

# **CITY OF BRADY, TEXAS**

## **ANNUAL FINANCIAL REPORT**

**SEPTEMBER 30, 2021**





# Table of Contents

## Page

### **Introductory Section**

City Officials.....	1
---------------------	---

### **Financial Section**

Independent Auditor's Report.....	2
-----------------------------------	---

Management's Discussion and Analysis .....	5
--	---

### **Basic Financial Statements**

#### Government-Wide Financial Statements

Statement of Net Position .....	20
---------------------------------	----

Statement of Activities.....	21
------------------------------	----

#### Fund Financial Statements

Balance Sheet – Governmental Funds .....	23
--	----

Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds .....	27
---	----

#### Proprietary Fund Financial Statements

Statement of Net Position – Proprietary Funds.....	33
--	----

Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds .....	35
---	----

Statement of Cash Flows – Proprietary Funds.....	37
--	----

#### Discretely Presented Component Unit Financial Statements

Statement of Net Position .....	40
---------------------------------	----

Statement of Activities.....	41
------------------------------	----

Notes to the Financial Statements.....	42
--	----

## TABLE OF CONTENTS

Page

### **Required Supplemental Information**

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual	
General Fund.....	96
Water Construction Fund.....	98
WWTP Construction Fund .....	99
Special Revenue Fund.....	100
Cemetery Fund.....	101
Hotel/ Motel Fund.....	102
Special Purpose Fund.....	103
Notes to the Budgetary Comparison Schedules.....	103
Schedule of Changes in Net Pension Liability and Related Ratios – Last 10 Years .....	105
Schedule of Changes in Postemployment Benefits Other Than Pensions (OPEB) Liability and Related Ratios – Last 10 Years .....	106

### **Supplemental Section**

Schedule of Revenues, Expenses and Changes in Net Position – Budget and Actual – Proprietary Funds	
Electric .....	107
Water & Sewer.....	108
Gas .....	109
Solid Waste .....	110
Street Sanitation .....	111
Utility Support .....	112
Notes to the Budgetary Comparison Schedules.....	113
Schedule of Revenues, Expenses and Changes in Net Position – Budget and Actual – Economic Development Corporation .....	114
Notes to the Budgetary Comparison Schedules – Economic Development Corporation .....	115

TABLE OF CONTENTS	<u>Page</u>
Single Audit Compliance Information	
Schedule of Expenditures of Federal and State Awards.....	116
Notes to the Schedule of Expenditures of Federal and State Awards.....	117
Schedule of Findings and Questioned Costs.....	118
Summary Schedule of Prior Audit Findings.....	119
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	120
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance.....	122



## INTRODUCTORY SECTION





CITY OF BRADY, TEXAS

City Officials

Anthony Groves ..... Mayor  
Jane Huffman ..... Mayor Pro-Tem  
Missi Elliston ..... Council Member  
Jeffrey Sutton ..... Council Member  
Larry Land ..... Council Member  
Jay May ..... Council Member  
Erin Corbell ..... City Manager  
Lisa McElrath ..... Director of Finance



## FINANCIAL SECTION



## INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and City Council  
City of Brady, Texas

### *Opinions*

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, and each major fund of the City of Brady, Texas (the City) as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, and each major fund of the City, as of September 30, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### *Basis for Opinions*

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

### *Responsibility of Management*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the 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 twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and governmental funds budgetary comparison information, the Schedule of Changes in Net Pension Liability and Related Ratios – Last 10 Years, and the Schedule of Changes in Postemployment Benefits Other than Pensions Liability and Related Ratios – Last 10 Years on pages 5-19 and 96-106, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be

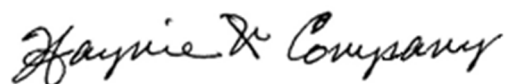
an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying proprietary fund budgetary comparison information, Economic Development Corporation budgetary comparison information, and the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the supplementary schedules), are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 17, 2022, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



San Antonio, Texas  
March 28, 2022





# **CITY OF BRADY, TEXAS**

## **Management's Discussion and Analysis**

### **September 30, 2021**

This section of the City of Brady, Texas (the City) and Brady Economic Development Corporation (EDC) annual financial and compliance report presents our discussion and analysis of financial performance of the City, the primary government, and EDC, the discretely presented component unit, during the fiscal year ended September 30, 2021. We encourage readers to consider the information presented here in conjunction with the City and EDC's audited financial statements, which follow this section.

#### **Financial Highlights**

- ❑ The City's assets exceeded liabilities at September 30, 2021 by \$70,804,033 . Of this amount \$15,118,097 or 21.4% of net position, is unrestricted and may be used to meet the government's ongoing obligations to citizens and creditors.
- ❑ The City's total net position increased by \$1,141,442 during the year.
- ❑ The total cost of all the City's programs was \$19,284,684 , representing a slight increase from last year by \$132,467 or 0.7%.
- ❑ During the year, the City had operating expenses of \$9,058,482 for governmental activities, which was \$2,701,526 less than the \$6,356,956 generated in program and general revenues. Once budgeted transfers from business-type activities of \$3,575,755 are recognized, governmental net position reflects an increase of 2.4% as compared to prior year.
- ❑ The City's business-type activities, after transfers to the general fund, reflect an increase in business-type net position by \$267,213 .
- ❑ The City reduced its total long-term debt obligations by \$448,586 or 1.71%. All repayment terms are current.

# CITY OF BRADY, TEXAS

## Management's Discussion and Analysis

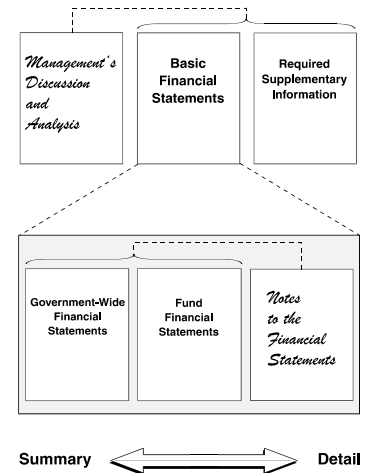
### September 30, 2021

#### Overview of the Financial Statements

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

- The first statements are *government-wide financial statements* that provide both *long-term* and *short-term* information about the City's overall financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the government, reporting the City's operations in more detail than the government-wide statements.
- *The governmental funds* statements tell how *general government* services were financed in the *short term* as well as what remains for future spending.
- *Proprietary fund* statements offer *short-term* and *long-term* financial information about the activities the government operates *like businesses*, such as the utility services.

Figure A-1, Required Components of the District's Annual Financial Report



#### Reporting the City as a Whole

The government-wide financial statements are designed to provide readers with a broad overview of the City and EDC's finances, in a manner similar to a private-sector business. The government-wide financial statements can be found on pages 20 through 22 of these financial statements.

- ❑ The statement of net position presents information on all of the City's and EDC's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City and the EDC is improving or deteriorating.
- ❑ The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

# **CITY OF BRADY, TEXAS**

## **Management's Discussion and Analysis**

### **September 30, 2021**

One of the most important questions asked about the City's finances, is whether it is better off or worse off as a result of the year's activities. The Statement of Net Position and Statement of Activities report information about the City as a whole and the EDC, and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used in most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

In the Statement of Net Position and the Statement of Activities, we divide the City into two types of activities:

- ❑ Governmental activities – Most of the City's basic services are reported here, including the Police Department, EMS, Fire Department, Public Parks, Animal Control, Lake, Building Inspections and Permits, Golf Course, Airport, Streets, Communications, Municipal Court, and General Administration. Property Taxes, Sales Taxes, Hotel Occupancy Taxes, Franchise Taxes, Service Fees, and budgeted transfers from Business-type activities financially support these activities.
- ❑ Business-type activities – The City charges a rate per unit sold to customers to help cover all or most of the cost of certain services it provides. The City's Electric, Water & Sewer, Gas, Utility Support, Street Sanitation and Solid Waste departments are reported here.
- ❑ The Statement of Net Position and Statement of Activities include the following component unit activities: Sales Tax Revenue, Rental Income and Interest Income to finance these activities.

## **GOVERNMENT-WIDE FINANCIAL STATEMENT ANALYSIS**

### **Statement of Net Position**

As stated earlier, net position may serve over time as a useful indicator of a government's financial position. The City's financial position as a whole is stronger compared to fiscal year 2020, as its net position increased by \$1,141,442 or 1.6%. The largest part of the City's net position reflects its investment in capital assets (land, buildings and improvements, infrastructure assets, and equipment), less any related debt used to acquire those assets that is still outstanding. The City uses these assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**CITY OF BRADY, TEXAS**  
**Management's Discussion and Analysis**  
**September 30, 2021**

**Statement of Net Position (continued)**

Approximately 86% of the City's governmental activities net position is subject to restrictions on how they may be used. The remaining balance of unrestricted net position of \$4,853,463 may be used to meet the government's ongoing obligations to citizens and creditors. At the end of the fiscal year, the City can report positive balances in all categories of net position, both for the government as whole, as well as for business-type activities.

The increase in net position of the City, generated by the results of its primary activities, resulted in a net position of \$70,804,033 as of September 30, 2021. The City's total unrestricted net position of \$15,118,097 , the amount that can be used to finance day-to-day operations, increased by 8.4% compared to last year's balance.

*This section is intentionally left blank*

**CITY OF BRADY, TEXAS**  
**Management's Discussion and Analysis**  
**September 30, 2021**

The following reflects a comparative condensed Statement of Net Position:

	Governmental Activities		Business-Type Activities		Total Primary Government		Component Units	
	2021	2020	2021	2020	2021	2020	2021	2020
Current and Other Assets	\$ 4,795,717	\$ 4,284,501	\$ 10,954,561	\$ 11,237,229	\$ 15,750,278	\$ 15,521,730	\$ 791,992	\$ 588,914
Capital and Other Long-term Assets	59,674,684	54,900,514	29,280,072	29,723,671	88,954,756	84,624,185	203,194	133,029
Total Assets	<u>64,470,401</u>	<u>59,185,015</u>	<u>40,234,633</u>	<u>40,960,900</u>	<u>104,705,034</u>	<u>100,145,915</u>	<u>995,186</u>	<u>721,943</u>
Deferred OPEB Related Outflows	16,266	13,122	6,588	5,541	22,854	18,663	-	-
Total Deferred Outflows	<u>16,266</u>	<u>13,122</u>	<u>6,588</u>	<u>5,541</u>	<u>22,854</u>	<u>18,663</u>	<u>-</u>	<u>-</u>
Current Liabilities	5,516,663	1,545,507	1,141,399	1,270,852	6,658,062	2,816,359	100	-
Non-Current Liabilities	23,054,670	22,104,363	4,171,056	4,877,566	27,225,726	26,981,929	679,166	679,166
Total Liabilities	<u>28,571,333</u>	<u>23,649,870</u>	<u>5,312,455</u>	<u>6,148,418</u>	<u>33,883,788</u>	<u>29,798,288</u>	<u>679,266</u>	<u>679,166</u>
Deferred Pension Related Inflows	129,582	494,744	52,485	208,955	182,067	703,699	-	-
Total Deferred Inflows	<u>129,582</u>	<u>494,744</u>	<u>52,485</u>	<u>208,955</u>	<u>182,067</u>	<u>703,699</u>	<u>-</u>	<u>-</u>
Net Position:								
Net Investment in Capital Assets	-	-	24,179,506	24,103,554	24,179,506	24,103,554	12,803	62,729
Restricted	31,074,289	31,153,662	432,141	456,621	31,506,430	31,610,283	-	-
Unrestricted	4,853,463	3,899,861	10,264,634	10,048,893	15,118,097	13,948,754	303,117	(19,952)
TOTAL NET POSITION	<u>\$ 35,927,752</u>	<u>\$ 35,053,523</u>	<u>\$ 34,876,281</u>	<u>\$ 34,609,068</u>	<u>\$ 70,804,033</u>	<u>\$ 69,662,591</u>	<u>\$ 315,920</u>	<u>\$ 42,777</u>

# CITY OF BRADY, TEXAS

## Management's Discussion and Analysis

### September 30, 2021

#### Statement of Activities

The following reflects a comparative statement of changes in net position of the primary government:

	Governmental Activities		Business-Type Activities		Total Primary Government		Component Units	
	2021	2020	2021	2020	2021	2020	2021	2020
<b>Revenues</b>								
Program Revenues:								
Charges for Services	\$ 2,966,188	\$ 3,509,660	\$ 13,938,338	\$ 14,135,527	\$ 16,904,526	\$ 17,645,187	\$ -	\$ 7,078
Grants and Contributions	803,770	367,877	-	3,551,232	803,770	3,919,109	-	-
General Revenues:								
Property Taxes	928,392	931,594	-	-	928,392	931,594	-	-
Sales Taxes	1,277,604	1,226,764	-	-	1,277,604	1,226,764	272,500	240,405
Other Taxes	245,467	246,101	-	-	245,467	246,101	-	-
Investment Earnings	51,795	430,533	104,076	152,007	155,871	582,540	7,368	9,849
Other Revenue	426	2,825	-	-	426	2,825	50,012	-
Gain(Loss) on Disposal of Assets	83,314	10,614	26,756	-	110,070	10,614	(30,626)	-
Donated Assets	-	282	-	-	-	282	-	-
<b>TOTAL REVENUES</b>	<b>6,356,956</b>	<b>6,726,250</b>	<b>14,069,170</b>	<b>17,838,766</b>	<b>20,426,126</b>	<b>24,565,016</b>	<b>299,254</b>	<b>257,332</b>
<b>Expenses</b>								
Utility Enterprises	-	-	10,226,202	10,289,086	10,226,202	10,289,086	-	-
General Government	1,351,110	1,250,323	-	-	1,351,110	1,250,323	-	-
Public Safety	3,629,058	4,013,369	-	-	3,629,058	4,013,369	-	-
Streets	716,549	775,484	-	-	716,549	775,484	-	-
Recreation and Leisure	1,856,290	1,966,660	-	-	1,856,290	1,966,660	-	-
Community Development	1,128,029	530,937	-	-	1,128,029	530,937	-	-
Cemetery	47,662	63,439	-	-	47,662	63,439	-	-
Hotel/Motel	257,542	224,176	-	-	257,542	224,176	-	-
Interest and Amortization	72,242	38,743	-	-	72,242	38,743	-	-
Component Units	-	-	-	-	-	-	26,111	239,049
<b>TOTAL EXPENSES</b>	<b>9,058,482</b>	<b>8,863,131</b>	<b>10,226,202</b>	<b>10,289,086</b>	<b>19,284,684</b>	<b>19,152,217</b>	<b>26,111</b>	<b>239,049</b>
Excess (Deficiency) before Transfers	(2,701,526)	(2,136,881)	3,842,968	7,549,680	1,141,442	5,412,799	273,143	18,283
Transfers	3,575,755	2,720,000	(3,575,755)	(2,720,000)	-	-	-	-
<b>Increase (Decrease) in Net Position</b>	<b>874,229</b>	<b>583,119</b>	<b>267,213</b>	<b>4,829,680</b>	<b>1,141,442</b>	<b>5,412,799</b>	<b>273,143</b>	<b>18,283</b>
Net Position - Beginning	35,053,523	34,470,404	34,609,068	29,779,388	69,662,591	64,249,792	42,777	24,494
Net Position - Ending	\$ 35,927,752	\$ 35,053,523	\$ 34,876,281	\$ 34,609,068	\$ 70,804,033	\$ 69,662,591	\$ 315,920	\$ 42,777

# **CITY OF BRADY, TEXAS**

## **Management's Discussion and Analysis**

### **September 30, 2021**

#### **Total Primary Government Activities**

Overall, total primary government revenues for fiscal year 2021 were less than fiscal year 2020 by \$4,138,890 or 16.8%. The decline is primarily due to less grant and contributions in fiscal year 2021.

Overall, total primary government expenditures appear to have increased by \$132,467 or 0.7%. However, the total figure includes the expenditure of returning unspent Coronavirus State Local Fiscal Recovery Fund money in the amount of \$656,880 back to the State. Excluding this transaction, the total primary government expenditures were \$524,413 or 2.7% less than the previous fiscal year.

#### **Governmental Activities**

The result of fiscal year 2021 governmental activity records an increase in net position of \$874,229 , after a \$3,575,755 transfer from proprietary funds, in net position, to \$35,927,752 . Of the total governmental activities' net position, \$31,074,289 is restricted, and \$4,853,463 is unrestricted, that is, having no legal commitment. The transfers are historically associated with funding the operational short-fall of the 25 divisional service activities.

Governmental activities reflect a 5.5% decrease or \$369,294 in total revenues. The majority of the decrease came from less franchise fee revenue (\$381,000) from the utility funds from the previous fiscal year.

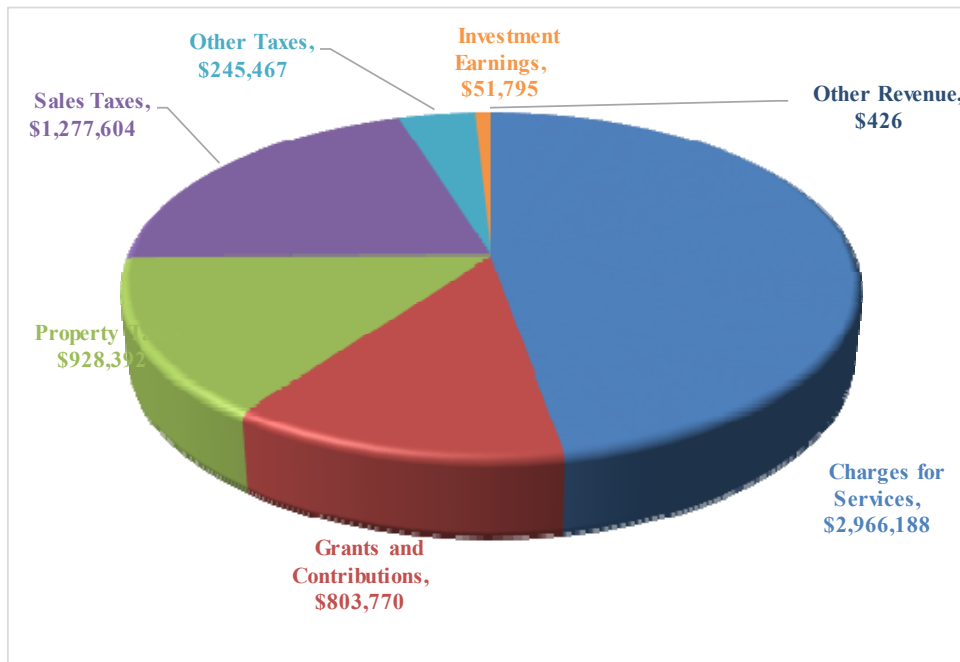
*This section is intentionally left blank*

# **CITY OF BRADY, TEXAS**

## **Management's Discussion and Analysis**

### **September 30, 2021**

#### Revenues – Governmental Activities Fiscal Year Ending September 30, 2021



For fiscal year 2021, the majority of governmental revenues were derived from four revenue sources: charges for services, sales and other taxes, property taxes, and grants/contributions. Collectively, they provided for 97.9% of the governmental program revenues mix.

Charges for services are fee collections set by the City Council for specific activities by the end-user. Airport services make up \$260,989 or 9% of the \$2,966,188 total amount collected for services this year. EMS services generated \$476,030 or 16% of the total dollars charged for services this year. The lake department generated rental fees and donations in the amount of \$248,492 or 8% of the total charged for services this year. Other charges for services include golf course fees, municipal court fines, right of way fees, cemetery lot sales and fees, and collections for senior citizen meals. The combined revenues from the aforementioned represent the remaining 33% of total service charge revenues.

The City received \$1,277,604 in sales tax revenues, which is a 4% increase from last year's total collections. Included in other taxes are hotel occupancy tax collections of \$217,581 that were passed on to the Chamber of Commerce, and other qualifying organizations for the promotion of tourism to enhance sales tax dollars to the City.

The City maintains a property tax rate at \$0.425001 per \$100 of 2020 values; and collected \$928,392 in property tax revenue. Two cents (\$0.02), or \$46,075 of the tax rate is dedicated to cemetery maintenance.

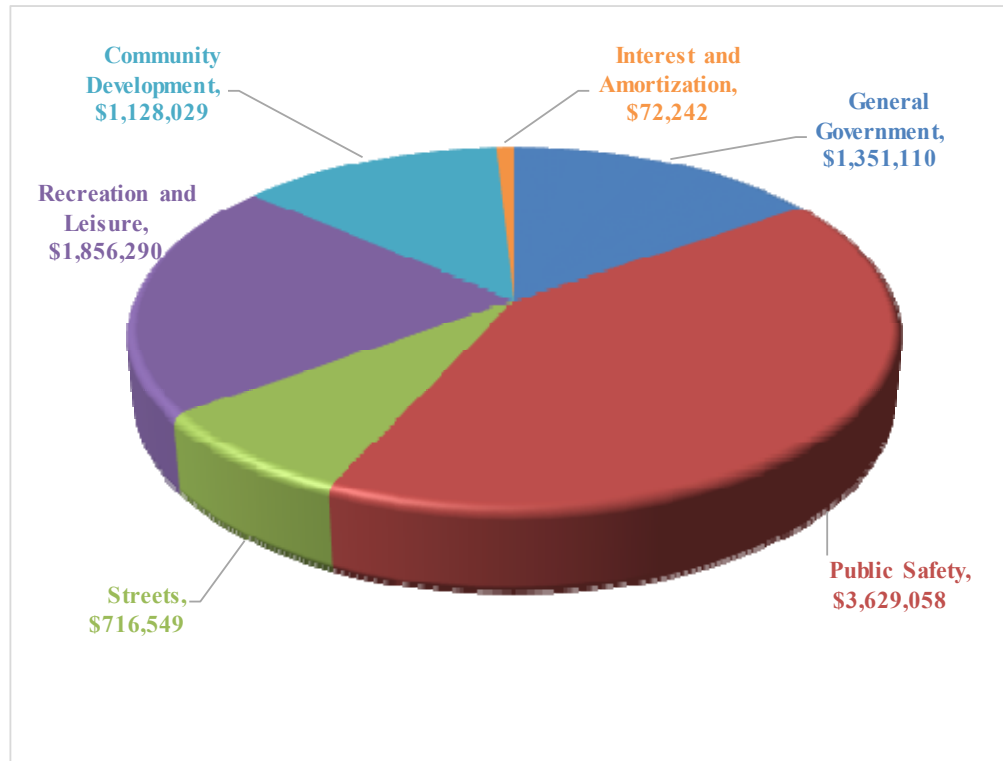


# **CITY OF BRADY, TEXAS**

## **Management's Discussion and Analysis**

### **September 30, 2021**

#### Expenses – Governmental Activities Fiscal Year Ending September 30, 2021



The relative mix of governmental expenditure activities remains similar to last fiscal year. Public safety and general government continue to be the largest governmental activities expending, \$3,629,058 and \$1,351,110 , respectively, of the \$9,058,482 in total costs for all governmental programs. The fire, EMS, police, animal control, municipal court, and building and inspection divisions are included in the public safety category.

The remaining 39% of expenditures is closely divided among recreation and leisure costs totaling \$1,856,290 , community development totaling \$1,128,029 , street maintenance totaling \$716,549 , and interest and amortization totaling \$72,242 .

**CITY OF BRADY, TEXAS**  
**Management's Discussion and Analysis**  
**September 30, 2021**

**Business-Type Activities**

The business-type activities increased the City's net position by \$267,213 .

Of the total business-type activities' net position, \$24,179,506 is invested in capital assets, net of related debt, and \$10,264,634 is unrestricted, that is, having no legal commitment. In addition, it maintains a restricted fund balance of \$432,141 .

The business-type activities include water, wastewater, electric, gas distribution systems, sewer plant and solid waste operations.

The cost of all business-type activities this year decreased by 0.61% to \$10,226,202 . As shown in the statement of activities, the amounts charged to users of the utility services totaled \$13,938,338 and are 1% or \$197,189 less than last fiscal year. Factors that contributed to the decrease in revenues was primarily due from weather conditions. Additional revenue sources included investment earnings of \$104,076 . In total, excess revenues over expenditures for the year was \$3,842,968 .

The City historically transfers excess revenues from the business-type activities to the governmental funds as needed to cover the cost of governmental services. Transfers in the amount of \$3,575,755 were posted this fiscal year to provide for the City's governmental program cost.

*This section is intentionally left blank*

# **CITY OF BRADY, TEXAS**

## **Management's Discussion and Analysis**

### **September 30, 2021**

#### **Reporting the City's Most Significant Funds**

Analysis of the City's major funds begins on page 23. The fund financial statements, found on 23 through 39 of the annual financial statements, provide detailed information about the most significant funds. The City, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance and related legal requirements. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

- ❑ Governmental funds are used to account for essentially the same functions reported as governmental activities in the governmental-wide financial statements. Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in near future to finance the City's programs. We describe the relationship between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in reconciliations at the bottom of the fund financial statements.
- ❑ Proprietary funds – When the City charges customers for the services it provides – with intent to cover all costs of the service provided – these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. In fact, the City's enterprise funds (a component of proprietary funds) are the same as the business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows, for proprietary funds.

In summary, fund financial statements are considered the traditional method of portraying available funds for immediate spending needs. It is a relative measure of a City government's ability to meet General fund program costs in the near future. Therefore, the City's fund balance does not reflect the equity value of the long-term investment the City has in its infrastructure and capital assets. The statement of net position and the statement of activities are therefore designed to reflect the value of all capital assets of the City, so that the total net position amounts compare similarly to a private entity's retained earnings.

**CITY OF BRADY, TEXAS**  
**Management's Discussion and Analysis**  
**September 30, 2021**

**FUND FINANCIAL STATEMENT ANALYSIS**

**Governmental Type Funds**

The City reports a combined governmental fund balance of \$36,673,705 , reflecting a decrease of \$10,943,325 in comparison with the previous year. The decrease in overall fund balance resulted from the draw down of construction funding for the water system improvements and new wastewater treatment plant construction, considered governmental activities while classified as construction in progress.

Unassigned governmental fund balance equals \$4,585,699 and is available for spending at the government's discretion. The remainder of fund balance is restricted or nonspendable to indicate that it is not available for new spending because it has already been committed to provide payment for long-term debt obligations and community projects.

As stated earlier, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. The Government Finance Officers Association recommends, at a minimum, that governmental unassigned fund balances be maintained at no less than two months of regular general fund operational revenues or expenditures. The City's current general unassigned fund balance is considered strong as it represents six months of operating expenditures.

**Business Type Funds**

The City's business-type fund statements provide the same type of information found in the government-wide financial statements, but in more detail. The City is the owner of the Electric, Water & Sewer, Gas, and Solid Waste distribution enterprises. Each enterprise is considered a major fund.

All funds recorded a positive net change net position for fiscal year 2021 and all funds continue to maintain a healthy level of unrestricted fund balances ranging from 5 to 19 months of operating expenditures.

**COMPONENT UNIT**

Component units are legally separate entities from the City but were organized to benefit the City. There is one component unit, the Brady Economic Development Corporation, at September 30, 2021, and additional information is presented in the basic financial statements and the notes to the financial statements.

# CITY OF BRADY, TEXAS

## Management's Discussion and Analysis

### September 30, 2021

#### NOTES TO FINANCIAL STATEMENTS OVERVIEW

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

#### Capital Assets

The City has invested in a broad range of capital assets, including land, buildings, fixtures, various equipment, vehicles, park and landfill facilities, streets, water, sewer, electric, and gas infrastructure systems. The City's investment in capital assets for its governmental and business-type activities as of September 30, 2021 is \$50,067,421, net of accumulated depreciation. The majority, 66%, of the City's capital assets is invested in buildings, improvements, and infrastructure. The following is a summary statement of the City's capital assets as of September 30, 2021:

	Governmental Activities		Business-Type Activities		Total Primary Government		Component Units	
	2021	2020	2021	2020	2021	2020	2021	2020
Land	\$ 756,484	\$ 756,484	\$ 154,730	\$ 154,730	\$ 911,214	\$ 911,214	\$ 12,803	\$ 12,803
Buildings	6,880,089	7,331,124	15,607,487	15,627,493	22,487,576	22,958,617	-	53,868
Equipment	2,846,319	2,893,272	3,009,692	3,003,836	5,856,011	5,897,108	-	-
Vehicles	1,556,255	1,443,519	1,032,635	906,498	2,588,890	2,350,017	-	-
Infrastructure	13,423,595	13,141,818	20,447,933	20,012,136	33,871,528	33,153,954	-	-
Construction in Progress	14,540,653	1,663,268	5,402,765	5,504,792	19,943,418	7,168,060	-	-
Less:								
Accumulated Depreciation	(17,386,203)	(16,979,924)	(18,205,013)	(17,296,913)	(35,591,216)	(34,276,837)	-	(3,942)
Total	\$ 22,617,192	\$ 10,249,561	\$ 27,450,229	\$ 27,912,572	\$ 50,067,421	\$ 38,162,133	\$ 12,803	\$ 62,729

#### Debt Administration

At September 30, 2021, the City's total bonds, notes and capital leases outstanding reflect an decrease of \$448,586 compared to prior year. All scheduled payments were met according to terms.

The City maintains a credit rating of AA- from Standard and Poor's rating service received on June 26, 2015.

The following is a summary statement of outstanding debt as of September 30, 2021:

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2021	2020	2021	2020	2021	2020
General Obligation Refunding Bonds	\$ 205,800	\$ 411,600	\$ 4,200	\$ 8,400	\$ 210,000	\$ 420,000
Certificates of Obligations	22,620,000	21,265,000	2,590,000	2,960,000	25,210,000	24,225,000
Notes to Financial Institutions	-	-	307,373	546,373	307,373	546,373
Equipment Capital Leases	583,513	679,316	410,764	402,375	994,277	1,081,691
Total Bonds, Notes, and Capital Leases	\$ 23,409,313	\$ 22,355,916	\$ 3,312,337	\$ 3,917,148	\$ 26,721,650	\$ 26,273,064

Total compensated absences for Governmental Funds are \$154,032 and \$56,677 for Business activities.

# **CITY OF BRADY, TEXAS**

## **Management's Discussion and Analysis**

### **September 30, 2021**

#### **General Fund Budgetary Highlights**

The City's budget is a dynamic document. Once adopted in September of each year, the Council may approve budgetary amendments during the course of the fiscal year to recognize changes in operational demands for municipal purposes.

Final budget comparisons to actual performance are considered reasonable and reflect that final budget projections were favorably over budget compared to total general fund revenues by \$417,811 and total expenditures were under budget by \$1,042,374 , resulting in a net variance to the final budget of \$1,460,185 before transfers.

The original revenue projections for the general fund budget were increased at the mid-year budget review by \$157,800 primarily to recognize better than expected sales collections and the award of grant funding for projects in the airport and police divisions.

The original expenditure projections for the general fund budget were also adjusted by increasing expenditures by \$428,089 . Council, at the routine request of staff, amends the original budget in October to roll over incomplete capital projects/purchases approved in the fiscal year. Overall, year-end actual performance was less than the final budget numbers, primarily due to several capital projects and purchases were not completed as of fiscal year end.

**CITY OF BRADY, TEXAS**  
**Management's Discussion and Analysis**  
**September 30, 2021**

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

The City's elected and appointed officials considered many factors when setting the fiscal year 2022 budget, tax rates, and fees that will be charged. One of those factors is the economy.

The City's local economy is centered in agri-businesses and recreational activities. The economic outlook for Brady/McCulloch County is considered weak but has been mostly stable.

Implementing federally mandated infrastructure improvements to the City's wastewater and water systems continues as a top priority. Funding for construction improvements to conclude the two projects has been acquired and construction has begun, and will continue during the FY 22 budget year. Council was able to hold most utility rates stable with the exception of natural gas. Loss of the sand plant industry continues to negatively impact the Gas system and a 12.5% rate increase was adopted to meet operational demands for an aging distribution system. Council approved funding for architectural plans that will address new facilities for the Fire/EMS and Police. Funding and final location will be a topic during the FY 23 budget workshop.

These factors were considered when adopting the General Fund budget for fiscal year 2022. Cost efficiencies to support the fiscal year 2022 Budget were prompted by limiting capital expenditures. The Council adopted a balanced budget to ensure a stable fund balance position is maintained.

**Request for Information**

The financial report is designed to provide a general overview of the City and EDC's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests of additional financial information should be addressed to the Director of Finance, Lisa McElrath or Erin Corbell at City of Brady 201 East Main, 325-597-2152.

## **Financial Statements**





# CITY OF BRADY, TEXAS

## Statement of Net Position

### September 30, 2021

	PRIMARY GOVERNMENT			
	Governmental Activities	Business-Type Activities	TOTAL	Component Unit
<b>ASSETS</b>				
Current Assets				
Cash and Cash Equivalents	\$ 4,602,158	\$ 10,074,968	\$ 14,677,126	\$ 774,250
Receivables, Net of Allowances	156,916	740,685	897,601	2,631
Inventory	36,643	138,908	175,551	-
Note Receivable, Current Portion	-	-	-	15,111
Total Current Assets	4,795,717	10,954,561	15,750,278	791,992
Noncurrent Assets				
Restricted Cash and Cash Equivalents	36,378,326	1,829,844	38,208,170	-
Note Receivable, Non-Current Portion	679,166	-	679,166	190,391
Land	756,484	154,730	911,214	12,803
Construction in Progress	14,540,653	5,402,765	19,943,418	-
Property and Equipment, Net of Depreciation	7,320,055	21,892,733	29,212,788	-
Total Noncurrent Assets	59,674,684	29,280,072	88,954,756	203,194
Total Assets	64,470,401	40,234,633	104,705,034	995,186
<b>DEFERRED OUTFLOWS</b>				
Deferred Other Postemployment Benefits Related Outflows	16,266	6,588	22,854	-
Total Deferred Outflows	16,266	6,588	22,854	-
<b>LIABILITIES</b>				
Current Liabilities				
Accounts Payable	4,366,583	390,410	4,756,993	100
Accrued Expenses	231,526	8,858	240,384	-
Interest Payable	1,247	8,257	9,504	-
Other Payables	-	14,462	14,462	-
Bonds, Notes, and Leases Payable	917,307	719,412	1,636,719	-
Total Current Liabilities	5,516,663	1,141,399	6,658,062	100
Noncurrent Liabilities				
Accrued Compensated Absences	154,032	56,677	210,709	-
Landfill Closure	-	632,945	632,945	-
Customer Deposits	-	723,004	723,004	-
Net Pension Liability	162,343	65,752	228,095	-
Other Postemployment Benefit Liability	246,288	99,753	346,041	-
Bonds, Notes, and Leases Payable	22,492,007	2,592,925	25,084,932	679,166
Total Noncurrent Liabilities	23,054,670	4,171,056	27,225,726	679,166
Total Liabilities	28,571,333	5,312,455	33,883,788	679,266
<b>DEFERRED INFLOWS</b>				
Deferred Pension Related Inflows	129,582	52,485	182,067	-
Total Deferred Inflows	129,582	52,485	182,067	-
<b>NET POSITION</b>				
Net Investment in Capital Assets	-	24,179,506	24,179,506	12,803
Restricted	31,074,289	432,141	31,506,430	-
Unrestricted	4,853,463	10,264,634	15,118,097	303,117
Total Net Position	\$ 35,927,752	\$ 34,876,281	\$ 70,804,033	\$ 315,920

The accompanying notes are an integral part of these basic financial statements

# CITY OF BRADY, TEXAS

## Statement of Activities

September 30, 2021

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Governmental Activities</b>				
Administration	\$ 601,327	\$ 1,407,965	\$ -	\$ -
Airport	435,334	260,989	-	13,730
Public Property Maintenance	571,396	58,764	-	-
Mayor and Council	28,480	-	-	-
Golf Course	378,814	129,849	-	-
Swimming Pool	95,603	17,762	-	-
Fire Department	419,508	1,956	-	-
Police Department	1,251,775	112,207	-	-
Emergency Management	103,661	-	-	-
Community Support Administration	103,105	15,124	-	-
Street Department	716,549	2,434	-	-
Civic Center	99,029	21,028	60,550	-
Municipal Court	126,361	97,541	-	-
Community Support	2,013	-	-	-
Repair Shop	76,058	-	-	-
Animal Control	117,059	710	-	-
EMS	1,516,057	476,030	-	-
Lake Department	268,540	248,492	-	-
Cemetery Maintenance	47,662	46,075	-	-
Hotel/Motel	257,542	-	-	-
Financial Administration	291,144	8,343	-	-
Building Inspection and Permits	94,637	33,937	-	-
G. Rollie White Complex	7,574	12,735	-	-
Purchasing	61,426	-	-	-
Special Revenue Fund	1,126,016	14,247	729,490	-
Arbitrage Rebate	189,570	-	-	-
Interest on Long-Term Debt	72,242	-	-	-
<b>Total Governmental Activities</b>	<b>9,058,482</b>	<b>2,966,188</b>	<b>790,040</b>	<b>13,730</b>
<b>Business-Type Activities</b>				
Electric	4,676,529	7,108,853	-	-
Water & Sewer	2,586,090	4,090,231	-	-
Gas	1,117,368	1,150,271	-	-
Solid Waste	1,138,721	1,296,773	-	-
Street Sanitation	65,221	87,053	-	-
Utility Support	642,273	205,157	-	-
<b>Total Business-Type Activities</b>	<b>10,226,202</b>	<b>13,938,338</b>	<b>-</b>	<b>-</b>
<b>Total Primary Government</b>	<b>\$ 19,284,684</b>	<b>\$ 16,904,526</b>	<b>\$ 790,040</b>	<b>\$ 13,730</b>
<b>Total Component Unit</b>	<b>\$ 26,111</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

### General Revenues

Taxes
Property Taxes, Levied for General Purposes
Sales Taxes
Franchise Taxes
Mixed Beverage Taxes
Hotel Occupancy Taxes
Interest Revenue
Miscellaneous
Gain (Loss) on the Disposal of Capital Assets
Transfers
Total General Revenues, Special Items, and Transfers
Change in Net Position
Net Position - Beginning
Net Position - Ending

The accompanying notes are an integral part of these basic financial statements

# CITY OF BRADY, TEXAS

## Statement of Activities (Continued)

### September 30, 2021

Net (Expense) Revenue and Changes in Net Position			
Governmental Activities	Business-Type Activities	Total	Total Component Units
\$ 806,638	\$ -	\$ 806,638	\$ -
(160,615)	-	(160,615)	-
(512,632)	-	(512,632)	-
(28,480)	-	(28,480)	-
(248,965)	-	(248,965)	-
(77,841)	-	(77,841)	-
(417,552)	-	(417,552)	-
(1,139,568)	-	(1,139,568)	-
(103,661)	-	(103,661)	-
(87,981)	-	(87,981)	-
(714,115)	-	(714,115)	-
(17,451)	-	(17,451)	-
(28,820)	-	(28,820)	-
(2,013)	-	(2,013)	-
(76,058)	-	(76,058)	-
(116,349)	-	(116,349)	-
(1,040,027)	-	(1,040,027)	-
(20,048)	-	(20,048)	-
(1,587)	-	(1,587)	-
(257,542)	-	(257,542)	-
(282,801)	-	(282,801)	-
(60,700)	-	(60,700)	-
5,161	-	5,161	-
(61,426)	-	(61,426)	-
(382,279)	-	(382,279)	-
(189,570)	-	(189,570)	-
(72,242)	-	(72,242)	-
(5,288,524)	-	(5,288,524)	-
-	2,432,324	2,432,324	-
-	1,504,141	1,504,141	-
-	32,903	32,903	-
-	158,052	158,052	-
-	21,832	21,832	-
-	(437,116)	(437,116)	-
-	3,712,136	3,712,136	-
\$ (5,288,524)	\$ 3,712,136	\$ (1,576,388)	\$ -
\$ -	\$ -	\$ -	\$ (26,111)
928,392	-	928,392	-
1,277,604	-	1,277,604	272,500
18,703	-	18,703	-
9,183	-	9,183	-
217,581	-	217,581	-
51,795	104,076	155,871	7,368
426	-	426	50,012
83,314	26,756	110,070	(30,626)
3,575,755	(3,575,755)	-	-
6,162,753	(3,444,923)	2,717,830	299,254
874,229	267,213	1,141,442	273,143
35,053,523	34,609,068	69,662,591	42,777
\$ 35,927,752	\$ 34,876,281	\$ 70,804,033	\$ 315,920

The accompanying notes are an integral part of these basic financial statements

# CITY OF BRADY, TEXAS

## Balance Sheet – Governmental Funds

### September 30, 2021

		Capital Projects Funds		
	General Fund	General Construction Fund	Water Construction Fund	WWTP Construction Fund
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 4,620,782	\$ 142,000	\$ 19,024,385	\$ 16,317,290
Receivables, Net of Allowances:				
Property Taxes	59,674	-	-	-
Accounts Receivables	12,204	-	-	-
Inventory	36,643	-	-	-
Total Assets	<u>\$ 4,729,303</u>	<u>\$ 142,000</u>	<u>\$ 19,024,385</u>	<u>\$ 16,317,290</u>
<b>LIABILITIES</b>				
Accounts Payable	\$ 144,800	\$ -	\$ 3,147,750	\$ 359,841
Accrued Expenses	41,308	-	189,570	-
Total Liabilities	<u>186,108</u>	<u>-</u>	<u>3,337,320</u>	<u>359,841</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable Revenue	<u>44,229</u>	<u>-</u>	<u>-</u>	<u>-</u>
	44,229	-	-	-
<b>FUND BALANCES</b>				
Fund Balance:				
Nonspendable	36,643	-	-	-
Restricted	18,624	-	15,687,065	15,957,449
Unassigned	4,443,699	142,000	-	-
Total Fund Balance	<u>4,498,966</u>	<u>142,000</u>	<u>15,687,065</u>	<u>15,957,449</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 4,729,303</u>	<u>\$ 142,000</u>	<u>\$ 19,024,385</u>	<u>\$ 16,317,290</u>

**CITY OF BRADY, TEXAS**  
**Balance Sheet – Governmental Funds (Continued)**  
**September 30, 2021**

Special Revenue Funds				Total Governmental Funds
Special Revenue Fund	Cemetery Fund	Hotel/Motel Fund	Special Purpose Fund	
\$ 817,671	\$ 96,758	\$ 85,186	\$ 18,412	\$ 41,122,484
-	435	-	-	60,109
27,008	-	57,595	-	96,807
-	-	-	-	36,643
<u>\$ 844,679</u>	<u>\$ 97,193</u>	<u>\$ 142,781</u>	<u>\$ 18,412</u>	<u>\$ 41,316,043</u>
\$ 659,320	\$ 157	\$ 54,715	\$ -	\$ 4,366,583
498	150	-	-	231,526
<u>659,818</u>	<u>307</u>	<u>54,715</u>	<u>-</u>	<u>4,598,109</u>
-	-	-	-	44,229
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>44,229</u>
-	-	-	-	36,643
184,861	96,886	88,066	18,412	32,051,363
-	-	-	-	4,585,699
<u>184,861</u>	<u>96,886</u>	<u>88,066</u>	<u>18,412</u>	<u>36,673,705</u>
<u>\$ 844,679</u>	<u>\$ 97,193</u>	<u>\$ 142,781</u>	<u>\$ 18,412</u>	

The accompanying notes are an integral part of these basic financial statements

# CITY OF BRADY, TEXAS

## Balance Sheet – Governmental Funds (Continued)

### September 30, 2021

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

Some assets used in governmental activities are not financial resources and therefore are not reported in the funds:

Capital Assets, Net of Accumulated Depreciation of \$16,001,256	\$ 22,617,192
Note Receivable	679,166

Net pension assets (and related deferred inflows and outflows of resources) do not provide current financial resources and are not reported in the funds.

Pension Related Deferred Inflows	(129,582)
Deferred Other Postemployment Benefit Related Outflows	16,266
Net Pension Liability	(162,343)
Other Postemployment Benefit Liability	(246,288)

Some of the City's revenues will be collected after year-end but are not available soon enough to pay for the current period's expenditures and therefore are not reported in the funds

44,229

Some liabilities are not due and payable in the current period and therefore are not reported in the funds:

Notes, Bonds, and Capital Leases	(23,409,314)
Interest Payable	(1,247)
Accrued Compensated Absences	(154,032)

Net Position of Governmental Activities	\$ <u><u>35,927,752</u></u>
---	-----------------------------

*This page is intentionally left blank*



**CITY OF BRADY, TEXAS**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**Year Ended September 30, 2021**

	General Fund	Capital Projects Funds		
		General Construction Fund	Water Construction Fund	WWTP Construction Fund
<b>REVENUES</b>				
Property Tax	\$ 932,163	\$ -	\$ -	\$ -
Sales Tax	1,027,213	-	-	-
Franchise Tax	18,703	-	-	-
Hotel Occupancy Tax	-	-	-	-
Mixed Beverage Tax	9,183	-	-	-
Interest Income	38,079	-	10,871	2,845
Miscellaneous Revenue	426	-	-	-
Reimbursed Expenses	77,039	-	-	-
Administrative	1,504,852	-	-	-
Airport	260,908	-	-	-
Public Property Maintenance	58,764	-	-	-
Golf Course	129,849	-	-	-
Swimming Pool	16,048	-	-	-
Fire Department	1,825	-	-	-
Police Department	64,731	-	-	-
Community Services Administration	15,000	-	-	-
Street Department	1,953	-	-	-
Civic Center	21,028	-	-	-
Senior Citizen Program	-	-	-	-
Municipal Court	97,541	-	-	-
Animal Control	710	-	-	-
City/County EMS	476,030	-	-	-
Lake Department	247,254	-	-	-
Community Development	-	-	-	-
Cemetery Maintenance	-	-	-	-
Financial Administration	5,000	-	-	-
Building Inspection and Permits	26,343	-	-	-
Donations	60,000	-	-	-
Water & Sewer Construction	-	-	-	-
Grant Revenues	9,697	-	-	-
<b>Total Revenues</b>	<b>\$ 5,100,339</b>	<b>\$ -</b>	<b>\$ 10,871</b>	<b>\$ 2,845</b>

The accompanying notes are an integral part of these basic financial statements

**CITY OF BRADY, TEXAS**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**(Continued)**  
**Governmental Funds**  
**Year Ended September 30, 2021**

Special Revenue Funds				Total
Special Revenue Fund	Cemetery Fund	Hotel/Motel Fund	Special Purpose Fund	Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ 932,163
250,391	-	-	-	1,277,604
-	-	-	-	18,703
-	-	217,581	-	217,581
-	-	-	-	9,183
-	-	-	-	51,795
-	-	-	-	426
6	-	-	-	77,045
-	-	-	-	1,504,852
-	-	-	-	260,908
-	-	-	-	58,764
-	-	-	-	129,849
-	-	-	-	16,048
-	-	-	-	1,825
-	-	-	1,804	66,535
-	-	-	-	15,000
-	-	-	-	1,953
-	-	-	-	21,028
14,241	-	-	-	14,241
-	-	-	-	97,541
-	-	-	-	710
-	-	-	-	476,030
-	-	-	-	247,254
4,033	-	-	-	4,033
-	46,075	-	-	46,075
-	-	-	-	5,000
-	-	-	-	26,343
550	-	-	-	60,550
-	-	-	-	-
729,490	-	-	-	739,187
<u>\$ 998,711</u>	<u>\$ 46,075</u>	<u>\$ 217,581</u>	<u>\$ 1,804</u>	<u>\$ 6,378,226</u>

The accompanying notes are an integral part of these basic financial statements

**CITY OF BRADY, TEXAS**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**(Continued)**  
**Governmental Funds**  
**Year Ended September 30, 2021**

		Capital Projects Funds		
		General Construction Fund	Water Construction Fund	WWTP Construction Fund
EXPENDITURES	General Fund			
Current:				
Administration	\$ 595,152	\$ -	\$ -	\$ -
Airport	341,068	-	-	-
Public Property Maintenance	436,854	-	-	-
Mayor and Council	28,489	-	-	-
Golf Course	357,390	-	-	-
Swimming Pool	95,603	-	-	-
Fire Department	389,667	-	-	-
Police Department	1,262,533	-	-	-
Emergency Management	101,093	-	-	-
Community Support Administration	117,739	-	-	-
Street Department	516,128	-	-	-
Civic Center	31,047	-	-	-
Pass-Through Services	-	-	-	-
Senior Citizens Program	-	-	-	-
Municipal Court	123,619	-	-	-
Community Support	2,013	-	-	-
Repair Shop	72,612	-	-	-
Animal Control	125,106	-	-	-
City/County EMS	1,578,634	-	-	-
Lake Department	238,967	-	-	-
G.R. White Complex	5,992	-	-	-
Purchasing	68,346	-	-	-
Financial Administration	320,444	-	-	-
Community Development	-	-	-	-
Cemetery Maintenance	-	-	-	-
Hotel/Motel Expenses	-	-	-	-
Building Inspection and Permits	100,806	-	-	-
Arbitrage Rebate	-	-	189,570	-
Capital Outlay	286,914	-	12,704,155	465,066
Debt Service:				
Principal	405,602	-	330,000	220,000
Interest	31,487	-	-	40,755
Total Expenditures	7,633,305	-	13,223,725	725,821
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,532,966)	-	(13,212,854)	(722,976)
Other Financing Sources (Uses)				
Bond Proceeds	104,000	-	-	1,905,000
Sale of Fixed Assets	83,314	-	-	-
Transfers In	2,844,996	142,000	330,000	260,755
Transfers Out	(142,000)	-	-	-
Total Other Financing Sources (Uses)	2,890,310	142,000	330,000	2,165,755
Change in Fund Balances	357,344	142,000	(12,882,854)	1,442,779
Total Fund Balances - Beginning of Year	4,141,622	-	28,569,919	14,514,670
Total Fund Balances - End of Year	\$ 4,498,966	\$ 142,000	\$ 15,687,065	\$ 15,957,449

**CITY OF BRADY, TEXAS**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**(Continued)**  
**Governmental Funds**  
**Year Ended September 30, 2021**

Special Revenue Funds				Total
Special Revenue Fund	Cemetery Fund	Hotel/Motel Fund	Special Purpose Fund	Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ 595,152
-	-	-	-	341,068
-	-	-	-	436,854
-	-	-	-	28,489
-	-	-	-	357,390
-	-	-	-	95,603
-	-	-	-	389,667
-	-	-	4,675	1,267,208
-	-	-	-	101,093
-	-	-	-	117,739
-	-	-	-	516,128
-	-	-	-	31,047
250,391	-	-	-	250,391
219,817	-	-	-	219,817
-	-	-	-	123,619
-	-	-	-	2,013
-	-	-	-	72,612
-	-	-	-	125,106
-	-	-	-	1,578,634
-	-	-	-	238,967
-	-	-	-	5,992
-	-	-	-	68,346
-	-	-	-	320,444
614,834	-	-	-	614,834
-	45,163	-	-	45,163
-	-	257,276	-	257,276
-	-	-	-	100,806
-	-	-	-	189,570
595	14,018	-	-	13,470,748
-	-	-	-	955,602
-	-	-	-	72,242
<u>1,085,637</u>	<u>59,181</u>	<u>257,276</u>	<u>4,675</u>	<u>22,989,620</u>
(86,926)	(13,106)	(39,695)	(2,871)	(16,611,394)
-	-	-	-	2,009,000
-	-	-	-	83,314
140,004	-	-	-	3,717,755
-	-	-	-	(142,000)
<u>140,004</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,668,069</u>
53,078	(13,106)	(39,695)	(2,871)	(10,943,325)
131,783	109,992	127,761	21,283	47,617,030
<u>\$ 184,861</u>	<u>\$ 96,886</u>	<u>\$ 88,066</u>	<u>\$ 18,412</u>	<u>\$ 36,673,705</u>

The accompanying notes are an integral part of these basic financial statements

# CITY OF BRADY, TEXAS

## Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)

### Governmental Funds

### Year Ended September 30, 2021

Reconciliation of the change in fund balances - total governmental funds to the change in net position of governmental activities:

Net Change in Fund Balances - Total Governmental Funds	\$ (10,943,325)
--	-----------------

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.

Capital Outlay	13,369,936
Depreciation Expense	(955,304)

Transfers of capital assets between the governmental activities and business-type activities are not a use of financial resources and are therefore not reported in the governmental funds.	(46,999)
---	----------

Lease and bond 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 note principal is an expenditure in the governmental funds, but the repayments reduce long-term liabilities in the statement of net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas the amounts are deferred and amortized in the statement of activities.

Lease Proceeds	(104,000)
Bond and Lease Principal Payments	955,602

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:

Property Tax Revenue	(3,773)
----------------------	---------

The change in net position liability and deferred inflows and outflows related to the City's TMRS pension liability and other postemployment benefits:	524,717
--	---------

Certain loans were reclassified from the governmental fund to a proprietary fund during the fiscal year.	-
--	---

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 Compensated Absences	(17,625)
------------------------------	----------

Change in Net Position of Governmental Activities	\$ <u><u>874,229</u></u>
---	--------------------------

*This page is intentionally left blank*

# CITY OF BRADY, TEXAS

## Statement of Net Position

### Proprietary Funds

### September 30, 2021

	Electric	Water & Sewer	Gas
<b>ASSETS</b>			
Current Assets			
Cash and Cash Equivalents	\$ 3,436,086	\$ 5,340,604	\$ 628,243
Receivables:			
Accounts, Net	413,295	213,548	25,748
Inventory	-	-	-
Total Current Assets	<u>3,849,381</u>	<u>5,554,152</u>	<u>653,991</u>
Noncurrent Assets			
Restricted Assets:			
Cash and Cash Equivalents	-	380,631	-
Capital Assets:			
Land	14,397	10,814	2,337
Construction in Progress	27,011	5,375,754	-
Property & Equipment	5,847,087	25,927,983	3,515,986
Accumulated Depreciation	<u>(3,403,892)</u>	<u>(10,781,400)</u>	<u>(1,485,948)</u>
Total Noncurrent Assets	<u>2,484,603</u>	<u>20,913,782</u>	<u>2,032,375</u>
Total Assets	<u>6,333,984</u>	<u>26,467,934</u>	<u>2,686,366</u>
<b>DEFERRED OUTFLOWS</b>			
Deferred Other Postemployment Benefits Related Outflows	<u>1,175</u>	<u>2,014</u>	<u>888</u>
Total Deferred Outflows	<u>1,175</u>	<u>2,014</u>	<u>888</u>
<b>LIABILITIES</b>			
Current			
Accounts Payable	299,746	13,899	27,366
Accrued Expenses	1,395	2,701	1,364
Interest Payable	1,054	5,842	1,089
Other Payables	336	-	-
Bonds, Notes and Leases Payable	<u>76,309</u>	<u>500,219</u>	<u>77,053</u>
Total Current Liabilities	<u>378,840</u>	<u>522,661</u>	<u>106,872</u>
Noncurrent			
Accrued Compensated Absences	9,332	21,733	8,303
Landfill Closure	-	-	-
Utility Deposits	-	-	-
Net Pension Liability	12,354	20,972	8,442
Other Postemployment Benefit Liability	20,113	28,684	13,543
Bonds, Notes and Leases Payable	<u>101,350</u>	<u>2,250,741</u>	<u>109,127</u>
Total Noncurrent Liabilities	<u>143,149</u>	<u>2,322,130</u>	<u>139,415</u>
Total Liabilities	<u>521,989</u>	<u>2,844,791</u>	<u>246,287</u>
<b>DEFERRED INFLOWS</b>			
Deferred Pension Related Inflows	<u>10,430</u>	<u>17,525</u>	<u>6,357</u>
Total Deferred Inflows	<u>10,430</u>	<u>17,525</u>	<u>6,357</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	2,306,944	17,782,191	1,846,195
Restricted	-	380,631	-
Unrestricted	<u>3,495,796</u>	<u>5,444,810</u>	<u>588,415</u>
Total Net Position	<u>\$ 5,802,740</u>	<u>\$ 23,607,632</u>	<u>\$ 2,434,610</u>

The accompanying notes are an integral part of these basic financial statements

**CITY OF BRADY, TEXAS**  
**Statement of Net Position (Continued)**  
**Proprietary Funds**  
**September 30, 2021**

Solid Waste	Street Sanitation	Utility Support	Totals
\$ 537,444	\$ -	\$ 132,591	\$ 10,074,968
55,577	4,034	28,483	740,685
-	-	138,908	138,908
<u>593,021</u>	<u>4,034</u>	<u>299,982</u>	<u>10,954,561</u>
632,945	93,264	723,004	1,829,844
67,400	-	59,782	154,730
-	-	-	5,402,765
1,549,583	241,090	3,016,015	40,097,744
(1,336,655)	(235,140)	(961,976)	(18,205,011)
<u>913,273</u>	<u>99,214</u>	<u>2,836,825</u>	<u>29,280,072</u>
<u>1,506,294</u>	<u>103,248</u>	<u>3,136,807</u>	<u>40,234,633</u>
1,527	142	842	6,588
<u>1,527</u>	<u>142</u>	<u>842</u>	<u>6,588</u>
6,437	1,002	41,960	390,410
2,118	147	1,133	8,858
197	75	-	8,257
-	-	14,126	14,462
44,360	21,472	-	719,412
<u>53,112</u>	<u>22,696</u>	<u>57,219</u>	<u>1,141,399</u>
10,119	160	7,030	56,677
632,945	-	-	632,945
-	-	723,004	723,004
14,337	1,354	8,293	65,752
24,220	559	12,634	99,753
105,613	26,093	-	2,592,925
<u>787,234</u>	<u>28,166</u>	<u>750,961</u>	<u>4,171,056</u>
<u>840,346</u>	<u>50,862</u>	<u>808,180</u>	<u>5,312,455</u>
10,631	1,018	6,524	52,485
<u>10,631</u>	<u>1,018</u>	<u>6,524</u>	<u>52,485</u>
130,355	-	2,113,821	24,179,506
-	51,510	-	432,141
526,489	-	209,124	10,264,634
<u>\$ 656,844</u>	<u>\$ 51,510</u>	<u>\$ 2,322,945</u>	<u>\$ 34,876,281</u>

The accompanying notes are an integral part of these basic financial statements



**CITY OF BRADY, TEXAS**  
**Statement of Revenues, Expenses, and Changes in Net Position**  
**Proprietary Funds**  
**Year Ended September 30, 2021**

	Electric	Water & Sewer	Gas
<b>OPERATING REVENUES</b>			
Charges for Services:			
Electrical Distribution	\$ 7,104,781	\$ -	\$ -
Wastewater	-	1,241,802	-
Water Department	-	2,838,308	-
Gas Department	-	-	1,149,835
Solid Waste	-	-	-
Street Sanitation	-	-	-
Utility Support	-	-	-
Reimbursed Expenses	4,072	10,121	436
Total Operating Revenues	<u>7,108,853</u>	<u>4,090,231</u>	<u>1,150,271</u>
<b>OPERATING EXPENSES</b>			
Electric Department			
Power Plant	13,633	-	-
Electrical Distribution	4,486,214	-	-
Wastewater	-	538,207	-
Water & Sewer Department			
Public Works Administration	-	126,089	-
Water	-	1,223,818	-
Gas Department			
Gas	-	-	978,047
Solid Waste Department			
Solid Waste	-	-	-
Street Sanitation	-	-	-
Utility Support:			
Administration	-	-	-
Meter Shop	-	-	-
Billing-Collection	-	-	-
Bad Debt Expense	31,500	21,500	3,231
Depreciation	169,439	630,613	130,535
Total Operating Expenses	<u>4,700,786</u>	<u>2,540,227</u>	<u>1,111,813</u>
Operating Income (Loss)	2,408,067	1,550,004	38,458
<b>NON-OPERATING REVENUES (EXPENSES)</b>			
Gain (Loss) on the Disposal of Capital Assets	26,400	-	356
Interest Income	34,079	45,460	6,816
Interest Expense	(7,243)	(14,363)	(5,555)
Total Non-Operating Revenues (Expenses)	<u>53,236</u>	<u>31,097</u>	<u>1,617</u>
Income (Loss) Before Transfers	2,461,303	1,581,101	40,075
Transfers In	-	-	-
Transfers Out	<u>(2,985,000)</u>	<u>(970,747)</u>	<u>-</u>
Change in Net Position	(523,697)	610,354	40,075
Total Net Position - Beginning	<u>6,326,437</u>	<u>22,997,278</u>	<u>2,394,535</u>
Total Net Position - Ending	<u>\$ 5,802,740</u>	<u>\$ 23,607,632</u>	<u>\$ 2,434,610</u>

The accompanying notes are an integral part of these basic financial statements

**CITY OF BRADY, TEXAS**  
**Statement of Revenues, Expenses, and Changes in Net Position (Continued)**  
**Proprietary Funds**  
**Year Ended September 30, 2021**

Solid Waste	Street Sanitation	Utility Support	Totals
\$ -	\$ -	\$ -	\$ 7,104,781
-	-	-	1,241,802
-	-	-	2,838,308
-	-	-	1,149,835
1,296,754	-	-	1,296,754
-	74,253	-	74,253
-	-	201,861	201,861
19	12,800	3,296	30,744
<u>1,296,773</u>	<u>87,053</u>	<u>205,157</u>	<u>13,938,338</u>
-	-	-	13,633
-	-	-	4,486,214
-	-	-	538,207
-	-	-	126,089
-	-	-	1,223,818
-	-	-	978,047
1,068,373	-	-	1,068,373
49	57,987	-	58,036
-	-	194,659	194,659
-	-	55,660	55,660
-	-	268,870	268,870
4,655	525	8,500	69,911
59,908	4,525	114,584	1,109,604
<u>1,132,985</u>	<u>63,037</u>	<u>642,273</u>	<u>10,191,121</u>
163,788	24,016	(437,116)	3,747,217
-	-	-	26,756
10,905	-	6,816	104,076
(5,736)	(2,184)	-	(35,081)
<u>5,169</u>	<u>(2,184)</u>	<u>6,816</u>	<u>95,751</u>
168,957	21,832	(430,300)	3,842,968
-	-	379,992	379,992
-	-	-	(3,955,747)
<u>168,957</u>	<u>21,832</u>	<u>(50,308)</u>	<u>267,213</u>
<u>487,887</u>	<u>29,678</u>	<u>2,373,253</u>	<u>34,609,068</u>
\$ <u>656,844</u>	\$ <u>51,510</u>	\$ <u>2,322,945</u>	\$ <u>34,876,281</u>

The accompanying notes are an integral part of these basic financial statements

# CITY OF BRADY, TEXAS

## Statement of Cash Flows

### Proprietary Funds

### Year Ended September 30, 2021

	Electric	Water & Sewer	Gas
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from Customers	\$ 7,075,700	\$ 3,990,708	\$ 1,136,180
Payments to Suppliers	(4,281,089)	(1,479,123)	(762,970)
Payments to Employees for Services	(254,891)	(478,615)	(203,853)
Payments on Behalf of Employees for Benefits	(23,168)	(48,820)	(46,116)
Receipts (Refunds) of Customer Deposits	-	-	-
Receipts from Grants	-	132,902	-
Net Cash Provided (Used) by Operating Activities	<u>2,516,552</u>	<u>2,117,052</u>	<u>123,241</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Operating Subsidies and Transfers to Other Funds	(2,985,000)	(970,747)	-
Operating Subsidies and Transfers from Other Funds	-	-	-
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(2,985,000)</u>	<u>(970,747)</u>	<u>-</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Proceeds from Sale of Fixed Assets	26,400	-	356
Purchases of Capital Assets and Construction in Progress	(124,356)	(310,435)	(24,003)
Principal Paid on Capital Debt	(73,836)	(496,090)	46,947
Interest Paid on Capital Debt	(7,265)	(11,698)	(5,426)
Net Cash Provided (Used) by Capital & Related Financing Activities	<u>(179,057)</u>	<u>(818,223)</u>	<u>17,874</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest and Dividends	34,079	45,460	6,816
Net Cash Provided (Used) by Investing Activities	<u>34,079</u>	<u>45,460</u>	<u>6,816</u>
Net Increase (Decrease) In Cash & Cash Equivalents	(613,426)	373,542	147,931
Balances - Beginning of the Year	<u>4,076,734</u>	<u>5,394,658</u>	<u>502,128</u>
Balances - End of the Year	<u><u>\$ 3,463,308</u></u>	<u><u>\$ 5,768,200</u></u>	<u><u>\$ 650,059</u></u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>			
Operating Income (Loss)	\$ 2,408,067	\$ 1,550,004	\$ 38,458
Adjustments To Reconcile Operating Income To Net Cash Provided (Used) by Operating Activities:			
Depreciation Expense	169,439	630,613	130,535
Bad Debt Expense	31,500	21,500	3,231
Change In Assets & Liabilities:			
Accounts Receivable	(29,183)	56,340	(13,654)
Inventories	-	-	-
Accounts Payable	(28,249)	(109,534)	(12,021)
Accrued Liabilities	1,395	2,701	1,364
Other Payables	-	-	-
Net Pension Liability	(14,957)	(25,806)	(11,987)
Other Postemployment Benefit Liability	2,318	3,999	1,857
Compensated Absences	(23,778)	(12,765)	(14,542)
Customer Deposits Payable	-	-	-
Landfill Closure/Post Closure Costs	-	-	-
Net Cash Provided (Used) by Operating Activities	<u><u>\$ 2,516,552</u></u>	<u><u>\$ 2,117,052</u></u>	<u><u>\$ 123,241</u></u>
Reconciliation to Statement of Net Position - Proprietary Funds:			
Cash and Cash Equivalents - Unrestricted	\$ 3,436,086	\$ 5,340,604	\$ 628,243
Cash and Cash Equivalents - Restricted	-	380,631	-
Total Cash and Cash Equivalents - Proprietary Funds	<u><u>\$ 3,436,086</u></u>	<u><u>\$ 5,721,235</u></u>	<u><u>\$ 628,243</u></u>
<b>SCHEDULE OF NONCASH ACTIVITIES</b>			
Actuarial Calculation of Net Pension Liability	\$ (27,222)	\$ (46,965)	\$ (21,816)
Total Noncash Activities	<u><u>\$ (27,222)</u></u>	<u><u>\$ (46,965)</u></u>	<u><u>\$ (21,816)</u></u>

The accompanying notes are an integral part of these basic financial statements

**CITY OF BRADY, TEXAS**  
**Statement of Cash Flows (Continued)**  
**Proprietary Funds**  
**Year Ended September 30, 2021**

	Solid Waste	Street Santitation	Utility Support	Total
\$	1,282,875	\$ 72,561	\$ 200,582	\$ 13,758,606
	(629,960)	(15,919)	(317,018)	(7,486,079)
	(353,379)	(30,936)	(168,120)	(1,489,794)
	(84,996)	1,668	(55,084)	(256,516)
	-	-	15,325	15,325
	-	-	-	132,902
	<u>214,540</u>	<u>27,374</u>	<u>(324,315)</u>	<u>4,674,444</u>
	-	-	-	(3,955,747)
	-	-	379,992	379,992
	<u>-</u>	<u>-</u>	<u>379,992</u>	<u>(3,575,755)</u>
	-	-	-	26,756
	(179,471)	-	(8,995)	(647,260)
	(61,152)	(20,680)	-	(604,811)
	<u>(3,702)</u>	<u>(2,069)</u>	<u>-</u>	<u>(30,160)</u>
	<u>(244,325)</u>	<u>(22,749)</u>	<u>(8,995)</u>	<u>(1,255,475)</u>
	10,905	-	6,816	104,076
	<u>10,905</u>	<u>-</u>	<u>6,816</u>	<u>104,076</u>
	(18,880)	4,625	53,498	(52,710)
	<u>1,227,010</u>	<u>92,140</u>	<u>822,369</u>	<u>12,115,039</u>
\$	<u>1,208,130</u>	<u>\$ 96,765</u>	<u>\$ 875,867</u>	<u>\$ 12,062,329</u>
\$	163,788	\$ 24,016	\$ (437,116)	\$ 3,747,217
	59,908	4,525	114,584	1,109,604
	4,655	4,655	8,500	74,041
	(13,646)	(4,651)	(1,044)	(5,838)
	-	-	(14,507)	(14,507)
	(5,249)	698	8,475	(145,880)
	-	-	1,133	6,593
	-	-	(338)	(338)
	(20,737)	(1,923)	(11,139)	(86,549)
	3,213	298	1,726	13,411
	(26,000)	(244)	(9,914)	(87,243)
	-	-	15,325	15,325
	<u>48,608</u>	<u>-</u>	<u>-</u>	<u>48,608</u>
\$	<u>214,540</u>	<u>\$ 27,374</u>	<u>\$ (324,315)</u>	<u>\$ 4,674,444</u>
\$	537,444	\$ -	\$ 132,591	\$ 10,074,968
	632,945	93,264	723,004	1,829,844
\$	<u>1,170,389</u>	<u>\$ 93,264</u>	<u>\$ 855,595</u>	<u>\$ 11,904,812</u>
\$	<u>(37,741)</u>	<u>\$ (3,501)</u>	<u>\$ (20,272)</u>	<u>\$ (157,517)</u>
\$	<u>(37,741)</u>	<u>\$ (3,501)</u>	<u>\$ (20,272)</u>	<u>\$ (157,517)</u>

The accompanying notes are an integral part of these basic financial statements

*This page is intentionally left blank*

**CITY OF BRADY, TEXAS**  
**Statement of Net Position**  
**Discretely Presented Component Unit**  
**September 30, 2021**

	Brady Economic Development Corporation
<b>ASSETS</b>	
Current Assets	
Cash and Cash Equivalents	\$ 774,250
Receivables, Net of Allowances	2,631
Notes Receivable, Current Portion	15,111
Total Current Assets	<u>791,992</u>
Noncurrent Assets	
Notes Receivable, Non-Current Portion	190,391
Land	12,803
Total Noncurrent Assets	<u>203,194</u>
Total Assets	<u>995,186</u>
<b>LIABILITIES</b>	
Current Liabilities	
Accounts Payable	100
Total Current Liabilities	<u>100</u>
Noncurrent Liabilities	
Note Payable	679,166
Total Noncurrent Liabilities	<u>679,166</u>
Total Liabilities	<u>679,266</u>
<b>NET POSITION</b>	
Net Investment in Capital Assets	12,803
Unrestricted	<u>303,117</u>
Total Net Position	<u><u>\$ 315,920</u></u>

**CITY OF BRADY, TEXAS**  
**Statement of Activities**  
**Discretely Presented Component Unit**  
**Year Ended September 30, 2021**

Functions/Programs	Expenses	Program Revenues	Net (Expense) Revenue and Change in Net Position	
		Charges for Services	Economic Development Corporation	Total
Economic Development Corporation				
General Government				
Administration	\$ 15,000	\$ -	\$ (15,000)	\$ (15,000)
Professional/Legal Fees	7,763	-	(7,763)	(7,763)
Travel and Training	403	-	(403)	(403)
Marketing	2,758	-	(2,758)	(2,758)
Office Supplies	187	-	(187)	(187)
Total Economic Development Corporation	<u>26,111</u>	<u>-</u>	<u>(26,111)</u>	<u>(26,111)</u>
Total Component Unit	<u>26,111</u>	<u>-</u>	<u>(26,111)</u>	<u>(26,111)</u>
General Revenues				
Taxes				
Sales Taxes			272,500	272,500
Interest Revenue			7,368	7,368
Miscellaneous			50,012	50,012
Loss on Sale of Assets			(30,626)	(30,626)
Total General Revenues, Special Items, and Transfers			<u>299,254</u>	<u>299,254</u>
Change in Net Position			273,143	273,143
Net Position - Beginning			42,777	42,777
Net Position - Ending			<u>\$ 315,920</u>	<u>\$ 315,920</u>

The accompanying notes are an integral part of these basic financial statements

# **CITY OF BRADY, TEXAS**

## **Notes to Financial Statements**

### **September 30, 2021**

---

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

---

##### **Financial Reporting Entity**

The City of Brady (the City) operates under a Council-Manager form of government. All powers of the City shall be vested in the elected council, which shall enact local legislation, adopt budgets, determine policies, make appointments, and control the funds of the City. All powers of the City are to be exercised in the manner provided by its Charter, or if the manner is not prescribed, then in such manner as may be prescribed by ordinance. The Mayor shall be the Chief Executive Officer of the City. The Council shall appoint a City Manager who shall be held responsible to the Council for the execution of the laws and the routine administration of the government, either as prescribed in its Charter, or from time to time by the Council through ordinance. The City provides the following services: public safety, streets, public improvements, water, sewer, electricity, natural gas, sanitation, and general administrative services.

The City's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations).

The City's basic financial statements include the accounts of all City operations. The criteria for including organizations as component units within the City's reporting entity, as set forth in Section 2100 of GASB's *Codification of Governmental Accounting and Financial Reporting Standards*, include whether:

- the organization is legally separate (can sue and be sued in their own name)
- the City holds the corporate powers of the organization
- the City appoints a voting majority of the organization's board
- the City is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the City
- there is fiscal dependency by the organization on the City
- the exclusion of the government would result in misleading or incomplete financial statements

Based on the aforementioned criteria, the City has one component unit, the Brady Economic Development Corporation. Additionally, the City is not a component unit of any other reporting entity as defined by the GASB Standards.



**CITY OF BRADY, TEXAS**  
**Notes to Financial Statements (continued)**  
**September 30, 2021**

---

**1. Summary of Significant Accounting Policies (Continued)**

---

**Financial Reporting Entity (Continued)**

The EDC is a non-profit corporation organized under the laws of the State of Texas to provide economic development in and for the benefit of the City. The City appoints the board of directors and approves the annual budget. The EDC's financial statements are presented discretely alongside the financial statements of the City.

**Basis of Presentation – Measurement Focus and Basis of Accounting**

*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 activities of the primary government and the discretely presented component unit. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which primarily rely on fees and charges for support.

The government-wide statements are prepared using the economic resources measurement focus and the accrual basis of accounting. This is the same approach used in the preparation of the proprietary fund financial statements, but differs from the manner in which governmental fund financial statements are prepared. Therefore, governmental fund financial statements include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds. The primary effect of internal activity has been eliminated from the government-wide financial statements.

The government-wide Statement of Activities presents a comparison between expenses and program revenues for each segment of the business-type activities of the City, the EDC activities, and for each governmental program. Direct expenses are those that are specifically associated with a service, program, or department and are therefore clearly identifiable to a particular function. The City does not allocate indirect expenses in the Statement of Activities. Program revenues include charges paid by the recipients of goods or services offered by the programs and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues not classified as program revenues are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which the EDC, each program or business segment is self-financing or drawing from the general revenues of the City.

**CITY OF BRADY, TEXAS**  
**Notes to Financial Statements (continued)**  
**September 30, 2021**

---

**1. Summary of Significant Accounting Policies (Continued)**

---

**Basis of Presentation – Measurement Focus and Basis of Accounting (Continued)**

*Government-Wide Financial Statements (Continued)*

Net Position should be reported as restricted when constraints placed on the use of assets use are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The Net Position restricted for community projects result from special revenue funds and the restrictions on their use.

Separate financial statements are provided for governmental funds, proprietary funds, and the discretely presented component unit. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

*Basis of Presentation - Fund Accounting*

The accounting system is organized and operated on a fund basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts, which are segregated for the purposes of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. The City's funds are grouped into two broad fund categories for financial statement presentation purposes. Governmental funds include the General Fund and Special Revenue Fund. Proprietary funds include the enterprise funds.

*Fund Financial Statements*

Fund financial statements report detailed information about the City. The focus of governmental and proprietary fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column.

**GOVERNMENTAL FUNDS**

All governmental funds are accounted for using the modified accrual basis of accounting and the current financial resources measurement focus. Under this basis, revenues are recognized in the accounting period in which they become measurable and available. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable.

**CITY OF BRADY, TEXAS**  
**Notes to Financial Statements (continued)**  
**September 30, 2021**

---

**1. Summary of Significant Accounting Policies (Continued)**

---

**Basis of Presentation – Measurement Focus and Basis of Accounting (Continued)**

***GOVERNMENTAL FUNDS (Continued)***

The major governmental funds are:

General Fund – This is the City’s primary operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

General Construction Fund – This fund accounts for specific program expenditures associated with construction of various City construction projects and revenue sources supporting these costs.

Special Revenue Fund – This fund accounts for specific program revenue sources and related expenditures, such as the City’s Senior Citizen’s Center, sales taxes passed through to other entities, and miscellaneous grant revenues and expenditures.

Water Construction Fund – This fund accounts for specific program expenditures associated with construction of the City’s drinking water system infrastructure and revenue sources supporting these costs.

WWTP Construction Fund – The fund accounts for specific program expenditures associated with the new construction of the City’s wastewater treatment plant and revenue sources supporting these costs.

Cemetery Fund – This fund accounts for specific program revenue sources and related expenditures associated with the upkeep of the two City owned cemeteries.

Hotel/Motel Fund – This fund accounts for specific program revenue sources and related expenditures associated with hotel taxes spent on qualified projects and passed through to the Chamber of Commerce per formal agreement.

Special Purpose Fund – This fund accounts for specific program revenue sources and related expenditures associated with Police and Municipal Court funds.

There are no non-major governmental funds.

Revenue Recognition – In applying the susceptible to accrual concept under the modified accrual basis, revenue sources are deemed both measurable and available if they are collectible within the current year or within sixty days of year-end and available to pay obligations of the current period. This includes special assessments, interest revenue, and reimbursed revenues.

**CITY OF BRADY, TEXAS**  
**Notes to Financial Statements (continued)**  
**September 30, 2021**

---

**1. Summary of Significant Accounting Policies (Continued)**

---

**Basis of Presentation – Measurement Focus and Basis of Accounting (Continued)**

***GOVERNMENTAL FUNDS (Continued)***

Property taxes, though measurable, are not available soon enough in the subsequent year to finance current period obligations. Therefore, property tax receivables and deferred inflows of resources are recorded until they become available. In the fund financial statements, property taxes are recorded as revenue in the period levied to the extent, they are collected within sixty days of year-end.

Other revenues, including licenses and permits, certain charges for services, and miscellaneous revenues, are recorded as revenue when received in cash because they are generally not measurable until actually received.

**Expenditure Recognition:**

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Most expenditures are measurable and are recorded when the related fund liability is incurred. However, principal on general long-term debt, which has not matured, is recognized when paid. Allocations of costs, such as depreciation, are not recognized in the governmental funds.

***PROPRIETARY FUNDS***

All proprietary funds are accounted for using the accrual basis of accounting and economic resource measurement focus. These funds account for operations that are primarily financed by user charges and presents both long- and short-term assets and liabilities. Revenues are recognized when earned and expenses are recognized when incurred. Allocations of costs, such as depreciation, are recorded in the proprietary funds. Proprietary funds have elected to consistently not follow Financial Accounting Standards Board pronouncements issued subsequent to November 30, 1989, as permitted under Governmental Accounting Standards Board Statement No. 20.

Proprietary funds distinguish operating revenues and expenses from non-operating 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 all the City's enterprise funds are charges to customers for sales and services. Capital grant revenues are also reported as operating revenues. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

**CITY OF BRADY, TEXAS**  
**Notes to Financial Statements (continued)**  
**September 30, 2021**

---

**1. Summary of Significant Accounting Policies (Continued)**

---

**Basis of Presentation – Measurement Focus and Basis of Accounting (Continued)**

***PROPRIETARY FUNDS (Continued)***

The major proprietary funds are:

Electric Fund – This fund is used to account for the provision of electric services to the residential and commercial users of the City.

Water & Sewer Fund – This fund is used to account for the provision of water treatment and distribution and sewer treatment and collection services to the residential and commercial users of the City.

Gas Fund – This fund is used to account for the provision of natural gas distribution to the residential and commercial users of the City.

Solid Waste Fund – This fund is used to account for trash collection services operation of the City landfill.

Street Sanitation Fund – This fund is used to account for street cleaning services provided to the residential and commercial citizens of the City.

Utility Support Fund – This fund is used to account for utility penalties and service charges collected in connection with the other proprietary funds and accounts for all the expenses of the City's service center.

There are no non-major proprietary funds.

The City has no internal service funds.

***FIDUCIARY FUNDS***

The City has no fiduciary funds.

**Cash and Cash Equivalents**

The City and EDCs' cash and cash equivalents are considered to be cash on hand, demand deposits, and investments with initial maturities of three months or less.

**CITY OF BRADY, TEXAS**  
**Notes to Financial Statements (continued)**  
**September 30, 2021**

---

**1. Summary of Significant Accounting Policies (Continued)**

---

**Investments**

In accordance with GASB standards, investments with original maturities greater than one year are stated at fair value. Fair value is estimated based on quoted market prices at year-end. All investments not required to be reported at fair value are stated at cost or amortized cost.

**Receivable and Payable Balances**

The City believes that sufficient detail of receivable and payable balances is provided in the financial statements to avoid the obscuring of significant components by aggregation. Therefore, no disclosure is provided which disaggregates those balances. The City records an allowance for accounts it deems to be uncollectible. The allowance for uncollectible accounts receivable was \$34,287 at September 30, 2021 and is reported in the business-type activities. No allowance for uncollectible tax is established because delinquent taxes are considered fully collectible. Prior year tax levies were recorded using the same principle, and delinquent taxes are evaluated annually.

The EDC believes that sufficient detail of receivable and payable balances is provided in the financial statements to avoid the obscuring of significant components by aggregation. Therefore, no disclosure is provided which disaggregates those balances. The EDC records an allowance for accounts it deems to be uncollectible. Management has deemed EDC accounts receivable fully collectible as of September 30, 2021, and therefore, has not established a reserve for uncollectible receivables.

**Capital Assets**

The accounting and reporting treatment applied to the capital assets associated with a fund are determined by its measurement focus. General capital assets are long-lived assets of the City and EDC as a whole. When purchased, such assets are recorded as expenditures in the governmental funds and reported as capital assets in the government-wide financial statements. The valuation basis for general capital assets is historical cost, or where historical cost is not available, estimated historical cost based on replacement cost. The minimum capitalization threshold is any individual item with a total cost greater than \$5,000. Additions/betterments at or exceeding \$20,000 are considered capital improvements.

Capital assets in the proprietary funds are capitalized in the fund in which they are utilized. The valuation basis for proprietary fund capital assets are the same as those used for the general capital assets. Donated capital assets are capitalized at estimated fair market value on the date donated.

General infrastructure assets include, but are not limited to, streets, bridges, and underground pipe (other than related to utilities) and are the largest asset class of the City.

**CITY OF BRADY, TEXAS**  
**Notes to Financial Statements (continued)**  
**September 30, 2021**

---

**1. Summary of Significant Accounting Policies (Continued)**

---

**Capital Assets (Continued)**

Depreciation of capital assets is computed using the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows:

Buildings and Improvements	20 - 50 years
Infrastructure	5 - 50 years
Equipment	2 - 15 years
Vehicles	5 years

**Inventory of Supplies**

Inventories are stated at cost, on the first-in, first-out basis. The costs of inventory items are recorded as expenses in the general and proprietary fund types in the periods they are used.

**Interest Capitalization**

The City and EDC do not capitalize interest costs related to construction.

**Equity Classifications**

*Government-Wide Financial Statement Equity*

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

- a. Net investment in Capital Assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position – Consists of assets with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position – All other assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

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

**CITY OF BRADY, TEXAS**  
**Notes to Financial Statements (continued)**  
**September 30, 2021**

---

**1. Summary of Significant Accounting Policies (Continued)**

---

*Fund Statement Equity*

GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, requires that fund balances for each of the City's governmental funds be displayed in the following classifications depicting the relative strength of the spending constraints placed on the purposes for which resources can be used:

- *Nonspendable fund balance*—amounts that cannot be spent because they are either not in a spendable form (such as inventories and prepaid amounts) or are legally or contractually required to be maintained intact.
- *Restricted fund balance*—amounts that can be spent only for specific purposes because of constraints imposed by external providers (such as grantors, bondholders, and higher levels of government), or imposed by constitutional provisions or enabling legislation.
- *Committed fund balance*—amounts that can be spent only for specific purposes determined by a formal action of the government's highest level of decision-making authority. The City's highest level of decision-making authority is the City Council. The City did not have any committed fund balances at September 30, 2021.
- *Assigned fund balance*—amounts the government intends to use for specific purposes that do not meet the criteria to be classified as restricted or committed. The City Council has authorized the City Manager to assign, reassign, and unassign fund balances. The City did not have any assigned fund balances at September 30, 2021.
- *Unassigned fund balance*—amounts that are available for any purpose; these amounts can be reported only in the City's General Fund, unless a negative fund balance occurs in another fund type, which is then reported as unassigned.

The City would typically use restricted fund balances first, followed by committed resources, and then assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first to defer the use of these other classified funds.

For the EDC, the Board of Directors establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance or resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as designation or commitment of the fund. Assigned fund balance is established by the Board of Directors through adoption or amendment of the budget as intended for specific purposes (such as the purchase of fixed assets, construction, debt service, or for other purposes). The EDC strives to maintain an unassigned fund balance to be used for operations.



**CITY OF BRADY, TEXAS**  
**Notes to Financial Statements (continued)**  
**September 30, 2021**

---

**1. Summary of Significant Accounting Policies (Continued)**

---

**Unpaid Compensated Absences**

The City accrues unused portions of vacation pay in the period the fund liability is incurred. Even though the City has appropriated, accumulated, and earmarked expendable available fund resources for these amounts, the portion not normally expected to be liquidated with expendable available financial resources is not reported as a fund liability in accordance with Interpretation No. 6 of the Governmental Accounting Standards Board - *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*.

**Pensions**

The net pension liability, deferred inflows and outflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Texas Municipal Retirement System (TMRS), and additions to and deductions from the TMRS's fiduciary net position have been determined on the same basis as they are reported by the TMRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

---

**2. Discretely Presented Component Unit**

---

The component unit column on the government-wide financial statements include the financial data of the City's component unit. Component units are presented in a separate column to emphasize that they are legally separate from the primary government. Combining financial statements are presented as part of the basic financial statements.

---

**3. Compliance and Accountability**

---

**Budget Requirements, Accounting, and Reporting**

The budget requirements for all funds are as follows:

Annual budgets are adopted for all City funds. Under state law, the City Manager submits an annual budget to the Council for consideration and approval no later than September 30. Such budget is based on expected expenditures by program within a fund and estimated resources by source for all funds.

By Charter the City Manager submits budget amendment ordinances to the City Council. These ordinances are updated for any estimate revisions as well as year-end encumbrances and may include any additional information requested by Council. Council may subsequently amend such ordinances.

**CITY OF BRADY, TEXAS**  
**Notes to Financial Statements (continued)**  
**September 30, 2021**

---

**3. Compliance and Accountability (Continued)**

---

**Budget Requirements, Accounting, and Reporting (Continued)**

Amendments to the appropriation ordinance during the fiscal year ending September 30, 2021 were approved by City Council as provided by the Charter.

For day-to-day management control, expenditures may not exceed the budget at the expenditure-type (i.e. personal services, other operations and maintenance, etc.) level of each cost center (activity within a program within a fund). The Council may transfer encumbered appropriations within programs within funds.

Appropriation control (City Council appropriated budget) is by program within a fund. The City Council may, by ordinance, transfer amounts among programs within and between funds. Budgetary comparison schedules are presented in the Required Supplemental Information section of the report for the General Fund and the Special Revenue Fund. The budgetary basis is the modified accrual basis of accounting.

**Interfund Transfers**

Transfers within the City are substantially for the purposes of subsidizing operating functions, funding capital projects and asset acquisitions, and maintaining debt service on a routine basis. The following transfers were made for the fiscal year ending September 30, 2021:

	Transfers In	Transfers Out	Net Transfers In/Out
<b>Governmental Activities</b>			
General Fund	\$ 2,844,996	\$ 142,000	\$ 2,702,996
Special Revenue Fund	140,004	-	140,004
General Construction Fund	142,000	-	142,000
Water Construction Fund	-	-	-
WWTP Construction Fund	10,695,755	-	10,695,755
Total Governmental Transfers	<u>13,822,755</u>	<u>142,000</u>	<u>13,680,755</u>
<b>Business-Type Activities</b>			
Electric	-	2,985,000	(2,985,000)
Water & Sewer	-	970,747	(970,747)
Utility Support	379,992	-	379,992
Total Business-Type Transfers	<u>379,992</u>	<u>3,955,747</u>	<u>(3,575,755)</u>
	<u>\$ 14,202,747</u>	<u>\$ 4,097,747</u>	<u>\$ 10,105,000</u>

**CITY OF BRADY, TEXAS**  
**Notes to Financial Statements**  
**September 30, 2021**

---

**4. Deposits and Investments**

---

**Policies and Practices**

The City's Charter specifies that the Finance Officer is responsible for selecting depositories and investing idle funds. The City Council also has the authority to choose the types of deposits and investments made by the City. The Federal Depository Insurance Corporation (FDIC) provides protection of the City's cash and investments as well as qualified pledged or pooled securities by the institutions holding the assets. The Brady National Bank holds such securities. The City does not enter into reverse repurchase agreements.

The City pools all individual fund cash balances. Each fund's portion of this pool is displayed on the statement of net position or balance sheets as cash and cash equivalents.

The EDC Board of Directors has the authority to choose the types of deposits and investments made by the EDC. The Federal Deposit Insurance Corporation provides protection of cash and investments. In addition, the Brady National Bank has pledged qualified securities against the deposits of the EDC. The EDC does not enter into reverse repurchase agreements.

The carrying amount of the City's cash held with financial institutions was \$14,677,126 and the bank balance was \$17,805,786 . The bank balance is categorized as follows:

Insured by FDIC or collateralized with securities held by the City or its agent in the City's name.	\$ 250,000
Collateralized with securities held by the pledging financial institution or its agent but not in the City's name.	17,555,786
Total Bank Balance	<u>\$ 17,805,786</u>

The carrying amount of the EDCs' cash held with financial institutions was \$774,250 and the bank balance was \$680,128 . The bank balance is categorized as follows:

Insured by FDIC or collateralized with securities held by the EDCs or its agent in the EDCs' name.	\$ 250,000
Collateralized with securities held by the pledging financial institution or its agent but not in the EDCs' name.	430,128
Total Bank Balance	<u>\$ 680,128</u>

All deposits were fully secured at the balance sheet date. The disclosure presented above excludes escrow balances.

# CITY OF BRADY, TEXAS

## Notes to Financial Statements

### September 30, 2021

#### 4. Deposits and Investments (Continued)

##### Deposits and Investments

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

The City had deposits and investments restricted for the following purposes at September 30, 2021:

Restricted For:	Governmental Activities	Business-Type Activities	Total
State, Local and Federally Funded Programs	\$ 36,159,346	\$ -	\$ 36,159,346
Police Activities	18,412	-	18,412
Debt Service	18,624	160,631	179,255
Cemetery	96,758	-	96,758
Hotel/Motel	85,186	-	85,186
General Construction	-	-	-
Street Sanitation	-	93,264	93,264
Texas Water Development Board Covenant	-	220,000	220,000
Utility Customer Deposits	-	723,004	723,004
Landfill Closure Reserve	-	632,945	632,945
Total Restricted Cash	\$ <u>36,378,326</u>	\$ <u>1,829,844</u>	\$ <u>38,208,170</u>

**CITY OF BRADY, TEXAS**  
**Notes to Financial Statements**  
**September 30, 2021**

---

**5. Property Taxes**

---

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property located in the City in conformity with Subtitle E of the Texas Property Tax Code. Taxes are due and payable upon receipt of the tax bill and are considered delinquent if not paid by February 1 of the year following the year in which imposed. On January 31 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. Property tax revenues are considered available (1) when they become due or past due and receivable within the current period and (2) when they are expected to be collected during a 60-day period after the close of the City's fiscal year.

The McCulloch County Appraisal District appraises and collects taxes for the City. For 2021, the City of Brady had property with an assessed valuation of \$221,795,927 . The tax rate was 0.425001 per \$100 valuation.

*This section is intentionally left blank*

**CITY OF BRADY, TEXAS**  
**Notes to Financial Statements (continued)**  
**September 30, 2021**

---

**6. Capital Assets and Depreciation**

---

Capital asset activity for the year ended September 30, 2021 was as follows:

	Balance 10/1/2020	Additions	Deletions	Transfers	Balance 9/30/2021
<b>Governmental Activities</b>					
Capital assets not being depreciated:					
Land	\$ 756,484	\$ -	\$ -	\$ -	\$ 756,484
Construction in progress	1,663,268	13,159,162	-	(281,777)	14,540,653
Subtotal	<u>2,419,752</u>	<u>13,159,162</u>	<u>-</u>	<u>(281,777)</u>	<u>15,297,137</u>
Capital assets being depreciated:					
Buildings and improvements	7,331,124	-	(451,035)	-	6,880,089
Infrastructure	13,141,818	-	-	281,777	13,423,595
Vehicles	1,443,519	165,404	(72,674)	20,006	1,556,255
Equipment	2,893,272	104,245	(151,198)	-	2,846,319
Subtotal	<u>24,809,733</u>	<u>269,649</u>	<u>(674,907)</u>	<u>301,783</u>	<u>24,706,258</u>
Accumulated depreciation	(16,979,924)	(955,304)	569,031	(20,006)	(17,386,203)
Net capital assets being depreciated	<u>7,829,809</u>	<u>(685,655)</u>	<u>(105,876)</u>	<u>281,777</u>	<u>7,320,055</u>
Net capital assets	<u>\$ 10,249,561</u>	<u>\$ 12,473,507</u>	<u>\$ (105,876)</u>	<u>\$ -</u>	<u>\$ 22,617,192</u>

**CITY OF BRADY, TEXAS**  
**Notes to Financial Statements (continued)**  
**September 30, 2021**

**6. Capital Assets and Depreciation (Continued)**

<b>Business-Type Activities</b>	Balance 10/1/2020	Additions	Deletions	Transfers	Balance 9/30/2021
Capital assets not being depreciated:					
Land	\$ 154,730	\$ -	\$ -	\$ -	\$ 154,730
Construction in progress	5,504,792	333,770	-	(435,797)	5,402,765
Subtotal	5,659,522	333,770	-	(435,797)	5,557,495
Capital assets being depreciated:					
Buildings and improvements	15,627,493	-	-	(20,006)	15,607,487
Infrastructure	20,012,136	-	-	435,797	20,447,933
Vehicles	906,498	304,497	(178,360)	-	1,032,635
Equipment	3,003,836	8,994	(3,138)	-	3,009,692
Subtotal	39,549,963	313,491	(181,498)	415,791	40,097,747
Accumulated depreciation	(17,296,913)	(1,109,604)	181,498	20,006	(18,205,013)
Net capital assets being depreciated	22,253,050	(796,113)	-	435,797	21,892,734
Net capital assets	\$ 27,912,572	\$ (462,343)	\$ -	\$ -	\$ 27,450,229

**Economic Development Corporation**

	Balance 10/1/2020	Additions	Deletions	Balance 9/30/2021
Capital assets not being depreciated:				
Land	\$ 12,803	\$ -	\$ -	\$ 12,803
Subtotal	12,803	-	-	12,803
Capital assets being depreciated:				
Buildings and improvements	53,868	-	(53,868)	-
Subtotal	53,868	-	(53,868)	-
Accumulated depreciation	(3,942)	-	3,942	-
Subtotal	(3,942)	-	3,942	-
Net capital assets being depreciated	49,926	-	(49,926)	-
Net capital assets	\$ 62,729	\$ -	\$ (49,926)	\$ 12,803

**CITY OF BRADY, TEXAS**  
**Notes to Financial Statements (continued)**  
**September 30, 2021**

---

**6. Capital Assets and Depreciation (Continued)**

---

Depreciation was charged to the functions of the City as follows:

<b>Governmental Activities</b>	
Administration	\$ 46,839
Airport	105,150
Public Property Maintenance	164,398
Golf Course	37,203
Fire Department	54,313
Police Department	78,275
Emergency Management	11,000
Street Department	228,978
Civic Center	68,507
Senior Citizens Program	1,132
Municipal Court	8,085
Repair Shop	9,650
Animal Control	506
EMS Department	92,787
Lake Department	38,172
G. Rollie White Complex	1,582
Code Enforcement	3,062
Cemetery	5,665
Total Depreciation Expense	<u>\$ 955,304</u>
<b>Business-Type Activities</b>	
Electric	\$ 169,439
Sewer	79,187
Water	551,426
Gas	130,535
Solid Waste	59,908
Street Sanitation	4,525
Utility Support	114,584
Total Depreciation Expense	<u>\$ 1,109,604</u>
<b>Economic Development Corporation</b>	
Buildings & Improvements	<u>\$ -</u>
Total Depreciation Expense	<u>\$ -</u>



**CITY OF BRADY, TEXAS**  
**Notes to Financial Statements (continued)**  
**September 30, 2021**

---

**7. Defined Benefit Pension Plans**

---

**Plan Description**

The City of Brady participates as one of the 887 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 Comprehensive Annual 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 the city, within the options available in the state statutes governing TMRS.

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

**Employees covered by benefit terms**

At December 31, 2020 valuation and measurement date, the following employees were covered by the benefit terms:

	2020
Inactive employees or beneficiaries currently receiving benefits	58
Inactive employees entitled to but not yet receiving benefits	119
Active employees	95
	<u>272</u>

**CITY OF BRADY, TEXAS**  
**Notes to Financial Statements (continued)**  
**September 30, 2021**

---

**7. Defined Benefit Pension Plans (Continued)**

---

**Contributions**

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

Employees for the City of Brady were required to contribute 6% of their annual gross earnings during the fiscal year. The contribution rates for the City of Brady were 10.09% and 9.90% in calendar years 2020 and 2021, respectively. The city's contributions to TMRS for the year ended September 30, 2021, were \$466,423, and were equal to the required contributions.

**Net Pension Liability**

The City's Net Pension Liability (NPL) was measured as of September 30, 2020, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

The Total Pension Liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	2.75% per year, adjusted down for population declines, if any
Investment Rate of Return	6.75% net of pension plan investment expense, including inflation

Salary increases were based on a service-related table. Mortality rates for active members were based on the PUB(10) mortality tables with the Public Safety table used for males and the General Employee table used for females. Mortality rates for healthy retirees and beneficiaries are based on the Gender-distinct 2019 Municipal Retirees of Texas mortality tables. The rates for actives, healthy retirees and beneficiaries are projected on a fully generational basis by Scale UMP to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees is used with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3.0% minimum mortality rate is applied, for males and females respectively, to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

**CITY OF BRADY, TEXAS**  
**Notes to Financial Statements (continued)**  
**September 30, 2021**

---

**7. Defined Benefit Pension Plans (Continued)**

---

**Net Pension Liability (Continued)**

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four year period from December 31, 2014 to December 31, 2018. They were adopted in 2019 and first used in the December 31, 2019 actuarial valuation. The post-retirement mortality assumption for healthy annuitants and the Annuity Purchase Rate (APRs) are 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, in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determine using a building-block method in which best estimate ranges of expected future real rates of returns (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive). The target allocation and best estimates of real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Global Equity	30.0%	5.30%
Core Fixed Income	10.0%	1.25%
Non-Core Fixed Income	20.0%	4.14%
Real Return	10.0%	3.85%
Real Estate	10.0%	4.00%
Absolute Return	10.0%	3.48%
Private Equity	10.0%	7.75%
Total	100.0%	

**CITY OF BRADY, TEXAS**  
**Notes to Financial Statements (continued)**  
**September 30, 2021**

---

**7. Defined Benefit Pension Plans (Continued)**

---

**Net Pension Liability (Continued)**

*Discount Rate*

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

*Changes in the Net Pension Liability*

	Total Pension Liability (a)	Plan Fiduciary Net Pension (b)	Net Pension Liability (a) - (b)
Balance at 12/31/ 2019	\$ 11,484,124	\$ 10,971,214	\$ 512,910
Changes for the year:			
Service Cost	650,712	-	650,712
Interest	783,098	-	783,098
Change of benefit terms	-	-	-
Difference between expected and actual experience	(175,844)	-	(175,844)
Change of assumptions	-	-	-
Contributions - employer	-	444,510	(444,510)
Contributions - employee	-	271,318	(271,318)
Net investment income	-	832,552	(832,552)
refunds of employee contributions	(416,066)	(416,066)	-
Administrative expense	-	(5,389)	5,389
Other Changes	-	(210)	210
Net changes	841,900	1,126,715	(284,815)
Balance at 12/31/ 2020	\$ 12,326,024	\$ 12,097,929	\$ 228,095

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

Sensi

**CITY OF BRADY, TEXAS**  
**Notes to Financial Statements (continued)**  
**September 30, 2021**

---

**7. Defined Benefit Pension Plans (Continued)**

---

**Net Pension Liability (Continued)**

*Changes in the Net Pension Liability (Continued)*

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

	1% Decrease in Discount Rate (5.75%)	Discount Rate (6.75%)	1% Decrease in Discount Rate (7.75%)
City's Net Pension Liability	\$ 2,001,250	\$ 228,095	\$ (1,214,891)

*Pension Plan Fiduciary Net Position*

Detailed information about the pension plan's Fiduciary Net Position is available in a separately issued TMRS financial report. The report may be obtained on the Internet at [www.tmrs.com](http://www.tmrs.com).

# CITY OF BRADY, TEXAS

## Notes to Financial Statements

### September 30, 2021

---

#### 7. Defined Benefit Pension Plans (Continued)

---

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

For the year ended September 30, 2021, the city recognized pension expense of \$466,423 .

At September 30, 2021, the city reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Economic Experience	\$ -	\$ (144,190)
Difference in Actual Assumptions	11,120	-
Differences Between Projected and Actual Investment Earnings	-	(309,042)
Contributions Subsequent to the Measurement Date	341,030	-
	\$ <u>352,150</u>	\$ <u>(453,232)</u>

**CITY OF BRADY, TEXAS**  
**Notes to Financial Statements (continued)**  
**September 30, 2021**

---

**7. Defined Benefit Pension Plans (Continued)**

---

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

\$341,030 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as an increase of the net pension liability for the year ending September 30, 2021. Other amounts reported as deferred outflows and inflows of resources to pensions will be recognized in pension expense as follows:

Year Ended December 31,	Amount
2021	\$ (203,356)
2022	(40,968)
2023	(179,389)
2024	(18,399)
Total	\$ <u>(442,112)</u>

---

**8. Other Postemployment Benefits**

---

**Plan Description**

The City participates in an OPEB plan administered by TMRS. TMRS administers the defined benefit group-term life insurance plan known as the 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. Employers may terminate coverage under, and discontinue participation in, the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1.

The member city contributes to the SDBF at a contractually required rate (based on the covered payroll of the employee members) as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year. The intent is not to pre-fund retiree term life insurance during the employees' entire careers. No assets are accumulated in a trust that meets the criteria in paragraph 4 GASB No. 75. As such, the SDBF is considered to be a single-employer unfunded OPEB defined benefit plan with benefit payments treated as being equal to the employer's yearly contribution for retirees.

**CITY OF BRADY, TEXAS**  
**Notes to Financial Statements**  
**September 30, 2021**

---

**8. Other Postemployment Benefits (Continued)**

---

**Benefits**

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 an OPEB and is a fixed amount of \$7,500. 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). Participation in the SDBF as of December 31, 2020 is summarized below:

	2020
Inactive employees or beneficiaries currently receiving benefits	35
Inactive employees entitled to but not yet receiving benefits	14
Active employees	95
	<u>144</u>

**Total OPEB Liability**

The City's total OPEB liability of \$346,041 was measured as of December 31, 2020 and was determined by an actuarial valuation as of that date.



# CITY OF BRADY, TEXAS

## Notes to Financial Statements

### September 30, 2021

---

#### 8. Other Postemployment Benefits (Continued)

---

##### Actuarial Assumptions and Other Inputs

The total OPEB liability in the December 31, 2020 actuarial valuation was determined by using the following actuarial assumptions and other inputs applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary increases	3.50% to 11.50% including inflation
Discount rate*	2.00%
Retirees' share of benefit-related costs	Zero
Administrative expenses	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68.
Mortality rates – service retirees	2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP.
Mortality rates – disabled retirees	2019 Municipal Retirees of Texas Mortality Tables with a 4 year set-forward for males and a 3 year set-forward for females. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

\*The discount rate is based on the Fidelity Index's "20-Year Municipal GO AA Index" rates as of December 31, 2020.

# CITY OF BRADY, TEXAS

## Notes to Financial Statements

### September 30, 2021

#### 8. Other Postemployment Benefits (Continued)

The actuarial assumptions used in the December 31, 2020 valuation were based on the results of an actuarial experience study for the period December 31, 2010 to December 31, 2014.

#### Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Changes for the year:	
Service Cost	\$ 20,801
Interest	8,245
Change of benefit terms	-
Employer administrative costs	-
Recognition of deferred outflows/inflows of resources:	
Differences between expected and actual experience	(10,842)
Changes in assumptions or other inputs	19,516
Total OPEB expense	<u>\$ 37,720</u>

\* Benefit payments are treated as being equal to the employer's yearly contributions for retirees due to the SDBF being considered an unfunded OPEB plan under GASB No. 75.

There were no changes of assumptions or other inputs that affected measurement of the total OPEB liability during the measurement period.

There were no changes of benefit terms that affected measurement of the total OPEB liability during the measurement period.

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

The following present the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current discount rate:

	1% Decrease in Discount Rate (1.00%)	Discount Rate (2.00%)	1% Decrease in Discount Rate (3.00%)
Total OPEB Liability	\$ 420,989	\$ 346,042	\$ 288,538

**CITY OF BRADY, TEXAS**  
**Notes to Financial Statements (continued)**  
**September 30, 2021**

**8. Other Postemployment Benefits (Continued)**

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

At September 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between Expected and Actual Experience	\$ (31,261) \$	-
Changes in Assumptions and Other Inputs	-	60,083
Contributions Subsequent to the Measurement Date	-	9,301
	\$ (31,261) \$	69,384

\$- reported as deferred outflows related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of total OPEB for the fiscal year ending September 30, 2021.

Amounts reported as deferred outflows/inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended December 31,	OPEB Expense Amount
2021	\$ 8,039
2022	5,963
2023	10,202
2024	4,618
Total	\$ 28,822

**CITY OF BRADY, TEXAS**  
**Notes to Financial Statements (continued)**  
**September 30, 2021**

---

**9. Other Employee Benefits**

---

**Compensated Absences**

The City allows employees, after the completion of a six-month probation period, to begin accruing vacation leave immediately upon hire, but cannot use it until after completion of a 6-month new hire probation period. Vacation leave may be accrued to a maximum of 18.75 days, which will be paid to an employee upon resignation, death, or termination. No sick leave will be paid to an employee upon termination of employment. The total vacation accrual obligation for the City amounted to \$210,709 at September 30, 2021.

---

**10. Risk Management**

---

**Liability Insurance**

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; employees' health and life; and natural disasters. The City manages these losses through participation in the Texas Municipal League (TML), a public entity risk pool. TML is a multi-employer group that provides for a combination of risk sharing among pool participants and stop-loss coverage. Contributions are set annually by TML. The liability to the City is generally limited to contributed amounts.

Management believes the insurance coverage is enough to preclude any significant losses to the City. Settled claims have not exceeded the insurance coverage in any of the past three fiscal years.

The EDC is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The EDC is covered by the City's TML policy.

**CITY OF BRADY, TEXAS**  
**Notes to Financial Statements (continued)**  
**September 30, 2021**

---

**11. Leases**

---

The City leases property and equipment through various operating and capital leases. Capital lease obligations are discussed in Note 12. All operating leases, including leases of office equipment, golf equipment, and landfill heavy equipment, were determined to be non-cancelable. Total expenditures for operating leases for the fiscal year ended September 30, 2021 were \$35,815 for governmental activities and \$179,923 for business-type activities.

Future minimum lease payments for operating leases are as follows:

Year Ended		
September 30,		Amount
2022	\$	193,884
2023		161,346
2024		9,801
Total	\$	<u>365,031</u>

The assets acquired through capital leases have a capitalized cost of \$3,885,624 . Accumulated depreciation at year-end was \$305,329 . Capital lease obligations are discussed in Note 12.

**CITY OF BRADY, TEXAS**  
**Notes to Financial Statements (continued)**  
**September 30, 2021**

**12. Long-Term Liabilities**

Long-term liability activity for the year ended September 30, 2021 includes the following:

Governmental Activities	Balance 10/1/2020	Additions	Reductions	Balance 9/30/2021	Amount Due Within One Year
<b>General:</b>					
General Obligation Refunding Bonds, Series 2012 \$	411,600	\$ -	\$ (205,800)	\$ 205,800	\$ 205,800
Government Capital *	1,288	-	(1,288)	-	-
Government Capital *	8,229	-	(8,229)	-	-
Government Capital *	23,373	-	(23,373)	-	-
Government Capital *	10,816	-	(10,816)	-	-
Government Capital *	171,041	-	(24,078)	146,963	24,978
Government Capital *	26,333	-	(19,649)	6,684	6,684
Government Capital *	27,598	-	(9,922)	17,676	10,429
Government Capital *	173,844	-	(43,695)	130,149	45,584
Government Capital *	87,635	-	(21,808)	65,827	22,536
Stryker	100,720	-	(25,180)	75,540	25,180
Government Capital *	48,439	-	(9,163)	39,276	9,502
Government Capital *	-	25,000	(2,318)	22,682	4,788
Government Capital *	-	79,000	(284)	78,716	6,826
Certificate of Obligation, Series 2019	10,830,000	-	(330,000)	10,500,000	330,000
Certificate of Obligation, Series 2019A	8,400,000	-	(150,000)	8,250,000	155,000
Certificate of Obligation, Series 2019B	2,035,000	-	(70,000)	1,965,000	70,000
Certificate of Obligation, Series 2021	-	1,905,000	-	1,905,000	-
Total Bonds, Notes, and Capital Leases Payable	22,355,916	2,009,000	(955,603)	23,409,313	917,307
Compensated Absences	136,407	17,625	-	154,032	-
Total Governmental Activities	\$ 22,492,323	\$ 2,026,625	\$ (955,603)	\$ 23,563,345	\$ 917,307

\*denotes capital lease

**CITY OF BRADY, TEXAS**  
**Notes to Financial Statements (continued)**  
**September 30, 2021**

**12. Long-Term Liabilities (Continued)**

<b>Business-Type Activities</b>	<b>Balance 10/1/2020</b>	<b>Additions</b>	<b>Reductions</b>	<b>Balance 9/30/2021</b>	<b>Amount Due Within One Year</b>
<b>Electric:</b>					
Government Capital *	\$ 131,129	\$ -	\$ (57,360)	\$ 73,769	\$ 59,303
Government Capital *	120,366	-	(16,476)	103,890	17,006
	<u>251,495</u>	<u>-</u>	<u>(73,836)</u>	<u>177,659</u>	<u>76,309</u>
<b>Water &amp; Sewer:</b>					
Certificates of Obligation, Series 2000	2,310,000	-	(210,000)	2,100,000	210,000
Certificates of Obligation, Series 2013	140,000	-	(35,000)	105,000	35,000
Certificates of Obligation - WWTP, Series 2012	510,000	-	(125,000)	385,000	125,000
General Obligation Refunding Bonds, Series 2012	8,400	-	(4,200)	4,200	4,200
Government Capital *	278,650	-	(121,890)	156,760	126,019
	<u>3,247,050</u>	<u>-</u>	<u>(496,090)</u>	<u>2,750,960</u>	<u>500,219</u>
<b>Gas:</b>					
Government Capital *	136,594	-	(59,750)	76,844	61,775
Government Capital *	2,639	-	(2,639)	-	-
Government Capital *	-	115,373	(6,037)	109,336	15,278
	<u>139,233</u>	<u>115,373</u>	<u>(68,426)</u>	<u>186,180</u>	<u>77,053</u>
<b>Street Sanitation:</b>					
Government Capital *	68,245	-	(20,680)	47,565	21,472
	<u>68,245</u>	<u>-</u>	<u>(20,680)</u>	<u>47,565</u>	<u>21,472</u>
<b>Solid Waste:</b>					
Government Capital *	174,744	-	(34,027)	140,717	35,104
Government Capital *	36,381	-	(27,125)	9,256	9,256
	<u>211,125</u>	<u>-</u>	<u>(61,152)</u>	<u>149,973</u>	<u>44,360</u>
Total Bonds, Notes, and Capital Leases Payable	3,917,148	115,373	(720,184)	3,312,337	719,412
Compensated Absences	143,920	(87,243)	-	56,677	-
Total Business-Type Activities	<u>\$ 4,061,068</u>	<u>\$ 28,130</u>	<u>\$ (720,184)</u>	<u>\$ 3,369,014</u>	<u>\$ 719,412</u>

\* denotes capital lease

**CITY OF BRADY, TEXAS**  
**Notes to Financial Statements (continued)**  
**September 30, 2021**

---

**12. Long-Term Liabilities (Continued)**

---

**Description of Debt and Maturity Schedules**

*General Obligation Refunding Bonds, Series 2012*

On April 11, 2012, the City issued the General Obligation Refunding Bonds, Series 2012, in the amount of \$1,560,000. These bonds were issued to advance refund a portion of the outstanding General Obligation Refunding Bonds, Series 2003, advance refund a portion of the outstanding Combination Tax and Revenue Certificates of Obligation, Series 2004, and advance refund a portion of the outstanding Tax Note, Series 2007, prior to their maturities. Principal amounts on these bonds are due and payable annually beginning September 1, 2012. Interest is due and payable semi-annually beginning September 1, 2012 at rates ranging from 1.000% to 2.875%. The bonds mature on September 1, 2022. Bond premium costs are amortized over a period of ten (10) years. The principal amount outstanding at September 30, 2021 was \$210,000 . The balance is allocated between the general fund and water fund, which are \$205,800 and \$4,200 respectively.

Year Ended September 30,	Principal	Interest	Total
2022	\$ 210,000	\$ 6,038	\$ 216,038
	\$ 210,000	\$ 6,038	\$ 216,038



**CITY OF BRADY, TEXAS**  
**Notes to Financial Statements (continued)**  
**September 30, 2021**

---

**12. Long-Term Liabilities (Continued)**

---

**Description of Debt and Maturity Schedules**

*Government Capital*

On November 4, 2015, the City entered a capital lease agreement with Government Capital. This lease was for the purchase of ambulance cots. This lease is due and payable in 72 monthly payments of \$647 beginning December 8, 2014. Payments include interest of 3.62%. This lease was paid in full during fiscal year 2021.

*Government Capital*

On June 16, 2015, the City entered a capital lease agreement with Government Capital. This lease was for the purchase of a new truck. This lease is due and payable in 72 monthly payments of \$835 beginning August 1, 2015. Payments include interest of 3.173%. This lease was paid in full during fiscal year 2021.

*Government Capital*

On August 18, 2015, the City entered a capital lease agreement with Government Capital. This lease was for the purchase of law enforcement software. This lease is due and payable in 4 annual payments of \$24,119 beginning October 15, 2015. Payments include interest of 3.195%. This lease was paid in full during fiscal year 2021.

*Government Capital*

On December 28, 2015, the City entered a capital lease agreement with Government Capital. This lease was for the purchase of an ambulance. This lease is due and payable in 60 monthly payments of \$2,723 beginning February 15, 2016. Payments include interest of 3.482%. This lease was paid in full during fiscal year 2021.

**CITY OF BRADY, TEXAS**  
**Notes to Financial Statements (continued)**  
**September 30, 2021**

---

**12. Long-Term Liabilities (Continued)**

---

**Description of Debt and Maturity Schedules (Continued)**

*Government Capital*

On December 20, 2016, the City entered a capital lease agreement with Government Capital. This lease was for the purchase of a pumper fire engine and related equipment. This lease is due and payable in 120 monthly payments of \$2,497 beginning March 15, 2017. Payments include interest of 3.678%. This lease will be paid in full on February 15, 2027.

Year Ended September 30,	Principal	Interest	Total
2022	\$ 24,978	\$ 4,987	\$ 29,965
2023	25,913	4,052	29,965
2024	26,882	3,083	29,965
2025	27,888	2,078	29,966
2026	28,931	1,035	29,966
2027	12,371	114	12,485
	\$ 146,963	\$ 15,349	\$ 162,312

*Government Capital*

On December 19, 2017, the City entered a capital lease agreement with Government Capital. This lease was for the purchase of two police vehicles. This lease is due and payable in 48 monthly payments of \$1682 beginning February 15, 2018. Payments include interest of 3.066%. This lease will be paid in full on January 15, 2022.

Year Ended September 30,	Principal	Interest	Total
2022	\$ 6,684	\$ 43	\$ 6,727
	\$ 6,684	\$ 43	\$ 6,727

**CITY OF BRADY, TEXAS**  
**Notes to Financial Statements (continued)**  
**September 30, 2021**

---

**12. Long-Term Liabilities (Continued)**

---

**Description of Debt and Maturity Schedules (Continued)**

*Government Capital*

On March 5, 2019, the City entered a capital lease agreement with Government Capital. This lease was for the purchase of a police vehicle. This lease is due and payable in 48 monthly payments of \$923 beginning June 15, 2019. Payments include interest of 4.994%. This lease will be paid in full on May 15, 2023.

Year Ended September 30,	Principal	Interest	Total
2022	\$ 10,429	\$ 646	\$ 11,075
2023	7,247	136	7,383
	\$ 17,676	\$ 782	\$ 18,458

*Government Capital*

On April 2, 2019, the City entered a capital lease agreement with Government Capital. This lease was for the purchase of an ambulance. This lease is due and payable in 60 monthly payments of \$4,185 beginning July 15, 2019. Payments include interest of 4.24%. This lease will be paid in full on June 15, 2024.

Year Ended September 30,	Principal	Interest	Total
2022	\$ 45,584	\$ 4,639	\$ 50,223
2023	47,555	2,669	50,224
2024	37,010	657	37,667
	\$ 130,149	\$ 7,965	\$ 138,114

**CITY OF BRADY, TEXAS**  
**Notes to Financial Statements (continued)**  
**September 30, 2021**

---

**12. Long-Term Liabilities (Continued)**

---

**Description of Debt and Maturity Schedules (Continued)**

*Government Capital*

On July 7, 2020, the City entered a capital lease agreement with Government Capital. This lease was for the purchase of two police vehicles. This lease is due and payable in 60 monthly payments of \$2,030 beginning August 15, 2020. Payments include interest of 3.29%. This lease will be paid in full on July 15, 2024.

Year Ended September 30,	Principal	Interest	Total
2022	\$ 22,536	\$ 1,828	\$ 24,364
2023	23,289	1,075	24,364
2024	20,002	303	20,305
	\$ 65,827	\$ 3,206	\$ 69,033
	\$ 65,827	\$ 3,206	\$ 69,033

*Government Capital*

On December 30, 2019, the City entered a capital lease agreement with Government Capital. This lease was for the purchase of defibrillators and monitors. This lease is due and payable in 60 monthly payments of \$25,180 beginning January 2020. Payments include interest of 0%. This lease will be paid in full on January 2024.

Year Ended September 30,	Principal	Interest	Total
2022	\$ 25,180	\$ -	\$ 25,180
2023	25,180	-	25,180
2024	25,180	-	25,180
	\$ 75,540	\$ -	\$ 75,540
	\$ 75,540	\$ -	\$ 75,540

**CITY OF BRADY, TEXAS**  
**Notes to Financial Statements (continued)**  
**September 30, 2021**

---

**12. Long-Term Liabilities (Continued)**

---

**Description of Debt and Maturity Schedules (Continued)**

*Government Capital*

On December 30, 2019, the City entered a capital lease agreement with Government Capital. This lease was for the purchase of a cab and chassis. This lease is due and payable in 60 monthly payments of \$898 beginning September 15, 2020. Payments include interest of 3.644%. This lease will be paid in full on August 15, 2025.

Year Ended September 30,	Principal	Interest	Total
2022	\$ 9,502	\$ 1,274	\$ 10,776
2023	9,854	921	10,775
2024	10,220	556	10,776
2025	9,700	178	9,878
	\$ 39,276	\$ 2,929	\$ 42,205

*Government Capital*

On February 16, 2021, the City entered a capital lease agreement with Government Capital. This lease was for the purchase of vehicles and related equipment. This lease is due and payable in 60 monthly payments of \$449 beginning April 15, 2021. Payments include interest of 2.90%. This lease will be paid in full on March 15, 2026.

Year Ended September 30,	Principal	Interest	Total
2022	\$ 4,788	\$ 594	\$ 5,382
2023	4,929	454	5,383
2024	5,074	309	5,383
2025	5,223	134	5,357
2026	2,668	23	2,691
	\$ 22,682	\$ 1,514	\$ 24,196

**CITY OF BRADY, TEXAS**  
**Notes to Financial Statements (continued)**  
**September 30, 2021**

---

**12. Long-Term Liabilities (Continued)**

---

**Description of Debt and Maturity Schedules (Continued)**

*Government Capital*

On June 15, 2021, the City entered a capital lease agreement with Government Capital. This lease was for the purchase of a 2002 International 4700 Jet A Fuel Truck. This lease is due and payable in 120 monthly payments of \$776 beginning September 15, 2021. Payments include interest of 3.29%. This lease will be paid in full on August 15, 2031.

Year Ended September 30,	Principal	Interest	Total
2022	\$ 6,826	\$ 2,487	\$ 9,313
2023	7,054	2,259	9,313
2024	7,290	2,024	9,314
2025	7,533	1,780	9,313
2026	7,785	1,529	9,314
2027-2031	42,228	5,142	47,370
	<u>\$ 78,716</u>	<u>\$ 15,221</u>	<u>\$ 93,937</u>

*Government Capital*

On October 15, 2012, the City entered a capital lease agreement with Government Capital. This lease was for the purchase of various Water, Electric and Gas System meters and equipment. This lease is due and payable in 40 quarterly payments of \$63,595 beginning January 15, 2013. Payments include interest of 3.339%. This lease will be paid in full on October 22, 2022. This lease is allocated between the electric, water & sewer and gas funds, which balances are \$73,769 , \$156,760 , and \$76,844 , respectively.

Year Ended September 30,	Principal	Interest	Total
2022	\$ 247,096	\$ 7,284	\$ 254,380
2023	60,277	526	60,803
	<u>\$ 307,373</u>	<u>\$ 7,810</u>	<u>\$ 315,183</u>

**CITY OF BRADY, TEXAS**  
**Notes to Financial Statements (continued)**  
**September 30, 2021**

---

**12. Long-Term Liabilities (Continued)**

---

**Description of Debt and Maturity Schedules (Continued)**

*Government Capital*

On March 10, 2020, the City entered a capital lease agreement with Government Capital. This lease was for the purchase of a bucket truck. This lease is due and payable in 84 monthly payments of \$1,671 beginning May 1, 2015. Payments include interest of 3.17%. This lease will be paid in full on May 15, 2027.

Year Ended September 30,	Principal	Interest	Total
2022	\$ 17,006	\$ 3,048	\$ 20,054
2023	17,553	2,500	20,053
2024	18,117	1,936	20,053
2025	18,700	1,353	20,053
2026	19,302	751	20,053
2027	13,212	159	13,371
	\$ 103,890	\$ 9,747	\$ 113,637

*Combination Tax and Waterworks Surplus Revenue Certificates of Obligation, Series 2000*

On May 1, 2000, the City issued the Combination Tax and Waterworks Surplus Revenue Certificates of Obligation, Series 2000. These bonds were issued by the Texas Water Development Board (TWBD) through the Drinking Water State Revolving Fund to finance water system improvements. Principal amounts on these certificates are due and payable annually on May 1. The certificates are interest free and will be paid in full on May 1, 2031.

Year Ended September 30,	Principal	Interest	Total
2022	\$ 210,000	\$ -	\$ 210,000
2023	210,000	-	210,000
2024	210,000	-	210,000
2025	210,000	-	210,000
2026	210,000	-	210,000
2027-2031	1,050,000	-	1,050,000
	\$ 2,100,000	\$ -	\$ 2,100,000

**CITY OF BRADY, TEXAS**  
**Notes to Financial Statements (continued)**  
**September 30, 2021**

---

**12. Long-Term Liabilities (Continued)**

---

**Description of Debt and Maturity Schedules (Continued)**

*Combination Tax & Surplus Waterworks System Revenue  
Certificates of Obligation, Series 2013*

On September 30, 2015, the City issued the Combination Tax & Surplus Waterworks System Revenue Certificates of Obligation, Series 2013 in the amount of \$350,000. These bonds were issued by the Texas Water Development Board (TWBD) through the Drinking Water State Revolving Fund to finance the planning for certain water system improvements. Principal amounts on these certificates are due and payable annually on September 1. Interest is due and payable semi-annually on March 1 and September 1 at rates ranging from .020% to 2.860%. These certificates will be paid in full on September 1, 2024.

Year Ended September 30,	Principal	Interest	Total
2022	\$ 35,000	\$ 2,825	\$ 37,825
2023	35,000	1,943	36,943
2024	35,000	1,001	36,001
	\$ 105,000	\$ 5,769	\$ 110,769

*Combination Tax & Surplus Wastewater & Sewer System Revenue  
Certificates of Obligation, Series 2012*

On October 15, 2012, the City issued the Combination Tax & Surplus Wastewater & Sewer System Revenue Certificates of Obligation, Series 2012 in the amount of \$1,200,000. The City filed an application for financial assistance in the amount of \$2,651,990 with the Texas Water Development Board (TWBD) from the Clean Water State Revolving Fund to finance the planning, acquisition, and design activities associated with the wastewater system improvement project. TWDB approved a Loan Forgiveness Grant in the amount of \$1,441,990; the remaining \$1,210,000 was issued as debt. Principal amounts on these certificates are due and payable annually beginning September 1, 2015. Interest is due and payable semi-annually beginning March 1, 2013 at rates ranging from .42% to 2.3%. These certificates will be paid in full on September 1, 2024.

Year Ended September 30,	Principal	Interest	Total
2022	\$ 125,000	\$ 8,450	\$ 133,450
2023	130,000	5,850	135,850
2024	130,000	2,964	132,964
	\$ 385,000	\$ 17,264	\$ 402,264



**CITY OF BRADY, TEXAS**  
**Notes to Financial Statements (continued)**  
**September 30, 2021**

---

**12. Long-Term Liabilities (Continued)**

---

**Description of Debt and Maturity Schedules (Continued)**

*Combination Tax & Surplus Waterworks & Sewer System Revenue  
Certificates of Obligation, Series 2019*

On March 21, 2019, the City issued the Combination Tax & Surplus Waterworks & Sewer System Revenue Certificates of Obligation, Series 2019 in the amount of \$10,830,000. The City filed an application for financial assistance in the amount of \$13,375,000 with the Texas Water Development Board (TWBD) from the Economically Distressed Area Program (EDAP) Grant to fund the construction activities associated with the water system improvement project. TWBD approved a Loan Forgiveness Grant in the amount of \$4,700,000; the remaining \$10,830,000 was issued as debt. Principal amounts on these certificates are due and payable annually beginning September 1, 2021. The certificate bears a zero percent interest rate. These certificates will be paid in full on September 1, 2050.

Year Ended September 30,	Principal	Interest	Total
2022	\$ 330,000	\$ -	\$ 330,000
2023	330,000	-	330,000
2024	330,000	-	330,000
2025	370,000	-	370,000
2026	370,000	-	370,000
2027-2050	8,770,000	-	8,770,000
	<u>\$ 10,500,000</u>	<u>\$ -</u>	<u>\$ 10,500,000</u>

**CITY OF BRADY, TEXAS**  
**Notes to Financial Statements (continued)**  
**September 30, 2021**

---

**12. Long-Term Liabilities (Continued)**

---

**Description of Debt and Maturity Schedules (Continued)**

*Combination Tax & Surplus Waterworks & Sewer System Revenue  
Certificates of Obligation, Series 2019A*

On August 8, 2019, the City issued the Combination Tax & Surplus Waterworks & Sewer System Revenue Certificates of Obligation, Series 2019A in the amount of \$8,400,000. The City filed an application for financial assistance in the amount of \$14,685,000 with the Texas Water Development Board (TWDB) from the Clean Water State Revolving Fund to finance the construction activities associated with the waterworks and sewer system improvement project. TWDB approved a Loan Forgiveness Grant in the amount of \$4,250,000; Combination Tax & Surplus Waterworks & Sewer System Revenue Certificates of Obligation, Series 2019B in the amount of \$2,035,000 (see note disclosure on next page); the remaining \$8,400,000 was issued as debt. Principal amounts on these certificates are due and payable annually beginning September 1, 2021. Interest is due and payable semi-annually beginning March 1, 2020 at rates ranging from .02% to 0.84%. These certificates will be paid in full on September 1, 2050.

Year Ended September 30,	Principal	Interest	Total
2022	\$ 155,000	\$ 40,755	\$ 195,755
2023	150,000	40,755	190,755
2024	155,000	40,755	195,755
2025	155,000	40,755	195,755
2026	285,000	40,755	325,755
2027-2050	7,350,000	730,724	8,080,724
	<u>\$ 8,250,000</u>	<u>\$ 934,499</u>	<u>\$ 9,184,499</u>

**CITY OF BRADY, TEXAS**  
**Notes to Financial Statements (continued)**  
**September 30, 2021**

---

**12. Long-Term Liabilities (Continued)**

---

**Description of Debt and Maturity Schedules (Continued)**

*Combination Tax & Surplus Waterworks & Sewer System Revenue  
Certificates of Obligation, Series 2019B*

On August 8, 2019, the City issued the Combination Tax & Surplus Waterworks & Sewer System Revenue Certificates of Obligation, Series 2019B in the amount of \$2,035,000. The City filed an application for financial assistance in the amount of \$14,685,000 with the Texas Water Development Board (TWDB) from the Clean Water State Revolving Fund to finance the construction activities associated with the waterworks and sewer system improvement project. TWDB approved a Loan Forgiveness Grant in the amount of \$4,250,000; Combination Tax & Surplus Waterworks & Sewer System Revenue Certificates of Obligation, Series 2019A in the amount of \$8,400,000 (see note disclosure on previous page); the remaining \$2,035,000 was issued as debt. Principal amounts on these certificates are due and payable annually beginning September 1, 2021. The certificate bears a zero percent interest rate. These certificates will be paid in full on September 1, 2050.

Year Ended September 30,	Principal	Interest	Total
2022	\$ 70,000	\$ -	\$ 70,000
2023	70,000	-	70,000
2024	70,000	-	70,000
2025	70,000	-	70,000
2026	70,000	-	70,000
2027-2050	1,615,000	-	1,615,000
	<u>\$ 1,965,000</u>	<u>\$ -</u>	<u>\$ 1,965,000</u>

**CITY OF BRADY, TEXAS**  
**Notes to Financial Statements (continued)**  
**September 30, 2021**

---

**12. Long-Term Liabilities (Continued)**

---

**Description of Debt and Maturity Schedules (Continued)**

*Combination Tax & Surplus Waterworks & Sewer System Revenue  
Certificates of Obligation, Series 2021*

On June 8, 2021, the City issued the Combination Tax & Surplus Waterworks & Sewer System Revenue Certificates of Obligation, Series 2021 in the amount of \$1,095,000. Principal amounts on these certificates are due and payable annually beginning March 1, 2022. The certificate bears a 0.098% percent interest rate. These certificates will be paid in full on September 30, 2050.

Year Ended September 30,	Principal	Interest	Total
2022	\$ -	\$ 124	\$ 124
2023	70,000	105	70,105
2024	70,000	105	70,105
2025	70,000	105	70,105
2026	70,000	105	70,105
2027-2050	1,625,000	2,369	1,627,369
	\$ <u>1,905,000</u>	\$ <u>2,913</u>	\$ <u>1,907,913</u>

*Government Capital*

On January 7, 2016, the City entered a capital lease agreement with Government Capital. This lease was for the purchase of a compact excavator. This lease is due and payable in 60 monthly payments of \$533 beginning March 15, 2016. Payments include interest of 5.137%. This lease was paid in full during fiscal year 2021.

**CITY OF BRADY, TEXAS**  
**Notes to Financial Statements (continued)**  
**September 30, 2021**

---

**12. Long-Term Liabilities (Continued)**

---

**Description of Debt and Maturity Schedules (Continued)**

*Government Capital*

On March 2, 2021, the City entered a capital lease agreement with Government Capital. This lease was for the purchase of a dump truck and related equipment. This lease is due and payable in 84 monthly payments of \$7,620 beginning May 15, 2020. Payments include interest of 2.94%. This lease will be paid in full on April 15, 2028.

Year Ended September 30,	Principal	Interest	Total
2022	\$ 15,278	\$ 3,009	\$ 18,287
2023	15,733	2,554	18,287
2024	16,202	2,085	18,287
2025	16,685	1,602	18,287
2026	17,182	1,105	18,287
2027-2028	28,256	700	28,956
	<u>\$ 109,336</u>	<u>\$ 11,055</u>	<u>\$ 120,391</u>

*Government Capital*

On October 15, 2013, the City entered a capital lease agreement with Government Capital. This lease was for the purchase of a street sweeper. This lease is due and payable in 120 monthly payments of \$1,908 beginning December 15, 2013. Payments include interest of 3.76%. This lease will be paid in full on November 15, 2023.

Year Ended September 30,	Principal	Interest	Total
2022	\$ 21,472	\$ 601	\$ 22,073
2023	22,295	18	22,313
2024	3,798	18	3,816
	<u>\$ 47,565</u>	<u>\$ 637</u>	<u>\$ 48,202</u>

**CITY OF BRADY, TEXAS**  
**Notes to Financial Statements (continued)**  
**September 30, 2021**

---

**12. Long-Term Liabilities (Continued)**

---

**Description of Debt and Maturity Schedules (Continued)**

*Government Capital*

On May 22, 2020, the City entered a capital lease agreement with Government Capital. This lease was for the purchase of a commercial trash truck. This lease is due and payable in 60 monthly payments of \$3,250 beginning August 15, 2020. Payments include interest of 3.12%. This lease will be paid in full on July 15, 2025.

Year Ended September 30,	Principal	Interest	Total
2022	\$ 35,104	\$ 3,891	\$ 38,995
2023	36,215	2,780	38,995
2024	37,361	1,634	38,995
2025	32,037	460	32,497
	\$ 140,717	\$ 8,765	\$ 149,482

*Government Capital*

On December 28, 2015, the City entered a capital lease agreement with Government Capital. This lease was for the purchase of a sanitation truck. This lease is due and payable in 72 monthly payments of \$2,331 beginning February 15, 2016. Payments include interest of 3.545%. This lease will be paid in full on January 15, 2022.

Year Ended September 30,	Principal	Interest	Total
2022	\$ 9,256	\$ 68	\$ 9,324
	\$ 9,256	\$ 68	\$ 9,324

**CITY OF BRADY, TEXAS**  
**Notes to Financial Statements (continued)**  
**September 30, 2021**

---

**12. Long-Term Liabilities (Continued)**

---

**Description of Debt and Maturity Schedules (Continued)**

*City of Brady Civic Center Improvements*

On March 19, 2019, the City approved a performance agreement with the EDC to pay the City of Brady for remodeling and expansion of the Civic Center. The amount due to the City was \$679,166 as of September 30, 2021. The liability bears no interest. The City records a note receivable for the same amount.

The agreement states that one quarter of sales tax revenues will be applied to the outstanding balance until paid in full to the City. Payment terms also state that there will be a period of no payments equal to \$219,537 as a result of the EDC donating an airport hangar to the City to be applied as credit towards the note payable.

	Balance 10/1/2020	Additions	Reductions	Balance 9/30/2021	Amount Due Within One Year
<b>Economic Development Corporation</b>					
City of Brady Civic Center Improvements	\$ 679,166	\$ -	\$ -	\$ 679,166	\$ -
Total Bonds, Notes, and Capital Leases Payable	<u>\$ 679,166</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 679,166</u>	<u>\$ -</u>

**Description of Debt Agreement Default Terms**

*Leases*

The following are events of default under the above lease agreements:

- a) failure to make any lease payment (or any other payment) as it becomes due in accordance with the terms of the lease when funds have been appropriated sufficient for such purpose;
- b) failure to perform or observe any other covenant, condition, or agreement to be performed or observed by it hereunder and such failure is not cured during a stated time period after written notice thereof by the lessor;
- c) the discovery by lessor that any statement, representation, or warranty made by the City in the lease or in writing delivered by lessee is false, misleading or erroneous in any material respect;
- d) proceedings under any bankruptcy, insolvency, reorganization or similar legislation shall be instituted against or by the lessee, or a receiver or similar officer shall be appointed for lessee or any of its property, and such proceedings or appointments shall not be vacated, or fully stayed, within a certain time period after the institution or occurrence thereof; or

**CITY OF BRADY, TEXAS**  
**Notes to Financial Statements (continued)**  
**September 30, 2021**

---

**12. Long-Term Liabilities (Continued)**

---

**Description of Debt Agreement Default Terms (Continued)**

*Leases (Continued)*

- e) an attachment, levy or execution is threatened or levied upon or against the equipment.

In the event of default, the lessors may, at their option: (i) declare all amounts due under the lease; (ii) request the City to discontinue use of the equipment; (iii) sell or lease the equipment; (iv) request the return of the equipment to the lessor; or (v) exercise any other right available under law.

*Notes Payable*

The following are considered to be events of default under the loan agreements:

- (a) failure by the City to pay or cause to be paid any amounts required to be paid when due, which failure shall continue for a period of ten days;
- (b) failure by the City to make or cause to be made any required payments of principal of redemption premium (if any) and interest on any notes or other obligations for borrowed money, after giving effect to the applicable grace period, the payments of which are secured by pledged property;
- (c) failure by the City to pay or cause to be paid the Administrative Fee or any portion thereof when due or to observe and perform any duty covenant obligation or agreement on its part to be observed or performed under the loan agreement and other than a failure to comply with the provisions of the loan agreement, which failure shall continue for a period of thirty days after written notice specifying such failure and requesting that it be remedied is given to the City by the Trustee;
- (d) a petition is filed by or against the City under any federal or state bankruptcy or insolvency law or other similar law in effect on the date of the loan agreement or thereafter enacted unless in the case of any such petition filed against the City such petition shall be dismissed within thirty days after such filing and such dismissal shall be final and not subject to appeal or the City shall become insolvent or bankrupt or make an assignment for the benefit of its creditors or a custodian including without limitation a receiver liquidator or trustee of the Town or any of its property shall be appointed by court order to take possession of the City or its property or assets if such order remains in effect or such possession continues for more than thirty days.

In the event of default, the lender may initiate legal proceedings to enforce their rights under the loan agreement.



**CITY OF BRADY, TEXAS**  
**Notes to Financial Statements (continued)**  
**September 30, 2021**

---

**12. Long-Term Liabilities (Continued)**

---

**Description of Debt Agreement Default Terms (Continued)**

*General Obligation Refunding Bonds*

The following are considered to be events of default under the 2012 General Obligation Refunding Bonds:

- a) failure to make any payment of principal of, premium, if any, or interest on the bonds when due
- b) failure to make, or cause to be made, any required payments of principal of, redemption premium, if any, and interest
- c) failure by the City to observe and perform any duty, covenant, obligation or agreement on its part to be observed or performed under the Bond Ordinance, other than a failure to comply with the continuing disclosure provisions required pursuant to Rule 15c2-12 which failure continues for a period of 30 days after written notice
- d) a petition is filed by or against the City under any federal or State bankruptcy or insolvency law or other similar law in effect or the City becomes insolvent or bankrupt or make an assignment for the benefit of its creditors, or a custodian (including, without limitation, a receiver, liquidator or trustee of the City or any of its property) is appointed by court order to take possession of the City or its property or assets if such order remains in effect or such possession continues for more than 30 days.

In the event of default, the registered owners of not less than 25% in aggregate principal amount of the bonds outstanding may initiate legal proceedings to enforce their rights under the Bond Ordinance.

**CITY OF BRADY, TEXAS**  
**Notes to Financial Statements (continued)**  
**September 30, 2021**

---

**12. Long-Term Liabilities (Continued)**

---

**Description of Debt Agreement Default Terms (Continued)**

*Certificates of Obligation*

The following are considered to be events of default under the 2019, 2019A, 2019B and 2020 Certificates of Obligation:

- a) failure by the City to pay amounts due during the term of the agreement when due
- b) failure to make, or cause to be made, any required payments of principal of, redemption premium, if any, and interest
- c) failure by the City to observe and perform any duty, covenant, obligation or agreement on its part to be observed or performed, other than as excluded by the agreement, for a period of 30 days after written notice; or
- d) a petition is filed by or against the City under any federal or State bankruptcy or insolvency law or other similar law in effect or the City becomes insolvent or bankrupt or make an assignment for the benefit of its creditors, or a custodian (including, without limitation, a receiver, liquidator or trustee of the City or any of its property) is appointed by court order to take possession of the City or its property or assets if such order remains in effect or such possession continues for more than 30 days.

In the event of default, the trustee has the right to terminate the agreement. They may also recover any unpaid amounts and take any additional action allowed by law.

**CITY OF BRADY, TEXAS**  
**Notes to Financial Statements (continued)**  
**September 30, 2021**

---

**13. Landfill Closure and Postclosure Costs**

---

State and federal laws and regulations require that the City of Brady place final cover on its landfill when closed and perform certain maintenance and monitoring functions at the landfill site for thirty years after closure. In addition to operating expenses related to current activities of the landfill, an expense provision and related liability are being recognized based on the future closure and postclosure care costs that will be incurred near or after the date the landfill no longer accepts waste. The recognition of these landfill closure and postclosure care costs is based on the amount of the landfill use during the year.

The estimated liability for landfill closure and postclosure care costs was \$632,945 as of September 30, 2021, which was based on 34.19% usage (filled) of the landfill. It is estimated that an additional \$1,218,363 will be recognized as closure and postclosure care expenses between the date of the balance sheet and the date the landfill is expected to be filled to capacity. The estimated total current cost of the landfill closure and postclosure care ( \$1,851,308 ) is based on the amount that would be paid if all equipment, facilities, and services required to close, monitor, and maintain the landfill were incurred as of September 30, 2021. However, the actual cost of closure and postclosure care may be higher due to inflation, changes in technology, or changes in landfill laws and regulations. The remaining capacity of the facility based on fiscal year 2018 disposal is in excess of 100 years. The current estimated liability of \$632,945 is reported in the Solid Waste Fund as a long-term liability. The City of Brady is required by state and federal laws and regulations to make annual contributions to finance closure and postclosure care. The City is in compliance with these requirements.

**CITY OF BRADY, TEXAS**  
**Notes to Financial Statements (continued)**  
**September 30, 2021**

---

**14. Net Position**

---

**Deferred Outflows/Inflows of Resources**

In addition, to assets and liabilities, the statement of financial position will sometimes report a separate section for deferred outflows and inflows of resources. The separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has one type of item reported as deferred outflows of resources, in both the governmental and proprietary funds on the Statement of Net Position, which arises under the full accrual basis of accounting. These items are related to differences between projected and actual investment earnings on pensions and contributions made to the pension plan to the measurement date of the actuarial valuation. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. The separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The city has one type of item reported as deferred inflows of resources, in both the governmental and proprietary funds on the Statement of Net Position, which arises under the full accrual basis of accounting. These items are related to differences between expected and actual economic experience based on the actuarial valuation for other postemployment benefits. At the governmental fund level only one type of item arises only under a modified accrual basis of accounting that qualifies for reporting as deferred inflows of resources. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from uncollected property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

---

**15. Restricted Net Position**

---

The City reported the following restricted net position at September 30, 2021:

Restricted For:	Governmental Activities	Business-Type Activities	Total Governmental Funds
Debt Service	\$ 18,624	\$ 160,631	\$ 179,255
State, Local, and Federally Funded Programs	31,037,253	220,000	31,257,253
Street Sanitation	-	51,510	51,510
Police Activities	18,412	-	18,412
Total Restricted	<u>\$ 31,074,289</u>	<u>\$ 432,141</u>	<u>\$ 31,506,430</u>

# CITY OF BRADY, TEXAS

## Notes to Financial Statements (continued)

### September 30, 2021

#### 16. Fund Balances

The City reported the following fund balance designations at September 30, 2021:

	General Fund	General Construction Fund	Water Construction Fund	WWTP Construction Fund	Special Revenue Fund	Cemetery Fund	Hotel/Motel Fund	Special Purpose Fund	Total Governmental Funds
Nonspendable:									
Inventory	\$ 36,643	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 36,643
Total Nonspendable	36,643	-	-	-	-	-	-	-	36,643
Restricted For:									
Debt Service	18,624	-	-	-	-	-	-	-	18,624
State and Federally Funded Programs	-	-	15,687,065	15,957,449	184,861	-	-	-	31,829,375
Police Activities	-	-	-	-	-	-	-	18,412	18,412
Cemetery	-	-	-	-	-	96,886	-	-	96,886
Hotel/Motel	-	-	-	-	-	-	88,066	-	88,066
Total Restricted	18,624	-	15,687,065	15,957,449	184,861	96,886	88,066	18,412	32,051,363
Unassigned	4,443,699	142,000	-	-	-	-	-	-	4,585,699
Total Fund Balances	\$ 4,498,966	\$ 142,000	\$ 15,687,065	\$ 15,957,449	\$ 184,861	\$ 96,886	\$ 88,066	\$ 18,412	\$ 36,673,705

#### 17. TWDB Compliance

The City is compliant with applicable requirements of Section 16.356 of the Texas Water Development Code relating to transfers of funds associated with EDAP funded projects. All revenues derived from EDPA funded projects are used solely for utility purposes.

#### 18. Subsequent Events

Subsequent to year end, the World Health Organization declared a pandemic for the novel COVID-19 virus. Concurrently, the US stock market has experienced significant losses since the beginning of the new calendar year and fiscal year. Management is assessing the effects on the City's operations to best navigate the volatility.

The City has evaluated subsequent events through March 28, 2022, the date which the financial statements were available to be issued. No such events have occurred subsequent to the balance sheet date and through the date of the City's evaluation that that would require adjustment to, or disclosure in, the financial statements.



## **Required Supplementary Information**





**CITY OF BRADY, TEXAS**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and**  
**Actual**  
**General Fund**  
**Year Ended September 30, 2021**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Property Tax	\$ 908,000	\$ 908,000	\$ 932,163	\$ 24,163
Sales Tax	900,000	900,000	1,027,213	127,213
Franchise Taxes	16,000	16,000	18,703	2,703
Mixed Beverage Tax	6,000	6,000	9,183	3,183
Interest Income	33,600	33,600	38,079	4,479
Miscellaneous Revenue	-	-	426	426
Reimbursed Expenses	47,348	47,348	77,039	29,691
Administrative Services	1,499,180	1,499,180	1,504,852	5,672
Airport Revenue	330,200	330,200	260,908	(69,292)
Public Property Maintenance	32,500	32,500	58,764	26,264
Golf Course	80,600	80,600	129,849	49,249
Swimming Pool	14,500	14,500	16,048	1,548
Fire Department	500	500	1,825	1,325
Police Department	800	65,300	64,731	(569)
Emergency Management	15,000	15,000	-	(15,000)
Community Support Administration	15,000	15,000	15,000	-
Street Department	5,000	5,000	1,953	(3,047)
Civic Center	23,000	23,000	21,028	(1,972)
Municipal Court	81,000	71,000	97,541	26,541
Animal Control	-	300	710	410
City/County EMS	302,000	306,200	476,030	169,830
Lake Department	144,500	183,300	247,254	63,954
Financial Administration	5,000	5,000	5,000	-
Building & Permitting	20,000	20,000	26,343	6,343
Donations	-	60,000	60,000	-
Grant Revenue	45,000	45,000	9,697	(35,303)
Total Revenues	\$ 4,524,728	\$ 4,682,528	\$ 5,100,339	\$ 417,811

**CITY OF BRADY, TEXAS**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and**  
**Actual (Continued)**  
**General Fund**  
**Year Ended September 30, 2021**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)
<b>EXPENDITURES</b>				
Administration	\$ 686,178	\$ 684,478	\$ 595,152	\$ 89,326
Airport	555,509	549,959	341,068	208,891
Public Property Maintenance	452,972	452,797	436,854	15,943
Mayor and Council	59,620	69,620	28,489	41,131
Golf Course	357,051	357,051	357,390	(339)
Swimming Pool	102,953	107,503	95,603	11,900
Fire Department	426,871	427,394	389,667	37,727
Police Department	1,329,210	1,386,460	1,262,533	123,927
Emergency Management	15,300	64,860	101,093	(36,233)
Community Support Administration	107,456	106,856	117,739	(10,883)
Street Department	618,488	618,488	516,128	102,360
Civic Center	42,545	44,245	31,047	13,198
Municipal Court	132,073	122,373	123,619	(1,246)
Special Services	1,600	1,600	2,013	(413)
Repair Shop	73,850	73,850	72,612	1,238
Animal Control	130,531	131,731	125,106	6,625
City/County EMS	1,639,310	1,642,987	1,578,634	64,353
Lake Department	223,036	236,836	238,967	(2,131)
G.R. White Complex	11,000	11,000	5,992	5,008
Purchasing	69,899	69,899	68,346	1,553
Financial Administration	322,424	322,424	320,444	1,980
Building & Permitting	144,364	144,364	100,806	43,558
Capital Outlay	292,200	600,754	286,914	313,840
Debt Service				
Principal	418,730	414,730	405,602	9,128
Interest	34,420	33,420	31,487	1,933
Total Expenditures	<u>8,247,590</u>	<u>8,675,679</u>	<u>7,633,305</u>	<u>1,042,374</u>
Excess (Deficiency) of Revenues Over Expenditures	(3,722,862)	(3,993,151)	(2,532,966)	1,460,185
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	2,845,000	2,845,000	2,844,996	(4)
Lease Proceeds	270,200	270,200	104,000	(166,200)
Sale of Capital Assets	-	4,000	83,314	79,314
Transfers Out	-	(142,000)	(142,000)	-
Total Other Financing Sources (Uses)	<u>3,115,200</u>	<u>2,977,200</u>	<u>2,890,310</u>	<u>(86,890)</u>
Excess Revenues and Other Sources Over (Under) Expenditures and Other Uses	(607,662)	(1,015,951)	357,344	1,373,295
Fund Balance - Beginning, GAAP Basis	<u>4,141,622</u>	<u>4,141,622</u>	<u>4,141,622</u>	<u>-</u>
Fund Balance - Ending, GAAP and Budgetary Basis	<u>\$ 3,533,960</u>	<u>\$ 3,125,671</u>	<u>\$ 4,498,966</u>	<u>\$ 1,373,295</u>

# CITY OF BRADY, TEXAS

## Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual

### Water Construction Fund Year Ended September 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)
<b>REVENUES</b>				
Interest Income	\$ -	\$ -	\$ 10,871	\$ 10,871
Total Revenues	-	-	10,871	10,871
<b>EXPENDITURES</b>				
Capital Outlay	-	12,841,228	12,704,155	137,073
Principal	-	-	330,000	(330,000)
Arbitrage Rebate	-	189,300	189,570	(270)
Total Expenditures	-	13,030,528	13,223,725	(193,197)
Excess (Deficiency) of Revenues Over Expenditures	-	(13,030,528)	(13,212,854)	(182,326)
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating Transfers In	-	-	330,000	330,000
Total Other Financing Sources and Uses	-	-	330,000	330,000
Excess Revenues and Other Sources Over (Under) Expenditures and Other Uses	-	(13,030,528)	(12,882,854)	147,674
Fund Balance - Beginning, GAAP Basis	28,569,919	28,569,919	28,569,919	-
Fund Balance - Ending, GAAP and Budgetary Basis	\$ 28,569,919	\$ 15,539,391	\$ 15,687,065	\$ 147,674

# CITY OF BRADY, TEXAS

## Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual

### WWTP Construction Fund Year Ended September 30, 2021

#### WWTP Construction Fund - 35

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)
<b>REVENUES</b>				
Water & Sewer Construction Revenue	\$ -	\$ -	\$ -	\$ -
Interest Income	-	-	2,845	2,845
Total Revenues	-	-	2,845	2,845
<b>EXPENDITURES</b>				
Capital Outlay	-	4,305,287	465,066	3,840,221
Debt Service				
Principal	-	-	220,000	(220,000)
Interest	-	-	40,755	(40,755)
Arbitrage Rebate	-	38,800	-	38,800
Total Expenditures	-	4,344,087	725,821	3,618,266
Excess (Deficiency) of Revenues Over Expenditures	-	(4,344,087)	(722,976)	3,621,111
<b>OTHER FINANCING SOURCES (USES)</b>				
Bond Proceeds	-	1,905,000	1,905,000	-
Operating Transfers In	-	-	260,755	260,755
Total Other Financing Sources and Uses	-	1,905,000	2,165,755	260,755
Excess Revenues and Other Sources Over (Under) Expenditures and Other Uses	-	(2,439,087)	1,442,779	3,881,866

# CITY OF BRADY, TEXAS

## Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual

### Special Revenue Fund Year Ended September 30, 2021

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Sales Taxes	\$ 220,000	\$ 220,000	\$ 250,391	\$ 30,391
Senior Citizen Revenues	20,000	20,000	14,241	(5,759)
Donations	-	-	550	550
Reimbursed Expenses	-	-	6	6
Community Development	339,600	343,633	4,033	(339,600)
Grant Revenues	67,600	369,710	729,490	359,780
Total Revenues	<u>647,200</u>	<u>953,343</u>	<u>998,711</u>	<u>45,368</u>
<b>EXPENDITURES</b>				
Pass-Through Services	220,000	220,000	250,391	(30,391)
Senior Citizens Program	233,309	233,309	219,817	13,492
Community Development	-	4,033	614,834	(610,801)
Capital Outlay	351,100	667,710	595	667,115
Total Expenditures	<u>804,409</u>	<u>1,125,052</u>	<u>1,085,637</u>	<u>39,415</u>
Excess (Deficiency) of Revenues Over Expenditures	(157,209)	(171,709)	(86,926)	84,783
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating Transfers In	140,000	140,000	140,004	4
Total Other Financing Sources and Uses	<u>140,000</u>	<u>140,000</u>	<u>140,004</u>	<u>4</u>
Excess Revenues and Other Sources Over (Under) Expenditures and Other Uses	(17,209)	(31,709)	53,078	84,787
Fund Balance - Beginning, GAAP Basis	<u>131,783</u>	<u>131,783</u>	<u>131,783</u>	<u>-</u>
Fund Balance - Ending, GAAP and Budgetary Basis	<u>\$ 114,574</u>	<u>\$ 100,074</u>	<u>\$ 184,861</u>	<u>\$ 84,787</u>

**CITY OF BRADY, TEXAS**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and**  
**Actual**  
**Cemetery Fund**  
**Year Ended September 30, 2021**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)
<b>REVENUES</b>				
Cemetery Maintenance	\$ 41,950	\$ 41,950	\$ 46,075	\$ 4,125
Total Revenues	<u>41,950</u>	<u>41,950</u>	<u>46,075</u>	<u>4,125</u>
<b>EXPENDITURES</b>				
Cemetery Maintenance	59,321	59,321	45,163	14,158
Capital Outlay	65,500	65,500	14,018	51,482
Total Expenditures	<u>124,821</u>	<u>124,821</u>	<u>59,181</u>	<u>65,640</u>
Excess Revenues and Other Sources Over (Under) Expenditures and Other Uses	(82,871)	(82,871)	(13,106)	69,765
Fund Balance - Beginning, GAAP Basis	<u>109,992</u>	<u>109,992</u>	<u>109,992</u>	<u>-</u>
Fund Balance - Ending, GAAP and Budgetary Basis	<u>\$ 27,121</u>	<u>\$ 27,121</u>	<u>\$ 96,886</u>	<u>\$ 69,765</u>

# CITY OF BRADY, TEXAS

## Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual

### Hotel/Motel Fund Year Ended September 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)
<b>REVENUES</b>				
Hotel Occupancy Taxes	\$ 174,000	\$ 174,000	\$ 217,581	\$ 43,581
Total Revenues	<u>174,000</u>	<u>174,000</u>	<u>217,581</u>	<u>43,581</u>
<b>EXPENDITURES</b>				
Hotel/Motel	225,300	214,800	257,276	(42,476)
Total Expenditures	<u>225,300</u>	<u>214,800</u>	<u>257,276</u>	<u>(42,476)</u>
Excess (Deficiency) of Revenues Over Expenditures	(51,300)	(40,800)	(39,695)	1,105
Fund Balance - Beginning, GAAP Basis	<u>127,761</u>	<u>127,761</u>	<u>127,761</u>	<u>-</u>
Fund Balance - Ending, GAAP and Budgetary Basis	<u>\$ 76,461</u>	<u>\$ 86,961</u>	<u>\$ 88,066</u>	<u>\$ 1,105</u>

# CITY OF BRADY, TEXAS

## Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual

### Special Purpose Fund Year Ended September 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)
<b>REVENUES</b>				
Police Department	\$ 3,000	\$ 3,000	\$ 1,804	\$ (1,196)
Total Revenues	<u>3,000</u>	<u>3,000</u>	<u>1,804</u>	<u>(1,196)</u>
<b>EXPENDITURES</b>				
Police Department	<u>7,010</u>	<u>7,010</u>	<u>4,675</u>	<u>2,335</u>
Total Expenditures	<u>7,010</u>	<u>7,010</u>	<u>4,675</u>	<u>2,335</u>
Excess (Deficiency) of Revenues Over Expenditures	(4,010)	(4,010)	(2,871)	1,139
Fund Balance - Beginning, GAAP Basis	<u>21,283</u>	<u>21,283</u>	<u>21,283</u>	<u>-</u>
Fund Balance - Ending, GAAP and Budgetary Basis	<u>\$ 17,273</u>	<u>\$ 17,273</u>	<u>\$ 18,412</u>	<u>\$ 1,139</u>



# **CITY OF BRADY, TEXAS**

## **Notes to the Budgetary Comparison Schedules**

### **September 30, 2021**

#### **Budget Requirements, Accounting, and Reporting**

The budget requirements for all funds are as follows:

Annual budgets are adopted for all City funds. Under state law, the City Manager submits an annual budget to the City Council for consideration and approval no later than September 30. Such budget is based on expected expenditures by program within a fund and estimated resources by source for all funds.

By Charter the City Manager submits budget amendment ordinances to the City Council. These ordinances are updated for any estimate revisions as well as year-end encumbrances and may include any additional information requested by the City Council. The City Council may subsequently amend such ordinances. Amendments to the appropriation ordinance during the fiscal year are approved by the City Council as provided by the Charter.

For day-to-day management control, expenditures may not exceed the budget at the expenditure-type level (i.e., personnel, operations and maintenance, etc.) of each cost center (activity within a program within a fund). The City Manager and Finance Director may transfer unencumbered appropriations within programs within funds.

Appropriation control (the budgeted appropriations approved by the City Council) is by program within a fund. The City Council may, by ordinance, transfer amounts among programs within and between funds. The budgetary basis is the modified accrual basis of accounting.

Budgetary comparison schedules for the General Fund, Water Construction Fund, WWTP Construction Fund, Special Revenue Fund, Cemetery Fund, Hotel/Motel Fund and the Special Purpose Fund are presented as Required Supplemental Information.

#### **Expenditures Exceeding Budget**

The City's General, Water Construction, WWTP Construction, Special Revenue, Cemetery, Hotel/Motel, and Special Purpose Funds had no expenditures in excess of budgeted amounts for the fiscal year ending September 30, 2021.

# CITY OF BRADY, TEXAS

## Schedule of Changes in Net Pension Liability and Related Ratios – Last 10 Years\* September 30, 2021

	2020	2019	2018	2017	2016	2015	2014
<b>Total Pension Liability</b>							
Service Cost	\$ 650,712	\$ 626,429	\$ 601,139	\$ 540,688	\$ 521,298	\$ 464,500	\$ 407,549
Interest (on the Total Pension Liability)	783,098	725,298	679,809	641,623	588,735	577,768	540,559
Difference between expected and actual experience	(175,844)	(137,771)	(232,070)	(285,297)	15,972	(375,588)	(123,488)
Change of assumptions	-	42,890	-	-	-	123,568	-
Benefit payments, including refunds of employee contributions	(416,066)	(409,339)	(365,873)	(357,154)	(347,221)	(353,720)	(289,341)
<b>Net Change in Total Pension Liability</b>	<u>841,900</u>	<u>847,507</u>	<u>683,005</u>	<u>539,860</u>	<u>778,784</u>	<u>436,528</u>	<u>535,279</u>
<b>Total Pension Liability - Beginning</b>	<u>11,484,124</u>	<u>10,636,617</u>	<u>9,953,612</u>	<u>9,413,752</u>	<u>8,634,968</u>	<u>8,198,440</u>	<u>7,663,161</u>
<b>Total Pension Liability - Ending (a)</b>	<u>\$ 12,326,024</u>	<u>\$ 11,484,124</u>	<u>\$ 10,636,617</u>	<u>\$ 9,953,612</u>	<u>\$ 9,413,752</u>	<u>\$ 8,634,968</u>	<u>\$ 8,198,440</u>
<b>Plan Fiduciary Net Position</b>							
Contributions - Employer	\$ 444,510	\$ 445,884	\$ 438,477	\$ 403,616	\$ 365,382	\$ 370,043	\$ 351,829
Contributions - Employee	271,318	260,831	249,608	227,818	218,574	212,262	194,223
Net Investment Income	832,552	1,429,501	(275,782)	1,087,822	482,335	10,197	360,294
Benefit payments, including refunds of employee contributions	(416,066)	(409,339)	(365,873)	(357,154)	(347,221)	(353,720)	(289,341)
Administrative Expense	(5,389)	(8,083)	(5,333)	(5,642)	(5,451)	(6,211)	(3,761)
Other	(210)	(242)	(279)	(286)	(294)	(308)	(309)
<b>Net Change in Plan Fiduciary Net Position</b>	<u>1,126,715</u>	<u>1,718,552</u>	<u>40,818</u>	<u>1,356,174</u>	<u>713,325</u>	<u>232,263</u>	<u>612,935</u>
<b>Plan Fiduciary Net Position - Beginning</b>	<u>10,971,214</u>	<u>9,252,662</u>	<u>9,211,844</u>	<u>7,855,670</u>	<u>7,142,345</u>	<u>6,910,082</u>	<u>6,297,147</u>
<b>Plan Fiduciary Net Position - Ending (b)</b>	<u>\$ 12,097,929</u>	<u>\$ 10,971,214</u>	<u>\$ 9,252,662</u>	<u>\$ 9,211,844</u>	<u>\$ 7,855,670</u>	<u>\$ 7,142,345</u>	<u>\$ 6,910,082</u>
<b>Net Pension Liability - Ending (a) - (b)</b>	\$ 228,095	\$ 512,910	\$ 1,383,955	\$ 741,768	\$ 1,558,082	\$ 1,492,623	\$ 1,288,358
<b>Plan Fiduciary Net Position as a Percentage of Total Pension Liability</b>	98.15%	95.53%	86.99%	92.55%	83.45%	82.71%	84.29%
<b>Covered Payroll</b>	\$ 4,521,974	\$ 4,347,183	\$ 4,160,130	\$ 3,796,968	\$ 3,642,893	\$ 3,537,699	\$ 3,178,565
<b>Net Pension Liability as a Percentage of Covered Payroll</b>	5.04%	11.80%	33.27%	19.54%	42.77%	42.19%	40.53%

\*Note: GASB No. 68 requires ten fiscal years of data to be provided in this schedule. Fiscal year ending 2015 was the first year of implementation. The City will develop the schedule prospectively.

**CITY OF BRADY, TEXAS**  
**Schedule of Changes in Postemployment Benefits Other Than Pensions (OPEB)**  
**Liability and Related Ratios –**  
**Last 10 Years\***  
**September 30, 2021**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b>Total OPEB Liability</b>				
Service Cost	\$ 20,801	\$ 16,519	\$ 16,225	\$ 13,289
Interest (on the Total OPEB Liability)	8,245	9,320	8,551	8,326
Difference between expected and actual experience	(15,647)	(24,128)	(12,463)	-
Change of assumptions	44,581	47,639	(16,408)	17,990
Benefit payments, including refunds of employee contributions	(2,714)	(3,043)	(3,328)	(2,658)
<b>Net Change in Total OPEB Liability</b>	<u>55,266</u>	<u>46,307</u>	<u>(7,423)</u>	<u>36,947</u>
<b>Total OPEB Liability - Beginning</b>	<u>290,775</u>	<u>244,468</u>	<u>251,891</u>	<u>214,944</u>
<b>Total OPEB Liability - Ending</b>	<u><u>\$ 346,041</u></u>	<u><u>\$ 290,775</u></u>	<u><u>\$ 244,468</u></u>	<u><u>\$ 251,891</u></u>
<b>Covered Payroll</b>	\$ 4,521,974	\$ 4,347,183	\$ 4,160,130	\$ 3,796,968
<b>OPEB Liability as a Percentage of Covered Payroll</b>	7.65%	6.69%	5.88%	6.63%



## SUPPLEMENTAL SECTION



**CITY OF BRADY, TEXAS**  
**Schedule of Revenues, Expenses, and Changes in Net Position – Budget and**  
**Actual**  
**Electric Fund**  
**Year Ended September 30, 2021**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)
<b>REVENUES</b>				
Electrical Distribution	\$ 7,176,600	\$ 7,182,100	\$ 7,104,781	\$ (77,319)
Interest Income	-	-	34,079	34,079
Reimbursed Expenses	-	-	4,072	4,072
Total Revenues	<u>7,176,600</u>	<u>7,182,100</u>	<u>7,142,932</u>	<u>(39,168)</u>
<b>EXPENDITURES</b>				
Power Plant	-	21,700	13,633	8,067
Electrical Distribution	4,574,609	4,799,109	4,549,852	249,257
Bad Debt Expense	25,000	25,000	31,500	(6,500)
Capital Outlay	75,000	232,346	124,358	107,988
Debt Service				
Principal Payments	73,900	73,900	73,836	64
Interest Payments	7,300	7,300	7,265	35
Total Expenditures	<u>4,755,809</u>	<u>5,159,355</u>	<u>4,800,444</u>	<u>358,911</u>
Excess Revenues Over (Under) Expenditures	2,420,791	2,022,745	2,342,488	319,743
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of Capital Assets	-	-	26,400	26,400
Transfers Out	(2,985,000)	(2,985,000)	(2,985,000)	-
Total Other Financing Sources (Uses)	<u>(2,985,000)</u>	<u>(2,985,000)</u>	<u>(2,958,600)</u>	<u>26,400</u>
Excess Revenues and Other Sources Over (Under) Expenditures and Other Uses	(564,209)	(962,255)	(616,112)	346,143
Net Position - Beginning, GAAP Basis	<u>6,326,437</u>	<u>6,326,437</u>	<u>6,326,437</u>	<u>-</u>
Net Position - Ending, Budgetary Basis	\$ <u>5,762,228</u>	\$ <u>5,364,182</u>	5,710,325	\$ <u>346,143</u>
Adjustments to Reconcile the Budgetary Amounts to GAAP:				
Depreciation - The City does not budget for depreciation expense			(169,439)	
Accrued Compensated Absences - The City does not budget for compensated leave			63,638	
Principal Payments - The City budgets for principal debt payments			73,836	
Capital Outlay - The City budgets for capital outlay			124,358	
Net Position- Ending, GAAP Basis			<u>\$ 5,802,740</u>	

**CITY OF BRADY, TEXAS**  
**Schedule of Revenues, Expenses, and Changes in Net Position – Budget and**  
**Actual**  
**Water & Sewer Fund**  
**Year Ended September 30, 2021**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)
<b>REVENUES</b>				
Water Department	\$ 2,679,000	\$ 2,679,000	\$ 2,838,308	\$ 159,308
Wastewater	1,241,000	1,241,000	1,241,802	802
Interest Revenue	36,000	36,000	45,460	9,460
Reimbursed Expenses	-	-	10,121	10,121
Total Revenues	<u>3,956,000</u>	<u>3,956,000</u>	<u>4,135,691</u>	<u>179,691</u>
<b>EXPENDITURES</b>				
Water Department	2,265,355	2,265,355	1,969,649	295,706
Bad Debt Expense	12,000	12,000	21,500	(9,500)
Capital Outlay	348,900	767,770	310,436	457,334
Debt Service				
Principal Payments	1,046,100	1,046,100	496,091	550,009
Interest Payments	11,700	11,700	11,698	2
Total Expenditures	<u>3,684,055</u>	<u>4,102,925</u>	<u>2,809,374</u>	<u>1,293,551</u>
Excess Revenues Over (Under) Expenditures	271,945	(146,925)	1,326,317	1,473,242
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers Out	(380,000)	(380,000)	(970,747)	(590,747)
Total Other Financing Sources (Uses)	<u>(380,000)</u>	<u>(380,000)</u>	<u>(970,747)</u>	<u>(590,747)</u>
Excess Revenues and Other Sources Over (Under) Expenditures and Other Uses	(108,055)	(526,925)	355,570	882,495
Net Position - Beginning, GAAP Basis	<u>22,997,278</u>	<u>22,997,278</u>	<u>22,997,278</u>	<u>-</u>
Net Position - Ending, Budgetary Basis	<u>\$ 22,889,223</u>	<u>\$ 22,470,353</u>	<u>23,352,848</u>	<u>\$ 882,495</u>
Adjustments to Reconcile the Budgetary Amounts to GAAP:				
Depreciation - The City does not budget for depreciation expense			(630,613)	
Accrued Compensated Absences - The City does not budget for compensated leave			81,535	
Principal Payments - The City budgets for principal debt payments			496,091	
Accrued Interest Payable - The City does not budget for accrued interest			(2,665)	
Capital Outlay - The City budgets for capital outlay			310,436	
Net Position - Ending, GAAP Basis			<u>\$ 23,607,632</u>	



**CITY OF BRADY, TEXAS**  
**Schedule of Revenues, Expenses, and Changes in Net Position – Budget and**  
**Actual**  
**Gas Fund**  
**Year Ended September 30, 2021**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)
<b>REVENUES</b>				
Gas Distribution	\$ 5,100,300	\$ 900,300	\$ 1,149,835	\$ 249,535
Interest Revenue	6,000	6,000	6,816	816
Reimbursed Expenses	-	-	436	436
Total Revenues	<u>5,106,300</u>	<u>906,300</u>	<u>1,157,087</u>	<u>250,787</u>
<b>EXPENDITURES</b>				
Gas Department	842,349	842,349	1,024,534	(182,185)
Bad Debt Expense	3,000	3,000	3,231	(231)
Capital Outlay	195,000	221,338	24,002	197,336
Debt Service				
Principal Payments	67,600	67,600	68,426	(826)
Interest Payments	5,900	5,900	5,426	474
Total Expenditures	<u>1,113,849</u>	<u>1,140,187</u>	<u>1,125,619</u>	<u>14,568</u>
Excess Revenues Over (Under) Expenditures	3,992,451	(233,887)	31,468	265,355
<b>OTHER FINANCING SOURCES (USES)</b>				
Loan Proceeds	120,000	120,000	115,373	(4,627)
Gain (Loss) on the Sale of Capital Assets	-	-	356	356
Total Other Financing Sources (Uses)	<u>120,000</u>	<u>120,000</u>	<u>115,729</u>	<u>(4,271)</u>
Excess Revenues and Other Sources Over (Under) Expenditures and Other Uses	4,112,451	(113,887)	147,197	261,084
Net Position - Beginning, GAAP Basis	<u>2,394,535</u>	<u>2,394,535</u>	<u>2,394,535</u>	-
Net Position - Ending, Budgetary Basis	<u>\$ 6,506,986</u>	<u>\$ 2,280,648</u>	<u>\$ 2,541,732</u>	<u>\$ 261,084</u>
Adjustments to Reconcile the Budgetary Amounts to GAAP:				
Depreciation - The City does not budget for depreciation expense			(130,535)	
Accrued Compensated Absences - The City does not budget for compensated leave			46,487	
Principal Payments - The City budgets for principal debt payments			68,426	
Capital Outlay - The City budgets for capital outlay			24,002	
Loan Proceeds - The City budgets for loan proceeds			(115,373)	
Net Position - Ending, GAAP Basis			<u>\$ 2,434,610</u>	

**CITY OF BRADY, TEXAS**  
**Schedule of Revenues, Expenses, and Changes in Net Position – Budget and**  
**Actual**  
**Solid Waste Fund**  
**Year Ended September 30, 2021**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)
<b>REVENUES</b>				
Solid Waste	\$ 1,226,600	\$ 1,226,600	\$ 1,296,754	\$ 70,154
Interest Revenue	9,000	9,000	10,905	1,905
Reimbursed Expenses	-	-	19	19
Total Revenues	<u>1,235,600</u>	<u>1,235,600</u>	<u>1,307,678</u>	<u>72,078</u>
<b>EXPENDITURES</b>				
Solid Waste	1,220,348	1,223,358	1,149,637	73,721
Street Sanitation	-	-	49	(49)
Bad Debt Expense	4,000	4,000	4,655	(655)
Capital Outlay	30,000	209,471	179,471	30,000
Debt Service				
Principal Payments	61,150	61,150	61,151	(1)
Interest Payments	5,820	5,820	5,820	-
Total Expenditures	<u>1,321,318</u>	<u>1,503,799</u>	<u>1,400,783</u>	<u>103,016</u>
Excess Revenues and Other Sources Over (Under) Expenditures and Other Uses	(85,718)	(268,199)	(93,105)	175,094
Net Position - Beginning, GAAP Basis	<u>487,887</u>	<u>487,887</u>	<u>487,887</u>	<u>-</u>
Net Position - Ending, Budgetary Basis	<u>\$ 402,169</u>	<u>\$ 219,688</u>	<u>394,782</u>	<u>\$ 175,094</u>
Adjustments to Reconcile the Budgetary Amounts to GAAP:				
Depreciation - The City does not budget for depreciation expense			(59,908)	
Accrued Compensated Absences - The City does not budget for compensated leave			81,264	
Principal Payments- The City budgets for principal debt payments			61,151	
Capital Outlay - The City budgets for capital outlay.			179,471	
Net Position - Ending, GAAP Basis			<u>\$ 656,844</u>	

**CITY OF BRADY, TEXAS**  
**Schedule of Revenues, Expenses, and Changes in Net Position – Budget and**  
**Actual**  
**Street Sanitation Fund**  
**Year Ended September 30, 2021**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)
<b>REVENUES</b>				
Street Sanitation	\$ 74,000	\$ 74,000	\$ 74,253	\$ 253
Reimbursed Expenses	-	12,800	12,800	-
Total Revenues	<u>74,000</u>	<u>86,800</u>	<u>87,053</u>	<u>253</u>
<b>EXPENDITURES</b>				
Street Sanitation	79,632	92,432	63,358	29,074
Bad Debt Expense	1,500	1,500	525	975
Debt Service				
Principal Payments	20,680	20,680	20,680	-
Interest Payments	<u>2,220</u>	<u>2,220</u>	<u>2,216</u>	<u>4</u>
Total Expenditures	<u>104,032</u>	<u>116,832</u>	<u>86,779</u>	<u>30,053</u>
Excess Revenues and Other Sources Over (Under) Expenditures and Other Uses	(30,032)	(30,032)	274	30,306
Net Position - Beginning, GAAP Basis	<u>29,678</u>	<u>29,678</u>	<u>29,678</u>	<u>-</u>
Net Position - Ending, Budgetary Basis	<u>\$ (354)</u>	<u>\$ (354)</u>	29,952	<u>\$ 30,306</u>
Adjustments to Reconcile the Budgetary Amounts to GAAP:				
Depreciation - The City does not budget for depreciation expense			(4,525)	
Accrued Compensated Absences - The City does not budget for compensated leave			5,371	
Principal Payments- The City budgets for principal debt payments			20,680	
Net Position - Ending, GAAP Basis			<u>\$ 51,510</u>	

**CITY OF BRADY, TEXAS**  
**Schedule of Revenues, Expenses, and Changes in Net Position – Budget and**  
**Actual**  
**Utility Support Fund**  
**Year Ended September 30, 2021**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)
<b>REVENUES</b>				
Utility Support	\$ 233,000	\$ 233,200	\$ 201,861	\$ (31,339)
Interest Revenue	6,000	6,000	6,816	816
Reimbursed Expenses	-	-	3,296	3,296
Total Revenues	<u>239,000</u>	<u>239,200</u>	<u>211,973</u>	<u>(27,227)</u>
<b>EXPENDITURES</b>				
Administration	191,700	176,700	194,659	(17,959)
Meter Shop	74,006	74,506	62,388	12,118
Billing-Collection	333,798	333,798	301,741	32,057
Bad Debt Expense	3,600	3,600	8,500	(4,900)
Capital Outlay	14,000	29,000	8,994	20,006
Total Expenditures	<u>617,104</u>	<u>617,604</u>	<u>576,282</u>	<u>41,322</u>
Excess of Revenues Over (Under) Expenditures	(378,104)	(378,404)	(364,309)	14,095
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	380,000	380,000	379,992	(8)
Total Other Financing Sources (Uses)	<u>380,000</u>	<u>380,000</u>	<u>379,992</u>	<u>(8)</u>
Excess Revenues and Other Sources Over (Under) Expenditures and Other Uses	1,896	1,596	15,683	14,087
Net Position - Beginning, GAAP Basis	<u>2,373,253</u>	<u>2,373,253</u>	<u>2,373,253</u>	<u>-</u>
Net Position - Ending, Budgetary Basis	\$ <u>2,375,149</u>	\$ <u>2,374,849</u>	2,388,936	\$ <u>14,087</u>
Adjustments to Reconcile the Budgetary Amounts to GAAP:				
Depreciation - The City does not budget for depreciation expense			(114,584)	
Accrued Compensated Absences - The City does not budget for compensated leave			39,599	
Capital Outlay - The City budgets for capital outlay.			8,994	
Net Position - Ending, GAAP Basis			\$ <u>2,322,945</u>	

**CITY OF BRADY, TEXAS**  
**Notes to the Budgetary Comparison Schedules**  
**Proprietary Funds**  
**September 30, 2021**

**Budget Requirements, Accounting, and Reporting**

The budget requirements for all funds are as follows:

Annual budgets are adopted for all City funds. Under state law, the City Manager submits an annual budget to the City Council for consideration and approval no later than September 30. Such budget is based on expected expenditures by program within a fund and estimated resources by source for all funds.

By Charter the City Manager submits budget amendment ordinances to the City Council. These ordinances are updated for any estimate revisions as well as year-end encumbrances and may include any additional information requested by the City Council. The City Council may subsequently amend such ordinances. Amendments to the appropriation ordinance during the fiscal year are approved by the City Council as provided by the Charter.

For day-to-day management control, expenditures may not exceed the budget at the expenditure-type level (i.e., personnel, operations and maintenance, etc.) of each cost center (activity within a program within a fund). The City Manager and Finance Director may transfer unencumbered appropriations within programs within funds.

Appropriation control (the budgeted appropriations approved by the City Council) is by program within a fund. The City Council may, by ordinance, transfer amounts among programs within and between funds. The budgetary basis is the modified accrual basis of accounting.

Budgetary comparison schedules for the Proprietary Funds are presented as Supplemental Information.

**Expenditures Exceeding Budget**

The City's Solid Waste, Street Sanitation and Utility Support Funds had no expenditures in excess of budgeted amounts for the fiscal year ending September 30, 2021.

The City's Electric, Water & Sewer, and Gas Funds, however did have expenditures in excess of budget for fiscal year ending September 30, 2021. This is the result of the Highway 377 N. expansion project that was done by TXDOT grant efforts.

**CITY OF BRADY, TEXAS**  
**Schedule of Revenues, Expenses, and Changes in Net Position – Budget and**  
**Actual**  
**Economic Development Corporation**  
**Year Ended September 30, 2021**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)
<b>REVENUES</b>				
General Revenues				
Sales Tax Collections	\$ 220,000	\$ 220,000	\$ 272,500	\$ 52,500
Interest Income	11,000	11,000	7,368	(3,632)
Miscellaneous	-	-	50,012	50,012
Charges for Services				
Rent Income	-	26,067	-	(26,067)
Total Revenues	<u>248,435</u>	<u>257,067</u>	<u>329,880</u>	<u>72,813</u>
<b>EXPENDITURES</b>				
Current				
Marketing	37,000	37,000	2,758	34,242
Professional/Legal Fees	15,000	15,000	7,763	7,237
Qualified Project	55,000	379,000	-	379,000
Administration	15,000	15,000	15,000	-
Travel and Training	10,000	10,000	403	9,597
Office Supplies	-	-	187	(187)
Total Expenditures	<u>132,000</u>	<u>456,000</u>	<u>26,111</u>	<u>429,889</u>
Excess of Revenues Over (Under)				
Expenditures	116,435	(198,933)	303,769	502,702
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of Capital Assets	-	19,299	(30,626)	49,925
Total Other Financing Sources (Uses)	<u>-</u>	<u>19,299</u>	<u>(30,626)</u>	<u>49,925</u>
Excess Revenues and Other Sources Over				
(Under) Expenditures and Other Uses	116,435	(179,634)	273,143	552,627
Net Position - Beginning	<u>42,777</u>	<u>42,777</u>	<u>42,777</u>	<u>-</u>
Net Position - Ending, Budgetary Basis	<u>\$ 159,212</u>	<u>\$ (136,857)</u>	<u>315,920</u>	<u>\$ 552,627</u>

**CITY OF BRADY, TEXAS**  
**Notes to the Budgetary Comparison Schedules**  
**Economic Development Corporation**  
**September 30, 2021**

**Budget Requirements, Accounting, and Reporting**

The budget requirements for all funds are as follows:

An annual budget is adopted for all EDC funds. Such budget is based on expected expenditures by program within a fund and estimated resources by source for all funds.

The annual budget may be amended by the EDC and approved by City Council based on EDC recommendation before year end. The budget was amended during the fiscal year ending September 30, 2021.

For day-to-day management control, expenditures may not exceed the budget at the expenditure-type level (i.e., personnel, operations and maintenance, etc.) of each cost center (activity within a program within a fund).

The EDC Director or EDC President may transfer when cumbered appropriations within programs within funds. Appropriation control (the budgeted appropriations approved by the Board of Directors and City Council) is by program within a fund. The Board of Directors may transfer amounts among programs within and between funds with City Council approval. The budgetary basis is the modified accrual basis of accounting.

Budgetary comparison schedules for the EDC is presented as Supplemental Information.

**Expenditures Exceeding Budget**

EDC had no expenditures in excess of budgeted amounts for the fiscal year ended September 30, 2021.

**CITY OF BRADY, TEXAS**  
**Single Audit Compliance Information**  
**Schedule of Expenditures of Federal and State Awards**  
**September 30, 2021**

<b>Federal Grantor/Pass-through Grantor/Program or Cluster Title</b>	<b>Federal CFDA Number</b>	<b>Pass-through Entity Identifying Number</b>	<b>Federal Expenditures</b>	<b>State Expenditures</b>
U.S. Department of Health and Human Services				
Passed Through the Concho Valley Council of Governments				
Title III, Part B - Nutrition Services	93.045	N/A	\$ 12,293	\$ -
Nutrition Services Incentive Program	93.053	N/A	63,505	-
Total U.S. Department of Health and Human Services			<u>75,798</u>	<u>-</u>
U.S. Department of Transportation				
Passed Through the Texas Department of Transportation				
Airport Improvement Program - Repavement Program	20.106	1923BRADY/AP BRADY	(12,089)	-
Airport Improvement Program - Master Plan Development	20.106	1723BRADY/AP BRADY	4,033	-
Total U.S. Department of Transportation			<u>(8,056)</u>	<u>-</u>
U.S. Department of Housing and Urban Development				
Passed Through Texas Department of Agriculture				
Community Development Block Grant	14.228	7219499	144,454	-
Total U.S. Department of Agriculture			<u>144,454</u>	<u>-</u>
U.S. Department of Justice				
Passed Through Office of the Governor				
DJ Edward Byrne Memorial Justice Assistance	16.738	3798901	38,386	-
DJ Edward Byrne Memorial Justice Assistance	16.738	4051501	25,490	-
Total U.S. Department of Justice			<u>63,876</u>	<u>-</u>
U.S. Environmental Protection Agency				
Passed Through the Texas Water Development Board				
Clean Water State Revolving Funds - Loan	66.458	#L1001180	70,924	-
Clean Water State Revolving Funds - Loan Forgiveness	66.458	#LF1001006	394,142	-
Drinking Water State Revolving Funds - Grant EDAP	66.468	GT #G1000424	290	-
Drinking Water State Revolving Funds - Grant EDAP	66.468	GT #G1000916	12,382,080	-
Drinking Water State Revolving Funds - Loan Forgiveness	66.468	#LF1000918	322,075	-
Total U.S. Environmental Protection Agency			<u>13,169,511</u>	<u>-</u>
Total Federal Awards Expended			<u>13,445,583</u>	<u>-</u>
<b>State Grantor/Program or Grant Title</b>				
Texas Department of Transportation				
RAMP Grant	N/A	M2123BRAD1	-	9,697
Total Texas Department of Transportation			<u>-</u>	<u>9,697</u>
Texas Department of Agriculture				
Home-Delivered Meal Grant Program	N/A	HDM-21-650	-	8,900
Total Texas Department of Agriculture			<u>-</u>	<u>8,900</u>
Texas Department of Health and Human Services				
Passed Through the Concho Valley Regional Advisory Council				
EMS County Pass-Thru	N/A	124600018	-	26,894
Total Texas Department of Agriculture			<u>-</u>	<u>26,894</u>
Total State Awards Expended			<u>-</u>	<u>45,491</u>
Total Federal and State Awards Expended			<u>\$ 13,445,583</u>	<u>\$ 45,491</u>



**CITY OF BRADY, TEXAS**  
**Single Audit Compliance Information**  
**Notes to the Schedule of Expenditures of Federal and State Awards**  
**September 30, 2021**

Note A – Basis of Presentation

The accompanying schedule of expenditures of federal and state awards (SEFSA) includes the federal and state grant activity of the City of Brady under the programs of the federal government and the State of Texas for the year ended September 30, 2021. The information in this SEFSA is presented in accordance with the requirements of the *Uniform Guidance* and the State Single Audit Implementation Act. Because the SEFSA presents only a select portion of the operations of the City of Brady, it is not intended to and does not present the financial position, changes in net position or cash flows of the City of Brady.

Note B – Summary of Significant Accounting Policies

Expenditures reported in the SEFSA are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as reimbursements.

The City did not elect to use the 10% de minimus indirect cost rate.

Note C – Loans Outstanding

City of Brady had the following loan balances outstanding at September 30, 2021. The loans made during the year are included in the SEFSA in the federal expenditures presented in the schedule. Balances and transactions related to these programs are included in the City of Brady's financial statements.

<u>Program Name</u>	<u>CFDA Number</u>	<u>Grantor's Number</u>	<u>Amount Outstanding</u>
CO 2013 - DWSRF	66.468	L1000115	\$ 105,000
CO 2012 - CWSRF	66.458	L1000011	\$ 385,000
CO 2019 - DWSRF	66.468	L1000917	\$ 10,500,000
CO 2019A - CWSRF	66.458	L1001004	\$ 8,250,000
CO 2019B - CWSRF	66.458	L1001005	\$ 1,965,000
CO 2021 - CWSRF	66.458	L1001180	\$ 1,905,000

**CITY OF BRADY, TEXAS**  
**Single Audit Compliance Information**  
**Schedule of Findings and Questioned Costs**  
**September 30, 2021**

**SECTION I – SUMMARY OF AUDITOR’S RESULTS**

<b>Financial Statements</b>	
Type of Auditor's Report Issued on Financial Statements	Unmodified
Internal Control over Financial Reporting:	
Material Weakness	None
Significant Deficiencies Identified that are not Considered to be Material Weaknesses	None
Noncompliance Material to Financial Statements	None
<b>Federal Awards</b>	
Internal Control over Major Programs:	
Material Weakness	None
Significant Deficiencies Identified that are not Considered to be Material Weaknesses	None
Type of Auditor's Report Issued on Compliance for Major Programs	Unmodified
Findings and Questioned Costs for Federal Awards as Defined by the Uniform Guidance:	None
Identification of Major Programs:	Capitalization Grants for Drinking Water State Revolving Funds. CFDA No. 66.468
Dollar Threshold Considered Between Type A and Type B Federal Programs	\$750,000
Low Risk Auditee Statements	Yes

**SECTION II – FINANCIAL STATEMENT FINDINGS**

There were no financial statement findings.

**SECTION III – FEDERAL AND STATE AWARD FINDINGS AND QUESTIONED COSTS**

There were no Federal or State Award findings.

**CITY OF BRADY, TEXAS**  
**Single Audit Compliance Information**  
**Summary Schedule of Prior Audit Findings**  
**September 30, 2021**

No prior year findings.

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED  
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH *GOVERNMENT AUDITING STANDARDS***

To the Honorable Mayor and City Council  
City of Brady, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Brady, Texas (the City), as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 28, 2022.

**Report on Internal Control over Financial Reporting**

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

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

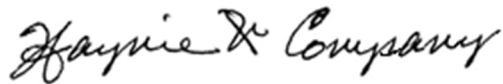
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

## **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

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

A handwritten signature in cursive script that reads "Haynie & Company".

San Antonio, Texas  
March 28, 2022

## **INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

To the Honorable Mayor and City Council  
City of Brady, Texas

### **Report on Compliance for Each Major Federal Program**

#### ***Opinion on Each Major Federal Program***

We have audited the City of Brady, Texas (the City) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended September 30, 2021. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2021.

#### ***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

#### ***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the City's federal programs.

### ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on Internal Control over Compliance**

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

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

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Haynie & Company*

San Antonio, Texas  
March 28, 2022