

CITY OF BRADY, TEXAS

ANNUAL FINANCIAL REPORT

SEPTEMBER 30, 2023



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INTRODUCTORY SECTION

CITY OF BRADY, TEXAS

City Officials

Aaron Garcia..... Mayor
Missi Elliston Mayor Pro-Tem
Gabe Moreno Council Member
Jeffrey Sutton..... Council Member
Larry Land Council Member
Felix Gomez..... Council Member
Erin Corbell..... City Manager
Lisa McElrath..... Director of Finance

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

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, 2023, 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, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events considered in the aggregate, that raise substantial doubt about the City's

ability to continue as a going concern for 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

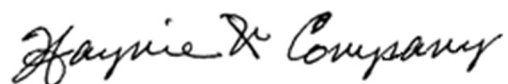
an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United 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 February 29, 2024, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



San Antonio, Texas
February 29, 2024

CITY OF BRADY, TEXAS

Management's Discussion and Analysis

September 30, 2023

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, 2023. 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, 2023 by \$76,258,189 . Of this amount \$17,650,700 or 23.1% 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 \$3,798,907 during the year.
- ❑ The total cost of all the City's programs was \$20,984,937 , representing an increase from last year by \$1,047,740 or 5.0%.
- ❑ During the year, the City had operating expenses of \$9,822,941 for governmental activities, which was \$1,142,804 more than the \$8,680,137 generated in program and general revenues. Once budgeted transfers from business-type activities of \$3,446,059 are recognized, governmental net position reflects an increase of 6.3% 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 \$1,495,652 .
- ❑ The City reduced its total long-term debt obligations by \$379,187 or 1.47%. All repayment terms are current.
- ❑ During fiscal year 2023, the City implement GASB Statement No. 96, *Subscription Based Information Technology Arrangements (SBITA)*, as required by GASB. Details related to the implementation of the new accounting standard are detailed at Note 19 on page 94.

CITY OF BRADY, TEXAS

Management's Discussion and Analysis

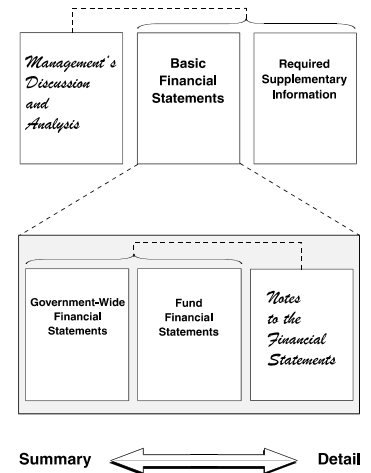
September 30, 2023

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, 2023

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 2022, as its net position increased by \$3,798,907 or 5.4%. 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, 2023

Statement of Net Position (continued)

Approximately 25% 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 \$5,188,614 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 \$76,258,189 as of September 30, 2023. The City's total unrestricted net position of \$17,650,700 , the amount that can be used to finance day-to-day operations, increased by 8.0% compared to last year's balance.

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CITY OF BRADY, TEXAS

Management's Discussion and Analysis

September 30, 2023

The following reflects a comparative condensed Statement of Net Position as of September 30, 2023 and 2022:

	Governmental Activities		Business-Type Activities		Total Primary Government		Component Units	
	2023	2022	2023	2022	2023	2022	2023	2022
Current and Other Assets	\$ 6,325,057	\$ 4,433,984	\$ 13,568,301	\$ 12,614,935	\$ 19,893,358	\$ 17,048,919	\$ 756,139	\$ 912,721
Capital and Other Long-term Assets	56,796,925	58,162,287	30,012,690	29,551,356	86,809,615	87,713,643	590,019	268,843
Total Assets	<u>63,121,982</u>	<u>62,596,271</u>	<u>43,580,991</u>	<u>42,166,291</u>	<u>106,702,973</u>	<u>104,762,562</u>	<u>1,346,158</u>	<u>1,181,564</u>
Deferred Pension Related Outflows	1,099,092	77,091	500,005	32,418	1,599,097	109,509	-	-
Deferred OPEB Related Outflows	-	6,352	-	2,673	-	9,025	-	-
Total Deferred Outflows	<u>1,099,092</u>	<u>83,443</u>	<u>500,005</u>	<u>35,091</u>	<u>1,599,097</u>	<u>118,534</u>	<u>-</u>	<u>-</u>
Current Liabilities	3,392,021	3,245,189	2,166,173	1,318,708	5,558,194	4,563,897	37,404	182
Leases	-	269,438	-	-	-	269,438	-	-
Non-Current Liabilities	22,247,587	22,530,862	4,128,784	4,445,180	26,376,371	26,976,042	641,901	679,166
Total Liabilities	<u>25,639,608</u>	<u>26,045,489</u>	<u>6,294,957</u>	<u>5,763,888</u>	<u>31,934,565</u>	<u>31,809,377</u>	<u>679,305</u>	<u>679,348</u>
Deferred Pension Related Inflows	-	428,448	-	180,169	-	608,617	-	-
Deferred OPEB Related Inflows	75,123	2,689	34,193	1,131	109,316	3,820	-	-
Total Deferred Inflows	<u>75,123</u>	<u>431,137</u>	<u>34,193</u>	<u>181,300</u>	<u>109,316</u>	<u>612,437</u>	<u>-</u>	<u>-</u>
Net Position:								
Net Investment in Capital Assets	23,820,117	-	24,825,780	24,201,722	48,645,897	24,201,722	(37,265)	12,803
Restricted	9,497,612	31,470,376	463,980	450,999	9,961,592	31,921,375	-	-
Unrestricted	5,188,614	4,732,712	12,462,086	11,603,473	17,650,700	16,336,185	704,118	489,413
TOTAL NET POSITION	<u>\$ 38,506,343</u>	<u>\$ 36,203,088</u>	<u>\$ 37,751,846</u>	<u>\$ 36,256,194</u>	<u>\$ 76,258,189</u>	<u>\$ 72,459,282</u>	<u>\$ 666,853</u>	<u>\$ 502,216</u>

CITY OF BRADY, TEXAS

Management's Discussion and Analysis

September 30, 2023

Statement of Activities

The following reflects a comparative statement of changes in net position of the primary government for the years ended September 30, 2023 and 2022:

	Governmental Activities		Business-Type Activities		Total Primary Government		Component Units	
	2023	2022	2023	2022	2023	2022	2023	2022
Revenues								
Program Revenues:								
Charges for Services	\$ 3,150,642	\$ 3,102,482	\$ 15,344,584	\$ 15,460,988	\$ 18,495,226	\$ 18,563,470	\$ -	\$ -
Grants and Contributions	927,728	132,010	-	-	927,728	132,010	-	-
General Revenues:								
Property Taxes	997,841	968,032	-	-	997,841	968,032	-	-
Sales Taxes	1,419,925	1,317,700	-	-	1,419,925	1,317,700	275,041	258,241
Other Taxes	266,692	292,159	-	-	266,692	292,159	-	-
Investment Earnings	645,862	151,041	763,624	133,074	1,409,486	284,115	13,321	2,522
Other Revenue	1,181	660	-	-	1,181	660	-	-
Gain (Loss) on Disposal of Assets	1,270,116	34,000	(4,501)	-	1,265,615	34,000	(11,211)	-
Donated Assets	150	300	-	-	150	300	-	-
TOTAL REVENUES	<u>8,680,137</u>	<u>5,998,384</u>	<u>16,103,707</u>	<u>15,594,062</u>	<u>24,783,844</u>	<u>21,592,446</u>	<u>277,151</u>	<u>260,763</u>
Expenses								
Utility Enterprises	-	-	11,161,996	11,468,266	11,161,996	11,468,266	-	-
General Government	1,564,171	1,141,395	-	-	1,564,171	1,141,395	-	-
Public Safety	3,697,884	3,697,525	-	-	3,697,884	3,697,525	-	-
Streets	626,324	733,070	-	-	626,324	733,070	-	-
Recreation and Leisure	2,245,319	2,071,142	-	-	2,245,319	2,071,142	-	-
Community Development	1,248,048	476,690	-	-	1,248,048	476,690	-	-
Cemetery	64,609	49,521	-	-	64,609	49,521	-	-
Hotel/Motel	236,536	220,099	-	-	236,536	220,099	-	-
Interest and Amortization	140,050	79,489	-	-	140,050	79,489	-	-
Component Units	-	-	-	-	-	-	112,514	74,467
TOTAL EXPENSES	<u>9,822,941</u>	<u>8,468,931</u>	<u>11,161,996</u>	<u>11,468,266</u>	<u>20,984,937</u>	<u>19,937,197</u>	<u>112,514</u>	<u>74,467</u>
Excess (Deficiency) before Transfers	(1,142,804)	(2,470,547)	4,941,711	4,125,796	3,798,907	1,655,249	164,637	186,296
Transfers	3,446,059	2,745,883	(3,446,059)	(2,745,883)	-	-	-	-
Increase (Decrease) in Net Position	<u>2,303,255</u>	<u>275,336</u>	<u>1,495,652</u>	<u>1,379,913</u>	<u>3,798,907</u>	<u>1,655,249</u>	<u>164,637</u>	<u>186,296</u>
Net Position - Beginning	36,203,088	35,927,752	36,256,194	34,876,281	72,459,282	70,804,033	502,216	315,920
Net Position - Ending	<u>\$ 38,506,343</u>	<u>\$ 36,203,088</u>	<u>\$ 37,751,846</u>	<u>\$ 36,256,194</u>	<u>\$ 76,258,189</u>	<u>\$ 72,459,282</u>	<u>\$ 666,853</u>	<u>\$ 502,216</u>

CITY OF BRADY, TEXAS

Management's Discussion and Analysis

September 30, 2023

Total Primary Government Activities

Overall, total primary government revenues for fiscal year 2023 were more than fiscal year 2022 by \$3,191,398 or 14.8%. The increase is primarily due to an increase in grants and contributions investment earnings and gain on disposal of assets.

Overall, total primary government expenditures have increased by \$1,047,740 or 5.3%.

Governmental Activities

The result of fiscal year 2023 governmental activity records an increase in net position of \$2,303,255 after a \$3,446,059 transfer from proprietary funds, in net position, to \$38,506,343 . Of the total governmental activities' net position, \$9,497,612 is restricted, and \$5,188,614 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 44.7% increase or \$2,681,753 in total revenues. The majority of the increase came from grants and contributions, investment earnings and gain on disposal of assets.

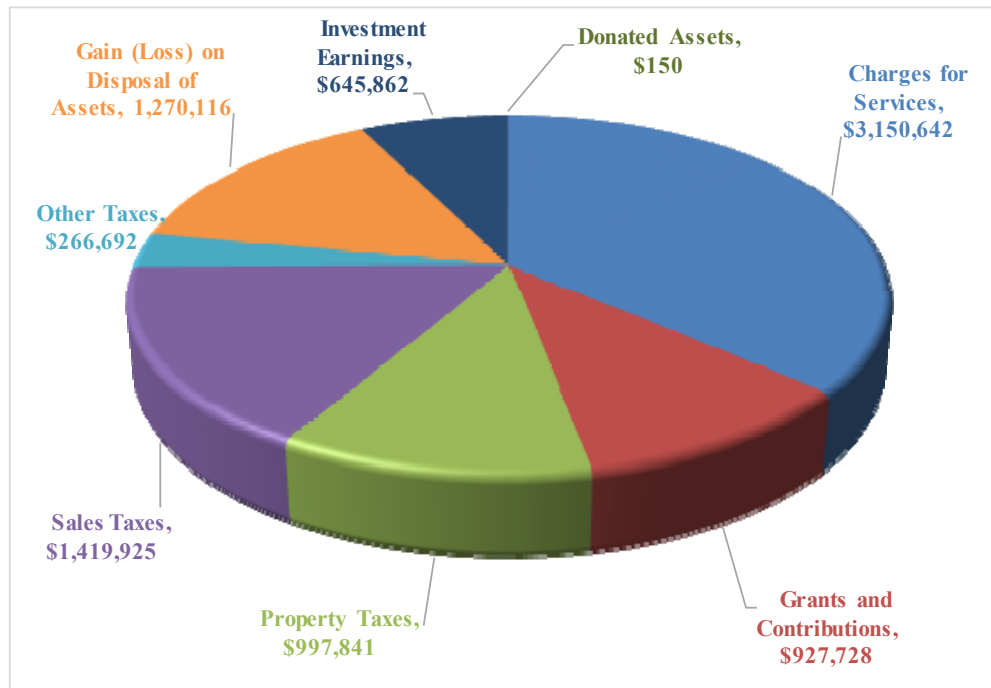
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CITY OF BRADY, TEXAS

Management's Discussion and Analysis

September 30, 2023

Revenues – Governmental Activities Fiscal Year Ending September 30, 2023



For fiscal year 2023, the majority of governmental revenues were derived from five revenue sources: charges for services, sales and other taxes, property taxes, gain on disposal of assets and grants/contributions. Collectively, they provided for 92.5% 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 \$300,456 or 10% of the \$3,150,642 total amount collected for services this year. EMS services generated \$527,434 or 17% of the total dollars charged for services this year. The lake department generated rental fees and donations in the amount of \$240,024 or 8% of the total charged for services this year. Other charges for services include golf course fees, municipal court fines, right of way fees, cemetery lot sales and fees, and collections for senior citizen meals. The combined revenues from the aforementioned represent the remaining 34% of total service charge revenues.

The City received \$1,419,925 in sales tax revenues, which is a 8% increase from last year's total collections. Included in other taxes are hotel occupancy tax collections of \$244,173 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.

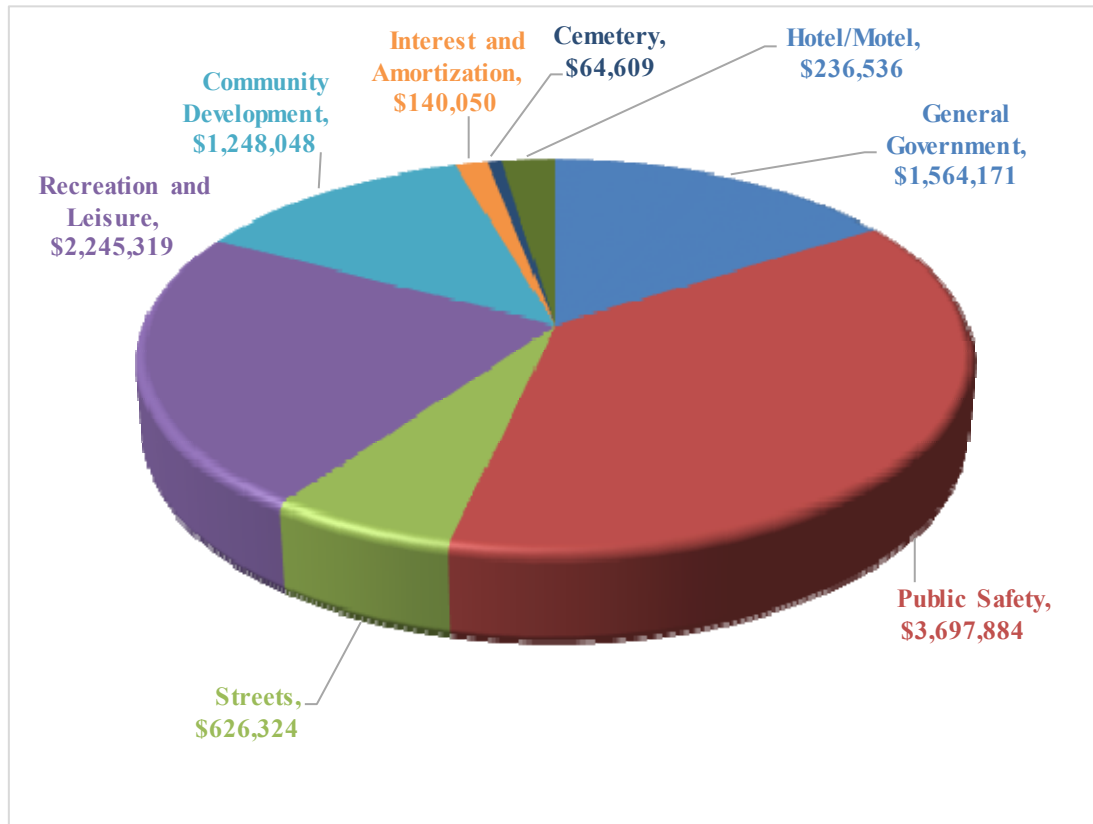
The City maintains a property tax rate at \$0.374834 per \$100 of 2022 values; and collected \$997,841 in property tax revenue. Two cents (\$0.02), or \$52,434 of the tax rate is dedicated to cemetery maintenance.

CITY OF BRADY, TEXAS

Management's Discussion and Analysis

September 30, 2023

Expenses – Governmental Activities Fiscal Year Ending September 30, 2023



The relative mix of governmental expenditure activities remains similar to last fiscal year, except for community development of \$1,240,058 which increase by \$763,368. Public safety and recreation and leisure are the largest governmental activities expending, \$3,697,884 and \$2,245,319 , respectively, of the \$9,822,941 in total costs for all governmental programs. The Fire, EMS, Police, Animal Control, Municipal Court, and Building and Inspection divisions are included in the public safety category.

The remaining 39% of expenditures is closely divided among General Government costs totaling \$1,564,171 , Community Development totaling \$1,248,048 , Street Maintenance totaling \$626,324 , and Interest and Amortization totaling \$140,050 .

CITY OF BRADY, TEXAS
Management's Discussion and Analysis
September 30, 2023

Business-Type Activities

The business-type activities increased the City's net position by \$1,495,652 .

Of the total business-type activities' net position, \$24,825,780 is invested in capital assets, net of related debt, and \$12,462,086 is unrestricted, that is, having no legal commitment. In addition, it maintains a restricted fund balance of \$463,980 .

The business-type activities include Water, Wastewater, Electric, Gas Distribution Systems, Sewer Plant and Solid Waste operations.

The cost of all business-type activities this year decreased by 2.67% to \$11,161,996 . As shown in the statement of activities, the amounts charged to users of the utility services totaled \$15,344,584 and are 1% or \$116,404 less than last fiscal year. Factors that contributed to the decrease in revenues was primarily weather conditions. Additional revenue sources included investment earnings of \$763,624 . In total, excess revenues over expenditures for the year was \$4,941,711 .

The City historically transfers excess revenues from the business-type activities to the governmental funds as needed to cover the cost of governmental services. Transfers in the amount of \$3,446,059 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, 2023

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 38 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, 2023

FUND FINANCIAL STATEMENT ANALYSIS

Governmental Type Funds

The City reports a combined governmental fund balance of \$14,237,236 , reflecting a decrease of \$7,347,292 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 \$4,719,271 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.

Although some funds recorded a decrease in net position in fiscal year 2023, all funds continue to maintain positive fund balances.

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, 2023, 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, 2023

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, 2023 is \$74,087,871, net of accumulated depreciation. 45% 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, 2023:

	Governmental Activities		Business-Type Activities		Total Primary Government		Component Units	
	2023	2022	2023	2022	2023	2022	2023	2022
Land	\$ 859,070	\$ 882,070	\$ 154,730	\$ 154,730	\$ 1,013,800	\$ 1,036,800	\$ -	\$ 12,803
Buildings	7,116,438	6,976,620	15,607,487	15,607,487	22,723,925	22,584,107	-	-
Equipment	3,316,309	3,045,478	3,473,958	3,151,430	6,790,267	6,196,908	-	-
Vehicles	1,785,045	1,760,774	1,175,742	1,175,742	2,960,787	2,936,516	-	-
Infrastructure	13,423,595	13,423,595	21,092,691	20,618,807	34,516,286	34,042,402	-	-
Construction in Progress	38,857,575	29,435,343	6,618,068	5,569,164	45,475,643	35,004,507	-	-
Less:								
Accumulated Depreciation	(18,972,018)	(18,151,942)	(20,420,819)	(19,291,614)	(39,392,837)	(37,443,556)	-	-
Total	\$ 46,386,014	\$ 37,371,938	\$ 27,701,857	\$ 26,985,746	\$ 74,087,871	\$ 64,357,684	\$ -	\$ 12,803

Debt Administration

At September 30, 2023, the City's total bonds and notes payable outstanding reflect a decrease of \$379,187 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, 2023:

	Governmental Activities		Business-Type Activities		Total Primary Government		Component Unit	
	2023	2022	2023	2022	2023	2022	2023	2022
Certificates of Obligations	\$ 21,445,000	\$ 22,065,000	\$ 1,845,000	\$ 2,220,000	\$ 23,290,000	\$ 24,285,000	\$ -	\$ -
Notes to Financial Institutions	1,120,897	922,695	1,063,309	645,698	2,184,206	1,568,393	-	-
Total Bonds and Notes	\$ 22,565,897	\$ 22,987,695	\$ 2,908,309	\$ 2,865,698	\$ 25,474,206	\$ 25,853,393	\$ -	\$ -

Total compensated absences for Governmental Funds are \$147,488 and \$66,020 for Business activities.

CITY OF BRADY, TEXAS

Management's Discussion and Analysis

September 30, 2023

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 general fund budget comparisons to actual performance are considered reasonable and reflect that final revenue totals were favorably over budget compared to total projections by \$460,471 and total expenditures were under budget by \$1,303,340, resulting in a net variance to the final budget of \$1,763,811 before transfers.

The original revenue projections for the general fund budget were increased at the mid-year budget review by \$226,836 primarily to recognize better than expected interest income on invested funds.

The original expenditure projections for the general fund budget were also adjusted by increasing expenditures by \$585,566. 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, 2023

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The City's elected and appointed officials considered many factors when setting the fiscal year 2024 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. Brady has sustained two relatively new manufacturing companies as well.

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. Substantial completion of both projects is expected in the FY 24 budget cycle. Council was able to keep all utility rates stable. New facilities for the Fire/EMS and Police are priority topics for council as funding for construction continues to be a challenge.

These factors were considered when adopting the General Fund budget for fiscal year 2024. Cost efficiencies to support the fiscal year 2024 Budget were promoted 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, 2023

	PRIMARY GOVERNMENT			
	Governmental	Business-Type		Component
	Activities	Activities	TOTAL	Unit
ASSETS				
Current Assets				
Cash and Cash Equivalents	\$ 6,114,331	\$ 12,367,414	\$ 18,481,745	\$ 718,919
Receivables, Net of Allowances	153,108	1,002,712	1,155,820	22,109
Inventory	19,763	198,175	217,938	-
Note Receivable, Current Portion	37,265	-	37,265	15,111
Prepaid Expenses	590	-	590	-
Total Current Assets	6,325,057	13,568,301	19,893,358	756,139
Non-Current Assets				
Restricted Cash and Cash Equivalents	9,330,011	1,995,981	11,325,992	-
Note Receivable, Non-Current Portion	641,901	-	641,901	590,019
Right of Use Asset, Net of Amortization	438,999	314,852	753,851	-
Land	859,070	154,730	1,013,800	-
Construction in Progress	38,857,575	6,618,068	45,475,643	-
Property and Equipment, Net of Depreciation	6,669,369	20,929,059	27,598,428	-
Total Non-Current Assets	56,796,925	30,012,690	86,809,615	590,019
Total Assets	63,121,982	43,580,991	106,702,973	1,346,158
DEFERRED OUTFLOWS				
Deferred Pension Related Outflows	1,099,092	500,005	1,599,097	-
Total Deferred Outflows	1,099,092	500,005	1,599,097	-
LIABILITIES				
Current Liabilities				
Accounts Payable	775,745	898,482	1,674,227	139
Accrued Expenses	554,197	197	554,394	-
Interest Payable	1,247	5,977	7,224	-
Other Payables	-	16,771	16,771	-
Net Pension Liability	1,071,679	487,790	1,559,469	-
Leases Payable, Current Portion	51,958	134,793	186,751	-
Bonds and Notes Payable, Current Portion	937,195	622,163	1,559,358	37,265
Total Current Liabilities	3,392,021	2,166,173	5,558,194	37,404
Noncurrent Liabilities				
Accrued Compensated Absences	147,488	66,020	213,508	-
Landfill Closure	-	805,534	805,534	-
Customer Deposits	-	726,483	726,483	-
Other Postemployment Benefit Liability	76,642	34,887	111,529	-
Leases Payable, Less Current Portion	394,755	209,714	604,469	-
Bonds and Notes Payable, Less Current Portion	21,628,702	2,286,146	23,914,848	641,901
Total Noncurrent Liabilities	22,247,587	4,128,784	26,376,371	641,901
Total Liabilities	25,639,608	6,294,957	31,934,565	679,305
DEFERRED INFLOWS				
Deferred Other Post-employment Benefit Related Inflows	75,123	34,193	109,316	-
Total Deferred Inflows	75,123	34,193	109,316	-
NET POSITION				
Net Investment in Capital Assets	23,820,117	24,825,780	48,645,897	(37,265)
Restricted	9,497,612	463,980	9,961,592	-
Unrestricted	5,188,614	12,462,086	17,650,700	704,118
Total Net Position	\$ 38,506,343	\$ 37,751,846	\$ 76,258,189	\$ 666,853

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

CITY OF BRADY, TEXAS

Statement of Activities

Year Ended September 30, 2023

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities				
Administration	\$ 717,142	\$ 1,466,997	\$ -	\$ -
Airport	565,955	300,456	-	32,018
Public Property Maintenance	726,546	49,749	-	-
Mayor and Council	38,036	518	-	-
Golf Course	466,864	133,249	17,500	-
Swimming Pool	78,977	17,809	-	-
Fire Department	350,194	3,359	-	-
Police Department	1,130,387	84,804	-	-
Emergency Management	19,635	-	-	-
Street Department	626,324	6,931	-	-
Civic Center	101,917	23,485	-	-
Municipal Court	167,160	216,240	-	-
Community Support	4,496	-	-	-
Repair Shop	73,415	-	-	-
Animal Control	113,012	1,600	-	-
EMS	1,759,182	527,434	-	-
Lake Department	300,097	240,024	-	-
Cemetery Maintenance	64,609	5,024	-	-
Hotel/Motel	236,536	-	-	-
Financial Administration	331,598	8,877	-	-
Code Enforcement	158,314	47,936	-	-
G. Rollie White Complex	4,963	-	-	-
Purchasing	87,578	-	-	-
Special Revenue Fund	1,243,552	16,150	797,180	81,030
Arbitrage Rebate	316,402	-	-	-
Interest on Long-Term Debt	104,125	-	-	-
Amortization	35,925	-	-	-
Total Governmental Activities	9,822,941	3,150,642	814,680	113,048
Business-Type Activities				
Electric	5,293,388	7,898,601	-	-
Water & Sewer	2,791,534	4,518,493	-	-
Gas	1,216,317	1,167,808	-	-
Solid Waste	1,056,943	1,423,417	-	-
Street Sanitation	79,929	74,004	-	-
Utility Support	723,885	262,261	-	-
Total Business-Type Activities	11,161,996	15,344,584	-	-
Total Primary Government	\$ 20,984,937	\$ 18,495,226	\$ 814,680	\$ 113,048
Total Component Unit	\$ 112,514	\$ -	\$ -	\$ -

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

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

CITY OF BRADY, TEXAS

Statement of Activities (Continued)

Year Ended September 30, 2023

Net (Expense) Revenue and Changes in Net Position			Total Component Units
Governmental Activities	Business-Type Activities	Total	
\$ 749,855	\$ -	\$ 749,855	\$ -
(233,481)	-	(233,481)	-
(676,797)	-	(676,797)	-
(37,518)	-	(37,518)	-
(316,115)	-	(316,115)	-
(61,168)	-	(61,168)	-
(346,835)	-	(346,835)	-
(1,045,583)	-	(1,045,583)	-
(19,635)	-	(19,635)	-
(619,393)	-	(619,393)	-
(78,432)	-	(78,432)	-
49,080	-	49,080	-
(4,496)	-	(4,496)	-
(73,415)	-	(73,415)	-
(111,412)	-	(111,412)	-
(1,231,748)	-	(1,231,748)	-
(60,073)	-	(60,073)	-
(59,585)	-	(59,585)	-
(236,536)	-	(236,536)	-
(322,721)	-	(322,721)	-
(110,378)	-	(110,378)	-
(4,963)	-	(4,963)	-
(87,578)	-	(87,578)	-
(349,192)	-	(349,192)	-
(316,402)	-	(316,402)	-
(104,125)	-	(104,125)	-
(35,925)	-	(35,925)	-
(5,744,571)	-	(5,744,571)	-
-	2,605,213	2,605,213	-
-	1,726,959	1,726,959	-
-	(48,509)	(48,509)	-
-	366,474	366,474	-
-	(5,925)	(5,925)	-
-	(461,624)	(461,624)	-
-	4,182,588	4,182,588	-
<u>\$ (5,744,571)</u>	<u>\$ 4,182,588</u>	<u>\$ (1,561,983)</u>	<u>\$ -</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (112,514)</u>
997,841	-	997,841	-
1,419,925	-	1,419,925	275,041
16,367	-	16,367	-
6,152	-	6,152	-
244,173	-	244,173	-
645,862	763,624	1,409,486	13,321
1,181	-	1,181	-
1,270,116	(4,501)	1,265,615	(11,211)
150	-	150	-
3,446,059	(3,446,059)	-	-
8,047,826	(2,686,936)	5,360,890	277,151
2,303,255	1,495,652	3,798,907	164,637
36,203,088	36,256,194	72,459,282	502,216
<u>\$ 38,506,343</u>	<u>\$ 37,751,846</u>	<u>\$ 76,258,189</u>	<u>\$ 666,853</u>

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

CITY OF BRADY, TEXAS

Balance Sheet – Governmental Funds

September 30, 2023

		Capital Projects Funds		
	General Fund	General Construction Fund	Water Construction Fund	WWTP Construction Fund
ASSETS				
Cash and Cash Equivalents	\$ 4,780,589	\$ 1,333,742	\$ 4,507,031	\$ 4,233,388
Receivables, Net of Allowances:				
Property Taxes	62,757	-	-	-
Accounts Receivables	13,188	-	-	-
Inventory	19,763	-	-	-
Prepays	590	-	-	-
Total Assets	<u>\$ 4,876,887</u>	<u>\$ 1,333,742</u>	<u>\$ 4,507,031</u>	<u>\$ 4,233,388</u>
LIABILITIES				
Accounts Payable	\$ 86,638	\$ 51,960	\$ 209,912	\$ 369,988
Accrued Expenses	-	-	397,315	156,882
Total Liabilities	<u>86,638</u>	<u>51,960</u>	<u>607,227</u>	<u>526,870</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue	<u>50,625</u>	<u>-</u>	<u>-</u>	<u>-</u>
	50,625	-	-	-
FUND BALANCES				
Fund Balance:				
Nonspendable	20,353	-	-	-
Restricted	-	1,281,782	3,899,804	3,706,518
Unassigned	<u>4,719,271</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Fund Balance	<u>4,739,624</u>	<u>1,281,782</u>	<u>3,899,804</u>	<u>3,706,518</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 4,876,887</u>	<u>\$ 1,333,742</u>	<u>\$ 4,507,031</u>	<u>\$ 4,233,388</u>

CITY OF BRADY, TEXAS
Balance Sheet – Governmental Funds (Continued)
September 30, 2023

Special Revenue Funds				
Special Revenue Fund	Cemetery Fund	Hotel/Motel Fund	Special Purpose Fund	Total Governmental Funds
\$ 318,563	\$ 99,914	\$ 145,327	\$ 25,788	\$ 15,444,342
-	296	-	-	63,053
25,095	-	51,772	-	90,055
-	-	-	-	19,763
-	-	-	-	590
<u>\$ 343,658</u>	<u>\$ 100,210</u>	<u>\$ 197,099</u>	<u>\$ 25,788</u>	<u>\$ 15,617,803</u>
\$ 2,051	\$ 12	\$ 55,184	\$ -	\$ 775,745
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>554,197</u>
2,051	12	55,184	-	1,329,942
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>50,625</u>
-	-	-	-	50,625
-	-	-	-	20,353
341,607	100,198	141,915	25,788	9,497,612
-	-	-	-	4,719,271
<u>341,607</u>	<u>100,198</u>	<u>141,915</u>	<u>25,788</u>	<u>14,237,236</u>
<u>\$ 343,658</u>	<u>\$ 100,210</u>	<u>\$ 197,099</u>	<u>\$ 25,788</u>	

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

CITY OF BRADY, TEXAS

Balance Sheet – Governmental Funds (Continued)

September 30, 2023

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 \$18,971,596	\$ 46,386,014
Note Receivable	679,166
Right of Use Asset, Net of Accumulated Amortization	438,999

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	1,099,092
Deferred Other Postemployment Benefit Related Inflows	(75,123)
Net Pension Liability	(1,071,679)
Other Postemployment Benefit Liability	(76,642)

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

50,625

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

Bonds and Notes Payable	(22,565,897)
Leases Payable	(446,713)
Interest Payable	(1,247)
Accrued Compensated Absences	(147,488)

Net Position of Governmental Activities	\$	<u><u>38,506,343</u></u>
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CITY OF BRADY, TEXAS
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended September 30, 2023

		Capital Projects Funds		
		General	Water	WWTP
		Construction	Construction	Construction
	General Fund	Fund	Fund	Fund
REVENUES				
Property Tax	\$ 945,809	\$ -	\$ -	\$ -
Sales Tax	1,141,754	-	-	-
Franchise Tax	16,367	-	-	-
Hotel Occupancy Tax	-	-	-	-
Mixed Beverage Tax	6,152	-	-	-
Interest Income	260,543	-	189,393	195,067
Miscellaneous Revenue	1,181	-	-	-
Reimbursed Expenses	65,993	-	-	-
Administrative	1,466,615	-	-	-
Airport	300,456	-	-	-
Public Property Maintenance	49,732	-	-	-
Golf Course	132,728	-	-	-
Swimming Pool	17,810	-	-	-
Fire Department	3,300	-	-	-
Police Department/Municipal Court	22,321	-	-	-
Street Department	6,358	-	-	-
Civic Center	23,485	-	-	-
Senior Citizen Program	-	-	-	-
Municipal Court	209,848	-	-	-
Animal Control	1,600	-	-	-
City/County EMS	527,434	-	-	-
Lake Department	240,024	-	-	-
Community Development	-	-	-	-
Cemetery Maintenance	-	-	-	-
Financial Administration	5,400	-	-	-
Building Inspection and Permits	47,259	-	-	-
Donations	17,500	-	-	-
Grant Revenues	32,018	-	-	-
Total Revenues	\$ 5,541,687	\$ -	\$ 189,393	\$ 195,067

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

CITY OF BRADY, TEXAS
Statement of Revenues, Expenditures, and Changes in Fund Balances
(Continued)
Governmental Funds
Year Ended September 30, 2023

Special Revenue Funds				Total
Special Revenue Fund	Cemetery Fund	Hotel/Motel Fund	Special Purpose Fund	Governmental Funds
\$ -	\$ 53,120	\$ -	\$ -	\$ 998,929
278,171	-	-	-	1,419,925
-	-	-	-	16,367
-	-	244,173	-	244,173
-	-	-	-	6,152
-	-	-	859	645,862
-	-	-	-	1,181
6	-	-	-	65,999
-	-	-	-	1,466,615
-	-	-	-	300,456
-	-	-	-	49,732
-	-	-	-	132,728
-	-	-	-	17,810
-	-	-	-	3,300
-	-	-	2,713	25,034
-	-	-	-	6,358
-	-	-	-	23,485
16,144	-	-	-	16,144
-	-	-	6,392	216,240
-	-	-	-	1,600
-	-	-	-	527,434
-	-	-	-	240,024
81,030	-	-	-	81,030
-	-	-	-	-
-	-	-	-	5,400
-	-	-	-	47,259
-	-	-	-	17,500
797,180	-	-	-	829,198
\$ 1,172,531	\$ 53,120	\$ 244,173	\$ 9,964	\$ 7,405,935

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

CITY OF BRADY, TEXAS
Statement of Revenues, Expenditures, and Changes in Fund Balances
(Continued)
Governmental Funds
Year Ended September 30, 2023

		Capital Projects Funds		
		General	Water	WWTP
		Construction	Construction	Construction
	General Fund	Fund	Fund	Fund
EXPENDITURES				
Current:				
Administration	\$ 705,281	\$ -	\$ -	\$ -
Airport	453,609	-	-	-
Public Property Maintenance	522,799	-	-	-
Mayor and Council	38,036	-	-	-
Golf Course	435,177	-	-	-
Swimming Pool	78,977	-	-	-
Fire Department	290,948	-	-	-
Police Department/Municipal Court	1,266,043	-	-	-
Emergency Management	8,509	-	-	-
Street Department	455,683	-	-	-
Civic Center	20,774	-	-	-
Pass-Through Services	-	-	-	-
Senior Citizens Program	-	-	-	-
Municipal Court	157,592	-	-	-
Community Support	4,496	-	-	-
Repair Shop	71,010	-	-	-
Animal Control	101,933	-	-	-
City/County EMS	1,729,198	-	-	-
Lake Department	262,955	-	-	-
G.R. White Complex	3,381	-	-	-
Purchasing	87,522	-	-	-
Financial Administration	330,302	-	-	-
Community Development	-	-	-	-
Cemetery Maintenance	-	-	-	-
Hotel/Motel Expenses	-	-	-	-
Building Inspection and Permits	157,634	-	-	-
Arbitrage Rebate	-	-	169,527	146,875
Capital Outlay	532,218	109,707	4,136,734	5,145,730
Debt Service:				
Principal	290,763	-	330,000	290,000
Interest	62,252	-	-	40,859
Total Expenditures	8,067,092	109,707	4,636,261	5,623,464
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,525,405)	(109,707)	(4,446,868)	(5,428,397)
Other Financing Sources (Uses)				
Bond Proceeds	488,621	-	-	-
Donated Assets	150	-	-	-
Sale of Fixed Assets	1,270,116	-	-	-
Transfers In	2,634,996	1,175,300	330,000	330,859
Transfers Out	(1,175,300)	-	-	-
Total Other Financing Sources (Uses)	3,218,583	1,175,300	330,000	330,859
Change in Fund Balances	693,178	1,065,593	(4,116,868)	(5,097,538)
Total Fund Balances - Beginning of Year	4,046,446	216,189	8,016,672	8,804,056
Total Fund Balances - End of Year	\$ 4,739,624	\$ 1,281,782	\$ 3,899,804	\$ 3,706,518

CITY OF BRADY, TEXAS
Statement of Revenues, Expenditures, and Changes in Fund Balances
(Continued)
Governmental Funds
Year Ended September 30, 2023

Special Revenue Funds				Total
Special Revenue Fund	Cemetery Fund	Hotel/Motel Fund	Special Purpose Fund	Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ 705,281
-	-	-	-	453,609
-	-	-	-	522,799
-	-	-	-	38,036
-	-	-	-	435,177
-	-	-	-	78,977
-	-	-	-	290,948
-	-	-	1,522	1,267,565
-	-	-	-	8,509
-	-	-	-	455,683
-	-	-	-	20,774
278,171	-	-	-	278,171
233,147	-	-	-	233,147
-	-	-	-	157,592
-	-	-	-	4,496
-	-	-	-	71,010
-	-	-	-	101,933
-	-	-	-	1,729,198
-	-	-	-	262,955
-	-	-	-	3,381
-	-	-	-	87,522
-	-	-	-	330,302
717,274	-	-	-	717,274
-	54,670	-	-	54,670
-	-	236,270	-	236,270
-	-	-	-	157,634
-	-	-	-	316,402
595	-	-	-	9,924,984
-	-	-	-	910,763
-	-	-	-	103,111
<u>1,229,187</u>	<u>54,670</u>	<u>236,270</u>	<u>1,522</u>	<u>19,958,173</u>
(56,656)	(1,550)	7,903	8,442	(12,552,238)
-	-	-	-	488,621
-	-	-	-	150
-	-	-	-	1,270,116
150,204	-	-	-	4,621,359
-	-	-	-	(1,175,300)
<u>150,204</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,204,946</u>
93,548	(1,550)	7,903	8,442	(7,347,292)
248,059	101,748	134,012	17,346	21,584,528
<u>\$ 341,607</u>	<u>\$ 100,198</u>	<u>\$ 141,915</u>	<u>\$ 25,788</u>	<u>\$ 14,237,236</u>

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

CITY OF BRADY, TEXAS
Statement of Revenues, Expenditures, and Changes in Fund Balances
(Continued)
Governmental Funds
Year Ended September 30, 2023

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	\$	(7,347,292)
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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		9,966,035
Depreciation Expense		(951,958)

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		(488,621)
Bond and Lease Principal Payments		945,428

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

Property Tax Revenue		3,936
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The change in net position liability and deferred inflows and outflows related to the City's TMRS pension liability and other postemployment benefits:		222,979
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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		(1,014)
Amortization Expense		(35,925)
Accrued Compensated Absences		(10,313)

Change in Net Position of Governmental Activities	\$	2,303,255
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CITY OF BRADY, TEXAS

Statement of Net Position

Proprietary Funds

September 30, 2023

	Electric	Water & Sewer	Gas
ASSETS			
Current Assets			
Cash and Cash Equivalents	\$ 4,738,705	\$ 6,046,945	\$ 501,120
Receivables:			
Accounts, Net	577,010	291,062	29,242
Inventory	-	-	-
Total Current Assets	<u>5,315,715</u>	<u>6,338,007</u>	<u>530,362</u>
Noncurrent Assets			
Restricted Assets:			
Cash and Cash Equivalents	-	404,232	-
Right of Use Asset, net of amortization	-	-	-
Capital Assets:			
Land	14,397	10,814	2,337
Construction in Progress	22,129	6,595,939	-
Property & Equipment	6,093,030	26,553,738	3,696,708
Accumulated Depreciation	<u>(3,743,833)</u>	<u>(12,034,753)</u>	<u>(1,732,954)</u>
Total Noncurrent Assets	<u>2,385,723</u>	<u>21,529,970</u>	<u>1,966,091</u>
Total Assets	<u>7,701,438</u>	<u>27,867,977</u>	<u>2,496,453</u>
DEFERRED OUTFLOWS			
Deferred Pension Related Outflows	78,828	170,476	75,204
Deferred Other Post-employment Benefits Related Outflows	-	-	-
Total Deferred Outflows	<u>78,828</u>	<u>170,476</u>	<u>75,204</u>
LIABILITIES			
Current			
Accounts Payable	532,786	228,947	15,296
Accrued Expenses	-	-	-
Interest Payable	1,027	4,524	96
Other Payables	-	-	-
Net Pension Liability	80,988	165,132	74,861
Leases Payable, Current Portion	-	-	-
Bonds and Notes Payable, Current Portion	<u>92,066</u>	<u>432,386</u>	<u>16,202</u>
Total Current Liabilities	<u>706,867</u>	<u>830,989</u>	<u>106,455</u>
Noncurrent			
Accrued Compensated Absences	6,928	19,896	12,743
Landfill Closure	-	-	-
Utility Deposits	-	-	-
Other Post-employment Benefit Liability	9,713	6,546	3,544
Leases Payable, Less Current Portion	-	-	-
Bonds and Notes Payable, Less Current Portion	<u>355,260</u>	<u>1,717,939</u>	<u>62,124</u>
Total Noncurrent Liabilities	<u>371,901</u>	<u>1,744,381</u>	<u>78,411</u>
Total Liabilities	<u>1,078,768</u>	<u>2,575,370</u>	<u>184,866</u>
DEFERRED INFLOWS			
Deferred Other Post-employment Benefit Related Inflows	5,402	11,659	5,158
Total Deferred Inflows	<u>5,402</u>	<u>11,659</u>	<u>5,158</u>
NET POSITION			
Net Investment in Capital Assets	1,938,397	18,975,413	1,887,765
Restricted	-	404,232	-
Unrestricted	<u>4,757,699</u>	<u>6,071,779</u>	<u>493,868</u>
Total Net Position	<u>\$ 6,696,096</u>	<u>\$ 25,451,424</u>	<u>\$ 2,381,633</u>

CITY OF BRADY, TEXAS
Statement of Net Position (Continued)
Proprietary Funds
September 30, 2023

Solid Waste	Street Sanitation	Utility Support	Totals
\$ 969,431	\$ -	\$ 111,213	\$ 12,367,414
67,336	4,230	33,832	1,002,712
-	-	198,175	198,175
<u>1,036,767</u>	<u>4,230</u>	<u>343,220</u>	<u>13,568,301</u>
805,534	59,732	726,483	1,995,981
314,852	-	-	314,852
67,400	-	59,782	154,730
-	-	-	6,618,068
1,615,641	241,090	3,149,671	41,349,878
(1,485,491)	(238,540)	(1,185,248)	(20,420,819)
<u>1,317,936</u>	<u>62,282</u>	<u>2,750,688</u>	<u>30,012,690</u>
<u>2,354,703</u>	<u>66,512</u>	<u>3,093,908</u>	<u>43,580,991</u>
107,948	12,406	55,143	500,005
-	-	-	-
<u>107,948</u>	<u>12,406</u>	<u>55,143</u>	<u>500,005</u>
12,230	1,672	107,551	898,482
197	-	-	197
330	-	-	5,977
-	-	16,771	16,771
102,435	12,993	51,381	487,790
128,510	-	6,283	134,793
77,711	3,798	-	622,163
<u>321,413</u>	<u>18,463</u>	<u>181,986</u>	<u>2,166,173</u>
12,590	999	12,864	66,020
805,534	-	-	805,534
-	-	726,483	726,483
10,465	(1,147)	5,766	34,887
209,714	-	-	209,714
150,823	-	-	2,286,146
<u>1,189,126</u>	<u>(148)</u>	<u>745,113</u>	<u>4,128,784</u>
<u>1,510,539</u>	<u>18,315</u>	<u>927,099</u>	<u>6,294,957</u>
7,366	855	3,753	34,193
<u>7,366</u>	<u>855</u>	<u>3,753</u>	<u>34,193</u>
-	-	2,024,205	24,825,780
-	59,748	-	463,980
944,746	-	193,994	12,462,086
<u>\$ 944,746</u>	<u>\$ 59,748</u>	<u>\$ 2,218,199</u>	<u>\$ 37,751,846</u>

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

CITY OF BRADY, TEXAS
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
Year Ended September 30, 2023

	Electric	Water & Sewer	Gas
OPERATING REVENUES			
Charges for Services:			
Electrical Distribution	\$ 7,896,751	\$ -	\$ -
Wastewater	-	1,254,830	-
Water Department	-	3,184,188	-
Gas Department	-	-	1,167,490
Solid Waste	-	-	-
Street Sanitation	-	-	-
Utility Support	-	-	-
Reimbursed Expenses	1,850	79,475	318
Total Operating Revenues	<u>7,898,601</u>	<u>4,518,493</u>	<u>1,167,808</u>
OPERATING EXPENSES			
Electric Department:			
Electrical Distribution	5,110,746	-	-
Wastewater	-	611,246	-
Water & Sewer Department:			
Public Works Administration	-	134,317	-
Water	-	1,181,036	-
Ground Water Treatment Plant	-	203,208	-
Gas Department:			
Gas	-	-	1,068,983
Solid Waste Department:			
Solid Waste	-	-	-
Street Sanitation	-	-	-
Utility Support:			
Administration	-	-	-
Meter Shop	-	-	-
Billing-Collection	-	-	-
Bad Debt Expense	16,999	9,494	3,005
Amortization	-	-	-
Depreciation	168,529	627,903	140,957
Total Operating Expenses	<u>5,296,274</u>	<u>2,767,204</u>	<u>1,212,945</u>
Operating Income (Loss)	2,602,327	1,751,289	(45,137)
NON-OPERATING REVENUES (EXPENSES)			
Gain (Loss) on the Disposal of Capital Assets	-	(4,501)	-
Interest Income	238,652	355,928	29,831
Interest Expense	(14,113)	(7,331)	(3,372)
Total Non-Operating Revenues (Expenses)	<u>224,539</u>	<u>344,096</u>	<u>26,459</u>
Income (Loss) Before Transfers	2,826,866	2,095,385	(18,678)
Transfers In	-	-	-
Transfers Out	<u>(2,840,199)</u>	<u>(905,859)</u>	<u>(54,999)</u>
Change in Net Position	(13,333)	1,189,526	(73,677)
Total Net Position - Beginning	<u>6,709,429</u>	<u>24,261,898</u>	<u>2,455,310</u>
Total Net Position - Ending	<u>\$ 6,696,096</u>	<u>\$ 25,451,424</u>	<u>\$ 2,381,633</u>

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

CITY OF BRADY, TEXAS
Statement of Revenues, Expenses, and Changes in Net Position (Continued)
Proprietary Funds
Year Ended September 30, 2023

Solid Waste	Street Sanitation	Utility Support	Totals
<u> </u>	<u> </u>	<u> </u>	<u> </u>
\$ -	\$ -	\$ -	\$ 7,896,751
-	-	-	1,254,830
-	-	-	3,184,188
-	-	-	1,167,490
1,421,643	-	-	1,421,643
-	74,004	-	74,004
-	-	261,399	261,399
1,774	-	862	84,279
1,423,417	74,004	262,261	15,344,584
-	-	-	5,110,746
-	-	-	611,246
-	-	-	134,317
-	-	-	1,181,036
-	-	-	203,208
-	-	-	1,068,983
900,959	-	-	900,959
-	77,360	-	77,360
-	-	248,292	248,292
-	-	70,529	70,529
-	-	289,859	289,859
3,004	300	3,505	36,307
70,732	-	-	70,732
46,287	1,700	111,700	1,097,076
1,020,982	79,360	723,885	11,100,650
402,435	(5,356)	(461,624)	4,243,934
-	-	-	(4,501)
89,494	-	49,719	763,624
(35,961)	(569)	-	(61,346)
53,533	(569)	49,719	697,777
455,968	(5,925)	(411,905)	4,941,711
-	-	390,002	390,002
(35,004)	-	-	(3,836,061)
420,964	(5,925)	(21,903)	1,495,652
523,782	65,673	2,240,102	36,256,194
\$ 944,746	\$ 59,748	\$ 2,218,199	\$ 37,751,846

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

CITY OF BRADY, TEXAS

Statement of Cash Flows

Proprietary Funds

Year Ended September 30, 2023

	Electric	Water & Sewer	Gas
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Customers	\$ 7,758,471	\$ 4,033,831	\$ 1,170,498
Payments to Suppliers	(4,596,750)	(1,174,134)	(769,675)
Payments to Employees for Services	(170,794)	(397,847)	(162,904)
Payments on Behalf of Employees for Benefits	(48,638)	(112,842)	(66,830)
Receipts (Refunds) of Customer Deposits	-	-	-
Receipts from Grants	-	332,025	-
Other Receipts (Payments)	-	(4,501)	-
Net Cash Provided (Used) by Operating Activities	<u>2,942,289</u>	<u>2,676,532</u>	<u>171,089</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Operating Subsidies and Transfers to Other Funds	(2,937,740)	(1,114,266)	(144,259)
Operating Subsidies and Transfers from Other Funds	-	-	-
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(2,937,740)</u>	<u>(1,114,266)</u>	<u>(144,259)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Right of Use Asset	-	-	-
Lease Payable	-	-	-
Proceeds from Sale of Fixed Assets	-	-	-
Purchases of Capital Assets and Construction in Progress	(235,996)	(1,452,609)	-
Gain on Disposal of Capital Assets	-	(4,501)	-
Principal Paid on Capital Debt	345,973	(175,128)	(30,806)
Interest Paid on Capital Debt	(13,126)	(6,527)	(3,349)
Net Cash Provided (Used) by Capital & Related Financing Activities	<u>96,851</u>	<u>(1,638,765)</u>	<u>(34,155)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest and Dividends	<u>238,652</u>	<u>355,928</u>	<u>29,831</u>
Net Cash Provided (Used) by Investing Activities	<u>238,652</u>	<u>355,928</u>	<u>29,831</u>
Net Increase (Decrease) In Cash & Cash Equivalents	340,052	279,429	22,506
Balances - Beginning of the Year	<u>4,398,653</u>	<u>6,171,748</u>	<u>478,614</u>
Balances - End of the Year	<u><u>\$ 4,738,705</u></u>	<u><u>\$ 6,451,177</u></u>	<u><u>\$ 501,120</u></u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating Income (Loss)	\$ 2,602,327	\$ 1,751,289	\$ (45,137)
Adjustments To Reconcile Operating Income To Net Cash Provided (Used) by Operating Activities:			
Depreciation Expense	168,529	627,903	140,957
Bad Debt Expense	16,999	9,494	3,005
Amortization Expense	-	-	-
Change In Assets & Liabilities:			
Accounts Receivable	(138,000)	(65,972)	3,008
Inventories	-	-	-
Accounts Payable	211,599	180,509	(16,616)
Other Payables	-	-	-
Net Pension Liability	95,068	204,789	90,874
Other Postemployment Benefit Liability	(12,295)	(26,486)	(11,753)
Compensated Absences	(1,938)	(4,994)	6,751
Customer Deposits Payable	-	-	-
Net Cash Provided (Used) by Operating Activities	<u><u>\$ 2,942,289</u></u>	<u><u>\$ 2,676,532</u></u>	<u><u>\$ 171,089</u></u>
Reconciliation to Statement of Net Position - Proprietary Funds:			
Cash and Cash Equivalents - Unrestricted	\$ 4,738,705	\$ 6,046,945	\$ 501,120
Cash and Cash Equivalents - Restricted	-	404,232	-
Total Cash and Cash Equivalents - Proprietary Funds	<u><u>\$ 4,738,705</u></u>	<u><u>\$ 6,451,177</u></u>	<u><u>\$ 501,120</u></u>
SCHEDULE OF NONCASH ACTIVITIES			
Actuarial Calculation of Net Pension Liability	\$ (97,541)	\$ (208,407)	\$ (89,260)
Total Noncash Activities	<u><u>\$ (97,541)</u></u>	<u><u>\$ (208,407)</u></u>	<u><u>\$ (89,260)</u></u>

CITY OF BRADY, TEXAS
Statement of Cash Flows (Continued)
Proprietary Funds
Year Ended September 30, 2023

	Solid Waste	Street Sanitation	Utility Support	Total
\$	1,401,204	\$ 88,293	\$ 251,091	\$ 14,703,388
	(348,328)	(23,372)	(380,946)	(7,293,205)
	(232,086)	(40,508)	(188,386)	(1,192,525)
	(96,328)	(13,479)	26,869	(311,248)
	-	-	(1,586)	(1,586)
	-	-	-	332,025
	-	-	-	(4,501)
	<u>724,462</u>	<u>10,934</u>	<u>(292,958)</u>	<u>6,232,348</u>
	(167,723)	(14,383)	-	(4,378,371)
	-	-	320,291	320,291
	<u>(167,723)</u>	<u>(14,383)</u>	<u>320,291</u>	<u>(4,058,080)</u>
	162,813	-	-	162,813
	(455,155)	-	-	(455,155)
	-	-	(124,581)	(124,581)
	-	-	-	(1,688,605)
	-	-	-	(4,501)
	(75,133)	(22,295)	-	42,611
	(35,698)	(600)	-	(59,300)
	<u>(403,173)</u>	<u>(22,895)</u>	<u>(124,581)</u>	<u>(2,126,718)</u>
	89,494	-	49,719	763,624
	<u>89,494</u>	<u>-</u>	<u>49,719</u>	<u>763,624</u>
	243,060	(26,344)	(47,529)	811,174
	<u>1,531,905</u>	<u>86,076</u>	<u>885,225</u>	<u>13,552,221</u>
\$	<u><u>1,774,965</u></u>	<u><u>59,732</u></u>	<u><u>837,696</u></u>	<u><u>14,363,395</u></u>
\$	402,435	\$ (5,356)	\$ (461,624)	\$ 4,243,934
	46,287	1,700	111,700	1,097,076
	3,004	3,004	3,505	39,011
	70,732	-	-	70,732
	(20,147)	(3,191)	(9,899)	(234,201)
	-	-	(38,475)	(38,475)
	5,390	1,508	39,546	421,936
	-	-	522	522
	129,072	15,120	65,572	600,495
	(16,693)	(1,955)	(8,481)	(77,663)
	3,885	104	6,262	10,070
	-	-	(1,586)	(1,586)
\$	<u><u>724,462</u></u>	<u><u>10,934</u></u>	<u><u>(292,958)</u></u>	<u><u>6,232,348</u></u>
\$	969,431	\$ -	\$ 111,213	\$ 12,367,414
	805,534	59,732	726,483	1,995,981
\$	<u><u>1,774,965</u></u>	<u><u>59,732</u></u>	<u><u>837,696</u></u>	<u><u>14,363,395</u></u>
\$	<u><u>(132,719)</u></u>	<u><u>(14,383)</u></u>	<u><u>(69,711)</u></u>	<u><u>(612,021)</u></u>
\$	<u><u>(132,719)</u></u>	<u><u>(14,383)</u></u>	<u><u>(69,711)</u></u>	<u><u>(612,021)</u></u>

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

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CITY OF BRADY, TEXAS
Statement of Net Position
Discretely Presented Component Unit
September 30, 2023

	Brady Economic Development Corporation
ASSETS	
Current Assets	
Cash and Cash Equivalents	\$ 718,919
Receivables, Net of Allowances	22,109
Notes Receivable, Current Portion	15,111
Total Current Assets	<u>756,139</u>
Non-Current Assets	
Notes Receivable, Non-Current Portion	590,019
Total Non-Current Assets	<u>590,019</u>
Total Assets	<u>1,346,158</u>
LIABILITIES	
Current Liabilities	
Accounts Payable	139
Note Payable, Current Portion	37,265
Total Current Liabilities	<u>37,404</u>
Noncurrent Liabilities	
Note Payable, Non-Current Portion	641,901
Total Noncurrent Liabilities	<u>641,901</u>
Total Liabilities	<u>679,305</u>
NET POSITION	
Unrestricted	<u>704,118</u>
Total Net Position	<u>\$ 666,853</u>

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

CITY OF BRADY, TEXAS
Statement of Activities
Discretely Presented Component Unit
Year Ended September 30, 2023

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Change in Net Position	
		Charges for Services		Economic Development Corporation	Total
Economic Development Corporation					
General Government:					
Administration	\$ 11,250	\$ -	\$ (11,250)	\$ (11,250)	
Professional/Legal Fees	7,192	-	(7,192)	(7,192)	
Qualified Projects	92,703	-	(92,703)	(92,703)	
Travel and Training	815	-	(815)	(815)	
Marketing	447	-	(447)	(447)	
Office Supplies	107	-	(107)	(107)	
Total Economic Development Corporation	<u>112,514</u>	<u>-</u>	<u>(112,514)</u>	<u>(112,514)</u>	
Total Component Unit	<u>112,514</u>	<u>-</u>	<u>(112,514)</u>	<u>(112,514)</u>	
General Revenues					
Taxes					
Sales Taxes			275,041	275,041	
Interest Revenue			13,321	13,321	
Loss on Sale of Assets			(11,211)	(11,211)	
Total General Revenues, Special Items, and Transfers			<u>277,151</u>	<u>277,151</u>	
Change in Net Position			164,637	164,637	
Net Position - Beginning			502,216	502,216	
Net Position - Ending			<u>\$ 666,853</u>	<u>\$ 666,853</u>	

CITY OF BRADY, TEXAS

Notes to Financial Statements

September 30, 2023

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, 2023

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, 2023

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, 2023

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, 2023

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, 2023

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, 2023

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 \$36,982 at September 30, 2023 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, 2023, and therefore, has not established a reserve for uncollectible receivables. In 2013, the EDC entered into an agreement to repay the City for upgrades to the Civic Center. A portion of property tax revenues are to be allocated to pay off the outstanding balance each year. As of September 30, 2023, the EDC owed \$679,166.

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, 2023

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.

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, 2023

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, 2023.
- *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, 2023.
- *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, 2023

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 includes 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, 2023

3. Compliance and Accountability (Continued)

Budget Requirements, Accounting, and Reporting (Continued)

Amendments to the appropriation ordinance during the fiscal year ending September 30, 2023 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, 2023:

	Transfers In	Transfers Out	Net Transfers In/Out
Governmental Activities			
General Fund	\$ 2,634,996	\$ 1,175,300	\$ 1,459,696
Special Revenue Fund	150,204	-	150,204
General Construction Fund	1,175,300	-	1,175,300
Water Construction Fund	330,000	-	330,000
WWTP Construction Fund	330,859	-	330,859
Total Governmental Transfers	<u>4,621,359</u>	<u>1,175,300</u>	<u>3,446,059</u>
Business-Type Activities			
Electric	-	2,840,199	(2,840,199)
Water & Sewer	-	905,859	(905,859)
Gas	-	54,999	(54,999)
Solid Waste	-	35,004	(35,004)
Utility Support	390,002	-	390,002
Total Business-Type Transfers	<u>390,002</u>	<u>3,836,061</u>	<u>(3,446,059)</u>
	<u>\$ 5,011,361</u>	<u>\$ 5,011,361</u>	<u>\$ -</u>

CITY OF BRADY, TEXAS
Notes to Financial Statements
September 30, 2023

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 \$18,481,745 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>\$ 18,327,439</u>

The carrying amount of the EDCs' cash held with financial institutions was \$718,919 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>\$ 745,902</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, 2023

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, 2023:

Restricted For:	Governmental Activities	Business-Type Activities	Total
State, Local and Federally Funded Programs	\$ 9,058,982	\$ 1,504	\$ 9,060,486
Police Activities	25,788	-	25,788
Debt Service	-	182,728	182,728
Cemetery	99,914	-	99,914
Hotel/Motel	145,327	-	145,327
Street Sanitation	-	59,732	59,732
Texas Water Development Board Covenant	-	220,000	220,000
Utility Customer Deposits	-	726,483	726,483
Landfill Closure Reserve	-	805,534	805,534
Total Restricted Cash	\$ 9,330,011	\$ 1,995,981	\$ 11,325,992

CITY OF BRADY, TEXAS
Notes to Financial Statements
September 30, 2023

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 2023, the City of Brady had property with an assessed valuation of \$262,166,700 . The tax rate was 0.374834 per \$100 valuation.

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CITY OF BRADY, TEXAS
Notes to Financial Statements (continued)
September 30, 2023

6. Capital Assets and Depreciation

Capital asset activity for the year ended September 30, 2023 was as follows:

Governmental Activities	Balance 10/1/2022	Additions	Deletions	Transfers	Balance 9/30/2023
Capital assets not being depreciated:					
Land	\$ 882,070	\$ -	\$ (23,000)	\$ -	\$ 859,070
Construction in progress	29,435,343	9,562,050	-	(139,818)	38,857,575
Subtotal	<u>30,317,413</u>	<u>9,562,050</u>	<u>(23,000)</u>	<u>(139,818)</u>	<u>39,716,645</u>
Capital assets being depreciated:					
Buildings and improvements	6,976,620	-	-	139,818	7,116,438
Infrastructure	13,423,595	-	-	-	13,423,595
Vehicles	1,760,774	68,600	(44,329)	-	1,785,045
Equipment	3,045,478	361,419	(58,459)	(32,129)	3,316,309
Subtotal	<u>25,206,467</u>	<u>430,019</u>	<u>(102,788)</u>	<u>107,689</u>	<u>25,641,387</u>
Accumulated depreciation	(18,151,942)	(951,958)	99,753	32,129	(18,972,018)
Net capital assets being depreciated	<u>7,054,525</u>	<u>(521,939)</u>	<u>(3,035)</u>	<u>139,818</u>	<u>6,669,369</u>
Net capital assets	<u>\$ 37,371,938</u>	<u>\$ 9,040,111</u>	<u>\$ (26,035)</u>	<u>\$ -</u>	<u>\$ 46,386,014</u>

CITY OF BRADY, TEXAS
Notes to Financial Statements (continued)
September 30, 2023

6. Capital Assets and Depreciation (Continued)

Business-Type Activities	Balance 10/1/2022	Additions	Deletions	Transfers	Balance 9/30/2023
Capital assets not being depreciated:					
Land	\$ 154,730	\$ -	\$ -	\$ -	\$ 154,730
Construction in progress	5,569,164	1,522,787	-	(473,883)	6,618,068
Subtotal	5,723,894	1,522,787	-	(473,883)	6,772,798
Capital assets being depreciated:					
Buildings and improvements	15,607,487	-	-	-	15,607,487
Infrastructure	20,618,807	473,884	-	-	21,092,691
Vehicles	1,175,742	-	-	-	1,175,742
Equipment	3,151,430	295,400	(5,001)	32,129	3,473,958
Subtotal	40,553,466	769,284	(5,001)	32,129	41,349,878
Accumulated depreciation	(19,291,614)	(1,097,076)	-	(32,129)	(20,420,819)
Net capital assets being depreciated	21,261,852	(327,792)	(5,001)	-	20,929,059
Net capital assets	\$ 26,985,746	\$ 1,194,995	\$ (5,001)	\$ (473,883)	\$ 27,701,857

Economic Development Corporation

	Balance 10/1/2022	Additions	Deletions	Balance 9/30/2023
Capital assets not being depreciated:				
Land	\$ 12,803	\$ -	\$ (12,803)	\$ -
Net capital assets	\$ 12,803	\$ -	\$ (12,803)	\$ -

CITY OF BRADY, TEXAS
Notes to Financial Statements (continued)
September 30, 2023

6. Capital Assets and Depreciation (Continued)

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

Governmental Activities	
Administration	\$ 42,456
Airport	115,096
Public Property Maintenance	184,608
Golf Course	30,012
Fire Department	57,213
Police Department	135,593
Emergency Management	11,126
Street Department	162,129
Civic Center	81,102
Municipal Court	8,085
Animal Control	10,744
EMS Department	76,217
Lake Department	32,625
G. Rollie White Complex	1,582
Cemetery	3,370
Total Depreciation Expense	\$ <u><u>951,958</u></u>
Business-Type Activities	
Electric	\$ 168,529
Sewer	82,793
Water	545,110
Gas	140,957
Solid Waste	46,287
Street Sanitation	1,700
Utility Support	111,700
Total Depreciation Expense	\$ <u><u>1,097,076</u></u>
Economic Development Corporation	
Buildings & Improvements	\$ <u>-</u>
Total Depreciation Expense	\$ <u><u>-</u></u>

CITY OF BRADY, TEXAS
Notes to Financial Statements (continued)
September 30, 2023

7. Defined Benefit Pension Plans

Plan Description

The City of Brady participates as one of the 919 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, 2022 valuation and measurement date, the following employees were covered by the benefit terms:

	2022
Inactive employees or beneficiaries currently receiving benefits	62
Inactive employees entitled to but not yet receiving benefits	122
Active employees	95
	<u>279</u>

CITY OF BRADY, TEXAS
Notes to Financial Statements (continued)
September 30, 2023

7. Defined Benefit Pension Plans (Continued)

Contributions

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

Employees for the City of Brady were required to contribute 6% of their annual gross earnings during the fiscal year. The contribution rates for the City of Brady were 9.53% and 9.77% in calendar years 2022 and 2023, respectively. The city's contributions to TMRS for the year ended September 30, 2023, were \$498,358, and were equal to the required contributions.

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of September 30, 2022, 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, 2022 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, 2023

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 determine using a building-block method in which best estimate ranges of expected future real rates of returns (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. 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%	7.70%
Core Fixed Income	6.0%	4.90%
Non-Core Fixed Income	20.0%	8.70%
Real Return	12.0%	8.10%
Real Estate	12.0%	5.80%
Absolute Return	5.0%	6.90%
Private Equity	10.0%	11.80%
Total	100.0%	

CITY OF BRADY, TEXAS
Notes to Financial Statements (continued)
September 30, 2023

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/ 2021	\$ 13,617,808	\$ 13,998,525	\$ (380,717)
Changes for the year:			
Difference between expected and actual experience	42,698	-	42,698
Contributions - employer	-	445,586	(445,586)
Contributions - employee	-	289,341	(289,341)
Net investment income	-	(1,021,138)	1,021,138
Benefit payments, including	(476,880)	(476,880)	-
Administrative expense	-	(8,842)	8,842
Other Changes	-	10,552	(10,552)
Net changes	1,178,805	(761,381)	1,940,186
Balance at 12/31/ 2022	\$ 14,796,613	\$ 13,237,144	\$ 1,559,469

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

CITY OF BRADY, TEXAS
Notes to Financial Statements (continued)
September 30, 2023

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	\$ 3,643,912	\$ 1,559,469	\$ (138,467)

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.tmr.com.

CITY OF BRADY, TEXAS

Notes to Financial Statements

September 30, 2023

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, 2023, the city recognized pension expense of \$498,358 .

At December 31, 2022, TMRS 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	\$ 25,686	\$ -
Differences Between Projected and Actual Investment Earnings	1,572,830	-
Contributions Subsequent to the Measurement Date	387,166	-
	\$ 1,985,682	\$ -

CITY OF BRADY, TEXAS
Notes to Financial Statements (continued)
September 30, 2023

7. Defined Benefit Pension Plans (Continued)

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

At September 30, 2023, \$1,599,097 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, 2023. 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
2023	\$ 115,179
2024	231,328
2025	241,056
2026	393,206
Total	\$ 980,769

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, 2023

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, 2022 is summarized below:

	2022
Inactive employees or beneficiaries currently receiving benefits	38
Inactive employees entitled to but not yet receiving benefits	20
Active employees	95
	<u>153</u>

Total OPEB Liability

The City's total OPEB liability of \$111,529 was measured as of December 31, 2022 and was determined by an actuarial valuation as of that date.

CITY OF BRADY, TEXAS
Notes to Financial Statements
September 30, 2023

8. Other Post-employment Benefits (Continued)

Actuarial Assumptions and Other Inputs

The total OPEB liability in the December 31, 2022 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*	4.05%
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, 2022.

CITY OF BRADY, TEXAS
Notes to Financial Statements
September 30, 2023

8. Other Post-employment Benefits (Continued)

The actuarial assumptions used in the December 31, 2022 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	\$ 28,452
Interest	7,191
Recognition of deferred outflows/inflows of resources:	
Differences between expected and actual experience	(13,834)
Changes in assumptions or other inputs	(9,427)
Total OPEB expense	<u>\$ 12,382</u>

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

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

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

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

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

	1% Decrease in Discount Rate (3.05%)	Discount Rate (4.05%)	1% Decrease in Discount Rate (5.05%)
Total OPEB Liability	\$ 318,059	\$ 268,673	\$ 230,036

CITY OF BRADY, TEXAS
Notes to Financial Statements (continued)
September 30, 2023

8. Other Post-employment Benefits (Continued)

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

At December 31, 2022, TMRS 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	\$ (21,377)	\$ -
Changes in Assumptions and	(69,313)	-
Contributions Subsequent to the Measurement Date	-	17,436
	\$ (90,690)	\$ 17,436

At September 30, 2023, \$109,316 reported as deferred inflows 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, 2023.

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
2023	\$ (19,022)
2024	(24,606)
2025	(29,612)
2026	(17,450)
Total	\$ (90,690)

CITY OF BRADY, TEXAS
Notes to Financial Statements (continued)
September 30, 2023

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 \$213,508 at September 30, 2023.

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, 2023

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 (which ranges from 1.62% to 10.19%) 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
2024	186,751	30,957	217,708
2025	80,218	24,521	104,739
2026	156,019	7,148	163,167
2027	10,055	6,955	17,010
2028-2051	358,177	91,628	449,805
Total	<u>\$ 791,220</u>	<u>\$ 161,209</u>	<u>\$ 952,429</u>

The right of use lease asset is as follows:

	Governmental Activities	Business-Type Activities	Total
Right of Use Asset	\$ 542,838	\$ 1,159,949	\$ 1,702,787
Accumulated Amortization	(103,839)	(845,097)	(948,936)
Right of Use Asset, Net	<u>\$ 438,999</u>	<u>\$ 314,852</u>	<u>\$ 753,851</u>

The lease liability is as follow:

	Governmental Activities	Business-Type Activities	Total
Lease, Current Portion	\$ 51,958	\$ 134,793	\$ 186,751
Lease, Long-Term Portion	394,755	209,714	604,469
Total	<u>\$ 446,713</u>	<u>\$ 344,507</u>	<u>\$ 791,220</u>

CITY OF BRADY, TEXAS
Notes to Financial Statements (continued)
September 30, 2023

12. Long-Term Liabilities

Long-term liability activity for the year ended September 30, 2023 includes the following:

Governmental Activities	Balance 10/1/2022	Additions	Reductions	Balance 9/30/2023	Amount Due Within One Year
General:					
Government Capital	\$ 7,247	\$ -	\$ (7,247)	\$ -	\$ -
Government Capital	84,565	-	(47,555)	37,010	37,010
Government Capital	121,985	-	(25,912)	96,073	26,882
Government Capital	43,290	-	(23,289)	20,001	20,001
Government Capital	29,775	-	(9,854)	19,921	10,220
Government Capital	17,894	-	(4,929)	12,965	5,074
Government Capital	71,890	-	(7,054)	64,836	7,290
Government Capital	27,113	-	(3,935)	23,178	4,081
Government Capital	28,755	-	(5,672)	23,083	5,869
Government Capital	39,713	-	(5,764)	33,949	5,977
Government Capital	114,497	-	(33,176)	81,321	34,168
Government Capital	59,858	-	(7,978)	51,880	8,575
Government Capital	192,268	-	(42,180)	150,088	43,463
AXON	83,845	-	(16,769)	67,076	16,769
AXON	-	81,780	(16,356)	65,424	16,356
Government Capital	-	58,000	(6,405)	51,595	13,741
Government Capital	-	47,995	(3,472)	44,523	8,710
Government Capital	-	36,908	(2,670)	34,238	6,698
Government Capital	-	68,600	(4,962)	63,638	12,450
Government Capital	-	18,113	(1,310)	16,803	3,287
Government Capital	-	46,625	(3,074)	43,551	5,745
Government Capital	-	130,600	(10,856)	119,744	19,829
Certificate of Obligation, Series 2019	10,170,000	-	(330,000)	9,840,000	330,000
Certificate of Obligation, Series 2019A	8,095,000	-	(150,000)	7,945,000	155,000
Certificate of Obligation, Series 2019B	1,895,000	-	(70,000)	1,825,000	70,000
Certificate of Obligation, Series 2021	1,905,000	-	(70,000)	1,835,000	70,000
Total Bonds and Notes Payable	22,987,695	488,621	(910,419)	22,565,897	937,195
Compensated Absences	137,175	-	10,313	147,488	-
Total Governmental Activities	\$ 23,124,870	\$ 488,621	\$ (900,106)	\$ 22,713,385	\$ 937,195

CITY OF BRADY, TEXAS
Notes to Financial Statements (continued)
September 30, 2023

Business-Type Activities	Balance 10/1/2022	Additions	Reductions	Balance 9/30/2023	Amount Due Within One Year
Electric:					
Government Capital	\$ 14,469	\$ -	\$ (14,469)	\$ -	-
Government Capital	86,884	-	(17,553)	69,331	18,117
Government Capital	-	407,471	(29,475)	377,996	73,949
	<u>101,353</u>	<u>407,471</u>	<u>(61,497)</u>	<u>447,327</u>	<u>92,066</u>
Water & Sewer:					
Certificates of Obligation, Series 2000	\$ 1,890,000	\$ -	\$ (210,000)	\$ 1,680,000	\$ 210,000
Certificates of Obligation, Series 2013	70,000	-	(35,000)	35,000	35,000
Certificates of Obligation - WWTP, Series 2012	260,000	-	(130,000)	130,000	130,000
Government Capital	30,748	-	(30,748)	-	-
Government Capital	74,705	-	(9,957)	64,748	10,321
Government Capital	-	182,820	(13,224)	169,596	33,179
Government Capital	-	76,517	(5,536)	70,981	13,886
	<u>2,325,453</u>	<u>259,337</u>	<u>(434,465)</u>	<u>2,150,325</u>	<u>432,386</u>
Gas:					
Government Capital	15,073	-	(15,073)	-	-
Government Capital	94,058	-	(15,734)	78,324	16,202
	<u>109,131</u>	<u>-</u>	<u>(30,807)</u>	<u>78,324</u>	<u>16,202</u>
Street Sanitation:					
Government Capital	26,093	-	(22,295)	3,798	3,798
	<u>26,093</u>	<u>-</u>	<u>(22,295)</u>	<u>3,798</u>	<u>3,798</u>
Solid Waste:					
Government Capital	105,613	-	(36,215)	69,398	37,361
Government Capital	198,055	-	(38,918)	159,137	40,350
	<u>303,668</u>	<u>-</u>	<u>(75,133)</u>	<u>228,535</u>	<u>77,711</u>
Total Bonds, Notes, and Capital Leases Payable	2,865,698	666,808	(624,197)	2,908,309	622,163
Compensated Absences	55,950	-	10,070	66,020	-
Total Business-Type Activities	<u>\$ 2,921,648</u>	<u>\$ 666,808</u>	<u>\$ (614,127)</u>	<u>\$ 2,974,329</u>	<u>\$ 622,163</u>

CITY OF BRADY, TEXAS
Notes to Financial Statements (continued)
September 30, 2023

12. Long-Term Liabilities (Continued)

Description of Debt and Maturity Schedules

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 was paid in full during the fiscal year.

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
2024	\$ 37,010	\$ 657	\$ 37,667
	\$ 37,010	\$ 657	\$ 37,667

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
2024	\$ 26,882	\$ 3,083	\$ 29,965
2025	27,888	2,078	29,966
2026	28,931	1,035	29,966
2027	12,372	114	12,486
	\$ 96,073	\$ 6,310	\$ 102,383

CITY OF BRADY, TEXAS
Notes to Financial Statements (continued)
September 30, 2023

12. Long-Term Liabilities (Continued)

Description of Debt and Maturity Schedules (Continued)

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
2024	\$ 20,001	\$ 303	\$ 20,304
	\$ 20,001	\$ 303	\$ 20,304

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
2024	\$ 10,220	\$ 556	\$ 10,776
2025	9,701	178	9,879
	\$ 19,921	\$ 734	\$ 20,655

CITY OF BRADY, TEXAS
Notes to Financial Statements (continued)
September 30, 2023

12. Long-Term Liabilities (Continued)

Description of Debt and Maturity Schedules (Continued)

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
2024	\$ 5,074	\$ 309	\$ 5,383
2025	5,223	134	5,357
2026	2,668	23	2,691
	\$ 12,965	\$ 466	\$ 13,431
	\$ 12,965	\$ 466	\$ 13,431

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
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
	\$ 64,836	\$ 8,946	\$ 73,782
	\$ 64,836	\$ 8,946	\$ 73,782

CITY OF BRADY, TEXAS
Notes to Financial Statements (continued)
September 30, 2023

12. Long-Term Liabilities (Continued)

Description of Debt and Maturity Schedules (Continued)

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
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>\$ 23,178</u>	<u>\$ 2,313</u>	<u>\$ 25,491</u>

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
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>\$ 23,083</u>	<u>\$ 1,544</u>	<u>\$ 24,627</u>

CITY OF BRADY, TEXAS
Notes to Financial Statements (continued)
September 30, 2023

12. Long-Term Liabilities (Continued)

Description of Debt and Maturity Schedules (Continued)

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
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>\$ 33,949</u>	<u>\$ 3,397</u>	<u>\$ 37,346</u>

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
2024	\$ 34,168	\$ 1,939	\$ 36,107
2025	35,190	918	36,108
2026	11,963	74	12,037
	<u>\$ 81,321</u>	<u>\$ 2,931</u>	<u>\$ 84,252</u>

CITY OF BRADY, TEXAS
Notes to Financial Statements (continued)
September 30, 2023

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 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
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>\$ 51,536</u>	<u>\$ 4,504</u>	<u>\$ 56,040</u>

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
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
	<u>\$ 150,088</u>	<u>\$ 7,816</u>	<u>\$ 157,904</u>

CITY OF BRADY, TEXAS
Notes to Financial Statements (continued)
September 30, 2023

12. Long-Term Liabilities (Continued)

Description of Debt and Maturity Schedules (Continued)

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
2024	\$ 16,769	\$ -	\$ 16,769
2025	16,769	-	16,769
2026	16,769	-	16,769
2027	16,769	-	16,769
	\$ 67,076	\$ -	\$ 67,076
	67,076	-	67,076

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 March 1, 2023, which includes 0% interest. The note will be paid in full on March 1, 2027.

Year Ended September 30,	Principal	Interest	Total
2024	\$ 16,356	\$ -	\$ 16,356
2025	16,356	-	16,356
2026	16,356	-	16,356
2027	16,356	-	16,356
	\$ 65,424	\$ -	\$ 65,424
	65,424	-	65,424

CITY OF BRADY, TEXAS
Notes to Financial Statements (continued)
September 30, 2023

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 two police cars. This loan is due and payable in 48 monthly payments of \$1,354 beginning April 15, 2023. Payments include interest of 5.52%. This loan will be paid in full on March 15, 2027.

Year Ended September 30,	Principal	Interest	Total
2024	\$ 13,741	\$ 2,504	\$ 16,245
2025	14,519	1,726	16,245
2026	15,431	904	16,335
2027	7,904	129	8,033
	<u>\$ 51,595</u>	<u>\$ 5,263</u>	<u>\$ 56,858</u>

*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 (TWDB) 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
2024	\$ 330,000	\$ -	\$ 330,000
2025	370,000	-	370,000
2026	370,000	-	370,000
2027-2050	8,770,000	-	8,770,000
	<u>\$ 9,840,000</u>	<u>\$ -</u>	<u>\$ 9,840,000</u>

CITY OF BRADY, TEXAS
Notes to Financial Statements (continued)
September 30, 2023

12. Long-Term Liabilities (Continued)

Description of Debt and Maturity Schedules (Continued)

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

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

Year Ended September 30,	Principal	Interest	Total
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>\$ 7,945,000</u>	<u>\$ 852,989</u>	<u>\$ 8,797,989</u>

CITY OF BRADY, TEXAS
Notes to Financial Statements (continued)
September 30, 2023

12. Long-Term Liabilities (Continued)

Description of Debt and Maturity Schedules (Continued)

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

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

Year Ended September 30,	Principal	Interest	Total
2024	\$ 70,000	\$ -	\$ 70,000
2025	70,000	-	70,000
2026	70,000	-	70,000
2027-2050	1,615,000	-	1,615,000
	<u>\$ 1,825,000</u>	<u>\$ -</u>	<u>\$ 1,825,000</u>

*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
2024	\$ 70,000	\$ 105	\$ 70,105
2025	70,000	105	70,105
2026	70,000	105	70,105
2027	70,000	105	70,105
2028-2050	1,555,000	2,493	1,557,493
	<u>\$ 1,835,000</u>	<u>\$ 2,913</u>	<u>\$ 1,837,913</u>

CITY OF BRADY, TEXAS
Notes to Financial Statements (continued)
September 30, 2023

12. Long-Term Liabilities (Continued)

Description of Debt and Maturity Schedules (Continued)

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
2024	\$ 210,000	\$ -	\$ 210,000
2025	210,000	-	210,000
2026	210,000	-	210,000
2027-2031	1,050,000	-	1,050,000
	<u>\$ 1,680,000</u>	<u>\$ -</u>	<u>\$ 1,680,000</u>

*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
2024	\$ 35,000	\$ 1,001	\$ 36,001
	<u>\$ 35,000</u>	<u>\$ 1,001</u>	<u>\$ 36,001</u>

CITY OF BRADY, TEXAS
Notes to Financial Statements (continued)
September 30, 2023

12. Long-Term Liabilities (Continued)

Description of Debt and Maturity Schedules (Continued)

*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 (TWDB) 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
2024	\$ 130,000	\$ 2,964	\$ 132,964
	\$ 130,000	\$ 2,964	\$ 132,964

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 loan was paid in full during the fiscal year.

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
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
	\$ 69,331	\$ 4,199	\$ 73,530

CITY OF BRADY, TEXAS
Notes to Financial Statements (continued)
September 30, 2023

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
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
	<u>\$ 64,748</u>	<u>\$ 7,029</u>	<u>\$ 71,777</u>

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
2024	\$ 16,202	\$ 2,162	\$ 18,364
2025	16,685	1,784	18,469
2026	17,181	1,392	18,573
2027	17,694	986	18,680
2028	10,562	705	11,267
	<u>\$ 78,324</u>	<u>\$ 7,029</u>	<u>\$ 85,353</u>

CITY OF BRADY, TEXAS
Notes to Financial Statements (continued)
September 30, 2023

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
2024	\$ 3,798	\$ 18	\$ 3,816
	\$ 3,798	\$ 18	\$ 3,816

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
2024	\$ 37,361	\$ 1,634	\$ 38,995
2025	32,037	460	32,497
	\$ 69,398	\$ 2,094	\$ 71,492

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 April 15, 2028.

Year Ended September 30,	Principal	Interest	Total
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
	\$ 159,137	\$ 10,986	\$ 170,123

CITY OF BRADY, TEXAS
Notes to Financial Statements (continued)
September 30, 2023

12. Long-Term Liabilities (Continued)

Description of Debt and Maturity Schedules (Continued)

Government Capital

On April 14, 2023, the City entered a finance agreement with Government Capital. This loan was for the purchase of various equipment. This loan is due and payable in 60 monthly payments of \$16,188 beginning May 15, 2023. Payments include interest of 5.94%. This loan will be paid in full on June 15, 2027.

Year Ended September 30,	Principal	Interest	Total
2024	\$ 152,159	\$ 42,102	\$ 194,261
2025	161,447	32,814	194,261
2026	171,302	22,959	194,261
2027	181,760	12,501	194,261
2028	111,107	2,211	113,318
	<u>\$ 777,775</u>	<u>\$ 112,587</u>	<u>\$ 890,362</u>

Government Capital

On January 30, 2023, the City entered a finance agreement with Government Capital. This loan was for the purchase of five SCBAs at the fire department. This loan is due and payable in 84 monthly payments of \$682 beginning March 15, 2023. Payments include interest of 5.95%. This loan will be paid in full on February 15, 2030.

Year Ended September 30,	Principal	Interest	Total
2024	\$ 5,745	\$ 2,436	\$ 8,181
2025	6,097	2,085	8,182
2026	6,470	1,712	8,182
2027	6,865	1,316	8,181
2028-2030	18,374	1,399	19,773
	<u>\$ 43,551</u>	<u>\$ 8,948</u>	<u>\$ 52,499</u>

CITY OF BRADY, TEXAS
Notes to Financial Statements (continued)
September 30, 2023

12. Long-Term Liabilities (Continued)

Description of Debt and Maturity Schedules (Continued)

Government Capital

On January 30, 2023, the City entered a finance agreement with Government Capital. This loan was for the purchase of a motor grader. This loan is due and payable in 72 monthly payments of \$2,096 beginning March 15, 2023. Payments include interest of 4.81%. This loan will be paid in full on February 15, 2029.

Year Ended September 30,	Principal	Interest	Total
2024	\$ 19,829	\$ 5,326	\$ 25,155
2025	20,804	4,351	25,155
2026	21,827	3,328	25,155
2027	22,900	2,255	25,155
2028-2029	34,384	1,708	36,092
	<u>\$ 119,744</u>	<u>\$ 16,968</u>	<u>\$ 136,712</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, 2023. 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 10/1/2022	Additions	Reductions	Balance 9/30/2023	Amount Due Within One Year
City of Brady Civic Center Improvements	\$ 679,166	\$ -	\$ -	\$ 679,166	\$ -
Total Bonds, Notes, and Capital Leases Payable	<u>\$ 679,166</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 679,166</u>	<u>\$ -</u>

CITY OF BRADY, TEXAS
Notes to Financial Statements (continued)
September 30, 2023

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

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

CITY OF BRADY, TEXAS
Notes to Financial Statements (continued)
September 30, 2023

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, 2023

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 \$805,534 as of September 30, 2023, which was based on 39.03% usage (filled) of the landfill. It is estimated that an additional \$2,064,097 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 (\$2,064,097) 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, 2023. 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 2023 is approximately 24 years. The current estimated liability of \$805,534 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, 2023

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, 2023:

Restricted For:	Governmental Activities	Business-Type Activities	Total
Restricted For:			
Debt Service	\$ -	\$ 184,232	\$ 184,232
State, Local, and Federally Funded Programs	7,947,929	220,000	8,167,929
Cemetery	100,198	-	100,198
Street Sanitation	-	59,748	59,748
Police Activities, Court Technology & Security	25,788	-	25,788
Hotel/Motel	141,915	-	141,915
General Construction	1,281,782	-	1,281,782
Total Restricted	\$ 9,497,612	\$ 463,980	\$ 9,961,592

CITY OF BRADY, TEXAS

Notes to Financial Statements (continued)

September 30, 2023

17. Fund Balances

The City reported the following fund balance designations at September 30, 2023:

	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 and Prepaids	\$ 20,353	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 20,353
Total Nonspendable	20,353	-	-	-	-	-	-	-	20,353
Restricted For:									
Fire Station	-	1,281,782	-	-	-	-	-	-	1,281,782
State and Federally Funded Programs	-	-	3,899,804	3,706,518	341,607	-	-	-	7,947,929
Police Activities	-	-	-	-	-	-	-	25,788	25,788
Cemetery	-	-	-	-	-	100,198	-	-	100,198
Hotel/Motel	-	-	-	-	-	-	141,915	-	141,915
Total Restricted	-	1,281,782	3,899,804	3,706,518	341,607	100,198	141,915	25,788	9,497,612
Unassigned	4,719,271	-	-	-	-	-	-	-	4,719,271
Total Fund Balances	\$ 4,739,624	\$ 1,281,782	\$ 3,899,804	\$ 3,706,518	\$ 341,607	\$ 100,198	\$ 141,915	\$ 25,788	\$ 14,237,236

18. Subsequent Events

The City has evaluated subsequent events through February 29, 2024, the date which the financial statements were available to be issued. No such events have occurred subsequent to the balance sheet date and through the date of the City's evaluation that that would require adjustment to, or disclosure in, the financial statements.

19. New Accounting Pronouncement

In May 2020, GASB issued Statement No. 96 *Subscription based Information Technology Arrangements (SBITA)*. This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended. The standard became effective for the City on June 15, 2022. During 2023, the City had no SBITA to which the standard applied.

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, 2023

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)
REVENUES				
Property Tax	\$ 939,500	\$ 939,500	\$ 945,809	\$ 6,309
Sales Tax	1,000,000	1,000,000	1,141,754	141,754
Franchise Taxes	15,000	15,000	16,367	1,367
Mixed Beverage Tax	8,000	8,000	6,152	(1,848)
Interest Income	45,400	220,400	260,543	40,143
Miscellaneous Revenue	-	-	1,181	1,181
Reimbursed Expenses	42,000	52,336	65,993	13,657
Administrative Services	1,456,380	1,456,380	1,466,615	10,235
Airport Revenue	278,900	278,900	300,456	21,556
Public Property Maintenance	41,000	41,000	49,732	8,732
Golf Course	112,800	112,800	132,728	19,928
Swimming Pool	12,500	12,500	17,810	5,310
Fire Department	1,000	1,000	3,300	2,300
Police Department	500	25,500	22,321	(3,179)
Street Department	2,000	2,000	6,358	4,358
Civic Center	20,000	20,000	23,485	3,485
Municipal Court	144,000	144,000	209,848	65,848
Animal Control	2,300	2,300	1,600	(700)
City/County EMS	448,800	448,800	527,434	78,634
Lake Department	199,300	199,300	240,024	40,724
Financial Administration	5,000	5,000	5,400	400
Building & Permitting	30,000	30,000	47,259	17,259
Donations	-	16,500	17,500	1,000
Grant Revenue	50,000	50,000	32,018	(17,982)
Total Revenues	\$ 4,854,380	\$ 5,081,216	\$ 5,541,687	\$ 460,471

CITY OF BRADY, TEXAS
Schedule of Revenues, Expenditures, and Changes in Fund Balance –
Budget and Actual (Continued)
General Fund
Year Ended September 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)
EXPENDITURES				
Administration	\$ 639,406	\$ 717,906	\$ 705,281	\$ 12,625
Airport	509,722	509,722	453,609	56,113
Public Property Maintenance	574,909	560,559	522,799	37,760
Mayor and Council	41,921	41,921	38,036	3,885
Golf Course	494,141	494,141	435,177	58,964
Swimming Pool	104,562	104,562	78,977	25,585
Fire Department	422,737	404,737	290,948	113,789
Police Department	1,427,697	1,448,783	1,266,043	182,740
Emergency Management	17,000	17,000	8,509	8,491
Street Department	621,010	621,010	455,683	165,327
Civic Center	20,300	22,000	20,774	1,226
Municipal Court	144,278	144,278	157,592	(13,314)
Special Services	4,900	4,900	4,496	404
Repair Shop	75,335	75,335	71,010	4,325
Animal Control	131,536	131,536	101,933	29,603
City/County EMS	1,820,744	1,810,244	1,729,198	81,046
Lake Department	284,272	284,272	262,955	21,317
G.R. White Complex	11,000	11,000	3,381	7,619
Purchasing	84,303	92,803	87,522	5,281
Financial Administration	340,084	338,084	330,302	7,782
Building & Permitting	195,109	195,109	157,634	37,475
Capital Outlay	459,800	980,430	532,218	448,212
Debt Service				
Principal	324,900	324,900	290,763	34,137
Interest	35,200	35,200	62,252	(27,052)
Total Expenditures	<u>8,784,866</u>	<u>9,370,432</u>	<u>8,067,092</u>	<u>1,303,340</u>
Excess (Deficiency) of Revenues				
Over Expenditures	(3,930,486)	(4,289,216)	(2,525,405)	1,763,811
OTHER FINANCING SOURCES (USES)				
Transfers In	2,635,000	2,635,000	2,634,996	(4)
Donated Assets	-	-	150	150
Lease Proceeds	432,800	531,780	488,621	(43,159)
Sale of Capital Assets	27,000	1,291,200	1,270,116	(21,084)
Transfers Out	-	(1,175,300)	(1,175,300)	-
Total Other Financing Sources (Uses)	<u>3,094,800</u>	<u>3,282,680</u>	<u>3,218,583</u>	<u>(64,097)</u>
Excess Revenues and Other Sources Over				
(Under) Expenditures and Other Uses	(835,686)	(1,006,536)	693,178	1,699,714
Fund Balance - Beginning, GAAP Basis	<u>4,046,446</u>	<u>4,046,446</u>	<u>4,046,446</u>	<u>-</u>
Fund Balance - Ending, GAAP and				
Budgetary Basis	<u>\$ 3,210,760</u>	<u>\$ 3,039,910</u>	<u>\$ 4,739,624</u>	<u>\$ 1,699,714</u>

CITY OF BRADY, TEXAS
Schedule of Revenues, Expenditures, and Changes in Fund Balance –
Budget and Actual
General Construction Fund
Year Ended September 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)
REVENUES				
General Construction Revenue	\$ -	\$ -	\$ -	\$ -
Total Revenues	-	-	-	-
EXPENDITURES				
Capital Outlay	-	216,189	109,707	106,482
Total Expenditures	-	216,189	109,707	106,482
Excess (Deficiency) of Revenues Over Expenditures	-	(216,189)	(109,707)	106,482
OTHER FINANCING SOURCES (USES)				
Operating Transfers In	-	1,175,300	1,175,300	-
Total Other Financing Sources and Uses	-	1,175,300	1,175,300	-
Excess Revenues and Other Sources Over (Under) Expenditures and Other Uses	-	959,111	1,065,593	106,482
Fund Balance - Beginning, GAAP Basis	216,189	216,189	216,189	-
Fund Balance - Ending, GAAP and Budgetary Basis	\$ 216,189	\$ 1,175,300	\$ 1,281,782	\$ 106,482

CITY OF BRADY, TEXAS
Schedule of Revenues, Expenditures, and Changes in Fund Balance –
Budget and Actual
Water Construction Fund
Year Ended September 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)
REVENUES				
Interest Income	\$ -	\$ -	\$ 189,393	\$ 189,393
Total Revenues	-	-	189,393	189,393
EXPENDITURES				
Capital Outlay	7,250,000	7,177,837	4,136,734	3,041,103
Principal	330,000	330,000	330,000	-
Arbitrage Rebate	-	-	169,527	(169,527)
Total Expenditures	7,580,000	7,507,837	4,636,261	2,871,576
Excess (Deficiency) of Revenues Over Expenditures	(7,580,000)	(7,507,837)	(4,446,868)	3,060,969
OTHER FINANCING SOURCES (USES)				
Operating Transfers In	330,000	330,000	330,000	-
Operating Transfers Out	-	-	-	-
Total Other Financing Sources and Uses	330,000	330,000	330,000	-
Excess Revenues and Other Sources Over (Under) Expenditures and Other Uses	(7,250,000)	(7,177,837)	(4,116,868)	3,060,969
Fund Balance - Beginning, GAAP Basis	8,016,672	8,016,672	8,016,672	-
Fund Balance - Ending, GAAP and Budgetary Basis	\$ 766,672	\$ 838,835	\$ 3,899,804	\$ 3,060,969

CITY OF BRADY, TEXAS
Schedule of Revenues, Expenditures, and Changes in Fund Balance –
Budget and Actual
WWTP Construction Fund
Year Ended September 30, 2023

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Interest Income	\$ -	\$ -	\$ 195,067	\$ 195,067
Total Revenues	<u>-</u>	<u>-</u>	<u>195,067</u>	<u>195,067</u>
EXPENDITURES				
Capital Outlay	10,089,604	6,689,267	5,145,730	1,543,537
Debt Service				
Principal	290,000	290,000	290,000	-
Interest	40,859	41,000	40,859	141
Arbitrage Rebate	-	-	146,875	(146,875)
Total Expenditures	<u>10,420,463</u>	<u>7,020,267</u>	<u>5,623,464</u>	<u>1,396,803</u>
Excess (Deficiency) of Revenues Over Expenditures	(10,420,463)	(7,020,267)	(5,428,397)	1,591,870
OTHER FINANCING SOURCES (USES)				
Operating Transfers In	331,000	331,000	330,859	(141)
Total Other Financing Sources and Uses	<u>331,000</u>	<u>331,000</u>	<u>330,859</u>	<u>(141)</u>
Excess Revenues and Other Sources Over (Under) Expenditures and Other Uses	(10,089,463)	(6,689,267)	(5,097,538)	1,591,729
Fund Balance - Beginning, GAAP Basis	<u>8,804,056</u>	<u>8,804,056</u>	<u>8,804,056</u>	<u>-</u>
Fund Balance - Ending, GAAP and Budgetary Basis	<u>\$ (1,285,407)</u>	<u>\$ 2,114,789</u>	<u>\$ 3,706,518</u>	<u>\$ 1,591,729</u>

CITY OF BRADY, TEXAS
Schedule of Revenues, Expenditures, and Changes in Fund Balance –
Budget and Actual
Special Revenue Fund
Year Ended September 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)
REVENUES				
Sales Taxes	\$ 240,000	\$ 240,000	\$ 278,171	\$ 38,171
Senior Citizen Revenues	12,000	12,000	16,144	4,144
Reimbursed Expenses	-	-	6	6
Community Development	720,000	115,260	81,030	(34,230)
Grant Revenues	76,000	87,900	797,180	709,280
Total Revenues	<u>1,048,000</u>	<u>455,160</u>	<u>1,172,531</u>	<u>717,371</u>
EXPENDITURES				
Pass-Through Services	240,000	240,000	278,171	(38,171)
Senior Citizens Program	238,135	238,135	233,147	4,988
Capital Outlay	720,000	208,160	717,869	(509,709)
Total Expenditures	<u>1,198,135</u>	<u>686,295</u>	<u>1,229,187</u>	<u>(542,892)</u>
Excess (Deficiency) of Revenues Over Expenditures	(150,135)	(231,135)	(56,656)	174,479
OTHER FINANCING SOURCES (USES)				
Operating Transfers	150,200	150,200	150,204	4
Total Other Financing Sources and Uses	<u>150,200</u>	<u>150,200</u>	<u>150,204</u>	<u>4</u>
Excess Revenues and Other Sources Over (Under) Expenditures and Other Uses	65	(80,935)	93,548	174,483
Fund Balance - Beginning, GAAP Basis	<u>248,059</u>	<u>248,059</u>	<u>248,059</u>	<u>-</u>
Fund Balance - Ending, GAAP and Budgetary Basis	<u>\$ 248,124</u>	<u>\$ 167,124</u>	<u>\$ 341,607</u>	<u>\$ 174,483</u>

CITY OF BRADY, TEXAS
Schedule of Revenues, Expenditures, and Changes in Fund Balance –
Budget and Actual
Cemetery Fund
Year Ended September 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)
REVENUES				
Property Tax	\$ 44,600	\$ 44,600	\$ 53,120	\$ 8,520
Cemetery Maintenance	-	-	-	-
Total Revenues	<u>44,600</u>	<u>44,600</u>	<u>53,120</u>	<u>8,520</u>
EXPENDITURES				
Cemetery Maintenance	68,321	68,321	54,670	13,651
Total Expenditures	<u>68,321</u>	<u>68,321</u>	<u>54,670</u>	<u>13,651</u>
Excess Revenues and Other Sources Over (Under) Expenditures and Other Uses	(23,721)	(23,721)	(1,550)	22,171
Fund Balance - Beginning, GAAP Basis	<u>101,749</u>	<u>101,749</u>	<u>101,749</u>	-
Fund Balance - Ending, GAAP and Budgetary Basis	<u>\$ 78,028</u>	<u>\$ 78,028</u>	<u>\$ 100,199</u>	<u>\$ 22,171</u>

CITY OF BRADY, TEXAS
Schedule of Revenues, Expenditures, and Changes in Fund Balance –
Budget and Actual
Hotel/Motel Fund
Year Ended September 30, 2023

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Hotel Occupancy Taxes	\$ 210,000	\$ 210,000	\$ 244,173	\$ 34,173
Total Revenues	<u>210,000</u>	<u>210,000</u>	<u>244,173</u>	<u>34,173</u>
EXPENDITURES				
Hotel/Motel	<u>224,500</u>	<u>224,500</u>	<u>236,270</u>	<u>(11,770)</u>
Total Expenditures	<u>224,500</u>	<u>224,500</u>	<u>236,270</u>	<u>(11,770)</u>
Excess (Deficiency) of Revenues Over Expenditures	(14,500)	(14,500)	7,903	22,403
Fund Balance - Beginning, GAAP Basis	<u>134,012</u>	<u>134,012</u>	<u>134,012</u>	<u>-</u>
Fund Balance - Ending, GAAP and Budgetary Basis	<u>\$ 119,512</u>	<u>\$ 119,512</u>	<u>\$ 141,915</u>	<u>\$ 22,403</u>

CITY OF BRADY, TEXAS
Schedule of Revenues, Expenditures, and Changes in Fund Balance –
Budget and Actual
Special Purpose Fund
Year Ended September 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)
REVENUES				
Police Department/Municipal Court	\$ 1,600	\$ 1,600	\$ 9,105	\$ 7,505
Interest Income	-	-	859	859
Total Revenues	<u>1,600</u>	<u>1,600</u>	<u>9,964</u>	<u>8,364</u>
EXPENDITURES				
Police Department/Municipal Court	<u>6,200</u>	<u>1,600</u>	<u>1,522</u>	<u>78</u>
Total Expenditures	<u>6,200</u>	<u>1,600</u>	<u>1,522</u>	<u>78</u>
Excess (Deficiency) of Revenues Over Expenditures	(4,600)	-	8,442	8,442
Fund Balance - Beginning, GAAP Basis	<u>17,346</u>	<u>17,346</u>	<u>17,346</u>	<u>-</u>
Fund Balance - Ending, GAAP and Budgetary Basis	<u>\$ 12,746</u>	<u>\$ 17,346</u>	<u>\$ 25,788</u>	<u>\$ 8,442</u>

CITY OF BRADY, TEXAS

Notes to the Budgetary Comparison Schedules

September 30, 2023

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, 2023.

CITY OF BRADY, TEXAS

Schedule of Changes in Net Pension Liability and Related Ratios – Last 10 Years* September 30, 2023

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability									
Service Cost	\$ 686,703	\$ 680,465	\$ 650,712	\$ 626,429	\$ 601,139	\$ 540,688	\$ 521,298	\$ 464,500	\$ 407,549
Interest (on the Total Pension Liability)	926,284	841,059	783,098	725,298	679,809	641,623	588,735	577,768	540,559
Difference between expected and actual experience	42,698	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	(476,880)	(412,257)	(416,066)	(409,339)	(365,873)	(357,154)	(347,221)	(353,720)	(289,341)
Net Change in Total Pension Liability	<u>1,178,805</u>	<u>1,291,784</u>	<u>841,900</u>	<u>847,507</u>	<u>683,005</u>	<u>539,860</u>	<u>778,784</u>	<u>436,528</u>	<u>535,279</u>
Total Pension Liability - Beginning	<u>13,617,808</u>	<u>12,326,024</u>	<u>11,484,124</u>	<u>10,636,617</u>	<u>9,953,612</u>	<u>9,413,752</u>	<u>8,634,968</u>	<u>8,198,440</u>	<u>7,663,161</u>
Total Pension Liability - Ending (a)	<u>\$ 14,796,613</u>	<u>\$ 13,617,808</u>	<u>\$ 12,326,024</u>	<u>\$ 11,484,124</u>	<u>\$ 10,636,617</u>	<u>\$ 9,953,612</u>	<u>\$ 9,413,752</u>	<u>\$ 8,634,968</u>	<u>\$ 8,198,440</u>
Plan Fiduciary Net Position									
Contributions - Employer	\$ 445,586	\$ 457,607	\$ 444,510	\$ 445,884	\$ 438,477	\$ 403,616	\$ 365,382	\$ 370,043	\$ 351,829
Contributions - Employee	289,341	285,111	271,318	260,831	249,608	227,818	218,574	212,262	194,223
Net Investment Income	(1,021,138)	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	(476,880)	(412,257)	(416,066)	(409,339)	(365,873)	(357,154)	(347,221)	(353,720)	(289,341)
Administrative Expense	(8,842)	(7,297)	(5,389)	(8,083)	(5,333)	(5,642)	(5,451)	(6,211)	(3,761)
Other	10,552	50	(210)	(242)	(279)	(286)	(294)	(308)	(309)
Net Change in Plan Fiduciary Net Position	<u>(761,381)</u>	<u>1,900,596</u>	<u>1,126,715</u>	<u>1,718,552</u>	<u>40,818</u>	<u>1,356,174</u>	<u>713,325</u>	<u>232,263</u>	<u>612,935</u>
Plan Fiduciary Net Position - Beginning	<u>13,998,525</u>	<u>12,097,929</u>	<u>10,971,214</u>	<u>9,252,662</u>	<u>9,211,844</u>	<u>7,855,670</u>	<u>7,142,345</u>	<u>6,910,082</u>	<u>6,297,147</u>
Plan Fiduciary Net Position - Ending (b)	<u>\$ 13,237,144</u>	<u>\$ 13,998,525</u>	<u>\$ 12,097,929</u>	<u>\$ 10,971,214</u>	<u>\$ 9,252,662</u>	<u>\$ 9,211,844</u>	<u>\$ 7,855,670</u>	<u>\$ 7,142,345</u>	<u>\$ 6,910,082</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 1,559,469</u>	<u>\$ (380,717)</u>	<u>\$ 228,095</u>	<u>\$ 512,910</u>	<u>\$ 1,383,955</u>	<u>\$ 741,768</u>	<u>\$ 1,558,082</u>	<u>\$ 1,492,623</u>	<u>\$ 1,288,358</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	89.46%	102.80%	98.15%	95.53%	86.99%	92.55%	83.45%	82.71%	84.29%
Covered Payroll	\$ 4,822,353	\$ 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	32.34%	-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, 2023

	2023	2022	2021	2020	2019	2018
Total OPEB Liability						
Service Cost	\$ 28,452	\$ 27,086	\$ 20,801	\$ 16,519	\$ 16,225	\$ 13,289
Interest (on the Total OPEB Liability)	7,191	7,125	8,245	9,320	8,551	8,326
Difference between expected and actual experience	(10,972)	(4,848)	(15,647)	(24,128)	(12,463)	-
Change of assumptions	(128,966)	11,450	44,581	47,639	(16,408)	17,990
Benefit payments, including refunds of employee contributions	(7,234)	(6,653)	(2,714)	(3,043)	(3,328)	(2,658)
Net Change in Total OPEB Liability	<u>(111,529)</u>	<u>34,160</u>	<u>55,266</u>	<u>46,307</u>	<u>(7,423)</u>	<u>36,947</u>
Total OPEB Liability - Beginning	<u>380,201</u>	<u>346,041</u>	<u>290,775</u>	<u>244,468</u>	<u>251,891</u>	<u>214,944</u>
Total OPEB Liability - Ending	<u><u>\$ 268,672</u></u>	<u><u>\$ 380,201</u></u>	<u><u>\$ 346,041</u></u>	<u><u>\$ 290,775</u></u>	<u><u>\$ 244,468</u></u>	<u><u>\$ 251,891</u></u>
Covered Payroll	\$ 4,822,353	\$ 4,751,849	\$ 4,521,974	\$ 4,347,183	\$ 4,160,130	\$ 3,796,968
OPEB Liability as a Percentage of Covered Payroll	5.57%	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, 2023

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)
REVENUES				
Electrical Distribution	\$ 7,263,400	\$ 7,287,900	\$ 7,896,751	\$ 608,851
Interest Income	20,000	200,000	238,652	38,652
Reimbursed Expenses	-	-	1,850	1,850
Total Revenues	<u>7,283,400</u>	<u>7,487,900</u>	<u>8,137,253</u>	<u>649,353</u>
EXPENDITURES				
Electrical Distribution	4,696,278	4,931,178	5,127,453	(196,275)
Bad Debt Expense	32,000	32,000	16,999	15,001
Capital Outlay	465,000	706,500	235,996	470,504
Debt Service				
Principal Payments	47,100	63,600	62,163	1,437
Interest Payments	6,300	11,000	12,461	(1,461)
Total Expenditures	<u>5,246,678</u>	<u>5,744,278</u>	<u>5,455,072</u>	<u>289,206</u>
Excess Revenues Over (Under) Expenditures	2,036,722	1,743,622	2,682,181	938,559
OTHER FINANCING SOURCES (USES)				
Loan Proceeds	300,000	407,500	407,471	(29)
Transfers Out	(2,840,200)	(2,840,200)	(2,840,199)	1
Total Other Financing Sources (Uses)	<u>(2,540,200)</u>	<u>(2,432,700)</u>	<u>(2,432,728)</u>	<u>(28)</u>
Excess Revenues and Other Sources Over (Under) Expenditures and Other Uses	(503,478)	(689,078)	249,453	938,531
Net Position - Beginning, GAAP Basis	<u>6,709,429</u>	<u>6,709,429</u>	<u>6,709,429</u>	-
Net Position - Ending, Budgetary Basis	<u>\$ 6,205,951</u>	<u>\$ 6,020,351</u>	<u>6,958,882</u>	<u>\$ 938,531</u>
Adjustments to Reconcile the Budgetary Amounts to GAAP:				
Depreciation - The City does not budget for depreciation expense			(168,529)	
Accrued Compensated Absences - The City does not budget for compensated leave			16,707	
Principal Payments - The City budgets for principal debt payments			62,163	
Accrued Interest Payable - The City does not budget for accrued interest			(1,652)	
Capital Outlay - The City budgets for capital outlay			235,996	
Loan Proceeds - The City normally budgets for debt proceeds			(407,471)	
Net Position- Ending, GAAP Basis			<u>\$ 6,696,096</u>	

CITY OF BRADY, TEXAS
Schedule of Revenues, Expenses, and Changes in Net Position –
Budget and Actual
Water & Sewer Fund
Year Ended September 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)
REVENUES				
Water Department	\$ 2,743,000	\$ 3,107,553	\$ 3,184,188	\$ 76,635
Wastewater	1,223,000	1,223,000	1,254,830	31,830
Interest Revenue	30,000	295,000	355,928	60,928
Reimbursed Expenses	-	78,000	79,475	1,475
Total Revenues	<u>3,996,000</u>	<u>4,703,553</u>	<u>4,874,421</u>	<u>170,868</u>
EXPENDITURES				
Water Department	1,475,678	1,648,693	1,331,251	317,442
Wastewater Department	702,215	703,715	620,371	83,344
Groundwater Treatment Plant Department	581,526	468,026	211,868	256,158
Bad Debt Expense	16,000	16,000	9,494	6,506
Capital Outlay	2,040,000	2,917,040	1,457,610	1,459,430
Debt Service				
Principal Payments	423,200	439,450	435,879	3,571
Interest Payments	6,400	6,400	6,528	(128)
Total Expenditures	<u>5,245,019</u>	<u>6,199,324</u>	<u>4,073,001</u>	<u>2,126,323</u>
Excess Revenues Over (Under) Expenditures	(1,249,019)	(1,495,771)	801,420	2,297,191
OTHER FINANCING SOURCES (USES)				
Loan Proceeds	210,000	259,550	259,337	(213)
Gain (Loss) on the Disposal of Capital Assets	-	-	(4,501)	(4,501)
Transfers Out	(906,000)	(906,000)	(905,859)	141
Total Other Financing Sources (Uses)	<u>(696,000)</u>	<u>(646,450)</u>	<u>(651,023)</u>	<u>(4,573)</u>
Excess Revenues and Other Sources Over (Under) Expenditures and Other Uses	(1,945,019)	(2,142,221)	150,397	2,292,618
Net Position - Beginning, GAAP Basis	<u>24,261,898</u>	<u>24,261,898</u>	<u>24,261,898</u>	<u>-</u>
Net Position - Ending, Budgetary Basis	\$ <u>22,316,879</u>	\$ <u>22,119,677</u>	24,412,295	\$ <u>2,292,618</u>
Adjustments to Reconcile the Budgetary Amounts to GAAP:				
Depreciation - The City does not budget for depreciation expense			(627,903)	
Accrued Compensated Absences - The City does not budget for compensated leave			33,683	
Principal Payments - The City budgets for principal debt payments			435,879	
Accrued Interest Payable - The City does not budget for accrued interest			(803)	
Capital Outlay - The City budgets for capital outlay			1,457,610	
Loan Proceeds - The City normally budgets for loan proceeds			(259,337)	
Net Position - Ending, GAAP Basis			<u>\$ 25,451,424</u>	

CITY OF BRADY, TEXAS
Schedule of Revenues, Expenses, and Changes in Net Position –
Budget and Actual
Gas Fund
Year Ended September 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)
REVENUES				
Gas Distribution	\$ 1,160,100	\$ 1,160,200	\$ 1,167,490	\$ 7,290
Interest Revenue	5,000	20,000	29,831	9,831
Reimbursed Expenses	-	-	318	318
Total Revenues	<u>1,165,100</u>	<u>1,180,200</u>	<u>1,197,639</u>	<u>17,439</u>
EXPENDITURES				
Gas Department	1,061,479	1,061,579	1,072,371	(10,792)
Bad Debt Expense	5,000	5,000	3,005	1,995
Debt Service				
Principal Payments	32,500	32,500	31,499	1,001
Interest Payments	3,000	3,000	2,656	344
Total Expenditures	<u>1,101,979</u>	<u>1,102,079</u>	<u>1,109,531</u>	<u>(7,452)</u>
Excess Revenues Over (Under)				
Expenditures	63,121	78,121	88,108	9,987
OTHER FINANCING SOURCES (USES)				
Transfers Out	(55,000)	(55,000)	(54,999)	1
Total Other Financing Sources (Uses)	<u>(55,000)</u>	<u>(55,000)</u>	<u>(54,999)</u>	<u>1</u>
Excess Revenues and Other Sources Over (Under) Expenditures and Other Uses	8,121	23,121	33,109	9,988
Net Position - Beginning, GAAP Basis	<u>2,455,310</u>	<u>2,455,310</u>	<u>2,455,310</u>	<u>-</u>
Net Position - Ending, Budgetary Basis	\$ <u><u>2,463,431</u></u>	\$ <u><u>2,478,431</u></u>	\$ <u><u>2,488,419</u></u>	\$ <u><u>9,988</u></u>
Adjustments to Reconcile the Budgetary Amounts to GAAP:				
Depreciation - The City does not budget for depreciation expense			(140,957)	
Accrued Compensated Absences - The City does not budget for compensated leave			3,388	
Principal Payments - The City budgets for principal debt payments			31,499	
Accrued Interest Payable - The City does not budget for accrued interest			(716)	
Net Position - Ending, GAAP Basis			\$ <u><u>2,381,633</u></u>	

CITY OF BRADY, TEXAS
Schedule of Revenues, Expenses, and Changes in Net Position –
Budget and Actual
Solid Waste Fund
Year Ended September 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)
REVENUES				
Solid Waste	\$ 1,345,000	\$ 1,345,000	\$ 1,421,643	\$ 76,643
Interest Revenue	9,000	75,000	89,494	14,494
Reimbursed Expenses	-	-	1,774	1,774
Total Revenues	<u>1,354,000</u>	<u>1,420,000</u>	<u>1,512,911</u>	<u>92,911</u>
EXPENDITURES				
Solid Waste	1,310,216	1,380,016	1,236,144	143,872
Bad Debt Expense	4,000	4,000	3,004	996
Capital Outlay	-	206,527	-	206,527
Debt Service				
Principal Payments	75,200	75,200	75,133	67
Interest Payments	9,300	9,300	9,308	(8)
Total Expenditures	<u>1,398,716</u>	<u>1,675,043</u>	<u>1,323,589</u>	<u>351,454</u>
Excess Revenues Over (Under)				
Expenditures	(44,716)	(255,043)	189,322	444,365
OTHER FINANCING SOURCES (USES)				
Transfers Out	(35,000)	(35,000)	(35,004)	(4)
Total Other Financing Sources (Uses)	<u>(35,000)</u>	<u>(35,000)</u>	<u>(35,004)</u>	<u>(4)</u>
Excess Revenues and Other Sources Over (Under) Expenditures and Other Uses	(79,716)	(290,043)	154,318	444,361
Net Position - Beginning, GAAP Basis	<u>523,782</u>	<u>523,782</u>	<u>523,782</u>	<u>-</u>
Net Position - Ending, Budgetary Basis	<u>\$ 444,066</u>	<u>\$ 233,739</u>	678,100	<u>\$ 444,361</u>
Adjustments to Reconcile the Budgetary Amounts to GAAP:				
Depreciation - The City does not budget for depreciation expense			(46,287)	
Accrued Compensated Absences - The City does not budget for compensated leave			335,185	
Principal Payments- The City budgets for principal debt payments			75,133	
Accrued Interest Payable - The City does not budget for accrued interest			(26,653)	
Amortization - The City does not budget for amortization expense			(70,732)	
Net Position - Ending, GAAP Basis			<u>\$ 944,746</u>	

CITY OF BRADY, TEXAS
Schedule of Revenues, Expenses, and Changes in Net Position –
Budget and Actual
Street Sanitation Fund
Year Ended September 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)
REVENUES				
Street Sanitation	\$ 74,000	\$ 74,000	\$ 74,004	\$ 4
Total Revenues	<u>74,000</u>	<u>74,000</u>	<u>74,004</u>	<u>4</u>
EXPENDITURES				
Street Sanitation	88,928	88,928	78,474	10,454
Bad Debt Expense	1,000	1,000	300	700
Debt Service				
Principal Payments	22,300	22,300	22,295	5
Interest Payments	600	600	601	(1)
Total Expenditures	<u>112,828</u>	<u>112,828</u>	<u>101,670</u>	<u>11,158</u>
Excess Revenues Over (Under)				
Expenditures	(38,828)	(38,828)	(27,666)	11,162
Net Position - Beginning, GAAP Basis	<u>65,673</u>	<u>65,673</u>	<u>65,673</u>	<u>-</u>
Net Position - Ending, Budgetary Basis	\$ <u>26,845</u>	\$ <u>26,845</u>	38,007	\$ <u>11,162</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			1,114	
Principal Payments- The City budgets for principal debt payments			22,295	
Accrued Interest Payable - The City does not budget for accrued interest			32	
Net Position - Ending, GAAP Basis			\$ <u>59,748</u>	

CITY OF BRADY, TEXAS
Schedule of Revenues, Expenses, and Changes in Net Position –
Budget and Actual
Utility Support Fund
Year Ended September 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)
REVENUES				
Utility Support	\$ 242,000	\$ 242,000	\$ 261,399	\$ 19,399
Interest Revenue	5,000	55,300	49,719	(5,581)
Reimbursed Expenses	-	-	862	862
Total Revenues	<u>247,000</u>	<u>297,300</u>	<u>311,980</u>	<u>14,680</u>
EXPENDITURES				
Administration	243,200	263,800	248,292	15,508
Meter Shop	73,133	71,533	70,508	1,025
Billing-Collection	323,690	320,653	296,238	24,415
Bad Debt Expense	5,000	5,000	3,505	1,495
Capital Outlay	55,000	125,000	124,581	419
Total Expenditures	<u>700,023</u>	<u>785,986</u>	<u>743,124</u>	<u>42,862</u>
Excess of Revenues Over (Under) Expenditures	(453,023)	(488,686)	(431,144)	57,542
OTHER FINANCING SOURCES (USES)				
Transfers In	390,000	390,000	390,002	2
Total Other Financing Sources (Uses)	<u>390,000</u>	<u>390,000</u>	<u>390,002</u>	<u>2</u>
Excess Revenues and Other Sources Over (Under) Expenditures and Other Uses	(63,023)	(98,686)	(41,142)	57,544
Net Position - Beginning, GAAP Basis	<u>2,240,102</u>	<u>2,240,102</u>	<u>2,240,102</u>	-
Net Position - Ending, Budgetary Basis	\$ <u>2,177,079</u>	\$ <u>2,141,416</u>	2,198,960	\$ <u>57,544</u>
Adjustments to Reconcile the Budgetary Amounts to GAAP:				
Depreciation - The City does not budget for depreciation expense			(111,700)	
Accrued Compensated Absences - The City does not budget for compensated leave			6,358	
Net Position - Ending, GAAP Basis			\$ <u>2,218,199</u>	

CITY OF BRADY, TEXAS
Notes to the Budgetary Comparison Schedules
Proprietary Funds
September 30, 2023

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, 2023.

CITY OF BRADY, TEXAS
Schedule of Revenues, Expenses, and Changes in Net Position – Budget and
Actual
Economic Development Corporation
Year Ended September 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)
REVENUES				
General Revenues				
Sales Tax Collections	\$ 230,000	\$ 230,000	\$ 275,041	\$ 45,041
Contract Income	67,150	59,650	-	(59,650)
Interest Income	8,000	5,000	13,321	8,321
Total Revenues	<u>305,150</u>	<u>294,650</u>	<u>288,362</u>	<u>(6,288)</u>
EXPENDITURES				
Current				
Marketing	33,000	10,000	447	9,553
Professional/Legal Fees	20,300	15,300	7,192	8,108
Qualified Projects	95,000	388,000	92,703	295,297
Administration	20,000	15,000	11,250	3,750
Travel and Training	10,000	3,000	815	2,185
Office Supplies	-	-	107	(107)
Total Expenditures	<u>178,300</u>	<u>431,300</u>	<u>112,514</u>	<u>318,786</u>
Excess of Revenues Over (Under)				
Expenditures	126,850	(136,650)	175,848	312,498
OTHER FINANCING SOURCES (USES)				
Sale of Capital Assets	-	-	(11,211)	11,211
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(11,211)</u>	<u>11,211</u>
Excess Revenues and Other Sources Over (Under) Expenditures and Other Uses	126,850	(136,650)	164,637	323,709
Net Position - Beginning	<u>502,216</u>	<u>502,216</u>	<u>502,216</u>	<u>-</u>
Net Position - Ending, Budgetary Basis	<u>\$ 629,066</u>	<u>\$ 365,566</u>	<u>\$ 666,853</u>	<u>\$ 323,709</u>

CITY OF BRADY, TEXAS
Notes to the Budgetary Comparison Schedules
Economic Development Corporation
September 30, 2023

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, 2023.

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, 2023.

CITY OF BRADY, TEXAS
Single Audit Compliance Information
Schedule of Expenditures of Federal and State Awards
September 30, 2023

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal Assistance Listing 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 Nutrition Services Incentive Program Total U.S. Department of Health and Human Services	93.045 93.053	N/A N/A	\$ 32,198 90,686 122,884	\$ - - -
U.S. Department of Transportation Passed Through the Texas Department of Transportation Airport Improvement Program Total U.S. Department of Transportation	20.106	2223BRADY	59,690 59,690	- -
U.S. Department of Housing and Urban Development Passed Through Texas Department of Agriculture Community Development Block Grant Community Development Block Grant Total U.S. Department of Agriculture	14.228 14.228	7219499 CDV21-0068	3,025 329,000 332,025	- - -
U.S. Environmental Protection Agency Passed Through the Texas Water Development Board Clean Water State Revolving Funds - Loan Clean Water State Revolving Funds - Loan Forgiveness Drinking Water State Revolving Funds - Grant EDAP Drinking Water State Revolving Funds - Loan Drinking Water State Revolving Funds - Loan Forgiveness Total U.S. Environmental Protection Agency	66.458 66.458 66.468 66.468 66.468	#L1001004 #LF1001006 #G1000916 L1000917 #LF1000918	4,775,193 370,537 2,228 4,045,483 89,022 9,282,463	- - - - - -
Total Federal Awards Expended			9,797,062	-
State Grantor/Program or Grant Title				
Texas Department of Transportation RAMP Grant Total Texas Department of Transportation	N/A	M2323BRAD	- -	32,018 32,018
Texas Department of Agriculture Home-Delivered Meal Grant Program Total Texas Department of Agriculture	N/A	HDM-2023	- -	3,620 3,620
Texas Department of Health and Human Services Passed Through the Concho Valley Regional Advisory Council EMS County Pass-Thru Total Texas Department of Health and Human Services	N/A	124600018	- -	15,562 15,562
Total State Awards Expended			-	51,200
Total Federal and State Awards Expended			\$ 9,797,062	\$ 51,200

CITY OF BRADY, TEXAS
Single Audit Compliance Information
Notes to the Schedule of Expenditures of Federal and State Awards
September 30, 2023

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, 2023. 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, 2023. 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	\$ 35,000
CO 2012 - CWSRF	66.458	L1000011	\$ 130,000
CO 2019 - DWSRF	66.468	L1000917	\$ 9,840,000
CO 2019A - CWSRF	66.458	L1001004	\$ 7,945,000
CO 2019B - CWSRF	66.458	L1001005	\$ 1,825,000
CO 2021 - CWSRF	66.458	L1001180	\$ 1,835,000

CITY OF BRADY, TEXAS
Single Audit Compliance Information
Schedule of Findings and Questioned Costs
September 30, 2023

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 reported
Significant Deficiencies Identified that are not Considered to be Material Weaknesses	None reported
Noncompliance Material to Financial Statements	None reported
Federal Awards	
Internal Control over Major Programs:	
Material Weakness	None
Significant Deficiencies Identified that are not Considered to be Material Weaknesses	None reported
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. Assistance Listing No. 66.468 Capitalization Grants for Clean Water State Revolving Funds. Assistance Listing No. 66.458
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, 2023

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, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated February 29, 2024.

Report on Internal Control over Financial Reporting

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

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

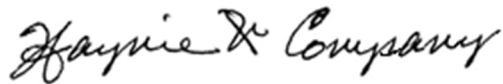
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Report on Compliance and Other Matters

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

Purpose of this Report

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

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

San Antonio, Texas
February 29, 2024

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, 2023. 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, 2023.

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control over Compliance

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

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

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

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

Haynie & Company

San Antonio, Texas
February 29, 2024