

CITY OF BRADY, TEXAS

ANNUAL FINANCIAL REPORT

SEPTEMBER 30, 2022



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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



2702 N. Loop 1604 E., Ste. 202
San Antonio, TX 78232

210-979-0055
210-979-0058
www.HaynieCPAs.com

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, 2022, 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, 2022, 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 95-106, 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

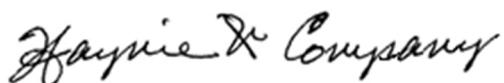
an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United 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 15, 2023, 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.

A handwritten signature in black ink that reads "Haynie & Company". The signature is cursive and fluid, with a large, stylized ampersand.

San Antonio, Texas
March 15, 2023

CITY OF BRADY, TEXAS
Management's Discussion and Analysis
September 30, 2022

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, 2022. 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, 2022 by \$72,459,282 . Of this amount \$16,336,185 or 22.5% 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 \$1,655,249 during the year.
- The total cost of all the City's programs was \$19,937,197 , representing a slight increase from last year by \$652,513 or 3.3%.
- During the year, the City had operating expenses of \$8,468,931 for governmental activities, which was \$2,470,547 more than the \$5,998,384 generated in program and general revenues. Once budgeted transfers from business-type activities of \$2,745,883 are recognized, governmental net position reflects an increase of 0.8% 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 \$1,379,913 .
- The City reduced its total long-term debt obligations by \$868,257 or 3.25%. All repayment terms are current.
- During fiscal year 2022, the City implement GASB Statement No. 87, *Leases*, as required by GASB. Details related to the implementation of the new accounting standard are detailed at Note 11.

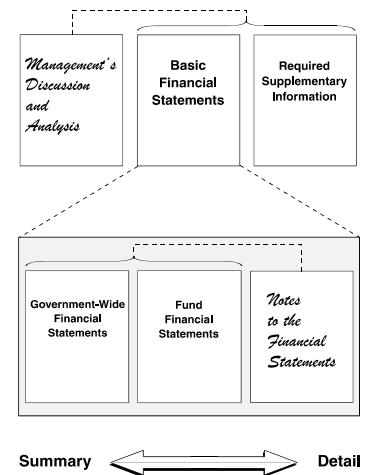
CITY OF BRADY, TEXAS
Management's Discussion and Analysis
September 30, 2022

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, 2022

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 about the EDC and 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 2021, as its net position increased by \$1,655,249 or 2.3%. 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, 2022

Statement of Net Position (continued)

Approximately 87% 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 \$4,732,712 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 \$72,459,282 as of September 30, 2022. The City's total unrestricted net position of \$16,336,185 , the amount that can be used to finance day-to-day operations, increased by 8.1% compared to last year's balance.

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CITY OF BRADY, TEXAS
Management's Discussion and Analysis
September 30, 2022

The following reflects a comparative condensed Statement of Net Position:

| | Governmental Activities | | Business-Type Activities | | Total Primary Government | | Component Units | |
|------------------------------------|-------------------------|----------------------|--------------------------|----------------------|--------------------------|----------------------|-------------------|-------------------|
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| Current and Other Assets | \$ 4,433,984 | \$ 4,795,717 | \$ 12,614,935 | \$ 10,954,561 | \$ 17,048,919 | \$ 15,750,278 | \$ 912,721 | \$ 791,992 |
| Capital and Other Long-term Assets | 58,162,287 | 59,674,684 | 29,551,356 | 29,280,072 | 87,713,643 | 88,954,756 | 268,843 | 203,194 |
| Total Assets | <u>62,596,271</u> | <u>64,470,401</u> | <u>42,166,291</u> | <u>40,234,633</u> | <u>104,762,562</u> | <u>104,705,034</u> | <u>1,181,564</u> | <u>995,186</u> |
| Deferred OPEB Related Outflows | 6,352 | 16,266 | 2,673 | 6,588 | 9,025 | 22,854 | - | - |
| Total Deferred Outflows | <u>6,352</u> | <u>16,266</u> | <u>2,673</u> | <u>6,588</u> | <u>9,025</u> | <u>22,854</u> | <u>-</u> | <u>-</u> |
| Current Liabilities | 3,245,189 | 5,516,663 | 1,318,708 | 1,141,399 | 4,563,897 | 6,658,062 | 182 | 100 |
| Non-Current Liabilities | 22,530,862 | 23,054,670 | 4,445,180 | 4,171,056 | 26,976,042 | 27,225,726 | 679,166 | 679,166 |
| Total Liabilities | <u>25,776,051</u> | <u>28,571,333</u> | <u>5,763,888</u> | <u>5,312,455</u> | <u>31,539,939</u> | <u>33,883,788</u> | <u>679,348</u> | <u>679,266</u> |
| Deferred Pension Related Inflows | 428,448 | 129,582 | 180,169 | 52,485 | 608,617 | 182,067 | - | - |
| Total Deferred Inflows | <u>431,137</u> | <u>129,582</u> | <u>181,300</u> | <u>52,485</u> | <u>612,437</u> | <u>182,067</u> | <u>-</u> | <u>-</u> |
| Net Position: | | | | | | | | |
| Net Investment in Capital Assets | - | - | 24,201,722 | 24,179,506 | 24,201,722 | 24,179,506 | 12,803 | 12,803 |
| Restricted | 31,470,376 | 31,074,289 | 450,999 | 432,141 | 31,921,375 | 31,506,430 | - | - |
| Unrestricted | 4,732,712 | 4,853,463 | 11,603,473 | 10,264,634 | 16,336,185 | 15,118,097 | 489,413 | 303,117 |
| TOTAL NET POSITION | \$ 36,203,088 | \$ 35,927,752 | \$ 36,256,194 | \$ 34,876,281 | \$ 72,459,282 | \$ 70,804,033 | \$ 502,216 | \$ 315,920 |

CITY OF BRADY, TEXAS
Management's Discussion and Analysis
September 30, 2022

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 | |
|--|-------------------------|----------------------|--------------------------|----------------------|--------------------------|----------------------|-------------------|-------------------|
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| Revenues | | | | | | | | |
| Program Revenues: | | | | | | | | |
| Charges for Services | \$ 3,102,482 | \$ 2,966,188 | \$ 15,460,988 | \$ 13,938,338 | \$ 18,563,470 | \$ 16,904,526 | \$ - | \$ - |
| Grants and Contributions | 132,010 | 803,770 | - | - | 132,010 | 803,770 | - | - |
| General Revenues: | | | | | | | | |
| Property Taxes | 968,032 | 928,392 | - | - | 968,032 | 928,392 | - | - |
| Sales Taxes | 1,317,700 | 1,277,604 | - | - | 1,317,700 | 1,277,604 | 258,241 | 272,500 |
| Other Taxes | 292,159 | 245,467 | - | - | 292,159 | 245,467 | - | - |
| Investment Earnings | 151,041 | 51,795 | 133,074 | 104,076 | 284,115 | 155,871 | 2,522 | 7,368 |
| Other Revenue | 660 | 426 | - | - | 660 | 426 | - | 50,012 |
| Gain (Loss) on Disposal of Assets | 34,000 | 83,314 | - | 26,756 | 34,000 | 110,070 | - | (30,626) |
| Donated Assets | 300 | - | - | - | 300 | - | - | - |
| TOTAL REVENUES | 5,998,384 | 6,356,956 | 15,594,062 | 14,069,170 | 21,592,446 | 20,426,126 | 260,763 | 299,254 |
| Expenses | | | | | | | | |
| Utility Enterprises | - | - | 11,468,266 | 10,226,202 | 11,468,266 | 10,226,202 | - | - |
| General Government | 1,141,395 | 1,351,110 | - | - | 1,141,395 | 1,351,110 | - | - |
| Public Safety | 3,697,525 | 3,629,058 | - | - | 3,697,525 | 3,629,058 | - | - |
| Streets | 733,070 | 716,549 | - | - | 733,070 | 716,549 | - | - |
| Recreation and Leisure | 2,071,142 | 1,856,290 | - | - | 2,071,142 | 1,856,290 | - | - |
| Community Development | 476,690 | 1,128,029 | - | - | 476,690 | 1,128,029 | - | - |
| Cemetery | 49,521 | 47,662 | - | - | 49,521 | 47,662 | - | - |
| Hotel/Motel | 220,099 | 257,542 | - | - | 220,099 | 257,542 | - | - |
| Interest and Amortization | 79,489 | 72,242 | - | - | 79,489 | 72,242 | - | - |
| Component Units | - | - | - | - | - | - | 74,467 | 26,111 |
| TOTAL EXPENSES | 8,468,931 | 9,058,482 | 11,468,266 | 10,226,202 | 19,937,197 | 19,284,684 | 74,467 | 26,111 |
| Excess (Deficiency) before Transfers | (2,470,547) | (2,701,526) | 4,125,796 | 3,842,968 | 1,655,249 | 1,141,442 | 186,296 | 273,143 |
| Transfers | 2,745,883 | 3,575,755 | (2,745,883) | (3,575,755) | - | - | - | - |
| Increase (Decrease) in Net Position | 275,336 | 874,229 | 1,379,913 | 267,213 | 1,655,249 | 1,141,442 | 186,296 | 273,143 |
| Net Position - Beginning | 35,927,752 | 35,053,523 | 34,876,281 | 34,609,068 | 70,804,033 | 69,662,591 | 315,920 | 42,777 |
| Net Position - Ending | \$ 36,203,088 | \$ 35,927,752 | \$ 36,256,194 | \$ 34,876,281 | \$ 72,459,282 | \$ 70,804,033 | \$ 502,216 | \$ 315,920 |

CITY OF BRADY, TEXAS
Management's Discussion and Analysis
September 30, 2022

Total Primary Government Activities

Overall, total primary government revenues for fiscal year 2022 were more than fiscal year 2021 by \$1,166,320 or 5.7%. The increase is primarily due to an increase in charges for services in fiscal year 2022.

Overall, total primary government expenditures appear to have increased by \$652,513 or 3.4%. The increase is primarily attributed to weather and gas prices.

Governmental Activities

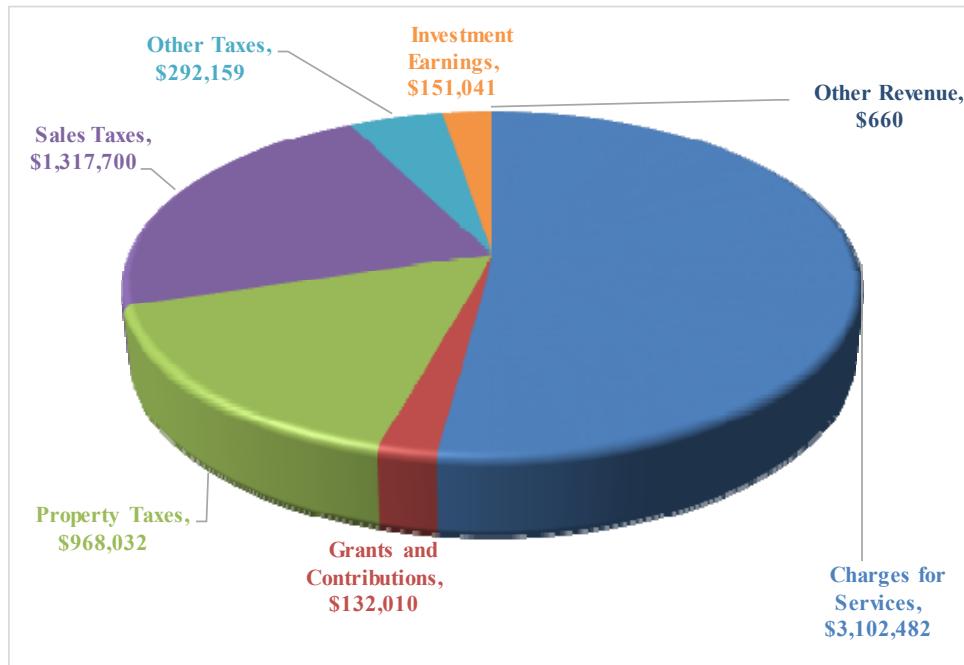
The result of fiscal year 2022 governmental activity records an increase in net position of \$275,336, after a \$2,745,883 transfer from proprietary funds, in net position, to \$36,203,088. Of the total governmental activities' net position, \$31,470,376 is restricted, and \$4,732,712 is unrestricted, 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 5.6% decrease or \$358,572 in total revenues. The majority of the decrease came from less grant revenues received as compared to the previous fiscal year.

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CITY OF BRADY, TEXAS
Management's Discussion and Analysis
September 30, 2022

Revenues – Governmental Activities Fiscal Year Ending September 30, 2022



For fiscal year 2022, 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 96.9% of the governmental program revenues mix.

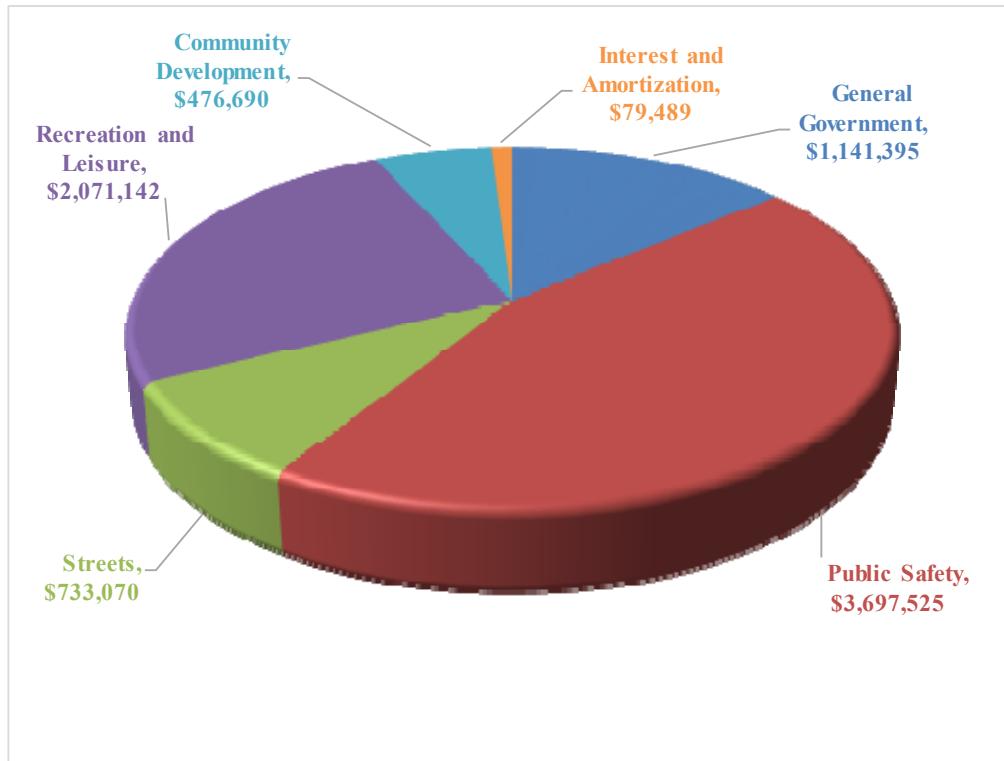
Charges for services are fee collections set by the City Council for specific activities by the end-user. Airport services make up \$294,722 or 9% of the \$3,102,482 total amount collected for services this year. EMS services generated \$469,923 or 15% of the total dollars charged for services this year. The lake department generated rental fees and donations in the amount of \$232,009 or 7% 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 32% of total service charge revenues.

The City received \$1,317,700 in sales tax revenues, which is a 3% increase from last year's total collections. Included in other taxes are hotel occupancy tax collections of \$265,779 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 \$0.390712 per \$100 of 2021 values; and collected \$917,476 in property tax revenue. Two cents (\$0.02), or \$48,098 of the tax rate is dedicated to cemetery maintenance.

CITY OF BRADY, TEXAS
Management's Discussion and Analysis
September 30, 2022

Expenses – Governmental Activities Fiscal Year Ending September 30, 2022



The relative mix of governmental expenditure activities remains similar to last fiscal year. Public safety and recreation and leisure are the largest governmental activities expending, \$3,697,525 and \$2,071,142 , respectively, of the \$8,468,931 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 32% of expenditures is closely divided among General Government costs totaling \$1,141,395 , Community Development totaling \$476,690 , Street Maintenance totaling \$733,070 , and Interest and Amortization totaling \$79,489 .

During fiscal year 2022, the City implemented GASB Statement No. 87, Leases, which amortizes the right of use asset and right of use lease liability balances over the life of the lease.

CITY OF BRADY, TEXAS
Management's Discussion and Analysis
September 30, 2022

Business-Type Activities

The business-type activities increased the City's net position by \$1,379,913 .

Of the total business-type activities' net position, \$24,201,722 is invested in capital assets, net of related debt, and \$11,603,473 is unrestricted, that is, having no legal commitment. In addition, it maintains a restricted fund balance of \$450,999 .

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 increased by 12.15% to \$11,468,266 . As shown in the statement of activities, the amounts charged to users of the utility services totaled \$15,460,988 and are 10% or \$1,522,650 more than last fiscal year. Factors that contributed to the increase in revenues was primarily weather conditions and increase in cost of utilities. Additional revenue sources included investment earnings of \$133,074 . In total, excess revenues over expenditures for the year was \$4,125,796 .

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 \$2,745,883 were posted this fiscal year to provide for the City's governmental program cost.

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CITY OF BRADY, TEXAS
Management's Discussion and Analysis
September 30, 2022

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, 2022

FUND FINANCIAL STATEMENT ANALYSIS

Governmental Type Funds

The City reports a combined governmental fund balance of \$21,584,528, reflecting a decrease of \$15,089,177 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 \$4,204,560 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 2022 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, 2022, 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, 2022

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, 2022 is \$64,357,684, net of accumulated depreciation. The majority, 56%, 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, 2022:

| | Governmental Activities | | Business-Type Activities | | Total Primary Government | | Component Units | |
|--------------------------|-------------------------|---------------|--------------------------|---------------|--------------------------|---------------|-----------------|-----------|
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| Land | \$ 882,070 | \$ 756,484 | \$ 154,730 | \$ 154,730 | \$ 1,036,800 | \$ 911,214 | \$ 12,803 | \$ 12,803 |
| Buildings | 6,976,620 | 6,880,089 | 15,607,487 | 15,607,487 | 22,584,107 | 22,487,576 | - | - |
| Equipment | 3,045,478 | 2,846,319 | 3,151,430 | 3,009,692 | 6,196,908 | 5,856,011 | - | - |
| Vehicles | 1,760,774 | 1,556,255 | 1,175,742 | 1,032,635 | 2,936,516 | 2,588,890 | - | - |
| Infrastructure | 13,423,595 | 13,423,595 | 20,618,807 | 20,447,933 | 34,042,402 | 33,871,528 | - | - |
| Construction in Progress | 29,435,343 | 14,540,653 | 5,569,164 | 5,402,765 | 35,004,507 | 19,943,418 | - | - |
| Less: | | | | | | | | |
| Accumulated Depreciation | (18,151,942) | (17,386,203) | (19,291,614) | (18,205,013) | (37,443,556) | (35,591,216) | - | - |
| Total | \$ 37,371,938 | \$ 22,617,192 | \$ 26,985,746 | \$ 27,450,229 | \$ 64,357,684 | \$ 50,067,421 | \$ 12,803 | \$ 12,803 |

Debt Administration

At September 30, 2022, the City's total bonds and notes payable outstanding reflect a decrease of \$868,257 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, 2022:

| | Governmental Activities | | Business-Type Activities | | Total Primary Government | |
|--|-------------------------|---------------|--------------------------|--------------|--------------------------|---------------|
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| General Obligation Refunding Bonds | \$ - | \$ 205,800 | \$ - | \$ 4,200 | \$ - | \$ 210,000 |
| Certificates of Obligations | 22,065,000 | 22,620,000 | 2,220,000 | 2,590,000 | 24,285,000 | 25,210,000 |
| Notes to Financial Institutions | 922,695 | - | 645,698 | 307,373 | 1,568,393 | 307,373 |
| Equipment Capital Leases | - | 583,513 | - | 410,764 | - | 994,277 |
| Total Bonds, Notes, and Capital Leases | \$ 22,987,695 | \$ 23,409,313 | \$ 2,865,698 | \$ 3,312,337 | \$ 25,853,393 | \$ 26,721,650 |

Total compensated absences for Governmental Funds are \$137,175 and \$55,950 for Business activities.

CITY OF BRADY, TEXAS
Management's Discussion and Analysis
September 30, 2022

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 revenue totals were favorably over budget compared to total projections by \$263,757 and total expenditures were under budget by \$1,008,579 , resulting in a net variance to the final budget of \$1,272,336 before transfers.

The original revenue projections for the general fund budget were increased at the mid-year budget review by \$143,342 primarily to recognize better than expected sales tax 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 \$451,777 . Council, at the routine request of staff, amends the original budget in October to roll over incomplete capital projects/purchases approved in the prior fiscal year. Overall, year-end actual performance was less than the final budget numbers, primarily due to several capital projects and purchases that were not completed as of fiscal year end.

CITY OF BRADY, TEXAS
Management's Discussion and Analysis
September 30, 2022

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The City's elected and appointed officials considered many factors when setting the fiscal year 2023 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 continues to be mostly stable.

Brady is the county seat and provides goods and services for several county communities. Recently a local manufacturing company was sold to a national manufacturing company with indications of expanding its work-force to meet increased production plans at the newly acquired plant site.

Implementing federally mandated infrastructure improvements to the City's wastewater and water systems continues as a top priority. Funding for construction improvements is complete and construction is well under way. Completion of both projects is expected in the FY 24 budget year. Council was able to hold most utility rates stable with the exception of natural gas, raising rates 11% to meet operational demands for an aging distribution system and raising trash service rates by 3.5% to provide additional funds to meet TCEQ mandated corrections. Council approved funding for architectural plans that will address new facilities for the Fire/EMS and Police. Funding for construction will be a priority topic during FY 2023 and FY 2024 budgeting workshop.

These factors were considered when adopting the General Fund budget for fiscal year 2023. Cost efficiencies to support the fiscal year 2023 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, 2022

| | PRIMARY GOVERNMENT | | | Component Unit |
|--|----------------------------|-----------------------------|----------------------|-------------------|
| | Governmental Activities | Business-Type Activities | TOTAL | |
| ASSETS | | | | |
| Current Assets | | | | |
| Cash and Cash Equivalents | \$ 4,223,415 | \$ 11,647,713 | \$ 15,871,128 | 796,016 |
| Receivables, Net of Allowances | 149,940 | 807,522 | 957,462 | 101,594 |
| Lease Receivable, Current Portion | 2,554 | - | 2,554 | - |
| Inventory | 58,075 | 159,700 | 217,775 | - |
| Note Receivable, Current Portion | - | - | - | 15,111 |
| Total Current Assets | <u>4,433,984</u> | <u>12,614,935</u> | <u>17,048,919</u> | <u>912,721</u> |
| Non-Current Assets | | | | |
| Restricted Cash and Cash Equivalents | 19,499,918 | 1,904,508 | 21,404,426 | - |
| Lease Receivable, Non-Current Portion | 266,884 | - | 266,884 | - |
| Note Receivable, Non-Current Portion | 679,166 | - | 679,166 | 256,040 |
| Net Pension Asset | 268,014 | 112,705 | 380,719 | - |
| Right of Use Asset, Net of Amortization | 76,367 | 548,397 | 624,764 | - |
| Land | 882,070 | 154,730 | 1,036,800 | 12,803 |
| Construction in Progress | 29,435,343 | 5,569,164 | 35,004,507 | - |
| Property and Equipment, Net of Depreciation | <u>7,054,525</u> | <u>21,261,852</u> | <u>28,316,377</u> | <u>-</u> |
| Total Non-Current Assets | <u>58,162,287</u> | <u>29,551,356</u> | <u>87,713,643</u> | <u>268,843</u> |
| Total Assets | <u>62,596,271</u> | <u>42,166,291</u> | <u>104,762,562</u> | <u>1,181,564</u> |
| DEFERRED OUTFLOWS | | | | |
| Deferred Pension Related Outflows | 77,091 | 32,418 | 109,509 | - |
| Deferred Other Post-employment Benefits Related Outflows | 6,352 | 2,673 | 9,025 | - |
| Total Deferred Outflows | <u>83,443</u> | <u>35,091</u> | <u>118,534</u> | <u>-</u> |
| LIABILITIES | | | | |
| Current Liabilities | | | | |
| Accounts Payable | 2,062,391 | 476,545 | 2,538,936 | 182 |
| Accrued Expenses | 237,740 | - | 237,740 | - |
| Interest Payable | 1,247 | 4,128 | 5,375 | - |
| Other Payables | - | 16,249 | 16,249 | - |
| Leases Payable, Current Portion | 82,152 | 245,825 | 327,977 | - |
| Bonds and Notes Payable, Current Portion | 861,659 | 575,961 | 1,437,620 | - |
| Total Current Liabilities | <u>3,245,189</u> | <u>1,318,708</u> | <u>4,563,897</u> | <u>182</u> |
| Noncurrent Liabilities | | | | |
| Accrued Compensated Absences | 137,175 | 55,950 | 193,125 | - |
| Landfill Closure | - | 705,037 | 705,037 | - |
| Customer Deposits | - | 728,069 | 728,069 | - |
| Other Postemployment Benefit Liability | 267,651 | 112,550 | 380,201 | - |
| Leases Payable, Less Current Portion | - | 553,837 | 553,837 | - |
| Bonds and Notes Payable, Less Current Portion | <u>22,126,036</u> | <u>2,289,737</u> | <u>24,415,773</u> | <u>679,166</u> |
| Total Noncurrent Liabilities | <u>22,530,862</u> | <u>4,445,180</u> | <u>26,976,042</u> | <u>679,166</u> |
| Total Liabilities | <u>25,776,051</u> | <u>5,763,888</u> | <u>31,539,939</u> | <u>679,348</u> |
| DEFERRED INFLOWS | | | | |
| Deferred Pension Related Inflows | 428,448 | 180,169 | 608,617 | - |
| Deferred Other Post-employment Benefit Related Inflows | 2,689 | 1,131 | 3,820 | - |
| Leases | 269,438 | - | 269,438 | - |
| Total Deferred Inflows | <u>700,575</u> | <u>181,300</u> | <u>881,875</u> | <u>-</u> |
| NET POSITION | | | | |
| Net Investment in Capital Assets | - | 24,201,722 | 24,201,722 | 12,803 |
| Restricted | 31,470,376 | 450,999 | 31,921,375 | - |
| Unrestricted | <u>4,732,712</u> | <u>11,603,473</u> | <u>16,336,185</u> | <u>489,413</u> |
| Total Net Position | <u>\$ 36,203,088</u> | <u>\$ 36,256,194</u> | <u>\$ 72,459,282</u> | <u>\$ 502,216</u> |

CITY OF BRADY, TEXAS
Statement of Activities
September 30, 2022

| Functions/Programs | Program Revenues | | | |
|--|------------------|----------------------|--------------------------|--------------------------|
| | Expenses | Charges for Services | Operating | Capital |
| | | | Grants and Contributions | Grants and Contributions |
| Governmental Activities | | | | |
| Administration | \$ 618,784 | \$ 1,563,236 | \$ - | \$ - |
| Airport | 502,992 | 294,722 | - | 10,384 |
| Public Property Maintenance | 601,050 | 55,176 | - | - |
| Mayor and Council | 24,351 | - | - | - |
| Golf Course | 487,476 | 128,534 | - | - |
| Swimming Pool | 84,890 | 16,296 | - | - |
| Fire Department | 392,090 | 3,200 | - | - |
| Police Department | 1,305,563 | 57,545 | 100 | - |
| Emergency Management | 30,198 | - | - | - |
| Community Support Administration | 765 | 15,000 | - | - |
| Street Department | 733,070 | 10,627 | - | - |
| Civic Center | 117,095 | 26,100 | - | - |
| Municipal Court | 129,931 | 156,290 | - | - |
| Community Support | 1,836 | - | - | - |
| Repair Shop | 70,582 | - | - | - |
| Animal Control | 115,132 | 3,225 | - | - |
| EMS | 1,581,348 | 469,923 | - | - |
| Lake Department | 271,429 | 232,009 | - | - |
| Cemetery Maintenance | 49,521 | 1,988 | - | - |
| Hotel/Motel | 220,099 | - | - | - |
| Financial Administration | 312,743 | 6,772 | - | - |
| Building Inspection and Permits | 143,263 | 49,055 | - | - |
| G. Rollie White Complex | 6,210 | - | - | - |
| Community Development | - | - | - | 7,990 |
| Purchasing | 65,945 | - | - | - |
| Special Revenue Fund | 474,854 | 12,784 | 113,536 | - |
| Arbitrage Rebate | 48,225 | - | - | - |
| Interest on Long-Term Debt | 74,162 | - | - | - |
| Amortization | 5,327 | - | - | - |
| Total Governmental Activities | 8,468,931 | 3,102,482 | 113,636 | 18,374 |
| Business-Type Activities | | | | |
| Electric | 4,999,109 | 8,034,042 | - | - |
| Water & Sewer | 2,839,435 | 4,408,111 | - | - |
| Gas | 1,350,778 | 1,364,975 | - | - |
| Solid Waste | 1,492,838 | 1,345,491 | - | - |
| Street Sanitation | 60,190 | 74,353 | - | - |
| Utility Support | 725,916 | 234,016 | - | - |
| Total Business-Type Activities | 11,468,266 | 15,460,988 | - | - |
| Total Primary Government | \$ 19,937,197 | \$ 18,563,470 | \$ 113,636 | \$ 18,374 |
| Total Component Unit | \$ 74,467 | \$ - | \$ - | \$ - |
| 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 | | | | |
| Donations | | | | |
| Transfers | | | | |
| Total General Revenues, Special Items, and Transfers | | | | |
| Change in Net Position | | | | |
| Net Position - Beginning | | | | |
| Net Position - Ending | | | | |

CITY OF BRADY, TEXAS
Statement of Activities (Continued)
September 30, 2022

| Net (Expense) Revenue and Changes in Net Position | | | | Total Component Units |
|---|-----------------------------|---------------------------|------------------------|-----------------------------|
| Governmental Activities | Business-Type Activities | Total | | |
| \$ 944,452 | \$ - | \$ 944,452 | \$ - | |
| (197,886) | - | (197,886) | - | |
| (545,874) | - | (545,874) | - | |
| (24,351) | - | (24,351) | - | |
| (358,942) | - | (358,942) | - | |
| (68,594) | - | (68,594) | - | |
| (388,890) | - | (388,890) | - | |
| (1,247,918) | - | (1,247,918) | - | |
| (30,198) | - | (30,198) | - | |
| 14,235 | - | 14,235 | - | |
| (722,443) | - | (722,443) | - | |
| (90,995) | - | (90,995) | - | |
| 26,359 | - | 26,359 | - | |
| (1,836) | - | (1,836) | - | |
| (70,582) | - | (70,582) | - | |
| (111,907) | - | (111,907) | - | |
| (1,111,425) | - | (1,111,425) | - | |
| (39,420) | - | (39,420) | - | |
| (47,533) | - | (47,533) | - | |
| (220,099) | - | (220,099) | - | |
| (305,971) | - | (305,971) | - | |
| (94,208) | - | (94,208) | - | |
| (6,210) | - | (6,210) | - | |
| 7,990 | - | 7,990 | - | |
| (65,945) | - | (65,945) | - | |
| (348,534) | - | (348,534) | - | |
| (48,225) | - | (48,225) | - | |
| (74,162) | - | (74,162) | - | |
| (5,327) | - | (5,327) | - | |
| <u>(5,234,439)</u> | <u>-</u> | <u>(5,234,439)</u> | <u>-</u> | |
| - 3,034,933 | - 1,568,676 | - 14,197 | - (147,347) | |
| - 14,197 | - 14,163 | - 14,163 | - (491,900) | |
| <u>- 3,992,722</u> | <u>- 3,992,722</u> | <u>- 3,992,722</u> | <u>- 3,992,722</u> | |
| <u>\$ (5,234,439)</u> | <u>\$ 3,992,722</u> | <u>\$ (1,241,717)</u> | <u>\$ -</u> | |
| <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ (74,467)</u> | |
| <u>968,032</u> | <u>-</u> | <u>968,032</u> | <u>-</u> | |
| <u>1,317,700</u> | <u>-</u> | <u>1,317,700</u> | <u>258,241</u> | |
| <u>17,329</u> | <u>-</u> | <u>17,329</u> | <u>-</u> | |
| <u>9,051</u> | <u>-</u> | <u>9,051</u> | <u>-</u> | |
| <u>265,779</u> | <u>-</u> | <u>265,779</u> | <u>-</u> | |
| <u>151,041</u> | <u>133,074</u> | <u>284,115</u> | <u>2,522</u> | |
| <u>660</u> | <u>-</u> | <u>660</u> | <u>-</u> | |
| <u>34,000</u> | <u>-</u> | <u>34,000</u> | <u>-</u> | |
| <u>300</u> | <u>-</u> | <u>300</u> | <u>-</u> | |
| <u>2,745,883</u> | <u>(2,745,883)</u> | <u>-</u> | <u>-</u> | |
| <u>5,509,775</u> | <u>(2,612,809)</u> | <u>2,896,966</u> | <u>260,763</u> | |
| <u>275,336</u> | <u>1,379,913</u> | <u>1,655,249</u> | <u>186,296</u> | |
| <u>35,927,752</u> | <u>34,876,281</u> | <u>70,804,033</u> | <u>315,920</u> | |
| <u>\$ 36,203,088</u> | <u>\$ 36,256,194</u> | <u>\$ 72,459,282</u> | <u>\$ 502,216</u> | |

CITY OF BRADY, TEXAS
Balance Sheet – Governmental Funds
September 30, 2022

| | Capital Projects Funds | | | |
|--|----------------------------|--------------------------|----------------------------|----------------------------|
| | General Construction Fund | | Water Construction Fund | WWTP Construction Fund |
| | General Fund | General Fund | General Fund | General Fund |
| ASSETS | | | | |
| Cash and Cash Equivalents | \$ 4,007,226 | \$ 216,189 | \$ 9,644,034 | \$ 9,367,929 |
| Receivables, Net of Allowances: | | | | |
| Property Taxes | 58,873 | - | - | - |
| Accounts Receivables | 12,183 | - | - | - |
| Inventory | 58,075 | - | - | - |
| Total Assets | <u><u>\$ 4,136,357</u></u> | <u><u>\$ 216,189</u></u> | <u><u>\$ 9,644,034</u></u> | <u><u>\$ 9,367,929</u></u> |
| LIABILITIES | | | | |
| Accounts Payable | \$ 43,277 | \$ - | \$ 1,399,574 | \$ 553,866 |
| Accrued Expenses | <u>(55)</u> | <u>-</u> | <u>227,788</u> | <u>10,007</u> |
| Total Liabilities | <u>43,222</u> | <u>-</u> | <u>1,627,362</u> | <u>563,873</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Unavailable Revenue | 46,689 | - | - | - |
| | <u>46,689</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| FUND BALANCES | | | | |
| Fund Balance: | | | | |
| Nonspendable | 58,075 | - | - | - |
| Restricted | - | - | 8,016,672 | 8,804,056 |
| Unassigned | 3,988,371 | 216,189 | - | - |
| Total Fund Balance | <u>4,046,446</u> | <u>216,189</u> | <u>8,016,672</u> | <u>8,804,056</u> |
| Total Liabilities, Deferred Inflows of Resources and Fund Balances | <u><u>\$ 4,136,357</u></u> | <u><u>\$ 216,189</u></u> | <u><u>\$ 9,644,034</u></u> | <u><u>\$ 9,367,929</u></u> |

CITY OF BRADY, TEXAS
Balance Sheet – Governmental Funds (Continued)
September 30, 2022

| Special Revenue Funds | | | | | |
|-------------------------|-------------------|---------------------|-------------------------|-----------------------------|-------------------|
| Special Revenue Fund | Cemetery Fund | Hotel/Motel Fund | Special Purpose Fund | Total Governmental Funds | |
| \$ 237,423 | \$ 101,868 | \$ 131,318 | \$ 17,346 | \$ 23,723,333 | |
| - | 291 | - | - | | 59,164 |
| 14,420 | - | 64,173 | - | | 90,776 |
| - | - | - | - | | 58,075 |
| <u>\$ 251,843</u> | <u>\$ 102,159</u> | <u>\$ 195,491</u> | <u>\$ 17,346</u> | <u>\$ 23,931,348</u> | |
| \$ 3,784 | \$ 411 | \$ 61,479 | \$ - | \$ 2,062,391 | |
| - | - | - | - | | 237,740 |
| <u>3,784</u> | <u>411</u> | <u>61,479</u> | <u>-</u> | <u>-</u> | <u>2,300,131</u> |
| - | - | - | - | | 46,689 |
| - | - | - | - | | <u>46,689</u> |
| - | - | - | - | | 58,075 |
| 248,059 | 101,748 | 134,012 | 17,346 | | 17,321,893 |
| - | - | - | - | | 4,204,560 |
| <u>248,059</u> | <u>101,748</u> | <u>134,012</u> | <u>17,346</u> | <u>-</u> | <u>21,584,528</u> |
| <u>\$ 251,843</u> | <u>\$ 102,159</u> | <u>\$ 195,491</u> | <u>\$ 17,346</u> | <u>\$ -</u> | |

CITY OF BRADY, TEXAS
Balance Sheet – Governmental Funds (Continued)
September 30, 2022

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 | \$ 37,371,938 |
| Note Receivable | 679,166 |
| Right of Use Asset, Net of Accumulated Amortization | 76,367 |
| Lease Receivable | 269,438 |

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 Outflows | 77,091 |
| Pension Related Deferred Inflows | (428,448) |
| Deferred Other Postemployment Benefit Related Outflows | 6,352 |
| Deferred Other Postemployment Benefit Related Inflows | (2,689) |
| Net Pension Asset | 268,014 |
| Other Postemployment Benefit Liability | (267,651) |
| Lease Deferred Inflows | (269,438) |

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

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

| | |
|------------------------------|--------------|
| Bonds and Notes Payable | (22,987,695) |
| Leases Payable | (82,152) |
| Interest Payable | (1,247) |
| Accrued Compensated Absences | (137,175) |

Net Position of Governmental Activities

25

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

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CITY OF BRADY, TEXAS
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended September 30, 2022

| | General Fund | Capital Projects Funds | | |
|-----------------------------------|--------------|---------------------------|-------------------------|------------------------|
| | | General Construction Fund | Water Construction Fund | WWTP Construction Fund |
| | | | | |
| REVENUES | | | | |
| Property Tax | \$ 917,476 | \$ - | \$ - | \$ - |
| Sales Tax | 1,059,459 | - | - | - |
| Franchise Tax | 17,329 | - | - | - |
| Hotel Occupancy Tax | - | - | - | - |
| Mixed Beverage Tax | 9,051 | - | - | - |
| Interest Income | 57,787 | - | 46,524 | 46,730 |
| Miscellaneous Revenue | 660 | - | - | - |
| Reimbursed Expenses | 91,661 | - | - | - |
| Administrative | 1,561,877 | - | - | - |
| Airport | 264,632 | - | - | - |
| Public Property Maintenance | 50,469 | - | - | - |
| Golf Course | 128,534 | - | - | - |
| Swimming Pool | 16,297 | - | - | - |
| Fire Department | 3,200 | - | - | - |
| Police Department | 895 | - | - | - |
| Community Services Administration | 15,000 | - | - | - |
| Street Department | 10,620 | - | - | - |
| Civic Center | 26,100 | - | - | - |
| Senior Citizen Program | - | - | - | - |
| Municipal Court | 156,290 | - | - | - |
| Animal Control | 3,225 | - | - | - |
| City/County EMS | 469,303 | - | - | - |
| Lake Department | 232,009 | - | - | - |
| Community Development | - | - | - | - |
| Cemetery Maintenance | - | - | - | - |
| Financial Administration | 5,150 | - | - | - |
| Building Inspection and Permits | 40,771 | - | - | - |
| Donations | 100 | - | - | - |
| Grant Revenues | 10,384 | - | - | - |
| Total Revenues | \$ 5,148,279 | \$ - | \$ 46,524 | \$ 46,730 |

CITY OF BRADY, TEXAS
Statement of Revenues, Expenditures, and Changes in Fund Balances
(Continued)
Governmental Funds
Year Ended September 30, 2022

| Special Revenue Funds | | | | | Total |
|-------------------------|------------------|---------------------|-------------------------|-----------------------|-------|
| Special Revenue Fund | Cemetery Fund | Hotel/Motel Fund | Special Purpose Fund | Governmental Funds | |
| \$ - | \$ 48,096 | \$ - | \$ - | \$ 965,572 | |
| 258,241 | - | - | - | 1,317,700 | |
| - | - | - | - | 17,329 | |
| - | - | 265,779 | - | 265,779 | |
| - | - | - | - | 9,051 | |
| - | - | - | - | 151,041 | |
| - | - | - | - | 660 | |
| 462 | - | - | - | 92,123 | |
| - | - | - | - | 1,561,877 | |
| - | - | - | - | 264,632 | |
| - | - | - | - | 50,469 | |
| - | - | - | - | 128,534 | |
| - | - | - | - | 16,297 | |
| - | - | - | - | 3,200 | |
| - | - | - | 11,677 | 12,572 | |
| - | - | - | - | 15,000 | |
| - | - | - | - | 10,620 | |
| - | - | - | - | 26,100 | |
| 12,322 | - | - | - | 12,322 | |
| - | - | - | - | 156,290 | |
| - | - | - | - | 3,225 | |
| - | - | - | - | 469,303 | |
| - | - | - | - | 232,009 | |
| 7,990 | - | - | - | 7,990 | |
| - | 1,988 | - | - | 1,988 | |
| - | - | - | - | 5,150 | |
| - | - | - | - | 40,771 | |
| 700 | - | - | - | 800 | |
| 112,836 | - | - | - | 123,220 | |
| \$ 392,551 | \$ 50,084 | \$ 265,779 | \$ 11,677 | \$ 5,961,624 | |

CITY OF BRADY, TEXAS
Statement of Revenues, Expenditures, and Changes in Fund Balances
(Continued)
Governmental Funds
Year Ended September 30, 2022

| | Capital Projects Funds | | | |
|---|------------------------|---------------------------|-------------------------|------------------------|
| | General Fund | General Construction Fund | Water Construction Fund | WWTP Construction Fund |
| | EXPENDITURES | | | |
| Current: | | | | |
| Administration | \$ 647,818 | \$ - | \$ - | \$ - |
| Airport | 395,915 | - | - | - |
| Public Property Maintenance | 439,735 | - | - | - |
| Mayor and Council | 24,351 | - | - | - |
| Golf Course | 454,703 | - | - | - |
| Swimming Pool | 84,890 | - | - | - |
| Fire Department | 339,263 | - | - | - |
| Police Department | 1,234,502 | - | - | - |
| Emergency Management | 19,072 | - | - | - |
| Community Support Administration | 765 | - | - | - |
| Street Department | 523,777 | - | - | - |
| Civic Center | 43,347 | - | - | - |
| Pass-Through Services | - | - | - | - |
| Senior Citizens Program | - | - | - | - |
| Municipal Court | 122,521 | - | - | - |
| Community Support | 1,836 | - | - | - |
| Repair Shop | 72,706 | - | - | - |
| Animal Control | 119,240 | - | - | - |
| City/County EMS | 1,558,073 | - | - | - |
| Lake Department | 237,554 | - | - | - |
| G.R. White Complex | 4,628 | - | - | - |
| Purchasing | 67,847 | - | - | - |
| Financial Administration | 324,184 | - | - | - |
| Community Development | - | - | - | - |
| Cemetery Maintenance | - | - | - | - |
| Hotel/Motel Expenses | - | - | - | - |
| Building Inspection and Permits | 145,765 | - | - | - |
| Arbitrage Rebate | - | - | 38,218 | 10,007 |
| Capital Outlay | 671,527 | 177,811 | 7,678,699 | 7,190,116 |
| Debt Service: | | | | |
| Principal | 420,720 | - | 330,000 | 225,000 |
| Interest | 32,825 | - | - | 40,879 |
| Total Expenditures | <u>7,987,564</u> | <u>177,811</u> | <u>8,046,917</u> | <u>7,466,002</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (2,839,285) | (177,811) | (8,000,393) | (7,419,272) |
| Other Financing Sources (Uses) | | | | |
| Bond Proceeds | 604,461 | - | - | - |
| Sale of Fixed Assets | 34,000 | - | - | - |
| Transfers In | 2,000,004 | 252,000 | 330,000 | 265,879 |
| Transfers Out | (252,000) | - | - | - |
| Total Other Financing Sources (Uses) | <u>2,386,765</u> | <u>252,000</u> | <u>330,000</u> | <u>265,879</u> |
| Change in Fund Balances | (452,520) | 74,189 | (7,670,393) | (7,153,393) |
| Total Fund Balances - Beginning of Year | 4,498,966 | 142,000 | 15,687,065 | 15,957,449 |
| Total Fund Balances - End of Year | <u>\$ 4,046,446</u> | <u>\$ 216,189</u> | <u>\$ 8,016,672</u> | <u>\$ 8,804,056</u> |

CITY OF BRADY, TEXAS
Statement of Revenues, Expenditures, and Changes in Fund Balances
(Continued)
Governmental Funds
Year Ended September 30, 2022

| Special Revenue Funds | | | | | | Total Governmental Funds |
|-------------------------|-------------------|---------------------|-------------------------|----|----|--------------------------------|
| Special Revenue Fund | Cemetery Fund | Hotel/Motel Fund | Special Purpose Fund | | | |
| \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| - | - | - | - | | | 647,818 |
| - | - | - | - | | | 395,915 |
| - | - | - | - | | | 439,735 |
| - | - | - | - | | | 24,351 |
| - | - | - | - | | | 454,703 |
| - | - | - | - | | | 84,890 |
| - | - | - | - | | | 339,263 |
| - | - | - | 12,743 | | | 1,247,245 |
| - | - | - | - | | | 19,072 |
| - | - | - | - | | | 765 |
| - | - | - | - | | | 523,777 |
| - | - | - | - | | | 43,347 |
| 258,241 | - | - | - | | | 258,241 |
| 213,122 | - | - | - | | | 213,122 |
| - | - | - | - | | | 122,521 |
| - | - | - | - | | | 1,836 |
| - | - | - | - | | | 72,706 |
| - | - | - | - | | | 119,240 |
| - | - | - | - | | | 1,558,073 |
| - | - | - | - | | | 237,554 |
| - | - | - | - | | | 4,628 |
| - | - | - | - | | | 67,847 |
| - | - | - | - | | | 324,184 |
| 7,395 | - | - | - | | | 7,395 |
| - | 45,222 | - | - | | | 45,222 |
| - | - | 219,833 | - | | | 219,833 |
| - | - | - | - | | | 145,765 |
| - | - | - | - | | | 48,225 |
| 595 | - | - | - | | | 15,718,748 |
| - | - | - | - | | | 975,720 |
| - | - | - | - | | | 73,704 |
| 479,353 | 45,222 | 219,833 | 12,743 | | | 24,435,445 |
| (86,802) | 4,862 | 45,946 | (1,066) | | | (18,473,821) |
| - | - | - | - | | | 604,461 |
| - | - | - | - | | | 34,000 |
| 150,000 | - | - | - | | | 2,997,883 |
| - | - | - | - | | | (252,000) |
| 150,000 | - | - | - | | | 3,384,644 |
| 63,198 | 4,862 | 45,946 | (1,066) | | | (15,089,177) |
| 184,861 | 96,886 | 88,066 | 18,412 | | | 36,673,705 |
| \$ 248,059 | \$ 101,748 | \$ 134,012 | \$ 17,346 | | | \$ 21,584,528 |

CITY OF BRADY, TEXAS
Statement of Revenues, Expenditures, and Changes in Fund Balances
(Continued)
Governmental Funds
Year Ended September 30, 2022

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 | \$ (15,089,177) |
|--|-----------------|

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 | 15,718,749 |
| Depreciation Expense | (967,200) |

Loan 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.

| | |
|-----------------------------------|-----------|
| Loan Proceeds | (604,461) |
| Bond and Lease Principal Payments | 1,029,277 |

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

| | |
|----------------------|-------|
| Property Tax Revenue | 2,460 |
| Interest Income | - |

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

| |
|---------|
| 174,616 |
|---------|

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:

| | |
|------------------------------|---------------|
| Interest Expense | (458) |
| Amortization Expense | (5,327) |
| Accrued Compensated Absences | <u>16,857</u> |

| | |
|---|-------------------|
| Change in Net Position of Governmental Activities | \$ <u>275,336</u> |
|---|-------------------|

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CITY OF BRADY, TEXAS
Statement of Net Position
Proprietary Funds
September 30, 2022

| | Electric | Water & Sewer | Gas |
|--|---------------------|----------------------|---------------------|
| ASSETS | | | |
| Current Assets | | | |
| Cash and Cash Equivalents | \$ 4,398,653 | \$ 5,786,422 | \$ 478,614 |
| Receivables: | | | |
| Accounts, Net | 456,009 | 234,584 | 35,255 |
| Inventory | - | - | - |
| Total Current Assets | <u>4,854,662</u> | <u>6,021,006</u> | <u>513,869</u> |
| Noncurrent Assets | | | |
| Restricted Assets: | | | |
| Cash and Cash Equivalents | - | 385,326 | - |
| Net Pension Asset | 14,080 | 39,657 | 16,013 |
| Right of Use Asset, net of amortization | - | - | - |
| Capital Assets: | | | |
| Land | 14,397 | 10,814 | 2,337 |
| Construction in Progress | 32,076 | 5,537,088 | - |
| Property & Equipment | 5,847,087 | 26,159,980 | 3,696,708 |
| Accumulated Depreciation | <u>(3,575,304)</u> | <u>(11,406,850)</u> | <u>(1,591,997)</u> |
| Total Noncurrent Assets | <u>2,332,336</u> | <u>20,726,015</u> | <u>2,123,061</u> |
| Total Assets | <u>7,186,998</u> | <u>26,747,021</u> | <u>2,636,930</u> |
| DEFERRED OUTFLOWS | | | |
| Deferred Pension Related Outflows | 4,802 | 11,014 | 4,443 |
| Deferred Other Post-employment Benefits Related Outflows | 595 | 684 | 352 |
| Total Deferred Outflows | <u>5,397</u> | <u>11,698</u> | <u>4,795</u> |
| LIABILITIES | | | |
| Current | | | |
| Accounts Payable | 321,187 | 48,438 | 31,912 |
| Interest Payable | 40 | 3,720 | 73 |
| Other Payables | - | - | - |
| Leases Payable, Current Portion | - | - | - |
| Bonds and Notes Payable, Current Portion | <u>32,022</u> | <u>415,705</u> | <u>30,806</u> |
| Total Current Liabilities | <u>353,249</u> | <u>467,863</u> | <u>62,791</u> |
| Noncurrent | | | |
| Accrued Compensated Absences | 8,866 | 24,890 | 5,992 |
| Landfill Closure | - | - | - |
| Utility Deposits | - | - | - |
| Other Post-employment Benefit Liability | 22,008 | 33,032 | 15,297 |
| Leases Payable, Less Current Portion | - | - | - |
| Bonds and Notes Payable, Less Current Portion | <u>69,331</u> | <u>1,909,748</u> | <u>78,326</u> |
| Total Noncurrent Liabilities | <u>100,205</u> | <u>1,967,670</u> | <u>99,615</u> |
| Total Liabilities | <u>453,454</u> | <u>2,435,533</u> | <u>162,406</u> |
| DEFERRED INFLOWS | | | |
| Deferred Pension Related Inflows | 29,344 | 60,904 | 23,854 |
| Deferred Other Post-employment Benefit Related Inflows | 168 | 384 | 155 |
| Total Deferred Inflows | <u>29,512</u> | <u>61,288</u> | <u>24,009</u> |
| NET POSITION | | | |
| Net Investment in Capital Assets | 2,216,903 | 17,975,579 | 1,997,916 |
| Restricted | - | 385,326 | - |
| Unrestricted | <u>4,492,526</u> | <u>5,900,993</u> | <u>457,394</u> |
| Total Net Position | <u>\$ 6,709,429</u> | <u>\$ 24,261,898</u> | <u>\$ 2,455,310</u> |

CITY OF BRADY, TEXAS
Statement of Net Position (Continued)
Proprietary Funds
September 30, 2022

| Solid Waste | Street Sanitation | Utility Support | Totals |
|-------------------|----------------------|---------------------|----------------------|
| \$ 826,868 | \$ - | \$ 157,156 | \$ 11,647,713 |
| 50,193 | 4,043 | 27,438 | 807,522 |
| - | - | 159,700 | 159,700 |
| <u>877,061</u> | <u>4,043</u> | <u>344,294</u> | <u>12,614,935</u> |
| 705,037 | 86,076 | 728,069 | 1,904,508 |
| 26,637 | 2,127 | 14,191 | 112,705 |
| 548,397 | - | - | 548,397 |
| 67,400 | - | 59,782 | 154,730 |
| - | - | - | 5,569,164 |
| 1,583,517 | 241,090 | 3,025,090 | 40,553,472 |
| (1,407,081) | (236,840) | (1,073,548) | (19,291,620) |
| <u>1,523,907</u> | <u>92,453</u> | <u>2,753,584</u> | <u>29,551,356</u> |
| 2,400,968 | 96,496 | 3,097,878 | 42,166,291 |
| 7,443 | 632 | 4,084 | 32,418 |
| 628 | 66 | 348 | 2,673 |
| <u>8,071</u> | <u>698</u> | <u>4,432</u> | <u>35,091</u> |
| 6,839 | 164 | 68,005 | 476,545 |
| 264 | 31 | - | 4,128 |
| - | - | 16,249 | 16,249 |
| 239,542 | - | 6,283 | 245,825 |
| 75,133 | 22,295 | - | 575,961 |
| <u>321,778</u> | <u>22,490</u> | <u>90,537</u> | <u>1,318,708</u> |
| 8,705 | 895 | 6,602 | 55,950 |
| 705,037 | - | - | 705,037 |
| - | - | 728,069 | 728,069 |
| 27,158 | 808 | 14,247 | 112,550 |
| 553,837 | - | - | 553,837 |
| 228,534 | 3,798 | - | 2,289,737 |
| <u>1,523,271</u> | <u>5,501</u> | <u>748,918</u> | <u>4,445,180</u> |
| 1,845,049 | 27,991 | 839,455 | 5,763,888 |
| 39,948 | 3,508 | 22,611 | 180,169 |
| 260 | 22 | 142 | 1,131 |
| <u>40,208</u> | <u>3,530</u> | <u>22,753</u> | <u>181,300</u> |
| - | - | 2,011,324 | 24,201,722 |
| - | 65,673 | - | 450,999 |
| 523,782 | - | 228,778 | 11,603,473 |
| <u>\$ 523,782</u> | <u>\$ 65,673</u> | <u>\$ 2,240,102</u> | <u>\$ 36,256,194</u> |

CITY OF BRADY, TEXAS
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
Year Ended September 30, 2022

| | Electric | Water & Sewer | Gas |
|--|---------------------|----------------------|---------------------|
| OPERATING REVENUES | | | |
| Charges for Services: | | | |
| Electrical Distribution | \$ 8,030,956 | \$ - | \$ - |
| Wastewater | - | 1,272,688 | - |
| Water Department | - | 3,133,310 | - |
| Gas Department | - | - | 1,364,975 |
| Solid Waste | - | - | - |
| Street Sanitation | - | - | - |
| Utility Support | - | - | - |
| Reimbursed Expenses | 3,086 | 2,113 | - |
| Total Operating Revenues | <u>8,034,042</u> | <u>4,408,111</u> | <u>1,364,975</u> |
| OPERATING EXPENSES | | | |
| Electric Department: | | | |
| Power Plant | 2,400 | - | - |
| Electrical Distribution | 4,821,515 | - | - |
| Wastewater | - | 576,589 | - |
| Water & Sewer Department: | | | |
| Public Works Administration | - | 138,733 | - |
| Water | - | 1,463,365 | - |
| Gas Department: | | | |
| Gas | - | - | 1,199,383 |
| Solid Waste Department: | | | |
| Solid Waste | - | - | - |
| Street Sanitation | - | - | - |
| Utility Support: | | | |
| Administration | - | - | - |
| Meter Shop | - | - | - |
| Billing-Collection | - | - | - |
| Bad Debt Expense | 18,003 | 11,692 | 3,505 |
| Amortization | - | - | - |
| Depreciation | 171,412 | 625,444 | 144,075 |
| Total Operating Expenses | <u>5,013,330</u> | <u>2,815,823</u> | <u>1,346,963</u> |
| Operating Income (Loss) | 3,020,712 | 1,592,288 | 18,012 |
| NON-OPERATING REVENUES (EXPENSES) | | | |
| Interest Income | 39,763 | 63,474 | 6,503 |
| Interest Expense | (3,782) | (5,609) | (3,815) |
| Total Non-Operating Revenues (Expenses) | <u>35,981</u> | <u>57,865</u> | <u>2,688</u> |
| Income (Loss) Before Transfers | 3,056,693 | 1,650,153 | 20,700 |
| Transfers In | - | - | - |
| Transfers Out | (2,150,004) | (995,887) | - |
| Change in Net Position | 906,689 | 654,266 | 20,700 |
| Total Net Position - Beginning | <u>5,802,740</u> | <u>23,607,632</u> | <u>2,434,610</u> |
| Total Net Position - Ending | <u>\$ 6,709,429</u> | <u>\$ 24,261,898</u> | <u>\$ 2,455,310</u> |

CITY OF BRADY, TEXAS
Statement of Revenues, Expenses, and Changes in Net Position (Continued)
Proprietary Funds
Year Ended September 30, 2022

| Solid Waste | Street Sanitation | Utility Support | Totals |
|-------------------|----------------------|---------------------|----------------------|
| \$ - | \$ - | \$ - | \$ 8,030,956 |
| - | - | - | 1,272,688 |
| - | - | - | 3,133,310 |
| - | - | - | 1,364,975 |
| 1,345,491 | - | - | 1,345,491 |
| - | 74,353 | - | 74,353 |
| - | - | 229,390 | 229,390 |
| - | - | 4,626 | 9,825 |
| 1,345,491 | 74,353 | 234,016 | 15,460,988 |
| | | | |
| - | - | - | 2,400 |
| - | - | - | 4,821,515 |
| - | - | - | 576,589 |
| - | - | - | 138,733 |
| - | - | - | 1,463,365 |
| - | - | - | 1,199,383 |
| 1,345,168 | - | - | 1,345,168 |
| - | 56,760 | - | 56,760 |
| - | - | 241,936 | 241,936 |
| - | - | 74,646 | 74,646 |
| - | - | 294,165 | 294,165 |
| 3,532 | 350 | 3,597 | 40,679 |
| 42,554 | - | - | 42,554 |
| 64,225 | 1,700 | 111,572 | 1,118,428 |
| 1,455,479 | 58,810 | 725,916 | 11,416,321 |
| (109,988) | 15,543 | (491,900) | 4,044,667 |
| | | | |
| 14,285 | - | 9,049 | 133,074 |
| (37,359) | (1,380) | - | (51,945) |
| (23,074) | (1,380) | 9,049 | 81,129 |
| (133,062) | 14,163 | (482,851) | 4,125,796 |
| - | - | 400,008 | 400,008 |
| - | - | - | (3,145,891) |
| (133,062) | 14,163 | (82,843) | 1,379,913 |
| 656,844 | 51,510 | 2,322,945 | 34,876,281 |
| \$ 523,782 | \$ 65,673 | \$ 2,240,102 | \$ 36,256,194 |

CITY OF BRADY, TEXAS
Statement of Cash Flows
Proprietary Funds
Year Ended September 30, 2022

| | Electric | Water & Sewer | Gas |
|--|---------------------|---------------------|-------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Receipts from Customers | \$ 7,969,668 | \$ 4,247,844 | \$ 1,351,963 |
| Payments to Suppliers | (4,552,247) | (1,525,078) | (945,832) |
| Payments to Employees for Services | (234,027) | (559,345) | (216,191) |
| Payments on Behalf of Employees for Benefits | (39,279) | (104,986) | (59,190) |
| Receipts (Refunds) of Customer Deposits | - | - | - |
| Receipts from Grants | - | 116,975 | - |
| Effect on Prior Period Adjustment | - | - | - |
| Net Cash Provided (Used) by Operating Activities | <u>3,144,115</u> | <u>2,175,410</u> | <u>130,750</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | |
| Operating Subsidies and Transfers to Other Funds | (2,150,004) | (995,887) | - |
| Operating Subsidies and Transfers from Other Funds | - | - | - |
| Net Cash Provided (Used) by Noncapital Financing Activities | <u>(2,150,004)</u> | <u>(995,887)</u> | <u>-</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | |
| Right of Use Asset | - | - | - |
| Lease Payable | - | - | - |
| Proceeds from Sale of Fixed Assets | (5,065) | - | - |
| Purchases of Capital Assets and Construction in Progress | - | (393,325) | (218,748) |
| Principal Paid on Capital Debt | (76,306) | (425,507) | (77,048) |
| Interest Paid on Capital Debt | (4,796) | (7,731) | (4,831) |
| Net Cash Provided (Used) by Capital & Related Financing Activities | <u>(86,167)</u> | <u>(826,563)</u> | <u>(300,627)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Interest and Dividends | 39,763 | 63,474 | 6,503 |
| Net Cash Provided (Used) by Investing Activities | <u>39,763</u> | <u>63,474</u> | <u>6,503</u> |
| Net Increase (Decrease) In Cash & Cash Equivalents | 947,707 | 416,434 | (163,374) |
| Balances - Beginning of the Year | 3,436,086 | 5,721,235 | 628,243 |
| Balances - End of the Year | <u>\$ 4,383,793</u> | <u>\$ 6,137,669</u> | <u>\$ 464,869</u> |
| RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES | | | |
| Operating Income (Loss) | \$ 3,020,712 | \$ 1,592,288 | \$ 18,012 |
| Adjustments To Reconcile Operating Income To Net Cash Provided (Used) by Operating Activities: | | | |
| Depreciation Expense | 171,412 | 625,444 | 144,075 |
| Bad Debt Expense | 18,003 | 11,692 | 3,505 |
| Amortization Expense | - | - | - |
| Change In Assets & Liabilities: | | | |
| Accounts Receivable | (60,717) | (32,728) | (13,012) |
| Inventories | - | - | - |
| Accounts Payable | 21,105 | 34,539 | 4,546 |
| Accrued Liabilities | (1,395) | (2,701) | (1,364) |
| Other Payables | - | - | - |
| Net Pension Liability | (26,434) | (60,629) | (24,455) |
| Other Postemployment Benefit Liability | 1,895 | 4,348 | 1,754 |
| Compensated Absences | (466) | 3,157 | (2,311) |
| Customer Deposits Payable | - | - | - |
| Landfill Closure/Post Closure Costs | - | - | - |
| Net Cash Provided (Used) by Operating Activities | <u>\$ 3,144,115</u> | <u>\$ 2,175,410</u> | <u>\$ 130,750</u> |
| Reconciliation to Statement of Net Position - Proprietary Funds: | | | |
| Cash and Cash Equivalents - Unrestricted | \$ 4,398,653 | \$ 5,786,422 | \$ 478,614 |
| Cash and Cash Equivalents - Restricted | - | 385,326 | - |
| Total Cash and Cash Equivalents - Proprietary Funds | <u>\$ 4,398,653</u> | <u>\$ 6,171,748</u> | <u>\$ 478,614</u> |
| SCHEDULE OF NONCASH ACTIVITIES | | | |
| Actuarial Calculation of Net Pension Liability | \$ 14,860 | \$ 34,079 | \$ 13,745 |
| Total Noncash Activities | <u>\$ 14,860</u> | <u>\$ 34,079</u> | <u>\$ 13,745</u> |

CITY OF BRADY, TEXAS
Statement of Cash Flows (Continued)
Proprietary Funds
Year Ended September 30, 2022

| | Solid Waste | Street Sanitation | Utility Support | Total |
|----|------------------|----------------------|---------------------|----------------------|
| \$ | 1,346,656 | \$ 70,659 | \$ 226,215 | \$ 15,213,005 |
| | (845,025) | (22,961) | (369,459) | (8,260,602) |
| | (362,908) | (28,326) | (174,729) | (1,575,526) |
| | (103,504) | (5,473) | (76,366) | (388,798) |
| | - | - | 5,065 | 5,065 |
| | - | - | - | 116,975 |
| | - | - | - | - |
| | <u>35,219</u> | <u>13,899</u> | <u>(389,274)</u> | <u>5,110,119</u> |
| | - | - | - | (3,145,891) |
| | - | - | <u>400,008</u> | <u>400,008</u> |
| | - | - | <u>400,008</u> | <u>(2,745,883)</u> |
| | 162,290 | - | 9,446 | 171,736 |
| | 40,138 | - | (3,163) | 36,975 |
| | - | - | (9,075) | (14,140) |
| | (27,733) | - | - | (639,806) |
| | 153,694 | (21,472) | - | (446,639) |
| | (39,410) | (1,571) | - | (58,339) |
| | <u>288,979</u> | <u>(23,043)</u> | <u>(2,792)</u> | <u>(950,213)</u> |
| | 14,285 | - | 9,049 | 133,074 |
| | <u>14,285</u> | <u>-</u> | <u>9,049</u> | <u>133,074</u> |
| | 338,483 | (9,144) | 16,991 | 1,547,097 |
| | <u>1,170,389</u> | <u>93,264</u> | <u>855,595</u> | <u>11,904,812</u> |
| \$ | <u>1,508,872</u> | <u>\$ 84,120</u> | <u>\$ 872,586</u> | <u>\$ 13,451,909</u> |
| | \$ (109,988) | \$ 15,543 | \$ (491,900) | \$ 4,044,667 |
| | 64,225 | 1,700 | 111,572 | 1,118,428 |
| | 3,532 | 3,532 | 3,597 | 43,861 |
| | 42,554 | - | - | 42,554 |
| | 1,852 | (3,541) | (2,552) | (110,698) |
| | - | - | (20,792) | (20,792) |
| | 402 | (838) | 26,045 | 85,799 |
| | - | - | (1,133) | (6,593) |
| | - | - | 2,123 | 2,123 |
| | (40,974) | (3,481) | (22,484) | (178,457) |
| | 2,938 | 249 | 1,613 | 12,797 |
| | (1,414) | 735 | (428) | (727) |
| | - | - | 5,065 | 5,065 |
| | <u>72,092</u> | <u>-</u> | <u>-</u> | <u>72,092</u> |
| \$ | <u>35,219</u> | <u>\$ 13,899</u> | <u>\$ (389,274)</u> | <u>\$ 5,110,119</u> |
| \$ | 826,868 | \$ - | \$ 157,156 | \$ 11,647,713 |
| \$ | 705,037 | \$ 86,076 | \$ 728,069 | \$ 1,904,508 |
| \$ | <u>1,531,905</u> | <u>\$ 86,076</u> | <u>\$ 885,225</u> | <u>\$ 13,552,221</u> |
| \$ | <u>23,033</u> | <u>\$ 1,956</u> | <u>\$ 12,639</u> | <u>\$ 100,312</u> |
| \$ | <u>23,033</u> | <u>\$ 1,956</u> | <u>\$ 12,639</u> | <u>\$ 100,312</u> |

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CITY OF BRADY, TEXAS
Statement of Net Position
Discretely Presented Component Unit
September 30, 2022

| | <u>Brady Economic Development Corporation</u> |
|---------------------------------------|---|
| ASSETS | |
| Current Assets | |
| Cash and Cash Equivalents | \$ 796,016 |
| Receivables, Net of Allowances | 101,594 |
| Notes Receivable, Current Portion | <u>15,111</u> |
| Total Current Assets | <u>912,721</u> |
| Non-Current Assets | |
| Notes Receivable, Non-Current Portion | 256,040 |
| Land | <u>12,803</u> |
| Total Non-Current Assets | <u>268,843</u> |
| Total Assets | <u>1,181,564</u> |
| LIABILITIES | |
| Current Liabilities | |
| Accounts Payable | <u>182</u> |
| Total Current Liabilities | <u>182</u> |
| Noncurrent Liabilities | |
| Note Payable | <u>679,166</u> |
| Total Noncurrent Liabilities | <u>679,166</u> |
| Total Liabilities | <u>679,348</u> |
| NET POSITION | |
| Net Investment in Capital Assets | 12,803 |
| Unrestricted | <u>489,413</u> |
| Total Net Position | <u>\$ 502,216</u> |

CITY OF BRADY, TEXAS
Statement of Activities
Discretely Presented Component Unit
Year Ended September 30, 2022

| Functions/Programs | | | Program Revenues | | Net (Expense) Revenue and Change in Net Position | |
|--|-----------------|-----------------------------|-----------------------------|-------------|---|--------------|
| | Expenses | Charges for Services | Economic Development | | Corporation | Total |
| Economic Development Corporation | | | | | | |
| General Government: | | | | | | |
| Administration | \$ 15,000 | \$ - | \$ (15,000) | \$ (15,000) | | |
| Professional/Legal Fees | 6,056 | - | (6,056) | | (6,056) | |
| Qualified Projects | 50,443 | - | (50,443) | | (50,443) | |
| Travel and Training | 474 | - | (474) | | (474) | |
| Marketing | 2,494 | - | (2,494) | | (2,494) | |
| Total Economic Development Corporation | 74,467 | - | (74,467) | | (74,467) | |
| Total Component Unit | 74,467 | - | (74,467) | | (74,467) | |
| General Revenues | | | | | | |
| Taxes | | | | | | |
| Sales Taxes | | | 258,241 | | 258,241 | |
| Interest Revenue | | | 2,522 | | 2,522 | |
| Total General Revenues, Special Items, and Transfers | | | 260,763 | | 260,763 | |
| Change in Net Position | | | 186,296 | | 186,296 | |
| Net Position - Beginning | | | 315,920 | | 315,920 | |
| Net Position - Ending | \$ 502,216 | | \$ 502,216 | | \$ 502,216 | |

CITY OF BRADY, TEXAS

Notes to Financial Statements

September 30, 2022

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, 2022

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, 2022

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 on types of funds. 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, 2022

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 – This 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, 2022

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, 2022

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, 2022

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 \$32,631 at September 30, 2022 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, 2022, 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, 2022

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 | 4-5 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, 2022

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, 2022.
- *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, 2022.
- *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, 2022

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, 2022

3. Compliance and Accountability (Continued)

Budget Requirements, Accounting, and Reporting (Continued)

Amendments to the appropriation ordinance during the fiscal year ending September 30, 2022 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 appropriations within departments 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, 2022:

| | Transfers In | Transfers Out | Net Transfers In/Out |
|---------------------------------|----------------------------|----------------------------|-------------------------|
| Governmental Activities | | | |
| General Fund | \$ 2,000,004 | \$ 252,000 | \$ 1,748,004 |
| Special Revenue Fund | 150,000 | - | 150,000 |
| General Construction Fund | 252,000 | - | 252,000 |
| Water Construction Fund | 330,000 | - | 330,000 |
| WWTP Construction Fund | 265,879 | - | 265,879 |
| Total Governmental Transfers | <u>2,997,883</u> | <u>252,000</u> | <u>2,745,883</u> |
| Business-Type Activities | | | |
| Electric | - | 2,150,004 | (2,150,004) |
| Water & Sewer | - | 995,887 | (995,887) |
| Utility Support | 400,008 | - | 400,008 |
| Total Business-Type Transfers | <u>400,008</u> | <u>3,145,891</u> | <u>(2,745,883)</u> |
| | <u><u>\$ 3,397,891</u></u> | <u><u>\$ 3,397,891</u></u> | <u><u>\$ -</u></u> |

CITY OF BRADY, TEXAS

Notes to Financial Statements

September 30, 2022

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 Commercial 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 \$15,871,128 and the bank balance was \$18,327,439. 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. | 18,077,439 |
| Total Bank Balance | <u><u>\$ 18,327,439</u></u> |

The carrying amount of the EDCs' cash held with financial institutions was \$796,016 and the bank balance was \$745,902. 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. | 495,902 |
| Total Bank Balance | <u><u>\$ 745,902</u></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, 2022

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, 2022:

| Restricted For: | Governmental Activities | Business-Type Activities | Total |
|--|-----------------------------|-----------------------------|-----------------------------|
| State, Local and Federally Funded Programs | \$ 19,249,384 | - | \$ 19,249,384 |
| Police Activities | 17,348 | - | 17,348 |
| Debt Service | - | 165,326 | 165,326 |
| Cemetery | 101,868 | - | 101,868 |
| Hotel/Motel | 131,318 | - | 131,318 |
| Street Sanitation | - | 86,076 | 86,076 |
| Texas Water Development Board Covenant | - | 220,000 | 220,000 |
| Utility Customer Deposits | - | 728,069 | 728,069 |
| Landfill Closure Reserve | - | 705,037 | 705,037 |
| Total Restricted Cash | <u><u>\$ 19,499,918</u></u> | <u><u>\$ 1,904,508</u></u> | <u><u>\$ 21,404,426</u></u> |

CITY OF BRADY, TEXAS
Notes to Financial Statements
September 30, 2022

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 2022, the City of Brady had property with an assessed valuation of \$243,153,056 . The tax rate was 0.390712 per \$100 valuation.

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CITY OF BRADY, TEXAS
Notes to Financial Statements (continued)
September 30, 2022

6. Capital Assets and Depreciation

Capital asset activity for the year ended September 30, 2022 was as follows:

| Governmental Activities | Balance 10/1/2021 | Additions | Deletions | Transfers | Balance 9/30/2022 |
|--|------------------------------|----------------------|-------------------|------------------|------------------------------|
| Capital assets not being depreciated: | | | | | |
| Land | \$ 756,484 | \$ 125,586 | \$ - | \$ - | \$ 882,070 |
| Construction in progress | <u>14,540,653</u> | <u>14,940,228</u> | <u>-</u> | <u>(45,538)</u> | <u>29,435,343</u> |
| Subtotal | <u>15,297,137</u> | <u>15,065,814</u> | <u>-</u> | <u>(45,538)</u> | <u>30,317,413</u> |
| Capital assets being depreciated: | | | | | |
| Buildings and improvements | 6,880,089 | 63,509 | (12,516) | 45,538 | 6,976,620 |
| Infrastructure | 13,423,595 | - | - | - | 13,423,595 |
| Vehicles | 1,556,255 | 313,678 | (109,159) | - | 1,760,774 |
| Equipment | 2,846,319 | 283,141 | (77,782) | (6,200) | 3,045,478 |
| Subtotal | <u>24,706,258</u> | <u>660,328</u> | <u>(199,457)</u> | <u>39,338</u> | <u>25,206,467</u> |
| Accumulated depreciation | (17,386,203) | (967,200) | 195,261 | 6,200 | (18,151,942) |
| Net capital assets being depreciated | <u>7,320,055</u> | <u>(306,872)</u> | <u>(4,196)</u> | <u>45,538</u> | <u>7,054,525</u> |
| Net capital assets | <u>\$ 22,617,192</u> | <u>\$ 14,758,942</u> | <u>\$ (4,196)</u> | <u>\$ -</u> | <u>\$ 37,371,938</u> |

CITY OF BRADY, TEXAS
Notes to Financial Statements (continued)
September 30, 2022

6. Capital Assets and Depreciation (Continued)

| Business-Type Activities | Balance 10/1/2021 | Additions | Deletions | Transfers | Balance 9/30/2022 |
|---------------------------------------|----------------------|---------------------|-----------------|--------------|----------------------|
| Capital assets not being depreciated: | | | | | |
| Land | \$ 154,730 | \$ - | \$ - | \$ - | \$ 154,730 |
| Construction in progress | 5,402,765 | 166,399 | - | - | 5,569,164 |
| Subtotal | <u>5,557,495</u> | <u>166,399</u> | <u>-</u> | <u>-</u> | <u>5,723,894</u> |
| Capital assets being depreciated: | | | | | |
| Buildings and improvements | 15,607,487 | - | - | - | 15,607,487 |
| Infrastructure | 20,447,933 | 170,874 | - | - | 20,618,807 |
| Vehicles | 1,032,635 | 143,107 | - | - | 1,175,742 |
| Equipment | 3,009,692 | 173,565 | (38,027) | 6,200 | 3,151,430 |
| Subtotal | <u>40,097,747</u> | <u>487,546</u> | <u>(38,027)</u> | <u>6,200</u> | <u>40,553,466</u> |
| Accumulated depreciation | (18,205,013) | (1,118,428) | 38,027 | (6,200) | (19,291,614) |
| Net capital assets being depreciated | <u>21,892,734</u> | <u>(630,882)</u> | <u>-</u> | <u>-</u> | <u>21,261,852</u> |
| Net capital assets | <u>\$ 27,450,229</u> | <u>\$ (464,483)</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 26,985,746</u> |

| Economic Development Corporation | Balance 10/1/2021 | Additions | Deletions | Balance 9/30/2022 |
|---------------------------------------|----------------------|-------------|-------------|----------------------|
| Capital assets not being depreciated: | | | | |
| Land | \$ 12,803 | \$ - | \$ - | \$ 12,803 |
| Subtotal | <u>12,803</u> | <u>-</u> | <u>-</u> | <u>12,803</u> |
| Net capital assets being depreciated | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Net capital assets | <u>\$ 12,803</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 12,803</u> |

CITY OF BRADY, TEXAS
Notes to Financial Statements (continued)
September 30, 2022

6. Capital Assets and Depreciation (Continued)

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

| Governmental Activities | | |
|---|----|-------------------------|
| Administration | \$ | 46,839 |
| Airport | | 110,771 |
| Public Property Maintenance | | 170,610 |
| Golf Course | | 35,095 |
| Fire Department | | 59,868 |
| Police Department | | 106,219 |
| Emergency Management | | 11,126 |
| Communications | | - |
| Street Department | | 219,300 |
| Civic Center | | 73,962 |
| Senior Citizens Program | | 384 |
| Municipal Court | | 8,085 |
| Repair Shop | | - |
| Animal Control | | 2,213 |
| EMS Department | | 77,820 |
| Lake Department | | 36,099 |
| G. Rollie White Complex | | 1,582 |
| Code Enforcement | | 1,786 |
| Cemetery | | 5,441 |
| Total Depreciation Expense | \$ | <u><u>967,200</u></u> |
| Business-Type Activities | | |
| Electric | \$ | 171,412 |
| Sewer | | 81,395 |
| Water | | 544,049 |
| Gas | | 144,075 |
| Solid Waste | | 64,225 |
| Street Sanitation | | 1,700 |
| Utility Support | | 111,572 |
| Total Depreciation Expense | \$ | <u><u>1,118,428</u></u> |
| Economic Development Corporation | | |
| Buildings & Improvements | \$ | - |
| Total Depreciation Expense | \$ | <u><u>-</u></u> |

CITY OF BRADY, TEXAS
Notes to Financial Statements (continued)
September 30, 2022

7. Defined Benefit Pension Plans

Plan Description

The City of Brady participates as one of the 901 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 Texas Government Code, Subtitle G (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 does not receive any funding from the State of Texas. TMRS issues a publicly available Annual Comprehensive Financial Report (Annual Report) that can be obtained at 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, and their age at retirement and other actuarial factors. 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, 2021 valuation and measurement date, the following employees were covered by the benefit terms:

| | <u>2021</u> |
|--|-------------|
| Inactive employees or beneficiaries currently receiving benefits | 61 |
| Inactive employees entitled to but not yet receiving benefits | 117 |
| Active employees | 97 |
| | <u>275</u> |

CITY OF BRADY, TEXAS
Notes to Financial Statements (continued)
September 30, 2022

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 ratios are either: 1:1 (1 to 1), 1:5 (1 ½ to 1) or 2:1 (2 or 1), 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 9.90% and 9.53% in calendar years 2021 and 2022, respectively. The city's contributions to TMRS for the year ended September 30, 2022, were \$447,489, and were equal to the required contributions.

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of September 30, 2021, 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, 2021 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, 2022

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 Annuity Purchase Rate (APRs) is based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income 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 determined 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. The target allocation and best estimates of real rates of return for each major asset class in fiscal year 2022 are summarized in the following table:

| Asset Class | Target Allocation | Long-Term Expected Real Rate of Return (Arithmetic) |
|-----------------------|-------------------|---|
| Global Equity | 35.0% | 7.55% |
| Core Fixed Income | 6.0% | 2.00% |
| Non-Core Fixed Income | 20.0% | 5.68% |
| Real Return | 12.0% | 7.22% |
| Real Estate | 12.0% | 6.85% |
| Absolute Return | 5.0% | 5.35% |
| Private Equity | 10.0% | 10.00% |
| Total | 100.0% | |

CITY OF BRADY, TEXAS
Notes to Financial Statements (continued)
September 30, 2022

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/ 2020 | \$ 12,326,024 | \$ 12,097,929 | \$ 228,095 |
| Changes for the year: | | | |
| Service Cost | 680,465 | - | 680,465 |
| Interest | 841,059 | - | 841,059 |
| Change of benefit terms | - | - | - |
| Difference between expected and actual experience | 182,517 | - | 182,517 |
| Change of assumptions | - | - | - |
| Contributions - employer | - | 457,607 | (457,607) |
| Contributions - employee | - | 285,111 | (285,111) |
| Net investment income | - | 1,577,382 | (1,577,382) |
| Benefit payments, including refunds of employee contributions | (412,257) | (412,257) | - |
| Administrative expense | - | (7,297) | 7,297 |
| Other Changes | - | 50 | (50) |
| Net changes | 1,291,784 | 1,900,596 | (608,812) |
| Balance at 12/31/ 2021 | \$ 13,617,808 | \$ 13,998,525 | \$ (380,717) |

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

CITY OF BRADY, TEXAS
Notes to Financial Statements (continued)
September 30, 2022

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 calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

| | 1% Decrease in Discount Rate (5.75%) | Discount Rate (6.75%) | 1% Increase in Discount Rate (7.75%) |
|------------------------------|--|--------------------------|--|
| City's Net Pension Liability | \$ 1,582,997 | \$ (380,717) | \$ (1,976,912) |

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.

CITY OF BRADY, TEXAS
Notes to Financial Statements
September 30, 2022

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, 2022, the city recognized pension expense of \$447,489.

At September 30, 2022, 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 | \$ 109,510 | \$ - |
| Difference in Actual Assumptions | - | - |
| Differences Between Projected and Actual Investment Earnings | - | (608,617) |
| Contributions Subsequent to the Measurement Date | <u>331,709</u> | - |
| | <u><u>\$ 441,219</u></u> | <u><u>\$ (608,617)</u></u> |

CITY OF BRADY, TEXAS
Notes to Financial Statements (continued)
September 30, 2022

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, 2022. 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 |
|-------------------------|--------------|
| 2022 | \$ (120,116) |
| 2023 | (295,041) |
| 2024 | (170,554) |
| 2025 | (152,152) |
| Total | \$ (737,863) |

8. Other Post-employment 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, 2022

8. Other Post-employment 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, 2021 is summarized below:

| | 2021 |
|--|-------------------|
| Inactive employees or beneficiaries currently receiving benefits | 37 |
| Inactive employees entitled to but not yet receiving benefits | 17 |
| Active employees | <u>97</u> |
| | <u><u>151</u></u> |

Total OPEB Liability

The City's total OPEB liability of \$380,201 was measured as of December 31, 2021 and was determined by an actuarial valuation as of that date.

CITY OF BRADY, TEXAS
Notes to Financial Statements
September 30, 2022

8. Other Post-employment Benefits (Continued)

Actuarial Assumptions and Other Inputs

The total OPEB liability in the December 31, 2021 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* | 1.84% |
| 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, 2021.

CITY OF BRADY, TEXAS
Notes to Financial Statements
September 30, 2022

8. Other Post-employment Benefits (Continued)

The actuarial assumptions used in the December 31, 2021 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 | \$ 27,086 |
| Interest | 7,125 |
| Change of benefit terms | - |
| Employer administrative costs | - |
| Recognition of deferred outflows/inflows of resources: | |
| Differences between expected and actual experience | (11,870) |
| Changes in assumptions or other inputs | 21,307 |
| Total OPEB expense | \$ 43,648 |

* 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 (0.84%) | Discount Rate (1.84%) | 1% Decrease in Discount Rate (2.84%) |
|----------------------|--|--------------------------|--|
| Total OPEB Liability | \$ 465,382 | \$ 380,202 | \$ 315,502 |

CITY OF BRADY, TEXAS
Notes to Financial Statements (continued)
September 30, 2022

8. Other Post-employment Benefits (Continued)

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

At September 30, 2022, 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 | \$ (24,239) | - |
| Changes in Assumptions and Other Inputs | - | 50,226 |
| Contributions Subsequent to the Measurement Date | - | 10,094 |
| | <u><u>\$ (24,239)</u></u> | <u><u>\$ 60,320</u></u> |

\$3,820 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, 2022.

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 |
| 2022 | \$ 7,361 |
| 2023 | 11,600 |
| 2024 | 6,016 |
| 2025 | 1,010 |
| Total | <u><u>\$ 25,987</u></u> |

CITY OF BRADY, TEXAS
Notes to Financial Statements (continued)
September 30, 2022

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 \$193,125 at September 30, 2022.

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, 2022

11. Leases

The City has entered into numerous agreements to lease certain equipment. The leases qualify as other than short-term leases under GASB 87 and, therefore have been recorded at the present value of the future minimum lease payments as of their date of inception.

The City presents leases at their amortized right of use asset and right of use lease liability balances. The City uses the discount rate to determine the appropriate interest and amortization expense amounts. The assets and liabilities are amortized each month by the difference between the lease payment and the interest amount. Interest is determined by adopting the prevailing interest rates that would be used if a loan had been obtained to acquire the assets.

The following is a schedule of the approximate future minimum lease payments required under the leases:

| Year Ending September 30, | Principal Payments | Interest Payments | Total |
|------------------------------|-----------------------|----------------------|-------------------|
| 2023 | \$ 327,977 | \$ 30,807 | \$ 358,784 |
| 2024 | 203,385 | 26,074 | 229,459 |
| 2025 | 204,836 | 17,108 | 221,944 |
| 2026 | 145,616 | 8 | 145,624 |
| Total | <u>\$ 881,814</u> | <u>\$ 73,997</u> | <u>\$ 955,811</u> |

CITY OF BRADY, TEXAS
Notes to Financial Statements (continued)
September 30, 2022

12. Long-Term Liabilities

Long-term liability activity for the year ended September 30, 2022 includes the following:

| Governmental Activities | Balance 10/1/2021 | Additions | Reductions | Balance 9/30/2022 | Amount Due Within One Year |
|---|-----------------------------|--------------------------|----------------------------|-----------------------------|----------------------------------|
| General: | | | | | |
| General Obligation Refunding Bonds, Series 2012 | \$ 205,800 | \$ - | \$ (205,800) | \$ - | \$ - |
| Government Capital | 17,676 | - - | (10,429) | 7,247 | 7,247 |
| Government Capital | 130,149 | - - | (45,584) | 84,565 | 47,555 |
| Government Capital | 146,963 | - - | (24,978) | 121,985 | 25,913 |
| Government Capital | 6,684 | - - | (6,684) | - | - |
| Government Capital | 65,827 | - - | (22,537) | 43,290 | 23,289 |
| Government Capital | 39,276 | - - | (9,501) | 29,775 | 9,854 |
| Government Capital | 22,682 | - - | (4,788) | 17,894 | 4,929 |
| Government Capital | 78,716 | - - | (6,826) | 71,890 | 7,054 |
| Government Capital | - - | 29,972 | (2,859) | 27,113 | 3,935 |
| Government Capital | - - | 30,000 | (1,245) | 28,755 | 5,672 |
| Government Capital | - - | 43,901 | (4,188) | 39,713 | 5,764 |
| Government Capital | - - | 135,877 | (21,380) | 114,497 | 33,176 |
| Government Capital | - - | 61,500 | (1,642) | 59,858 | 8,322 |
| Government Capital | - - | 219,365 | (27,097) | 192,268 | 42,180 |
| AXON | - - | 83,845 | - - | 83,845 | 16,769 |
| Certificate of Obligation, Series 2019 | 10,500,000 | - - | (330,000) | 10,170,000 | 330,000 |
| Certificate of Obligation, Series 2019A | 8,250,000 | - - | (155,000) | 8,095,000 | 150,000 |
| Certificate of Obligation, Series 2019B | 1,965,000 | - - | (70,000) | 1,895,000 | 70,000 |
| Certificate of Obligation, Series 2021 | 1,905,000 | - - | - - | 1,905,000 | 70,000 |
| Total Bonds and Notes Payable | <u>23,333,773</u> | <u>604,460</u> | <u>(950,538)</u> | <u>22,987,695</u> | <u>861,659</u> |
| Compensated Absences | 154,032 | - - | (16,857) | 137,175 | - |
| Total Governmental Activities | <u>\$ 23,487,805</u> | <u>\$ 604,460</u> | <u>\$ (967,395)</u> | <u>\$ 23,124,870</u> | <u>\$ 861,659</u> |

CITY OF BRADY, TEXAS
Notes to Financial Statements (continued)
September 30, 2022

| Business-Type Activities | Balance | Additions | Reductions | Balance | Amount Due |
|---|---------------------|-------------------|---------------------|---------------------|-------------------|
| | 10/1/2021 | | | 9/30/2022 | Within One Year |
| Electric: | | | | | |
| Government Capital | \$ 73,769 | \$ - | \$ (59,300) | \$ 14,469 | 14,469 |
| Government Capital | <u>103,890</u> | <u>-</u> | <u>(17,006)</u> | <u>86,884</u> | <u>17,553</u> |
| | <u>177,659</u> | <u>-</u> | <u>(76,306)</u> | <u>101,353</u> | <u>32,022</u> |
| Water & Sewer: | | | | | |
| Certificates of Obligation, Series 2000 | \$ 2,100,000 | \$ - | \$ (210,000) | \$ 1,890,000 | \$ 210,000 |
| Certificates of Obligation, Series 2013 | 105,000 | - | (35,000) | 70,000 | 35,000 |
| Certificates of Obligation - WWTP, Series 2012 | 385,000 | - | (125,000) | 260,000 | 130,000 |
| General Obligation Refunding Bonds, Series 2012 | 4,200 | - | (4,200) | - | - |
| Government Capital | 156,760 | - | (126,012) | 30,748 | 30,748 |
| Government Capital | <u>-</u> | <u>76,755</u> | <u>(2,050)</u> | <u>74,705</u> | <u>9,957</u> |
| | <u>2,750,960</u> | <u>76,755</u> | <u>(502,262)</u> | <u>2,325,453</u> | <u>415,705</u> |
| Gas: | | | | | |
| Government Capital | 76,844 | - | (61,771) | 15,073 | 15,073 |
| Government Capital | <u>109,336</u> | <u>-</u> | <u>(15,278)</u> | <u>94,058</u> | <u>15,733</u> |
| | <u>186,180</u> | <u>-</u> | <u>(77,049)</u> | <u>109,131</u> | <u>30,806</u> |
| Street Sanitation: | | | | | |
| Government Capital | 47,565 | - | (21,472) | 26,093 | 22,295 |
| | <u>47,565</u> | <u>-</u> | <u>(21,472)</u> | <u>26,093</u> | <u>22,295</u> |
| Solid Waste: | | | | | |
| Government Capital | 140,717 | - | (35,104) | 105,613 | 36,215 |
| Government Capital | 9,256 | - | (9,256) | - | - |
| Government Capital | <u>-</u> | <u>206,527</u> | <u>(8,472)</u> | <u>198,055</u> | <u>38,918</u> |
| | <u>149,973</u> | <u>206,527</u> | <u>(52,832)</u> | <u>303,668</u> | <u>75,133</u> |
| Total Bonds, Notes, and Capital Leases Payable | 3,312,337 | 283,282 | (729,921) | 2,865,698 | 575,961 |
| Compensated Absences | <u>56,677</u> | <u>-</u> | <u>(727)</u> | <u>55,950</u> | <u>-</u> |
| Total Business-Type Activities | <u>\$ 3,369,014</u> | <u>\$ 283,282</u> | <u>\$ (730,648)</u> | <u>\$ 2,921,648</u> | <u>\$ 575,961</u> |

CITY OF BRADY, TEXAS
Notes to Financial Statements (continued)
September 30, 2022

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 bond was paid in full during fiscal year 2022.

Government Capital

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

| Year Ended | | | |
|---------------|-------------|-------------|-------------|
| September 30, | Principal | Interest | Total |
| 2023 | \$ 7,247 | \$ 136 | \$ 7,383 |
| | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> |
| | \$ 7,247 | \$ 136 | \$ 7,383 |

Government Capital

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

| Year Ended | | | |
|---------------|-------------|-------------|-------------|
| September 30, | Principal | Interest | Total |
| 2023 | \$ 47,555 | \$ 2,669 | \$ 50,224 |
| 2024 | \$ 37,010 | \$ 657 | \$ 37,667 |
| | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> |
| | \$ 84,565 | \$ 3,326 | \$ 87,891 |

CITY OF BRADY, TEXAS
Notes to Financial Statements (continued)
September 30, 2022

12. Long-Term Liabilities (Continued)

Description of Debt and Maturity Schedules (Continued)

Government Capital

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

| Year Ended September 30, | Principal | Interest | Total |
|-----------------------------|--------------------------|-------------------------|--------------------------|
| 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 |
| | <u><u>\$ 121,985</u></u> | <u><u>\$ 10,362</u></u> | <u><u>\$ 132,347</u></u> |

Government Capital

On December 19, 2017, the City entered a finance agreement with Government Capital. This loan was for the purchase of two police vehicles. This loan is due and payable in 48 monthly payments of \$1,682 beginning February 15, 2018. Payments include interest of 3.066%. This loan was paid in full during the fiscal year.

Government Capital

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

| Year Ended September 30, | Principal | Interest | Total |
|-----------------------------|-------------------------|------------------------|-------------------------|
| 2023 | \$ 23,289 | \$ 1,075 | \$ 24,364 |
| 2024 | 20,001 | 303 | 20,304 |
| | <u><u>\$ 43,290</u></u> | <u><u>\$ 1,378</u></u> | <u><u>\$ 44,668</u></u> |

CITY OF BRADY, TEXAS
Notes to Financial Statements (continued)
September 30, 2022

12. Long-Term Liabilities (Continued)

Description of Debt and Maturity Schedules (Continued)

Government Capital

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

| Year Ended September 30, | Principal | Interest | Total |
|-----------------------------|-------------------------|------------------------|-------------------------|
| 2023 | \$ 9,854 | \$ 921 | \$ 10,775 |
| 2024 | 10,220 | 556 | 10,776 |
| 2025 | 9,701 | 178 | 9,879 |
| | <u><u>\$ 29,775</u></u> | <u><u>\$ 1,655</u></u> | <u><u>\$ 31,430</u></u> |

Government Capital

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

| Year Ended September 30, | Principal | Interest | Total |
|-----------------------------|-------------------------|----------------------|-------------------------|
| 2023 | \$ 4,929 | \$ 454 | \$ 5,383 |
| 2024 | 5,074 | 309 | 5,383 |
| 2025 | 5,223 | 134 | 5,357 |
| 2026 | 2,668 | 23 | 2,691 |
| | <u><u>\$ 17,894</u></u> | <u><u>\$ 920</u></u> | <u><u>\$ 18,814</u></u> |

CITY OF BRADY, TEXAS
Notes to Financial Statements (continued)
September 30, 2022

12. Long-Term Liabilities (Continued)

Description of Debt and Maturity Schedules (Continued)

Government Capital

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

| Year Ended September 30, | Principal | Interest | Total |
|-----------------------------|------------------|------------------|------------------|
| 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 | 8,045 | 1,269 | 9,314 |
| 2028-2031 | 34,183 | 2,344 | 36,527 |
| | <u>\$ 71,890</u> | <u>\$ 11,205</u> | <u>\$ 83,095</u> |

Government Capital

On December 15, 2021, the City entered a finance agreement with Government Capital. This loan was for the purchase of two zero turn mowers. This loan is due and payable in 84 monthly payments of \$405 beginning January 15, 2022. Payments include interest of 3.64%. This loan will be paid in full on December 15, 2028.

| Year Ended September 30, | Principal | Interest | Total |
|-----------------------------|------------------|-----------------|------------------|
| 2023 | \$ 3,935 | \$ 922 | \$ 4,857 |
| 2024 | 4,081 | 776 | 4,857 |
| 2025 | 4,232 | 625 | 4,857 |
| 2026 | 4,388 | 468 | 4,856 |
| 2027 | 4,551 | 306 | 4,857 |
| 2028-2029 | 5,926 | 138 | 6,064 |
| | <u>\$ 27,113</u> | <u>\$ 3,235</u> | <u>\$ 30,348</u> |

CITY OF BRADY, TEXAS
Notes to Financial Statements (continued)
September 30, 2022

12. Long-Term Liabilities (Continued)

Description of Debt and Maturity Schedules (Continued)

Government Capital

On April 25, 2022, the City entered a finance agreement with Government Capital. This loan was for the purchase of a Ford F250 pickup truck. This loan is due and payable in 60 monthly payments of \$547 beginning July 15, 2022. Payments include interest of 3.42%. This loan will be paid in full on June 15, 2027.

| Year Ended September 30, | Principal | Interest | Total |
|-----------------------------|-------------------------|------------------------|-------------------------|
| 2023 | \$ 5,672 | \$ 895 | \$ 6,567 |
| 2024 | 5,869 | 698 | 6,567 |
| 2025 | 6,073 | 494 | 6,567 |
| 2026 | 6,284 | 283 | 6,567 |
| 2027 | 4,857 | 69 | 4,926 |
| | <u><u>\$ 28,755</u></u> | <u><u>\$ 2,439</u></u> | <u><u>\$ 31,194</u></u> |

Government Capital

On December 15, 2021, the City entered a finance agreement with Government Capital. This loan was for the purchase of six self-contained breathing apparatuses. This loan is due and payable in 84 monthly payments of \$593 beginning January 15, 2022. Payments include interest of 3.639%. This loan will be paid in full on December 15, 2028.

| Year Ended September 30, | Principal | Interest | Total |
|-----------------------------|-------------------------|------------------------|-------------------------|
| 2023 | \$ 5,764 | \$ 1,350 | \$ 7,114 |
| 2024 | 5,977 | 1,136 | 7,113 |
| 2025 | 6,199 | 915 | 7,114 |
| 2026 | 6,428 | 686 | 7,114 |
| 2027 | 6,666 | 448 | 7,114 |
| 2028-2029 | 8,679 | 212 | 8,891 |
| | <u><u>\$ 39,713</u></u> | <u><u>\$ 4,747</u></u> | <u><u>\$ 44,460</u></u> |

CITY OF BRADY, TEXAS
Notes to Financial Statements (continued)
September 30, 2022

12. Long-Term Liabilities (Continued)

Description of Debt and Maturity Schedules (Continued)

Government Capital

On December 28, 2021, the City entered a finance agreement with Government Capital. This loan was for the purchase of police vehicles and related equipment. This loan is due and payable in 48 monthly payments of \$3,009 beginning February 15, 2022. Payments include interest of 2.95%. This loan will be paid in full on January 15, 2026.

| Year Ended September 30, | Principal | Interest | Total |
|-----------------------------|--------------------------|------------------------|--------------------------|
| 2023 | \$ 33,176 | \$ 2,931 | \$ 36,107 |
| 2024 | 34,168 | 1,939 | 36,107 |
| 2025 | 35,190 | 918 | 36,108 |
| 2026 | 11,963 | 74 | 12,037 |
| | <u><u>\$ 114,497</u></u> | <u><u>\$ 5,862</u></u> | <u><u>\$ 120,359</u></u> |

Government Capital

On April 25, 2022, the City entered a finance agreement with Government Capital. This loan was for the purchase of a pneumatic tire roller. This loan is due and payable in 84 monthly payments of \$834 beginning July 15, 2022. Payments include interest of 3.60%. This loan will be paid in full on June 15, 2029.

| Year Ended September 30, | Principal | Interest | Total |
|-----------------------------|-------------------------|------------------------|-------------------------|
| 2023 | \$ 8,322 | \$ 1,680 | \$ 10,002 |
| 2024 | 8,575 | 1,427 | 10,002 |
| 2025 | 8,836 | 1,166 | 10,002 |
| 2026 | 9,105 | 897 | 10,002 |
| 2027 | 9,382 | 620 | 10,002 |
| 2028-2029 | 15,638 | 394 | 16,032 |
| | <u><u>\$ 59,858</u></u> | <u><u>\$ 6,184</u></u> | <u><u>\$ 66,042</u></u> |

CITY OF BRADY, TEXAS
Notes to Financial Statements (continued)
September 30, 2022

12. Long-Term Liabilities (Continued)

Description of Debt and Maturity Schedules (Continued)

Government Capital

On December 28, 2021, the City entered a finance agreement with Government Capital. This loan was for the purchase of an ambulance. This loan is due and payable in 60 monthly payments of \$3,948 beginning February 15, 2022. Payments include interest of 3%. This loan will be paid in full on January 15, 2027.

| Year Ended September 30, | Principal | Interest | Total |
|-----------------------------|------------|-----------|------------|
| 2023 | \$ 42,180 | \$ 5,191 | \$ 47,371 |
| 2024 | 43,463 | 3,908 | 47,371 |
| 2025 | 44,785 | 2,586 | 47,371 |
| 2026 | 46,147 | 1,224 | 47,371 |
| 2027 | 15,693 | 98 | 15,791 |
| | \$ 192,268 | \$ 13,007 | \$ 205,275 |

AXON

On October 1, 2022, the City obtained a note payable with AXON Enterprise, Inc. This note was for the purchase of in-car police cameras. This note is due and payable in 60 months, with four annual payments of \$16,769 beginning October 1, 2022, which includes 0% interest. The note will be paid in full on October 1, 2026.

| Year Ended September 30, | Principal | Interest | Total |
|-----------------------------|-----------|----------|-----------|
| 2023 | \$ 16,769 | \$ - | \$ 16,769 |
| 2024 | 16,769 | - | 16,769 |
| 2025 | 16,769 | - | 16,769 |
| 2026 | 16,769 | - | 16,769 |
| 2026 | 16,769 | - | 16,769 |
| | \$ 83,845 | \$ - | \$ 83,845 |

CITY OF BRADY, TEXAS
Notes to Financial Statements (continued)
September 30, 2022

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. TWDB 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 |
|-----------------------------|----------------------|-------------|----------------------|
| 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>\$ 10,170,000</u> | <u>\$ -</u> | <u>\$ 10,170,000</u> |

CITY OF BRADY, TEXAS
Notes to Financial Statements (continued)
September 30, 2022

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 (TWBD) 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 |
|-----------------------------|---------------------|-------------------|---------------------|
| 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>\$ 8,095,000</u> | <u>\$ 893,744</u> | <u>\$ 8,988,744</u> |

CITY OF BRADY, TEXAS
Notes to Financial Statements (continued)
September 30, 2022

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 (TWBD) 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 |
|-----------------------------|---------------------|-------------|---------------------|
| 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>\$ 1,895,000</u> | <u>\$ -</u> | <u>\$ 1,895,000</u> |

CITY OF BRADY, TEXAS
Notes to Financial Statements (continued)
September 30, 2022

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 |
|-----------------------------|----------------------------|------------------------|----------------------------|
| 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 | 2,493 | 1,627,493 |
| | <u><u>\$ 1,905,000</u></u> | <u><u>\$ 2,913</u></u> | <u><u>\$ 1,907,913</u></u> |

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 |
|-----------------------------|----------------------------|--------------------|----------------------------|
| 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 |
| | <u><u>\$ 1,890,000</u></u> | <u><u>\$ -</u></u> | <u><u>\$ 1,890,000</u></u> |

CITY OF BRADY, TEXAS
Notes to Financial Statements (continued)
September 30, 2022

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 |
|-----------------------------|-------------------------|------------------------|-------------------------|
| 2023 | \$ 35,000 | \$ 1,943 | \$ 36,943 |
| 2024 | 35,000 | 1,001 | 36,001 |
| | <u><u>\$ 70,000</u></u> | <u><u>\$ 2,944</u></u> | <u><u>\$ 72,944</u></u> |

*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 |
|-----------------------------|--------------------------|------------------------|--------------------------|
| 2023 | \$ 130,000 | \$ 5,850 | \$ 135,850 |
| 2024 | 130,000 | 2,964 | 132,964 |
| | <u><u>\$ 260,000</u></u> | <u><u>\$ 8,814</u></u> | <u><u>\$ 268,814</u></u> |

CITY OF BRADY, TEXAS
Notes to Financial Statements (continued)
September 30, 2022

12. Long-Term Liabilities (Continued)

Description of Debt and Maturity Schedules (Continued)

Government Capital

On October 15, 2012, the City entered a finance agreement with Government Capital. This loan was for the purchase of various Water, Electric and Gas System meters and equipment. This loan 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 \$14,469, \$30,748, and \$15,073, respectively.

| Year Ended | | | | |
|---------------|---------------|------------|---------------|-------|
| September 30, | | Principal | Interest | Total |
| 2023 | \$ 60,290 | \$ 526 | \$ 60,816 | |
| | <u>60,290</u> | <u>526</u> | <u>60,816</u> | |

Government Capital

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

| Year Ended | | | | |
|---------------|---------------|--------------|---------------|-------|
| September 30, | | Principal | Interest | Total |
| 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 | |
| | <u>86,884</u> | <u>6,699</u> | <u>93,583</u> | |

CITY OF BRADY, TEXAS
Notes to Financial Statements (continued)
September 30, 2022

12. Long-Term Liabilities (Continued)

Description of Debt and Maturity Schedules (Continued)

Government Capital

On April 25, 2022, the City entered a finance agreement with Government Capital. This loan was for the purchase of a dump truck. This loan is due and payable in 84 monthly payments of \$1,040 beginning July 15, 2022. Payments include interest of 3.60%. This loan will be paid in full on June 15, 2029.

| Year Ended September 30, | Principal | Interest | Total |
|-----------------------------|-----------|----------|-----------|
| 2023 | \$ 9,957 | \$ 2,526 | \$ 12,483 |
| 2024 | 10,321 | 2,162 | 12,483 |
| 2025 | 10,699 | 1,784 | 12,483 |
| 2026 | 11,091 | 1,392 | 12,483 |
| 2027 | 11,497 | 986 | 12,483 |
| 2028-2029 | 21,140 | 705 | 21,845 |
| | \$ 74,705 | \$ 9,555 | \$ 84,260 |

Government Capital

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

| Year Ended September 30, | Principal | Interest | Total |
|-----------------------------|-----------|----------|------------|
| 2023 | \$ 15,733 | \$ 2,526 | \$ 18,259 |
| 2024 | 16,202 | 2,162 | 18,364 |
| 2025 | 16,685 | 1,784 | 18,469 |
| 2026 | 17,182 | 1,392 | 18,574 |
| 2027 | 17,694 | 986 | 18,680 |
| 2028 | 10,562 | 705 | 11,267 |
| | \$ 94,058 | \$ 9,555 | \$ 103,613 |

CITY OF BRADY, TEXAS
Notes to Financial Statements (continued)
September 30, 2022

12. Long-Term Liabilities (Continued)

Description of Debt and Maturity Schedules (Continued)

Government Capital

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

| Year Ended September 30, | Principal | Interest | Total |
|-----------------------------|-------------------------|---------------------|-------------------------|
| 2023 | \$ 22,295 | \$ 18 | \$ 22,313 |
| 2024 | 3,798 | 18 | 3,816 |
| | <u><u>\$ 26,093</u></u> | <u><u>\$ 36</u></u> | <u><u>\$ 26,129</u></u> |

Government Capital

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

| Year Ended September 30, | Principal | Interest | Total |
|-----------------------------|--------------------------|------------------------|--------------------------|
| 2023 | \$ 36,215 | \$ 2,780 | \$ 38,995 |
| 2024 | 37,361 | 1,634 | 38,995 |
| 2025 | 32,037 | 460 | 32,497 |
| | <u><u>\$ 105,613</u></u> | <u><u>\$ 4,874</u></u> | <u><u>\$ 110,487</u></u> |

Government Capital

On December 28, 2015, the City entered a finance agreement with Government Capital. This loan was for the purchase of a sanitation truck. This loan is due and payable in 72 monthly payments of \$2,331 beginning February 15, 2016. Payments include interest of 3.545%. This loan was paid in full during the fiscal year.

CITY OF BRADY, TEXAS
Notes to Financial Statements (continued)
September 30, 2022

12. Long-Term Liabilities (Continued)

Description of Debt and Maturity Schedules (Continued)

Government Capital

On April 25, 2022, the City entered a finance agreement with Government Capital. This loan was for the purchase of a trash truck. This loan is due and payable in 60 monthly payments of \$3,787 beginning July 15, 2022. Payments include interest of 3.62%. This loan will be paid in full on June 15, 2027.

| Year Ended September 30, | Principal | Interest | Total |
|-----------------------------|--------------------------|-------------------------|--------------------------|
| 2023 | \$ 38,918 | \$ 6,528 | \$ 45,446 |
| 2024 | 40,350 | 5,096 | 45,446 |
| 2025 | 41,835 | 3,611 | 45,446 |
| 2026 | 43,375 | 2,071 | 45,446 |
| 2027 | 33,577 | 208 | 33,785 |
| | <u><u>\$ 198,055</u></u> | <u><u>\$ 17,514</u></u> | <u><u>\$ 215,569</u></u> |

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, 2022. 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.

| Economic Development Corporation | Balance | | | Balance | Amount Due Within One Year |
|--|--------------------------|--------------------|--------------------|--------------------------|----------------------------------|
| | 10/1/2021 | Additions | Reductions | 9/30/2022 | |
| City of Brady Civic Center Improvements | \$ 679,166 | \$ - | \$ - | \$ 679,166 | \$ - |
| Total Bonds, Notes, and Capital Leases Payable | <u><u>\$ 679,166</u></u> | <u><u>\$ -</u></u> | <u><u>\$ -</u></u> | <u><u>\$ 679,166</u></u> | <u><u>\$ -</u></u> |

CITY OF BRADY, TEXAS
Notes to Financial Statements (continued)
September 30, 2022

12. Long-Term Liabilities (Continued)

Description of Debt Agreement Default Terms

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 or 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, 2022

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 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, 2022

13. Landfill Closure and Post-Closure 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 post-closure care costs that will be incurred near or after the date the landfill no longer accepts waste. The recognition of these landfill closure and post-closure care costs is based on the amount of the landfill use during the year.

The estimated liability for landfill closure and post-closure care costs was \$705,037 as of September 30, 2022, which was based on 36.55% usage (filled) of the landfill. It is estimated that an additional \$1,162,363 will be recognized as closure and post-closure 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 post-closure 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, 2022. However, the actual cost of closure and post-closure 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 \$705,037 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 post-closure care. The City is in compliance with these requirements.

14. 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.

CITY OF BRADY, TEXAS
Notes to Financial Statements (continued)
September 30, 2022

15. 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 post-employment 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.

16. Restricted Net Position

The City reported the following restricted net position at September 30, 2022:

| Restricted For: | Governmental Activities | Business-Type Activities | Total Governmental Funds |
|---|----------------------------|-----------------------------|--------------------------------|
| Debt Service | \$ - | \$ 165,326 | \$ 165,326 |
| State, Local, and Federally Funded Programs | 31,453,030 | 220,000 | 31,673,030 |
| Street Sanitation | - | 65,673 | 65,673 |
| Police Activities | 17,346 | - | 17,346 |
| Total Restricted | \$ 31,470,376 | \$ 450,999 | \$ 31,921,375 |

CITY OF BRADY, TEXAS
Notes to Financial Statements (continued)
September 30, 2022

17. Fund Balances

The City reported the following fund balance designations at September 30, 2022:

| | 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 | \$ 58,075 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 58,075 |
| Total Nonspendable | | 58,075 | - | - | - | - | - | - | 58,075 |
| Restricted For: | | | | | | | | | |
| State and Federally Funded Programs | - | - | 8,016,672 | 8,804,056 | 248,059 | - | - | - | 17,068,787 |
| Police Activities | - | - | - | - | - | - | - | 17,346 | 17,346 |
| Cemetery | - | - | - | - | - | 101,748 | - | - | 101,748 |
| Hotel/Motel | - | - | - | - | - | - | 134,012 | - | 134,012 |
| Total Restricted | | - | 8,016,672 | 8,804,056 | 248,059 | 101,748 | 134,012 | 17,346 | 17,321,893 |
| Unassigned | 3,988,371 | 216,189 | - | - | - | - | - | - | 4,204,560 |
| Total Fund Balances | \$ 4,046,446 | \$ 216,189 | \$ 8,016,672 | \$ 8,804,056 | \$ 248,059 | \$ 101,748 | \$ 134,012 | \$ 17,346 | \$ 21,584,528 |

19. Subsequent Events

The City has evaluated subsequent events through March 15, 2023, 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 would require adjustment to, or disclosure in, the financial statements.

20. COVID Impact

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.

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, 2022

| | Budgeted Amounts | | Actual Amounts | | Variance with Final Budget Positive (Negative) |
|----------------------------------|---------------------|---------------------|----------------------|-------------------|--|
| | Original | Final | (Budgetary Basis) | | |
| REVENUES | | | | | |
| Property Tax | \$ 908,000 | \$ 908,000 | \$ 917,476 | \$ 9,476 | |
| Sales Tax | 950,000 | 1,030,000 | 1,059,459 | 29,459 | |
| Franchise Taxes | 16,000 | 16,000 | 17,329 | 1,329 | |
| Mixed Beverage Tax | 4,500 | 4,500 | 9,051 | 4,551 | |
| Interest Income | 36,600 | 36,600 | 57,787 | 21,187 | |
| Miscellaneous Revenue | - | - | 660 | 660 | |
| Reimbursed Expenses | 42,000 | 74,342 | 91,661 | 17,319 | |
| Administrative Services | 1,565,180 | 1,565,180 | 1,561,877 | (3,303) | |
| Airport Revenue | 258,300 | 257,300 | 264,632 | 7,332 | |
| Public Property Maintenance | 48,500 | 48,500 | 50,469 | 1,969 | |
| Golf Course | 92,800 | 92,800 | 128,534 | 35,734 | |
| Swimming Pool | 11,500 | 11,500 | 16,297 | 4,797 | |
| Fire Department | 500 | 500 | 3,200 | 2,700 | |
| Police Department | 500 | 500 | 895 | 395 | |
| Community Support Administration | 15,000 | 15,000 | 15,000 | - | |
| Street Department | 5,000 | 5,000 | 10,620 | 5,620 | |
| Civic Center | 20,000 | 20,000 | 26,100 | 6,100 | |
| Municipal Court | 71,000 | 143,000 | 156,290 | 13,290 | |
| Animal Control | 300 | 300 | 3,225 | 2,925 | |
| City/County EMS | 433,500 | 433,500 | 469,303 | 35,803 | |
| Lake Department | 202,000 | 202,000 | 232,009 | 30,009 | |
| Financial Administration | 5,000 | 5,000 | 5,150 | 150 | |
| Building & Permitting | 15,000 | 15,000 | 40,771 | 25,771 | |
| Donations | - | - | 100 | 100 | |
| Grant Revenue | 40,000 | - | 10,384 | 10,384 | |
| Total Revenues | \$ 4,741,180 | \$ 4,884,522 | \$ 5,148,279 | \$ 263,757 | |

CITY OF BRADY, TEXAS
Schedule of Revenues, Expenditures, and Changes in Fund Balance –
Budget and Actual (Continued)
General Fund
Year Ended September 30, 2022

| | Budgeted Amounts | | Actual Amounts | | Variance with Final Budget Positive (Negative) |
|---|------------------|------------------|----------------------|------------------|--|
| | Original | Final | (Budgetary Basis) | | |
| EXPENDITURES | | | | | |
| Administration | \$ 672,693 | \$ 664,103 | \$ 647,818 | \$ 16,285 | |
| Airport | 475,955 | 435,145 | 395,915 | 39,230 | |
| Public Property Maintenance | 493,639 | 472,439 | 439,735 | 32,704 | |
| Mayor and Council | 49,620 | 29,620 | 24,351 | 5,269 | |
| Golf Course | 449,739 | 449,739 | 454,703 | (4,964) | |
| Swimming Pool | 104,538 | 104,538 | 84,890 | 19,648 | |
| Fire Department | 392,046 | 402,646 | 339,263 | 63,383 | |
| Police Department | 1,382,629 | 1,338,429 | 1,234,502 | 103,927 | |
| Emergency Management | 22,300 | 22,300 | 19,072 | 3,228 | |
| Community Support Administration | 122,741 | 5,241 | 765 | 4,476 | |
| Street Department | 603,333 | 595,108 | 523,777 | 71,331 | |
| Civic Center | 33,046 | 33,046 | 43,347 | (10,301) | |
| Municipal Court | 109,801 | 140,401 | 122,521 | 17,880 | |
| Special Services | 2,000 | 2,000 | 1,836 | 164 | |
| Repair Shop | 75,140 | 75,140 | 72,706 | 2,434 | |
| Animal Control | 119,164 | 128,664 | 119,240 | 9,424 | |
| City/County EMS | 1,606,794 | 1,630,694 | 1,558,073 | 72,621 | |
| Lake Department | 250,245 | 250,245 | 237,554 | 12,691 | |
| G.R. White Complex | 11,000 | 11,000 | 4,628 | 6,372 | |
| Purchasing | 71,590 | 71,590 | 67,847 | 3,743 | |
| Financial Administration | 327,011 | 327,011 | 324,184 | 2,827 | |
| Building & Permitting | 170,340 | 175,167 | 145,765 | 29,402 | |
| Capital Outlay | 533,000 | 1,132,675 | 671,527 | 461,148 | |
| Debt Service | | | | | |
| Principal | 436,002 | 467,502 | 420,720 | 46,782 | |
| Interest | 30,000 | 31,700 | 32,825 | (1,125) | |
| Total Expenditures | <u>8,544,366</u> | <u>8,996,143</u> | <u>7,987,564</u> | <u>1,008,579</u> | |
| Excess (Deficiency) of Revenues Over Expenditures | (3,803,186) | (4,111,621) | (2,839,285) | 1,272,336 | |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Transfers In | 2,028,911 | 2,000,000 | 2,000,004 | 4 | |
| Donated Assets | - | - | 300 | 300 | |
| Lease Proceeds | 533,000 | 744,000 | 604,461 | (139,539) | |
| Sale of Capital Assets | - | 31,000 | 34,000 | 3,000 | |
| Transfers Out | - | (252,000) | (252,000) | - | |
| Total Other Financing Sources (Uses) | <u>2,561,911</u> | <u>2,523,000</u> | <u>2,386,765</u> | <u>(136,235)</u> | |
| Excess Revenues and Other Sources Over (Under) Expenditures and Other Uses | (1,241,275) | (1,588,621) | (452,520) | 1,136,101 | |
| Fund Balance - Beginning, GAAP Basis | <u>4,498,966</u> | <u>4,498,966</u> | <u>4,498,966</u> | <u>-</u> | |
| Fund Balance - Ending, GAAP and Budgetary Basis | \$ 3,257,691 | \$ 2,910,345 | \$ 4,046,446 | \$ 1,136,101 | |

CITY OF BRADY, TEXAS
Schedule of Revenues, Expenditures, and Changes in Fund Balance –
Budget and Actual
General Construction Fund
Year Ended September 30, 2022

| | Budgeted Amounts | | Actual Amounts (Budgetary Basis) | Variance with Final Budget Positive (Negative) |
|---|---------------------|---------------------|-------------------------------------|--|
| | Original | Final | | |
| REVENUES | | | | |
| General Construction Revenue | \$ 2,500,000 | \$ 2,500,000 | \$ - | \$ (2,500,000) |
| Total Revenues | <u>2,500,000</u> | <u>2,500,000</u> | <u>-</u> | <u>(2,500,000)</u> |
| EXPENDITURES | | | | |
| Capital Outlay | - | 394,000 | 177,811 | 216,189 |
| Total Expenditures | <u>-</u> | <u>394,000</u> | <u>177,811</u> | <u>216,189</u> |
| Excess (Deficiency) of Revenues Over Expenditures | 2,500,000 | 2,106,000 | (177,811) | (2,283,811) |
| OTHER FINANCING SOURCES (USES) | | | | |
| Operating Transfers In | - | 252,000 | 252,000 | - |
| Total Other Financing Sources and Uses | <u>-</u> | <u>252,000</u> | <u>252,000</u> | <u>-</u> |
| Excess Revenues and Other Sources Over (Under) Expenditures and Other Uses | 2,500,000 | 2,358,000 | 74,189 | (2,283,811) |
| Fund Balance - Beginning, GAAP Basis | <u>142,000</u> | <u>142,000</u> | <u>142,000</u> | <u>-</u> |
| Fund Balance - Ending, GAAP and Budgetary Basis | \$ <u>2,642,000</u> | \$ <u>2,500,000</u> | \$ <u>216,189</u> | \$ <u>(2,283,811)</u> |

CITY OF BRADY, TEXAS
Schedule of Revenues, Expenditures, and Changes in Fund Balance –
Budget and Actual
Water Construction Fund
Year Ended September 30, 2022

| | Budgeted Amounts | | Actual Amounts (Budgetary Basis) | Variance with Final Budget Positive (Negative) |
|---|-------------------|-------------------|-------------------------------------|--|
| | Original | Final | | |
| REVENUES | | | | |
| Interest Income | \$ - | \$ - | \$ 46,524 | \$ 46,524 |
| Total Revenues | <u>-</u> | <u>-</u> | <u>46,524</u> | <u>46,524</u> |
| EXPENDITURES | | | | |
| Capital Outlay | 15,219,463 | 15,356,586 | 7,678,699 | 7,677,887 |
| Principal | - | 330,000 | 330,000 | - |
| Arbitrage Rebate | - | - | 38,218 | (38,218) |
| Total Expenditures | <u>15,219,463</u> | <u>15,686,586</u> | <u>8,046,917</u> | <u>7,639,669</u> |
| Excess (Deficiency) of Revenues Over Expenditures | (15,219,463) | (15,686,586) | (8,000,393) | 7,686,193 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Operating Transfers In | - | 330,000 | 330,000 | - |
| Total Other Financing Sources and Uses | <u>-</u> | <u>330,000</u> | <u>330,000</u> | <u>-</u> |
| Excess Revenues and Other Sources Over (Under) Expenditures and Other Uses | (15,219,463) | (15,356,586) | (7,670,393) | 7,686,193 |
| Fund Balance - Beginning, GAAP Basis | <u>15,687,065</u> | <u>15,687,065</u> | <u>15,687,065</u> | <u>-</u> |
| Fund Balance - Ending, GAAP and Budgetary Basis | \$ <u>467,602</u> | \$ <u>330,479</u> | \$ <u>8,016,672</u> | \$ <u>7,686,193</u> |

CITY OF BRADY, TEXAS
Schedule of Revenues, Expenditures, and Changes in Fund Balance –
Budget and Actual
WWTP Construction Fund
Year Ended September 30, 2022

| | Budgeted Amounts | | Actual Amounts (Budgetary Basis) | Variance with Final Budget Positive (Negative) |
|---|---------------------|-------------------|--|--|
| | Original | Final | | |
| | | | | |
| REVENUES | | | | |
| Interest Income | \$ - | \$ - | \$ 46,730 | \$ 46,730 |
| Total Revenues | <u>-</u> | <u>-</u> | <u>46,730</u> | <u>46,730</u> |
| EXPENDITURES | | | | |
| Capital Outlay | 11,991,318 | 15,810,176 | 7,190,116 | 8,620,060 |
| Debt Service | | | | |
| Principal | - | 225,000 | 225,000 | - |
| Interest | - | 40,880 | 40,879 | 1 |
| Arbitrage Rebate | - | - | 10,007 | (10,007) |
| Total Expenditures | <u>11,991,318</u> | <u>16,076,056</u> | <u>7,466,002</u> | <u>8,610,054</u> |
| Excess (Deficiency) of Revenues Over Expenditures | (11,991,318) | (16,076,056) | (7,419,272) | 8,656,784 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Operating Transfers In | - | 265,880 | 265,879 | (1) |
| Total Other Financing Sources and Uses | <u>-</u> | <u>265,880</u> | <u>265,879</u> | <u>(1)</u> |
| Excess Revenues and Other Sources Over (Under) Expenditures and Other Uses | (11,991,318) | (15,810,176) | (7,153,393) | 8,656,783 |
| Fund Balance - Beginning, GAAP Basis | <u>15,957,449</u> | <u>15,957,449</u> | <u>15,957,449</u> | <u>-</u> |
| Fund Balance - Ending, GAAP and Budgetary Basis | <u>\$ 3,966,131</u> | <u>\$ 147,273</u> | <u>\$ 8,804,056</u> | <u>\$ 8,656,783</u> |

CITY OF BRADY, TEXAS
Schedule of Revenues, Expenditures, and Changes in Fund Balance –
Budget and Actual
Special Revenue Fund
Year Ended September 30, 2022

| | Budgeted Amounts | | Actual Amounts (Budgetary Basis) | | Variance with Final Budget Positive (Negative) |
|---|------------------|----------------|-------------------------------------|-----------------|--|
| | Original | Final | | | |
| REVENUES | | | | | |
| Sales Taxes | \$ 230,000 | \$ 230,000 | \$ 258,241 | \$ 28,241 | |
| Senior Citizen Revenues | 15,000 | 15,000 | 12,322 | (2,678) | |
| Donations | - | - | 700 | 700 | |
| Reimbursed Expenses | - | - | 462 | 462 | |
| Community Development | 50,400 | 165,000 | 7,990 | (157,010) | |
| Grant Revenues | 71,200 | 71,200 | 112,836 | 41,636 | |
| Total Revenues | 366,600 | 481,200 | 392,551 | (88,649) | |
| EXPENDITURES | | | | | |
| Pass-Through Services | 230,000 | 230,000 | 258,241 | (28,241) | |
| Senior Citizens Program | 231,464 | 231,464 | 213,122 | 18,342 | |
| Community Development | - | - | 7,395 | (7,395) | |
| Capital Outlay | 56,400 | 252,580 | 595 | 251,985 | |
| Total Expenditures | 517,864 | 714,044 | 479,353 | 234,691 | |
| Excess (Deficiency) of Revenues Over Expenditures | (151,264) | (232,844) | (86,802) | 146,042 | |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Operating Transfers In | 150,000 | 150,000 | 150,000 | - | |
| Operating Transfers Out | (28,911) | - | - | - | |
| Total Other Financing Sources and Uses | 121,089 | 150,000 | 150,000 | - | |
| Excess Revenues and Other Sources Over (Under) Expenditures and Other Uses | (30,175) | (82,844) | 63,198 | 146,042 | |
| Fund Balance - Beginning, GAAP Basis | 184,861 | 184,861 | 184,861 | - | |
| Fund Balance - Ending, GAAP and Budgetary Basis | \$ 154,686 | \$ 102,017 | \$ 248,059 | \$ 146,042 | |

CITY OF BRADY, TEXAS
Schedule of Revenues, Expenditures, and Changes in Fund Balance –
Budget and Actual
Cemetery Fund
Year Ended September 30, 2022

| | Budgeted Amounts | | Actual Amounts | | Variance with Final Budget Positive (Negative) | |
|---|------------------|------------------|----------------------|------------------|--|--|
| | Original | | (Budgetary Basis) | | | |
| | Original | Final | Original | Final | | |
| REVENUES | | | | | | |
| Property Tax | \$ 43,100 | \$ 43,100 | \$ 48,096 | \$ 4,996 | | |
| Cemetery Maintenance | - | - | 1,988 | 1,988 | | |
| Total Revenues | <u>43,100</u> | <u>43,100</u> | <u>50,084</u> | <u>6,984</u> | | |
| EXPENDITURES | | | | | | |
| Cemetery Maintenance | 58,626 | 58,626 | 45,222 | 13,404 | | |
| Total Expenditures | <u>58,626</u> | <u>58,626</u> | <u>45,222</u> | <u>13,404</u> | | |
| Excess Revenues and Other Sources Over (Under) Expenditures and Other Uses | (15,526) | (15,526) | 4,862 | 20,388 | | |
| Fund Balance - Beginning, GAAP Basis | <u>96,886</u> | <u>96,886</u> | <u>96,886</u> | <u>-</u> | | |
| Fund Balance - Ending, GAAP and Budgetary Basis | <u>\$ 81,360</u> | <u>\$ 81,360</u> | <u>\$ 101,748</u> | <u>\$ 20,388</u> | | |

CITY OF BRADY, TEXAS
Schedule of Revenues, Expenditures, and Changes in Fund Balance –
Budget and Actual
Hotel/Motel Fund
Year Ended September 30, 2022

| | Budgeted Amounts | | Actual Amounts (Budgetary Basis) | Variance with Final Budget Positive (Negative) |
|--|------------------|------------------|-------------------------------------|--|
| | Original | Final | | |
| | | | | |
| REVENUES | | | | |
| Hotel Occupancy Taxes | \$ 190,000 | \$ 190,000 | \$ 265,779 | \$ 75,779 |
| Total Revenues | <u>190,000</u> | <u>190,000</u> | <u>265,779</u> | <u>75,779</u> |
| EXPENDITURES | | | | |
| Hotel/Motel | 205,500 | 205,500 | 219,833 | (14,333) |
| Total Expenditures | <u>205,500</u> | <u>205,500</u> | <u>219,833</u> | <u>(14,333)</u> |
| Excess (Deficiency) of Revenues Over Expenditures | (15,500) | (15,500) | 45,946 | 61,446 |
| Fund Balance - Beginning, GAAP Basis | 88,066 | 88,066 | 88,066 | - |
| Fund Balance - Ending, GAAP and Budgetary Basis | <u>\$ 72,566</u> | <u>\$ 72,566</u> | <u>\$ 134,012</u> | <u>\$ 61,446</u> |

CITY OF BRADY, TEXAS
Schedule of Revenues, Expenditures, and Changes in Fund Balance –
Budget and Actual
Special Purpose Fund
Year Ended September 30, 2022

| | Budgeted Amounts | | Actual Amounts (Budgetary Basis) | Variance with Final Budget Positive (Negative) |
|--|------------------|---------------|-------------------------------------|--|
| | Original | Final | | |
| REVENUES | | | | |
| Police Department | \$ 2,900 | \$ 12,769 | \$ 11,677 | \$ (1,092) |
| Total Revenues | <u>2,900</u> | <u>12,769</u> | <u>11,677</u> | <u>(1,092)</u> |
| EXPENDITURES | | | | |
| Police Department | 7,730 | 18,109 | 12,743 | 5,366 |
| Total Expenditures | <u>7,730</u> | <u>18,109</u> | <u>12,743</u> | <u>5,366</u> |
| Excess (Deficiency) of Revenues Over Expenditures | (4,830) | (5,340) | (1,066) | 4,274 |
| Fund Balance - Beginning, GAAP Basis | <u>18,412</u> | <u>18,412</u> | <u>18,412</u> | - |
| Fund Balance - Ending, GAAP and Budgetary Basis | \$ 13,582 | \$ 13,072 | \$ 17,346 | \$ 4,274 |

CITY OF BRADY, TEXAS
Notes to the Budgetary Comparison Schedules
September 30, 2022

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, General Construction, 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, General Construction, 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, 2022.

CITY OF BRADY, TEXAS
Schedule of Changes in Net Pension Liability and Related Ratios –
Last 10 Years*
September 30, 2022

| | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|---|----------------------|----------------------|----------------------|----------------------|---------------------|---------------------|---------------------|---------------------|
| Total Pension Liability | | | | | | | | |
| Service Cost | \$ 680,465 | \$ 650,712 | \$ 626,429 | \$ 601,139 | \$ 540,688 | \$ 521,298 | \$ 464,500 | \$ 407,549 |
| Interest (on the Total Pension Liability) | 841,059 | 783,098 | 725,298 | 679,809 | 641,623 | 588,735 | 577,768 | 540,559 |
| Difference between expected and actual experience | 182,517 | (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 | (412,257) | (416,066) | (409,339) | (365,873) | (357,154) | (347,221) | (353,720) | (289,341) |
| Net Change in Total Pension Liability | 1,291,784 | 841,900 | 847,507 | 683,005 | 539,860 | 778,784 | 436,528 | 535,279 |
| Total Pension Liability - Beginning | 12,326,024 | 11,484,124 | 10,636,617 | 9,953,612 | 9,413,752 | 8,634,968 | 8,198,440 | 7,663,161 |
| Total Pension Liability - Ending (a) | \$ 13,617,808 | \$ 12,326,024 | \$ 11,484,124 | \$ 10,636,617 | \$ 9,953,612 | \$ 9,413,752 | \$ 8,634,968 | \$ 8,198,440 |
| Plan Fiduciary Net Position | | | | | | | | |
| Contributions - Employer | \$ 457,607 | \$ 444,510 | \$ 445,884 | \$ 438,477 | \$ 403,616 | \$ 365,382 | \$ 370,043 | \$ 351,829 |
| Contributions - Employee | 285,111 | 271,318 | 260,831 | 249,608 | 227,818 | 218,574 | 212,262 | 194,223 |
| Net Investment Income | 1,577,382 | 832,552 | 1,429,501 | (275,782) | 1,087,822 | 482,335 | 10,197 | 360,294 |
| Benefit payments, including refunds of employee contributions | (412,257) | (416,066) | (409,339) | (365,873) | (357,154) | (347,221) | (353,720) | (289,341) |
| Administrative Expense | (7,297) | (5,389) | (8,083) | (5,333) | (5,642) | (5,451) | (6,211) | (3,761) |
| Other | 50 | (210) | (242) | (279) | (286) | (294) | (308) | (309) |
| Net Change in Plan Fiduciary Net Position | 1,900,596 | 1,126,715 | 1,718,552 | 40,818 | 1,356,174 | 713,325 | 232,263 | 612,935 |
| Plan Fiduciary Net Position - Beginning | 12,097,929 | 10,971,214 | 9,252,662 | 9,211,844 | 7,855,670 | 7,142,345 | 6,910,082 | 6,297,147 |
| Plan Fiduciary Net Position - Ending (b) | \$ 13,998,525 | \$ 12,097,929 | \$ 10,971,214 | \$ 9,252,662 | \$ 9,211,844 | \$ 7,855,670 | \$ 7,142,345 | \$ 6,910,082 |
| Net Pension Liability - Ending (a) - (b) | \$ (380,717) | \$ 228,095 | \$ 512,910 | \$ 1,383,955 | \$ 741,768 | \$ 1,558,082 | \$ 1,492,623 | \$ 1,288,358 |
| Plan Fiduciary Net Position as a Percentage of Total Pension Liability | 102.80% | 98.15% | 95.53% | 86.99% | 92.55% | 83.45% | 82.71% | 84.29% |
| Covered Payroll | \$ 4,751,849 | \$ 4,521,974 | \$ 4,347,183 | \$ 4,160,130 | \$ 3,796,968 | \$ 3,642,893 | \$ 3,537,699 | \$ 3,178,565 |
| Net Pension Liability as a Percentage of Covered Payroll | -8.01% | 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 Post-employment Benefits Other Than Pensions (OPEB) Liability and Related Ratios – Last 10 Years* September 30, 2022

| | 2022 | 2021 | 2020 | 2019 | 2018 |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|
| Total OPEB Liability | | | | | |
| Service Cost | \$ 27,086 | \$ 20,801 | \$ 16,519 | \$ 16,225 | \$ 13,289 |
| Interest (on the Total OPEB Liability) | 7,125 | 8,245 | 9,320 | 8,551 | 8,326 |
| Difference between expected and actual experience | (4,848) | (15,647) | (24,128) | (12,463) | - |
| Change of assumptions | 11,450 | 44,581 | 47,639 | (16,408) | 17,990 |
| Benefit payments, including refunds of employee contributions | (6,653) | (2,714) | (3,043) | (3,328) | (2,658) |
| Net Change in Total OPEB Liability | 34,160 | 55,266 | 46,307 | (7,423) | 36,947 |
| Total OPEB Liability - Beginning | 346,041 | 290,775 | 244,468 | 251,891 | 214,944 |
| Total OPEB Liability - Ending | \$ 380,201 | \$ 346,041 | \$ 290,775 | \$ 244,468 | \$ 251,891 |
| Covered Payroll | \$ 4,751,849 | \$ 4,521,974 | \$ 4,347,183 | \$ 4,160,130 | \$ 3,796,968 |
| OPEB Liability as a Percentage of Covered Payroll | 8.00% | 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, 2022

| | Budgeted Amounts | | Actual Amounts (Budgetary Basis) | Variance with Final Budget Positive (Negative) |
|---|---------------------|---------------------|--|--|
| | Original | Final | | |
| REVENUES | | | | |
| Electrical Distribution | \$ 7,309,400 | \$ 7,313,265 | \$ 8,030,956 | \$ 717,691 |
| Interest Income | - | - | 39,763 | 39,763 |
| Reimbursed Expenses | - | - | 3,086 | 3,086 |
| Total Revenues | 7,309,400 | 7,313,265 | 8,073,805 | 760,540 |
| EXPENDITURES | | | | |
| Power Plant | 5,700 | 5,700 | 2,400 | 3,300 |
| Electrical Distribution | 4,578,556 | 4,582,996 | 4,831,661 | (248,665) |
| Bad Debt Expense | 25,000 | 25,000 | 18,003 | 6,997 |
| Capital Outlay | 325,000 | 389,118 | 5,065 | 384,053 |
| Debt Service | | | | |
| Principal Payments | 76,300 | 76,300 | 76,306 | (6) |
| Interest Payments | 4,800 | 4,800 | 4,796 | 4 |
| Total Expenditures | 5,015,356 | 5,083,914 | 4,938,231 | 145,683 |
| Excess Revenues Over (Under) Expenditures | 2,294,044 | 2,229,351 | 3,135,574 | 906,223 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers Out | (2,150,000) | (2,150,000) | (2,150,004) | (4) |
| Total Other Financing Sources (Uses) | (2,150,000) | (2,150,000) | (2,150,004) | (4) |
| Excess Revenues and Other Sources Over (Under) Expenditures and Other Uses | 144,044 | 79,351 | 985,570 | 906,219 |
| Net Position - Beginning, GAAP Basis | 5,802,740 | 5,802,740 | 5,802,740 | - |
| Net Position - Ending, Budgetary Basis | \$ 5,946,784 | \$ 5,882,091 | \$ 6,788,310 | \$ 906,219 |
| Adjustments to Reconcile the Budgetary Amounts to GAAP: | | | | |
| Depreciation - The City does not budget for depreciation expense | | | (171,412) | |
| Accrued Compensated Absences - The City does not budget for compensated leave | | | 10,146 | |
| Principal Payments - The City budgets for principal debt payments | | | 76,306 | |
| Accrued Interest Payable - The City does not budget for accrued interest | | | 1,014 | |
| Capital Outlay - The City budgets for capital outlay | | | 5,065 | |
| Net Position- Ending, GAAP Basis | \$ | 6,709,429 | | |

CITY OF BRADY, TEXAS
Schedule of Revenues, Expenses, and Changes in Net Position –
Budget and Actual
Water & Sewer Fund
Year Ended September 30, 2022

| | Budgeted Amounts | | Actual Amounts (Budgetary Basis) | Variance with Final Budget Positive (Negative) |
|---|----------------------|----------------------|-------------------------------------|--|
| | Original | Final | | |
| REVENUES | | | | |
| Water Department | \$ 3,193,000 | \$ 3,295,500 | \$ 3,133,310 | \$ (162,190) |
| Wastewater | 1,247,000 | 1,247,000 | 1,272,688 | 25,688 |
| Interest Revenue | 40,000 | 40,000 | 63,474 | 23,474 |
| Reimbursed Expenses | - | - | 2,113 | 2,113 |
| Total Revenues | <u>4,480,000</u> | <u>4,582,500</u> | <u>4,471,585</u> | <u>(110,915)</u> |
| EXPENDITURES | | | | |
| Water Department | 2,545,188 | 2,493,883 | 2,197,731 | 296,152 |
| Bad Debt Expense | 14,000 | 14,000 | 11,692 | 2,308 |
| Capital Outlay | 747,500 | 1,134,111 | 393,325 | 740,786 |
| Debt Service | | | | |
| Principal Payments | 1,063,100 | 508,100 | 502,262 | 5,838 |
| Interest Payments | 7,560 | 7,560 | 7,731 | (171) |
| Total Expenditures | <u>4,377,348</u> | <u>4,157,654</u> | <u>3,112,741</u> | <u>1,044,913</u> |
| Excess Revenues Over (Under) Expenditures | 102,652 | 424,846 | 1,358,844 | 933,998 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Loan Proceeds | 95,000 | 95,000 | - | (95,000) |
| Transfers Out | (400,000) | (995,880) | (995,887) | (7) |
| Total Other Financing Sources (Uses) | <u>(305,000)</u> | <u>(900,880)</u> | <u>(995,887)</u> | <u>(95,007)</u> |
| Excess Revenues and Other Sources Over (Under) Expenditures and Other Uses | (202,348) | (476,034) | 362,957 | 838,991 |
| Net Position - Beginning, GAAP Basis | <u>23,607,632</u> | <u>23,607,632</u> | <u>23,607,632</u> | <u>-</u> |
| Net Position - Ending, Budgetary Basis | \$ <u>23,405,284</u> | \$ <u>23,131,598</u> | \$ <u>23,970,589</u> | \$ <u>838,991</u> |
| Adjustments to Reconcile the Budgetary Amounts to GAAP: | | | | |
| Depreciation - The City does not budget for depreciation expense | | | (625,444) | |
| Accrued Compensated Absences - The City does not budget for compensated leave | | | 19,044 | |
| Principal Payments - The City budgets for principal debt payments | | | 502,262 | |
| Accrued Interest Payable - The City does not budget for accrued interest | | | 2,122 | |
| Capital Outlay - The City budgets for capital outlay | | | 393,325 | |
| Net Position - Ending, GAAP Basis | \$ <u>24,261,898</u> | | | |

CITY OF BRADY, TEXAS
Schedule of Revenues, Expenses, and Changes in Net Position –
Budget and Actual
Gas Fund
Year Ended September 30, 2022

| | Budgeted Amounts | | Actual Amounts (Budgetary Basis) | Variance with Final Budget Positive (Negative) |
|---|---------------------|---------------------|-------------------------------------|--|
| | Original | Final | | |
| REVENUES | | | | |
| Gas Distribution | \$ 954,500 | \$ 954,500 | \$ 1,364,975 | \$ 410,475 |
| Interest Revenue | 7,000 | 7,000 | 6,503 | (497) |
| Total Revenues | <u>961,500</u> | <u>961,500</u> | <u>1,371,478</u> | <u>409,978</u> |
| EXPENDITURES | | | | |
| Gas Department | 842,480 | 834,954 | 1,210,649 | (375,695) |
| Bad Debt Expense | 5,000 | 5,000 | 3,505 | 1,495 |
| Capital Outlay | 96,000 | 218,899 | 218,749 | 150 |
| Debt Service | | | | |
| Principal Payments | 77,100 | 77,100 | 77,048 | 52 |
| Interest Payments | 4,900 | 4,900 | 4,831 | 69 |
| Total Expenditures | <u>1,025,480</u> | <u>1,140,853</u> | <u>1,514,782</u> | <u>(373,929)</u> |
| Excess Revenues Over (Under) Expenditures | (63,980) | (179,353) | (143,304) | 36,049 |
| Net Position - Beginning, GAAP Basis | <u>2,434,610</u> | <u>2,434,610</u> | <u>2,434,610</u> | - |
| Net Position - Ending, Budgetary Basis | <u>\$ 2,370,630</u> | <u>\$ 2,255,257</u> | <u>\$ 2,291,306</u> | <u>\$ 36,049</u> |
| Adjustments to Reconcile the Budgetary Amounts to GAAP: | | | | |
| Depreciation - The City does not budget for depreciation expense | | | (144,075) | |
| Accrued Compensated Absences - The City does not budget for compensated leave | | | 11,266 | |
| Principal Payments - The City budgets for principal debt payments | | | 77,048 | |
| Accrued Interest Payable - The City does not budget for accrued interest | | | 1,016 | |
| Capital Outlay - The City budgets for capital outlay | | | 218,749 | |
| Net Position - Ending, GAAP Basis | | | <u>\$ 2,455,310</u> | |

CITY OF BRADY, TEXAS
Schedule of Revenues, Expenses, and Changes in Net Position –
Budget and Actual
Solid Waste Fund
Year Ended September 30, 2022

| | Budgeted Amounts | | Actual Amounts (Budgetary Basis) | Variance with Final Budget Positive (Negative) |
|---|-------------------|-------------------|-------------------------------------|--|
| | Original | Final | | |
| REVENUES | | | | |
| Solid Waste | \$ 1,230,000 | \$ 1,230,000 | \$ 1,345,491 | \$ 115,491 |
| Interest Revenue | 9,000 | 9,000 | 14,285 | 5,285 |
| Total Revenues | <u>1,239,000</u> | <u>1,239,000</u> | <u>1,359,776</u> | <u>120,776</u> |
| EXPENDITURES | | | | |
| Solid Waste | 1,206,081 | 1,264,881 | 1,189,443 | 75,438 |
| Bad Debt Expense | 4,000 | 4,000 | 3,532 | 468 |
| Capital Outlay | 190,000 | 217,734 | 27,734 | 190,000 |
| Debt Service | | | | |
| Principal Payments | 62,900 | 62,900 | 52,833 | 10,067 |
| Interest Payments | 6,000 | 6,000 | 7,007 | (1,007) |
| Total Expenditures | <u>1,468,981</u> | <u>1,555,515</u> | <u>1,280,549</u> | <u>274,966</u> |
| Excess Revenues Over (Under) Expenditures | (229,981) | (316,515) | 79,227 | 395,742 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Loan Proceeds | 190,000 | 190,000 | 206,527 | 16,527 |
| Total Other Financing Sources (Uses) | <u>190,000</u> | <u>190,000</u> | <u>206,527</u> | <u>16,527</u> |
| Excess Revenues and Other Sources Over (Under) Expenditures and Other Uses | (39,981) | (126,515) | 285,754 | 412,269 |
| Net Position - Beginning, GAAP Basis | <u>656,844</u> | <u>656,844</u> | <u>656,844</u> | <u>-</u> |
| Net Position - Ending, Budgetary Basis | \$ <u>616,863</u> | \$ <u>530,329</u> | \$ <u>942,598</u> | \$ <u>412,269</u> |
| Adjustments to Reconcile the Budgetary Amounts to GAAP: | | | | |
| Depreciation - The City does not budget for depreciation expense | | | (64,225) | |
| Accrued Compensated Absences - The City does not budget for compensated leave | | | (155,725) | |
| Principal Payments- The City budgets for principal debt payments | | | 52,833 | |
| Accrued Interest Payable - The City does not budget for accrued interest | | | (30,352) | |
| Capital Outlay - The City budgets for capital outlay. | | | 27,734 | |
| Loan Proceeds - The City budgets for loan proceeds. | | | (206,527) | |
| Amortization - The City does not budget for amortization expense | | | (42,554) | |
| Net Position - Ending, GAAP Basis | \$ <u>523,782</u> | | | |

CITY OF BRADY, TEXAS
Schedule of Revenues, Expenses, and Changes in Net Position –
Budget and Actual
Street Sanitation Fund
Year Ended September 30, 2022

| | Budgeted Amounts | | Actual Amounts (Budgetary Basis) | Variance with Final Budget Positive (Negative) |
|---|------------------|------------------|-------------------------------------|--|
| | Original | Final | | |
| REVENUES | | | | |
| Street Sanitation | \$ 74,000 | \$ 74,000 | \$ 74,353 | \$ 353 |
| Total Revenues | <u>74,000</u> | <u>74,000</u> | <u>74,353</u> | <u>353</u> |
| EXPENDITURES | | | | |
| Street Sanitation | 77,275 | 77,275 | 57,299 | 19,976 |
| Bad Debt Expense | 1,500 | 1,500 | 350 | 1,150 |
| Debt Service | | | | |
| Principal Payments | 21,500 | 21,500 | 21,472 | 28 |
| Interest Payments | 1,500 | 1,500 | 1,424 | 76 |
| Total Expenditures | <u>101,775</u> | <u>101,775</u> | <u>80,545</u> | <u>21,230</u> |
| Excess Revenues Over (Under) Expenditures | (27,775) | (27,775) | (6,192) | 21,583 |
| Net Position - Beginning, GAAP Basis | <u>51,510</u> | <u>51,510</u> | <u>51,510</u> | - |
| Net Position - Ending, Budgetary Basis | \$ <u>23,735</u> | \$ <u>23,735</u> | 45,318 | \$ <u>21,583</u> |
| Adjustments to Reconcile the Budgetary Amounts to GAAP: | | | | |
| Depreciation - The City does not budget for depreciation expense | | | (1,700) | |
| Accrued Compensated Absences - The City does not budget for compensated leave | | | 539 | |
| Principal Payments- The City budgets for principal debt payments | | | 21,472 | |
| Accrued Interest Payable - The City does not budget for accrued interest | | | 44 | |
| Net Position - Ending, GAAP Basis | | | \$ <u>65,673</u> | |

CITY OF BRADY, TEXAS
Schedule of Revenues, Expenses, and Changes in Net Position –
Budget and Actual
Utility Support Fund
Year Ended September 30, 2022

| | Budgeted Amounts | | Actual Amounts (Budgetary Basis) | Variance with Final Budget Positive (Negative) |
|---|---------------------|---------------------|-------------------------------------|--|
| | Original | Final | | |
| REVENUES | | | | |
| Utility Support | \$ 221,400 | \$ 223,000 | \$ 229,390 | \$ 6,390 |
| Interest Revenue | 6,000 | 6,000 | 9,049 | 3,049 |
| Bad Debt Recovery | 1,600 | - | - | - |
| Reimbursed Expenses | - | 4,114 | 4,626 | 512 |
| Total Revenues | <u>229,000</u> | <u>233,114</u> | <u>243,065</u> | <u>9,951</u> |
| EXPENDITURES | | | | |
| Administration | 242,300 | 242,300 | 235,653 | 6,647 |
| Meter Shop | 75,599 | 80,155 | 76,456 | 3,699 |
| Billing-Collection | 312,755 | 313,755 | 301,016 | 12,739 |
| Bad Debt Expense | 3,600 | 3,600 | 3,597 | 3 |
| Capital Outlay | 12,500 | 12,500 | 9,076 | 3,424 |
| Total Expenditures | <u>646,754</u> | <u>652,310</u> | <u>625,798</u> | <u>26,512</u> |
| Excess of Revenues Over (Under) Expenditures | (417,754) | (419,196) | (382,733) | 36,463 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers In | 400,000 | 400,000 | 400,008 | 8 |
| Total Other Financing Sources (Uses) | <u>400,000</u> | <u>400,000</u> | <u>400,008</u> | <u>8</u> |
| Excess Revenues and Other Sources Over (Under) Expenditures and Other Uses | (17,754) | (19,196) | 17,275 | 36,471 |
| Net Position - Beginning, GAAP Basis | 2,322,945 | 2,322,945 | 2,322,945 | - |
| Net Position - Ending, Budgetary Basis | \$ <u>2,305,191</u> | \$ <u>2,303,749</u> | \$ <u>2,340,220</u> | \$ <u>36,471</u> |
| Adjustments to Reconcile the Budgetary Amounts to GAAP: | | | | |
| Depreciation - The City does not budget for depreciation expense | | | (111,572) | |
| Accrued Compensated Absences - The City does not budget for compensated leave | | | 8,661 | |
| Capital Outlay - The City budgets for capital outlay. | | | 9,076 | |
| Amortization - The City does not budget for amortization expense | | | (6,283) | |
| Net Position - Ending, GAAP Basis | \$ <u>2,240,102</u> | | | |

CITY OF BRADY, TEXAS
Notes to the Budgetary Comparison Schedules
Proprietary Funds
September 30, 2022

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 Electric, Water & Sewer, Gas, Solid Waste, Street Sanitation and Utility Support Funds had no expenditures in excess of budgeted amounts for the fiscal year ending September 30, 2022.

CITY OF BRADY, TEXAS
Schedule of Revenues, Expenses, and Changes in Net Position – Budget and
Actual
Economic Development Corporation
Year Ended September 30, 2022

| | Budgeted Amounts | | Actual Amounts (Budgetary Basis) | Variance with Final Budget Positive (Negative) |
|--|-------------------|-------------------|-------------------------------------|--|
| | Original | Final | | |
| REVENUES | | | | |
| General Revenues | | | | |
| Sales Tax Collections | \$ 230,000 | \$ 230,000 | \$ 258,241 | \$ 28,241 |
| Interest Income | 8,000 | 8,000 | 2,522 | (5,478) |
| Loan Income | 40,385 | 51,385 | - | (51,385) |
| Total Revenues | <u>278,385</u> | <u>289,385</u> | <u>260,763</u> | <u>(28,622)</u> |
| EXPENDITURES | | | | |
| Current | | | | |
| Marketing | 43,000 | 43,000 | 2,494 | 40,506 |
| Professional/Legal Fees | 15,150 | 15,150 | 6,056 | 9,094 |
| Qualified Projects | - | 34,000 | 50,443 | (16,443) |
| Administration | 15,000 | 15,000 | 15,000 | - |
| Travel and Training | 10,000 | 10,000 | 474 | 9,526 |
| Total Expenditures | <u>83,150</u> | <u>117,150</u> | <u>74,467</u> | <u>42,683</u> |
| Excess of Revenues Over (Under) Expenditures | 195,235 | 172,235 | 186,296 | 14,061 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers In/Out | (50,000) | (50,000) | - | 50,000 |
| Total Other Financing Sources (Uses) | <u>(50,000)</u> | <u>(50,000)</u> | <u>-</u> | <u>50,000</u> |
| Excess Revenues and Other Sources Over (Under) Expenditures and Other Uses | 145,235 | 122,235 | 186,296 | 64,061 |
| Net Position - Beginning | <u>315,920</u> | <u>315,920</u> | <u>315,920</u> | <u>-</u> |
| Net Position - Ending, Budgetary Basis | <u>\$ 461,155</u> | <u>\$ 438,155</u> | <u>\$ 502,216</u> | <u>\$ 64,061</u> |

CITY OF BRADY, TEXAS
Notes to the Budgetary Comparison Schedules
Economic Development Corporation
September 30, 2022

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

The EDC overall had no expenditures in excess of budgeted amounts for the fiscal year ended September 30, 2022.

CITY OF BRADY, TEXAS
Single Audit Compliance Information
Schedule of Expenditures of Federal and State Awards
September 30, 2022

| Federal Grantor/Pass-through Grantor/Program or Cluster Title | Federal CFDA Number | Pass-through Entity Identifying Number | Federal Expenditures | State Expenditures |
|--|----------------------------|---|-----------------------------|---------------------------|
| 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 | \$ 22,285 | \$ - |
| Nutrition Services Incentive Program | 93.053 | N/A | 55,344 | - |
| Total U.S. Department of Health and Human Services | | | <u>77,629</u> | <u>-</u> |
| U.S. Department of Transportation | | | | |
| Passed Through the Texas Department of Transportation | | | | |
| CARES ACT Airport Grant | 20.106 | 20CRBRADY | 7,990 | - |
| Total U.S. Department of Transportation | | | <u>7,990</u> | <u>-</u> |
| U.S. Department of Housing and Urban Development | | | | |
| Passed Through Texas Department of Agriculture | | | | |
| Community Development Block Grant | 14.228 | 7219499 | 99,475 | - |
| Community Development Block Grant | 14.228 | CDV21-0068 | 17,500 | - |
| Total U.S. Department of Agriculture | | | <u>116,975</u> | <u>-</u> |
| U.S. Treasury | | | | |
| Passed Through TDA | | | | |
| Home Delivered Meal Grant Program | 21.027.119 | HDM-2022022 | 2,677 | - |
| Total U.S. Treasury | | | <u>2,677</u> | <u>-</u> |
| U.S. Environmental Protection Agency | | | | |
| Passed Through the Texas Water Development Board | | | | |
| Clean Water State Revolving Funds - Loan | 66.458 | #L1001180 | 1,831,368 | - |
| Clean Water State Revolving Funds - Loan | 66.458 | #L1001004 | 614,524 | - |
| Clean Water State Revolving Funds - Loan | 66.458 | #L1001005 | 1,535,297 | - |
| Clean Water State Revolving Funds - Loan Forgiveness | 66.458 | #LF1001006 | 3,208,927 | - |
| Drinking Water State Revolving Funds - Grant EDAP | 66.468 | #G1000916 | 407,436 | - |
| Drinking Water State Revolving Funds - Loan | 66.468 | L1000917 | 2,989,360 | - |
| Drinking Water State Revolving Funds - Loan Forgiveness | 66.468 | #LF1000918 | 4,281,903 | - |
| Total U.S. Environmental Protection Agency | | | <u>14,868,815</u> | <u>-</u> |
| Total Federal Awards Expended | | | <u>15,074,086</u> | <u>-</u> |
| State Grantor/Program or Grant Title | | | | |
| Texas Department of Transportation | | | | |
| RAMP Grant | N/A | M2223BRAD | - | 10,384 |
| Total Texas Department of Transportation | | | <u>-</u> | <u>10,384</u> |
| Texas Department of Agriculture | | | | |
| Home-Delivered Meal Grant Program | N/A | HDM-2022022 | - | 5,130 |
| Total Texas Department of Agriculture | | | <u>-</u> | <u>5,130</u> |
| Texas Department of Health and Human Services | | | | |
| Passed Through the Concho Valley Regional Advisory Council | | | | |
| EMS County Pass-Thru | N/A | 124600018 | - | 14,689 |
| Total Texas Department of Health and Human Services | | | <u>-</u> | <u>14,689</u> |
| Total State Awards Expended | | | <u>-</u> | <u>30,203</u> |
| Total Federal and State Awards Expended | | | \$ <u>15,074,086</u> | \$ <u>30,203</u> |

CITY OF BRADY, TEXAS
Single Audit Compliance Information
Notes to the Schedule of Expenditures of Federal and State Awards
September 30, 2022

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, 2022. 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, 2022. The expenditures 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 | \$ 70,000 |
| CO 2012 - CWSRF | 66.458 | L1000011 | \$ 260,000 |
| CO 2019 - DWSRF | 66.468 | L1000917 | \$ 10,170,000 |
| CO 2019A - CWSRF | 66.458 | L1001004 | \$ 8,095,000 |
| CO 2019B - CWSRF | 66.458 | L1001005 | \$ 1,895,000 |
| 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, 2022

SECTION I – SUMMARY OF AUDITOR’S RESULTS

| Financial Statements | |
|---|--|
| 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 |
| Federal Awards | |
| 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 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, 2022

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, 2022, 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 15, 2023.

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.

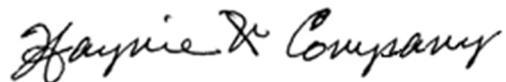
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not 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 black ink that reads "Haynie & Company". The signature is fluid and cursive, with a large, stylized ampersand.

San Antonio, Texas

March 15, 2023



2702 N. Loop 1604 E., Ste. 202
San Antonio, TX 78232

210-979-0055
210-979-0058
www.HaynieCPAs.com

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, 2022. 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, 2022.

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.

Hayne & Company

San Antonio, Texas
March 15, 2023