranteed or insured by the state or the United States of America or its agencies and instrumentalities.
4. Obligations of states, agencies, counties, cities, and other political subdivisions or any state having been rated as to investment quality by a nationally recognized investment rating firm and having received a rating of not less than “A” or its equivalent.

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5. Pooled investments with other government entities as authorized by the *Interlocal Cooperation Act*.

**Investment Pools**

During the year, the City invested in public fund investment pools, including LOGIC. LOGIC’s governing body is comprised of individuals who are employees, officers, or elected officials of participants in the fund or who do not have a business relationship with the fund and are qualified to advise. Investment objective and strategies of the pool is to seek preservation of principal, liquidity, and current income through investment in a diversified portfolio of short-term marketable securities. Offers same day access to investment funds. The City can liquidate funds daily without penalty and there is no unfunded commitment.

Following the pool criteria for GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, LOGIC uses NAV to value portfolio assets. As is legally permissible for municipalities and school districts in the state, LOGIC invests in a high-quality portfolio of short-term investments. Investments in the pool is considered to be cash equivalents when preparing these financial statements.

**Interest Rate Risk**

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in the market interest rates. In accordance with its investment policy, the City manages its exposure to declines in fair market values by investing mainly in investment pools which purchase a combination of short-term investments with an average maturity of less than 60 days thus reducing the interest rate risk. The City monitors the interest rate risk inherent in its portfolio by measuring the weighted average maturity of its portfolio. The City has no specific limitations with respect to this metric.

**Credit Risk**

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The City’s investment policy requires that investment pools be continuously rated no lower than “AAA” or “AAA-m” or an equivalent rating by at least one nationally recognized rating service.

**Fair Value of Investments**

As of September 30, 2024, the City had the following investments:

Investment Type	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments measured at net asset value - LOGIC	\$ 111,511,459	\$ -	\$ -	\$ -
Total investments	<u>111,511,459</u>	<u>-</u>	<u>-</u>	<u>-</u>

The City categorizes its fair value measurements within the fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy as follows:

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**Level 1** Quoted prices for identical investments in active markets;

**Level 2** Observable inputs other than those in Level 1;

**Level 3** Unobservable inputs.

As of September 30, 2024, the City did not invest in any securities which are highly sensitive to interest rate fluctuations. Investments that are measured using the net asset value per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy.

**Note 3. Property Taxes**

Property tax is levied each October 1 on the assessed value listed as of the prior January 1 for all real and personal property located in the City. Assessed value represents the appraisal value less applicable exemptions authorized by the City Council. The Appraisal Board of Review establishes appraised values at 100 percent for estimated market value. A tax lien attaches to the property on January 1 of each year, to secure the payment of all taxes, penalties, and interest ultimately imposed for the year on that property, whether or not the taxes are imposed in the year the lien attaches.

Taxes are due October 1 immediately following the levy date and are delinquent after the following January 31st. Revenues are recognized as the related ad valorem taxes are collected. Additional delinquent property tax estimated to be collectible within 60 days following the close of the fiscal year have been recognized as a revenue at the fund level.

In Texas, county-wide central appraisal districts are required under the Property Tax Code to assess all property within the appraisal district on the basis of 100 percent of its market value and are prohibited from applying any assessment ratios. The value of property within the appraisal district must be reviewed every five years; however, the City may, at its own expense, require annual reviews of appraised values. The City may challenge appraised values established by the appraisal district through various appeals, and, if necessary, take legal action. Under this legislation, the City continues to set tax rates on City property. If a city with a population of less than 30,000 adopts a tax rate that exceeds the greater of the city's voter-approval tax rate or the de minimis tax rate, the city council must order an election to approve the adopted tax rate for the November uniform election date.

The statutes of the State of Texas do not prescribe a legal debt limit. However, Article XI, Section 5 of the Texas Constitution applicable to cities of more than 5,000 population limits the ad valorem tax rate to \$2.50 per \$100 assessed valuation. For the fiscal year September 30, 2024, the City had a tax rate of \$0.58400 per \$100 assessed valuation based upon the maximum rates described above. Allocations of property tax levy by purpose for 2024 are as follows (amounts per \$100 assessed value):

<b>Fund Type</b>	<b>2024</b>
General Fund	\$ 0.31810
Debt Service Fund	0.26590
	<hr/>
Total	<u>\$ 0.58400</u>

**City of Royse City, Texas**  
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**Note 4. Receivables**

Amounts are aggregated into a single accounts receivable (net of allowance for doubtful accounts) line for certain funds and aggregated columns. The detail of receivables for the general fund, debt service fund, nonmajor governmental funds, and water and sewer fund including the applicable allowances for uncollectible accounts, as of September 30, 2024, are as follows:

	<b>General Fund</b>	<b>Debt Service Fund</b>	<b>Nonmajor Governmental Funds</b>	<b>Water and Sewer Fund</b>	<b>Total</b>
Receivables:					
Ad valorem taxes	\$ 121,924	\$ 101,916	\$ -	\$ -	\$ 223,840
Sales taxes	1,094,150	-	-	-	1,094,150
Court fines	441,364	-	-	-	441,364
Charges for services	-	-	-	2,946,716	2,946,716
Other	518,561	-	11,561	-	530,122
Gross receivables	<u>2,175,999</u>	<u>101,916</u>	<u>11,561</u>	<u>2,946,716</u>	<u>5,236,192</u>
Less: allowance for doubtful accounts	<u>(351,651)</u>	<u>(17,243)</u>	<u>-</u>	<u>(464,799)</u>	<u>(833,693)</u>
Net receivables	<u><u>\$ 1,824,348</u></u>	<u><u>\$ 84,673</u></u>	<u><u>\$ 11,561</u></u>	<u><u>\$ 2,481,917</u></u>	<u><u>\$ 4,402,499</u></u>

**City of Royse City, Texas**  
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**Note 5. Lease Receivable**

The City and the CDC leases a portion of its property to various cell phone companies and businesses who use the space to conduct their operations, the terms of which expire 2027 through 2035. The measurement of the lease receivable is based on the present value of lease payments expected to be received during the lease term, such as fixed payments, variable payments that depend on an index or rate, variable payments that are fixed in substance, residual value guarantee payments that are fixed in substance, and any lease incentives payable to the lessee.

The City recognized \$20,428 in lease revenue and \$8,561 in interest revenue during the current fiscal year related to these leases. As of September 30, 2024, the City's receivable for lease payments was \$235,218. Also, the City has a deferred inflow of resources associated with these leases that will be recognized as revenue over the lease terms. As of September 30, 2024, the balance of the deferred inflow of resources was \$224,709.

The CDC recognized \$44,941 in lease revenue and \$5,732 in interest revenue during the current fiscal year related to these leases. As of September 30, 2024, the CDC's receivable for lease payments was \$143,731. Also, the CDC has a deferred inflow of resources associated with these leases that will be recognized as revenue over the lease terms. As of September 30, 2024, the balance of the deferred inflow of resources was \$134,815.

The following is a schedule by year of minimum payments to be received under the City's and CDC's leases that are included in the measurement of the lease receivable as of September 30, 2024:

<b>Year Ending September 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Receipts</b>
2025	\$ 64,097	\$ 12,097	\$ 76,194
2026	66,372	9,822	76,194
2027	68,727	7,467	76,194
2028	19,819	5,975	25,794
2029	20,523	5,271	25,794
2030-2034	114,099	14,870	128,969
2035	25,312	482	25,794
Totals	<u>\$ 378,949</u>	<u>\$ 55,984</u>	<u>\$ 434,933</u>

**City of Royse City, Texas**  
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**Note 6. Capital and Subscription Assets**

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

	Beginning Balance	Increases	Decreases	Adjustments	Ending Balance
<b>Governmental Activities</b>					
Capital assets not being depreciated:					
Land	\$ 2,832,275	\$ 410,452	\$ -	\$ -	\$ 3,242,727
Construction in progress	13,950,722	13,874,827	-	(773,694)	27,051,855
Total capital assets not being depreciated	<u>16,782,997</u>	<u>14,285,279</u>	<u>-</u>	<u>(773,694)</u>	<u>30,294,582</u>
Capital and subscription assets being depreciated/amortized:					
Buildings and improvements	30,418,099	32,392,139	-	773,694	63,583,932
Machinery and equipment	1,494,467	165,037	-	-	1,659,504
Vehicles	5,174,904	306,641	(64,633)	-	5,416,912
Subscription assets	139,058	229,179	-	-	368,237
Totals capital and subscription assets being depreciated/amortized	<u>37,226,528</u>	<u>33,092,996</u>	<u>(64,633)</u>	<u>773,694</u>	<u>71,028,585</u>
Less accumulated depreciation/amortization for:					
Buildings and improvements	(5,081,722)	(1,087,465)	-	-	(6,169,187)
Machinery and equipment	(1,087,401)	(90,231)	-	-	(1,177,632)
Vehicles	(2,955,096)	(434,011)	29,444	-	(3,359,663)
Subscription assets	(32,844)	(78,680)	-	-	(111,524)
Total accumulated depreciation/amortization	<u>(9,157,063)</u>	<u>(1,690,387)</u>	<u>29,444</u>	<u>-</u>	<u>(10,818,006)</u>
Total capital and subscription assets, net	<u>\$ 44,852,462</u>	<u>\$ 45,687,888</u>	<u>\$ (35,189)</u>	<u>\$ -</u>	<u>\$ 90,505,161</u>
	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
<b>Business-type Activities</b>					
Capital assets not being depreciated:					
Land	\$ 1,602,440	\$ 23,000	\$ -	\$ -	\$ 1,625,440
Construction in progress	758,866	2,981,798	-	-	3,740,664
Total capital assets not being depreciated	<u>2,361,306</u>	<u>3,004,798</u>	<u>-</u>	<u>-</u>	<u>5,366,104</u>
Capital and subscription assets being depreciated/amortized:					
Buildings and improvements	39,551	-	-	-	39,551
Water and sewer system	32,861,172	29,274,867	-	-	62,136,039
Machinery and equipment	1,218,397	21,050	-	-	1,239,447
Subscription assets	118,318	-	-	-	118,318
Totals capital and subscription assets being depreciated/amortized	<u>34,237,438</u>	<u>29,295,917</u>	<u>-</u>	<u>-</u>	<u>63,533,355</u>
Less accumulated depreciation/amortization for:					
Buildings and improvements	(39,551)	-	-	-	(39,551)
Water and sewer system	(9,363,055)	(1,169,869)	-	-	(10,532,924)
Machinery and equipment	(631,861)	(68,347)	-	-	(700,208)
Subscription assets	(27,972)	(27,972)	-	-	(55,944)
Total accumulated depreciation/amortization	<u>(10,062,439)</u>	<u>(1,266,188)</u>	<u>-</u>	<u>-</u>	<u>(11,328,627)</u>
Total capital and subscription assets, net	<u>\$ 26,536,305</u>	<u>\$ 31,034,527</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 57,570,832</u>

**City of Royse City, Texas**  
**Notes to Financial Statements**  
**September 30, 2024**

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
<b>Component Unit</b>					
Capital assets not being depreciated:					
Land	\$ 981,698	\$ -	\$ (847,501)	\$ -	\$ 134,197
Construction in progress	250,680	536,253	-	-	786,933
Total capital assets not being depreciated	<u>1,232,378</u>	<u>536,253</u>	<u>(847,501)</u>	<u>-</u>	<u>921,130</u>
Capital assets being depreciated:					
Buildings and improvements	264,948	28,948	-	-	293,896
Total capital assets being depreciated	<u>264,948</u>	<u>28,948</u>	<u>-</u>	<u>-</u>	<u>293,896</u>
Less accumulated depreciation/amortization for:					
Buildings and improvements	(152,962)	(5,878)	-	-	(158,840)
Total accumulated depreciation	<u>(152,962)</u>	<u>(5,878)</u>	<u>-</u>	<u>-</u>	<u>(158,840)</u>
Total capital and subscription assets, net	<u>\$ 1,344,364</u>	<u>\$ 559,323</u>	<u>\$ (847,501)</u>	<u>\$ -</u>	<u>\$ 1,056,186</u>

In fiscal year 2024, the City received approximately \$31.2 million and \$28.8 million in developer contributions for governmental activities and business-type activities, respectively.

Depreciation expense was charged to functions/programs of the primary government and the component unit as follows:

**Governmental Activities**

General Government	\$ 194,065
Public Safety	549,463
Public Works	824,407
Community Development	5,764
Culture and Recreation	116,688

Total depreciation/amortization expense – governmental activities \$ 1,690,387

**Business-type Activities**

Water and Sewer	\$ 1,266,188
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Total depreciation/amortization expense – business-type activities \$ 1,266,188

**Component Unit**

Royse City Community Development Corporation	\$ 5,878
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Total depreciation expense – component unit \$ 5,878

**Construction Commitments**

Outstanding commitments at September 30, 2024, under authorized construction contracts were approximately \$15,072,292. The outstanding commitments for the projects were funded primarily from bond proceeds and capital project funds.

**City of Royse City, Texas**  
**Notes to Financial Statements**  
**September 30, 2024**

**Note 7. Long-term Debt**

A summary of long-term debt transactions, including the current portion, for the year ended September 30, 2024, is as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Transfers</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Governmental Activities</b>						
General obligation bonds	\$ 2,550,000	\$ -	\$ (573,143)	\$ -	\$ 1,976,857	\$ 589,574
Certificates of obligation	9,856,000	24,805,000	(2,225,000)	-	32,436,000	1,505,000
Private placement debt	24,005,000	-	(1,105,000)	-	22,900,000	955,000
Total	36,411,000	24,805,000	(3,903,143)	-	57,312,857	3,049,574
Premium on bonds	669,367	816,476	(112,237)	-	1,373,606	-
Total bonds payable	37,080,367	25,621,476	(4,015,380)	-	58,686,463	3,049,574
Arbitrage liabilities	-	332,338	-	-	332,338	-
Subscription liabilities	64,221	229,179	(76,650)	-	216,750	79,596
Compensated absences	508,804	384,111	(317,635)	-	575,280	57,528
Governmental activity long-term liability	<u>\$ 37,653,392</u>	<u>\$ 26,567,104</u>	<u>\$ (4,409,665)</u>	<u>\$ -</u>	<u>\$ 59,810,831</u>	<u>\$ 3,186,698</u>
<b>Business-type Activities</b>						
General obligation bonds	\$ 5,505,000	\$ -	\$ (811,857)	\$ -	\$ 4,693,143	\$ 840,426
Certificates of obligation	8,064,000	16,525,000	(570,000)	-	24,019,000	480,000
Total	13,569,000	16,525,000	(1,381,857)	-	28,712,143	1,320,426
Premium on bonds	1,171,222	553,862	(126,827)	-	1,598,257	-
Total bonds payable	14,740,222	17,078,862	(1,508,684)	-	30,310,400	1,320,426
Arbitrage liabilities	-	37,625	-	-	37,625	-
Subscription liabilities	54,707	-	(26,751)	-	27,956	27,956
Compensated absences	24,232	20,687	(17,546)	-	27,373	2,737
Total business-type activities	<u>\$ 14,819,161</u>	<u>\$ 17,137,174</u>	<u>\$ (1,552,981)</u>	<u>\$ -</u>	<u>\$ 30,403,354</u>	<u>\$ 1,351,119</u>
<b>Component Unit</b>						
Sales tax revenue bonds	\$ -	\$ 2,940,000	\$ -	\$ -	\$ 2,940,000	\$ 75,000
Total	-	2,940,000	-	-	2,940,000	75,000
Premium on bonds	-	162,469	(8,123)	-	154,346	8,123
Total bonds payable	-	3,102,469	(8,123)	-	3,094,346	83,123
Compensated absences	6,726	917	(6,394)	-	1,249	125
Total component unit activities	<u>6,726</u>	<u>3,103,386</u>	<u>(14,517)</u>	<u>-</u>	<u>3,095,595</u>	<u>83,248</u>

Compensated absences represent the estimated liability for employees accrued paid time off and compensation time for which employees are entitled to be paid upon termination. Governmental compensated absences are liquidated by the General Fund and business-type compensated absences are liquidated by the Water and Sewer Fund, based on the assignment of an employee at date of termination.

**City of Royse City, Texas**  
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**Changes in Governmental Long-Term Debt**

	Interest Rate Payable	Original Amounts Issued	Amounts Outstanding September 30, 2023	Issued	Retired/Refunded	Transfers	Amounts Outstanding September 30, 2024	Due Within One Year
2017 GO Refunding	1-4%	\$ 4,675,000	\$ 2,290,000	\$ -	\$ (545,000)	\$ -	\$ 1,745,000	\$ 560,000
2020 GO Refunding	2-5%	340,101	260,000	-	(28,143)	-	231,857	29,574.00
2016 Certificates of Obligation	2-3%	1,915,000	890,000	-	(150,000)	-	740,000	150,000
2017 Certificates of Obligation	3.05%	3,190,000	2,266,000	-	(125,000)	-	2,141,000	135,000
2018 Certificates of Obligation	3-4%	3,265,000	2,110,000	-	(190,000)	-	1,920,000	195,000
2019 Certificates of Obligation	2-4%	5,005,000	4,285,000	-	(205,000)	-	4,080,000	215,000
2020 Certificates of Obligation	2-5%	660,000	305,000	-	(35,000)	-	270,000	40,000
2022 Certificates of Obligation	3.29%	25,120,000	24,005,000	-	(1,105,000)	-	22,900,000	955,000
2023 Certificates of Obligation	4.25%	24,805,000	-	24,805,000	(1,520,000)	-	23,285,000	770,000
Total bonds payable		<u>\$ 68,975,101</u>	<u>\$ 36,411,000</u>	<u>\$ 24,805,000</u>	<u>\$ (3,903,143)</u>	<u>\$ -</u>	<u>\$ 57,312,857</u>	<u>\$ 3,049,574</u>

A description of each debt series follows:

\$4,675,000 General Obligation Refunding Bonds, Series 2017, issued for the purpose of refunding a portion of the City's outstanding debt.

\$340,101 General Obligation Refunding Bonds, Series 2020, issued for the purpose of refunding a portion of the City's outstanding debt.

\$1,915,000 Combination Tax and Revenue Certificates of Obligation Bonds, Series 2016, issued for the purpose of (i) constructing, reconstructing and improving streets, roads, sidewalks and alleys; (ii) constructing, acquiring, installing and equipping improvements to the City's waterworks and sewer system; and (iii) acquisition of vehicles and equipment for the public works department.

\$3,190,000 Combination Tax and Revenue Certificates of Obligation Bonds, Series 2017, issued for the purpose of (i) constructing, reconstructing and improving streets, roads, sidewalks and alleys; (ii) acquisition of vehicles and equipment for the police, fire, building inspections, public works and parks departments, (iii) purchase of land sites for future municipal complex; and (iv) constructing, acquiring, installing and equipping improvements to the City's waterworks and sewer system.

\$3,265,000 Combination Tax and Revenue Certificates of Obligation Bonds, Series 2018, issued for the purpose of (i) constructing, reconstructing and improving streets, roads, sidewalks and alleys; (ii) acquisition of vehicles and equipment for the fire department, police department and parks department (iii) purchase of land sites for future municipal complex; (iv) park improvements, including a new restroom facility; and (v) renovating and improving existing police and courts building and city hall building.

\$5,005,000 Combination Tax and Revenue Certificates of Obligation Bonds, Series 2019, issued for the purpose of constructing, acquiring, improving and equipping public safety buildings and facilities, including buildings and facilities for fire department, with any surplus proceeds to be used for buildings and facility planning for the police department.

\$660,000 Combination Tax and Revenue Certificates of Obligation Bonds, Series 2020, issued for the purpose of (i) improvements to the City's waterworks and sewer system; and (ii) acquiring vehicles and equipment for the fire department, police department, parks and recreation department, and public works department.

\$25,120,000 Private Placement Combination Tax and Revenue Certificates of Obligation Bonds, Series 2022, issued for the purpose of (i) acquiring, constructing, and equipping a police station; (ii) constructing, reconstructing and improving sidewalks, streets and roads, and the acquisition of land and interests in land; (iii) and acquiring,

**City of Royse City, Texas**  
**Notes to Financial Statements**  
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constructing, installing, and equipping additions, improvements, extensions, and equipment for waterworks and sewer system. The certificate of obligation pays principal and interest semiannually on February 15 and August 15, at an interest rate of 3.29%.

\$24,805,000 Combination Tax and Limited Surplus Revenue Certificates of Obligation, Series 2023, issued for the purpose of (i) renovating, improving, or equipping existing buildings or facilities, including the Janet Nichol Municipal Building; (ii) constructing, reconstructing and improving sidewalks, streets, and roads, including bridges, and intersections, street overlay, landscaping, traffic safety and operational improvements, culverts and related storm drainage and utility relocation, and the acquisition of land and interests in land as necessary, therefor; (iii) acquiring, constructing, installing, and equipping additions, improvements, extensions, and equipment for the City's waterworks and sewer system, including water and sewer lines, manholes, valves, and related street and infrastructure improvements; and (iv) paying the costs of issuing the Certificates.

Long-term debt services requirements are as follows:

<b>Year Ending September 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total Requirements</b>
2025	\$ 3,049,574	\$ 2,208,118	\$ 5,257,692
2026	3,170,528	2,086,315	5,256,843
2027	3,177,482	1,963,187	5,140,669
2028	2,670,333	1,837,285	4,507,618
2029	2,644,344	1,732,923	4,377,267
2030-2034	14,495,596	7,053,887	21,549,483
2035-2039	16,625,000	4,035,164	20,660,164
2040-2043	11,480,000	1,028,943	12,508,943
<b>Totals</b>	<b>\$ 57,312,857</b>	<b>\$ 21,945,822</b>	<b>\$ 79,258,679</b>

**Changes in Business-Type Long-Term Debt**

	<b>Interest Rate Payable</b>	<b>Original Amounts Issued</b>	<b>Amounts Outstanding September 30, 2023</b>	<b>Issued</b>	<b>Retired/Refunded</b>	<b>Transfers</b>	<b>Amounts Outstanding September 30, 2024</b>	<b>Due Within One Year</b>
2014 GO Refunding Bonds	1.5-3.5%	\$ 4,695,000	\$ 1,795,000	\$ -	\$ (245,000)	\$ -	\$ 1,550,000	\$ 250,000
2017 GO Refunding Bonds	3.05-4%	2,970,000	1,270,000	-	(300,000)	-	970,000	310,000
2020 GO Refunding Bonds	3.05-4%	3,224,899	2,440,000	-	(266,857)	-	2,173,143	280,426
2016 Certificates of Obligations	2-3%	575,000	405,000	-	(25,000)	-	380,000	30,000
2017 Certificates of Obligation	3.00%	1,460,000	1,129,000	-	(65,000)	-	1,064,000	65,000
2020 Certificates of Obligation	2-5%	6,930,000	6,530,000	-	(215,000)	-	6,315,000	225,000
2023 Certificates of Obligation	4.25%	16,525,000	-	16,525,000	(265,000)	-	16,260,000	160,000
<b>Total bonds payable</b>		<b>\$ 36,379,899</b>	<b>\$ 13,569,000</b>	<b>\$ 16,525,000</b>	<b>\$ (1,381,857)</b>	<b>\$ -</b>	<b>\$ 28,712,143</b>	<b>\$ 1,320,426</b>

**City of Royse City, Texas**  
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A description of the debt series follows:

\$4,695,000 General Obligation Refunding Bonds, Series 2014, issued for the purpose of refunding a portion of the City's outstanding debt.

\$2,970,000 General Obligation Refunding Bonds, Series 2017, issued for the purpose of refunding a portion of the City's outstanding debt.

\$3,224,899 General Obligation Refunding Bonds, Series 2020, issued for the purpose of refunding a portion of the City's outstanding debt.

\$575,000 Combination Tax and Revenue Certificates of Obligation Bonds, Series 2016, issued for the purpose of (i) constructing, reconstructing and improving streets, roads, sidewalks and alleys; (ii) constructing, acquiring, installing and equipping improvements to the City's waterworks and sewer system; and (iii) acquisition of vehicles and equipment for the public works department.

\$1,460,000 Combination Tax and Revenue Certificates of Obligation Bonds, Series 2017, issued for the purpose of (i) constructing, reconstructing and improving streets, roads, sidewalks and alleys; (ii) acquisition of vehicles and equipment for the police, fire, building inspections, public works and parks departments, (iii) purchase of land sites for future municipal complex; and (iv) constructing, acquiring, installing and equipping improvements to the City's waterworks and sewer system.

\$6,930,000 Combination Tax and Revenue Certificates of Obligation Bonds, Series 2020, issued for the purpose of (i) improvements to the City's waterworks and sewer system; and (ii) acquiring vehicles and equipment for the fire department, police department, parks and recreation department, and public works department.

\$16,525,000 Combination Tax and Revenue Certificates of Obligation Bonds, Series 2023, issued for the purpose of (i) renovating, improving, or equipping existing buildings or facilities, including the Janet Nichol Municipal Building; and (ii) constructing, reconstructing and improving sidewalks, streets and roads, including bridges and intersections, street overlay, landscaping, traffic safety and operational improvements, culverts and related storm drainage and utility relocation, and the acquisition of land and interests in land as necessary therefor; (iii) acquiring, constructing, installing, and equipping additions, improvements, extensions, and equipment for the City's waterworks and sewer system, including water and sewer lines, manholes, valves and related street and infrastructure improvements; and (iv) paying the costs of issuing the Certificates.

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Long-term debt service requirements are as follows:

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2025	\$ 1,320,426	\$ 1,159,165	\$ 2,479,591
2026	1,374,472	1,105,298	2,479,770
2027	1,427,518	1,049,269	2,476,787
2028	1,484,667	990,978	2,475,645
2029	1,550,656	927,395	2,478,051
2030-2034	7,014,404	3,645,871	10,660,275
2035-2039	7,280,000	2,142,148	9,422,148
2040-2044	6,895,000	706,100	7,601,100
2045	365,000	8,213	373,213
Totals	<u>\$ 28,712,143</u>	<u>\$ 11,734,437</u>	<u>\$ 40,446,580</u>

**Changes in Component Unit Long-Term Debt**

	<u>Interest Rate Payable</u>	<u>Amounts Original Issue</u>	<u>Outstanding September 30, 2023</u>	<u>Issued</u>	<u>Retired</u>	<u>Transfers</u>	<u>Outstanding September 30, 2024</u>	<u>Due Within One Year</u>
2024 Sales Tax Revenue Bonds	5.00%	\$ 2,940,000	\$ -	\$ 2,940,000	\$ -	\$ -	\$ 2,940,000	\$ 75,000
Total bonds payable		<u>\$ 2,940,000</u>		<u>\$ 2,940,000</u>			<u>\$ 2,940,000</u>	<u>\$ 75,000</u>

A description of the debt series follows:

\$2,940,000 Sales Tax Revenue Bonds, Series 2024, issued for the purpose of (i) financing the costs associated with constructing and extending Mercantile Boulevard in order to provide access to multiple commercial developments within the City; (ii) funding a reserve fund; (iii) payment of professional services in connection therewith including legal, engineering, architectural and fiscal fees and the costs of issuing the Bonds.

Long-term debt service requirements are as follows:

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Requirements</u>
2025	\$ 75,000	\$ 134,925	\$ 209,925
2026	85,000	130,925	215,925
2027	100,000	126,300	226,300
2028	105,000	121,175	226,175
2029	110,000	115,800	225,800
2030-2034	635,000	489,125	1,124,125
2035-2039	810,000	309,500	1,119,500
2040-2044	1,020,000	105,000	1,125,000
Totals	<u>\$ 2,940,000</u>	<u>\$ 1,532,750</u>	<u>\$ 4,472,750</u>

**City of Royse City, Texas**  
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**Subscription Liabilities**

The City has various subscription IT arrangements to conduct its operations, the terms of which expire in various years through 2028. The measurement of the subscription liabilities is based on the present value of subscription payments expected to be paid during the subscription term, such as fixed payments, variable payments that depend on an index or rate, variable payments that are fixed in substance, residual value guarantee payments that are fixed in substance, and any subscription incentives payable. As of September 30, 2024, the value of the subscription liabilities was \$216,750 and \$27,956 in the governmental activities and business-type activities, respectively. An incremental borrowing rate of 4.5000 percent was used to measure subscription liabilities. The value of the right-to-use subscription assets as of September 30, 2024, was \$368,237 and had accumulated amortization of \$111,524 in the governmental activities. The value of the right-to-use subscription assets as of September 30, 2024, was \$118,318 and had accumulated amortization of \$55,944 in the business-type activities.

The future principal and interest payments for subscription liabilities as of September 30, 2024, are as follows:

<b>Year Ending September 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total Requirements</b>
2025	\$ 79,596	\$ 9,754	\$ 89,350
2026	48,884	6,172	55,056
2027	43,164	3,972	47,136
2028	45,106	2,030	47,136
Totals	<u>\$ 216,750</u>	<u>\$ 21,928</u>	<u>\$ 238,678</u>

<b>Year Ending September 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total Requirements</b>
2025	\$ 27,956	\$ 1,257	\$ 29,213
Totals	<u>\$ 27,956</u>	<u>\$ 1,257</u>	<u>\$ 29,213</u>

**Note 8. Defined Benefit Pension Plan**

**Plan Description**

The City of Royse City participates as one of 930 plans in the defined benefit cash-balance plan administered by the Texas Municipal Retirement System (TMRS). TMRS is a statewide public retirement plan created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for employees of Texas participating cities. The TMRS Act places the general administration and management of TMRS with a six-member, Governor-appointed Board of Trustees; however, TMRS is not fiscally dependent on the State of Texas. TMRS issues a publicly available Annual Comprehensive Financial Report (Annual Report) that can be obtained at [www.tmrs.com](http://www.tmrs.com).

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

**Benefits Provided**

TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of

**City of Royse City, Texas**  
**Notes to Financial Statements**  
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the City, within the options available in the state statutes governing TMRS.

At retirement, the Member’s benefit is calculated as of the sum of the Member’s contributions, with interest, and the city-financed monetary credits with interest. The retiring Member may select one of seven monthly benefit payment options. Members may also choose to receive a portion of their benefit as a lump sum distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75 percent 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	32
Inactive employees entitled to but not yet receiving benefits	76
Active employees	121
	229

**Contributions**

Member contribution rates in TMRS are either 5 percent, 6 percent, or 7 percent of the Member’s total compensation, and the City matching percentages are either 100 percent, 150 percent, or 200 percent, 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 7 percent of their annual gross earnings during the fiscal year. The contribution rates for the City were 15.60 percent and 15.65 percent in calendar years 2023 and 2024, respectively. The City’s contributions to TMRS for the year ended September 30, 2024, were \$1,490,105 and were equal to the required contributions.

**Net Pension Liability**

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

**Actuarial Assumptions**

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

Inflation	2.5% per year
Overall payroll growth	2.75% per year
Investment Rate of Return	6.75%, net of pension plan investment expense, including inflation

Salary increases are based on a service-related table. Mortality rates for active members are based on the PUB(10) mortality tables with 110% of the Public Safety table used for males and 100% of the General Employee table used for females. Mortality rates for healthy retirees and beneficiaries are based on the Gender-distinct 2019 Municipal Retirees for 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 a 3-year set-forward for females.

**City of Royse City, Texas**  
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In addition a 3.5% and 3.0% minimum mortality rate is applied, for males and females, respectively, to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by the most recent Scale MP-2021 to account for future mortality improvements subject to the 3% floor.

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

The long-term expected rate of return on pension plan investments was determined by best estimate ranges of expected returns for each major asset class. The long-term expected rate of return is determined by weighting the expected return for each major asset class by the respective target asset allocation percentage.

The target allocation and best estimates of real rates of return for each major asset class in fiscal year 2024 are summarized in the following table:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return (Arithmetic)</b>
Global Equity	35.0%	6.70%
Core Fixed Income	6.0%	4.70%
Non-Core Fixed Income	20.0%	8.00%
Other Public and Private Markets	12.0%	8.00%
Real Estate	12.0%	7.60%
Hedge Funds	5.0%	6.40%
Private Equity	10.0%	11.60%
Total	<u>100.0%</u>	

**City of Royse City, Texas**  
**Notes to Financial Statements**  
**September 30, 2024**

**Discount Rate**

The discount rate used to measure the Total Pension Liability was 6.75 percent. The projection of cash flows used to determine the discount rate assumed that 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 the Net Pension Liability**

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) – (b)
<b>Balance at October 1, 2023</b>	\$ 17,231,637	\$ 13,447,099	\$ 3,784,538
Changes for the year:			
Service cost	1,627,751	-	1,627,751
Interest	1,205,382	-	1,205,382
Change of benefit terms	-	-	-
Difference between expected and actual experience	296,241	-	296,241
Changes of assumptions	14,107	-	14,107
Contributions – employer	-	1,310,264	(1,310,264)
Contributions – employee	-	587,939	(587,939)
Net investment income	-	1,565,534	(1,565,534)
Benefit payments, including refunds of employee contributions	(375,991)	(375,991)	-
Administrative expense	-	(9,901)	9,901
Other changes	-	(69)	69
Net changes	<u>2,767,490</u>	<u>3,077,776</u>	<u>(310,286)</u>
<b>Balance at September 30, 2024</b>	<u>\$ 19,999,127</u>	<u>\$ 16,524,875</u>	<u>\$ 3,474,252</u>
Proportionate share and net pension liability reporting in:			
Primary Government		96.87%	\$ 3,365,509
Royse City Community Development Corporation		3.13%	108,743
Total		<u>100.00%</u>	<u>\$ 3,474,252</u>

**City of Royse City, Texas**  
**Notes to Financial Statements**  
**September 30, 2024**

**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 percent, 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 percent) or 1-percentage-point higher (7.75 percent) than the current rate:

<b>1% Decrease in Discount Rate (5.75%)</b>	<b>Discount Rate (6.75%)</b>	<b>1% Increase in Discount Rate (7.75%)</b>
\$ 6,805,599	\$ 3,474,252	\$ 781,523

**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, by Participating City. That report may be obtained at [www.tnrs.com](http://www.tnrs.com).

**Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

For the year ended September 30, 2024, the City and its component unit recognized pension expense of \$1,569,912.

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

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual economic experience	\$ 494,469	\$ 3,622
Changes in actuarial assumptions	11,060	-
Difference between projected and actual investment earnings	307,082	-
Contributions subsequent to the measurement date	1,097,744	-
<b>Total</b>	<b>\$ 1,910,355</b>	<b>\$ 3,622</b>

\$1,097,744 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a decrease in the Net Pension Liability for the year ending September 30, 2025. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

2025	\$ 277,880
2026	271,613
2027	348,838
2028	(89,342)
<b>Total</b>	<b>\$ 808,989</b>

***Allocation of Pension Items***

The City allocates pension items between governmental activities, business-type activities, and its component unit on the basis of employee payroll funding. For the governmental activities, the general fund is responsible for the contributions. For the business type activities, the Water and Sewer fund is responsible for the contributions.

**Note 9. Postemployment Benefits Other Than Pensions**

***Plan Description***

Texas Municipal Retirement System (TMRS) administers a defined benefit group-term life insurance plan known as the Supplemental Death Benefits Fund (SDBF). This is a voluntary program in which participating member cities may elect, by ordinance, to provide group-term life insurance coverage for their active members, including or not including retirees. As the SDBF covers both active and retiree participants with no segregation of assets, the SDBF is considered to be an unfunded OPEB plan (*i.e.*, no assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75).

***Benefits Provided***

The death benefit for active employees provides a lump-sum payment approximately equal to the employee’s annual salary (calculated based on the employee’s actual earnings for the 12-month period preceding the month of death). The death benefit for retirees is considered another postemployment benefit (OPEB) and is a fixed amount of \$7,500.

***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	18
Inactive employees entitled to but not yet receiving benefits	13
Active employees	121
	152

***Contributions***

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

The City’s total SBDF contribution rates were 0.23 percent and 0.24 percent for calendar year 2024 and 2023, respectively. The retiree portion of the total SBDF contribution rates for the City were 0.06 percent and 0.06 percent in calendar year 2024 and 2023, respectively.

**City of Royse City, Texas**  
**Notes to Financial Statements**  
**September 30, 2024**

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The City's contributions to the SDBF for the years ended September 30, 2024 and 2023 were \$22,169 and \$17,049, respectively, representing contributions for both active and retiree coverage, which equaled the required contributions each year.

***Total OPEB Liability***

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

***Actuarial Assumptions***

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

**Measurement Year Ended December 31, 2023**

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Inflation rate	2.50% per year
Discount rate	3.77% as of December 31, 2023 (4.05% as of December 31, 2022)
Actuarial cost method	Entry Age Normal Method
Projected salary increases	3.60% to 11.85% including inflation

Mortality rates for retirees and beneficiaries are based on the gender-distinct 2019 Municipal Retirees of Texas mortality tables. Based on the size of the City, rates are multiplied by an additional factor of 100.0 percent, which adds an additional layer of conservatism. The rates are projected on a fully generational basis by scale UMP to account for future mortality improvements.

For disabled annuitants, the mortality tables for healthy retirees is used with a four-year set-forward for males and a three-year set-forward for females. In addition, a 3.5 percent and 3 percent 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 scale UMP to account for future mortality improvements subject to the floor.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS as of December 31, 2022. They were adopted in 2023 and first used in the December 31, 2023 actuarial valuation.

***Discount Rate***

The discount rate used to measure the Total OPEB Liability as of December 31, 2023, was 3.77 percent, compared to 4.05 percent as of December 31, 2022. Because the Supplemental Death Benefits Fund is considered an unfunded trust under GASB Statement No. 75, the relevant discount rate for calculating the Total OPEB Liability is based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of the measurement date of December 31, 2023.

**City of Royse City, Texas**  
**Notes to Financial Statements**  
**September 30, 2024**

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***Changes in the Total OPEB Liability***

	<u>Total OPEB Liability</u>	
<b>Balance at October 1, 2023</b>	\$	144,174
Changes for the year:		
Service cost		12,599
Interest		5,992
Difference between expected and actual experience		1,043
Changes of assumptions		7,050
Benefit payments		<u>(5,039)</u>
Net changes		<u>21,645</u>
<b>Balance at September 30, 2024</b>	<b>\$</b>	<b><u>165,819</u></b>
Proportionate share and net pension liability reporting in:		
Primary Government	96.87%	\$ 160,629
Royse City Community Development Corporation	<u>3.13%</u>	<u>5,190</u>
Total	<u>100%</u>	<u>\$ 165,819</u>

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

The following presents the total OPEB liability of the City and its component unit, calculated using the discount rate of 3.77 percent, 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 percent) or 1-percentage-point higher (4.77 percent) than the current rate:

	<u>1% Decrease in Discount Rate (2.77%)</u>	<u>Current Discount Rate (3.77%) Assumption</u>	<u>1% Increase in Discount Rate (4.77%)</u>
Total OPEB liability	\$ 198,739	\$ 165,819	\$ 140,053

**City of Royse City, Texas**  
**Notes to Financial Statements**  
**September 30, 2024**

***OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB***

For the year ended September 30, 2024, the City recognized OPEB expense of \$15,717.

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$ 2,387	\$ 5,690
Changes in actuarial assumptions	<u>27,646</u>	<u>56,351</u>
Total	<u>\$ 30,033</u>	<u>\$ 62,041</u>

Other amounts of the reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

2025	(3,915)
2026	(2,942)
2027	(7,157)
2028	(9,919)
2029	(9,400)
Thereafter	<u>1,325</u>
Total	<u>\$ (32,008)</u>

***Allocation of OPEB Items***

The City allocates OPEB items between governmental activities, business-type activities, and its component unit on the basis of employee payroll funding. For the governmental activities, the total OPEB liability is liquidated by the general fund. For the business type activities, the Water and Sewer fund liquidates the total OPEB liability.

**Note 10. Due to/From Other Funds**

The following is a summary of due to/from other funds at September 30, 2024:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Bonds Capital Projects	Debt Service	\$ 6,894

The outstanding balance owed by the Debt Service fund to the Bonds Capital Projects Fund result mainly from the time lag between dates that: (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

**Note 11. Interfund Transactions**

Current transfers between funds during the year were as follows:

Transfers out	Transfers in			Totals Transfers Out
	General Fund	General Capital/CIP Fund	Internal Service Funds	
General Fund	\$ -	\$ 1,743,600	\$ 4,305	\$ 1,747,905
Bonds Capital Projects Fund	-	-	-	-
Non-major governmental funds	24,000	-	-	24,000
Water and Sewer Fund	500,000	-	-	500,000
Internal Service Funds	105,715	-	-	105,715
Total transfers in	<u>\$ 629,715</u>	<u>\$ 1,743,600</u>	<u>\$ 4,305</u>	<u>\$ 2,377,620</u>

Transfers are used to/for: 1) operational transfer to the General Fund from the Water and Sewer; 2) transfer monies for capital asset purchases and 3) help fund internal service operations.

**Note 12. Tax Incentive Rebates**

The City has two active Incentive Rebates that were used to attract businesses that generate incremental tax revenues. The agreements are subject to Chapter 380 of the Texas Local Government Code that promotes local economic development, commercial activity and business stimulation. City Council approves the agreements via resolution. As part of the agreements, the City agrees to rebate a portion of the sales tax after confirmation of payment. If the businesses do not meet the obligations as set forth in the agreements in a particular year, the businesses forego the rebates in that year. For the year ended September 30, 2024, the amount of sales tax rebated for both agreements was approximately \$574,500.

**Note 13. Commitments and Contingencies**

***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. The City had 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 has its own level or 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.

***Litigation***

The City is party to several legal actions arising in the ordinary course of business. In the opinion of the City's legal counsel and management, the City has adequate legal defense and/or insurance coverage regarding each of these actions and does not believe that they will materially affect the City's operations or financial position.

**Note 14. Additional Water and Sewer Information**

The North Texas Municipal Water District (NTMWD) is a conservation and reclamation district and political subdivision of the State of Texas, created and functioning under Article XVI, Section 59, of the Texas Constitution, pursuant to Chapter 62, Acts of 1951, 52<sup>nd</sup> Legislature of Texas, Regular Session, as amended. An amendment to the NTMWD's creating ACT by the legislation in 1975, Section 27, authorizes the NTMWD to acquire, treat, and distribute water, and to collect, treat and dispose of wastes, both liquid and solid, in order to reduce pollution, conserve and develop the natural resources of Texas.

The primary mission of the District is to meet the various needs of its members and customer cities, whether that is the need for drinking water, solid waste disposal or wastewater treatment. NTMWD acts as a regional wholesale of water to its members and customer cities. Rates for service are set at cost. No profits are included, and no taxes are collected. Unit costs for services are lower because the services are regional.

The District has long-term contracts with the City to supply treated water and sewer treatment. The City's water contract with the District provides that the City pay a predetermined annual amount for treated water in twelve monthly installments. The amount of this annual payment is based upon an annually established rate per thousand gallons and the largest annual amount of water consumption of past years. The City is contractually obligated to make sufficient payments to the NTMWD, recognized as operating expenses by the City and as revenues by NTMWD, for the proportional share of regional operating expenses and redemption and payment of the City's portion of certain NTMWD revenue bonds as they become due. Payments under these contracts totaled approximately \$3,200,000 for the water system and approximately \$3,600,000 for the sewer system during the fiscal year.

**City of Royse City, Texas**  
**Notes to Financial Statements**  
**September 30, 2024**

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**Note 15. Special Assessment Districts**

The Waterscape, Creekshaw, Creekside, Parkside, Liberty Crossing, and Clearview Ranch PIDs have issued debt to finance infrastructure improvements and facilities within their boundaries. The City has no direct or contingent liability or moral obligation for the payment of this debt. Therefore, this debt is not recorded as long-term debt of the City. The outstanding balance of each of the debt issuances as of September 30, 2024, is as follows:

Waterscape PID No. 1 Phase 1A Special Assessment Revenue Bonds, Series 2017	\$ 3,055,000
Waterscape PID, MIA Special Assessment Revenue Bonds, Series 2017	4,700,000
Waterscape PID No.1 Phase 1B Special Assessment Revenue Bonds, Series 2019	2,535,000
Waterscape PID No. 1 Phase 2A Special Assessment Revenue Bonds, Series 2019	7,945,000
Waterscape PID No. 1 Phase 3A Special Assessment Revenue Bonds, Series 2022	7,871,000
Waterscape PID No. 1 Phase 4A Special Assessment Revenue Bonds, Series 2024	3,270,000
Parkside PID Special Assessment Revenue Bonds, Series 2019	6,685,000
Creekshaw PID No.1 Phase 1A Special Assessment Revenue Bonds, Series 2020	5,320,000
Creekshaw PID MIA Special Assessment Revenue Bonds, Series 2020	3,540,000
Creekshaw PID No. 1 Phase 2A Special Assessment Revenue Bonds, Series 2022	6,487,000
Creekside PID No.1 Phase 1A Special Assessment Revenue Bonds, Series 2020	7,015,000
Creekside PID No.1 Phase 2B Special Assessment Revenue Bonds, Series 2024	4,324,000
Liberty Crossing PID No.1 Phase 1A Special Assessment Revenue Bonds, Series 2023	4,292,000
Liberty Crossing PID No.1 Phase 2A Special Assessment Revenue Bonds, Series 2024	3,062,000
Clearview Ranch PID No.1 Phase 1A Special Assessment Revenue Bonds, Series 2024	<u>3,785,000</u>
 Total	 <u><u>\$ 73,886,000</u></u>

## **Required Supplementary Information**

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**City of Royse City, Texas**  
**Statement of Revenues, Expenditures and Changes in Fund Balances - Budget**  
**to Actual - General Fund**  
**For the Year Ended September 30, 2024**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Taxes:				
Property	\$ 6,935,900	\$ 7,355,000	\$ 7,556,326	\$ 201,326
Franchise	635,000	773,300	769,385	(3,915)
Sales	5,237,000	5,652,700	5,752,130	99,430
Beverage	31,900	34,600	37,724	3,124
Fines and forfeitures	322,500	522,000	638,778	116,778
Licenses and permits	1,480,000	2,525,000	2,317,411	(207,589)
Charges for services	931,000	1,067,500	1,215,574	148,074
Intergovernmental	295,000	362,500	354,463	(8,037)
Investment income	145,000	390,000	653,345	263,345
Miscellaneous	10,500	23,500	27,310	3,810
Total revenues	<u>16,023,800</u>	<u>18,706,100</u>	<u>19,322,446</u>	<u>616,346</u>
<b>Expenditures</b>				
Current:				
General government	5,073,000	4,811,450	4,704,738	106,712
Public safety	7,445,900	7,509,350	7,473,614	35,736
Public works	837,600	969,600	996,856	(27,256)
Community development	1,704,400	1,777,310	1,727,627	49,683
Culture and recreation	1,780,650	1,927,350	1,830,938	96,412
Debt service				
Principal	76,600	76,600	76,650	(50)
Capital outlay	570,200	591,000	820,224	(229,224)
Total expenditures	<u>17,488,350</u>	<u>17,662,660</u>	<u>17,630,647</u>	<u>32,013</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>(1,464,550)</u>	<u>1,043,440</u>	<u>1,691,799</u>	<u>648,359</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	418,000	519,000	629,715	110,715
Transfers out	(497,900)	(1,971,400)	(1,747,905)	223,495
SBITAs issued	-	-	229,179	229,179
Total other financing sources (uses)	<u>(79,900)</u>	<u>(1,452,400)</u>	<u>(889,011)</u>	<u>563,389</u>
<b>Net Change in Fund Balances</b>	<u>(1,544,450)</u>	<u>(408,960)</u>	<u>802,788</u>	<u>1,211,748</u>
<b>Fund Balances, Beginning</b>	<u>6,601,152</u>	<u>6,601,152</u>	<u>6,601,152</u>	<u>-</u>
<b>Fund Balances, Ending</b>	<u>\$ 5,056,702</u>	<u>\$ 6,192,192</u>	<u>\$ 7,403,940</u>	<u>\$ 1,211,748</u>

***Budgetary Controls and Procedures***

The objective of the City's budgetary controls is to ensure compliance with legal provisions embodied in the annual adopted budget approved by the City Council. The City Manager is required by charter to submit a proposed budget and accompanying message to City Council by August 15. The Council shall review and revise the proposed budget as they deem appropriate prior to circulation for the public hearing. A summary of the proposed budget and notice of the public hearing must be posted in City Hall and be published in the official newspaper at least 2 weeks prior to the hearing. Annual budgets for General, Debt Service, Bonds Capital Projects, certain Special Revenue and Enterprise Funds are legally adopted by ordinance before fiscal year end. Budgetary control for capital projects funds is achieved through legally binding construction contracts and project length budgets.

The level of budgetary control (the level at which expenditures cannot legally exceed the appropriated amount) is the total approved budget for each fund. The City Manager is authorized to transfer part or all of any unencumbered appropriation balance among programs within a fund. All other amendments and/or transfers must be approved by Council.

**City of Royse City, Texas**  
**Schedule of Changes in Net Pension Liability and Related Ratios**  
**Texas Municipal Retirement System (Unaudited)**  
**September 30, 2024**

	Measurement Year			
	2014	2015	2016	2017
<b>Total Pension Liability</b>				
Service cost	\$ 404,223	\$ 499,985	\$ 551,164	\$ 623,280
Interest (on the total pension liability)	335,002	389,694	439,753	-
Changes of benefit terms	-	-	-	524,432
Difference between expected and actual experience	97,116	81,108	(201,619)	659,130
Change in assumptions	-	128,063	-	6,071
Benefit payments, including refunds of employee contributions	(100,973)	(104,842)	(248,436)	(211,533)
<b>Net Change in Total Pension Liability</b>	735,368	994,008	540,862	1,601,380
<b>Total Pension Liability – Beginning</b>	4,634,119	5,369,487	6,363,495	6,904,357
<b>Total Pension Liability – Ending (a)</b>	<u>\$ 5,369,487</u>	<u>\$ 6,363,495</u>	<u>\$ 6,904,357</u>	<u>\$ 8,505,737</u>
<b>Plan Fiduciary Net Position</b>				
Contributions – employer	\$ 257,384	\$ 412,033	\$ 389,203	\$ 464,778
Contributions – employee	187,480	230,554	217,606	242,252
Net investment income	215,140	6,369	328,152	767,860
Benefit payments, including refunds of employee contributions	(100,973)	(104,842)	(248,436)	(211,533)
Administrative expense	(2,245)	(3,879)	(3,706)	(3,978)
Other	(185)	(191)	(199)	(202)
<b>City's Net Change in Plan Fiduciary Net Position</b>	556,601	540,044	682,620	1,259,177
<b>Plan Fiduciary Net Position – Beginning</b>	3,759,314	4,315,915	4,855,959	5,538,579
<b>Plan Fiduciary Net Position – Ending (b)</b>	<u>\$ 4,315,915</u>	<u>\$ 4,855,959</u>	<u>\$ 5,538,579</u>	<u>\$ 6,797,756</u>
<b>City's Net Pension Liability – Ending (a) – (b)</b>	\$ 1,053,572	\$ 1,507,536	\$ 1,365,778	\$ 1,707,981
<b>Plan Fiduciary Net Position as a Percentage of Total Pension Liability</b>	80.38%	76.31%	80.22%	79.92%
<b>Covered Payroll</b>	\$ 2,678,293	\$ 2,939,358	\$ 3,108,654	\$ 3,460,744
<b>City's Net Pension Liability as a Percentage of Covered Payroll</b>	39.34%	51.29%	43.93%	49.35%

**Other Information:**

For the 2019 valuation, inflation used was 2.5%, investment rate of return and discount rate used was 6.75% and actuarial studies were updated through December 31, 2018.

	2018	2019	2020	2021	2022	2023
\$	770,427	\$ 873,112	\$ 998,014	\$ 1,056,413	\$ 1,307,363	\$ 1,627,751
	594,767	685,043	798,513	916,444	1,034,465	1,205,382
	-	-	-	-	-	-
	92,003	259,449	194,592	(10,729)	439,265	296,241
	-	47,733	-	-	-	14,107
	<u>(159,175)</u>	<u>(183,048)</u>	<u>(310,478)</u>	<u>(235,905)</u>	<u>(442,368)</u>	<u>(375,991)</u>
	1,298,022	1,682,289	1,680,641	1,726,223	2,338,725	2,767,490
	<u>8,505,737</u>	<u>9,803,759</u>	<u>11,486,048</u>	<u>13,166,689</u>	<u>14,892,912</u>	<u>17,231,637</u>
\$	<u>9,803,759</u>	<u>\$ 11,486,048</u>	<u>\$ 13,166,689</u>	<u>\$ 14,892,912</u>	<u>\$ 17,231,637</u>	<u>\$ 19,999,127</u>
\$	642,880	\$ 729,724	\$ 803,330	\$ 843,277	\$ 1,066,284	\$ 1,310,264
	277,274	319,654	366,340	381,573	472,703	587,939
	(203,862)	1,139,068	711,786	1,427,588	(976,864)	1,565,534
	(159,175)	(183,048)	(310,478)	(235,905)	(442,368)	(375,991)
	(3,935)	(6,421)	(4,592)	(6,584)	(8,417)	(9,901)
	<u>(206)</u>	<u>(191)</u>	<u>(180)</u>	<u>44</u>	<u>10,044</u>	<u>(69)</u>
	552,976	1,998,786	1,566,206	2,409,993	121,382	3,077,776
	<u>6,797,756</u>	<u>7,350,732</u>	<u>9,349,518</u>	<u>10,915,724</u>	<u>13,325,717</u>	<u>13,447,099</u>
\$	<u>7,350,732</u>	<u>\$ 9,349,518</u>	<u>\$ 10,915,724</u>	<u>\$ 13,325,717</u>	<u>\$ 13,447,099</u>	<u>\$ 16,524,875</u>
\$	2,453,027	\$ 2,136,530	\$ 2,250,965	\$ 1,567,195	\$ 3,784,538	\$ 3,474,252
	74.98%	81.40%	82.90%	89.48%	78.04%	82.63%
\$	3,961,063	\$ 4,566,486	\$ 5,233,422	\$ 5,451,046	\$ 6,752,906	\$ 8,399,128
	61.93%	46.79%	43.01%	28.75%	56.04%	41.36%

**City of Royse City, Texas**  
**Schedule of Employers Contributions**  
**Texas Municipal Retirement System (Unaudited)**  
**September 30, 2024**

	Fiscal Year			
	2015	2016	2017	2018
Actuarially determined contribution	\$ 276,233	\$ 402,912	\$ 506,859	\$ 597,472
Contribution in relation of the actuarially determined contribution	<u>276,233</u>	<u>402,912</u>	<u>506,859</u>	<u>597,472</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 2,678,293	\$ 3,353,461	\$ 3,320,321	\$ 3,834,103
Contributions as a percentage of covered payroll	10.31%	12.01%	15.27%	15.58%

**Notes to Schedule of Contributions**

**Valuation Date:**

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

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

Actuarial Cost Method Entry Age Normal  
Amortization Method Level Percentage of Payroll, Closed  
Remaining Amortization Period 21 years (longest amortization ladder)  
Asset Valuation Method 10 Year smoothed market; 12% soft corridor  
Inflation 2.50%  
Salary Increases 3.60% to 11.85%, including inflation  
Investment Rate of Return 6.75%  
Retirement Age Experience-based table of rates that vary by age. Last updated for the 2023 valuation pursuant to an experience study of the period ending 2022.

Mortality Pre-retirement: PUB(10) mortality tables, with 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).  
Post-retirement: 2019 Municipal Retirees of Texas Mortality tables. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence).

**Other Information:**

Notes There were no benefit changes during the year.

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<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>
\$ 709,950	\$ 751,545	\$ 832,953	\$ 982,380	\$ 1,248,062	\$ 1,490,105
<u>709,950</u>	<u>751,545</u>	<u>832,953</u>	<u>982,380</u>	<u>1,248,062</u>	<u>1,490,105</u>
<u>\$ -</u>	<u>\$ -</u>				
\$ 4,426,898	\$ 4,848,766	\$ 5,396,236	\$ 6,253,794	\$ 7,974,932	\$ 9,529,468
16.04%	15.50%	15.44%	15.71%	15.65%	15.64%

**City of Royse City, Texas**  
**Schedule of Changes in the Total OPEB Liability and Related Ratios**  
**Texas Municipal Retirement System - Supplemental Death Benefits (Unaudited)**  
**For the Year Ended September 30, 2024**

	Measurement Year						
	2017	2018	2019	2020	2021	2022	2023
<b>Total OPEB Liability</b>							
Service cost	\$ 6,921	\$ 8,714	\$ 9,133	\$ 13,607	\$ 15,808	\$ 20,934	\$ 12,599
Interest (on the total OPEB liability)	3,336	3,560	4,053	4,098	3,799	3,801	5,992
Difference between expected and actual experience	-	(1,481)	(460)	(1,339)	(8,401)	2,090	1,043
Change in assumptions	8,895	(8,467)	25,786	25,633	6,181	(77,064)	7,050
Benefit payments	(692)	(792)	(913)	(1,047)	(3,271)	(3,376)	(5,039)
<b>Net Change in Total OPEB Liability</b>	18,460	1,534	37,599	40,952	14,116	(53,615)	21,645
<b>Total OPEB Liability – Beginning</b>	85,128	103,588	105,122	142,721	183,673	197,789	144,174
<b>Total OPEB Liability – Ending</b>	<u>\$ 103,588</u>	<u>\$ 105,122</u>	<u>\$ 142,721</u>	<u>\$ 183,673</u>	<u>\$ 197,789</u>	<u>\$ 144,174</u>	<u>\$ 165,819</u>
<b>Covered Employee Payroll</b>	\$ 3,460,744	\$ 3,961,063	\$ 4,566,486	\$ 5,233,422	\$ 5,451,046	\$ 6,752,906	\$ 8,399,128
<b>City's Total OPEB Liability as a Percentage of Covered Employee Payroll</b>	2.99%	2.65%	3.13%	3.51%	3.63%	2.13%	1.97%

**Notes to Schedule:**

Changes of benefit terms:

None

Changes of assumptions:

Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period:

2017	3.31%
2018	3.71%
2019	2.75%
2020	2.00%
2021	1.84%
2022	4.05%
2023	3.77%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the City will present information for only those years for which information is available. Information has been determined as of the City's measurement date (December 31).

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

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**Combining and Individual Fund Financial Statements and  
Budgetary Comparison Schedules**

**City of Royse City, Texas  
Combining Balance Sheet  
Governmental Funds - Nonmajor  
September 30, 2024**

	<b>Special Revenue Funds</b>				
	<b>Municipal Court Technology Fund</b>	<b>Municipal Court Security Fund</b>	<b>Jury Fee Fund</b>	<b>Hotel/Motel Occupancy Tax Fund</b>	<b>Roadway Impact Fees Fund</b>
<b>Assets</b>					
Cash and cash equivalents	\$ 34,210	\$ 81,961	\$ 1,009	\$ 397,015	\$ 5,091,080
Receivables (net of allowance for uncollectibles)	-	-	-	11,561	-
Total assets	<u>\$ 34,210</u>	<u>\$ 81,961</u>	<u>\$ 1,009</u>	<u>\$ 408,576</u>	<u>\$ 5,091,080</u>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances (Deficit)</b>					
<b>Liabilities</b>					
Accounts payable	\$ -	\$ 89	\$ -	\$ -	\$ 168,153
Accrued liabilities	-	-	-	-	-
Escrow deposits	-	-	-	-	-
Total liabilities	-	89	-	-	168,153
<b>Fund Balances</b>					
Restricted	34,210	81,872	1,009	408,576	4,922,927
Assigned	-	-	-	-	-
Total fund balances	<u>34,210</u>	<u>81,872</u>	<u>1,009</u>	<u>408,576</u>	<u>4,922,927</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 34,210</u>	<u>\$ 81,961</u>	<u>\$ 1,009</u>	<u>\$ 408,576</u>	<u>\$ 5,091,080</u>

**Special Revenue Funds**

<b>Police Forfeiture Federal Fund</b>	<b>Police Forfeiture Local Fund</b>	<b>Verandah Road Maintenance Fund</b>	<b>Juvenile Case Management Fund</b>	<b>Senior Center Donations Fund</b>	<b>Main Street Donations Fund</b>	<b>Park Donations Fund</b>
\$ 7,056	\$ 18,396	\$ 603,668	\$ 56,900	\$ 7,293	\$ 60,945	\$ 30,638
-	-	-	-	-	-	-
<u>\$ 7,056</u>	<u>\$ 18,396</u>	<u>\$ 603,668</u>	<u>\$ 56,900</u>	<u>\$ 7,293</u>	<u>\$ 60,945</u>	<u>\$ 30,638</u>
\$ -	\$ -	\$ -	\$ 126	\$ -	\$ 783	\$ -
-	4,937	-	3,000	-	-	-
-	-	-	-	-	-	-
-	4,937	-	3,126	-	783	-
7,056	13,459	603,668	53,774	-	-	-
-	-	-	-	7,293	60,162	30,638
<u>7,056</u>	<u>13,459</u>	<u>603,668</u>	<u>53,774</u>	<u>7,293</u>	<u>60,162</u>	<u>30,638</u>
<u>\$ 7,056</u>	<u>\$ 18,396</u>	<u>\$ 603,668</u>	<u>\$ 56,900</u>	<u>\$ 7,293</u>	<u>\$ 60,945</u>	<u>\$ 30,638</u>

**City of Royse City, Texas  
Combining Balance Sheet  
Governmental Funds - Nonmajor  
September 30, 2024**

	<b>Special Revenue Funds</b>				
	<b>Animal Control Donations Fund</b>	<b>Police Donations Fund</b>	<b>Animal Shelter New Building Fund</b>	<b>Fire Donations Fund</b>	<b>Park Recreation Programs Fund</b>
<b>Assets</b>					
Cash and cash equivalents	\$ 28,313	\$ 32,442	\$ 8,405	\$ 1,764	\$ 38,446
Receivables (net of allowance for uncollectibles)	-	-	-	-	-
Total assets	<u>\$ 28,313</u>	<u>\$ 32,442</u>	<u>\$ 8,405</u>	<u>\$ 1,764</u>	<u>\$ 38,446</u>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances (Deficit)</b>					
<b>Liabilities</b>					
Accounts payable	\$ 224	\$ 21,464	\$ -	\$ -	\$ -
Accrued liabilities	-	6,191	-	-	-
Escrow deposits	-	-	-	-	-
Total liabilities	<u>224</u>	<u>27,655</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund Balances</b>					
Restricted	-	-	-	-	38,446
Assigned	28,089	4,787	8,405	1,764	-
Total fund balances	<u>28,089</u>	<u>4,787</u>	<u>8,405</u>	<u>1,764</u>	<u>38,446</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 28,313</u>	<u>\$ 32,442</u>	<u>\$ 8,405</u>	<u>\$ 1,764</u>	<u>\$ 38,446</u>

Special Revenue Funds					Capital Projects		
Battle of the Badges Fund	Union Square Public Improvement District	Waterscape Public Improvement District	Waterscape TIRZ	Special Escrow Fund	Park Development Fees Fund	Verandah Development Fees Fund	
\$ 6,815	\$ 1,556,489	\$ 9,493	\$ 495,741	\$ 503,000	\$ 1,869,227	\$ 5,623,000	
-	-	-	-	-	-	-	
<u>\$ 6,815</u>	<u>\$ 1,556,489</u>	<u>\$ 9,493</u>	<u>\$ 495,741</u>	<u>\$ 503,000</u>	<u>\$ 1,869,227</u>	<u>\$ 5,623,000</u>	
\$ -	\$ 5,424	\$ -	\$ 1,321	\$ -	\$ -	\$ -	
-	-	9,223	-	-	-	-	
-	-	-	-	503,000	-	1,528,000	
-	5,424	9,223	1,321	503,000	-	1,528,000	
6,815	1,551,065	270	494,420	-	1,869,227	4,095,000	
-	-	-	-	-	-	-	
<u>6,815</u>	<u>1,551,065</u>	<u>270</u>	<u>494,420</u>	<u>-</u>	<u>1,869,227</u>	<u>4,095,000</u>	
<u>\$ 6,815</u>	<u>\$ 1,556,489</u>	<u>\$ 9,493</u>	<u>\$ 495,741</u>	<u>\$ 503,000</u>	<u>\$ 1,869,227</u>	<u>\$ 5,623,000</u>	

**City of Royse City, Texas  
Combining Balance Sheet  
Governmental Funds - Nonmajor  
September 30, 2024**

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	<b>Total Nonmajor Governmental Fund</b>
	<u>                    </u>
<b>Assets</b>	
Cash and cash equivalents	\$ 16,563,306
Receivables (net of allowance for uncollectibles)	<u>11,561</u>
Total assets	<u>\$ 16,574,867</u>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances (Deficit)</b>	
<b>Liabilities</b>	
Accounts payable	\$ 197,584
Accrued liabilities	23,351
Escrow deposits	<u>2,031,000</u>
Total liabilities	<u>2,251,935</u>
<b>Fund Balances</b>	
Restricted	14,181,794
Assigned	<u>141,138</u>
Total fund balances	<u>14,322,932</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 16,574,867</u>

**City of Royse City, Texas**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds - Nonmajor**  
**Year Ended September 30, 2024**

	<b>Special Revenue Funds</b>				
	<b>Municipal Court Technology Fund</b>	<b>Municipal Court Security Fund</b>	<b>Jury Fee Fund</b>	<b>Hotel Motel Occupancy Tax Fund</b>	<b>Roadway Impact Fees Fund</b>
<b>Revenues</b>					
Taxes:					
Property	\$ -	\$ -	\$ -	\$ -	\$ -
Hotel motel	-	-	-	128,447	-
Fines and forfeitures	15,868	19,218	384	-	-
Impact fees	-	-	-	-	1,164,591
Development fees	-	-	-	-	-
Contributions and donations	-	-	-	-	-
Investment income	449	1,103	11	5,404	185,286
Miscellaneous	-	-	-	-	-
<b>Total revenues</b>	<b>16,317</b>	<b>20,321</b>	<b>395</b>	<b>133,851</b>	<b>1,349,877</b>
<b>Expenditures</b>					
Current:					
General government	-	-	-	80,949	-
Public safety	100	534	-	-	-
Public works	-	-	-	-	186,154
Culture and recreation	-	-	-	-	-
<b>Total expenditures</b>	<b>100</b>	<b>534</b>	<b>-</b>	<b>80,949</b>	<b>186,154</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>16,217</b>	<b>19,787</b>	<b>395</b>	<b>52,902</b>	<b>1,163,723</b>
<b>Other Financing Sources (Uses)</b>					
Transfers out	(8,000)	(6,000)	-	-	-
<b>Total other financing sources (uses)</b>	<b>(8,000)</b>	<b>(6,000)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Change in Fund Balances</b>	<b>8,217</b>	<b>13,787</b>	<b>395</b>	<b>52,902</b>	<b>1,163,723</b>
<b>Fund Balances, Beginning of Year</b>	<b>25,993</b>	<b>68,085</b>	<b>614</b>	<b>355,674</b>	<b>3,759,204</b>
<b>Fund Balances, End of Year</b>	<b>\$ 34,210</b>	<b>\$ 81,872</b>	<b>\$ 1,009</b>	<b>\$ 408,576</b>	<b>\$ 4,922,927</b>

**Special Revenue Funds**

	<b>Police Forfeiture Federal Fund</b>	<b>Police Forfeiture Local Fund</b>	<b>Verandah Road Maintenance Fund</b>	<b>Juvenile Case Management Fund</b>	<b>Senior Center Donations Fund</b>	<b>Main Street Donations Fund</b>	<b>Park Donations Fund</b>
\$	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	-	-	-	-	-	-	-
	-	-	-	20,374	-	-	-
	-	-	46,800	-	-	-	-
	-	-	-	-	-	-	-
	-	-	-	-	1,600	26,104	-
	96	236	8,161	771	106	883	435
	-	-	-	-	-	-	-
	96	236	54,961	21,145	1,706	26,987	435
	-	-	-	-	-	-	-
	-	-	-	1,536	-	-	-
	-	-	-	-	-	-	-
	-	-	-	-	1,145	26,492	1,000
	-	-	-	1,536	1,145	26,492	1,000
	96	236	54,961	19,609	561	495	(565)
	-	-	-	(10,000)	-	-	-
	-	-	-	(10,000)	-	-	-
	96	236	54,961	9,609	561	495	(565)
	6,960	13,223	548,707	44,165	6,732	59,667	31,203
\$	7,056	\$ 13,459	\$ 603,668	\$ 53,774	\$ 7,293	\$ 60,162	\$ 30,638

**City of Royse City, Texas**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds - Nonmajor**  
**Year Ended September 30, 2024**

	<b>Special Revenue Funds</b>				
	<b>Animal Control Donations Fund</b>	<b>Police Donations Fund</b>	<b>Animal Shelter New Building Fund</b>	<b>Fire Donations Fund</b>	<b>Park Recreation Programs Fund</b>
<b>Revenues</b>					
Taxes:					
Property	\$ -	\$ -	\$ -	\$ -	-
Hotel motel	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-
Impact fees	-	-	-	-	-
Development fees	-	-	-	-	-
Contributions and donations	2,338	3,640	40	1,725	-
Investment income	438	481	117	16	539
Miscellaneous	-	-	-	-	-
Total revenues	<u>2,776</u>	<u>4,121</u>	<u>157</u>	<u>1,741</u>	<u>539</u>
<b>Expenditures</b>					
Current:					
General government	13,204	-	-	-	-
Public safety	-	6,181	-	-	-
Public works	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Total expenditures	<u>13,204</u>	<u>6,181</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>(10,428)</u>	<u>(2,060)</u>	<u>157</u>	<u>1,741</u>	<u>539</u>
<b>Other Financing Sources (Uses)</b>					
Transfers out	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net Change in Fund Balances</b>	<u>(10,428)</u>	<u>(2,060)</u>	<u>157</u>	<u>1,741</u>	<u>539</u>
<b>Fund Balances, Beginning of Year</b>	<u>38,517</u>	<u>6,847</u>	<u>8,248</u>	<u>23</u>	<u>37,907</u>
<b>Fund Balances, End of Year</b>	<u>\$ 28,089</u>	<u>\$ 4,787</u>	<u>\$ 8,405</u>	<u>\$ 1,764</u>	<u>\$ 38,446</u>

Special Revenue Funds					Capital Projects Funds		
Battle of the Badges Fund	Union Square Public Improvement District	Waterscape Public Improvement District	Waterscape TIRZ	Special Escrow Fund	Park Development Fees Fund	Verandah Development Fees Fund	
\$ -	\$ -	\$ -	\$ 483,788	\$ -	\$ -	\$ -	
-	-	-	-	-	-	-	
-	16,037	-	-	-	-	-	
-	-	-	-	-	-	-	
-	-	-	-	-	807,011	127,100	
96	21,915	133	-	-	18,115	74,743	
-	294,777	-	-	-	-	-	
96	332,729	133	483,788	-	825,126	201,843	
-	26,619	-	228,363	-	-	-	
-	-	-	-	-	-	-	
-	-	-	-	-	-	-	
-	26,619	-	228,363	-	-	-	
96	306,110	133	255,425	-	825,126	201,843	
-	-	-	-	-	-	-	
-	-	-	-	-	-	-	
96	306,110	133	255,425	-	825,126	201,843	
6,719	1,244,955	137	238,995	-	1,044,101	3,893,157	
\$ 6,815	\$ 1,551,065	\$ 270	\$ 494,420	\$ -	\$ 1,869,227	\$ 4,095,000	

**City of Royse City, Texas**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds - Nonmajor**  
**Year Ended September 30, 2024**

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	<b>Total Nonmajor Governmental Fund</b>
<b>Revenues</b>	
Taxes:	
Property	\$ 483,788
Hotel motel	128,447
Fines and forfeitures	71,881
Impact fees	1,211,391
Development fees	934,111
Contributions and donations	35,447
Investment income	319,534
Miscellaneous	<u>294,777</u>
 Total revenues	 <u>3,479,376</u>
<b>Expenditures</b>	
Current:	
General government	349,135
Public safety	8,351
Public works	186,154
Culture and recreation	<u>28,637</u>
 Total expenditures	 <u>572,277</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	 <u>2,907,099</u>
<b>Other Financing Sources (Uses)</b>	
Transfers out	<u>(24,000)</u>
 Total other financing sources (uses)	 <u>(24,000)</u>
<b>Net Change in Fund Balances</b>	2,883,099
<b>Fund Balances, Beginning of Year</b>	<u>11,439,833</u>
<b>Fund Balances, End of Year</b>	<u>\$ 14,322,932</u>

**City of Royse City, Texas**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget**  
**to Actual - Debt Service Fund**  
**For the Year Ended September 30, 2024**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Taxes:				
Property taxes	\$ 5,813,800	\$ 5,815,500	\$ 5,656,805	\$ (158,695)
Investment income	25,000	25,000	190,825	165,825
Total revenues	<u>5,838,800</u>	<u>5,840,500</u>	<u>5,847,630</u>	<u>7,130</u>
<b>Expenditures</b>				
Debt service:				
Principal retirement	3,963,000	3,963,000	3,903,143	59,857
Interest	<u>2,119,800</u>	<u>2,119,800</u>	<u>2,176,196</u>	<u>(56,396)</u>
Total expenditures	<u>6,082,800</u>	<u>6,082,800</u>	<u>6,079,339</u>	<u>3,461</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>(244,000)</u>	<u>(242,300)</u>	<u>(231,709)</u>	<u>10,591</u>
<b>Net Change in Fund Balances</b>	(244,000)	(242,300)	(231,709)	10,591
<b>Fund Balances, Beginning</b>	<u>1,508,512</u>	<u>1,508,512</u>	<u>1,508,512</u>	<u>-</u>
<b>Fund Balances, Ending</b>	<u>\$ 1,264,512</u>	<u>\$ 1,266,212</u>	<u>\$ 1,276,803</u>	<u>\$ 10,591</u>

**City of Royse City, Texas**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget**  
**to Actual - Bonds Capital Projects Fund**  
**For the Year Ended September 30, 2024**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Investment income	\$ 300,000	\$ 1,000,000	\$ 3,084,600	\$ 2,084,600
Total revenues	300,000	1,000,000	3,084,600	2,084,600
<b>Expenditures</b>				
Bond issuance costs	-	-	200,338	200,338
Capital outlay	24,000,000	21,650,000	13,121,136	8,528,864
Total expenditures	24,000,000	21,650,000	13,321,474	8,729,202
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>(23,700,000)</u>	<u>(20,650,000)</u>	<u>(10,236,874)</u>	<u>10,413,126</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	-	-	-	-
Bond Proceeds/Premiums	23,000,000	25,975,000	25,621,476	(353,524)
Total other financing sources (uses)	23,000,000	25,975,000	25,621,476	(353,524)
<b>Net Change in Fund Balances</b>	(700,000)	5,325,000	15,384,602	10,059,602
<b>Fund Balances, Beginning</b>	14,727,024	14,727,024	14,727,024	-
<b>Fund Balances, Ending</b>	<u>\$ 14,027,024</u>	<u>\$ 20,052,024</u>	<u>\$ 30,111,626</u>	<u>\$ 10,059,602</u>

**City of Royse City, Texas**  
**Schedule of Revenues, Expenses and Changes in Net Position - Budget**  
**to Actual - Water and Sewer Fund**  
**For the Year Ended September 30, 2024**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>Operating Revenues</b>				
Charges for services – water	\$ 6,750,000	\$ 8,000,000	\$ 8,940,175	\$ 940,175
Charges for services – sewer	5,200,000	6,400,000	6,533,520	133,520
Impact fees	1,200,000	1,712,000	1,903,462	191,462
Penalties	100,000	225,000	243,195	18,195
Miscellaneous	170,000	215,000	228,715	13,715
Total revenues	13,420,000	16,552,000	17,849,067	1,297,067
<b>Operating Expenses</b>				
Personnel services	1,242,950	1,827,700	1,506,406	321,294
Materials and supplies	335,700	476,100	316,137	159,963
Repairs and maintenance	1,764,500	1,847,000	1,251,291	595,709
Water purchases	3,317,100	3,650,000	3,242,367	407,633
Contractual services	290,800	1,430,500	1,295,818	134,682
Interceptor services	3,894,150	4,539,350	3,587,835	951,515
Depreciation	1,238,216	1,238,216	1,266,188	(27,972)
Total operating expenses	12,083,416	15,008,866	12,466,042	2,542,824
Operating income	1,336,584	1,543,134	5,383,025	3,839,891
<b>Nonoperating Revenues (Expenses)</b>				
Investment earnings	100,000	400,000	1,782,066	1,382,066
Other	(2,336,100)	(2,336,100)	(1,160,339)	1,175,761
Total nonoperating revenues (expenses)	(2,236,100)	(1,936,100)	621,727	2,557,827
Income (loss) before transfers and capital contributions	(899,516)	(392,966)	6,004,752	6,397,718
Capital contributions	-	-	28,783,854	28,783,854
Transfers out	(1,000,000)	(1,000,000)	(500,000)	500,000
<b>Change in Net Position</b>	(1,899,516)	(1,392,966)	34,288,606	35,681,572
<b>Net Position, Beginning</b>	54,210,004	54,210,004	54,210,004	-
<b>Net Position, Ending</b>	\$ 52,310,488	\$ 52,817,038	\$ 88,498,610	\$ 35,681,572

**City of Royse City, Texas**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget**  
**to Actual - Municipal Court Technology Fund**  
**For the Year Ended September 30, 2024**

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget - Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues</b>				
Fines and forfeitures	\$ 7,000	\$ 15,000	\$ 15,868	\$ 868
Investment income	-	100	449	349
Total revenues	<u>7,000</u>	<u>15,100</u>	<u>16,317</u>	<u>1,217</u>
<b>Expenditures</b>				
Public safety	<u>3,500</u>	<u>2,000</u>	<u>100</u>	<u>1,900</u>
Total expenditures	<u>3,500</u>	<u>2,000</u>	<u>100</u>	<u>1,900</u>
Excess (deficiency) of revenues over (under) expenditures	<u>3,500</u>	<u>13,100</u>	<u>16,217</u>	<u>3,117</u>
<b>Other Financing Sources (Uses)</b>				
Transfers Out	<u>-</u>	<u>(8,000)</u>	<u>(8,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>(8,000)</u>	<u>(8,000)</u>	<u>-</u>
<b>Net Change in Fund Balances</b>	<u>3,500</u>	<u>5,100</u>	<u>8,217</u>	<u>3,117</u>
<b>Fund Balances, Beginning</b>	<u>25,993</u>	<u>25,993</u>	<u>25,993</u>	<u>-</u>
<b>Fund Balances, Ending</b>	<u>\$ 29,493</u>	<u>\$ 31,093</u>	<u>\$ 34,210</u>	<u>\$ 3,117</u>

**City of Royse City, Texas**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget**  
**to Actual - Municipal Court Security Fund**  
**For the Year Ended September 30, 2024**

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget - Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues</b>				
Fines and forfeitures	\$ 7,000	\$ 17,000	\$ 19,218	\$ 2,218
Investment income		100	1,103	1,003
Total revenues	7,000	17,100	20,321	3,221
<b>Expenditures</b>				
Public safety	5,000	200	534	(334)
Total expenditures	5,000	200	534	(334)
Excess (deficiency) of revenues over (under) expenditures	2,000	16,900	19,787	2,887
<b>Other Financing Sources (Uses)</b>				
Transfer out	-	-	(6,000)	(6,000)
Total other financing sources (uses)	-	-	(6,000)	(6,000)
<b>Net Change in Fund Balances</b>	2,000	16,900	13,787	(3,113)
<b>Fund Balances, Beginning</b>	68,085	68,085	68,085	-
<b>Fund Balances, Ending</b>	<u>\$ 70,085</u>	<u>\$ 84,985</u>	<u>\$ 81,872</u>	<u>\$ (3,113)</u>

**City of Royse City, Texas**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget**  
**to Actual - Hotel/Motel Occpany Tax Fund**  
**For the Year Ended September 30, 2024**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Taxes:				
Hotel motel	\$ 70,000	\$ 106,000	\$ 128,447	\$ 22,447
Investment income	500	700	5,404	4,704
Total revenues	<u>70,500</u>	<u>106,700</u>	<u>133,851</u>	<u>27,151</u>
<b>Expenditures</b>				
General government	<u>50,000</u>	<u>85,000</u>	<u>80,949</u>	<u>4,051</u>
Total expenditures	<u>50,000</u>	<u>85,000</u>	<u>80,949</u>	<u>4,051</u>
<b>Net Change in Fund Balances</b>	20,500	21,700	52,902	31,202
<b>Fund Balances, Beginning</b>	<u>355,674</u>	<u>355,674</u>	<u>355,674</u>	<u>-</u>
<b>Fund Balances, Ending</b>	<u>\$ 376,174</u>	<u>\$ 377,374</u>	<u>\$ 408,576</u>	<u>\$ 31,202</u>

**City of Royse City, Texas**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget**  
**to Actual - Police Forfeiture Federal Fund**  
**For the Year Ended September 30, 2024**

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	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget – Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues</b>				
Investment income	\$ -	\$ 50	\$ 96	\$ 46
Total revenues	-	50	96	46
<b>Expenditures</b>				
Public safety	2,500	-	-	-
Total expenditures	2,500	-	-	-
<b>Net Change in Fund Balances</b>	(2,500)	50	96	46
<b>Fund Balances, Beginning</b>	6,960	6,960	6,960	-
<b>Fund Balances, Ending</b>	<u>\$ 4,460</u>	<u>\$ 7,010</u>	<u>\$ 7,056</u>	<u>\$ 46</u>

**City of Royse City, Texas**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget**  
**to Actual - Police Forfeiture Local Fund**  
**For the Year Ended September 30, 2024**

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	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget - Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues</b>				
Fines and forfeitures	\$ -	\$ -	\$ -	\$ -
Investment income	-	-	236	236
Total revenues	-	-	236	236
<b>Expenditures</b>				
Public safety	1,000	1,000	-	1,000
Total expenditures	1,000	1,000	-	1,000
<b>Net Change in Fund Balances</b>	(1,000)	(1,000)	236	1,236
<b>Fund Balances, Beginning</b>	13,223	13,223	13,223	-
<b>Fund Balances, Ending</b>	\$ 12,223	\$ 12,223	\$ 13,459	\$ 1,236

**City of Royse City, Texas**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget**  
**to Actual - Juvenile Case Management Fund**  
**For the Year Ended September 30, 2024**

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget - Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues</b>				
Fines and forfeitures	\$ 7,400	\$ 16,540	\$ 20,374	\$ 3,834
Investment income	-	100	771	671
Total revenues	<u>7,400</u>	<u>16,640</u>	<u>21,145</u>	<u>4,505</u>
<b>Expenditures</b>				
Public safety	<u>1,800</u>	<u>1,600</u>	<u>1,536</u>	<u>64</u>
Total expenditures	<u>1,800</u>	<u>1,600</u>	<u>1,536</u>	<u>64</u>
Excess (deficiency) of revenues over (under) expenditures	<u>5,600</u>	<u>15,040</u>	<u>19,609</u>	<u>4,569</u>
<b>Other Financing Sources (Uses)</b>				
Transfers out	<u>(10,000)</u>	<u>(10,000)</u>	<u>(10,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>(10,000)</u>	<u>(10,000)</u>	<u>(10,000)</u>	<u>-</u>
<b>Net Change in Fund Balances</b>	<b>5,600</b>	<b>5,040</b>	<b>9,609</b>	<b>4,569</b>
<b>Fund Balances, Beginning</b>	<u>44,165</u>	<u>44,165</u>	<u>44,165</u>	<u>-</u>
<b>Fund Balances, Ending</b>	<u>\$ 49,765</u>	<u>\$ 49,205</u>	<u>\$ 53,774</u>	<u>\$ 4,569</u>

**City of Royse City, Texas**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget**  
**to Actual - Senior Center Donations Fund**  
**For the Year Ended September 30, 2024**

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	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget - Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues</b>				
Contributions and donations	\$ -	\$ 1,500	\$ 1,600	\$ 100
Investment income	-	50	106	56
Total revenues	-	1,550	1,706	156
<b>Expenditures</b>				
Culture and recreation	1,000	1,000	1,145	(145)
Total expenditures	1,000	1,000	1,145	(145)
<b>Net Change in Fund Balances</b>	(1,000)	550	561	11
<b>Fund Balances, Beginning</b>	6,732	6,732	6,732	-
<b>Fund Balances, Ending</b>	\$ 5,732	\$ 7,282	\$ 7,293	\$ 11

**City of Royse City, Texas**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget**  
**to Actual - Main Street Donations Fund**  
**For the Year Ended September 30, 2024**

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget - Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues</b>				
Contributions and donations	\$ 25,000	\$ 26,100	\$ 26,104	\$ 4
Investment income	100	400	883	483
Total revenues	<u>25,100</u>	<u>26,500</u>	<u>26,987</u>	<u>487</u>
<b>Expenditures</b>				
Culture and recreation	<u>25,000</u>	<u>27,000</u>	<u>26,492</u>	<u>508</u>
Total expenditures	<u>25,000</u>	<u>27,000</u>	<u>26,492</u>	<u>508</u>
<b>Net Change in Fund Balances</b>	100	(500)	495	995
<b>Fund Balances, Beginning</b>	<u>59,667</u>	<u>59,667</u>	<u>59,667</u>	<u>-</u>
<b>Fund Balances, Ending</b>	<u>\$ 59,767</u>	<u>\$ 59,167</u>	<u>\$ 60,162</u>	<u>\$ 995</u>

**City of Royse City, Texas**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget**  
**to Actual - Park Donations Fund**  
**For the Year Ended September 30, 2024**

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget - Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues</b>				
Investment income	-	-	435	435
Total revenues	-	-	435	435
<b>Expenditures</b>				
Culture and recreation	1,000	1,000	1,000	-
Total expenditures	1,000	1,000	1,000	-
<b>Net Change in Fund Balances</b>	(1,000)	(1,000)	(565)	435
<b>Fund Balances, Beginning</b>	31,203	31,203	31,203	-
<b>Fund Balances, Ending</b>	<u>\$ 30,203</u>	<u>\$ 30,203</u>	<u>\$ 30,638</u>	<u>\$ 435</u>

**City of Royse City, Texas**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget**  
**to Actual - Animal Control Donations Fund**  
**For the Year Ended September 30, 2024**

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	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget - Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues</b>				
Contributions and donations	\$ 5,000	\$ 2,500	\$ 2,338	\$ (162)
Investment income	100	30	438	408
Total revenues	<u>5,100</u>	<u>2,530</u>	<u>2,776</u>	<u>246</u>
<b>Expenditures</b>				
General government	<u>5,000</u>	<u>13,000</u>	<u>13,204</u>	<u>(204)</u>
Total expenditures	<u>5,000</u>	<u>13,000</u>	<u>13,204</u>	<u>(204)</u>
<b>Net Change in Fund Balances</b>	100	(10,470)	(10,428)	42
<b>Fund Balances, Beginning</b>	<u>38,517</u>	<u>38,517</u>	<u>38,517</u>	<u>-</u>
<b>Fund Balances, Ending</b>	<u>\$ 38,617</u>	<u>\$ 28,047</u>	<u>\$ 28,089</u>	<u>\$ 42</u>

**City of Royse City, Texas**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget**  
**to Actual - Police Donations Fund**  
**For the Year Ended September 30, 2024**

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget - Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues</b>				
Contributions and donations	\$ -	\$ 3,620	\$ 3,640	\$ 20
Investment income	-	100	481	381
Total revenues	-	3,720	4,121	401
<b>Expenditures</b>				
Public safety	1,000	7,000	6,181	819
Total expenditures	1,000	7,000	6,181	819
<b>Net Change in Fund Balances</b>	(1,000)	(3,280)	(2,060)	1,220
<b>Fund Balances, Beginning</b>	6,847	6,847	6,847	-
<b>Fund Balances, Ending</b>	<u>\$ 5,847</u>	<u>\$ 3,567</u>	<u>\$ 4,787</u>	<u>\$ 1,220</u>

**City of Royse City, Texas**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget**  
**to Actual - Fire Donations Fund**  
**For the Year Ended September 30, 2024**

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget - Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues</b>				
Contributions and donations	\$ -	\$ 1,525	\$ 1,725	\$ 200
Investment income	-	-	16	16
Total revenues	-	1,525	1,741	216
<b>Expenditures</b>				
Public safety	1,000	-	-	-
Total expenditures	1,000	-	-	-
<b>Net Change in Fund Balances</b>	(1,000)	1,525	1,741	216
<b>Fund Balances, Beginning</b>	23	23	23	-
<b>Fund Balances, Ending</b>	<u>\$ (977)</u>	<u>\$ 1,548</u>	<u>\$ 1,764</u>	<u>\$ 216</u>

**City of Royse City, Texas**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget**  
**to Actual - Park Recreation Programs Fund**  
**For the Year Ended September 30, 2024**

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	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget - Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues</b>				
Investment income	\$ -	\$ -	\$ 539	539
Total revenues	-	-	539	539
<b>Net Change in Fund Balances</b>	-	-	539	539
<b>Fund Balances, Beginning</b>	37,907	37,907	37,907	-
<b>Fund Balances, Ending</b>	\$ 37,907	\$ 37,907	\$ 38,446	\$ 539

**City of Royse City, Texas**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget**  
**to Actual - Roadway Impact Fee Fund**  
**For the Year Ended September 30, 2024**

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget - Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues</b>				
Impact fees	\$ 250,000	\$ 990,000	\$ 1,164,591	\$ 174,591
Investment income	50,000	160,000	185,286	25,286
Total revenues	300,000	1,150,000	1,349,877	199,877
<b>Expenditures</b>				
Public works	400,000	318,000	186,154	131,846
Total expenditures	400,000	318,000	186,154	131,846
<b>Net Change in Fund Balances</b>	(100,000)	832,000	1,163,723	331,723
<b>Fund Balances, Beginning</b>	3,759,204	3,759,204	3,759,204	-
<b>Fund Balances, Ending</b>	<u>\$ 3,659,204</u>	<u>\$ 4,591,204</u>	<u>\$ 4,922,927</u>	<u>\$ 331,723</u>

**City of Royse City, Texas**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget**  
**to Actual - Verandah Road Maintenance Fund**  
**For the Year Ended September 30, 2024**

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	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget - Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues</b>				
Impact fees	\$ 50,000	\$ 40,000	\$ 46,800	\$ 6,800
Investment income	-	1,000	8,161	7,161
Total revenues	<u>50,000</u>	<u>41,000</u>	<u>54,961</u>	<u>13,961</u>
<b>Expenditures</b>				
Public works	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net Change in Fund Balances</b>	50,000	41,000	54,961	13,961
<b>Fund Balances, Beginning</b>	<u>548,707</u>	<u>548,707</u>	<u>548,707</u>	<u>-</u>
<b>Fund Balances, Ending</b>	<u>\$ 598,707</u>	<u>\$ 589,707</u>	<u>\$ 603,668</u>	<u>\$ 13,961</u>

**City of Royse City, Texas**  
**Combining Statement of Net Position**  
**Internal Service Funds**  
**September 30, 2024**

	Technology Replacement Fund	Vehicle Replacement Fund	Risk Management Fund	Total
<b>Assets</b>				
<b>Current assets</b>				
Cash and cash equivalents	\$ 406,723	\$ 1,623,220	\$ 253,558	\$ 2,283,501
Total current assets	406,723	1,623,220	253,558	2,283,501
Total assets	406,723	1,623,220	253,558	2,283,501
<b>Liabilities</b>				
<b>Current liabilities</b>				
Accounts payable	520	75,839	-	76,359
Total current liabilities	520	75,839	-	76,359
Total liabilities	520	75,839	-	76,359
<b>Net Position</b>				
Unrestricted	406,203	1,547,381	253,558	2,207,142
Total net position	\$ 406,203	\$ 1,547,381	\$ 253,558	\$ 2,207,142

**City of Royse City, Texas**  
**Combining Statement of Revenues, Expenses and Changes in Net Position**  
**Internal Service Funds**  
**For the Year Ended September 30, 2024**

	Technology Replacement Fund	Vehicle Replacement Fund	Risk Management Fund	Total
<b>Operating Expenses</b>				
Other expense	\$ 27,746	\$ 19,431	\$ -	\$ 47,177
Total operating expenses	27,746	19,431	-	47,177
<b>Operating Loss</b>	(27,746)	(19,431)	-	(47,177)
<b>Nonoperating Revenues (Expenses)</b>				
Investment earnings	5,640	19,424	3,558	28,622
Insurance proceeds	-	34,984	-	34,984
Total nonoperating revenues (expenses)	5,640	54,408	3,558	63,606
<b>Income (Loss) Before Transfers</b>	(22,106)	34,977	3,558	16,429
Transfers in	4,305	-	-	4,305
Transfers out	-	(105,715)	-	(105,715)
<b>Change in Net Position</b>	(17,801)	(70,738)	3,558	(84,981)
<b>Net Position, Beginning of Year</b>	424,004	1,618,119	250,000	2,292,123
<b>Net Position, End of Year</b>	\$ 406,203	\$ 1,547,381	\$ 253,558	\$ 2,207,142

**City of Royse City, Texas**  
**Combining Statement of Cash Flows - Internal Service Funds**  
**For the Year Ended September 30, 2024**

	<b>Technology Replacement Fund</b>	<b>Vehicle Replacement Fund</b>	<b>Risk Management Fund</b>	<b>Total</b>
<b>Operating Activities</b>				
Other operating receipts (payments)	\$ -	\$ 11,057	\$ -	\$ 11,057
Payments to suppliers for goods and services	(27,226)	-	-	(27,226)
Net cash provided by (used in) operating activities	<u>(27,226)</u>	<u>11,057</u>	<u>-</u>	<u>(16,169)</u>
<b>Noncapital and Related Financing Activities</b>				
Transfers from other funds	4,305	-	-	4,305
Transfers to other funds	-	(105,715)	-	(105,715)
Net cash provided by (used in) operating activities	<u>4,305</u>	<u>(105,715)</u>	<u>-</u>	<u>(101,410)</u>
<b>Capital and Related Financing Activities</b>				
Insurance proceeds	-	34,984	-	34,984
Net cash provided by capital and related financing activities	<u>-</u>	<u>34,984</u>	<u>-</u>	<u>34,984</u>
<b>Investing Activities</b>				
Interest on investments	5,640	19,424	3,558	28,622
Net cash provided by investing activities	<u>5,640</u>	<u>19,424</u>	<u>3,558</u>	<u>28,622</u>
Net increase (decrease) in cash and cash equivalents	(17,281)	(40,250)	3,558	(53,973)
<b>Cash and Cash Equivalents, Beginning of Year</b>	<u>424,004</u>	<u>1,663,470</u>	<u>250,000</u>	<u>2,337,474</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u>\$ 406,723</u>	<u>\$ 1,623,220</u>	<u>\$ 253,558</u>	<u>\$ 2,283,501</u>
<b>Reconciliation of Operating Loss to Net Cash provided by (used in) Operating Activities</b>				
Operating loss	\$ (27,746)	\$ (19,431)	\$ -	\$ (47,177)
Adjustment to reconcile operating loss to net cash provided by (used in) operating activities:				
Increases in liabilities				
Accounts payable	520	30,488	-	31,008
Total adjustments	<u>520</u>	<u>30,488</u>	<u>-</u>	<u>31,008</u>
Net cash provided by (used in) operating activities	<u>\$ (27,226)</u>	<u>\$ 11,057</u>	<u>\$ -</u>	<u>\$ (16,169)</u>

**City of Royse City, Texas**  
**Balance Sheet**  
**Royse City Community Development Corporation**  
**September 30, 2024**

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**Assets**

Cash and cash equivalents	\$ 11,239,100
Receivables (net of allowance for uncollectibles)	364,717
Lease receivable	143,731
Lease interest receivable	407
Note receivable	<u>250,000</u>

Total assets \$ 11,997,955

**Liabilities**

Accounts payable	\$ 247
Accrued liabilities	<u>23,410</u>

Total liabilities 23,657

**Deferred Inflows of Resources**

Lease related	134,815
Unavailable revenues - note	<u>250,000</u>

Total deferred inflows of resources 384,815

**Fund Balances**

Restricted	<u>11,589,483</u>
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Total fund balances 11,589,483

Total liabilities, deferred inflows of resources and fund balances \$ 11,997,955

**City of Royse City, Texas**  
**Reconciliation of the Balance Sheet**  
**to the Statement of Net Position**  
**Royse City Community Development Corporation**  
**September 30, 2024**

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Amounts reported for governmental activities in the statement of net position are different because:

Total fund balance – governmental funds	\$ 11,589,483
Capital assets \$1,215,026 net of accumulated depreciation of \$158,840, used in governmental activities are not current financial resources and, therefore, are not reported in the fund financial statements.	1,056,186
Differences between expected and actual experiences, assumption changes, net differences between projected and actual earnings, and contributions subsequent to the measurement date for the postretirement benefits (pension and OPEB) are recognized as deferred outflows of resources and deferred inflows of resources on the statement of net position.	
Deferred outflows – pension related	59,793
Deferred outflows – OPEB related	940
Deferred inflows – pension related	(113)
Deferred inflows – OPEB related	<u>(1,942)</u>
Total deferred outflows and inflows related to postemployment benefits	58,678
Long-term liabilities are not due and payable in the current period, and therefore, are not reported in the funds.	
Bonds payable, net	(3,094,346)
Accrued interest payable	(16,866)
Compensated absences	(1,249)
Net pension liability	(108,743)
Total OPEB liability	<u>(5,190)</u>
Total long-term liabilities	(3,226,394)
Revenues in the statements of activities that do not provide current financial resources are not reported as revenue in the fund financial statements.	<u>250,000</u>
Net position of governmental activities	<u>\$ 9,727,953</u>

**City of Royse City, Texas**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Royse City Community Development Corporation**  
**For the Year Ended September 30, 2024**

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**Revenues**

Taxes:	
Sales	\$ 2,396,234
Charges for services	77,821
Investment income	<u>316,152</u>
Total revenues	<u>2,790,207</u>

**Expenditures**

Current:	
General government	1,074,569
Bond issuance costs	114,845
Capital outlay	<u>565,201</u>
Total expenditures	<u>1,754,615</u>

**Excess of Revenues Over Expenditures** 1,035,592

**Other Financing Sources (Uses)**

Sale of capital assets	1,989,485
Issuance of long-term debt	2,940,000
Premium on issuance of debt	<u>162,469</u>
Total other financing sources (uses)	<u>5,091,954</u>

**Net Change in Fund Balances** 6,127,546

**Fund Balances, Beginning of Year** 5,461,937

**Fund Balances, End of Year** \$ 11,589,483

**City of Royce City, Texas**  
**Reconciliation of the Statement of Revenues,**  
**Expenditures and Changes in Fund Balances**  
**to the Statement of Activities**  
**Royce City Community Development Corporation**  
**For the Year Ended September 30, 2024**

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Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances – total governmental funds		\$ 6,127,546
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays of \$565,201 exceeded depreciation of \$5,878 in the current year.		559,323
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net position.		
Disposal of capital assets	<u>(847,501)</u>	(847,501)
Bond and other debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of bond and other debt principal is an expenditure in the governmental funds, but repayment reduces long-term liabilities in the Statement of Net Position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.		
Issuance of long-term debt	(2,940,000)	
Premium on issuance of debt	<u>(162,469)</u>	(3,102,469)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.		
Accrued interest on long-term debt	(16,866)	
Amortization of bond premiums and discounts	8,123	
Compensated absences	5,477	
Changes in pension liabilities and related deferred outflows and inflows of resources	(2,498)	
Changes in OPEB liabilities and related deferred outflows and inflows of resources	<u>(334)</u>	(6,098)
Change in net position of governmental activities		<u>\$ 2,730,801</u>